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CURRICULUM
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EUCATION

INSTITUTION	DEGREE	DATE
Queen's University	Ph.D. Economics	Oct. 2013
University of British Columbia	M.A. Economics	June 2006
University of Western Ontario	B.A. Economics	June 2005

PROFESSIONAL EXPERIENCE

ACADEMIC POSITIONS

2021-present	Associate Professor of Finance, PBC School of Finance
2014-present	Assistant Professor of Finance, PBC School of Finance

RESEARCH INTEREST

Political Economy, Bankruptcy and Financial Distress, Technology, Venture Capital, Human Capital and Training.

TEACHING

PH.D. level Empirical Corporate Finance, PH.D. Thesis Workshop

AWARDS AND GRANTS

AWARDS, PRIZES AND HONORS

- First Prize in the Pagano-Zechner Award for the Best Non-Investments Paper in the Review of Finance	2022
- Tsinghua University Award for Excellence in Online Teaching during the COVID	2020
- China Financial Research Conference Best Paper Award	2019

GRANTS

- National Think Tank: How Bank Credit Facilitates Low Carbon	2022
- BFI, Becker Friedman Institute for Economics (talent)	2022
- Beijing Municipal Bureau of Commerce's Grant on Financial Indicators	2022
- Beijing Municipal Bureau of Commerce's Grant on Financial Indicators	2021
- National Think Tank: Governance of State-owned Enterprises	2021
- BFI, Becker Friedman Institute for Economics (government responsiveness)	2021
- BFI, Becker Friedman Institute for Economics (venture capital)	2020
- National Natural Science Foundation of China: Chinese capital Market	2018
- Financial Innovation and Supervision in the Context of Globalization	2018

PUBLICATIONS

Senior Lender Control: Monitoring Spillover or Creditor Conflict? (with Wei Wang and Lynnette Purda), ***Journal of Law, Finance, and Accounting***, 2018, 3, 373-411.
Abstract: This paper studies the effect of senior lender control, as measured by bank loan covenants, on the pricing of new bond issues. We find a U-shaped relation between the number of financial covenants on a firm's loan contract and the bond yield spread. Our results suggest that bondholders initially value the monitoring benefits derived from loan covenants; as lender control becomes excessive, however, bondholders require compensation for the risk of losses due to creditor conflicts. Our heterogeneity tests show that the positive relation between bond yield and loan covenants is stronger when bond holding is more dispersed, for firms with higher default risk or better corporate governance as well as in the absence of relationship lenders.

Going Bankrupt in China (with Jacopo Ponticelli), ***Review of Finance***, 2022, 26, 449–486.
First Prize in the Pagano-Zechner Award for the Best Non-Investments
Harvard Law School Bankruptcy Roundtable, Oxford Business Law Blog, Vox and Vox China
Abstract: Using a new case-level dataset we document a set of stylized facts on bankruptcy in China and study how the staggered introduction of specialized courts across Chinese cities affected insolvency resolution and the local economy. For identification, we compare bankruptcy cases handled by specialized versus traditional civil courts within the same city and filed in the same year. We find that specialized courts decrease case duration by 36% relative to traditional civil courts. We provide evidence consistent with court specialization increasing efficiency via selection of better trained judges and higher judicial independence from local politicians. We document that cities introducing specialized courts experience a relative reallocation of employment out of zombie firms-intensive sectors, as well as faster firm entry and a larger increase in average capital productivity.

WORKING PAPERS

Investing with the Government: A Field Experiment in China (with Emanuele Colonnelli and Ernest Liu), 2022, NBER Working paper 30161. **Journal of Political Economy forthcoming.**
Abstract: We study the demand for government participation in financial markets. Focusing on the venture capital and private equity industry in China, we design a non-deceptive field experiment in collaboration with the leading industry organization, through which we conduct 1,000 experimental surveys of both sides of the market: the capital investors (LPs) and the private firms that manage the invested capital by deploying it to high-growth firms (GPs). Our respondents together account for nearly $1 trillion in assets under management. Each respondent evaluates hypothetical profiles of

potential investment partners, whose characteristics we randomize, under the real-stakes incentive that they will be introduced to real partners matching their preferences. We document that the average GP dislikes LPs with government ties, indicating that the benefits of political connections are small compared to the cons of having the government as an investor. To unpack channels, we show that such dislike is not present for government-owned GPs and conduct additional surveys of our respondents, which together suggest the presence of interference in decision-making to be a leading mechanism why government capital is unattractive to private GPs. On the other hand, we find that the average LP prefers GPs that have a government-related LP as an investor. To illustrate the importance of accounting for differential demand for government capital, we first establish two stylized facts using administrative data: government LPs are more likely to match with government-owned GPs, and government-owned GPs generate lower returns. We then discuss the equilibrium impact of government participation on market outcomes by developing a two-sided search and matching model and conducting simple policy counterfactuals.

Technology Transfer and Early Industrial Development: Evidence from the Sino-Soviet Alliance (with Michela Giorcelli), 2021, NBER Working paper 29455. ***Review of Economic Studies R&R***.
Abstract: This paper studies the causal effect of technology and knowledge transfers on early industrial development. Between 1950 and 1957, the Soviet Union supported the "156 Projects" in China for the construction of technologically advanced, large-scale, capital-intensive industrial facilities. We exploit idiosyncratic delays in project completion and the unexpected end of the Sino-Soviet Alliance, due to which some projects received Soviet technology embedded in capital goods and know-how, while others were eventually realized by China alone using domestic technology. We find that receiving both Soviet technology and know-how had large, persistent effects on plant performance, while the effects of receiving only Soviet capital goods were short-lived. The intervention generated horizontal and vertical spillovers, as well as production reallocation from state-owned to privately owned companies since the late 1990s.

The Political Economy of Anti-Bribery Enforcement (with Lauren Cohen), 2021, NBER Working paper 29624. ***Management Science R&R***.
Abstract: This paper documents novel evidence on the influence of politicians' electoral incentives in shaping foreign trade. Using exogenous variation in the timing and geographic location of U.S. Congressional elections, we find that the probability of a Foreign Corrupt Practices Act (FCPA) enforcement action against foreign firms located in a given Senator's state increases significantly pre-election, spiking over 200%, with no commensurate increase for equivalently global (but domestic-headquartered) firms in that same Senator's state. Using hand-collected case-level data from the U.S. SEC and DOJ, we observe significantly more pre-election enforcement in regions where foreign firms are larger global competitors of in-state firms, operate in locally important industries, and when Senators serve on the Senate Judiciary Committee, which oversees the DOJ. Using detailed vote-data, these same Senators vote broadly in-line with their party on Foreign Trade issues – simply finding it optimal to bring these targeted, localized-foreign trade actions just before their own elections. Anti-bribery enforcement has electoral implications, leading to spikes in media coverage of the FCPA enforcement coupled with greater vote shares for the Senator enforcing. Moreover, cases brought against these foreign firms just prior to elections are weaker overall cases. The enforcements result in real, firm-level behavior changes, as well, as in response to strategic timing in enforcement, firms reallocate business segments and sales.

Borrowing from Friends of Friends: Indirect Social Networks and Bank Loans (with Sterling Huang, Massimo Massa and Hong Zhang), 2021, ***Management Science R&R***.
Abstract: We examine how indirect connections (i.e., friends of friends), an important yet understudied feature of social networks, may affect bank loan contracts. Based on the sample of loans issued by U.S. public firms, we find that indirect connections built on board interlocks can significantly reduce loan spreads. A novel difference-in-difference test exploiting the death and quasi- exogenous retirement of directors lends support to a causal interpretation. Bank monitoring, loan quality, and firm investments are negatively affected, suggesting that indirect connections may give rise to a favoritism treatment by banks.

Bankruptcy Resolution in China (with Kose John, Edith Hotchkiss, Jacopo Ponticelli, and Wei Wang), accepted for ***Annual Review of Financial Economics.***

China's Anti-Corruption Campaign and Credit Reallocation from SOEs to Non-SOEs (with Zhengwei Wang and Hao Zhou), 2022, **Review of Finance R&R.**
Abstract: This paper uses publicly released audit reports to study the effects of disclosing information about corruption practices on credit market. We provide a novel empirical finding that the public disclosures during China's recent anti-corruption crackdown lead to bank credit reallocation—from less productive state-owned enterprises (SOEs) to more productive non-SOEs. We estimate both a direct effect on implicated firms and a spillover effect within the exposed industries. Using hand-collected data set on the enforcement outcomes, we show that the audits operate via a deterrent effect on lenders to avoid perceived costs of engaging in corruption, through the state-owned banks using loan-level data. Firm investments are more responsive to released audit reports relative to governance measures. However, the previous anti-corruption campaign is muted on a credit reallocation effect. Our findings highlight the value of having a more informed audit program in enhancing efficiency in credit market.

The Senator Next Door: Depolarization through Peer Influence (with Lauren Cohen), 2022.
Abstract: We exploit exogenous variation in Senator and Representative seating locations to find novel evidence of potential weapons against polarization. Namely, we find that exogenously assigned seating assignments of Senators and Representatives have sizable impacts on the manner in which they craft legislation. Seating on the Senate Chamber floor, and of House Members offices, are done through pre-defined Seniority systems. Thus, "freshmen" Senators get last choice of open seats, and in particular the most "junior" by their seniority rules gets forcibly assigned the last remaining opening (removing any endogenous component of their choice). Similarly, the "freshmen" House class has a historically well-known official "lottery" for choosing offices, with the last Representative again getting no choice by whom they sit. We use these exogenously placed politicians over the last 30 years to show that their choices and voting behavior are profoundly impacted by their 'randomly assigned' neighboring legislators. For instance, a one standard deviation increase in the percentage of randomly assigned 'forced neighbors' that vote yes (or no) on a bill increases the probability of the exogenously placed legislator of voting in that same direction by 7 percentage points (t=6.47). Stepping back, the fact that plausibly exogenous exposure to forced "random" assignment and exposure to colleagues has such a large impact on Senator and Representative consequential job-behavior in crafting legislation gives hope that these effects can be used to combat distortions and other shocks which might be forcing the legislative process away from efficient functioning.

Bankruptcy Resolution and Cost of Debt: Evidence from Bond Market in China (with Mai Li, Songnan Li, and Laura Liu), 2022.

Abstract: Using the staggered introduction of regional specialized debt recovery courts as a quasi-natural experiment, we estimate the causal effect of bankruptcy judicial enhancement on the financing cost of corporate bonds in China. We find that the introduction of specialized courts reduces the bond financing cost by 10%. Next, we examine the heterogeneous effects across ex-ante default risk at regional-, firm-, and bond-level, as well as the unexpected bond default event associated with Yongcheng Coal Power Holding Group Co., Ltd (YCP) in November 2020. We show that the decrease in bond financing cost after the introduction of specialized courts is stronger when the ex-ante default risk is high. We further investigate the debt resolution channel and show that specialized courts speed up the default resolution process. Our findings indicate that the quality of court enforcement has implications on the treatment of firms when entering financial distress in China.

WORK IN PROGRESS

The (Mis)allocation of Talent in China (with Emanuele Colonnelli, Tommaso Porzio and Sixun Tang).

The Rent Sharing in Venture Deals (with Emanuele Colonnelli)

PRESENTATIONS

Senior Lender Control: Monitoring Spillover or Creditor Conflict? (with Wei Wang and Lynnette Purda), ***Journal of Law, Finance, and Accounting**,* 2018, 3, 373-411.
Presented at Ivey-Smith workshop, American Law and Economics Association, CICF, Journal of Law, Finance, and Accounting (JLFA), NFA, FMA

Going Bankrupt in China (with Jacopo Ponticelli), ***Review of Finance**,* 26, 449–486.
Harvard Law School Bankruptcy Roundtable, Oxford Business Law Blog, Vox and Vox China
Presented at: NBER, AFA, Chicago Booth Political Economy of Finance Conference, SFS Cavalcade Asia, ABFER Singapore, NYU, Tsinghua University, CFRC, CICF, CKGSB

Investing with the Government: Evidence from Three Field Experiments (with Emanuele Colonnelli and Ernest Liu), 2022, NBER Working paper 30161. **Journal of Political Economy forthcoming.**
Presented at: Princeton, EIEF, UChicago, ITAM, Tsinghua University, SFS Cavalcade, ABFER-BFI China Capital Market Development Series, ABFER Annual Conference, WEFIDEV, the Five Star Junior Conference at CUHK, and the Kentucly Finance Conference

Technology Transfer and Early Industrial Development: Evidence from the Sino-Soviet Alliance (with Michela Giorcelli), 2021, NBER Working paper 29455. ***Review of Economic Studies R&R.***
Presented at: NBER Summer Institute on Productivity, Development and Entrepreneurship, AFA(scheduled), Harvard, UCLA, Yale University, University of British Columbia, University of Michigan, George Washington University, Auburn University, University of Oxford, LUISS, , Universitá di Bologna, Universitá di Padova, University of Melbourne, Tsinghua University, the Cliometrics Conference, the NBER Productivity Lunch, the Second Women in International

Economics (WIE) Conference, the CEPR/LEAP Workshop in Development Economics, the Barcelona GSE Summer Forum on the Economics of Science and Innovation, the Pacific Conference for Development Economics, the Webinar Series in Finance and Development (WEFIDEV), the LSE Asia Economic History Seminar, the Online Economic History Workshop, and the Ridge Conference

The Political Economy of Anti-Bribery Enforcement (with Lauren Cohen), 2021, NBER Working paper 29624. ***Management Science R&R.***
Presented at: AFA, POLFIN, CICF, EFA, ABFER Singapore, CIFER

Borrowing from Friends of Friends: Indirect Social Networks and Bank Loans (with Sterling Huang, Massimo Massa and Hong Zhang), 2021, ***Management Science R&R.***
Presented at: CICF, Five-Star Workshop in Finance

China's Anti-Corruption Campaign and Credit Reallocation from SOEs to Non-SOEs (with Zhengwei Wang and Hao Zhou), 2021, ***Review of Finance R&R***.
ProMarket Stigler
Presented at: at NBER Summer Institute, CICF, CFRC, NYU, CREST Paris, Graduate Institute Geneva Workshop, MIT Golub Center for Finance and Policy, SFS Finance Cavalcade Asia-Pacific

The Externality of Debt Rollover: Evidence from Syndicated Lending, 2018.
Presented at: Federal Reserve Bank of Richmond, CKGSB, Queen's University, NFA, MFA, Peking University, Tsinghua University

CASE STUDIES

Baofeng's Philanthropic Efforts in China, with Lauren Cohen, Hao Gao, Zhaoheng Gong. April 2022. *In submission* to **Harvard Business School Case Series**.

Commercial Bank Loan Restructuring A and B, with Hong Zhang. December 2017. Tsinghua PBC Case Series. PBC School of Finance Tsinghua University.

Minfa Securities Bankruptcy Liquidation, with Hong Zhang. December 2017. Tsinghua PBC Case Series. PBC School of Finance Tsinghua University.

Alibaba Cloud: Finance and AI, with Xuexin Gao, and Hong Zhang. September 2016. Tsinghua PBC Case Series. PBC School of Finance Tsinghua University.

Shenzhou RideShare, with Xuexin Gao, and Hong Zhang. April 2016. Tsinghua PBC Case Series. PBC School of Finance Tsinghua University.

Guizhou Maotai, with Li Liao, and Jiawei Ye. January 2014. Tsinghua PBC Case Series. PBC School of Finance Tsinghua University.