

Updated February 2025

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ACADEMIC APPOINTMENTS

Current Assistant Professor of Finance, Guanghua School of Management, Peking University
2021–2023 Associate Professor of Finance, PBC School of Finance, Tsinghua University
2014–2021 Assistant Professor of Finance, PBC School of Finance, Tsinghua University

EDUCATION

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

RESEARCH INTEREST

Political Economy, Economic History, Venture Capital, Bankruptcy and Financial Distress

AWARDS AND GRANTS

AWARDS

- Masahiko Aoki Award for Economics Paper, final winner	2023
- 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	2020
- China Financial Research Conference Best Paper Award	2019

GRANTS

- Guanghua Thought Leadership: Chinese Industrial Development in 70 years	2024
- National Natural Science Foundation of China: Market Structure	2023

- National Think Tank: How Bank Credit Facilitates Low Carbon	2022
- 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

The Political Economy of Anti-Bribery Enforcement (with Lauren Cohen), 2025, NBER Working paper 29624. [[Management Science](#)] Forthcoming.

Abstract: Using exogenous variation in the timing and geographic location of US Congressional elections, we find that the probability of Foreign Corrupt Practices Act (FCPA) enforcement actions against foreign firms increases significantly preceding senatorial elections, spiking over 21%, with no commensurate increase for globally-operating domestically-headquartered firms in these same senators' states. Using hand-collected case-level data from the SEC and DOJ, we observe that these pre-election cases tend to be weaker overall and that they are brought significantly more often against foreign firms that operate in less-important industries in the senator's state, and when they have a smaller overall US presence. This spike in foreign firm targeting is accompanied by a significant spike in traditional and social media coverage coupled with sharply negative sentiment. Furthermore, these enforcement actions and media spikes are associated with electoral consequences, specifically greater vote shares and better poll results for enforcement-state senators. The FCPA enforcement actions have real impacts on firms. These include a 10% reduction in market value after enforcement actions against foreign firms and a significant decrease in credit ratings.

Borrowing from Friends of Friends: Indirect Social Networks and Bank Loans (with Sterling Huang, Massimo Massa, Siyuan Yang, and Hong Zhang), 2024. [[Management Science](#)] Forthcoming.

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 favoritism treatment by banks.

Investing with the Government: A Field Experiment in China (with Emanuele Colonnelli and Ernest Liu), *Journal of Political Economy*, 2024, 132, 248–294.

Abstract: We conduct a large-scale, nondeceptive field experiment to elicit preferences for government participation in China's venture capital and private equity market. Our main result is that the average firm dislikes investors with government ties. We show that such dislike is not present with government-owned firms and that this dislike is highest with best-performing firms. Additional results and surveys suggest that political interference in decision-making is the leading reason why government investors are unattractive to private firms. Overall, our findings point to the limits of a model of "state capitalism" that strongly relies on the complementarity between private firms and government capital to drive high-growth entrepreneurship and innovation.

Bankruptcy Resolution in China (with Kose John, Edith Hotchkiss, Jacopo Ponticelli, and Wei Wang), *Annual Review of Financial Economics*, 2023, 15, 369–85.

Abstract: In this article, we review the literature on the recent growth of corporate debt in China and present stylized facts on the evolution of debt composition, nonperforming loans, defaults, and bankruptcy filings. We then describe the legal and political institutions that characterize the system for restructuring and liquidating financially distressed firms, including recent reforms of China's bankruptcy law. Finally, we discuss the main challenges faced by China in the implementation of these reforms, including frictions in judicial enforcement. We also propose potential avenues for future research.

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.

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.

WORKING PAPERS

Technology Transfer and Early Industrial Development: Evidence from the Sino-Soviet Alliance (with Michela Giorcelli), 2024, NBER Working paper 29455. [*Revise and Resubmit at the Review of Economic Studies*]

Abstract: This paper studies the long-term effects of technology and know-how transfers on structural transformations. In the 1950s, the Soviet Union supported the construction of the 156 Projects, which were large-scale, capital-intensive industrial clusters in China. These projects included a technology transfer, consisting of state-of-the-art Soviet machinery and equipment, and a know-how transfer, via the training of Chinese engineers, production supervisors, and high skilled technicians by Soviet experts. We use newly assembled data that follow steel plants for over four decades, and we exploit natural variation in the transfers they eventually received. We find that, while production advantages stemming from Soviet technology faded away if not complemented with training, the know-how transfer had a long-lasting impact on plant performance, stimulated technology upgrade when China was a closed economy, and increased exports to the Western world when China engaged in international trade. The know-how transfer also generated productivity and technology spillovers onto complementary establishments.

China's Anti-Corruption Campaign and Credit Reallocation from SOEs to Non-SOEs (with Zhengwei Wang and Hao Zhou), 2022. [*Revise and Resubmit at the Review of Finance*]

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.

Depolarizing the US Congress: Evidence from Seating Assignments (with Lauren Cohen), 2024.

Abstract: We exploit exogenous variation in Senator and Representative seating locations to find novel evidence of the depolarizing potential of seating locations. Namely, we find that exogenously assigned seating assignments of Senators and Representatives have sizable impacts on the manner in which both their beliefs evolve and on their voting behavior - moving both toward more depolarizing stances when exposed to such. We exploit the seniority rank and assignment system of US Senate Chamber seating, along with the House Lottery system for the assignment of incoming freshmen legislators' offices to identify legislators' exogenous exposures to forced peers. We use these exogenously placed politicians over the last 30 years and over 1 million votes to show that their choices and voting behavior are profoundly impacted by their 'randomly assigned' neighboring legislators. For instance, a one standard deviation increases in the percentage of randomly assigned 'forced neighbors' in the Senate that vote yes (or no) on a bill increases the probability of the exogenously placed legislator of voting in that same direction – above and beyond party, ideology, state-level and other motives - by 7 percentage points ($t=6.47$). These effects are even larger on: close bills, bills that are less important to the given Senator's economic interests, bills from the most polarized bill topics, and as the Senator

spends more time (gets more exposure) to the peer group. These results hold both within and across party-lines, with moderate members of each party exerting the largest impact toward depolarization.

The Value of Bankruptcy Enforcement in Financial Distress (with Mai Li, Songnan Li, and Laura Liu), 2024.

Abstract: China's surging defaults on \$100 billion bonds impose great challenges to courts in debt restructurings. Exploiting the bankruptcy reform that rolled out specialized courts with stronger enforcement across Chinese cities, we show that bankruptcy institutions have far-reaching implications beyond the firms in distress. We estimate the specialized courts lead to a 60-basis-points reduction in corporate bond spreads for bond defaulters, and a 20 basis-points decrease for non-defaulted issuers within geographically proximate firms. Our study further establishes the causality by comparing the bordering jurisdictions with different legal institutions. By analyzing the mechanism using a new dataset from hand-collected bankruptcy filings associated with bond defaulters, our results show that the specialized courts improve resolution outcomes with higher success of reorganizations, increased debt recovery and less government interference.

WORK IN PROGRESS

Local Bureaucrats, Fiscal Reform, and State Capacity (with Daron Acemoglu)

Capital Paradox: Coordination Failures of Chinese Government Venture Funds (with Tong Liu)

The Gift of Soviet Union: The Intergenerational Mobility of Industrial Development (with Michela Giorcelli)

Career in the State: Evidence from Field Experiments (with Emanuele Colonnelli, Tommaso Porzio and Sixun Tang).

Selling Assets in Financial Distress: Evidence from Debt Restructuring (with Emanuele Colonnelli)

PRESENTATIONS

Investing with the Government: Evidence from Three Field Experiments (with Emanuele Colonnelli and Ernest Liu), *Journal of Political Economy*, 2024, 132, 248–294.

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 Kentucky Finance Conference

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

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, , Università di Bologna, Università 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 (Forthcoming)*.

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 (Forthcoming)*.

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

TEACHING

Law and Finance, Corporate Finance Theory (PhD), Empirical Corporate Finance (PhD), Research Topics for PhDs, Thesis Writing for PhDs

CASE AND TEACHING MATERIALS

Baofeng's Philanthropic Efforts in China, with Lauren Cohen, Hao Gao, Zhaoheng Gong. Harvard Business School Case 223-067, January 2023.

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.

Shenzhen 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.

REFeree FOR JOURNALS

Quarterly Journal of Economics, Journal of Finance, Review of Financial Studies, Management Science, Review of Finance, Journal of Financial and Quantitative Analysis, Journal of Corporate Finance, Journal of Empirical Finance, Journal of Banking and Finance, Asia-Pacific Journal of Financial Studies, China Economic Review