

# Xiang Li

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## Research Interests

Innovation and entrepreneurship, household finance, financial history

## References

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**Clemens Mueller**, [c.mueller@ese.eur.nl](mailto:c.mueller@ese.eur.nl)

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Associate Professor of Finance, Erasmus School of Economics, Erasmus University Rotterdam

## Education

2021 – Present	<b>Erasmus University Rotterdam</b> – PhD candidate in Finance
Winter 2025	<b>New York University Stern Business School</b> – Visiting PhD Student
2019 – 2021	<b>Tinbergen Institute and Business Data Science</b> – Research Master ( <i>cum laude</i> )
2015 – 2016	<b>University of Warwick</b> – Master of Science in Economics ( <i>distinction</i> )
2011 – 2015	<b>Fudan University</b> – Bachelor in Economics ( <i>Mathematical Economics Class</i> )

## Research

### **Student Debt and Labor Market Outcomes: Evidence from the Unlucky Generation in the Netherlands (Job Market Paper)**

**Abstract:** This paper investigates the causal effect of student debt on early-career labor market outcomes. I exploit a 2015 Dutch reform from a grant-reliant system to a loan-based regime, which created a sharp exogenous increase in debt for cohorts that started university from 2015. Using rich administrative data, I employ a difference-in-differences strategy that takes advantage of variation in study grant loss. I find that higher student debt did not lead to a significant reduction in university enrollment or delay in completion. However, it did cause a notable decrease in earnings and an increase in the likelihood of securing permanent employment within one year after graduation. Higher debt is associated with more part-time work during university, shorter job-searching spell, and reduced enrollment in master's programs. These findings suggest the psychological burden of debt harms human capital accumulation after undergraduate studies and the realization of their accumulated human capital, consistent with a "debt aversion" channel.

## **Bankruptcy Rules and Innovation**

*With Tania Babina and Peter Koudijs*

**Abstract:** Innovation is a crucial driver of economic growth, but investment in innovation is risky. Limited liability can stimulate innovation by providing insurance against downside risk, but can also stifle it if agency problems reduce credit supply. We use the passage of the first permanent federal bankruptcy code in 1898 as a natural experiment. We first introduce a model that shows the effects of bankruptcy law on innovation are ambiguous, depending on the pre-existing leniency of state-level laws protecting borrowers' assets against creditors. Using a difference-in-differences method, we study how the change in limited liability translates to changes in patenting activity by independent inventors, exploiting variation in pre-existing state-level bankruptcy codes and the moderating effect of homestead exemptions. We find that increasing debtor protection leads to an increase in innovation in states with low homestead exemptions but a reduction in patenting in states with high homestead exemptions. Increasing creditor protection exerts a positive effect only in states with low homestead exemptions. We further explore potential mechanisms by examining how inventor characteristics interact with the observed changes in innovation.

## **Limited Liability and Manufacturing: Evidence from Homestead Exemption Laws in the 19th-century U.S**

*With Peter Koudijs*

**Abstract:** This paper studies how limited personal liability affects firm investment and output, using variation in 19th-century U.S. homestead exemption laws. These state-level laws, which protected households' primary residences from creditors, provide plausibly exogenous variation across states and over time. Combining newly assembled state-level data with firm-level manufacturing census data from 1850 to 1880, we estimate dynamic effects using a stacked difference-in-differences design. Stronger exemption protection increases firms' adoption of steam engines, total horsepower, and investment in labor and raw materials, with no effect on capital. These changes lead to substantial and persistent gains in output. The effects emerge over time and are concentrated among small firms. Overall, the results suggest that the risk-sharing benefits of limited liability outweigh agency costs, promoting technological adoption and industrial growth.

## **Supply Chain Uncertainty on Corporate Innovation**

## **Teaching Experience**

Spring 2025	Interest Rates and Stock Markets (Undergraduate seminar), Erasmus University Rotterdam
Spring 2021	Behavioral Economics (Undergraduate course), Vrije Universiteit Amsterdam
Spring 2021	Microeconomics II (Undergraduate course), Vrije Universiteit Amsterdam
Autumn 2020	Statistics, (Research Master core course), Tinbergen Institute
Spring 2014	International Trade (Undergraduate course), Fudan University

## Professional Experience

- 2018 – 2019 SeeInFront Capital, Investment Associate, Shanghai, China  
2016 – 2018 Phoenixtree Capital, Investment Analyst, Shanghai, China

## Miscellaneous

**Programming:** R (Advanced), Python (Advanced), Git

**Languages:** English (Fluent), Chinese (Native), Dutch (Basic)

**Hobbies:** Football, basketball, running, chess

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