

ASIAN INSTITUTE OF INTERNATIONAL FINANCIAL LAW
FACULTY OF LAW, THE UNIVERSITY OF HONG KONG

LAW AND ECONOMIC WORKSHOP SERIES

**The Impact of Xi's Anti-corruption Campaign
on Politically Connected Listed Companies**

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Discussant: Dr. Jiangnan Zhu

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1:30 - 2:30 pm

Academic Conference Room, 11/F Cheng Yu Tung Tower

The University of Hong Kong

This paper examines how the anti-corruption campaign initiated by President Xi in November 2012 affected the politically connected listed companies in China. We use the nation wide average ratio of newspaper articles talking about corruption cases as the time varying intensity measure of anti-corruption campaign, which is exogenous to individual companies. Multiplying the intensity measure with the political connection measures of firms, we estimate the effects of anti-corruption policy on firms' value from 2012 to 2014. We find that Xi's anti-corruption policy results in lower the long-run Cumulative Abnormal Return of connected companies. We further investigate the heterogeneous effects by ownership, industries and local business environment of the campaign. We find that the impact is stronger for the non-government owned companies, and for companies in regions where corruption is prevalent.

Dr. Bei Qin is an Assistant Professor in Economics at the Faculty of Business and Economics, the University of Hong Kong. Dr. Qin's research fields are political economy and development economics. Her works center around the media bias and political connection in China. Her research on media aims to understand the structure and ideology change of Chinese newspapers/Chinese microblog, and then discover the impact of the media on the social welfare and economic efficiency. Her research on political connection aims to investigate how the political connection with governments affect firms' performance.

Please register online via www.AIIFL.com to reserve a place.

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The Law & Economic Workshop, directed by Dr Angela Huyue Zhang, is a forum devoted to discussing the latest research in law and economics featuring both external and internal speakers. The Workshop aims to promote interdisciplinary research, and to foster collaboration between law professors and scholars from other disciplines. Anyone with a keen interest in law and economics is welcome.