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 nationwide 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.

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