

China's Anti-Corruption Reforms and Shareholder Valuations

Chinese shares rose sharply on a 2012 announcement initiating an anticorruption campaign. More productive non-SOEs in high Q industries and greater external finance dependence in more liberalized provinces gained more. Non-SOEs in less liberalized provinces gained less, especially if their past entertainment and travel costs (ETC) were higher. These results suggest market development and anticorruption reforms are mutually reinforcing. Taking non-SOEs' ETC as (at least partly) investment in connections, severed connections matter less and cutting corruption boosts more competitive firms' prospects more where market institutions are more developed. SOEs' uniform gains suggest that their ETC mainly funded private benefits, not connections.

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Randall Morck holds the Stephen A. Jarislowsky Distinguished Chair in Finance and a Distinguished University Professorship at the University of Alberta. He earned a B.Sc. summa cum laude in applied mathematics and economics from Yale and a Ph.D. in economics from Harvard, and returns occasionally to both alma maters – most recently as William Lyon Mackenzie King Visiting Professor at Harvard in 2005 and as Schoen Visiting Professor of Finance at Yale in 2009. Prof. Morck is

also Research Associate with the National Bureau of Economic Research and European Corporate Governance Institute, James Riady Distinguished Visiting Professor at National University of Singapore, Adjunct Professor at Xi'an Jiaotong University, Senior Research Fellow and Vice President of the Asian Bureau of Finance and Economics Research, Senior Research Associate with Harvard Law School's Labor and Worklife Program, Inaugural Fellow of the International Corporate Governance Society, Director of the Canadian Corporate Governance Institute and a member of the Canadian Coalition for Good Governance Academic Advisory Board. From 2011 to 2015 he served as Research Fellow with the Bank of Canada. His research, cited over thirty thousand times, includes numerous articles leading economics and finance journals.

Light lunch will be served. Please RSVP to cals@allard.ubc.ca. Thank you.



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