Lingnan University
Department of Economics

Term 1, AY2026-27

Course Title	:	Finance and Politics: Public Interests and Private Manipulation
Course Code	:	CLC9005
Recommended Study Year	:	Any years
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	Management and Society Cluster
Discipline	:	Economics
Prerequisite(s)	:	N/A
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description

This course introduces students to the nature of financial institutions, corporate ownership structure and corporate governance through case studies, anecdotal evidence and academic papers. Students will be expected to develop practical perspectives on financial policies and government regulations, and be able to articulate implications for future financial development and practices in both Hong Kong and worldwide.

Aims

This course aims to:

1. familiarize students with financial institutions by applying the intellectual frameworks used in corporate finance, such as ownership and political connections, to analyze activities and institutions in the financial markets.
2. familiarize students with the key institutional features of the banking industry before and during the global financial tsunami of 2008-2009.
3. facilitate students to think analytically and critically about the ongoing currency wars between the United States (U.S.) and China.
4. guide students to examine how institutions and regulations are structured to mitigate agency costs and information problems that are endemic in financial markets.
5. instill into students a proactive learning attitude through active enquiry and critical reflection; encourage them to work cooperatively and effectively in groups to carry out academic assignments.

Learning Outcomes (LOs)

Upon completion of the course, students should be able to:

1. describe and explain the features of the recent financial crisis that originated from the interaction between the banking industry and politics;
2. collect, critically analyze and then synthesize information regarding currency wars between the U.S. and China, and its possible impacts on financial markets;
3. explain and clarify corporate governance issues related to financial regulation of markets.
4. articulate the weaknesses of different regulation approaches, differentiate the regulation paradigms in different countries, and summarize the impact of regulation on the market;
5. conduct a comprehensive analysis that evaluates the competing strategies for tunneling, investor protection and ownership concentration in the finance context;
6. identify, compare and contrast the key concepts that impact on corporate governance and government regulation issues in Hong Kong;
7. evaluate arguments related to the issues of corporate governance and finance costs.

Indicative Contents

I. Financial crises
   a. Relevant history of financial crises
   b. Causes of financial system failure
   c. Mortgage loans and the state of credit market
   d. Government bailout
   e. The success story of microcredit in Bangladesh leading to a Nobel Peace Prize to Muhammad Yunus
II. Currency wars between U.S. and China
   a. The U.S.-China tension over Dollar-RMB rates
   b. The history of monetary policy in the U.S.
   c. The history of monetary policy in China
   d. Currency wars and trade wars
III. Corporate corruption and media exposure
   a. The abuse of corporate power
   b. Case stories and examples
   c. What can be done?
IV. Political connection and firm valuation
   a. The nature of political connections
   b. Market valuation of political connection
   c. Political connection and firm valuation
V. Tunneling: The transfer of corporate property to private pockets

  a. The nature of tunneling
  b. Consequences of tunneling
  c. How to deal with tunneling

VI. Conclusion

Teaching Method

Lectures combined with tutorials. Teaching will be supplemented by real life examples and case-based studies during lectures and tutorials. Lectures provide students with knowledge and the use of financial theory and government policies. In tutorials, students will be divided into groups to make presentations and to discuss the applicability and limitations of these theories and policies. Students are encouraged to choose topics relating to the course contents for presentation during tutorials. Through the group term paper, students will work together to analyze the issues in current financial market.

Measurement of Learning Outcomes

Participation and Performance in Lectures and Tutorials
Students are encouraged to think critically and express their thoughts in class. The level and quality of participation and performance will be assessed through responses to presentations, direct observation, worksheets, etc., as appropriate (LO1, LO2, LO3, L04, L05, L06, L07).

Group Presentation
Each group, normally comprising 2 to 3 members, will deliver one presentation on a topic proposed by the members and approved by instructors. The presentation will normally last 25 minutes, plus Q&A of 5 to 10 minutes (LO1, LO2, LO3, L04, L05, L06, L07).

E-learning Activity
There are altogether three sections in the e-learning activity. It counts 10% towards your course continuous assessment. Each section features specific videos and multiple-choice quizzes tailored to Learning Outcomes 1, 2, and 3 (LO1, LO2, LO3).

Reflective Journals
Each student will submit a reflective journal in the form of film reviews on topics or issues that are relevant to the course. Word limit: 1000-1500 words (LO1, LO3, L04, L05, L06, L07).

Midterm Exam and quizzes
Midterm exam and quizes will evaluate student's knowledge and mastering of the course content. The midterm exam/ quizzes may consist of different question formats such as multiple-choice questions, short questions, or essays (LO1, LO2, LO3, LO4, L07).

A summary of the assessment items and their linkage to intended learning outcomes is given in the table below.

	Assessment Items				
Course learning Outcomes:	Class participation	Group Presentation and comment	Reflective Journals	E-learnin Activity	Midterm and Quizzes
1. describe and explain the features of the recent financial crisis that originated from the interaction between the banking industry and politics;	✓	✓	✓	✓	✓
2. collect, critically analyze and then synthesize information regarding currency wars between the U.S. and China, and its possible impacts on financial markets;	✓	✓		✓	✓
3. explain and clarify corporate governance issues related to financial regulation of markets.	✓	✓	✓	✓	✓
4. articulate the weaknesses of different regulation approaches, differentiate the regulation paradigms in different countries, and summarize the impact of regulation on the market;	✓	✓	✓		✓
5. conduct a comprehensive analysis that	✓	✓	✓		

evaluates the competing strategies for tunneling, investor protection and ownership concentration in the finance context;					
6. identify, compare and contrast the key concepts that impact on corporate governance and government regulation issues in Hong Kong;	✓	✓	✓		
7. evaluate arguments related to the issues of corporate governance and finance costs.	✓	✓	✓		✓

Assessment

Continuous assessment : 100%

group presentation and comment 20%,
Class participation 10%
group e-learning activity 10%,
Midterm examination and quizzes 40%
Individual reflective journal 20%

Required/Essential Readings

Beck, Thorsten, Ross, Levine, and Alexey, Levkov, "Big Bad Banks: The Winners and Losers from Bank Deregulation in the United States", *Journal of Finance*, 65, 1637–1667, 2010.
Rajan, Raghuram G., *Fault Lines: How Hidden Fractures Still Threaten the World Economy*, New Jersey: Princeton University Press, 2010.

Recommended/Supplementary Readings

Bebchuk, Lucian, A. and Zvika, Neeman, "Investor Protection and Interest Group Politics", *Review of Financial Studies*, 23, 1089-1119, 2010.

Foster, John, Bellamy and Fred, Magdoff, *The Great Financial Crisis: Causes and Consequences*, New York: Monthly Review Press, 2009.

Houston, Joel F., Chen Lin, and Yue Ma, "Media Ownership, Concentration, and Corruption in Bank Lending", *Journal of Financial Economics*, 2010.

Johnson, Luke, "Politics is a dangerous game for business", *Financial Times*, 20 Oct 2009.

Johnson, Simon, Florencio Lopez-de-Silanes, and Andrei Shleifer, "Tunneling", *American Economic Review (papers and proceedings)*, 90, 22-27, 2000.

Larrain, Felipe, "Both China and US are at fault in currency war", *Financial Times*, 17 October 2010.

Rajan, Raghuram, G., and Luigi, Zingales, *Saving Capitalism from the Capitalists*, New Jersey: Princeton University Press, 2004.

Song, Hongbin, *Currency Wars* (in Chinese), Beijing: Tsai Fong Books, 2009.

Sorkin, Andrew Ross, *Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System and Themselves*, London: Penguin, 2010.

Yunus, Muhammad, and Alan, Jolis, *Banker to the Poor: The Autobiography of Muhammad Yunus*, Founder of Grameen Bank, Oxford: Oxford University Press, 2003.

Important Notes:

(1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.

(2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is "the presentation of another person's work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student's own work". Students are required to strictly follow university regulations governing academic integrity and honesty.

(3) Students are required to submit writing assignment(s) using Turnitin.

(4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on https://pla.ln.edu.hk/.

(5) "Students must adhere to the University's guidelines and practices when using Generative Artificial Intelligence (AI) tools. The official documents "Guidelines for Using GAI Tools at Lingnan University" and "Best Practices for Ethical and Responsible Use of GAI Tools in Course Assessments" can be found here: https://www.ln.edu.hk/tlc/generative-artificial-intelligence/gai-guidelines-best-practices

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Grading Rubric for Tutorial Participation and Comment

Criteria	***Excellent*** ***8-10 pts*** ***A A- B+***	***Good*** ***4-7 pts*** ***B B- C+ C***	***Average*** ***1-3 pts*** ***C- D+ D***	***Poor*** ***0 pts*** ***F***
Quality of Comments ***(50%)***	*Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments*	*Volunteers comments, most are relevant and reflect some thoughtfulness, may or may not lead to other questions from students*	*occasionally participates and offers a comment when directly questioned, may simply restate questions or points previously raised, may add nothing new to the discussion or provoke no responses or question*	*Does not participate*
Active Listening ***(50%)***	*Posture, demeanor and behavior clearly demonstrate respect and attentiveness to others*	*Listens to others most of the time, demonstrate respect and attentiveness to others*	*may not stay focused on other's comments or loses continuity of discussion*	*Disrespectful of others when they are speaking Ignoring others' remarks*

Assessment Rubrics for Reflective Journal (Movie Review)

Criteria	***Excellent*** ***8-10 pts*** ***A A-*** ***B+***	***Good*** ***4-7 pts*** ***B B-*** ***C+ C***	***Average*** ***1-3 pts*** ***C-*** ***D+ D***	***Poor*** ***0 pts*** ***F***
Understanding of Film Themes (10%)	Demonstrates a deep and insightful understanding of the film's portrayal of finance and politics; clearly connects to course concepts.	Shows a good understanding of the film's key themes; makes relevant connections to course concepts.	Shows a basic understanding of the themes; some connections to course concepts but lacks depth.	Limited or inaccurate understanding of themes; weak or no connection to course concepts.
Critical Reflection (30%)	Offers thoughtful, original reflections on ethical dilemmas, systemic issues, and implications; critically engages with the material.	Provides clear reflections with some critical engagement; addresses ethical and systemic issues adequately.	Reflection is somewhat descriptive with limited critical insight; occasional engagement with ethical issues.	Reflection is superficial, descriptive or off-topic; little or no critical engagement.
Use of Evidence & Examples (20%)	Integrates well-chosen, detailed examples from the film to support points; may include references to external course materials or real-world contexts.	Uses relevant examples from the film to support most points; some reference to course materials or real-world context.	Uses some examples from the film but they may be general or not fully explained; minimal external references.	Few or no examples used; points are unsupported or unclear; no reference to course or real-world context.

Connection to Course Concepts (30%)	Strong, well-developed links to course theories/concepts with clear examples from the film.	Good connections with some examples.	Some attempt to connect but lacks depth or clarity.	Minimal or no connection to course concepts.
Organization & Clarity (10%)	Journal is well-organized with a clear structure; ideas flow logically; writing is clear, coherent, and free of errors.	Generally well-organized; ideas mostly clear and logical; few minor errors that do not impede understanding.	Some organization but ideas may be unclear or disjointed; several errors affecting readability.	Poorly organized; ideas are confusing or unclear; frequent errors that impede understanding.

Assessment Rubrics for Presentation

	Assessment Criteria	Excellent	Good	Fair	Need Improvement
Content	**Conceptual understanding of subject matter**	Covers a broad and in-depth range of relevant concepts/theories, demonstrating a comprehensive understanding	Good: Applies concepts/theories and important ideas pertinent to the topic accurately, showcasing a solid understanding	Demonstrates some understanding of concepts/theories and important ideas, but lacks depth or accuracy	Concepts/theories and important ideas pertinent to the topic are not accurately used, showing a lack of understanding
	Analysis of Issues	Thoroughly interprets and evaluates the information, and comprehensively analyzes and synthesizes the issues from multiple perspectives with original thinking.	Provides information with substantial interpretation/evaluation, conducts detailed analysis or synthesis from multiple perspectives with some original consideration.	Offers basic analysis or synthesis from two perspectives with limited original thinking, and includes some interpretation/evaluation of information.	Superficially analyzes or synthesizes the issue from a single perspective, and merely lists information without interpretation or evaluation.
	Integration of sources and evidence	Employs empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) that is highly relevant, accurate, and thoroughly completed. Sources are consistently cited correctly.	Proficient: Utilizes empirical evidence or information that is generally relevant and adequate to support the topic. Sources are cited correctly with minor errors present.	Includes a significant amount of information that is not relevant and insufficient to support the topic. Some information may be inaccurate or unverifiable, and there may be instances of no citing of sources or incorrect citations.	Fails to incorporate relevant empirical evidence or information to support the topic adequately. Information provided is largely irrelevant, inaccurate, or unverifiable. There is a lack of proper citation of sources or consistent errors in citations.
	Responses to questions	Responds adeptly to all questions, providing answers that demonstrate deep knowledge and understanding of the topic.	Responds appropriately to the questions, showcasing good knowledge and understanding of the subject matter.	Struggles to respond effectively to some questions, demonstrating limited knowledge and understanding.	unable to respond to spot questions, indicating a lack of knowledge and understanding of the topic.
Presentation Skills	**Uses good body language, eye contact, appropriate voice tone**	Demonstrates exceptional eye contact with the audience. Projects high levels of enthusiasm and confidence. Utilizes voice tone effectively to engage the audience	Makes good eye contact with audience. Shows enthusiasm and confidence. Uses voice tone effectively	Makes fairly good eye contact with audience Shows some enthusiasm and confidence. Uses voice tone relatively effectively	Makes little or no eye contact with audience. Shows little or no enthusiasm and confidence. Uses voice tone ineffectively or too monotone

	Appropriate time allocation and pace	Demonstrates exceptional ability to allocate time appropriately and manage time effectively, maintaining an ideal pace throughout the presentation.	Allocates time appropriately, managing time effectively with a reasonable pace. May be slightly long or short but still uses time effectively.	Shows some issues with time allocation, with the pace being marginally too fast or too slow. Time management is somewhat effective.	Significantly deviates from the allocated time, being either too short or too long, and does not use time effectively. The pace is significantly too fast or too slow, impacting the overall presentation quality.
	Makes effective use of presentation tools (e.g., slides, handouts)	Demonstrates proficient use of presentation tools with minimal distractions, such as well-chosen animations, relevant images, clear and concise titles, and slides containing succinct information without being excessively wordy.	Generally employs presentation tools effectively, with some minor distractions like appropriate animations, relevant images, clear titles, and slides containing concise information without unnecessary verbosity.	Shows inadequate use of presentation tools, with noticeable distractions including excessive animations or images, slides containing too much information leading to wordiness, or missing titles that affect clarity.	Exhibits poor utilization of presentation tools and numerous distractions, such as an overload of animations or images, slides crammed with excessive information resulting in being overly wordy, or a lack of proper titles that hinders understanding.

Assessment Rubrics Midterm Exam

Criteria	Excellent	Proficient	Satisfactory	Marginal Satisfactory	Unsatisfactory
Accuracy (50%)	41-50	31-40	21-30	11-20	0-10
	Appropriate concepts are all applied correctly	Most concepts are applied correctly	Some concepts are applied at too general level but the central ones are applied correctly and specifically	Most concepts are applied at too general level or misapplied	Most concepts are misapplied
Comprehension of all the relevant concepts. (40%)	31-40	21-30	11-20	5-10	0-4
	Demonstrates a deep insightful level of understanding	Demonstrates a good surface level of understanding	Demonstrates a fair level of surface understanding	Demonstrates a fair level of surface understanding	Demonstrates an inadequate level of understanding
Extent to which ideas are expressed logically, accurately and clearly. (10%)	9-10	7-8	4-6	2-3	0-1
	Expression of ideas is consistently accurate, logical and clear	Expression of ideas is generally accurate, logical and clear with some minor lapses	Expression of ideas is comprehensible and with some minor lapses	Expression of ideas is comprehensible but there are some major lapses	Largely incomprehensible with some major inconsistencies and errors

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Assessment Rubrics for e-learning activituy (10%)

E-learning activity	Excellent	Poor
Section 1	4 points awarded if you achieve a score of 80% or above in the section quiz	0 points awarded if you fail to achieve 80% or above in the section quiz
Section 2	3 points awarded if you achieve a score of 80% or above in the section quiz	0 points awarded if you fail to achieve 80% or above in the section quiz
Section 3	3 points awarded if you achieve a score of 80% or above in the section quiz	0 points awarded if you fail to achieve 80% or above in the section quiz

The e-learning activity consists of three sections and contributes 10% to your course's continuous assessment. Each section includes a quiz. To earn the full 10%, you must score 80% or higher on the quizzes in all three sections.