

***Political Connections: evidence from listed companies in Portugal***

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# ***Political Connections: evidence from listed companies in Portugal***

**Abstract:** This paper reports the results of an exploratory analysis, focused on Euronext Lisbon listed companies, which aimed to obtain an image of the characteristics of politically connected firms and of the politicians connected to them. Our results show that the majority of listed companies is politically connected and politicians, in some cases, are involved with several companies. The size of connected firms is significantly higher than of their non-connected peers. However, measures of financial equity to assets, return on assets and effective tax rate on income not seem to be significantly different in the two observed groups. Concerning to the politicians serving on the board of directors and supervisory board, this paper shows that the majority is or was a minister, all of them have an academic degree and are male genre, and the main area of their degrees is Law followed by Economics.

## **1. INTRODUCTION**

The relationship between politics and business has been considered as a topic of deep interest to investigate not only in political science, but also, mainly in the last decade, in management area. There is a general believe that political connections are obscure relationships between politicians and firms that usually engage corrupt practices to bestow favors onto connected firms. The idea is simple: firms (or individuals) are said to seek rents when they try to obtain benefits through the political arena.

As a matter of fact, the value of political connections to firms has received a considerable research interest, and researchers usually perceive these connections either by identifying explicit links between firms and politicians, i.e., relations between present or former top managers, employees, or investors and politicians with present or past political activities, or by measuring lobbying expenditures or monetary contributions made by firms to financial support political campaigns, parties or politicians. The concept is a brand new term in management literature, in recent years, and it seems that there is no fit-for all definition for the concept yet. This translates into multiple sets of definitions for the same concept that were constructed to fit in with an author's research and its theoretical framework.

This paper is an exploratory study of the politically connected Portuguese companies to obtain an image of the common characteristics of the politically connected firms and of their connected politicians. As a first challenge, we try to define a viable measure to identify political connections in Portuguese companies. Our second challenge is to build a database of politically connected firms which will allow us to characterize these firms and their political connections. This work is a part of a broader research project that aims to explore the effects of political connections in the quality of accounting information and on corporate governance of the Portuguese firms.

## 2. POLITICAL CONNECTIONS

### 2.1. Definition of political connections

The concept is a brand new term in management literature in recent years. Since there is no fit-for all definition for the concept, it can be associated either with direct (explicit) links or indirect links. This sometimes translates into multiple sets of definitions for the same concept that were constructed to fit in with an author's research and its theoretical framework. For example, according to standard definitions used in the literature, political connections are related to the political involvements between shareholders, top officers and government (officials). Others associate it to contributions to political campaigns or to political parties. Others still associate political connections to the interests in government policies/government functioning (local, national and international).

In other words, political connections may be shaped by direct links, that is, relationships between present or former top managers, employees or investors, and politicians with present or past political activities, or through indirect links such as campaign contributions and lobbying activities.

#### 2.1.1. *Direct political connections*

There is a strand of literature that focuses in company's board of directors and in its supervisory board to identify political connections. This line considers that a firm is politically connected if its top executives or largest shareholders are or were politicians, civil servants, members of parliament or close to political power. For example, according to Faccio (2006), a firm is politically-connected if at least one of the firm's largest shareholders (anybody directly or indirectly controlling at least 10% of votes), or one of its top officers (CEO, chairman of the board, president, vice-president or secretary) is a member of parliament, a minister or head of state or is closely related to a politician or party. To this author, connections with government ministers include not only cases in which the minister himself or head of state is a shareholder or member of the board, but also cases in which a politician's close relative (husband, wife, children or parents siblings) holds such positions. Close relationships include share ownership or directorships held by former prime ministers or heads of state as well as former directorships held by current politicians, foreign politicians and relationship with political parties. Fan *et al.* (2007) identify the Chinese firms as being politically connected if their CEO is a current or former officer of the central or local governments or the military. Boubakri *et al.* (2008) consider that a firm is politically connected if at least one member of its board of directors or its supervisory board is or was a member of parliament, a minister or any other top appointed bureaucrat. Bertrand *et al.* (2004) consider a firm as politically connected in France if its CEO attended elite schools ("*Grandes Écoles*": *École Nationale d'Administration and École Polytechnique*) and was employed as a civil servant or had a government position.

### 2.1.2. *Indirect political connections*

Another strand of literature examines the monetary contributions, made by firms to support congressional and presidential candidates or political parties. In these studies, political connections are perceived through firms' monetary contributions, individual contributions made by its top executives and board members and lobbying expenditures.

#### Monetary contributions

Monetary contributions can be seen as a form of political relationship with mutual interest; interest groups use their contributions to influence politicians' position and political parties know that contributions can be used to finance campaign activities (Grossman and Helpman, 1996).

Most studies adopting this approach focus on U.S.<sup>1</sup> companies (see, for example, Roberts, 1990; Jayachandran, 2006; Correia, 2009; Goldman *et al.*, 2009). However, there are some non U.S. studies that also use corporate political activities, including monetary contributions to candidates and parties, and lobbying expenditures, as proxies for political connections. For example, Claessens *et al.* (2008) use an indicator constructed from campaign contributions to identify the Brazilian politically connected firms. Voth and Ferguson (2008) consider firms to be politically connected if the executives and supervisory board members contributed financially to the Nazi Party or to Hitler, in the early 1930s in Germany.

It is clear that firm contributions are related to political connections and political favors. For instance, in some emerging markets, firm financing and financial structure depends on their relationships with politicians, with negative welfare effects (Claessens *et al.*, 2008). Nevertheless, it appears that campaign contributions have less relevant effect on political decisions than it seems. Several studies argue that lobbying is more relevant than contributions, and firms, after all, spend much more on lobbying than on parties or campaigns contributions.

#### Lobbying activities

Lobbying is the practice of attempting to persuade legislators to propose, pass or defeat legislation or to change existing laws, which could provide gains for special interests. Lobbying expenditures, payments by special interests to political insiders to influence legislative outcomes in ways to provide gains to special interests, is a measure that can be used to quantify the degree of the connectedness, as firms with greater lobbying expenses are expected to have stronger political ties (Hill *et al.*, 2010). For some, lobbying can be a more effective path to influence legislation than campaign contributions. This happens because usually there are no legal limits to lobby expenditures, whereas such legal limits exist in the case of political funding. Lobbying

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<sup>1</sup> Most of the other non U.S. studies, only consider the explicit links to measure political connection. The reason has to do with the national law on financing of political parties and election campaigns that may not allow financial support from business enterprises. In Portugal, its forbidden to political parties to receive donations from companies: **Art.º 8.1-2**, "1 - Political parties are prohibited from... receiving gifts or loans of a monetary nature or in kind from national or foreign legal persons, except as provided for in the following paragraph. 2 - Political parties may contract loans from credit institutions and financial companies in accordance with the conditions set out in point f) of paragraph 1 of article 3." (**Law on the Financing of Political Parties and Election Campaigns, No. 19/2003**)

firms typically employ former government officials as lobbyists (Yu and Yu, 2008), and this implies that lobbyists tend to be political insiders. Thus, lobbying activity provides firms a way to become politically connected.

## **2.2. Motivations to establish political connections**

The main motivation for companies to establish political connections is the enhancement of a firm's value. Firms are motivated to be politically connected by the expectation of obtaining gains from the preferential treatment given to these firms that will result in competitive advantages and will positively reflect on their economic performance and value. Politically connected firms may enjoy benefits such as easier access to debt financing by government institutions (Chiu and Joh, 2004; Cull and Xu, 2005; Dinç, 2005; Johnson and Mitten, 2003; Khwaja and Mian, 2005; Claessens *et al.*, 2008), preferential treatment in competition for government contracts (Agrawal and Knoeber, 2001), privileged access to government subsidies (Bertrand *et al.*, 2004), tax benefits (Adhikari *et al.*, 2006; Faccio, 2006; Wenfeng *et al.*, 2012), regulatory protection (Kroszner and Stratmann, 1998), and government aid for financial troubled firms (Faccio *et al.*, 2006). In addition to being important to firms, political connections may also have beneficial consequences both to politicians and to firms' connected managers. Politicians themselves will extract at least some of the rents generated by the connections. The chances of politicians' (re) election can be favorably affected by management practices adopted. This much is suggested in the context of state-controlled companies (see, for example, Shleifer and Vishny, 1994 and Khwaja and Mian, 2005) and in the case of listed companies not directly controlled by the state (Bertrand *et al.*, 2004). Such connection also gives politically connected managers certain incentives as they may receive a share of the rents extracted (higher wages, public status, easy access to political decisions, etc.).

In the company's view, managers compete for a political position to extract economic benefits (rents) of political power regarding firms interests (Boubakri *et al.*, 2008). On the other hand, companies are interested in having managers who are influential in the political scene and could be able to extract rents from the public and competitors on behalf of their firms (Agrawal and Knoeber, 2001).

## **2.3. Consequences**

Despite considering firm's value enhancement as the main driver to firms' engagement in political connections, different studies show contradictory results. On the one hand, some studies demonstrate a positive correlation between political connections and firm value and performance both in countries with weak legal systems and high levels of corruption and in countries with strong legal systems and lower levels of corruption. Thus, it prevails the idea that political connections create value by generating future benefits (comparative advantages) to the firm (e.g., Fan *et al.*, 2007; Fisman, 2001; Goldman *et al.*, 2009; Johnson and Mitton, 2003; Li *et al.*, 2008; Niessen and Ruenzi, 2010). These benefits are mainly due to preferential access to credit, allocation of lucrative government contracts, favorable regulatory conditions,

government support (bailouts) in times of economic distress, enhanced lobbying power. On the other hand, other studies claim that political connections have a negative effect upon firms' value and their economic performance (see, for example, Chaney *et al.* 2011; Fan *et al.* 2007; Faccio 2006, 2010; Bertrand *et al.* 2004). Moreover, political interference in business management and the poor management profile of the political connected individuals can be harmful to economic performance.

For the explanation of these effects, arguments based on agency theory and resource-based theories can be used. According Wenfeng *et al.* (2010), while the positive impact of political connections on firm value can be explained through the resource-based theory of the firm; the agency theory fits the explanation of the negative effects of political links. Thus, according to the resource-based theory of the firm, the competitive advantage of politically-connected firms is mainly driven by ties with government, which help firms to obtain key-resources that are difficult or costly for other firms to obtain, and thereby increase the value of connected firms. Based on agency theory, the politically connected managers (especially in state-owned companies) will prioritize the alignment of firm goals with government rather than the maximization of firm value.

In summary, there are no conclusive aspects in literature that allow us to sustain the idea that political connections could bring benefits to every firm in any political or economic context. Instead, the existing literature might us infer that due to the multiplicity of the variables, measurable methods, political contexts and theoretical perspectives, we cannot generalize.

### **3. EXPLORATORY STUDY**

#### **3.1. Politically connected firms listed in Euronext Lisbon**

To solve the first challenge that we have proposed – get a measure of political connections that could be applied to Portuguese listed companies -, we only use the explicit links, i.e., we restrict our definition to the first theoretical approach and consider that a firm is politically connected if, at least, one of his elements of their management and supervisory bodies (officials of General Meeting of Shareholders, Board of Directors and Supervisory Board) is a current or former head of state, prime minister, minister, secretary of state or parliamentarian.

There are three reasons for this: First, the information needed to be used in the identification of the politically connected firms, according this definition, is available; Second, Portuguese Law (Law on the Financing of Political Parties and Election Campaigns, No. 19/2003) doesn't permit monetary contributions to political parties or electoral campaigns from firms; And, third, it's not possible to identify firms politically connected through lobbying expenditures because lobbying activity is not regulated in Portugal.

Thus, to identify the presence of political connections in the Euronext Listed companies, in 2010, the names of the officials of General Meeting of Shareholders (OGMS) and of the elements that compose the Board of Directors (BO) and the Supervisory Board (SB) were collected using the Portuguese Securities Market

Commission's<sup>2</sup> (CMVM) website. In this source of information, corporate governance reports were consulted. Moreover, since one of the CMVM's recommendations is that board members should have appropriate qualifications and experience for the positions they hold, and to attest such skills the reports of corporate governance generally include, in attach, the board members' curricula, it was possible to identify some political connections. Furthermore, two other sources of information were consulted: a list of Portuguese political governors of the last 36 years who held a management position in the biggest firms<sup>3</sup>, developed by Costa et al. (2010); and Google web search where we have investigated the political activity of each individual. Names that matched members of parliament or government were cross-checked using the official websites of Portuguese Government and Portuguese Parliament (known as the Assembly of the Republic). In some cases, we have found more than one political position to the same person, that is, some people have a political carrier as a member of parliament and as a member of government. In these situations we only have considered the highest position that person held.

Overall, we find that, in 2010, the majority of listed companies (61 percent) had political connections, which represents 90 percent of PSI-20<sup>4</sup> and 42 percent of the other non PSI-20 peers, as illustrated in table 1. Table A, in appendix, details the information about connected firms listed in Euronext Lisbon.

**Table 1 – Number of politically connected firms**

<i>Euronext Lisbon listed companys in 2010</i>	<i>Total</i>	<i>Politically connected</i>	<i>(%)</i>	<i>Non politically connected</i>	<i>(%)</i>
PSI 20	20	<b>18</b>	90%	2	10%
others	31	<b>13</b>	42%	18	58%
<b>Total</b>	51	<b>31</b>		20	
	<b>(%)</b>	<b>61%</b>		<b>39%</b>	

Table 2 shows the existence of 51 political connections in 18 of the PSI-20 listed companies and 19 links in 13 of the other connected firms. It's important to point out that ministers are the politicians that hold more management positions: in 48,5 percent of cases, the connection is with a minister; in 34,1 percent of the cases, the connection is with a secretary of state; and, finally, in 20,1 percent of cases the connection is with a member of the Assembly of the Republic (parliamentarian).

Table 2 also highlights the existence of close relations to politicians through firms' involvement with chiefs of staff to the ministers and to the secretaries of state, members of council of state, representatives of civil house, relatives of ministers, elements of national political party committees and with deputy ministers or deputy secretaries of state. However, as doesn't exist sufficient information that allow us to

<sup>2</sup> Comissão de Mercado de Valores Mobiliários, also known by its initials: CMVM.

<sup>3</sup> This list is the result of a research that focused on ministers and secretaries of state from strategic sectors of the economy, finance, public works, employment and planning

<sup>4</sup> PSI20 (acronym of Portuguese stock index 20) is the benchmark index of the Euronext Lisbon, constituted by the twenty listed companies with largest market capitalization.

identify all the close relationships that might exist, we haven't focused on these links in this paper.

**Table 2 – Classification of connections by type**

<i>Direct relations:</i>	<i>PSI 20</i>	<i>Others</i>	<i>Total</i>	<i>(%)</i>
Prime Ministers		1	1	<b>1,4%</b>
Ministers	24	9	33	<b>47,1%</b>
Secretaries of State	16	6	22	<b>31,4%</b>
Parliamentarians	11	3	14	<b>20,1%</b>
<b>Total</b>	<b>51</b>	<b>19</b>	<b>70</b>	
	<b>(%) 73%</b>	<b>27%</b>		
<i>Close relations:</i>				
Chiefs of staff	2	1	3	
Council of state	0	2	2	
Civil house of the president of the republic	2	0	2	
Relatives of ministers	1	3	4	
National political party committees	2	2	4	
Deputy ministers and deputy secretaries of state	3	0	3	
	10	8	18	

It should be noted that, despite have been detected 70 political connections, some politicians are connected to several firms and therefore those 70 links were established from 51 politicians, as shown in table 3.

**Table 3 – Descriptive statistics of politically connected firms in 2010**

	<i>PSI 20</i>	<i>Others</i>	<i>Total</i>
<i>Politically connected firms</i>	18	13	31
Nº. of political connections	51	19	70
Mean	2,83	1,46	2,26
Standard deviation	1,65	0,88	1,53
Median	2,5	1	2
Mode	4	1	1
Min	1	1	1
Max	7	4	7
<i>Politicians with management positions<sup>5</sup></i>			
Nº. of political connections			51
Mean			70
Standard deviation			1,37
Median			0,692
Mode			1
Min			1
Max			1
			3

<sup>5</sup> Table B, in appendix, summarizes the information about politicians connected to the Euronext Lisbon listed companies, in 2010.



### 3.2. Characterization of connected firms and of politicians

The second challenge proposed in this paper consists in the characterization of politically connected firms listed in Euronext Lisbon and of their connected politicians.

#### 3.2.1. The Characteristics of politically connected firms

This section presents the characteristics of politically connected firms in terms of: firm size (measured by total assets, turnover and employees)<sup>6</sup>, bank loans, equity ratio, return on assets, effective income tax rate and industry designation (using the Industry Classification Benchmark – ICB). Thus, we have tried to focus on some characteristics that could reflect the benefits of political connections for firms. However, it's important to emphasize that this is not a causal study and it is not our intention to infer any causality from the results obtained, but merely characterize connected firms, listed in Euronext Lisbon, and their connected politicians.

Table 4 provides univariate statistics for the sample of politically connected firms and their non-connected peers.

**Table 4 – Characteristics of the Euronext Lisbon listed companies in 2010**

	Euronext Lisbon listed companies in 2010				Kruskal-Wallis- test
	Politically connected		Non politically connected		
	mean	median	mean	median	
Total Assets	13.676.000.000,00	3.512.900.000,00	5.997.500.000,00	406.810.000,00	0,014
Turnover	5.054.500.000,00	907.100.000,00	580.210.000,00	212.550.000,00	0,009
Employees	8.699	2.331	3.712	1.511	0,300
Bank loans	774.970.000,00	405.800.000,00	762.630.000,00	59.815.402,00	0,009
					<b>T- test</b>
E/A (%)	24,79	22,77	27,07	24,43	0,673
ROA (%)	4,35	3,78	4,44	4,28	0,929
Tax (%)	21,96	23,13	31,13	30,48	<b>0,065</b>

Equity to Asset ratio (E/A) is calculated as a relation between total equity and total assets x100. Return on Assets (ROA) is calculated by comparing earnings before interests and taxes to total assets x 100. Tax is income taxes over Earning before taxes.

The assumptions of normal distribution of means and of homogeneity of variances in the two groups were assessed by Kolmogorov-Smirnov test and by Levene's test, respectively. In cases where these assumptions were met, we used the Student's T- test to compare the means of the two independent samples, i.e., to assess if the means of two groups were statistically different from each other. In other cases, when the assumption of normal distributions wasn't met as required by parametric tests, we used the Kruskal-Wallis test to compare the two independent samples.

Attending to total assets and turnover variables used to measure the firm size, table 4 shows that the firm size of connected firms is significantly higher than that of non-connected peers. However, in terms of employees, despite of being shown in this table

<sup>6</sup> According to the size classification adopted by European Commission

that connected firms are substantial larger (3,7 times as large on average), the observed difference is not statistically significant ( $p>0,05$ ).

Furthermore, according to Student's T-test, the differences observed in the two groups for the equity to assets ratio (E/A), return on assets (ROA) and effective tax rate (Tax), are not statistically significant ( $p>0,05$ ).

In the characterization of the firms by sector and industry designation, we used the Industry Classification Benchmark – ICB<sup>7</sup>, adopted by NYSE European Regulated Markets, as illustrated in table 5.

**Table 5 – ICB - Industry Classification Benchmark of politically connected firms**

<i>Industry Classification Benchmark</i>	<i>Politically connected firms</i>	
	<i>PSI-20</i>	<i>Others</i>
<i>Industrials</i>	4	3
<i>Financials</i>	4	1
<i>Utilities</i>	4	0
<i>Consumer services</i>	3	6
<i>Basic materials</i>	1	1
<i>Telecommunications</i>	2	0
<i>Technology</i>	0	2
<i>Consumer goods</i>	0	0
	18	13

### 3.2.2. *The characteristics of politicians connected to Euronext Lisbon listed companies in 2010*

To the characterization of the politicians that integrated the board of directors and supervisory board of listed firms, were considered dimensions related to education, political background and genre of these politicians. Table 6 refers these three dimensions. Regarding to the academic studies of politicians, all of them have at least a Bachelor<sup>8</sup> degree, and Law is their preferential area of study followed by Economics and Finance. Respecting to political background, most of them (43,3 percent of the cases) is a current or former minister. However, as we mentioned before, in some cases we have found more than one political position to the same person. In this cases, we only have considered the highest political position that person have held. Table 6 also shows that political connections are essentially established by elements of two political parties: the center-right party named Social Democratic Party (PSD), representing 41,2 percent of connected politicians; and the center-left party named Socialist Party (PS) with 39,2 percent. Moreover, all connected politician are male.

<sup>7</sup> For further information about ICB- industry classification benchmark the website [www.icbenchmark.com](http://www.icbenchmark.com) should be consulted.

<sup>8</sup> Licenciado or licenciatura in Portugal. This is an academic degree that before 2006, in Portugal, was comparable to a degree between that of Bachelor and Master. After the Lisbon recognition convention, degrees in Europe were harmonized, through Bologna Process, and Bachelor became equivalent to licenciado,

**Table 6 – Characteristics of connected politicians**

<b>Education</b>	<b>Absolute Frequency</b>	<b>Relative Frequency</b>	<b>Cumulative Frequency</b>
<b>Academic degree</b>			
Bachelor(licenciado)	38	74,50	74,50
Master	4	7,80	82,40
Doctoral	9	17,60	100,00
	51	100,00	
<b>Area of study</b>			
Economics	12	23,50	23,50
Management	4	7,80	31,40
Finance	6	11,80	43,10
Law	25	49,00	51,00
Engineering	4	7,80	100,00
	51	100,00	
<b>Genre</b>			
Female	0	0,00	0,00
Male	51	100,00	100,00
	51	100,00	
<b>Political Background</b>			
<b>Political position</b>			
Prime Minister	1	2,00	2,00
Minister	21	41,20	43,10
Secretary of State	18	35,30	78,40
Parliamentarian	11	21,60	100,00
	51	100,00	
<b>Government/Parliamentarian Group</b>			
PS	20	39,20	39,20
PSD	21	41,20	80,40
CDS	2	3,90	84,30
PS/PSD Coalition (Bloco centra)	3	5,90	90,20
PSD/CDS Coalition	3	5,90	96,10
PSD/CDS/PPM Coalition (Aliança Democrática)	2	3,90	100,00
	51	100,00	

## 4. CONCLUSIONS

This study should not be interpreted as an intention to establish a causal relationship. Instead, it should be considered as a first step in the building of a database of companies with political connections, as a part of a broader research project that aims to explore the effect of political connections in the quality of accounting information and on corporate governance of the Portuguese listed companies.

Thus, this paper reports the results of an exploratory analysis, focused on Euronext Lisbon listed companies, which aimed to obtain an image of the characteristics of politically connected firms and of the politicians connected to them.

We consider that a firm is politically connected if, at least, one of his elements of their management and supervisory bodies (officials of General Meeting of Shareholders, Board of Directors and Supervisory Board) is a current or former head of state, prime minister, minister, secretary of state or parliamentarian.

In this context, we identified 31 politically connected firms, representing 61 percent of listed companies, 51 politicians connected and 70 political links.

Respecting to the connected firms, this study shows that the firm size is significantly higher than that of non-connected peers. However, measures of equity to assets ratio (E/A), return on assets (ROA) and effective income tax rate (Tax), seem not to be significantly different in the two study groups.

Regarding to politicians, this study shows that all of them have at least a Bachelor degree; Law is their preferential area of study followed by Economics; most of them is a current or former minister; they are mostly connected to one of the two political parties (Social Democratic Party – PSD and Socialist Party – PS) that have dominated the political Portuguese scene since the Revolution; and there is no females in these connections.

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**Table A – Politically connected firms listed in Euronext Lisbon**

	Prime Ministers	Ministers	Head of states	Parliamentarians	Close relations					
					Chiefs of Staff	Council State	Relatives	Civil house	Political Party Committees	Deputy minister/secret minister of state
PSI-20	Altriz SGPS									
	BANIF SGPS		1	1	2					
	BCP		2	2		1				
	BES				2					
	BPI			1	3	1		1		
	Brisa		1	2						
	Cimpor			1						
	EDP		5	2						
	EDP Renováveis		3	1						
	GALP Energia SGPS		4							
	Jerónimo Martins SGPS SA			2					1	
	Mota Engil		2	1	1					
	Portucel Produtora de Pasta e Papel		1							
	PT TELECOM SGPS			1				2		
	REN SGPS			1						3
	Semapa SGPS		2						1	
	Sonae industria SGPS									
	Sonae SGPS SA		1		1					
Sonaecom SGPS				1						
Zon Multimédia		2	1	1						
	<b>0</b>	<b>24</b>	<b>16</b>	<b>11</b>	<b>2</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>
Others	Banco Popular Español						1			
	Banco Santander, S.A.			1			1		2	
	Cofina SGPS S.A.									
	Compta S.A.						1			
	Corticeira Amorim, SGPS, S.A.									
	Espírito Santo Financial (Portugal) SGPS,S.A.									
	Estoril Sol, SGPS, S.A.		1			1				
	F. Ramada - Investimentos, SGPS, S.A.									
	Fisipe - Fibras Sintéticas de Portugal, S.A.									
	Futebol Clube do Porto - Futebol SAD			1						
	Glintt SGPS, SA									
	Grupo Media Capital SGPS S.A.									
	Grupo Soares da Costa, SGPS, S.A.		1							
	Ibersol - SGPS, S.A.									
	Imobiliária Construtora Grão-Pará, S.A.				1					
	Impresa S.A.	1	2		1			1		
	Inapa-Inv.Participações e Gestão, S.A.			1						
	Lisgráfica S.A.									
	Martifer, SGPS, S.A.									
	Novabase, SGPS, S.A.		2							
	Reditus - SGPS, S.A.			1						
	Sacyr Vallehermoso S.A.									
	SAG GEST - SGPS		1							
Sociedade Comercial Orey Antunes		1								
Sonae Capital SGPS, S.A.										
Sporting Clube de Portugal – Futebol, SAD			2			1				
Sport Lisboa e Benfica - Futebol, SAD		1		1						
SUMOL+COMPAL, S.A.										
Teixeira Duarte S.A.										
Toyota Caetano Portugal, S.A.										
VAA - Vista Alegre Atlantis, S.G.P.S., S.A.										
	<b>1</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>0</b>

**Table B – Connected Politicians**

Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
Agostinho Alberto Bento da Silva Abade	Chairman of the Supervisory Board	Sporting- Futebol, SAD	Secretary of state for Domestic Trade (1984/85) IX Constitutional Government	PS/PSD	Bachelor	Finance	64
Alexandre de Azeredo Vaz Pinto	Member of the Board of Directors	Impresa, S.A.	Minister of Trade and Tourism (1981) VII Constitutional Government	PSD/CDS/PPM	Bachelor	Economics	71
Álvaro João Duarte Pinto Correia	Chairman of the Board of Directors	Inapa, S.A.	Secretary of state for Housing and Urbanism t I Constitutional Government	PS	Bachelor	Engineering	78
António Bernardo Aranha da Gama Lobo Xavier	Member of the Board of Directors	BPI	Parliamentarian/ President of parliamentarian group(1992-94)	CDS	Master	Law	51
	Member of the Board of Directors	Mota Engil					
	Member of the Board of Directors	Sonaecom					
António de Almeida	Chairman of the Supervisory Board	EDP	Secretary of state for Treasury (1978-79;79-80;83-85) IV, V and IX Constitutional Governments	PS/PSD	Bachelor	Economics	73
António Ernesto Neto da Silva	Member of the Supervisory Board	BANIF	Secretary of state for External Trade (1990-91) XI Constitutional Government	PSD	Bachelor	Economics	62
António José de Castro Guerra	Chairman of the Board of Directors	Cimpor	Secretary of state for Industry and Innovation XVII Constitutional Government	PS	Doctoral	Economics	57
António José Fernandes de Sousa	Member of the Board of Directors	Brisa	Deputy secretary of state for Finance (1993-94), XII Constitutional Government ; Deputy secretary of state for External Trade (1991-93) XII Constitutional Government ; Secretary of State for Industry (1987-89) XI Constitutional Government	PSD	Doctoral	Management	55
António Luís Guerra Nunes Mexia	Chairman of the Board of Directors	EDP Renováveis	Minister of Public Works XVI Constitutional Government	PSD/CDS	Bachelor	Economics	53
	Member of the Supervisory Board	BCP					
	Chairman of the Board of Directors	EDP					



Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
António Manuel de Carvalho Ferreira Vitorino	Chairman of the general meeting of shareholders.	Brisa	Minister of the Presidency and of Finance (1995-97) XIII Constitutional Government	PS	Master	Law	53
	Chairman of the general meeting of shareholders.	Novabase, SGPS, S.A.					
António Nogueira Leite	Member of the Board of Directors	Brisa	Secretary of state for Treasury and Finance (1999-2000 XIV Constitutional Government)	PS	Doctoral	Economics	48
	Member of the Board of Directors	EDP Renováveis					
	Member of the Board of Directors	Reditus - SGPS, S.A.					
Artur Santos Silva	Chairman of the Board of Directors	BPI	Secretary of state for Treasury(1975/76) VI Provisory Government	PSD	Bachelor	Law	69
	Member of the Board of Directors	Jerónimo Martins					
Daniel Bessa Fernandes Coelho	Chairman of the Supervisory Board	GALP Energia	Minister of Economy, Industry, Trade and Tourism. XIII Constitutional Government	PS	Doctoral	Economics	62
	Chairman of the Supervisory Board	Sonae					
Daniel Proença de Carvalho	Chairman of the general meeting of shareholders.	GALP Energia	Minister of Social Communication (1978) IV Constitutional Government	PSD	Bachelor	Law	69
	Chairman of the Board of Directors	Zon multimédia					
	Chairman of the general meeting of shareholders.	Estoril Sol, SGPS, S.A.					
Diogo Campos Barradas de Lacerda Machado	Member of the Supervisory Board	EDP	Secretary of state for Justice (1999-2002) XIV Constitutional Government	PS	Bachelor	Law	49
Eduardo de Almeida Catroga	Member of the Supervisory Board	EDP	Minister of Finance XII Constitutional Government	PSD	Bachelor	Finance	68

Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
Fernando António Portela Rocha de Andrade	Member of the Board of Directors	REN	Deputy minister of Justice (2001-02). Deputy minister of Parliamentary Affairs (1995-99). Sub-Secretary of state for Internal Administration, XVII Constitutional Government. Member of National Political Party Committee	PS	Master	Law	39
Fernando Manuel Barbosa Faria de Oliveira	Member of the Supervisory Board	EDP	Minister of Trade and Tourism XI e XII Constitutional Governments	PSD	Bachelor	Engineering	69
Fernando Manuel dos Santos Gomes	Member of the Board of Directors	GALP Energia	Secretary of state for Housing and Urbanism, IX Constitutional Government; Deputy Minister and Minister of Internal Administration XIV Constitutional Government	PS	Bachelor	Economics	64
Francisco José Pereira Pinto de Balsemão	Chairman of the Board of Directors	Impresa, S.A.	Prime Minister of VII e VIII Constitutional Governments (1981-83)	PSD/CDS/PPM	Bachelor	Law	73
Francisco Luís Murteira Nabo	Chairman of the Board of Directors	GALP Energia	Secretary of state for Transport, IX Constitutional Government; Minister of Public Works, XIII Constitutional Government	PS	Bachelor	Economics	71
Henrique Reynaud Campos Trocado	Vice-Chairman of the general meeting of shareholders.	Sporting- Futebol, SAD	Deputy secretary of state for Culture and Education (1973-74). Secretary of state for Administrative Reform (1977), I Constitutional Government.	PS	Bachelor	Law	59
Joaquim Martins Ferreira do Amaral	Member of the Board of Directors	Semapa	Minister of Public Works, Transport and Communications (1990/95), XII Constitutional Government; Minister of Trade and Tourism (1987/90) XI Constitutional Government ; Secretary of state for Tourism (1984/85) IX Constitutional Government; Secretary of state for European Integration (1981); Secretary of state for Industry (1979) V Constitutional Government.	PSD	Bachelor	Engineering	65
Jorge de Figueiredo Dias	Member of the Supervisory Board	BPI	Parliamentarian (1976-78). Member of PSD National Political Committee	PSD	Doctoral	Law	73
Jorge Paulo Sacadura de Almeida Coelho	Vice-Chairman of the Board of Directors	Mota Engil	Minister of State and Social Equipment (99-2001), XIV Constitutional Government; Minister of Internal Administration (97-99) and Deputy Minister (95/97), XIII Constitutional Government	PS	Bachelor	Management	56

Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
José Lino Tranquada Gomes	Member of the Supervisory Board	BANIF	Parliamentarian	PSD	Bachelor	Law	52
José Manuel Alves Elias da Costa	Member of the Board of Directors	Banco Santander, S.A.	Secretary of state for Housing and Construction; Secretary of state for Finance	PSD	Bachelor	Finance	
José Manuel de Matos Fernandes	Chairman of the general meeting of shareholders.	Futebol Clube do Porto - Futebol SAD	Secretary of state for Justice (1995/96) and Deputy Minister of Justice (1996-99), XIII Constitutional Government	PS	Bachelor	Law	
José Pedro Aguiar Branco	Chairman of the general meeting of shareholders.	Portucel	Minister of Justice (2004-2005), XVI Constitutional Government; Minister of National Defense (2011_). XIX Constitutional Government	PSD	Bachelor	Law	53
	Chairman of the general meeting of shareholders.	Semapa					
	Chairman of the general meeting of shareholders.	Impresa , S.A.					
José Silva Lopes	Member of the Board of Directors	EDP Renováveis	Minister of Finance and Planning, III Constitutional Government	PS	Bachelor	Finance	78
José Xavier de Bastos	Member of the Supervisory Board	BCP	Secretary of state for the Presidency of the Council of Ministers (78/79) IV Constitutional Government	PSD	Bachelor	Law	72
	Member of the Board of Directors	PT TELECOM					
Júlio de Castro Caldas	Chairman of the general meeting of shareholders.	Zon multimédia	Parliamentarian, Minister of Defense (1999-2001), XIV Constitutional Government	PS	Bachelor	Law	67
	Chairman of the Supervisory Board	Grupo Soares da Costa, SGPS, S.A.					
Luís Fernando Mira Amaral	Member of the Board of Directors	Novabase, SGPS, S.A.	Minister of Industry and Energy, XI e XII Constitutional Governments; Minister of Work and Social Security, X Constitutional Government	PSD	Master	Economics	65
Luís José Vieira Duque	Member of the Board of Directors	Sport Lisboa e Benfica - Futebol, SAD	Deputy secretary of state for Justice, VIII Constitutional Government; Parliamentarian	PSD	Bachelor	Law	53

Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
Luís Manuel Ferreira Parreirão Gonçalves	Member of the Board of Directors	Mota Engil	Deputy secretary of state for Public Works (1999-2002), XIV Constitutional Government; Secretary of state for Internal Administration (1995-99), XIII Constitutional Government	PS	Bachelor	Law	51
Luís Manuel Moreira de Campos e Cunha	Chairman of the general meeting of shareholders.	BANIF	Minister of State and Finance, XVII Constitutional Government	PS	Doctoral	Economics	56
Luís Maria Viana Palha da Silva	Member of the Board of Directors	Jerónimo Martins	Secretary of state for Trade (1992-95), XII Constitutional Government	PSD	Bachelor	Management	54
Luís Valente de Oliveira	Member of the Board of Directors	Mota Engil	Minister of Planning and Territory Administration (1987-95), XI and XII Constitutional Governments ; Secretary of state for External Trade and Minister of Planning and Territory Administration (1985-87), X Constitutional Government ; Minister of Education (1978/79), IV Constitutional Government	PDS	Doctoral	Engineering	73
Manuel Cavaleiro Brandão	Chairman of the general meeting of shareholders.	BPI	Parliamentarian (1980-87)	CDS-PP	Bachelor	Law	64
	Vice-Chairman of the general meeting of shareholders.	Sonae					
Miguel José Luís de Sousa	Secretary of the general meeting of shareholders.	BANIF	Parliamentarian	PSD	Bachelor	Finance	57
Miguel Luís Kolback da Veiga	Member of the Board of Directors	Impresa, S.A.	Parliamentarian	PSD	Bachelor	Law	74
Norberto Rosa	Member of the Board of Directors	Zon multimédia	Secretary of state for planning (1993-95/2002-2004), XII and XV Constitutional Governments	PSD	Bachelor	Economics	55
Nuno Baltazar Mendes	Chairman of the general meeting of shareholders.	Imobiliária Construtora Grão-Pará, S.A.	Parliamentarian	PS	Bachelor	Law	52
Nuno Maria Monteiro Godinho de Matos	Member of the Board of Directors	BES	Parliamentarian	PS	Bachelor	Law	61

Connected Politicians	Management position	Company	Political Background	Parliamentarian group/Government	Academic degree	Area of study	Age
Paulo de Pitta e Cunha	Chairman of the general meeting of shareholders.	BES	Parliamentarian	PSD	Doctoral	Law	73
Paulo José Ribeiro Moita de Macedo	Vice-Chairman of the Board of Directors	BCP	Minister of Health (2011/...) do XIX Constitutional Government	PSD/CDS-PP	Bachelor	Management	47
Paulo Mota Pinto	Member of the Board of Directors	Zon multimédia	Vice-president of National Political Committee (2008/10).Parliamentarian (2009-11);(2011/	PSD	Doctoral	Law	44
Rui Chancerelle de Machete	Chairman of the general meeting of shareholders.	EDP Renováveis	Secretary of state for the Emigration (1975). Minister of Social Affairs (1977-79). Minister of Justice (1983-85). Vice-Prime Minister and Minister of National Defense (1985) do X Constitutional Government.	PS-PSD	Bachelor	Law	70
	Chairman of the general meeting of shareholders.	Sociedade Comercial Orey Antunes					
Rui Eduardo Ferreira Rodrigues Pena	Chairman of the general meeting of shareholders.	EDP	Minister of Administrative Reform, II Constitutional Government; Minister of National Defense, XIV Constitutional Government. Parliamentarian (1976-83)	PS	Bachelor	Law	71
	Member of the Supervisory Board	EDP					
	Member of the Board of Directors	SAG GEST SGPS S.A.					
Rui Manuel Lobo Gomes da Silva	Member of the Board of Directors	Sport Lisboa e Benfica - Futebol, SAD	Deputy Prime Minister (2004/05,) XVI Constitutional Government; Minister of Parliamentary Affairs (2004); Parliamentarian	PSD/CDS-PP	Bachelor	Law	52
Vasco Esteves Fraga	Member of the Supervisory Board	BCP	Secretary of State Deputy Minister of Transport and Communication (79-80)	PS	Bachelor	Finance	60