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## The Value of Political Connection: Evidence from the 2011 Egyptian Revolution

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We manually construct a list of Egyptian exchange-traded firms that were connected to President Mubarak and use the sudden collapse of his 30-year regime in the 2011 Arab Spring, a natural experiment exogenous to Egyptian firms, to measure the value of this political connection. We find that connection to Mubarak had contributed significantly, about 22.4%, to firm value. Moreover, state-ownership and connection to Mubarak remained separate sources of political capital under the entrenched autocracy. Mubarak-connected firms experienced lower financial constraint before the collapse of the regime and debt-induced equity propping at the peak of the 2008 global crisis.

*Keywords:* Political connection; Firm value; Financial constraint; Propping; Egypt

*JEL classification:* D72; G14; G38

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