

**Abstract:**

In this paper we investigate the effect of family connections to individuals holding political office on private sector labor market outcomes. We combine micro data for Italy over sixteen years on the universe of around 500,000 individuals in office at any level of government, whether in the executive or legislative branch, and whether elected or appointed, with social security data on a 1/91 random sample of private sector employees. We use a unique piece of information available in both data sets on the first three consonants of individuals' last name and municipality of birth to link workers and politicians. By exploiting the differential time of entry into and exit from office of individuals across different "families", we estimate that, while in office, each individual generates around 18 months of work and 36,000 euros (around 48,000 US dollars) worth of private sector jobs each year among close relatives. We also estimate that the monetary return to having a politician in the family is around 20%.

The effect is larger the greater a politician's clout, i.e. the higher the level of political office, the longer is tenure in the office and the larger the resources accruing to the government where the official serves.