Politically connected firms may extract rent which significantly improves their financial performance, but with social costs to others in form of market distortions. The thesis presents the first empirical analysis of personal political connections to government ministers in the Czech Republic. We estimated value of political connections and inspected subsidies and public procurements allocation as channels of rent extraction on firm-level data set of 1993-2015 period. For both approaches, cross-section regressions and dynamic matching on covariates and propensity score, we found that connected firms significantly underperform their similar rivals, but slightly improve their performance over the time of connection to minister in office. Connected firms gain significantly more subsidies which confirms subsidy allocation as a channel of rent extraction. We interpret our results that firms may seek political connections as the last option how to improve their bad financial results and remain on the market. Biased subsidy allocation to connected firms in sectors where firms are dependent on subsidies like agriculture creates market distortions and could lead to significant consumer harm.