



Article

Rising wealth concentration and democratic backsliding across U.S. states

Manuel Schechtel ^{1,2,*}

¹Department of Public Policy, University of North Carolina at Chapel Hill, Chapel Hill, NC 27514, United States

²Carolina Population Center, University of North Carolina at Chapel Hill, Chapel Hill, NC 27514, United States

*Corresponding author. Department of Public Policy, University of North Carolina at Chapel Hill, 131 S. Columbia St, Chapel Hill, NC 27514, United States. E-mail: schechtel@unc.edu

Abstract

Wealth concentration in the United States has reached heights not seen since the Gilded Age, renewing fears that concentrated economic power may undermine democracy. Yet empirical research linking inequality to democratic erosion remains inconclusive, partly because most studies focus on cross-country comparison and examine income rather than wealth. This study exploits variation across fifty U.S. states; each embedded in a common federal framework but differing in political and economic dynamics. To estimate the exogenous effect of rising wealth concentration on democratic backsliding, I develop a shift-share instrument of state-level millionaire wealth shares. Results reveal a clear, negative effect on democratic performance. Causal mediation analysis demonstrates that the effect is mediated by the share of seats held by Republicans in state legislatures, pointing to a mechanism of elite influence through partisan channels. These findings demonstrate that subnational wealth disparities, and their convergence with partisan politics, actively erode American democratic institutions.

Key words: democracy; inequality; wealth.

JEL classification: H7 State and Local Government; Intergovernmental Relations, R5 Regional Government Analysis

1. Introduction

Wealth concentration in the United States has surged to levels unseen since the Gilded Age, renewing concerns that such extreme disparities threaten democratic governance (Milanović 2017). A narrow elite now commands unprecedented economic power, prompting public commentators to warn that

this concentration translates into outsized political influence that distorts democratic processes (Reich 2015). Today's billionaires could leverage their fortunes to effectively "purchase democracy," steering government priorities toward their private interests rather than the public good (Dunn Tenpas 2025). In the 2024 election cycle, just 150 billionaire families contributed roughly \$1.9 billion to political campaigns, a spending magnitude described as "drowning out the voices and concerns of ordinary Americans" (ATF 2024). Critics assert that this influx of private wealth is steering the nation toward plutocracy, wherein policy increasingly privileges the wealthy few, marginalizing broader public interests. As Supreme Court Justice Louis Brandeis famously cautioned, "we may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both."

Scientific research exploring the relationship between rising inequality and democratic erosion yields mixed findings. On the one hand, a substantial body of scholarship documents a negative link between income inequality and democracy (Lipset 1959; Petrova 2008; Andersen 2012; Houle 2018; Timoneda 2021). This research encompasses analyses examining the relationship between equality and democracy (Gradstein and Milanovic 2004; Jong-sung and Khagram 2005; Acemoglu et al., 2008; Solt 2008), income inequality as a barrier to democratization, and as a driving factor in democratic backsliding (Haggard and Kaufman 2012; Rau and Stokes 2025). On the other hand, several studies find no clear relationship or report conflicting outcomes (Acemoglu et al., 2015; Scheve and Stasavage 2017; Bagchi and Fagerstrom 2023). Thus, current scientific discourse offers no definitive conclusions.

This study investigates whether increasing state-level wealth concentration in the hands of millionaires is associated with democratic backsliding within the United States. By focusing on subnational wealth concentration, this approach circumvents constraints of small-N cross-country studies. Examining democratic erosion within fifty states embedded in a shared federal framework allows for discarding stable interstate differences. Simultaneously, states retain significant political autonomy and exhibit diverse governance practices, effectively serving as "laboratories of democratic backsliding" (Grumbach 2023).

To address the research interest, I draw on two unique, recently published data sources. First, the state democracy index, which compiles 51 electoral democracy indicators across U.S. states into a unified measure spanning 2000 to 2023 (Grumbach 2023). Second, the GEOWEALTH-US database, which for the first time provides state-level wealth inequality measures at decennial intervals from 1960 to 2020 (Suss, Kemeny, and Connor 2024). Combined, these datasets facilitate an analysis of the relationship between state-level wealth concentration and democratic erosion in the United States.

Analyses employing two-way fixed effects models demonstrate that states experiencing the greatest increases in wealth concentration also exhibit the sharpest declines in democratic performance. These findings clearly align with public discourse: Rising wealth concentration goes hand in hand with democratic backsliding.

To address concerns about reverse causality and potential endogeneity in the relationship between millionaire wealth concentration and democratic backsliding, I develop a shift-share instrument for state-level wealth inequality. Building on the identification strategy by Boustan et al. (2013), this instrument anchors each state's initial exposure to wealth concentration based on the share of millionaire households and state-specific average millionaire wealth in the baseline year of 2000, then evolves these exposures forward using national-level trends in millionaire and total wealth. This approach exploits plausibly exogenous variation arising from nationally driven wealth changes and initial state-level economic structures, effectively isolating state-level wealth concentration from local endogenous dynamics and contemporaneous shocks. Under the standard identifying assumptions for shift-share

designs, most importantly that baseline exposure is orthogonal to unobserved state-specific shocks to democratic outcomes conditional on fixed effects, this strategy provides a plausibly exogenous source of variation in wealth concentration. Results from instrumental variable regression models using the instrumented wealth share of millionaires reveal a clear, negative effect of wealth concentration on democratic backsliding. Decomposing the state-level democracy index, I demonstrate that exogenous increases in the millionaire wealth share most consistently predict democratic erosion in voting rights and gerrymandering: wealth concentration is associated with shifts toward more restrictive participation rules and with institutional changes that make electoral outcomes less representative through redistricting. Taken together, these results underscore that rising wealth concentration reshapes the rules of participation and the translation of votes into seats, consistent with a mechanism in which concentrated economic power is deployed to insulate political control.

How can we interpret this link between wealth concentration among millionaires and democratic backsliding? Recent scholarship identifies Republican control of state governments as a crucial determinant of declining democratic performance (Grumbach 2023). Concurrently, the alliance between wealthy donors, big businesses, and conservative politics is increasingly evident (Hertel-Fernandez 2019; Gilens, Patterson, and Haines 2021). Causal mediation analysis for instrumental variable regression models demonstrates that the effect is mediated by the share of seats held by Republicans in state legislatures, pointing to a mechanism of elite influence through partisan channels. These findings suggest that the detrimental influence of wealth concentration on democracy operates primarily through the influence of wealthy elites on the political power wielded by conservative lawmakers.

By revealing the intertwined dynamics of state-level wealth concentration and democratic backsliding, this study advances our understanding of wealth inequality's political consequences. It highlights that growing economic disparities may not only reflect social inequalities but also actively undermine the core institutions of American democracy.

2. Background

Political scientists have long recognized the potential threat economic inequality poses to democratic responsiveness, particularly within the American political context. Foundational work by Martin Gilens illustrates how policy outcomes systematically favor affluent Americans, revealing a stark gap between the policy preferences of average citizens and those of the wealthy (Gilens 2005, 2012). Gilens further argues that campaign finance regulations are insufficient to curtail the influence of wealth on policymaking, highlighting the persistence of elite influence (Gilens, Patterson, and Haines 2021). Recent quasi-experimental evidence also suggests that changes to the campaign-finance environment can directly weaken democratic performance at the state level. Exploiting the 2010 *Citizens United* decision, which invalidated state bans on independent expenditures, Funk Fordham (2024) finds a substantial negative effect on state democratic performance that is largely independent of partisan control. Similarly, Jacobs and Skocpol (2005) identify how rising inequality reshapes American democracy by concentrating political voice and influence among wealthy actors, effectively sidelining broader public interests. Echoing these concerns, Bartels (2016) demonstrates that American political institutions and partisan dynamics disproportionately favor economic elites, exacerbating policy responsiveness gaps along class lines.

Despite broad recognition of the centrality of economic elites, political scientists have only recently begun investigating the direct influence of wealth—as distinct from income—due to long-standing data constraints. Motolinia, Klačnja, and Weschle (2026) find empirical evidence that growing financial pressures from campaign finance disproportionately advantage ultra-wealthy

candidates, systematically skewing political representation toward the richest Americans. [Hacker and Pierson \(2020\)](#) emphasize that concentrated wealth has intensified partisan polarization, as elite-driven politics increasingly mobilize economic anxieties to bolster political agendas aligned with the wealthy. [Bonica et al. \(2013\)](#) similarly question why democratic mechanisms have failed to restrain rising inequality, underscoring the complicity of political institutions and partisan incentives in perpetuating rather than mitigating wealth disparities. Complementing this narrative, [Hertel-Fernandez \(2019\)](#) provides detailed evidence of how wealthy donors and large corporations systematically exploit state-level political processes, effectively capturing state legislatures and undermining democratic accountability. Together, these contributions underscore the need for rigorous empirical investigation into wealth concentration's direct effects on democracy.

A useful way to organize these concerns is to distinguish mechanisms operating through elite incentives versus mechanisms operating through mass participation and representation. In the comparative political economy tradition, rising inequality increases the distributive stakes of democratic politics. That is, when wealth becomes highly concentrated, elites face stronger incentives to protect assets from majoritarian redistribution and to insulate policy from broad electoral pressures. Classic accounts link inequality to democratic fragility through precisely this logic of distributional conflict, where elites may tolerate democracy only when the expected costs of redistribution remain low ([Lipset 1959](#); [Gradstein and Milanovic 2004](#)). More recent work extends this framework to contemporary forms of democratic backsliding, emphasizing that erosion can occur not only through regime breakdown but also through incremental rule changes that restrict participation, accountability, or bias representation in favor of advantaged groups ([Haggard and Kaufman 2012](#); [Timoneda 2021](#); [Rau and Stokes 2025](#)). This perspective implies that wealth concentration should be most consequential where elites can plausibly shape the institutional rules of the game, particularly those governing political inclusion.

A second set of mechanisms emphasizes how economic inequality produces political inequality by widening gaps in voice, participation, and influence. Inequality can dampen political engagement among less affluent citizens and amplify the relative weight of organized, resource-rich actors, thereby weakening democratic responsiveness even when formal electoral competition remains intact ([Solt 2008](#); [Andersen 2012](#); [Houle 2018](#)). At the same time, concentrated wealth can distort the information environment and policymaking process through channels such as media influence, lobbying, and other forms of elite coordination, which can reduce accountability and normalize institutional changes that entrench incumbents or advantaged coalitions ([Jong-sung and Khagram 2005](#); [Petrova 2008](#)). Together, these arguments suggest that wealth concentration may erode democracy via both behavioral pathways (who participates and how) and institutional pathways (how rules are set and enforced).

The absence of empirical clarity regarding wealth concentration's direct political effects partly stems from conceptual challenges in defining and measuring inequality. While most empirical studies have concentrated on cross-national differences in *income* inequality, public discourse emphasizes *wealth concentration* within countries. This distinction is particularly crucial because wealth is far more concentrated than income ([Keister and Moller 2000](#); [Davies et al., 2011](#)). Furthermore, wealth, unlike income, is a stock of assets that can be donated, invested, or inherited across generations, making extreme wealth disparities potentially corrosive to ideals of meritocracy and equal political participation. It is therefore notable that one recent cross-country comparison specifically examining wealth inequality and democratic backsliding confirms popular perceptions linking wealth disparities to democratic deterioration ([Rau and Stokes 2025](#)). Yet, studies are overwhelmingly cross-national, often hampered by the lack of high-quality comparative data over time. Because countries vary significantly

in their legal frameworks, cultural norms, and political institutions, generalizations based on cross-country comparisons remain challenging (Doucette 2025).

3. Data and methods

3.1 Data sources

This study draws on recently published state-level wealth concentration estimates published by GEOWEALTH-US (Suss, Kemeny, and Connor 2024). This unique database draws on the Decennial and American Community Survey (ACS) and the Survey of Consumer Finances (SCF) and applies machine-learning-based imputation to derive wealth and wealth concentration estimates at several subnational geographical levels. These data are combined with the state democracy index published by Grumbach (2023). Both measures are publicly available at the state-level. In addition, the study makes use of state-level income inequality estimators from Frank (2014) as well as partisan state legislature composition information from the National Conference on State Legislatures.

3.2 Variables

3.3.1. Dependent variable

The central outcome of interest is the time-varying electoral state democracy index. This democracy index combines fifty-one indicators such as voter registration accessibility, felon disenfranchisement, voting wait times, and gerrymandering practices. The index is based on Bayesian factor analysis and was introduced by Grumbach (2023). See [Supplementary Table A1](#) for an overview of all items included in the index and [Supplementary Figs A1 and A2](#) for a visual depiction of the distribution of the electoral state democracy index over time.

[Supplementary Tables A2, A3, and Fig. A3](#) present the main results using an alternative, additive democracy index, also published and introduced by Grumbach (2023). The additive democracy index weighs each democracy indicator equally and then takes the state average across all indicators, thus differing from the data-driven Bayesian electoral democracy index used in the main body of the paper. Both indices are constructed from comprehensive state-level data sources, offering nuanced and multi-dimensional portraits of democratic backsliding and robustness across U.S. states.

3.3.2. Independent variable

The main predictor of interest is the time-varying millionaire share of state-level wealth (in 2016 USD). This measure is based on estimated household net worth and thus represents the concentration of assets that people own within each state. Because much of the public debate on wealth inequality and the disproportionate influence of the wealthy focuses specifically on wealth concentration at the very top, the wealth share of millionaires represents a perfect measure of the concentration of economic influence.

In addition, I replicate the main analyses using the Gini index of wealth inequality, which is among the most widely used and least sensitive measures of economic inequality (see [Supplementary Table A4](#) for main results using the Gini index). It is worth noting, however, that data limitations impede the creation of another exogenous shift-share instrument beyond millionaires' wealth concentration, detailed below.

3.3.3. Other variables

The third key variable is the time-varying Republican share of seats in state legislatures. This variable equals the average share Republicans hold in a given year and state in the state's Senate and House of

Representatives. I use the Republican share of seats in state legislatures to estimate the mediating role of partisan legislature in subsequent analyses.

3.3 Analytical approach

This study first estimates the association between rising state-level wealth concentration and democratic backsliding using standard two-way fixed effects models:

$$Y_{st} = \beta_1 G_{st} + \beta_2 \mathbf{X}'_{st} + \alpha_s + \delta_t + \epsilon_{st}$$

where Y_s is the democracy score of state s at year t , G_{st} indicates the state-level wealth concentration, and $\mathbf{X}'_{st}$ denotes a vector of state-level covariates detailed below. α_s gives state-, δ_t denotes year fixed effects that account for shocks common to all states (such as federal policies) as well as all time-invariant differences between states. Standard errors are clustered at the state level. Models use observations from all fifty states for the years 2000, 2010, and 2020. To minimize potential issues with reversed causality, the democracy index is lagged and thus refers to the years 2001, 2011, and 2021. Models include a parsimonious set of socio-economic characteristics: income inequality (Gini index), average household income (log), and average wealth (log), as well as the total number of households (log), the population share Black, and the population share with a college degree. See [Supplementary Fig. A4](#) for a correlation matrix of all main variables in these models.

While wealth concentration might affect democratic backsliding through several channels, it is also entirely possible that changes in democratic performance of states could affect the share of wealth held by millionaires. In other words, if voter disenfranchisement and gerrymandering attract wealthy individuals, immigration of millionaires would increase the share of wealth concentrated in the hands of millionaires. In the following, I develop a shift-share instrument for wealth concentration to counter such endogeneity and reverse causality concerns.

3.4 A shift-share instrument for wealth concentration

The shift-share (or “Bartik”) approach, as illustrated for income inequality by [Boustan et al. \(2013\)](#), leverages plausibly exogenous variation arising from the interaction between initial local economic structures and subsequent national trends to address identification concerns, particularly endogeneity and reverse causality. [Boustan et al. \(2013\)](#) anchor municipal income distributions to an initial year, subsequently projecting forward using national-level changes in income dispersion. This construction effectively isolates local outcomes from contemporaneous local shocks that might be endogenous to policy outcomes. Analogously, my instrument anchors state-level wealth concentration exposure using shares of millionaire households and state-specific wealth from 2000, subsequently evolving these shares forward using national-level trends in millionaire wealth and total wealth. By exploiting exogenous national trends, I similarly isolate state-level wealth concentration from endogenous local dynamics ([Boustan et al., 2013](#); [Goldsmith-Pinkham, Sorkin, and Swift 2020](#)).

The conceptual strength of the shift-share instrument, discussed extensively in [Autor, Dorn, and Hanson \(2013\)](#) in the context of labor markets and trade shocks, lies in its ability to mitigate reverse causality and local simultaneity biases. [Autor, Dorn, and Hanson \(2013\)](#) use initial industry structures interacted with subsequent aggregate shocks to ensure exogeneity of employment exposure to trade, paralleling my use of historical millionaire wealth distributions interacted with aggregate national wealth changes. Similarly, [Goldsmith-Pinkham et al. \(2020\)](#) demonstrate the conditions under which shift-share instruments are valid by emphasizing the exogeneity of national shifts and predetermined local shares, further supporting my methodological approach. Taken together, these foundational

studies underscore that, provided the baseline shares and national trends are plausibly exogenous, the shift-share instrument robustly addresses endogeneity concerns inherent to the empirical analysis of wealth inequality (Autor, Dorn, and Hanson 2013; Boustan et al., 2013; Goldsmith-Pinkham, Sorkin, and Swift 2020).

Recent work clarifies that shift-share instruments can be justified under different conditions regarding the shares and the shifts. In the present setting, the identifying variation comes from how the common national trend is differentially loaded onto states through predetermined baseline exposure. Following the “exogenous shares” perspective emphasized by Borusyak et al. (2025), the key requirement is therefore that baseline exposure to millionaire wealth concentration in 2000 is uncorrelated with unobserved, state-specific shocks to democratic outcomes (conditional on state fixed effects and controls). Therefore, the key assumption is that baseline exposure is not proxying for differential latent political trajectories that would have unfolded even absent state-level wealth concentration.

In practical terms, for each decade t , I calculate the national median of (a) average millionaire wealth and (b) total wealth to obtain common growth factors g_t^M and g_t^T . I also track the number of households in each state-year, HH_{st} . I then anchor each state's 2000 exposure: the fraction of households that are millionaires $m_{s,0}$ and the state-specific average millionaire wealth $\bar{w}_{s,0}$, as well as total state wealth $W_{s,0}$. Holding these exposures fixed, I impute the number of millionaires $\tilde{M}_{st} = m_{s,0} \cdot HH_{st}$ and their average wealth $\tilde{w}_{st} = \bar{w}_{s,0} \cdot g_t^M$; multiplying yields imputed millionaire wealth $\tilde{W}_{st}^M = \tilde{M}_{st} \tilde{w}_{st}$. Analogously, I derive total state wealth using the national total-wealth growth factor: $\tilde{W}_{st} = W_{s,0} \cdot g_t^T$. The instrument is the imputed millionaire wealth share, $Z_{st} = \tilde{W}_{st}^M / \tilde{W}_{st}$, which equals the baseline state shares scaled by nationally driven changes.

Identification rests on the assumption that, conditional on fixed effects and controls, baseline exposure to millionaire wealth concentration is orthogonal to unobserved state-specific shocks to democratic outcomes; the national wealth trend provides the common time variation that is differentially transmitted through this predetermined exposure. In other words, cross-state variation in Z_{st} arises solely from heterogeneity in the 2000 exposure terms ($m_{s,0}$, $\bar{w}_{s,0}$, $W_{s,0}$); time variation comes from the common growth factors g_t^M and g_t^T . This design parallels standard shift-share instruments: it purges contemporaneous state-level shocks to wealth composition while preserving plausibly exogenous national trends. In the first stage, I instrument the millionaire wealth share with Z_{st} , estimating two-way fixed-effects models with state and year fixed effects and the parsimonious set of covariates detailed above. Threats to validity, such as differential state sensitivity to national wealth shocks, are addressed by (a) anchoring shares in 2000, (b) using medians rather than means for national factors to limit the influence of outliers and large states, and (c) extensive robustness checks detailed below. Under these conditions, Z_{st} provides an exogenous source of variation in wealth concentration.

A key theoretical reason why the national shift component is plausibly exogenous to state-specific democratic change is that the secular rise in U.S. wealth concentration is widely attributed to macro-level forces operating through national and global capital markets, rather than to any individual state's institutional trajectory. Long-run evidence shows that the post-1980 increase in top wealth shares is tightly linked to economy-wide dynamics in capital incomes, asset valuations, portfolio composition, and federal tax policy (Alvaredo et al., 2013; Saez 2017; Kuhn, Schularick, and Steins 2020; Saez and Zucman 2020). In this context, the shift-share design leverages precisely this macro-level component, summarized by the national median wealth trend, while all identifying variation comes from predetermined cross-state differences in baseline exposure.

A related concern is whether changes in democratic institutions spill over across state lines in ways that could confound identification. Electoral institutions are enacted through state constitutions, statutes, election administration, and state courts, so the proximate determinants of institutional change

are largely internal to states. At the same time, research on policy-diffusion shows that states sometimes adopt similar rules in response to common information environments, national party networks, and coordinated advocacy (Berry and Berry 1990; Shipan and Volden 2008). Importantly for the present design, many of these diffusion pressures operate through nationally synchronized channels, such as federal court decisions, national party strategies, and nationwide shifts in campaign finance and mobilization. These channels would affect many states contemporaneously and are therefore absorbed by year fixed effects.

I present the first-stage relationship between the actual and instrumented wealth share of millionaires in the main results (see [Supplementary Fig. A5](#) for a correlation plot). Both measures are strongly correlated, suggesting that much of the change in state-level growth in millionaires' wealth was driven by trends in wealth growth rather than by in- and out-mobility of wealth millionaires. I then present reduced-form and second stage estimates from the main IV-model.

The state-level democracy index aggregates dozens of election and representation indicators, including voter access, wait times, and gerrymandering. In the next step, I decompose this index into four conceptually distinct sub-indices capturing responsiveness, voting rights (e.g. early voting, absentee ballots), election performance (such as voting wait times), and gerrymandering. I then replicate the main IV-TWFE specification for each domain, instrumenting the millionaire wealth share with the shift-share and retaining the same fixed-effects structure and covariate set as in the main specification.

Last, I estimate an instrumental variable regression mediation analysis to understand if the exogenous effect of wealth concentration is mediated by the partisan composition of state legislatures. I make use of the Stata package `ivmediate` that decomposes the causal effect from instrumental variable regression into direct and indirect components by estimating two separate IV regressions: one where the mediator is the dependent variable regressed on the instrument, and another where the final outcome is regressed on both the mediator and instrument. By leveraging these two stages, the approach isolates the causal effect of the treatment that is channeled through the mediator (the indirect effect) from the effect that operates independently of the mediator (the direct effect). This approach allows researchers to reliably quantify mediated pathways even when endogeneity necessitates instrumental variables (Dippel, Ferrara, and Heblich 2020).

4. Results

4.1 State-level wealth concentration and democratic performance

What is the state of wealth concentration across U.S. states in the baseline year 2000? [Figure 1](#) plots the share of wealth held by wealth millionaires against the fraction of households that exceed the million-dollar threshold in net wealth (2016 USD). These measures are based on household wealth and therefore capture the concentration of asset ownership rather than income disparities within each state. Jointly, the two metrics indicate how large a share of wealth is concentrated in the hands of millionaires and how many households qualify as millionaires—that is, how much of the upper tail of the wealth distribution is captured by the millionaire wealth share in each state. The figure highlights two key observations about wealth concentration in the United States. First, in the baseline year, millionaires own most of America's private wealth: in all but a handful of states, the share of wealth held by millionaires exceeds 40 per cent (52 per cent in the median state). While millionaires own roughly 35 per cent of all private wealth in West Virginia, this number climbs to 71 per cent in California. At the same time, ranging from about 3 per cent in West Virginia to roughly 18 per cent in Hawaii,

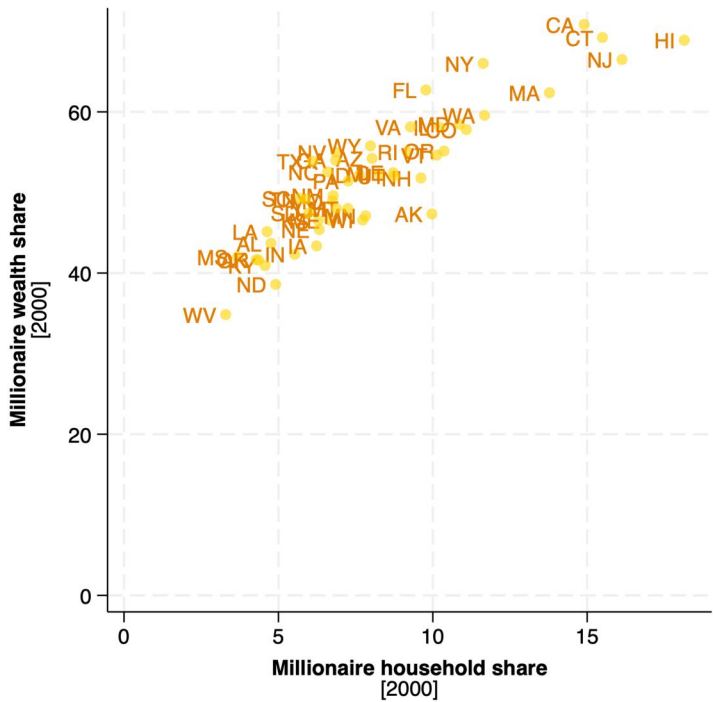


Figure 1. Wealth millionaire households’ shares and wealth shares in 2000. *Note:* Author’s calculation using data from GEOWEALTH-US (Suss, Kemeny, and Connor 2024).

millionaire households make up a small fraction of the population (7 per cent in the median state). In short, the millionaire wealth share captures the upper tail of the wealth distribution and plausibly identifies households that have the capacity to exert disproportionate political influence.

How has state-level wealth concentration evolved since 2000? Figure 2 plots state-level wealth concentration in 2020 against its value in 2000. Wealth concentration in the hands of millionaires has increased substantially between 2000 and 2020 (see Supplementary Fig. A6 for household- and wealth-shares of millionaires in each state and decennial). With the notable exception of Ohio, the millionaire wealth share has risen in forty-seven states. While some states saw only modest changes, others experienced increases of 20 percentage points or more. On average across states, wealth concentration in the hands of millionaires rose by about 8 percentage points (see Supplementary Fig. A7 for a detailed overview).

Wealth held by millionaires may reflect an increasing concentration of economic and political power, or it may simply mirror a broad rise in wealth ownership and asset (including housing) appreciation that mechanically increases the number of millionaires. Take New York and California: in 2020, these two states exhibit the highest concentration of wealth among millionaires, but this could just as well reflect their overall wealth levels, economic growth, and housing values. In other words, if most citizens were able to accumulate wealth of one million dollars or more, the share of assets held by millionaires would be a poor indicator of wealth concentration. Thus, to study the downstream consequences of wealth concentration for American democracy, we need to separate levels from

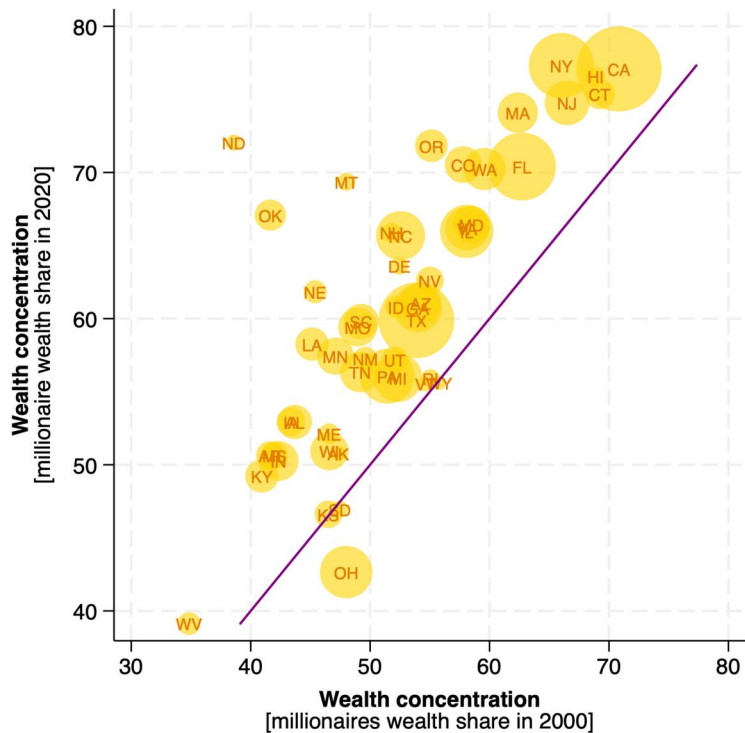


Figure 2. Wealth concentration among millionaires in 2000 and 2020. *Note:* Each state is weighted by its total number of households in 2020. The solid, purple line represents the 45-degree line. Author’s calculation using data from GEOWEALTH-US (Suss, Kemeny, and Connor 2024).

inequality in wealth (see [Supplementary Fig. A8](#) for a detailed depiction of the association between average wealth levels and wealth concentration).

[Figure 3](#) plots wealth concentration among millionaires against the state-level index of electoral democracy. To account for overall wealth levels, the figure presents the association adjusted for average (log) wealth and for time trends common to all states. The visual pattern reveals a clear negative association between the concentration of wealth among millionaires and the state-level indices of democracy. Substantively, a one–standard deviation increase in the millionaire wealth share is associated with 0.42 of a standard deviation decrease in the electoral democracy score.

Because levels of wealth concentration and democracy are likely shaped by state-specific trajectories, it is crucial to examine within-state changes rather than between-state differences. Linear models presented in [Table 1](#) therefore adopt a two-way fixed effects framework, focusing on changes in wealth concentration and democracy within each state between 2000, 2010, and 2020. Model 1 accounts for average wealth levels, Model 2 adds to that a parsimonious set of socio-economic covariates, namely income inequality and average income (log); Model 3 further adjusts for the total number of households (log), the Black population share, and the share of residents with a college degree.

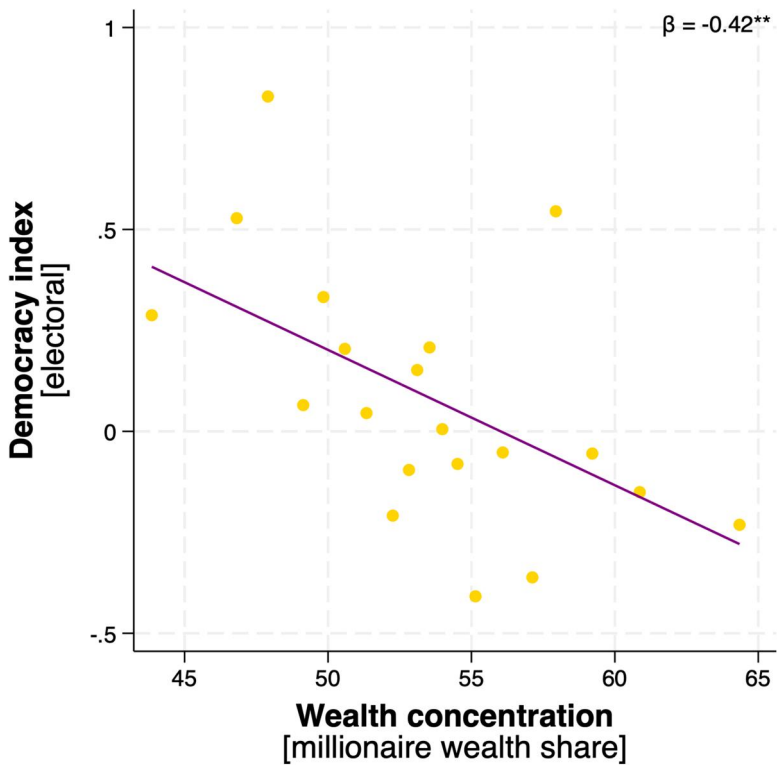


Figure 3. The association between wealth concentration among millionaires and state-level democracy. *Note:* Binned scatterplots adjusting for average wealth (log) and year fixed effects. Purple, solid lines depict the linear fit. Author’s calculation based on the state democracy index published by [Grumbach \(2023\)](#) and state-level wealth concentration estimates made available through GEOWEALTH-US ([Suss, Kemeny, and Connor 2024](#)).

Net of state and year fixed effects that absorb common shocks across states (e.g. federal policies) as well as the parsimonious set of time-varying covariates, the results reinforce the visual pattern in [Fig. 3](#): where state-level wealth concentration rises, democracy scores decline. Notably, these models do not reveal a negative association between changes in income inequality and changes in democracy, underscoring the distinctive role of wealth concentration in eroding democratic performance. In sum, the findings point to a clear, negative association between rising millionaire wealth concentration and the deterioration of subnational democracy.

4.2. The exogenous effect of rising wealth concentration on democratic backsliding

How can we be sure that rising wealth concentration among millionaires is a cause, and not a consequence, of democratic backsliding? To mitigate reverse causality, all models in the previous section lag the outcome by one year, yet unobserved factors could still drive both surging wealth concentration and democratic backsliding. To isolate the causal effect, this section employs the shift–share

Table 1. Wealth concentration and state-level democracy estimated by TWFE.

Variables	(1)	(2)	(3)
Wealth concentration [millionaires]	−0.03* (0.02)	−0.05* (0.02)	−0.05** (0.02)
Average wealth [log]	2.35* (1.00)	2.58* (1.18)	3.16* (1.24)
Income inequality [Gini index]		0.11* (0.05)	0.14* (0.05)
Average income [log]		0.40 (1.47)	−0.49 (1.61)
N households [log]			−1.34 (1.18)
Black [share]			5.10 (8.37)
College degree [share]			9.99 (6.25)
Constant	−28.43* (12.17)	−40.30* (16.43)	−23.20 (21.22)
Observations	150	150	150
Year FE	Yes	Yes	Yes
State FE	Yes	Yes	Yes

Clustered standard errors in parentheses.
*** $P < .001$, ** $P < .01$, * $P < .05$, + $P < .10$.

instrument described above. Table 2 reports first-stage results, reduced-form estimates, and second stage estimates from the instrumental-variable fixed-effects approach. All specifications exploit the rich panel structure of the data and include state and year fixed effects.

First-stage diagnostics indicate that the shift-share instrument is relevant and provides reasonably strong identifying variation. The excluded instrument is predictive of the endogenous millionaire wealth share, with a cluster-robust first-stage F-statistic of 14.06 ($P = 0.001$). The model is not underidentified: the Kleibergen-Paap rk LM statistic rejects the null of underidentification ($\chi^2(1) = 11.41$, $P = .001$). The Kleibergen-Paap rk Wald F statistic is 14.06, suggesting limited weak-instrument concerns under heteroskedasticity and clustering. Consistent with this, weak-instrument-robust inference also rejects the null of no effect: the Anderson-Rubin test yields $F(1, 49) = 9.71$ ($P = .003$), and the Stock-Wright LM S statistic is $\chi^2(1) = 17.03$ ($P < .001$). A Durbin-Wu-Hausman test rejects the null that the millionaire wealth share is exogenous (robust $F(1, 740) = 4.69$, $P = .035$), underscoring that two-way fixed-effects models are inconsistent and IV is preferred for unbiased inference.

By leveraging exogenous variation in wealth concentration through the shift-share instrument, the IV-TWFE model corrects for measurement error or endogeneity in observed wealth concentration, for instance, if democratic outcomes also influence the migration of wealthy individuals. Consistently, isolating the causal impact yields larger effect estimates, as evidenced in Table 2. This suggests that the classic two-way fixed effects models presented in Table 1 underestimate the true relationship due to omitted variable bias or reverse causality. Across the board, the estimates indicate a clear, statistically significant negative causal effect of millionaire wealth concentration on electoral democracy. Substantively, the main IV estimate implies that a 10-percentage point increase in the share

Table 2. Wealth concentration and state-level democracy estimated by 2SLS.

Variables	(1) First-stage	(2) Reduced form	(3) 2SLS
Wealth concentration [imputed]	0.74*** (0.20)	−0.10** (0.03)	
Wealth concentration [instrument]			−0.14** (0.05)
Average wealth [log]	25.85*** (7.31)	1.93+ (1.12)	5.56** (1.84)
Income inequality [Gini index]	1.82*** (0.39)	−0.01 (0.07)	0.24*** (0.07)
Average income [log]	21.67 (12.94)	−1.91 (1.77)	1.14 (1.98)
N households [log]	−36.24** (10.43)	3.19 (2.13)	−1.91 (1.27)
Black [share]	39.77 (54.30)	3.21 (7.79)	8.80 (9.07)
College degree [share]	68.38* (26.78)	2.89 (6.63)	12.50* (6.05)
Observations	150	150	150
Year FE	Yes	Yes	Yes
State FE	Yes	Yes	Yes
Kleibergen-Paap rk LM statistic	14.06		
Kleibergen-Paap rk Wald F statistic	11.41		
Cragg-Donald Wald F statistic	42.50		

Clustered standard errors in parentheses.
****P* < .001, ***P* < .01, **P* < .05, +*P* < .10.

of wealth held by millionaires corresponds to about a 1.4-point decline in the democracy index. Relative to the observed distribution of state-level democracy, this effect is substantively large: about 1.6 standard deviations.

Interestingly, in several specifications, wealth concentration and income inequality enter with statistically significant coefficients of opposite sign. While these coefficients are not the causal focus of the paper, the pattern is consistent with the idea that wealth concentration and income inequality capture distinct political-economic mechanisms. The millionaire wealth share is a top-end measure that proxies the scale of resources held by affluent households with the capacity to translate economic power into political influence—through lobbying, campaign finance, agenda-setting, or institutional insulation. By contrast, income inequality is a broader dispersion measure that may reflect different coalitional and organizational dynamics, including redistributive contestation and mass political mobilization, rather than elite influence.

4.3 Robustness checks

I assess the robustness of my shift-share instrument estimates across several [supplementary analyses](#). These diagnostics are designed to probe the exogenous-shares requirement by assessing whether base-line exposure is systematically related to pre-existing trends or to placebo outcomes that should not

respond to wealth concentration. First, lead-variable tests reveal no significant pre-trends, indicating that future changes to the instrument do not predict current democratic outcomes (Supplementary Table A5). Second, substituting electoral democracy for placebo outcomes, such as female population share, average age, and household size, yield no significant effects, reinforcing that the instrument is not spuriously capturing demographic shifts (Supplementary Table A6). Third, results remain stable when allowing the South to follow a different trajectory than other states by interacting a South indicator with year fixed effects, which absorbs South-specific year shocks and reduces concerns that baseline exposure is proxying for changing regional differences (Supplementary Table A7). Importantly, this supplementary check also absorbs any regionally synchronized changes in electoral institutions that could reflect spillovers through shared party networks, advocacy organizations, or legal environments. It is important to note that key inferences are not driven by the construction of the aggregate shift: in the main specification, the national component is based on median trends (limiting outlier influence), and supplementary specifications recompute the shift using earlier baseline exposure years (see below), with substantively similar conclusions.

As an additional robustness check, I re-estimate the main IV-TWFE model in a parsimonious bivariate specification that excludes time-varying covariates. This addresses concerns that some controls could be downstream of wealth concentration and thus introduce post-treatment bias. The bivariate IV estimates remain consistent to the main specification (Supplementary Table A8). Alternatively, augmenting the main model with an extended set of economic controls (manufacturing employment, overall employment rate, and population share renters) leaves the point estimate on wealth concentration essentially unchanged and even improves statistical significance (Supplementary Table A9). Next, replacing mean with median measures of both wealth and income level covariates produces equivalent instrumental variable results, underscoring that these findings are not driven by mismeasurement of the overall level of economic resources (Supplementary Table A10).

To probe temporal dependence in democratic institutions, I re-estimate the main IV specification using longer lags of the outcome variable. While the baseline models lag electoral democracy by one year to impose temporal ordering, several components of the index reflect rules that are institutionally persistent and may adjust only over longer horizons. I therefore estimate alternative specifications averaging the outcome in years $t+1$, $t+2$, and $t+3$, which represents the longest feasible horizon without substantial loss of observations. Results remain substantively unchanged (Supplementary Table A11).

A complementary robustness check shifts the predetermined share component of the shift-share instrument further back in time. In the main instrument, cross-state heterogeneity in exposure is anchored in baseline shares from 2000. To implement a stricter test, I reconstruct the exposure shares using 1960 baseline values (four decades prior to the outcome period), thereby pushing the source of cross-state identifying variation further away from contemporary democratic change. In the updated estimates, the first stage remains comparably strong, but the second-stage coefficients are somewhat attenuated (or less precisely estimated). This pattern is consistent with the interpretation that very early baseline exposure captures a more distant notion of structural exposure that is less tightly aligned with post-2000 wealth dynamics and with the timing of institutional change, rather than indicating that the baseline results are driven by short-run feedback from democratic institutions into wealth concentration (Supplementary Table A12).

As another robustness check, I re-estimate the main IV specification using alternative measures of (instrumented) wealth concentration based on top-percentile wealth shares (rather than the millionaire wealth share). These models yield consistently negative estimates across top-share definitions (Supplementary Fig. A9). Estimated magnitudes become larger toward the very top of the

distribution, though precision declines, consistent with the greater measurement noise typically associated with extreme-tail wealth estimates.

In addition, I conduct Monte Carlo simulations to assess the sensitivity of my instrumental variable regression estimate of millionaire wealth share on democratic backsliding to plausible measurement error in the shift-share instrument. To that end, I compute the standard deviation of the imputed millionaire wealth share and add Gaussian noise equal to 10 per cent of the standard deviation to generate a noisy instrument (in 500 independent draws). In each replication I re-estimate the instrumental variable fixed effects model, instrumenting the observed millionaire wealth share with this perturbed series, and record the coefficient on the endogenous regressor. The resulting distribution of coefficients is tightly centered at -0.14 , with a standard deviation of just 0.02 (see [Supplementary Fig. A10](#)). Crucially, none of the 500 simulations ever produced a null or positive effect, demonstrating that even substantial mismeasurement of the instrument would not overturn the estimated negative impact of millionaire concentration on state-level democracy. Conceptually, this robustness check underscores that the shift-share variation is exogenous to idiosyncratic state confounders and cannot be invalidated by modest measurement errors in the construction of the instrument.

Together, these [supplementary analyses](#) attest to the credibility and stability of my identification strategy and justify confidence in the causal interpretation of the effect of rising millionaire wealth shares on democratic backsliding.

4.4 Decomposing the state democracy index

To better understand *which* democratic domains are most vulnerable to wealth concentration, I decompose Grumbach's electoral state democracy index—which aggregates dozens of election and representation indicators, including voter access, wait times, and gerrymandering—into four conceptually distinct sub-indices capturing responsiveness, voting rights (e.g. early voting, absentee ballots), election performance (such as voting wait times), and gerrymandering (see [Supplementary Table A1](#) for the complete list of measures in Grumbach's index). I then replicate the main IV-TWFE specification for each domain, instrumenting the millionaire wealth share with the shift-share series and retaining the same fixed-effects structure and covariate set as in the main specification.

The decomposed estimates presented in [Fig. 4](#) reveal a structured pattern. Exogenous increases in the millionaire wealth share most consistently predict democratic erosion in voting rights and gerrymandering: wealth concentration is associated with shifts toward more restrictive participation rules and with institutional changes that make electoral outcomes less representative through redistricting. By contrast, the estimated effects on responsiveness are negative but smaller and less precisely estimated, suggesting tentative rather than definitive evidence in that domain. Finally, I find no evidence that wealth concentration systematically affects the elections component, indicating that the central relationship is not driven by election administration. Taken together, the component results suggest that rising wealth concentration operates less through altering the conduct of elections *per se* and more through reshaping the rules of participation and the translation of votes into seats, consistent with a mechanism in which concentrated economic power is deployed to insulate political control.

4.5 The role of partisan legislature

A key finding from Grumbach's groundbreaking analysis is that party competition, polarization, and demographic change play a minimal role in explaining democratic backsliding across U.S. states ([Grumbach 2023](#)). The primary predictor of reduced democratic performance is Republican control of state governments ([Grumbach 2023](#)). Could state-level wealth concentration shape democratic

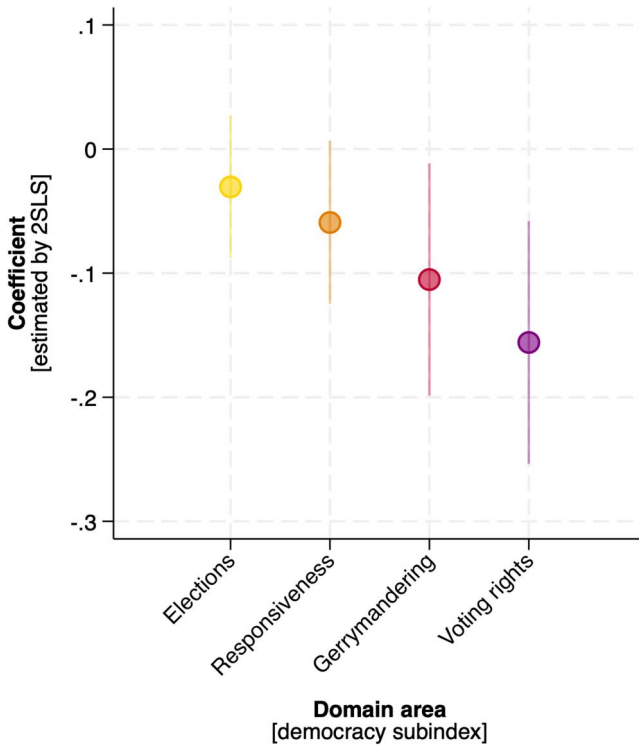


Figure 4. Wealth concentration and the four domain areas of state-level democracy estimated by 2SLS. *Note:* Subindices are built based on the domain codes of all components in the state-level democracy index. All items within each index are standardized and added (equal weights). Each model adjusts for income inequality, levels of income and wealth, population share Black, the total number of households (log), and share with a college degree as well as state and year fixed effects.

backsliding through its influence on Republican lawmakers? Previous research indeed highlights that the wealthy disproportionately shape policy outcomes in ways that are often at odds with the preferences of the general population (Page, Bartels, and Seawright 2013). Elite capture of state politics, and thus democratic backsliding, through influence on the Republican party should therefore be strongest where state-level wealth concentration has increased the most.

To shed light on this potential mechanism, I estimate a causal mediation model with my instrumental variable (see [Supplementary Table A13](#)). This model estimates how much of the exogenous, instrumented effect of wealth concentration is mediated by the share of seats in the states' legislatures held by the Republican party (substituting seat shares with Republican control, that is, >50 per cent, yields similar results, see [Supplementary Table A14](#)). [Figure 5](#) plots the causal pathway and reports effect sizes and significance levels for the electoral democracy outcome. Z represents the exogenous instrument, X denotes the wealth share of millionaires, M is the mediating variable (here the share of state legislature seats held by Republicans) and Y gives the democracy score. Results show a clear positive effect of wealth concentration on the legislature share Republican, and a robust, negative effect of Republican legislature on electoral democracy. More importantly, the effect of the treatment (wealth concentration)

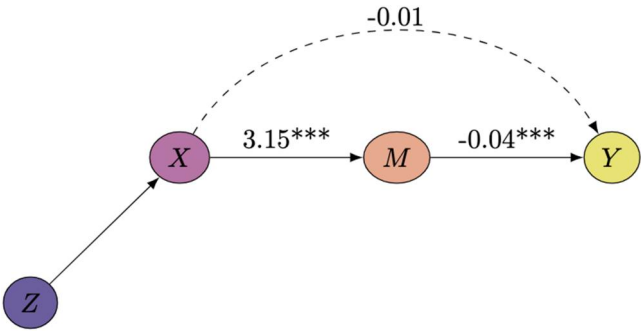


Figure 5. Causal mediation analysis with an instrumental regression model. *Note:* Z represents the exogenous instrument, X denotes the wealth share of millionaires, M is the mediating variable (here the share of state legislature seats held by Republicans), and Y gives the democracy score. The model adjusts for income inequality, levels of income and wealth, population share Black, the total number of households (log), and share with a college degree as well as state and year fixed effects.

on the outcome (democracy) disappears once controlling for the mediator (share Republican). In other words, the share of Republicans in state legislatures explains about 94 per cent of the total effect of wealth concentration on electoral democracy scores. [Supplementary analyses](#) show that changes in legislative control of Republican in t_{-1} does not predict subsequent changes in the millionaire wealth share, supporting the idea that partisan legislature is not a cause of growing wealth concentration (see [Supplementary Table A15](#)). Taken together, the pattern strongly suggests that wealth concentration among millionaires causes democratic backsliding through its effect on the Republican party.

As an exploratory heterogeneity analysis, I further examine whether the estimated effect of wealth concentration varies by baseline partisan control of state legislatures. I construct a baseline indicator for whether neither party controlled both legislative chambers in the baseline year (i.e., the absence of unified partisan control) and re-estimate the baseline IV-TWFE model separately for states with and without unified control at baseline. The estimated effect of millionaire wealth concentration on democratic backsliding is markedly larger in the non-unified baseline group: the instrumented coefficient is approximately three times larger than the estimate in baseline unified-control states. This pattern is consistent with the idea that rising wealth concentration is especially influential where institutional control is contested, though these subgroup estimates should be interpreted as suggestive given the smaller samples (see [Supplementary Table A16](#)).

5. Conclusion

This study is motivated by growing concerns that surging wealth concentration may be eroding democratic governance within the United States, and it aims specifically to assess whether rising state-level wealth concentration among millionaires predicts democratic backsliding across the fifty states. By shifting the focus from cross-national comparisons to subnational variation, the research sought to exploit the shared federal context of U.S. states. In addition, it addresses a critical gap in the literature by centering wealth (rather than income) as the key driver of democratic erosion. Drawing on theoretical debates about elite capture and political influence, the study aims at understanding whether wealth concentration undermines the core institutions of democracy.

The analysis leverages two novel datasets spanning 2000–2020: the State Democracy Index, which integrates fifty-one indicators of electoral and institutional health, and the GEOWEALTH-US database, which provides decennial measures of state-level wealth concentration. Two-way fixed effects models, which account for all unobserved, time-constant state characteristics, confirm that within-state increases in wealth concentration predict significant declines in democracy scores. Introducing a shift-share instrument for wealth concentration, subsequent instrumental variable regression models underscore the causal effect of rising wealth concentration on democratic backsliding. Causal mediation analysis for instrumental variable regression models further demonstrates that the effect is mediated by the share of seats held by Republicans in state legislatures, pointing to a mechanism of elite influence through partisan channels.

While the analysis cannot directly identify the actors driving democratic erosion, it does provide evidence about which institutional margins are most sensitive to rising wealth concentration. The decomposition indicates that estimated effects concentrate in voting rights and gerrymandering, are weaker for responsiveness, and are not evident for election performance. This pattern is most consistent with mechanisms operating through the rules that govern political inclusion and representation. That is, channels through which wealthy actors can shape participation and the translation of votes into power, rather than through broad changes in election administration or infrastructure. In this sense, the results are compatible with elite-influence accounts, such as wealth translating into political influence through campaign finance, lobbying, and state-level policy networks.

Despite these insights, the study has several limitations that warrant attention in future work. First, reliance on decennial wealth measures constrains the temporal granularity of the analysis and may overlook more nuanced temporal dynamics in both inequality and democratic performance. Future research should seek higher-frequency wealth data or exploit quasi-experimental designs to isolate additional causal pathways. Addressing these gaps will deepen our understanding of how economic inequality interacts with political institutions over time.

A key limitation is that Grumbach's democracy index is built largely from institutional rules and laws that are enacted and contested within state political institutions, meaning that several components are inherently intertwined with legislative preferences and partisan control. Most notably, gerrymandering is not only shaped by partisan majorities but can itself reinforce those majorities, creating a feedback loop in which legislative composition and democratic rules co-evolve. This feature raises the possibility that some part of the relationship between wealth concentration, partisan control, and democratic backsliding is partially mechanical, reflecting how democratic performance is operationalized through institutional choices that are, by design, the terrain of partisan contestation. For this reason, I suggest to interpret the democracy index as a rigorous measure of electoral-rule backsliding rather than a complete representation of democracy in all its dimensions, and I treat the component results as most informative about which institutional domains are implicated.

At the same time, an important limitation is that the design is not equipped to distinguish among several plausible micro-foundations for democratic backsliding in the United States. The state-year data do not reveal whether rule changes are primarily demanded by affluent donors and candidates, by party organizations, by elected officials responding strategically to electoral incentives, or by voters supporting anti-democratic platforms either because they prefer them or despite preferring democratic norms. Relatedly, while within-country variation helps hold constant many cross-national confounders, it also means the analysis takes place within a single party system in which individuals support parties for multiple reasons. I therefore suggest to interpret the findings as evidence about the consequences of rising wealth concentration for democratic institutions rather than as definitive evidence about the underlying political actors or motivations. Future work linking subnational wealth

concentration to campaign finance, candidate pipelines, and survey-based measures of democratic attitudes would be especially valuable for directly testing these competing channels.

A remaining limitation concerns institutional persistence and the time horizon over which wealth concentration may translate into changes in electoral institutions. Many components of the democracy index are sticky and often change episodically rather than annually. Although I lag the outcome to impose temporal ordering and implement sensitivity checks using longer lags, these exercises cannot fully capture longer-run institutional adjustment beyond the limited time horizon supported by the data.

By providing a rigorous, subnational test of the wealth concentration–democracy nexus in the United States, this study makes at least four key contributions to scholarship. It suggests that wealth, as a stock of intergenerational asset power, exerts distinct democratic effects beyond those of income. It introduces a plausibly exogenous shift-share instrument for wealth inequality. It underscores the importance of partisan context, revealing that elite influence is most potent when aligned with a favorable legislature. And it situates the U.S. within its own federated “laboratories” of democracy, showing that even within a shared constitutional framework, economic disparities can yield divergent democratic trajectories. Together, these insights enrich debates across sociology, political science, and economics about the political ramifications of wealth concentration.

Looking ahead, the future of American democracy could hinge on whether policymakers and the public alike are willing to confront the corrosive power of concentrated wealth. Without reforms that enhance transparency, limit undue campaign influence, and promote more equitable asset ownership, the democratic promise of “one person, one vote” risks being hollowed out. States that manage to curb wealth concentration and safeguard fair legislative competition may yet serve as models for democratic resilience. Conversely, those that ignore these challenges may see further backsliding, threatening the integrity of the republic. Ultimately, the struggle over wealth and power will determine whether American democracy endures.

Supplementary data

Supplementary data is available at *Socio-Economic Review* online.

Conflict of interest statement. None declared.

Funding

This research was funded by the Volkswagen Foundation.

Data availability

All code necessary to replicate this study can be accessed via a repository at OSF: https://osf.io/bjfmfp/?view_only=f0804e91f9ba486c8d1168e817823789.

References

- Acemoglu, D. et al. (2008) ‘Income and Democracy’, *American Economic Review*, **98**: 808–42. <https://doi.org/10.1257/aer.98.3.808>
- Acemoglu, D. et al. (2015) ‘Chapter 21 - Democracy, Redistribution, and Inequality’. In Anthony, B. A. and François, B. (eds.) *Handbook of Income Distribution, Handbook of Income Distribution*, vol. 2, pp. 1885–1966. London: Elsevier.

- Alvaredo, F. et al. (2013) 'The Top 1 Percent in International and Historical Perspective', *Journal of Economic Perspectives*, **27**: 3–20. <https://doi.org/10.1257/jep.27.3.3>
- Andersen, R. (2012) 'Support for Democracy in Cross-National Perspective: The Detrimental Effect of Economic Inequality', *Research in Social Stratification and Mobility*, **30**: 389–402. <https://doi.org/10.1016/j.rssm.2012.04.002>
- ATF (2024) 'Billionaire Clans Spend Nearly \$2 BILLION On 2024 Elections', *Americans For Tax Fairness* (29 October), <https://americansfortaxfairness.org/billionaire-clans-spend-nearly-2-billion-2024-elections/>
- Autor, D. H., Dorn, D., and Hanson, G. H. (2013) 'The China Syndrome: Local Labor Market Effects of Import Competition in the United States', *American Economic Review*, **103**: 2121–68. <https://doi.org/10.1257/aer.103.6.2121>
- Bagchi, S., and Fagerstrom, M. J. (2023) 'Wealth Inequality and Democracy', *Public Choice*, **197**: 89–136. <https://doi.org/10.1007/s11127-023-01082-9>
- Bartels, L. M. (2016) *Unequal Democracy: The Political Economy of the New Gilded Age*. Princeton: Princeton University Press.
- Berry, F. S., and Berry, W. D. (1990) 'State Lottery Adoptions as Policy Innovations: An Event History Analysis', *American Political Science Review*, **84**: 395–415. <https://doi.org/10.2307/1963526>
- Bonica, A. et al. (2013) 'Why Hasn't Democracy Slowed Rising Inequality?', *Journal of Economic Perspectives*, **27**: 103–24. <https://doi.org/10.1257/jep.27.3.103>
- Borusyak, K., Hull, P., and Jaravel, X. (2025) 'A Practical Guide to Shift-Share Instruments', *Journal of Economic Perspectives*, **39**: 181–204. <https://doi.org/10.1257/jep.20231370>
- Boustan, L. et al. (2013) 'The Effect of Rising Income Inequality on Taxation and Public Expenditures: Evidence from U.S. Municipalities and School Districts, 1970–2000', *The Review of Economics and Statistics*, **95**: 1291–302. https://doi.org/10.1162/rest_a_00332
- Davies, J. B. et al. (2011) 'The Level and Distribution of Global Household Wealth', *The Economic Journal*, **121**: 223–54. <https://doi.org/10.1111/j.1468-0297.2010.02391.x>
- Dippel, C., Ferrara, A., and Heblich, S. (2020) 'Causal Mediation Analysis in Instrumental-Variables Regressions', *The Stata Journal: Promoting Communications on Statistics and Stata*, **20**: 613–26. <https://doi.org/10.1177/1536867X20953572>
- Doucette, J. S. (2025) 'What Can We Learn about the Effects of Democracy Using Cross-National Data?', *American Political Science Review*, **119**, 1549–58. <https://doi.org/10.1017/S0003055424001278>
- Dunn Tenpas, K. (2025) 'Can Billionaires Buy Democracy?', *Brookings*, <https://www.brookings.edu/articles/can-billionaires-buy-democracy/>
- Fordham, R. F. (2024) 'Anti-Democratic Influence: The Effect of Citizens United on State Democratic Performance', *Legislative Studies Quarterly*, **49**: 455–80. <https://doi.org/10.1111/lsq.12447>
- Frank, M. (2014) 'A New State-Level Panel of Annual Inequality Measures Over The Period 1916–2005', *Journal of Business Strategies*, **31**: 241–63. <https://doi.org/10.54155/jbs.31.1.241-263>
- Gilens, M. (2005) 'Inequality and Democratic Responsiveness', *Public Opinion Quarterly*, **69**: 778–96. <https://doi.org/10.1093/poq/nfi058>
- Gilens, M. (2012) *Affluence and Influence: Economic Inequality and Political Power in America*. Princeton: Princeton University Press. <https://doi.org/10.1515/9781400844821>
- Gilens, M., Patterson, S., Jr., and Haines, P. (2021) 'Campaign Finance Regulations and Public Policy', *American Political Science Review*, **115**: 1074–81. <https://doi.org/10.1017/S0003055421000149>
- Goldsmith-Pinkham, P., Sorkin, I., and Swift, H. (2020) 'Bartik Instruments: What, When, Why, and How', *American Economic Review*, **110**: 2586–624. <https://doi.org/10.1257/aer.20181047>
- Gradstein, M., and Milanovic, B. (2004) 'Does Liberté = Égalité? A Survey of the Empirical Links between Democracy and Inequality with Some Evidence on the Transition Economies', *Journal of Economic Surveys*, **18**: 515–37. <https://doi.org/10.1111/j.0950-0804.2004.00229.x>
- Grumbach, J. M. (2023) 'Laboratories of Democratic Backsliding', *American Political Science Review*, **117**: 967–84. <https://doi.org/10.1017/S0003055422000934>

- Hacker, J. S., and Pierson, P. (2020) *Let Them Eat Tweets: How the Right Rules in an Age of Extreme Inequality*. New York: Liveright Publishing.
- Haggard, S., and Kaufman, R. R. (2012) 'Inequality and Regime Change: Democratic Transitions and the Stability of Democratic Rule', *American Political Science Review*, **106**: 495–516. <https://doi.org/10.1017/S0003055412000287>
- Hertel-Fernandez, A. (2019) *State Capture: How Conservative Activists, Big Businesses, and Wealthy Donors Reshaped the American States—and the Nation*. Oxford: Oxford University Press.
- Houle, C. (2018) 'Does Economic Inequality Breed Political Inequality?', *Democratization*, **25**: 1500–18. <https://doi.org/10.1080/13510347.2018.1487405>
- Jacobs, L. R., and Skocpol, T. (2005) *Inequality and American Democracy: What We Know and What We Need to Learn*. New York: Russell Sage Foundation.
- Jong-sung, Y., and Khagram, S. (2005) 'A Comparative Study of Inequality and Corruption', *American Sociological Review*, **70**: 136–57. <https://doi.org/10.1177/000312240507000107>
- Keister, L. A., and Moller, S. (2000) 'Wealth Inequality in the United States', *Annual Review of Sociology*, **26**: 63–81. <https://doi.org/10.1146/annurev.soc.26.1.63>
- Kuhn, M., Schularick, M., and Steins, U. I. (2020) 'Income and Wealth Inequality in America, 1949–2016', *Journal of Political Economy*, **128**: 3469–519. <https://doi.org/10.1086/708815>
- Lipset, S. M. (1959) 'Some Social Requisites of Democracy: Economic Development and Political Legitimacy', *American Political Science Review*, **53**: 69–105. <https://doi.org/10.2307/1951731>
- Milanović, B. (2017) 'The Higher the Inequality, the More Likely We Are to Move Away from Democracy', *Inequality*, *The Guardian*, <https://www.theguardian.com/inequality/2017/may/02/higher-inequality-move-away-from-democracy-branko-milanovic-big-data>.
- Motolinia, L., Klačnja, M., and Weschle, S. (2026) 'The Super Rich and the Rest: Campaign Finance Pressures and the Wealth of Politicians', *American Journal of Political Science*, **70**: 1115–31. <https://doi.org/10.1111/ajps.12996>
- Page, B. I., Bartels, L. M., and Seawright, J. (2013) 'Democracy and the Policy Preferences of Wealthy Americans', *Perspectives on Politics*, **11**: 51–73. <https://doi.org/10.1017/S153759271200360X>
- Petrova, M. (2008) 'Inequality and Media Capture', *Journal of Public Economics*, **92**: 183–212. <https://doi.org/10.1016/j.jpubeco.2007.04.004>
- Rau, E. G., and Stokes, S. (2025) 'Income Inequality and the Erosion of Democracy in the Twenty-First Century', *Proceedings of the National Academy of Sciences*, **122**: e2422543121. <https://doi.org/10.1073/pnas.2422543121>
- Reich, R. B. (2015) *Saving Capitalism: For the Many, Not the Few*, 1st edn. New York: Alfred A. Knopf.
- Saez, E. (2017) 'Income and Wealth Inequality: Evidence and Policy Implications', *Contemporary Economic Policy*, **35**: 7–25. <https://doi.org/10.1111/coep.12210>
- Saez, E., and Zucman, G. (2020) 'The Rise of Income and Wealth Inequality in America: Evidence from Distributional Macroeconomic Accounts', *Journal of Economic Perspectives*, **34**: 3–26. <https://doi.org/10.1257/jep.34.4.3>
- Scheve, K., and Stasavage, D. (2017) 'Wealth Inequality and Democracy', *Annual Review of Political Science*, **20**: 451–68. <https://doi.org/10.1146/annurev-polisci-061014-101840>
- Shipan, C. R., and Volden, C. (2008) 'The Mechanisms of Policy Diffusion', *American Journal of Political Science*, **52**: 840–57. <https://doi.org/10.1111/j.1540-5907.2008.00346.x>
- Solt, F. (2008) 'Economic Inequality and Democratic Political Engagement', *American Journal of Political Science*, **52**: 48–60. <https://doi.org/10.1111/j.1540-5907.2007.00298.x>
- Suss, J., Kemeny, T., and Connor, D. S. (2024) 'GEOWEALTH-US: Spatial Wealth Inequality Data for the United States, 1960–2020', *Scientific Data*, **11**: 253. <https://doi.org/10.1038/s41597-024-03059-9>
- Timoneda, J. C. (2021) 'Wealth Wars: How Productivity Gaps Explain Democratic Erosion in Advanced Economies', *European Political Science Review*, **13**: 506–527. <https://doi.org/10.1017/S1755773921000229>

© The Author(s) 2026. Published by Oxford University Press and the Society for the Advancement of Socio-Economics.
This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial License (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited. For commercial re-use, please contact reprints@oup.com for reprints and translation rights for reprints. All other permissions can be obtained through our RightsLink service via the Permissions link on the article page on our site—for further information please contact journals.permissions@oup.com.

Socio-Economic Review, 2026, 00, 1–21

<https://doi.org/10.1093/ser/mwag058>

Article