

Economic equality dividend of popular and elite-driven democratic transitions

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Research puzzle

Classic political-economy theories: **democratization leads to redistribution** and lower inequality (e.g. Acemoglu & Robinson, 2006; Boix, 2003)

Empirical findings remain mixed: weak or inconsistent effects of democratization (e.g. Houle, 2009)

A key problem may be conceptual: elite-led and revolutionary democratization are different: “From above” vs “From below”

RQ: if democratization varies by pathway, should we expect the same inequality effects?

Nonviolent maximalist campaigns (NVC)* lead to political change (Bayer et al., 2016; Bogati et al., 2025):

1. Democratization (“**from below**”)
2. Decline in repression
3. Freedom of press

*NVC – irregular effort to change a political regime through unarmed mass mobilization: Orange revolution, Anti-Maduro protests, Tunisian revolution

Hypotheses

Why should the mode of democratization shape inequality outcomes?

Democratization from below is more likely to disrupt elites, broaden the ruling coalition, and empower redistributive claims from masses (Bayer et al., 2016)

Democratization from above may expand electoral competition while preserving the underlying structure of power and elite asset concentration

Difference should be especially visible for wealth: it is more connected to elite power than short-run income flows

Following Dorsch and Maarek (2019), **distributive effects should be conditional on pre-transitional inequality:** unequal autocracies provide more room for post-transition equalization than egalitarian ones

Thus, **the distributive consequences of democratization depend on both (1) pathway of transition and (2) pre-transition inequality**

H1: Democratization “from below” reduces inequality more than “from above” (especially in wealth)

H2: The equalizing effect of both types democratization is stronger in unequal societies

Data

Treatment

Core dataset: ERT, Episodes of Regime Transition (Maerz et al. 2024),

episodes of transition are not treated as binary change from autocracy to democracy but as prolonged periods of regime transformation

To identify the types of transition it is connected with:

1. NAVCO 2.1 (Chenoweth & Shay, 2022) for **nonviolent maximalist campaigns**
2. Other transition episodes are treated as **elite-driven** (i.e from above)

Finally, we have two binary treatments within country-years panel

Data on inequality – World

Inequality Database:

1. Wealth: share of top 1, 10%
2. Income: share of top 10%, Gini

Limitation: most of the data are since 1990 and provide values only before taxes

Estimand & Estimator

Setting:

General treatment adoption with non-absorbing treatment (democratization can be reversed)

Staggered adoption estimators fail to account for reversals

Usual TWFE is biased, but stacked DiD can be used under some assumptions

Estimand is trimmed ATT

Strategy 1:

Covariate-Balanced Weighted Stacked

Difference-in-Differences (Ustyuzhanin 2026):

1. For each cohort make a sub-experiment of some window (-4:10)
2. Treatment is at time t ; controls do not adopt treatment in the chosen window
3. Run event-time OLS with experiment specific time and unit FE

Strategy 2:

1. **Match treated country-years** with controls by pre-treatment covariates and **exact year**
2. Run OLS:

$$\Delta_i^y = \beta_1 d_i + \underbrace{\beta_2 y_{i,t-1} + \beta_3 y_{i,t-1} d_i}_{\text{cond. effect}} + \mathbf{X}_i \gamma + \varepsilon_i$$

Results I

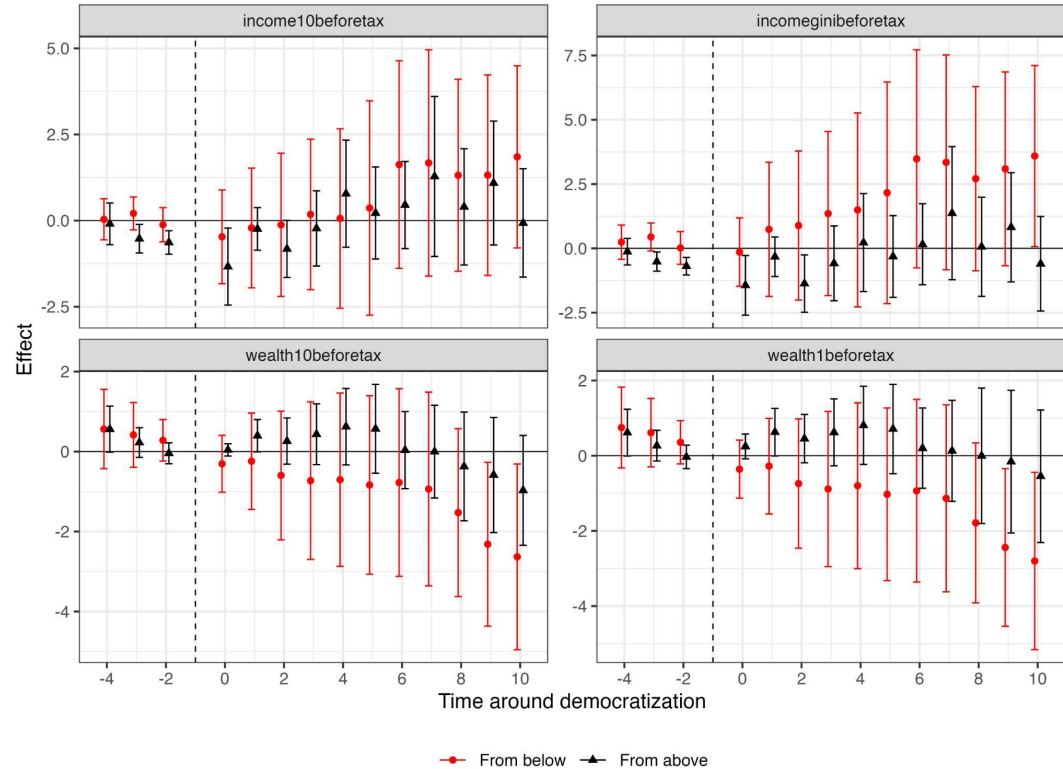
What is the effect of democratization on inequality?

Democratization from above stays much closer to zero on average:

1. No significant effect on wealth
2. Small decrease in income inequality at the beginning

Democratization from below is followed by decline in wealth concentration:

1. Significant long-term effect on wealth
2. Some (insignificant) increase in income inequality



Results II

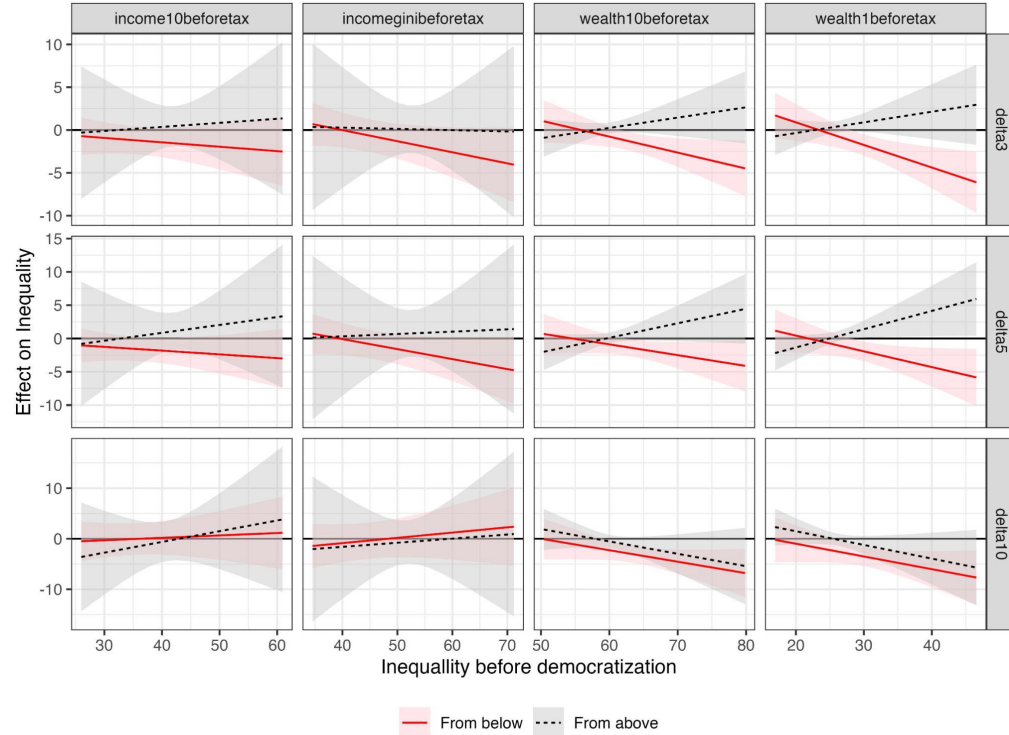
What is the effect of democratization conditional on inequality before?

Democratization from below is more equalizing in more unequal societies

The effects is significant especially in long-run and for wealth inequality (while for gini too!)

Democratization from above is also more equalizing in more unequal societies, while:

1. effect is smaller in wealth inequality than in revolutions
2. in short term there can be small increase in inequality (marginal significance)



Discussion & Conclusion

Democratization does not have a single distributive effect

Democratization “from below” is associated with lower wealth concentration, while “from above” democratization remains much closer to zero on average

Transitions “from below” are more equalizing in high-inequality societies than from above, while this effect is significant in highly unequal societies

Practical takeouts:

- disaggregate transition pathways
- pay greater attention to wealth inequality rather than only income
- Pre-transitional inequality (indeed) matters

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