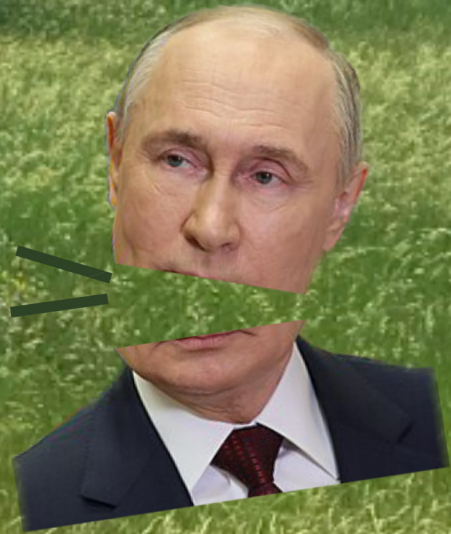


# The “transition” lesson we never learned:

*Misunderstanding populism  
Will lead to Authoritarianism*



In the 1990s, many post-socialist states embarked on radical economic transitions. Within a few years, a wave of anger swept anti-reform populists into power, steering several of these countries down an authoritarian path. Thirty years later, a similar backlash to the globalization transition is propelling populists to power across the democratic world, from the United States to France, Germany, and Italy. What lesson did we fail to learn?

While the late twentieth-century surge of economic globalization marked a turning point for post-industrial economies, it was accompanied by a dramatic increase of the relative weight of populist parties in democratic politics. Thus far, most attempts at defining the reasons behind this phenomenon simply converge on the awareness that “the people” seem to particularly dislike “something” about this transition. Yet, the experts have hardly reached a consensus on what exactly is disliked by what people. This article maintains that neither immigration nor inequality are the problem, and no policy aimed merely at reducing them will solve it. What populist voters want, above all, is a fair chance.

### Drawing the wrong lessons

Heracles thought he could kill the Hydra by cutting off its heads, but each swing of the sword only made the beast stronger. Populist rage works the same way. We keep attacking its visible heads — inequality or immigration — when the beast is kept alive by something deeper: the sense that the game itself is rigged<sup>1</sup>.

For both scholars and practitioners of populism, immigration has become the perfect scapegoat. On the one hand, successful populism has mostly developed within a right-wing xenophobic environment, where anti-immigration discourse flourishes<sup>2</sup>. On the other hand, the success of such enterprises has led researchers to conclude that maybe populism could have been prevented by restrictive immigration policies (see Kaufmann, 2018). To be sure, immigration has significantly increased in many countries, and populist voters do hold anti-immigration views (fig. 1). However, no robust evidence so far demonstrates that the actual phenomenon of immigration has caused people to hold populist attitudes.

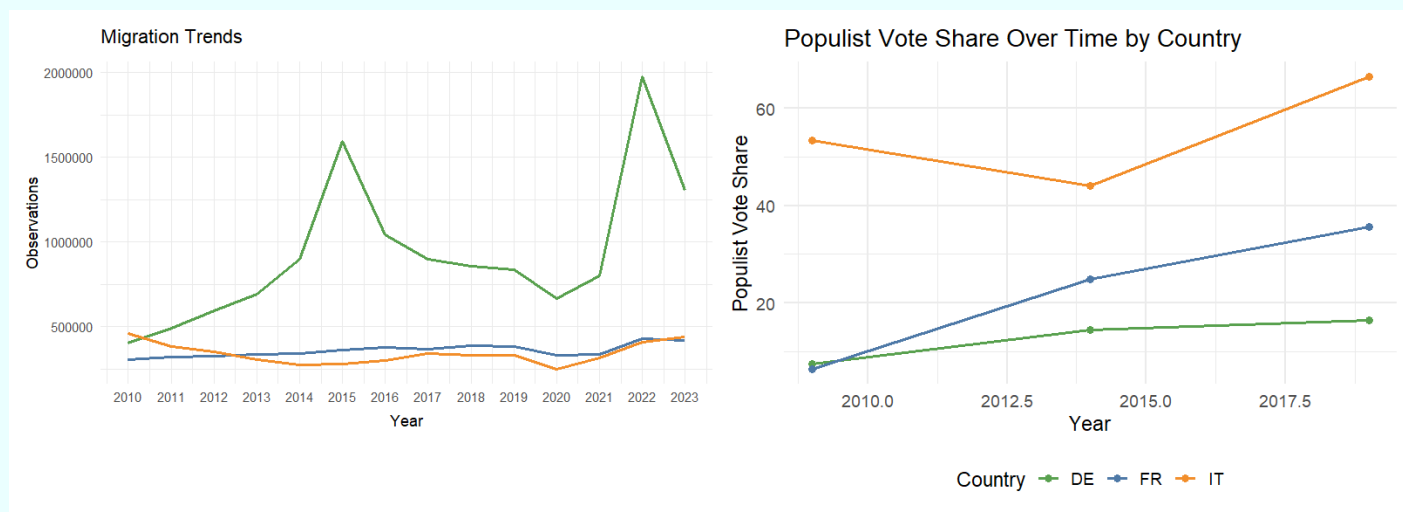


Fig. 1 – Migration trends and European parliament outcomes in Germany, France, and Italy.  
Source: Eurostat

<sup>1</sup> This argument heavily relies on the work on economic fairness by Guriev (2018a) and Protzer and Summerville (2021).

<sup>2</sup> For an introduction to populism and its recent right-wing success, see Mudde and Rovira Kaltwasser (2017).

In fact, most proposers of this “immigration hypothesis” cannot go beyond the observation that survey respondents with anti-immigration views tend to vote for populist parties, which is the equivalent of observing that populist parties are elected by voters with populist attitudes<sup>3</sup>. In other words, they usually lack an explanation of why such attitudes emerged.

A more complex way of tying the success of right-wing populism to immigration contends that voting for xenophobic parties has always been explained by a materialist cultural backlash, with the recent success of such parties being the result of increased economic insecurity<sup>4</sup>. Indeed, less favorable views of migration often translate in more authoritarian attitudes (fig. 2). However, the attribution of populist attitudes to the effect of increased inequality requires more careful scrutiny.

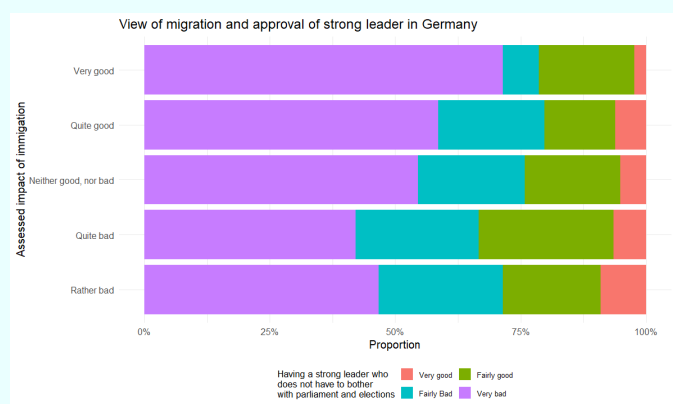


Fig. 2 – Authoritarian attitudes decrease with positive views of migration. Source: WVS wave 7 - Germany.

Among the hydra heads of populism, economic inequality has been by far the most targeted for a long time. In the face of the backlash against the 2008 financial crash, Nobel Laureate Joseph Stiglitz accused neoliberal policies of producing

excessive inequality and undermining the social contract of democratic societies (see Stiglitz, 2012). Within this framework, a long-lasting, inequality-driven reading of contemporary political grievances has developed, with authors like Thomas Piketty at the forefront (Piketty, 2014). Similarly, other authors have argued that excessive inequality produces a narrow elite that is capable of rigging institutions in their favor<sup>5</sup>, and a look at the data on rising inequality may lead to reasonable concerns (fig. 3).

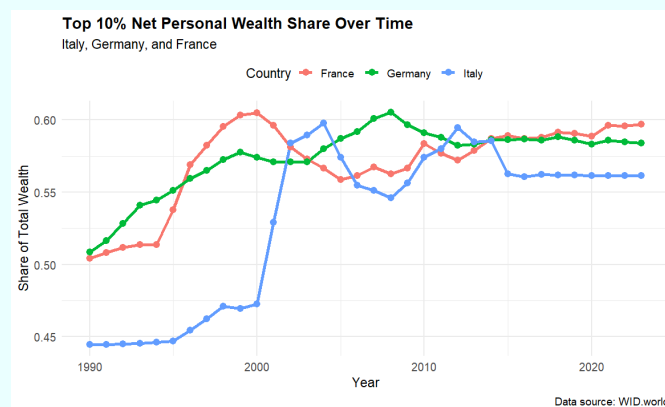


Fig. 3 – Share of wealth by top 10% in France, Germany, and Italy. Source: WID.

But there is a catch. The various measures of inequality of economic outcomes do not account for the fairness of the process producing them. Would people still support populist politics if they felt like everybody had a fair chance at increasing their wealth? The evidence says it would be unlikely<sup>6</sup>.

First, while not all unequal societies are experiencing a populist backlash, populism has gained significant traction in contexts in which inequality is low. For example, despite a comparatively high wealth inequality, Australia has so far resisted the populist drift, while a populist party dominated Dutch politics for two

<sup>3</sup> This “attitudes on attitudes” problem in studying populism has been well documented by Protzer and Summerville (2021).

<sup>4</sup> See Inglehart and Norris (2017) for an introduction; Norris and Inglehart (2019) for an extensive review.

<sup>5</sup> This perspective gained traction with the work of Acemoglu and Robinson (2012).

<sup>6</sup> The argument for economic fairness is laid out systematically by Protzer and Summerville (2021).

<sup>7</sup> The main populist party in Australia is Pauline Hanson’s One Nation (PHON). Since the Bondi Beach shooting in December 2025, this party gained approximately ten percentage points in opinion polls, reaching about 25% of consent for the next federal elections. Despite this recent, possibly contingent success, it still remains far below the Labor party as of March 2026.

years despite much lower levels of inequality<sup>7</sup>.

Second, the evidence advanced in support of the inequality argument presents some key methodological flaws, including the overlap of insecurity and inequality. Finally, the idea that unequal economic outcomes are a source of resentment overlooks the extensive evidence that people systematically seek reward according to contribution, regardless of equality (see Starmans et al., 2017). This is the lesson of the post-socialist transition to capitalism—and we never learned it.

### Post-socialist transitions and economic fairness

In the 1990s, many former communist societies embarked in a transition attempt to transform their planned economies into market economies. In doing so, all of them became more unequal. Some of them experienced a populist backlash against market reform, precipitating into crony capitalism and authoritarianism as a result<sup>8</sup>. Some, instead, carried out the necessary reforms and transitioned with relative success.

This variety of outcomes produced a wider scholarly debate, which came to be known as the “transition literature”<sup>9</sup>. As with every major transformation, worries were concentrated on potential backlash by the possible “losers of the transition” (See Offe, 1994; Bohle and Greskovits, 2012; Greskovits, 2015).

While a debate over the salience of inequality emerged early on, however, the promise of transition to capitalism was about economic fairness<sup>10</sup>. Being the furthest away from the principle of reward according to contribution, planned economies had been based on unfair equality, which ultimately undermined incentives for growth (Guriev, 2018). As a result, market

reforms in the 90s were the only way to achieve growth, which in turn made growth the only way to withstand populist backlash. And yet, substantial growth did not prevent populists from taking over in countries like Russia. Why did people back them?

It turns out that people do not reward reforms against unfair equality if they produce a dramatic increase in unfair inequality. Market reforms lost political legitimacy in those countries where they were carried out unfairly, bringing corruption instead of equal opportunities. In Russia, for instance, reforms were applied inconsistently, disproportionately benefiting insiders and generating widespread perceptions of corruption and systemic unfairness (fig. 4). This sense of a rigged system contributed to populist and authoritarian backlash. By contrast, Poland pursued liberalization alongside relatively transparent institutions and mechanisms that promoted fair competition and equal opportunity. Although inequality rose, the perception of procedural fairness helped mitigate populist unrest and supported the consolidation of democracy.

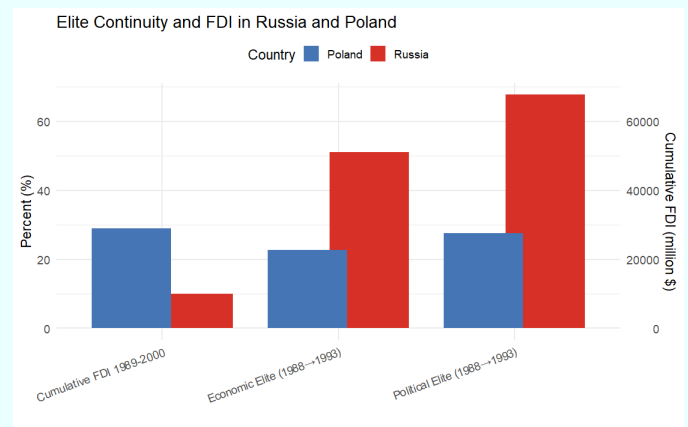


Fig. 4 – Fairness as elite mobility in Russia and Poland. Source: King (2002)

In the aftermath of the first liberalization reforms, residents of transition countries were less likely to

<sup>8</sup> Guriev (2021) mentions Lukashenko, Putin, or Orban as examples.

<sup>9</sup> This “transition paradigm” is tied to the idea of a “triple transformation” (Offe, 1994) turning communist, one-party, and empire-like societies into capitalist, pluralist and nation-state units.

<sup>10</sup> This perspective is well elaborated in Guriev (2018b). For a more critical perspective, see Greskovits (2015).


support reforms if unfair inequality was high—but were more likely to support reforms if inequality was fair, even if it was high<sup>11</sup>. This anti-reform version of populism was our chance to take economic fairness seriously.

### Conclusions: un-rigging the game

The recognition of economic unfairness as the main fuel of populism implies the necessity to shift policy interventions from the symptoms to the disease. In the 90s as much as today, effective policy responses must first and foremost be targeted at the various constraints at economic fairness that cause a generalized perception that the system is rigged.

Policy-wise, the path is not always straightforward. In their book “Reclaiming Populism,” Protzer and Summerville warn against the risks of “uniform laundry lists of best

practices,” suggesting instead a diagnostic method aimed at delivering the largest payoff for each context (Protzer and Summerville, 2021). In any case, no policy solution introducing unfair equality is likely to solve unfair inequality, as it targets inequality while leaving unfairness untouched. Failing to learn this lesson, as the post-socialist transition shows, will have painful consequences for the future of our democracies.

In sum, simply addressing inequality will not resolve the deeper fairness deficits fueling populism. Lessons from post-socialist transitions suggest that the focus should be on removing the key barriers to equal opportunity, particularly those limiting social mobility. Only by ensuring a genuinely fair system can we meaningfully respond to populist grievances and steer societies away from authoritarian trajectories. 

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<sup>11</sup> This argument is developed and tested in Guriev (2021).

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