Protagonists or consenters: radical right parties and attacks on trade unions

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ABSTRACT
Populist radical right parties (PRRPs) not only seek to influence public policies with (re-)distributive implications to attract voters; they also try to reshape economic governance to weaken their opponents. We develop a theoretical model suggesting that the institutional reform strategies of PRRPs depend in large part on the degree of Social democratic party–union ties. When organizational ties between centre-left parties and trade unions are strong, PRRPs are protagonists of attacks on institutional union power and unite with centre-right parties in alternating long-term power relationships. By contrast, when Social democratic party–union ties are weak, PRRPs turn into consenters to the centre-right’s institutional reform proposals and act in accordance with short-term electoral and coalitional concerns. We research our argument in two primary case studies of Austria and Denmark, and control for alternative explanations with reviews of the institutional reform agendas pursued by radical right parties in Sweden and Germany.

KEYWORDS Institutional reform; labour market policy; populism; radical right parties; trade unions; welfare state

Introduction
Populist radical right parties (PRRPs) have increasingly gained access to government offices as junior partners in majority coalitions or as the parliamentary base of support for minority coalitions and made significant imprints on social and economic policy developments (Afonso, 2015; Rathgeb, 2021; Röth et al., 2018). We research an additional dimension of the politics of the radical right by asking how PRRPs influence institutional reforms of corporatist structures that entrench trade unions in economic governance.
Whereas the centre-right typically attacks the institutional power resources of trade unions to facilitate cutbacks in unemployment insurance (Jensen, 2014, chapter 4), we argue that the institutional reform strategies of the radical right rest in large part on the degree of Social democratic party–union ties. As trade unions provide support to the radical right’s main competitor for the working-class vote when the link between the industrial and political wing of the labour movement is strong, PRRPs are incentivized to adopt a consistent strategy that challenges institutional union power. In this situation, PRRPs and centre-right parties share a common reform agenda at the expense of organized labour. Those power-strategic incentives are reduced, however, if that party–union link has weakened over time. In this situation, PRRPs are less focused on disempowering trade unions in the long-run and instead influence institutional reforms in dependence of short-term electoral and coalitional concerns. This means they put constraints on the centre-right when attacks on institutional union power may turn electorally unpopular among working-class voters, but they give in to such reforms when this is not the case in order to keep the governing coalition intact. Drawing on Korpi’s conceptual distinction (2006), PRRPs are thus protagonists of attacks on union power when Social democratic party–union ties are strong, whereas they are consenters to union-hostile reforms when the party–union link has weakened over time.

We evaluate empirically this theoretical proposition in a comparative analysis of the strategies of the Austrian Freedom Party (FPÖ) and the Danish People’s Party (DF) toward the corporatist regulation of social policies and labour market programs. The selection of Austria and Denmark as primary cases allows us to keep constant a number of relevant variables. Yet, we review in addition two secondary cases of PRRPs – the Swedish Sverigedemokraterna (SD) and German Alternative für Deutschland (AfD) – to control for the possible influence of party patronage and party status (i.e., mainstream vs. challenger status in party system). Our analysis reveals that PRRPs pursue institutional strategies in consistency with our theoretical propositions. We urge, consequently, for additional analyses of the radical right’s institutional reform strategies in advanced capitalist democracies, building on the theoretical premises that the behaviour of these parties is also determined by the relationship between Social democratic parties and trade unions.

**Literature review**

Looking at an earlier generation of this party family, Ignazi (1992) argued that PRRPs have a neoliberal ideological outlook primarily for power-strategic reasons. By dismantling coordinated welfare systems, labour market protections, and state-owned industries, they wanted to weaken the power resources of established parties and interest groups embedded in these arrangements (see also Betz, 1993, p. 418).
Kitschelt and McGann (1995) found that neoliberalism would also form a part of the radical right’s electoral winning formula, as it resonated with the demands of the petite bourgeoisie in particular. However, as of the 1990s, the ongoing shift of working-class voters towards PRRPs in an age of de-industrialization and globalization called into question the continued electoral appeal of neoliberalism (e.g., Arzheimer, 2013; Kitschelt, 2007). A number of studies argue that the radical right has therefore shifted from a free-market approach during the 1970s and 1980s to a pro-welfare approach targeted at native citizens since the 1990s (e.g., Afonso, 2015; Betz & Meret, 2013; Lefkofridi & Michel, 2017; Röth et al., 2018). The ensuing pro-welfare orientation of the radical right has, however, catered primarily to the social needs of labour market insiders that are considered to be hard-working ‘makers’ in the eyes of the radical right (Rathgeb, 2021), which may inform a pro-elderly bias in social policy more broadly (Busemeyer et al., 2021).

Hence, existing scholarships on the radical right focus in particular on the electoral strategies and policy positions of these parties. By contrast, we zoom in on an additional dimension of the politics of the radical right, namely their institutional reform strategies and related impacts on trade union power. On the one hand, PRRPs could fall back on populist appeals of the past by disempowering established parties and interest groups in corporatist institutional structures. A policy of trade union disempowerment might have an enduring insurgent quality against the ‘political class’ in corporatist economies. On the other hand, the selective pro-welfare outlook observed in the literature could render them more accommodating towards existing institutional settings. We submit in the next section the argument that the strategies developed by radical right parties crucially depend on the strength of the alliance between Social democratic parties and trade unions.

The radical right and institutional union power

In this paper, we focus on institutional reforms, defined as re-allocations of political authority that help intentional actors into positions from which they can shape the political economy over the long run (Knight, 1992; Moe, 1990). For example, if a political party can boost the power of an interest group with whom it shares policy preferences, it has institutionalized these interests, which may bias the course of public policy development and build in a shield of protection against the power holders of tomorrow (Moe, 1990). Institutional reforms do rarely have immediate policy implications in the sense of changing directly the generosity of welfare programs, but they alter program structures, redistribute institutional benefits and affect the policy-making capacity of political actors (Klitgaard et al., 2015).

While the literature emphasizes the policy motivations for institutional reforms, we believe that also electoral motivations play a role for such
reforms. Distinct political parties may indeed advance their policy interests through the instalment of affiliated interest groups in particular institutional arrangements (policy-seeking). The same interest groups may also provide financial, political and organizational support, which allows affiliated political parties to advance their electoral interests (vote-seeking) and in return protect the interest group’s preferred institutional set-up (Allern et al., 2007).

In coordinated market economies, corporatist institutions have traditionally integrated employer associations and trade unions with ties to established political parties of the political left and right. PRRPs emerged as challenger parties that are not well entrenched in this power structure (Ignazi, 1992; Kitschelt & McGann, 1995). While this challenger status had led them to call for the dismantling of institutions administered by established parties and interest groups in the 1970s and 1980s (Betz, 1993; Ignazi, 1992), we argue that today their reform strategies crucially depend on the strength of the link between trade unions and Social democratic parties. We develop this argument by theorizing the institutional reform preferences of PRRPs, before dealing with their likely policy actions when assuming government responsibility with centre-right parties.

**The institutional reform preferences of PRRPs**

Where Social democratic party–union ties are strong, trade unions provide organizational, political and financial support to the radical right’s main competitor for the working-class vote (Allern et al., 2017). As a result, they are likely to use their institutionalized entrenchment to form coalitions with their parliamentary allies while trying to veto reform initiatives and the success of radical right parties more generally. This helps explain why unionized working-class voters are still significantly less likely to vote for the radical right than their non-unionized colleagues (Mosimann et al., 2019). Despite an overall decline in associational power, trade unions can constitute a well-informed, intense and organized opposition when incorporated in institutional decision-making structures (Pierson, 1996). Hence, if the institutional setting incorporates trade unions loyal to Social democratic parties, PRRPs are incentivized to promote reforms that weaken the institutional positions held by trade unions, with negative implications on their policymaking capacity and ability to support the political left in the long term.

PRRPs may legitimize this strategy by drawing on populist appeals, which emphasize the growing distance between ‘the people’ and the ‘corrupt elite’, and by claiming that they are the only ones representing the general will of the people (volonté générale) (Mudde, 2004). The decline in voter attachments to the two arms of the labour movement creates opportunities for PRRPs to legitimize a policy of union disempowerment in these terms (Afonso, 2013). More importantly, PRRPs have so far formed coalitions only
with centre-right parties whose preferences are aligned with the policy demands of employer associations in industrial relations and labour market policy (Jensen, 2014). They would therefore face little coalitional constraints if their first-best preference were to disempower trade unions.

While strong Social democratic party–union ties should lead PRRPs to undermine the power resources of trade unions, we propose that PRRPs have reduced incentives to challenge union power when Social democratic party–union ties are weak. In this context, PRRPs have little reason to fear that trade unions form an unbreakable alliance with Social democratic parties that systematically excludes them (Anthonisen & Lindvall, 2009). As trade unions no longer circumvent open negotiations by lobbying their Social democratic allies directly, they take a more open approach to other parties, including those of the radical right. In fact, this setting can allow PRRPs and trade unions to discover common grounds – for example on the issue of labour immigration. While the former have a principled opposition to immigration for ideological reasons in the parliamentary arena, the latter want limits in labour supply for power-strategic reasons in the industrial relations arena. PRRPs and trade unions are also likely to share a common interest in resisting welfare cuts in pension policy, especially when they target blue-collar workers with long contribution records (Afonso, 2015). As a result, the strategy PRRPs develop is primarily conditioned by short-term electoral and coalitional concerns, which we specify in more detail below.

**The institutional reform actions of PRRPs**

PRRPs usually govern with the centre-right (Bale et al., 2010), so we need to specify how PRRPs differ from centre-right parties for a theory of partisan impact on institutional union power. As Jensen (2014) shows, centre-right parties typically attack trade unions in order to facilitate cutbacks in unemployment insurance, which is in line with their electoral support base and affiliated employer associations. When Social democratic party–union ties are strong, PRRPs and centre-right parties should form a united front that shares a common interest in attacks on union power.

So how does the radical right differ from the centre-right when Social democratic party–union ties have become weaker over time? To address this question, we draw on the conceptual distinction developed by Korpi (2006, p. 182) between **protagonists**, **consenters** and **antagonists**, and specify how we identify these types of actors in operational and sequential terms. In our context, protagonists refer to political parties that **initiate** attacks on union power through agenda-setting and thus achieve their first-order preference once a reduction in institutional union power is legislated. Empirically, we would thus observe a protagonist if a political party voiced demands and proposals for reducing institutional union power when in
opposition, which indicates a first-order preference for attacks against trade unions. By contrast, consenters lack a clear position when in opposition and may demand concessions in return for their parliamentary support on union-hostile reform proposals initiated by protagonists. Empirically, we would thus expect consenters to react to institutional reform proposals previously introduced by other parties, leading to an acceptance or modification of attacks on union power.

In a situation of relaxed party–union ties, we expect only centre-right parties to be protagonists of attacks on union power through initial agenda setting (Jensen, 2014), whereas PRRPs are likely to be consenters that may demand modifications to initial reform proposals. Without a long-term interest in union disempowerment, the main reason why PRRPs should give in to the centre-right without calling for concessions is to keep the governing coalition intact (office-seeking). If that, however, comes at the prize of upsetting working-class voters, they are more likely to seek a partial alignment with trade unions and put a constraint on the centre-right (vote-seeking). This calculation clearly distinguishes PRRPs from centre-right parties, as the former competes with the centre-left for working-class voters, whereas the latter mobilizes managers and employers (Oesch & Rennwald, 2018).

Unlike in policies of welfare retrenchment, the radical right’s choice between a vote-seeking behaviour (i.e., resisting welfare cuts to retain working-class voters) and an office-seeking behaviour (i.e., consenting to welfare cuts to stay in government) does not necessarily pose a strategic dilemma in institutional reform. In pension policy, Afonso (2015) shows that PRRPs may betray their voters by giving in on welfare cuts or betray their centre-right coalition partner by resisting those cuts. However, voters not always care about institutional reforms (Klitgaard et al., 2015), which allows PRRPs to consent to centre-right parties while prioritizing their main issue of immigration control. This is in line with Röth et al. (2018) who show that liberalizing reforms with PRRPs in government prevail mainly in regulatory domains that are too technical and complex to gain high levels of issue salience. But when the distributive implications of institutional reforms are more obvious to the public, PRRPs cannot afford ignoring the preferences of their new electoral stronghold, namely (male) blue-collar workers.

To sum up, PRRPs retain their original anti-establishment impetus against elite collusion in corporatist economies (Betz, 1993; Ignazi, 1992) only when Social democratic parties are still strongly linked to trade unions. As PRRPs become more mainstream and form coalitions with centre-right parties while centre-left parties and trade unions distance themselves from each other, their power-strategic calculation behind attacks on union power loses relevance. We thus argue that the stronger the organizational ties between Social democratic parties and trade unions, the stronger the
Incentive for PRRPs to attack institutional union power. In the next section of the paper, we introduce and explain our strategy of researching the proposed theoretical claims empirically.

Case selection and method

Following a most-similar systems design, we research empirically the strategies of PRRPs in social policy and labour market related institutional reforms in two main cases: Austria and Denmark. We review in addition two secondary cases – Sweden and Germany – to control for alternative explanations based on party patronage and party status (mainstream vs. challenger parties). Austria and Denmark both run highly coordinated capitalist economies (Hall & Soskice, 2001) in which the interest group system typically have had strong traits of social corporatism (Katzenstein, 1985). The power of trade unions, despite a significant decline since the 1980s, remains relatively high from an international comparative perspective, even if the sources of high levels of union power are different (Gordon, 2015). Austrian unions display the highest levels of concentration and centralization, which allows the peak confederation, the ÖGB, to speak with one voice on behalf of the whole workforce collectively, whereas density rates have dramatically declined to medium levels from an international perspective (Traxler & Pernicka, 2007). By contrast, their Danish counterparts feature the highest levels of density rates in the OECD (together with Sweden), but with three different peak confederations (LO, FTF, AC) they have lower levels of concentration and centralization, implying a fragmentation of union power (LO and FTF merged not before 2019). In addition, the Austrian Chamber of Labour (BAK) is another distinct source of union power by acting as the ÖGB’s think-tank and individual service organization in representing the whole workforce due to mandatory membership in corporatist parity bodies such as the social insurance and the public employment service. The Austrian Freedom Party (FPÖ) and the Danish People’s Party (DF) are both well-established and electorally successful PRRPs that since the early 2000s have taken significant steps away from the fringe of the party system to become either the junior partner in government coalitions (FPÖ) or the pivotal base of support for a dependent minority government (DF). The FPÖ and DF have thus had several opportunities to reveal institutional preferences and transmit them into action in rounds of institutional reforms.

Apart from these similarities, with the selection of Austria and Denmark, we include a high-level and a low-level case of Social democratic party–union ties – our explanatory variable (Allern et al., 2017, see also Appendix). Given the dominance of the Social democratic faction (FSG, Fraktion Sozialdemokratischer Gewerkschafter) in the Austrian union confederation, “[t]here are enduring, extensive, and intensive party–union links that make Austria
different’, including ‘overlapping structures, inter-organizational links that are reciprocal and durable, as well as many others that are occasional’ (Luther, 2017, p. 91). By contrast, party–union ties in Denmark have become ‘quite distant’ over time (Allern et al., 2007). In 1995-96, the Social democratic party and the Confederation of Danish Trade Unions (LO-Denmark) decided respectively to abolish mutual representation in each other’s governing bodies (Bille, 1998). In 2002, LO-Denmark decided furthermore to suspend its annual financial contribution and removed any reference to the Social democratic party in its constitution. The other two union confederations have emphasized non-partisanship ever since. Denmark is thus a case of party–union ties that have weakened significantly since at least the 1980s (Allern et al., 2007).

The difference in the party–union linkage in the two countries should incentivize the FPÖ to turn into a protagonist of a long-term attack on trade unions and the DF into a consenter to such reform in dependence of short-term electoral and coalitional concerns. Table 1 illustrates the most similar systems logic that has guided our case-selection.

Adopted institutional strategies could in theory be affected by the fact that the FPÖ has held government portfolios in majority coalitions, whereas the DF only served as parliamentary support for a minority coalition, and may have identified policy spaces for cooperation with other parties and consent to union-preferences. Yet, on the possible effect of being government or support party, we are inclined to assume that parties in government are more likely to compromise and consent as they cannot engage politically without providing solutions and commit to enacting appropriate decisions (Green-Pedersen & Mortensen, 2010, p. 261–262). Parties outside governments have more degrees of freedom to pursue rigorous strategies consistently and are not to the same extent forced to compromise.

We control for additional alternative explanations and evaluate the external validity of the proposed argument by matching our primary analysis of PRRPs in Austria and Denmark with reviews of two secondary cases: the Swedish Sverigedemokraterna (SD) and the German Alternative für

### Table 1. Overview of most similar systems design.

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<th>Interest intermediation</th>
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<td>Varieties of capitalism</td>
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<td>Right-wing populist parties</td>
<td>FPÖ since 1986</td>
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<td>Union power</td>
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<td>Level of party–union ties</td>
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<td>Dependent variable:</td>
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<td>Consenter to attacks on unions</td>
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<td>Institutional reform strategy</td>
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Deutschland (AfD). Drawing on Allern et al. (2017), Social democratic party–union ties remain strong in Sweden, but not in Germany (see Figure 1 in Appendix). This allows for a control of the possibility that the union-hostile approach of the FPÖ is caused by the incorporation of Austria’s labour movement into a cartelized political establishment that excludes the FPÖ from institutionalized party patronage (Treib, 2012). In this logic, the absence of party patronage in Denmark would make the DF align with inherited institutional legacies. If, however, party–union ties rather than the party patronage argument is correct, we expect the Swedish SD to turn into a protagonist and resemble the strategy of the FPÖ despite the absence of an Austrian-like party cartel in Sweden. Conversely, weaker Social democratic party–union ties in Germany should make a union-hostile reform agenda less likely in the case of the AfD.

Next, with the addition of two secondary cases, we can also control for whether the institutional strategies of PRRPs is an effect of their status as older ‘mainstreamed’ parties being close to power or newer ‘challenger’ parties on the fringe. In that scenario, we should observe the strategies of the more mainstreamed FPÖ and DF to be relatively similar in acting as consenters to the centre-right out of not least coalitional concerns, whereas the challenger status of the SD and AfD should make them converge on a reform agenda that includes repeated attacks on union power. Altogether, if the analysis across these four cases shows a pattern in consistency with our claims, it indicates that the findings cannot be dismissed as artefacts of case selection.

In the following two empirical sections, we conduct an in-depth analysis of the strategies pursued by the Austrian FPÖ and the Danish DF in labour market and social policy related institutional reforms. Differences in the institutional structures of the respective welfare states mean that we are looking at areas that represent functional equivalents in providing institutional power resources to trade unions. In the Austrian case, we focus on the corporatist administration of the social insurance system, which provides trade unions with a privileged influence in the policy-making process. In the Danish case, we look at reforms of the administration of unemployment insurance and active labour market policy, which also form an important recruitment channel for trade unions (Ghent system). These are the respective areas of union-held powerbases to which parties and governments with a preference for imposing a loss of institutional benefits on unions should direct their attention.

Our analysis draws on official documents, secondary sources, and interview evidence. In each case, we analyse the policy positions and influences of radical right parties in the reform process by relying on media sources, press statements, parliamentary debates, and secondary sources. We also conducted six interviews to gain deeper insights into the role of PRRPs in
institutional reform, including four interviews with representatives of the DF and FPÖ. The consulted primary sources, information on our interview evidence and the secondary case studies can be found in in the Appendix.

**Austria: strong party-union ties and a protagonist of union attacks**

A core feature of the Austrian political system is the close institutional and personal linkage between the two historical major parties, the Social democratic party (SPÖ) and Christian democratic/Conservative People’s Party (ÖVP), and the social partner camps from the labour and employer side (Rathgeb, 2018, Chapter 3). The FPÖ has never managed to gain influence in the political composition of the ÖGB and the Chamber of Labour. In response, the FPÖ invented an own trade union confederation (FGÖ) outside the established ÖGB in May 1998, which, however, still lacks the prerogative to negotiate collective agreements and has recruited only a handful members, mainly among police and prison officers. The party leadership therefore quickly gave up on the idea to challenge the ‘red’ trade unions through a unionist counter-organization (Interview I).

The anti-corporatist stance of the FPÖ turned into an anti-union stance when the party came to form a coalition with the ÖVP that has traditionally been aligned with the WKÖ. While the FPÖ consistently demanded to dismantle compulsory membership in the Chamber system at the expense of both organized labour and business when in opposition, the subsequent reforms of the social insurance administration targeted the interest organizations of labour only, as the WKÖ could bet on the support of the business-friendly ÖVP. According to Interviewee II, the FPÖ’s institutional reform agenda had a power-strategic motive to weaken corporatist institutions, because the party had always felt excluded from Austria’s social partnership that rested on a close cooperation between the SPÖ and interest organizations of labour.

**Attack no. 1: the social insurance reform 2000/01**

‘Excessive welfare bureaucracy needs to be reduced, the corporatist self-administration as a political self-service store abolished and the 28 social insurance providers merged. [...] The influence of the Chambers needs to be suspended’ (Haider, 1993, p. 165). In these terms, Jörg Haider articulated his demands for institutional reforms in the social insurance system as early as 1993 in his political pamphlet *Die Freiheit, die ich meine*. The FPÖ has formulated precisely the same proposals when entering government with the ÖVP from 2000 to 2006 and from 2017 to 2019.
Immediately after taking office, the government presented a comprehensive institutional reform that (1) provided the FPÖ with a seat in a newly created governing board of the social insurance (Verwaltungsrat) and (2) restructured the balance of corporatist representation in favour of employer representatives at the expense of union delegates (EIRO, 2001). As the social insurance contributions of employees make up the largest part of the funding structure, the ÖGB and BAK had previously dominated the administrative structure of the Federation. In contrast to traditional consensus-seeking practices, the government relied on its parliamentary majority and precluded any negotiations with the opposition and interest organizations of labour (Obinger & Tálos, 2006, p. 85). While the Constitutional Court annulled large parts of the government’s reform as it breached the principle of corporatist self-administration, the government still managed to shift the balance of power away from union delegates by achieving a parity in the representation of union and employer delegates (Hofmarcher-Holzhacker, 2019, p. 287).

In line with our expectations, the FPÖ legitimized its support for union disempowerment in the social insurance by arguing that the Federation of Social Insurance Providers should no longer be a powerhouse of Social democrats (Stenographisches Protokoll, 2000, 146) and led by ‘hostile political functionaries’ of the SPÖ-affiliated trade unions (Der Standard, 2000). It even accused the Head of the Federation, Wilhelm Haberzettl, to have disguised fiscal deficits in the social insurance in order to protect his Social democratic allies in parliament prior to the 1999 election (Stenographisches Protokoll, 2000; 146, 190). To put it in counterfactual terms: If the union representatives had not been tied to the SPÖ, the FPÖ would have had little grounds to justify the institutional reform of the social insurance in 2000/2001.

**Attack no. 2: the social insurance reform 2018**

In 2017, when the FPÖ re-entered government with the ÖVP, it formulated the very same proposals for institutional reform as in the year 2000: the abolition of compulsory membership in the Chambers and the merging of the regionally and occupationally fragmented 23 social insurance providers that are based on corporatist self-administration (FPÖ-Wirtschaftsprogramm, 2017). Once again, the FPÖ was a consistent protagonist of attacks on institutional union power and went even beyond the reform proposals of the business-friendly ÖVP.

The ÖVP under its Chancellor Sebastian Kurz prevented the abolition of compulsory membership in the Chamber system, following previous statements of the WKÖ’s president, Harald Mahrer, who had also been the ÖVP’s chief negotiator in economic affairs during the 2017 coalition negotiations (Der Standard, 02.11.2017). Notably, 63 percent of the electorate
opposed the abolition of compulsory membership in the Chambers (Die Presse, 22.11.2017). In a survey on compulsory membership in the Chamber of Labour (BAK), 43 percent of FPÖ supporters confirmed the statement that the abolition of compulsory membership in the BAK would be ‘detrimental’ to employees, whereas only 18 percent denied that and 39 percent indicated to have no opinion on that matter (SWS-Umfrage, 2017, 9). The fact that the FPÖ’s demand contradicted not only electoral majorities but also a relative majority among its own supporters underscores the party’s role as a protagonist of a long-term reform strategy against union power, regardless of short-term public approval ratings.

Unlike the early 2000s, the ÖVP gave in to the FPÖ in exerting pressure on the financial situation of the BAK. The government program required the Chambers to reduce their expenditures in order to create leeway for a reduction in compulsory membership fees in the interest of a lower tax and contribution ratio. Whereas the WKÖ announced it could ‘live well’ with such a cut as it had already managed to reduce costs for its members, the BAK reacted strongly against the government’s ultimatum (Kleine Zeitung, 12.12.2017). It is interesting to note that the government could unite around enhanced pressure on the BAK in particular, even though it is one of the most trusted institutions in Austria, according to public opinion surveys (APA/OGM Vertrauensindex 2019). The sudden and unexpected fall of the government in the wake of the ‘Ibiza-Gate’ scandal prevented legislative changes in the funding of the BAK.

Yet, the ÖVP consented to the FPÖ’s long-standing demand to merge the occupationally and regionally fragmented social insurance providers from 23 to only 5. Similar to the institutional re-organization in the early 2000s, the reform implies a reduction in the influence of organized labour on corporatist administration boards in favour of employers (Hofmarcher-Holzhacker, 2019). The interest organizations of labour protested against this shift in the balance of institutional power, whereas the government emphasized the efficiency-enhancing effect of reducing the number of health insurance providers. The Constitutional Court, once again, annulled parts of the reform, but the enhanced role of employer representatives remained untouched. Similar to the early 2000s, the FPÖ legitimized its institutional reform as a way of removing power from political functionaries that are considered more loyal to the SPÖ and their patronage networks than the needs of patients in the health care system (FPÖ-Parlamentsklub, 26.10.2018; 16.12.2019).

**Denmark: relaxed party–union ties and a consenter to union attacks**

Affiliations between the group of establishment parties in Denmark and the main economic actors have historically followed a well-known pattern.
Coordinated decision-making offered excellent opportunities for the social partners to achieve policy influence on matters of their concern and to shape especially labour market institutions in concordance with corporatist principles (cf. Nørgaard, 1997). Unlike in Austria, however, coordinated decision-making declined from the beginning of the 1980s when a government of the political right took office and held onto it until 1993. In response, the unions could no longer rely on the Social democratic party and entered a number of policy deals with the centre-right government in the late 1980s.

At the November 2001 election, the Danish People’s Party became the third biggest party in parliament and came to serve as the parliamentary base of support for a new minority coalition government consisting of the Liberal party and the Conservative party. Months before the 2001 election, the DF adopted a new party program that recognizes a political role for Danish unions. But the party also recommended to the unions to separate further from the Social democratic party (Dansk Folkeparti, 2001, 57–59). The party did not announce direct attacks on the unions or corporatist institutions, but positioned itself as a reliable alternative partner for the unions vis-à-vis an electorally decimated Social democratic party.

The relaxation of Social democratic party–union ties described in the method section seems to have moderated the DF in relation to institutional union power before it assumed government responsibility. As we will show below, the DF was also a consenter to the centre-right’s institutional agenda as the minority government’s support party by toning down attacks on union power when they seemed to be unpopular in public opinion.

Cross-trade unemployment funds and a public option in unemployment insurance

The Liberal-Conservative minority government zoomed in on possibilities to curb union power resources associated with the Ghent-model and union-controlled unemployment funds (cf. Rothstein, 1992). A reform was announced in the new government program addressing directly the Ghent model and the virtual union monopoly in the administration of unemployment insurance. The government would allow for cross-trade unemployment funds and introduce a public option to lure workers away from union administered unemployment funds (Regeringen, 2001, 2002a). The DF, the government’s parliamentary base of support, accepted cross-trade unemployment funds, but prevented the legislation of a state-run public option (Due & Madsen, 2007, p. 239). In the matter of a public unemployment insurance fund, the party thus aligned with the trade unions (Folketingstidende 2001-02: L123).

According to the then Social democratic spokesperson on labour market policy, the reforms were driven forward by the new Liberal minister for
employment with an outspoken anti-union stance rather than the DF (Interview III). LO-Denmark expressed its dissatisfaction during the hearing procedure (LO 2002). The Social Democrats rejected the proposal, and appealed to the DF to not support it, whom on their side justified support for cross-trade unemployment funds as a matter of necessary renewal and a general modernization of the unemployment insurance system (Folketingstidende 2001–02: L122).

Whereas the FPÖ mobilized political support for attacks against the institutional power resources of the SPÖ-affiliated union movement, the DF partially aligned with the unions in avoiding direct competition from the state. The strategy of the DF was designed to demonstrate that the party, on the one hand, had moved away from the fringe and had the ability to serve as a stable and responsible parliamentary support party for a centre-right minority government. On the other hand, the DF also protected the unions’ most cherished institutional power resource by rejecting the establishment of a state-administered unemployment insurance, which might have caused a drop in support among working-class voters. Notably, in 2000 and 2008, three quarters of nationwide representative surveys stated that access to unemployment benefits should be a universal social right – an area that is inextricably linked to union administration (Goul Andersen, 2011, p. 16). During the reform process, the DF expressed an interest for an extended dialogue with organized labour, but on the condition that unions on their side developed a more cooperative attitude toward other parties than the Social democrats. In line with our definition of a consenter, the DF did not initiate union-hostile institutional reforms; it reacted to the government’s proposals by accepting one part of it while rejecting another.

**Dismantlement of the public employment service**

Almost simultaneously, the government waged a campaign against the corporatist regulation of active labour market policy (ALMP) (Regeringen, 2002b; Ministry of Employment, 2003). The government wanted to decentralize ALMP authority to local governments and, by implication, circumvent corporatist management and union influence. The issue became part of a local government reform in 2004 (Regeringen, 2004). Not only unions, but also the employers’ association, DA, would lose by such a reform, and the two organizations forged a coalition with the Social democrats to prevent it (DA et al., 2003).

In an effort to reach a broader compromise about the local government reform, the government decided to negotiate the labour market part of it in a separate process with the Social democrats. The DF did not participate in these negotiations (Interview III). In fact, the DF labour market spokesperson at the time did not even seem to know about the existence of these
separate negotiations (Interview IV). Despite some concessions (Interview I), the Social democrats decided not to support the reform, which passed with a minimal majority including only the government parties and the DF (Regeringen & Dansk Folkeparti, 2004). Protests against the reform were voiced from a united coalition of unions and employer organizations (Dansk Arbejdsgiverforening et al., 2004).

A significant first step toward a local government-administered, non-corporatist labour market administration was taken. This, however, was not a deliberate institutional attack from the DF on unions, but a side effect of DF’s support for a reform that dismantled the regional counties. The party had called for abolishing this layer of government since it appeared as the Progress Party in the early 1970s and cared less about the labour market part (Interview IV, V). As the reform of ALMP administration was by no means a salient issue in public opinion (Christiansen & Klitgaard, 2010), the DF consented to the centre-right’s proposals and praised the reform for its broader effect of delegating authority to municipalities. Five years later, the DF once again accepted the government’s reform proposal that finally terminated the corporatist national employment service against union protests (cf. Ministry of Finance, 2008: 25, 57–60; Folketingstidende, 2008-09: L185; AE Rådet, 2009).

The DF was a consenter rather than a protagonist to institutional reform, but unlike in the area of unemployment insurance, the low salience of ALMP did not create an incentive to put constraints on the centre-right’s initial demands. The long-term interest of the centre-right to reduce union power in labour market policy did not conflict with the short-term interest of the DF to retain its appeal to working-class voters. In the same year as the national employment service was finally abolished, the party stated in its party program a potential to further adapt to the role of a trade union ally. The party acknowledges the relaxation of party–union bonds and expresses that:

The vast majority of trade union members either votes for other political parties or want to see trade unions liberated completely from party political ties. The union’s unilateral retention to the Social Democrats exclude many competent forces from engaging in professional union work such as being a union representative. (Dansk Folkeparti 2009, p. 134–135; own translation)

In a context of relaxed party–union links, the radical right is not incentivized to promote policies of direct attack against institutional union power, as in the case of the FPÖ. The DF reacted to the agenda advanced by the centre-right government and consented to parts of it while also offering protection to the unions. The party balanced carefully between the electoral concerns of working-class voters on issues of high salience (i.e., the Ghent system) and coalitional concerns to keep the government intact on issues of low salience (i.e., ALMP administration). The DF’s later
offer to become a partner of the unions once Social democratic party–union ties are further relaxed confirms our argument about the power-strategic motivation of PRRPs in relation to union power. In 2017, the DF leader, Kristian Thulesen Dahl, announced to intensify cooperation with the trade unions in a widely noted interview with the Social democratic party chair, Mette Frederiksen, and the chair of the trade union for blue-collar and (lower-skilled) service workers (3F), Per Christensen. While institutional reforms were no longer on the table in subsequent government tenures, the DF supported a number of union-inclusive policy reforms under both Liberal- and Social democratic-led governments in the 2010s. This would be unthinkable in the adversarial context of Austria’s strong party–union ties.

Our findings from the Austrian and Danish case sit well with our theoretical propositions. At this stage, however, we cannot rule out (1) the possibly strong influence of party-patronage in Austria or (2) the possibility that PRRPs develop institutional strategies in dependence of their status as being either recent challenger or older mainstream parties. To control for these alternative explanations, we now turn to the review of two secondary cases.

Secondary cases: Sweden and Germany

Party–union ties are strong in Sweden (see Figure 1 in Appendix) and the radical right party, the Sweden Democrats (SD), developed an attack-oriented institutional strategy comparable to the one developed by the Austrian FPÖ despite the absence of an Austrian-style party cartel characterized by party patronage. As in Denmark, Ghent-organized unemployment funds and corporatist decision-making in the implementation of Swedish labour market policies are strong institutional assets of the Social democratic labour movement (Rothstein, 1992). The SD have launched repeated attacks on the Ghent-model and proposed to replace it with a public option financed out of general taxes in 2010 (Sverigedemokraterna, 2010). Most recently, the proposal was put forward in the 2018 election manifesto alongside an additional proposal to dismantle the public employment service (Sverigedemokraterna, 2018, p. 10) and presented before the permanent parliamentary committee for labour market policy. It was rejected by a majority led by the Social democrats (Sveriges Riksdag: Motion till riksdagen 2019/20:811). Attacks from the SD on institutional assets of the trade unions have been retaliated (LO, 2019). LO-Sweden adopted in 2018 the resolution that being elected as a representative in a union under the confederation was incompatible with holding a membership of the SD (Kindbom, 2018). There are no cracks in the cooperation between the party and union in the Swedish labour movement, and the SD responded with theoretically expected proposals to reform
institutional structures on which the Social democratic movement have thrived politically. So far unsuccessfully.

As in Sweden, Germany has experienced the emergence of a radical right party during the 2010s: the AfD. Unlike the SD, the AfD’s strategy lacks a clear agenda, which resembles what we have observed in the case of Denmark. We attribute this lack of agency to the fact that the AfD can gain much less from institutional reforms than their counterparts in Sweden. Social democratic party–union ties eroded with the SPD’s legislation of the union-hostile Hartz reforms in the mid-2000s (see Figure 1 in Appendix). Trade union representatives thus advocate for ‘situational coalitions with any partner willing to cooperate – and not only with the SPD and Die Linke, but also with the CDU/CSU and Bündnis 90/Die Grünen – in order to maximize their direct or indirect influence on policymaking’ (Spier, 2017, p. 147).

In the current legislative period since 2017, the AfD initiated three parliamentary reform proposals on labour market reform; none of them would have changed the administrative architecture of labour market policy. The AfD proposed to (1) link the maximum duration of unemployment benefit receipt to the individual contribution record of a job seeker (BT-Drucksache, 2019), (2) clarify the conditions of temporary employment (BT-Drucksache, 2018a) and (3) postpone the retirement age for the long-term unemployed (BT-Drucksache, 2018b). The programmatic trajectory and parliamentary activities suggest that the AfD places little emphasis on institutional reforms (see Appendix). As the AfD has not entered government yet, we do not know whether it would indeed play the role of a consenter when assuming office. However, the party’s parliamentary record in opposition shows it is not a protagonist of union attacks, as specified by our criteria described in theoretical section. Let us recall that, unlike the AfD, the FPÖ and SD did voice union-hostile reform proposals when in opposition, which indicated their first-best preference against union power. The absence of a salient anti-union agenda makes it more plausible to assume that the AfD would either accept or modify reform proposals introduced by other parties, similar to what we have observed in the case of the DF.

Table 2 illustrates how the cases of Germany and Sweden allow us to rule out additional alternative explanations based on party patronage and party status in favour of our argument about the role of Social democratic party–union ties.

<table>
<thead>
<tr>
<th></th>
<th>FPÖ</th>
<th>DF</th>
<th>SD</th>
<th>AfD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party patronage</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Party status</td>
<td>Mainstream</td>
<td>Mainstream</td>
<td>Challenger</td>
<td>Challenger</td>
</tr>
<tr>
<td>Party–union ties</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
</tr>
<tr>
<td>Dominant strategy</td>
<td>Protagonist</td>
<td>Consenter</td>
<td>Protagonist</td>
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</table>
Conclusion

This paper has examined the institutional reforms of PRRPs, with a particular focus on related impacts on union power. In doing so, our paper makes two contributions to the existing literature on party politics, labour relations and welfare state research: First, we showed that PRRPs are protagonists of attacks on union power when Social democratic parties and trade unions have maintained strong organizational ties. In this way, PRRPs undermine the institutional power resources of an extra-parliamentary support base of their parliamentary competitor for the working-class vote. By contrast, when Social democratic parties are more loosely affiliated with trade unions, PRRPs lack a long-term reform strategy geared against trade unions and instead turn into consenters of attacks on union power in accordance with short-term electoral and coalitional concerns.

Second, and related to this, we highlighted the difference between the radical right and centre-right in institutional reforms of the welfare state. Whereas centre-right parties pursue reductions in union power more generally (Jensen, 2014), the radical right’s agenda is conditional on the political context of Social democratic party–union ties. The reason for this variation is that the radical right no longer supports a neoliberal agenda that might alienate its electoral base, which shifts their focus to the power-strategic implications of institutional reforms in relation to those parties with which they compete for the blue-collar working-class vote: the centre-left (Oesch & Rennwald, 2018).

Our findings have important implications beyond the study of institutional reform per se. Most clearly, they might call for a renewed attention to the relationship between centre-left parties and trade unions (Allern et al., 2017). Whereas power resource theory taught us that strong ties between the political and industrial wing of the labour movement ensured mutual gains (Korpi, 1983), our findings suggest that this is no longer the case. The electoral decline and ideological transformation of Social democratic parties has already provided trade unions with a clear signal that they need to build flexible coalitions in order to influence policy-making. What is more, an ongoing loyalty to their traditional allies may stimulate attacks from the most successful party family of the past three decades at the expense of precisely those institutional power resources that contributed to their membership strength (Ghent system) and policy involvement (corporatist power-sharing) in the first place. Differences in the strength of party–union ties thus help explain the divergent resilience of institutional union power. While the DF rescued the union-administered ‘Ghent system’ for the long-term, the FPÖ significantly reduced union power in the administration of the social insurance system. Our tentative evidence from Sweden and Germany resonates with this pattern.
With the secondary case studies, we controlled for alternative explanations and evaluated the validity of the argument beyond the primary cases of Austria and Denmark. We observe an expected pattern across the four cases, yet we cannot claim universal applicability of the argument we advance. Notably, our cases are in the group of coordinated varieties of capitalism (Hall & Soskice, 2001), in which Social democratic parties in collaboration with trade unions have shaped significant parts of the political economy and thus the distribution of institutional power resources in corporatist economic governance frameworks (Katzenstein, 1985). Hence, the question of whether our findings hold beyond the corporatist cases of Continental and Northern Europe lies beyond the scope of this paper.

However, our argument relies on the generally accepted insight that the distribution of institutional benefits and power resources incentivizes political actors to either challenge or protect institutional arrangements (Knight, 1992; Moe, 1990). While the content of associated political conflicts depends on the institutional context, the inherently power-strategic logic of institutional reforms is not confined to corporatist models of capitalism in Continental and Northern Europe, but applies to the nature of partisan conflicts in the welfare state domain more broadly (Klitgaard et al., 2015). Thus, we urge future research to pay more attention to institutional reforms, because it affects distributive coalitions and patterns of contestation in enduring ways. Our paper contributes to this insight by pointing to the growing relevance of radical right parties in shaping the institutional terrain for political struggles, which will influence the future opportunities and constraints of political parties and interest groups in the advanced capitalist democracies.

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