

# Makers against takers: the socio-economic ideology and policy of the Austrian Freedom Party

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## ABSTRACT

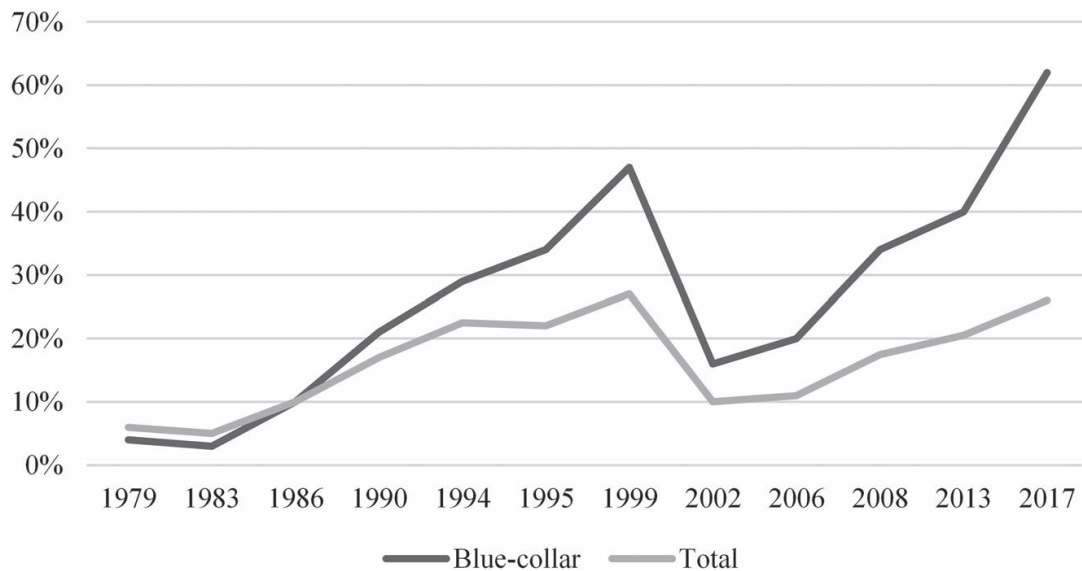
Recent studies hold that populist radical right parties have shifted towards a leftist socio-economic position in response to growing working-class support. Based on an analysis of policy choices in government, the present article examines this 'pro-welfare view' through a case study analysis of the Freedom Party of Austria (FPÖ). Yet, despite the 'proletarianisation' of its electoral support base, the FPÖ's pro-welfare impact is restricted to the mitigation of welfare retrenchment for the core workforce, whereas the party has been a protagonist of tax cuts, trade union disempowerment and, more recently, welfare chauvinism. This policy impact can be attributed to a producerist ideology arguing that tax-paying 'makers' (employees, employers) need to be liberated from the economic burden imposed by self-serving 'takers' (immigrants, 'corrupt elite'). The article concludes with conceptual and theoretical implications for the political economy of the populist radical right.

**KEYWORDS** Radical right parties; populism; economic policies; social policies; corporatism

A growing amount of literature suggests that populist radical right parties (PRRPs) have become the new 'working-class parties' in the advanced capitalist democracies (Afonso and Rennwald 2018; Arzheimer 2013; Kitschelt 2007). As blue-collar and lower-skilled service workers defected from the political left, they increasingly opted for abstention or the radical right. The prevailing narrative is that PRRPs responded to this electoral realignment with a protectionist economic programme against unfettered markets (e.g. Eger and Valdez 2015; Hopkin 2017). PRRPs, so the logic goes, have taken advantage of the centre-left's abandonment of its traditional constituency by leaving behind their neoliberal legacies and taking up the demands of working-class voters for social protection (Afonso 2015; Betz and Meret 2013; De Lange 2007; Röth *et al.* 2018).

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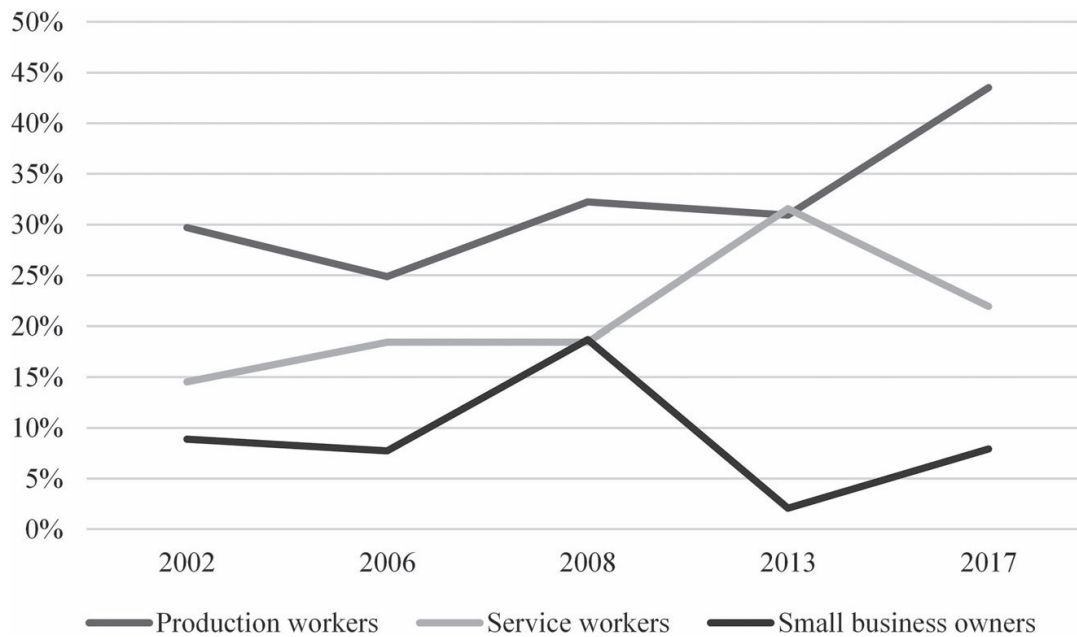


**Figure 1.** FPÖ vote shares in percentage points among blue-collar workers and the electorate in total, 1979–2017.

Sources: Exit polls from Fessel-Gfk (1979–2013) and Aichholzer *et al.* (2018).

As a first step, the focus of what I refer to as the *pro-welfare view* is useful in that it sheds light on the connection between the electoral realignment of working-class voters and the positions of PRRPs on social protection. Yet, as it primarily focuses on manifesto data, the actual policy choices of PRRPs in office have received only very limited attention in the existing literature, even though these parties have entered government in a growing number of European countries. Second, the pro-welfare view's dominant focus on welfare benefits provides at best only a partial picture of the radical right's socio-economic policy impact at large. As a result, we lack a broader understanding of how the radical right influences the reform trajectories of national models of capitalism.

Addressing these two shortcomings, this article goes beyond the area of welfare benefits by analysing the range of socio-economic policy choices of the Freedom Party of Austria (FPÖ) in government with the Christian Democratic-Conservative Austrian People's Party (ÖVP) from 2000 to 2006 and from 2017 to 2019. The FPÖ represents an ideological pioneer of the populist radical right and one of the few cases to re-enter government after more than a decade in opposition, which provides us with an empirically observable policy record over time. Second, as Figure 1 shows, the FPÖ allows us to examine the pro-welfare view's theoretical proposition that growing working-class support translates into a leftist socio-economic policy impact. For example, Afonso and Rennwald (2018: 173) claim, '[a] more pro-welfare position has emerged as the best strategic option for radical right elites to accommodate the preferences of their growing number of working-class supporters'. Beyond the area of social protection, Michel



**Figure 2.** Share of votes from production workers, service workers, and small business owners within the FPÖ's electorate in percentage points, 2002–2017.

Sources: ESS (2002–2013) and Aichholzer et al. (2018). See A1 in appendix for the operationalisation of social class.

and Lefkofridi (2017: 259) argue that the radical right 'grasped the opportunity to appeal to the working class by moving to the left on socio-economic issues, while remaining on the right on socio-cultural issues and especially immigration'. In a similar vein, Eger and Valdez (2015: 118) conclude that PRRPs 'can be increasingly characterised as economically left-wing, as contemporary anti-immigrant parties do not take a weak-state stance on taxation, redistribution, or government intervention in the economy'.

The FPÖ thus serves proponents of the pro-welfare view as a prime example for the relationship between working-class support and the radical right's re-orientation on social protection (Afonso 2015; Röth *et al.* 2018). Indeed, based on Oesch's class schema (2006), Figure 2 shows that not only did the share of production workers increase within the FPÖ's electorate from 25 percent in 2002 to 44 percent in 2017; the party also recorded an increase in the share of service workers from 15 percent in 2002 to 22 percent in 2017. Hence, two thirds of its voters had a working-class background in the 2017 election. By contrast, the share of small business owners stayed below 10 percent, except for 2008. While the electoral support base of PRRPs typically rests on two electoral strongholds with diverse socio-economic policy preferences – production workers and small business owners (Ivarsflaten 2005) –, the 'proletarianisation' of the FPÖ's electoral composition should make this tension less acute.

However, despite this ‘proletarianisation’, I find that the FPÖ has been a consentor to welfare retrenchment in return for compensating measures on the one hand, and a protagonist of tax cuts, union disempowerment, and, more recently, welfare chauvinism on the other.<sup>1</sup> While the party’s moderating role in welfare retrenchment is consistent with the pro-welfare view, it cannot explain why the FPÖ has used its growing working-class support for the legislation of policies that weaken the institutions on which worker representation and economic redistribution are built. In other words, the FPÖ’s socio-economic policy impact defies the conventional left–right divide, because its policy choices have been both ‘left-wing’ (pro welfare benefits) and ‘right-wing’ (pro tax cuts and union disempowerment) at the same time.<sup>2</sup> I argue that understanding this puzzle requires to recognise the party’s ideological agenda to liberate the tax-paying ‘makers’ (employers, employees) from the economic burden imposed by self-serving ‘takers’ (immigrants, ‘corrupt elite’). While this article applies the makers-takers framework to the Austrian case, my broader aim is to develop a conceptual and theoretical apparatus of how PRRPs shape socio-economic policies in contemporary capitalism.

The remainder of this article is organised as follows. The next two sections review the existing literature and develop the makers-takers framework. I subsequently discuss the case selection and types of data used in the empirical analysis, before analysing the FPÖ’s social and economic policy choices in government. A final section concludes.

## Literature review and gaps

The pro-welfare view emerged in response to the ‘winning formula’ developed by Kitschelt and McGann (1995): voters of the radical right want cultural authoritarianism and economic neoliberalism. Accordingly, this positioning was instrumental to mobilise the *petite bourgeoisie* (e.g. small shopkeepers, family farmers) and, to some extent, blue-collar workers in non-sheltered sectors. Yet, as of the 1990s, the ongoing shift of working-class voters to PRRPs in an age of permanent austerity, mass unemployment, and de-industrialisation called into question the electoral appeal of neoliberal demands (e.g. Arzheimer 2013; De Lange 2007; Häusermann *et al.* 2013; Kitschelt 2007). While concerns about immigration primarily drove this electoral realignment (Oesch 2008), the ‘proletarianisation’ of the radical right’s class composition shaped its social policy agenda towards a pro-welfare direction (Afonso and Rennwald 2018).

The empirical support for the pro-welfare view revolves around party manifesto data that record growing support for ‘welfare expansion’ (Afonso and Rennwald 2018; Gingrich and Häusermann 2015; Michel

and Lefkofridi 2017), coupled with an increase in ‘welfare chauvinist’ positions that aim to restrict benefit entitlements to citizens at the expense of non-citizens (Ennsner-Jedenastik 2018; Schumacher and Van Kersbergen 2016). Second, the involvement of PRRPs in right-wing governments moderated the degree of cuts in benefit replacement rates relative to right-wing governments without PRRP participation (Röth *et al.* 2018) and implied compensations for blue-collar workers (Afonso 2015). Gingrich and Häusermann (2015) therefore suggest that the realignment of the working-class with the populist radical right may stabilise political support for the welfare state among the right-wing bloc of the political spectrum and thus reduce the ideological cohesiveness of centre-right governments (see also Rathgeb 2018: 26). However, when faced with austerity, PRRPs often prioritise the defence of generous child benefits and the social insurance rights of labour market ‘insiders’, while paying less attention to childcare and the benefit entitlements of labour market ‘outsiders’ in precarious jobs. This agenda seems to be in line with their strong electoral support among blue-collar workers, who used to be labour market ‘insiders’ and ‘male breadwinners’ in Bismarckian welfare states (Häusermann *et al.* 2013: 229).

While the pro-welfare view helps understand why PRRPs have become less likely to retrench welfare benefits for the core (male) workforce, there are at least two major gaps in the existing literature. First, we have hardly any findings on the socio-economic policy choices of PRRPs in office, as most studies focus on party positions through analyses of manifesto data rather than on policy impact through analyses of reform trajectories (for a notable exception on pension policy, see Afonso 2015). While party positions are certainly important to understand processes of policy change, this focus misses the interactions of PRRPs with coalition partners and interest groups during the reform process. In corporatist economies, for example, PRRPs are typically excluded from institutionalised elite relationships between mainstream parties, employer associations, and trade unions, which may pose a power-strategic incentive to reshape economic governance in enduring ways. A policy-focused analysis thus pays attention on the institutional reforms pursued by PRRPs to change long-term power relationships in their preferred direction.

Second, the dominant focus on welfare benefits obscures the broader picture of socio-economic policy impact (for a notable exception, see Röth *et al.* 2018). This gap is significant, because the literature of comparative political economy suggests that the role of partisan politics has gained importance in the explanation of diverse socio-economic reform trajectories in the advanced capitalist countries (Beramendi *et al.* 2015; Häusermann *et al.* 2013). However, whereas this debate has traditionally

been concerned with differences in the policy impact of centre-left versus centre-right governments, this article explores the influence of PRRPs on the direction of reform, as their policy-making influence has arguably grown in importance over the past three decades. The focus of this article is to address these two gaps by developing an analytical framework geared to capture and understand the socio-economic policy choices of the radical right in office.

### **The makers–takers framework**

I start from the premise that the socio-economic policy choices of PRRPs cannot be understood exclusively in relation to the left–right cleavage. The radical right had traditionally advocated for national unity instead of class conflict, whereas contemporary PRRPs primarily strive on the successful mobilisation of socio-cultural issues like immigration control. Mudde (2007) thus argues that the socio-economic policies of the radical right are subordinated to their core ideology that includes nativism, authoritarianism, and populism. Although this ideology primarily maps onto the socio-cultural dimension of political conflict, it affects the socio-economic dimension around issues of ‘distributive deservingness’ (Häusermann and Kriesi 2015: 206).

Mudde’s argument (2007) has inspired what Ennser-Jedenastik (2016) calls a ‘group-based account’ of social policy platforms (see also Otjes *et al.* 2018). The logic is that the radical right’s core ideology of (i) nativism, (ii) authoritarianism, and (iii) populism not only structures their positioning on socio-cultural issues such as immigration control or ‘law and order’; they also shape the parties’ perceptions about which groups are considered deserving or undeserving of welfare support. First, nativism leads PRRPs to exclude non-citizens from welfare support through a policy of ‘welfare chauvinism’ (Schumacher and Van Kersbergen 2016). Second, authoritarianism translates into a preference for the punishment of out-groups that are perceived to break with the social norm to be ‘hard-working’. In this way, the unemployed get often associated with ‘lazy free-riders’ that are undeserving of welfare support as opposed to otherwise ‘hard-working citizens’ that are considered deserving of welfare support due to old age, disability, or sickness (Afonso and Papadopoulos 2015). Third, populism is hostile to the privileged entitlements of politicians and interest group representatives, and aims to avoid the dilution of the ‘the general will of the people’ by the ‘corrupt elite’.

I build on these insights about the deservingness perceptions of PRRPs, but extend them beyond the area of welfare benefits by developing the makers–takers framework. While the ‘makers’ are considered hard-

working citizens that are responsible for the creation of a country's wealth (i.e. employees, employers), the 'takers' are considered self-serving parasites who live off this wealth without contributing to it (i.e. immigrants, 'corrupt elite'). PRRPs thus often argue that high levels of taxation no longer serve the 'makers' in society, but instead provide excessive benefits to immigrants who have not contributed to the welfare state as well as corrupt elite networks (De Koster *et al.* 2013). PRRPs, in other words, not only protect the 'makers' from welfare cuts; they also want to reward them with tax cuts by targeting the illegitimate entitlements enjoyed by the 'takers'.

First, my definition of the 'makers' is in line with the *authoritarian* component of the radical right's ideology, which seeks to represent the deserving 'hard-working' citizens as opposed to the undeserving 'lazy' free riders. PRRPs identify the 'makers' primarily among non-sheltered private-sector employees and employers – typically production workers and small business owners – that are free from suspicions to serve in public administration systems under control of the 'corrupt elite'. While PRRPs want to enforce the social norm to be 'hard-working' with tightened eligibility conditions ('workfare'), they do not necessarily want to cut the welfare entitlements of those workers who become unemployed after long periods of paid employment.

A long and uninterrupted employment record indicates not only a willingness to be 'hard-working' in principle, which fosters a perception of deservingness and achievement (Feather 1999); it also characterises the employment biographies of (male) blue-collar workers, who typically constitute the radical right's electoral stronghold (Häusermann *et al.* 2013: 229). In policy terms, PRRPs should thus target the welfare entitlements of employees with short and discontinuous employment records (labour market 'outsiders'), whereas they can be expected to defend the established social insurance rights of workers with long and uninterrupted employment records (labour market 'insiders'). In line with their authoritarianism, PRRPs are also likely to sustain the institutional legacies of the 'male breadwinner' model through an emphasis on tax breaks for families and the public provision of child benefits rather than childcare. It follows that the pro-welfare orientation of PRRPs primarily protects the ability of the 'deserving' core (male) workforce to protect themselves and their families from income losses when out of work – akin to what Häusermann (2012) calls 'old' social policies (earnings-related social insurance, child benefits) as opposed to 'new' social policies (social investment, inclusive welfare coverage, childcare).

Second, the definition of the 'takers from below' – i.e. immigrants – is in line with the *nativist* component of the radical right's ideology.

Welfare chauvinism has gained salience in light of growing immigration rates in tandem with relatively open social assistance and health care systems (Enns-Jedenastik 2018). Selective retrenchment targeted at non-citizens is linked to the nativist subtext that the ‘lazy free riders’ are in fact immigrants who exploit public welfare without contributing to it. Seen in this way, generous welfare states are considered to attract migrants who have low skills and a low earnings potential, which undermines their work ethic and makes them stay on social benefits without seeking paid employment. Welfare chauvinist policies thus serve the dual purpose of undermining the attractiveness of the immigrant-receiving country for potential migrants (nativism) and restoring the social norm to be ‘hard-working’ among immigrants who are already within the country (authoritarianism).

Third, the definition of the ‘takers from above’ – i.e. the ‘corrupt elite’ – is in line with the *populist* component of the radical right’s ideology. In corporatist economies, PRRPs often identify the ‘takers from above’ among ‘party cartels’ between mainstream parties and organised interests, as they are portrayed as self-serving elites that abuse tax money for corrupt practises (Weyland 1999: 382–3; see also Afonso 2013). As a result, PRRPs attack the privileged influence of corporatist actors in order to give voice to the ‘common man’ while in fact shaping domestic power relationships in their preferred direction. Although these features are often associated with corporatist economies, the Italian experience suggests that practises of clientelism and party patronage stimulate the perception of a ‘party cartel’ working against challenger parties (Kitschelt and McGann 1995: Ch. 5).

The makers–takers distinction described above shares affinities with an economic ideology that has been defined as ‘producerism’ in the US-American history of populism and the radical right (Kazin 1998). This ideology stipulates that self-serving groups from both above and below the social hierarchy are depriving American middle-class citizens from the fruits of their productive work – from ‘above’ by high taxes set by greedy and corrupt government elites, and from ‘below’ by the welfare entitlements enjoyed by lazy free riders unwilling to work. While the makers–takers framework suggested here has obvious parallels with the economic producerism observed in the Tea Party Movement, it delineates the ‘takers from below’ among immigrants and ‘takers from above’ among corporatist state elites (or bureaucratic and political elites in Brussels at the EU-level; cf. Ivaldi *et al.* 2017).

The policy implications of the makers–takers framework are displayed in Table 1. Demands for tax cuts must be seen in light of the ideological agenda to relieve tax-paying ‘makers’ from the economic burden imposed



**Table 1.** The makers-takers framework.

|          | Group-level                                      | Policy-level  |
|----------|--|---|
| 'Makers' | Employers and employees<br>Core (male) workforce | Tax cuts<br>Social insurance rights                                     |
| 'Takers' | 'Party cartel'<br>Trade unions<br>Immigrants     | Privatisation<br>Attacks on corporatism and union power<br>Welfare cuts |

by self-serving 'takers'. While the type and degree of tax cuts may be contingent on contextual conditions, they are likely to attract broader electoral support by pushing for the reduction of tax rates for employees and employers alike, thereby rewarding what they consider to be the 'makers' in the capitalist economy. Once in office, PRRPs may thus face a tension between their commitment to restrict welfare cuts to the benefit entitlements of non-citizens on the one hand, and deliver on tax cuts and sound public finances on the other. The reliance on 'deservingness' arguments in social policy implies that the core (male) workforce – characterised by long and uninterrupted contribution records – should see their social insurance rights defended.

Attacking the 'takers' in the interest of the 'makers' means not only a policy of welfare chauvinism targeted at the social rights of non-citizens; a considerable part of their socio-economic policies is also geared to undercut the power held by the 'party cartel'. In the 1980s and 1990s, such appeals translated into demands for privatisation as a way to attack the privileged influence and patronage systems of established centre-left and centre-right parties in state-run industries (Kitschelt and McGann 1995: 21). However, the gradual demise of public ownership in the hands of mainstream parties rendered this policy option no longer available (or desirable when PRRPs themselves become 'mainstream'), whereas the radical right typically remains critical of corporatist policy-making arrangements.

Although PRRPs reject the corporatist elite relationships found in the small West-European states in general (Afonso 2013), I argue that they draw on their populist appeals by targeting the institutional power resources of organised labour in particular. First, PRRPs aim to attract precisely those blue-collar workers who used to be unionised and vote for centre-left parties. By weakening the institutionalised influence of trade unions, PRRPs can entrench themselves in decision-making structures and claim to be the main voice of their new electoral stronghold. This is especially the case when trade unions keep close ties to social-democratic parties, which are typically the PRRPs' main competitors for the working-class vote (Klitgaard and Rathgeb 2020). Second, PRRPs usually form coalitions with centre-right parties, not centre-left parties (Bale *et al.* 2010). As the

reform agenda of their coalition partners tends to be aligned with the demands of employer associations, PRRPs deploy their anti-corporatist agenda strategically to hit the trade unions.

Taken together, the makers–takers framework helps understand why PRRPs often connect a pro-welfare stance for ‘deserving’ benefit recipients with ongoing appeals for low taxation (Mudde 2007: 127) as well as anti-corporatist sentiments in general (Afonso 2013) and anti-labour sentiments in particular (Mosimann *et al.* 2019). This peculiar policy mix creates tensions in terms of both fiscal sustainability and ideological consistency, blending liberal and protectionist elements at the same time. Rovny (2013), for example, finds that these apparent contradictions are often based on a strategy of ‘position blurring’ to not alienate potential voters from different class backgrounds (see also Rovny and Polk 2020). While PRRPs are indeed hard to pin down from a conventional left–right perspective, I argue that their core ideology motivates a set of socio-economic policy choices that pits hard-working ‘makers’ against the self-serving ‘takers’.

## Case and method

The empirical section of this article draws on a case study analysis of the FPÖ’s socio-economic policy choices in the Schüssel I and II cabinets from 2000 to 2006 and in the Kurz cabinet from 2017 to 2019. The FPÖ is one of the most successful PRRPs and entered government in two different periods, which makes it a particularly useful case to investigate the socio-economic policy choices of the populist radical right. By examining two periods within one single case, I can control for institutional and political legacies that could influence partisan policy choices (Häusermann *et al.* 2013).

I would expect Austria to be an illustrative case of the policy expectations outlined by the makers–takers framework. It is known for its ‘party cartel’ consisting of the two historical major parties – the Social Democratic Party (SPÖ) and Christian Democratic/Conservative Party (ÖVP) – and their affiliated social partner camps from the labour and employer side. We may thus assume that the FPÖ used its policy-making authority for attempts to curtail Austria’s party cartel (‘takers from above’) and the social rights of immigrants (‘takers from below’) while aiming to reward employees and employers (‘makers’) with tax cuts and social insurance rights.

Drawing on election manifesto data, Ennser-Jedenastik (2016) shows that the FPÖ has gradually downgraded populist anti-establishment appeals in favour of nativism during the period of investigation. While

the decline in the electoral relevance of anti-establishment claims may suggest that the FPÖ moderated its opposition to corporatism and trade unions, my policy-focused analysis expects similar policy choices in both governing periods for power-strategic reasons. Let us recall this article's expectation that when PRRPs are excluded from the decision-making structures of a party cartel, they can strategically re-activate populist frames in order to legitimize institutional reforms that entrench themselves in power. As institutional reforms tend to be inconsequential for voters in the short-run, PRRPs may use them to follow long-term policy goals by redistributing power resources in their favour (Klitgaard *et al.* 2015).

My case study analysis relies on a variety of primary and secondary sources. First, I analysed the initial party positions of the FPÖ and the ÖVP through their party documents. Second, I reconstructed the reform process by relying on media sources, press statements, parliamentary debates, and secondary literature. Following Korpi's (2006) conceptual distinction, the FPÖ is considered a 'consenter' when it voices concerns on policies initiated by the ÖVP and therefore demands compensations in return for its parliamentary support. By contrast, it is considered a 'protagonist' when it initiates a policy through agenda setting and thus achieves its first-order preference.

I paid particular attention on the FPÖ's justification of their legislative output to understand how the party legitimised its policy choices. The direct quotes used to illustrate the party's main arguments are the result of extensive triangulation with different sources. Two interviews with influential figures inside the FPÖ, who were also co-authors of the 1997 party manifesto, are an additional source to gain deeper insights into the FPÖ's tenure from 2000 to 2006, especially in light of Jörg Haider's erratic leadership style (cf. Luther 2011; see Appendix). Following this strategy of research, the empirical section illustrates how an ideological distinction between 'makers' and 'takers' can help understand the socio-economic policy choices of the FPÖ.

### **Against the 'takers', but little for the 'makers': the constraints of austerity (2000–2006)**

During the 1990s, the rise of the FPÖ under Jörg Haider provided the ÖVP with a welcomed opportunity to break away from the role of a 'junior coalition partner' in a grand coalition that lost a great deal of popular support. Although the economic outlook of the FPÖ was in line with the fiscal consolidation agenda of the ÖVP, Haider went further on neoliberal reform by calling for the introduction of a uniform flat tax

system and the dismantling of compulsory membership in the Chamber system.<sup>3</sup> In the 1999 election, the FPÖ became the second strongest party (26.9 percent; +5 percent) at the expense of the ÖVP, ranking behind with a few hundred votes (26.9 percent; -1.4 percent), while the SPÖ took the largest vote share in spite of considerable losses (33.2 percent; -4.9 percent). Once again, the strongest party, the SPÖ, invited the ÖVP to form a grand coalition, but the negotiations failed and thus paved the way for the formation of a centre-right coalition between the ÖVP and FPÖ (Müller 2000a).

An important objective of the FPÖ in government was to reshape economic governance at the expense of organised labour. It thereby took advantage of public grievances against personal privileges and excessively high incomes enjoyed by representatives of the Chamber of Labour (BAK) and the Economic Chamber (WKÖ) in Austria's social partnership (Karlhofer 2010: 108). While the FPÖ has traditionally been opposed to the privileged integration of organised interests in public policy-making, it developed a union-hostile agenda in particular when the FPÖ came to compete for working-class votes with the SPÖ (Karlhofer 2010). The SPÖ's refusal to cooperate with the FPÖ due to Haider's ambiguous stance on Austria's past in the Nazi regime reinforced the confrontational stance of the FPÖ against the 'red bloc' of Austria's political system, including the SPÖ in tandem with the Chamber of Labour (BAK) and the trade union confederation (ÖGB). The Economic Chamber (WKÖ), by contrast, could bet on its privileged influence through the ÖVP's government participation.

The FPÖ thus attributed the trade unions the role of self-serving 'takers' that need to be disempowered in the interest of tax-paying 'makers'. Asked about the social policies the party leadership had in mind in 1999, Lothar Höbelt, a collaborator of the FPÖ's Vice-Chancellor, Susanne Riess-Passer, and member of the drafting committee of the 1997 programme, referred to early retirement and child benefits, but,

We had had 30 years of socialist government participation, in which they [the SPÖ] had already implemented any benefits one can imagine, if there were any funds around at all. The FPÖ could only say: 'Against the apparatuses – for example, the mandatory contribution payments to the Chamber of Labour – “against the privileges of functionaries”.' (Interviewee I, own translation)

The above description about the party's anti-establishment outlook resonates with public opinion research and sheds light on the party's efforts in undermining corporatist power sharing. A whole 65 percent indicated that their motive to vote for the FPÖ was to fight scandals and privileges, which the party associated with the close linkages between the historical

major parties and the social partner organisations (Müller 2000b: 44). That the domain of corruption and scandals has become one of the five most important issues in 1996 and 1997 underscores the FPÖ's successful articulation of this new issue (Müller 2000b: 42).

The attempt to re-organise the Federation of Social Insurance Providers, an organisation based on corporatist self-administration, shows how the FPÖ's declared fight against scandals and privileges created opportunities for the government to attack institutional union power (Obinger and Tálos 2006: 81–4). Immediately after taking office, the ÖVP-FPÖ government could agree to provide the FPÖ with an influential role in the social insurance boards and restructure the balance of corporatist representation at the expense of union delegates. While the constitutional court annulled large parts of this reform as it breached the principle of self-administration, the government still managed to shift the balance of power from union delegates to employer representatives (Obinger and Tálos 2006: 84).

In a similar vein, the FPÖ legitimised privatisation as a way of undermining the power base of social-democratic politicians and union representatives. While the SPÖ urged the government to maintain blocking minorities among the remaining public enterprises to prevent hostile takeovers (e.g. in energy, communication, transport), the ÖVP called into question the economic viability of public ownership and considered privatisation an opportunity for fiscal consolidation. The FPÖ, by contrast, was very explicit in connecting privatisation with party patronage among the 'red' bloc of Austria's political system. In the words of Thomas Prinzhorn, the FPÖ's main spokesperson on economic affairs, during the parliamentary debate on the government's major privatisation package legislated in March 2000:

But I need to tell you something else: What really hurts you is the loss of power in state-run industries. That's what it is about: Privileges, 'Proporz' [proportional representation of ruling parties]. All this had your handwriting! [...] Now the party is over, now a new government is here! It will make a different kind of politics and return to the taxpayer what you [the SPÖ] took from him. (Sten. Prot., XXI. GP, 15. Sitzung: 29–30; own translation)

Although union exclusion and privatisation were widely welcomed, the internal contradictions of the party's economic policy platform led to widening internal divides between the government team and the party base at the grassroots level. While the FPÖ's government team under its Minister of Finance, Karl-Heinz Grassler, endorsed putting fiscal consolidation front and centre, it contradicted the party's image to fight for the cause of the 'little man'. The FPÖ should thus be considered a consenter

to the ensuing welfare retrenchment, because the protagonist behind a number of social spending cuts – the legislation of new charges on hospital outpatient fees, the taxation of accident-related pensions, increases in patient's contribution fees – was the ÖVP under its Chancellor, Wolfgang Schüssel (Heinisch 2003: 103). Notably, these cuts caused internal opposition, as they arguably broke with the ideological premise of the FPÖ to protect the 'hard-working' (and thus deserving) makers from income losses (see e.g. Heinisch 2003: 116). According to Ewald Stadler, former member of the party's federal executive committee, the policy of welfare retrenchment was a first step towards the party's subsequent implosion (Interviewee II).

The FPÖ's internal reaction against cuts in social insurance rights is consistent with two welfare expansions that the party considered its main successes in social policy during its first coalition with the ÖVP (2000–2002): the introduction of a new child benefit scheme (*Kinderbetreuungsgeld*) and early retirement scheme (*Hacklerregelung*) (Interviewees I and II). The 'male breadwinner bias' of the child benefit scheme stems from the associated incentives for women to leave – or not enter at all – the labour market for an extended period.<sup>4</sup> In other words, the FPÖ's response to the 'new' social risk of reconciling work-family life was 'to give women the possibility to stay at home', whereas the social protection of workers in non-standard employment was 'not an issue' in the party's policy agenda (Interviewee II). While the ÖVP was generally in line with the FPÖ's demands for child benefit expansion, it moderated initial demands from Jörg Haider in the interest of fiscal sustainability (see also Müller 2000b: 35). Finally, the early retirement scheme created the option to retire after 40/45 years (female/male) of paid employment at the age of 55/60 years, which benefits full-time workers with long and uninterrupted employment records (*Hacklerregelung*).

Yet, a series of election defeats at the regional level reinforced the looming disaffection with the government team's austerity agenda and the ensuing social insurance cuts, which contributed to the party's internal implosion at its congress in Knittelfeld in March 2002 which led to the resignation of most of the FPÖ's team in government (Heinisch 2003). Wolfgang Schüssel called for new elections in response to the opposition of the FPÖ's grassroots against the government team. The 2002 re-elections led to an unprecedented victory of the ÖVP (+15.4 percent) and defeat of the FPÖ (-16.9 percent), followed by a new ÖVP-FPÖ government with a greatly diminished role of the FPÖ. The FPÖ's lesson has been to call into question the dictates of balanced budgets in order to avoid welfare cuts that might alienate their working-class base. As the FPÖ gave in to the postponement of a long-promised tax reform, the new agenda of Haider's

grassroots camp was to moderate the degree of welfare cuts in the 2003 pension reform. At the same time, the FPÖ did not call into question the need for a pension reform as such, because cost reductions in the area of public pensions were an indispensable part of the government's ambition to consolidate the federal budget (Müller and Fallend 2004: 815).

While consenting to large-scale retrenchment primarily at the expense of non-standard workers with discontinuous employment biographies (Rathgeb 2018: 80–2), the FPÖ achieved moderate compensations for employees with long and uninterrupted contribution records, which, once again, benefitted primarily the male core workforce (Obinger and Tálos 2006: 99). In short, while consenting to a number of welfare cuts demanded by the ÖVP as a matter of fiscal discipline, the FPÖ aimed at defending the social insurance rights of full-time workers with permanent employment in order to protect themselves and their families from income losses in the event of old age (*Hacklerregelung*) and child rearing (*Kinderbetreuungsgeld*).

When the government had finished its large-scale pension reform, the FPÖ pushed for tax cuts. Notably, the party tied its previous consent to the pension reform to the legislation of a tax reform – arguably the core of its previous election campaigns (Grillmayer 2006: 348) –, with the overall aim to decrease the total tax and contribution ratio from the peak level of 45.1 (2001) to below 40 percent until 2010 (FPÖ election manifesto 2002: 90–1). In an interview with the weekly finance and business magazine *Format* (17.07.2003), Jörg Haider described the FPÖ's position in the reform negotiations in July 2003. When the interviewer asked about the reform's benefits for the party's 'much-heralded little man' – an often-used term of the FPÖ for working-class and low-income voters –, Haider responded as follows,

We want a tax reform introducing a few low tax rates towards a flat tax system, with exemption limits for families according to their number of children. This is what we should finally tackle. (*Format* (17.07.2003), own translation)

It is interesting that Haider associated the party's flat tax programme – which reduces the progressiveness of the tax system in favour of high-income groups – with benefits for the lower strata of the income distribution. However, such a position is precisely what we would expect from a makers-takers ideology. The main point of contention with the ÖVP was the timing rather than the content of tax reform itself, because the FPÖ wanted to deliver tax cuts as soon as possible, also with a view on Haider's election in Carinthia in March 2004. The ÖVP and FPÖ agreed to divide the distribution of a net tax cut of 2.6 billion Euro among employees and employers through a fifty-fifty ratio.

We may conclude that the FPÖ was at least in part successful in attacking what it considered to be the ‘takers’ of the Austrian party cartel (re-organisation of social insurance administration, privatisation, union exclusion), albeit the critics of the Knittelfeld party congress would have gone much further in targeting para-public institutions (Interviewee II). At the same time, the austerity paradigm provided little room for tax cuts and welfare improvements in the interest of the ‘makers’ – leading to internal turmoil around the dictates of balanced budgets. The FPÖ’s remaining role was to mitigate the costs of austerity for the core workforce. The 2006 elections led to a rather unexpected victory of the SPÖ (35.3 percent) against the ÖVP (34.3 percent), which lost 8 percent of their voters from 2002, and a fragmentation of the populist radical right between the FPÖ (11 percent) and its breakaway group, the BZÖ (4.1 percent). With a new grand coalition in office, the FPÖ returned to a confrontational strategy, coupled with an enhanced focus on welfare chauvinism in its election manifestoes (Ennsner-Jedenastik 2016: 419).

### **Less austerity, more chauvinism – and ‘Ibiza-gate’ (2017–2019)**

The 2015 refugee crisis provided the FPÖ with a fertile breeding ground to set the political agenda in its preferred direction. With an influx of 90.000 refugees, the country recorded the second highest number of asylum-seekers in Europe relative to its population size, ranking behind Sweden. ‘Integration and asylum’ has thus turned into the most important issue of Austrian politics, with the FPÖ leading the polls between autumn 2015 and spring 2017 (Plasser and Sommer 2018: Ch. 10). At the same time, the FPÖ developed a new economic programme as part of its subsequent election campaign. It included once again demands for cuts in progressive taxation and social insurance contributions amounting to 13.2 billion Euro (3.5 percent of GDP), co-financed by the ‘optimization’ of health care and social security administration intended to create revenues of 4.8 billion Euro (Das freiheitliche Wirtschaftsprogramm 2017). Accordingly, tax policy should become more proportional rather than progressive to sustain ‘performance incentives’ (*Leistungsanreize*), which means to shift taxation from direct to indirect taxes (Das freiheitliche Wirtschaftsprogramm 2017: 32). The programme had a consistently welfare chauvinist outlook while the election manifesto included a demand for a minimum pension of 1.200 Euro for workers with 40 years of paid employment and higher annual increases of family benefits.

Strongly borrowing from earlier populist campaigns of Haider, the FPÖ claimed to finance the remaining loss of tax revenues in large part with spending cuts targeted at public administration systems under



control of a self-serving party cartel (*Rot-schwarzer Verwaltungsspeck*). The FPÖ's party chairman, Heinz-Christian Strache, provided a summary of the party's economic programme in the following terms (which he posted on his Facebook account the same day):

It doesn't require additional taxes or even tax increases in Austria. On the contrary! What is clear: We do not have a "revenue problem", we have an "expenditure problem". That's why taxes need to be markedly decreased and the "red-black administrative apparatus" needs to be finally retrenched. (HC Strache (25.08.2017), own translation)

Meanwhile, the ÖVP under its Minister of Foreign Affairs, Sebastian Kurz, prepared for re-elections to break away from the SPÖ-led grand coalition and invested substantial efforts to rebrand the ÖVP as the 'New People's Party', including a programmatic shift towards a tighter position on immigration and asylum. It thus came as no surprise when the ÖVP and FPÖ could swiftly agree on the formation of a coalition government under the Chancellorship of Sebastian Kurz after the 2017 elections.

The 2017 elections yielded a victory for both the ÖVP (31.5 percent; +7.5 percent) and the FPÖ (26 percent; +5.5 percent), with the SPÖ stagnating at 26.9 percent. The ÖVP was quick to endorse previous FPÖ demands for restricting benefit entitlements to citizens at the expense of EU-citizens and refugees. While welfare chauvinism was absent in the previous ÖVP-FPÖ government record, it was a major feature of social policy reforms between 2017 and 2019. In the presentation of the 2018/2019 budget, Chancellor Kurz (ÖVP) claimed that the government will put an end to 64 years of accumulating public debt (*Schuldenpolitik*), whereas Vice-Chancellor Strache (FPÖ) highlighted that,

We cut back money for non-Austrians, because the point is to make immigration into our welfare system less attractive. (*Kronen Zeitung* (21.03.2018), own translation)

As a result, the FPÖ managed to target what it considers both the 'takers from above' (party cartel) and 'takers from below' (immigrants). First, the government legislated an indexation of child benefits for children of foreign workers living outside Austria. In effect, the reform links the levels of child benefit payments to equivalent benefit schemes in the home countries of foreign workers. Second, it cut the levels of social assistance for refugees and required immigrants from EU-countries to obtain a permanent residency for at least five years to qualify for social assistance entitlements.<sup>5</sup> In addition, the government implemented the FPÖ's demand for a minimum pension of 1.200 Euro for workers with 40 years of paid employment, which, however, implied extra costs of only 40 million per year.

The FPÖ once again pursued policies that targeted the influence of organised labour in corporatist administration boards. Notably, the ÖVP consented to the FPÖ's long-standing demand to merge the occupationally and regionally fragmented social insurance providers from 23 to only five. Similar to the institutional re-organisation in the early 2000s, the reform implies a reduction in the influence of organised labour on corporatist administration boards in favour of employers and state actors. Borrowing from earlier populist campaigns, the FPÖ's spokesperson for welfare affairs, Dagmar Belakowitsch, legitimised the reform as a way of enhancing the quality of health care providers by removing influence from self-serving corporatist officials:

Long waiting times for necessary medical examinations or even a lack of necessary medication – created by an outdated system of political sensitivities – now belongs to the past. All involved stakeholders must now realize that the patient is at the forefront and not the system as a self-service store for political functionaries. (FPÖ-Parlamentsklub (26.10.2018), own translation)

The FPÖ also continued to exert pressure on the Chamber system. The government programme stated that the Chambers need to reduce their expenditures 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 (*Kleine Zeitung* 12.12.2017).

Most important for the government's 'new fairness' appeal, it could swiftly agree upon significant tax relief for families amounting to 1.5 billion Euro per year, benefitting high-income groups with a higher tax burden more than low-income groups. Yet, the FPÖ's image as the party of the 'little man' came under pressure by the statutory liberalisation of working time regulations against fierce protests of trade unions, allowing employers to require employees to work 12 hours a day and 60 hours a week, irrespective of collective agreements. When public opinion turned largely negative, the FPÖ added a clause providing employees with the possibility to reject longer working hours for private reasons. In a similar vein, the FPÖ opposed plans to follow a German-like Hartz-IV reform that would have reduced the maximum duration of unemployment benefits for workers with long contribution records. In response to intra-coalitional conflicts and open questions about the design of unemployment benefit reform, Strache made clear on his Facebook account that,

Those who work for a longer time deserve a higher unemployment benefit for a longer duration! [...] And also the socialist German Hartz-IV model

will certainly not arrive in Austria under the Freedomites. (HC Strache (18.11.2018), own translation)

Shortly after the government had agreed upon a series of moderate tax cuts for employees and employers that should have come into effect from 2020 to 2022, the so-called ‘Ibiza-gate’ put an abrupt end to the ÖVP-FPÖ coalition. Kurz called for re-elections in May 2019 as German newspapers published extracts from a video that led Strache to resign from office. The video documents how he discusses plans to undermine the independence of Austria’s largest tabloid newspaper (*Kronen Zeitung*) and generate party donations in exchange for public sector contracts once the FPÖ were in government. The FPÖ is no longer in government, but it continues to push for cuts in progressive taxation, trade union disempowerment, and welfare chauvinism – despite strong working-class support.

## Conclusion

The existing literature – which I referred to as the pro-welfare view – expects that growing levels of working-class support lead PRRPs to influence socio-economic policies towards a leftist direction. However, this article finds that the FPÖ’s pro-welfare impact is restricted to the mitigation of welfare retrenchment for the core workforce, whereas the party has been a protagonist of tax cuts, union disempowerment and, more recently, welfare cuts for non-citizens. The ideological articulation of an antagonism between tax-paying ‘makers’ (employers, employees) against self-serving ‘takers’ (immigrants, ‘corrupt elite’) helps us understand this peculiar mix of socio-economic policy choices.

The findings of this article confirm the enhanced relevance of welfare chauvinism observed in the social policy agendas of the radical right (Ennser-Jedenastik 2018; Schumacher and Van Kersbergen 2016). In Austria, the 2015 refugee crisis created opportunities for the FPÖ to push for selective cuts in the benefit entitlements of non-citizens, whereas the demise of public ownership meant that previous policies of privatisation lost relevance in its policy agenda.<sup>6</sup> For this reason, the makers-takers framework proposed here must be seen, not as a static and timeless ideal type, but as a dynamic framework that needs to be placed in its historical-contextual environment.

My broader analytical objective in this article is to contribute to the debate on the political economy of the radical right in conceptual and theoretical terms. First, conceptually, the socio-economic policies of PRRPs may well defy the conventional left-right cleavage that currently underpins the pro-welfare view. While the radical right indeed defends the social insurance rights of labour market ‘insiders’ in stable jobs

(Afonso 2015), it also pursues a policy of low taxation (Mudde 2007: ch. 5), welfare chauvinism (Schumacher and Van Kersbergen 2016), and union exclusion (Afonso 2013), while paying little attention to the social needs of labour market ‘outsiders’ in precarious jobs (Häusermann *et al.* 2013). This peculiar policy mix might well be construed as a strategy of ‘position-blurring’ (Rovny 2013), but my policy-focused analysis suggests that the left–right cleavage is too coarse to capture the radical right’s socio-economic policy impact. A conceptual approach based on producer–makers–takers distinctions may instead be a fruitful avenue to capture the policy positions and choices of PRRPs in future research.

Second, theoretically, it follows that the ‘proletarianisation’ of voter support does not necessarily lead PRRPs to pursue a left-wing agenda on socio-economic issues. The main reason for this is that their core ideology mediates the impact of growing working-class support on policy choices. PRRPs do not strive on class conflict between labour and capital (or ‘state’ against ‘market’); they derive their socio-economic policy stances from a nativist and authoritarian worldview while using populist appeals to entrench themselves in the domestic power structure. Seen in this way, taking ideology seriously helps understand why PRRPs use their growing working-class support to target precisely those institutions on which worker representation (union power) and economic redistribution (progressive taxation) are built. The way in which the radical right’s core ideology mediates its socio-economic policy preferences, and the way in which it intersects with power-strategic calculations in economic governance, seems to be a promising avenue for future research.

In conclusion, future research should also be attentive to the question of who is the targeted ‘corrupt elite’ that needs to be disempowered in the eyes of the radical right. The Austrian experience suggests that when PRRPs feel excluded from a *domestic* ‘corrupt elite’, they are likely to prioritise policies geared to entrench themselves in the domestic power structure against established parties and interest groups. But an important contextual variable is that Austria has generally been a ‘winner’ of the Eurozone in economic terms. EU institutions have therefore not interfered in the country’s economic policy-making autonomy. By contrast, the ‘losers’ of the Eurozone have been subject to demands for neoliberal reform from Brussels in order to stimulate a Eurozone-conforming economic adjustment path. In France and Italy, for example, PRRPs increasingly direct their populist protests against an *external* ‘corrupt elite’, which activates protectionist calls for domestic sovereignty alongside ongoing calls for tax cuts and welfare chauvinism (Ivaldi *et al.* 2017). The diverse impact of Eurozone membership in shaping policy demands

seems to be another crucial and underexplored part of the debate about the political economy of the contemporary radical right.

## Notes

1. The conceptual distinction between protagonists, consenters and antagonists builds on Korpi (2006).
2. I thank one of the two anonymous reviewers for emphasizing this point.
3. The Chamber of Labour represents the whole workforce due to mandatory membership in corporatist parity bodies such as the social insurance and the public employment service. The Economic Chamber is the counterpart to the Chamber of Labour in representing every employer due to mandatory membership in collective bargaining and corporatist state bodies.
4. Compared to the previous benefit scheme (*Karenzgeld*), it implied a universalization in coverage, regardless of the previous employment record; an extended benefit duration from 18/24 months to 30/36 months; an expansion in generosity from 4.000 to 6.000 Austrian Schilling (= 436 Euro); and a relaxed limit on additional income to be earned alongside child benefit receipt (*Zuverdienstgrenze*) (Obinger and Tálós 2006: 162–7).
5. As the constitutional court had overturned a similar legislation at the regional level, the government adjusted its social assistance reform by making full benefit eligibility conditional on language requirements or the completion of compulsory schooling in Austria – two criteria refugees typically not fulfil. In December 2019, however, the constitutional court ruled that making social assistance benefits conditional on command of the German language would violate the constitution. It also annulled cuts in social assistance levels for families with more than two children.
6. In fact, from 2017 to 2019, the FPÖ seems to have changed its mind on privatisation by using the remaining companies in public ownership for party patronage, thereby following a long-standing tradition inherited from Austria's two main historical parties, the SPÖ and ÖVP.

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## Appendix

- Interview I: Lothar Höbelt, collaborator of the FPÖ's Vice Chancellor, Susanne Riess-Passer, and member of the party's drafting committee of the 1997 programme, 26.08.2017 (recorded on tape).
- Interview II: Ewald Stadler, member of the FPÖ's federal executive committee from 1994 to 1999 and member of the party's drafting committee of the 1997 programme, 24.08.2017 (recorded on tape).
- A1: Both surveys – AUTNES and ESS – contain ISCO-codes, which I transformed into Oesch's eight-class schema (2006). Unlike AUTNES, the ESS also

contains information on the occupation of the respondent's partner as well as ISCO-codes of the last job the respondent's partner had. For unemployed and retired respondents, I used the class position of the last job. I used the partner's class position when the respondent's class position was still missing – i.e. the respondent never had a job – and the partner lives in the same household. I excluded respondents who were not in work when the data were collected or refused to give an answer. Data is weighted.