

Austrian populism and the not-so-great Recession.

The primacy of politics

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Austrian populism and the not-so-great Recession. The primacy of politics¹

Kurt Richard Luther

Introduction

An amended version of this Working Paper will appear as one of seventeen case studies in a forthcoming volume offering the first systematic comparative examination of the impact of the post-2008 'Great Recession' upon European populism (Kriesi and Pappas 2015).² Following Shambauch (2012), the co-editors' opening chapter of that volume defines the independent variable in terms of three interrelated economic crises: a competitiveness crisis, a banking crisis and a sovereign debt crisis. For its part, populism is conceptualised as having three sufficient albeit not necessary conditions (Goertz 2006) that reflect the work of Canovan (1999 and 2002), Jagers and Walgrave (2007), Mudde (2004) Stanley (2008) and Weyland (2001). That is to say, populism is conceived of as a 'thin ideology' juxtaposing the homogenous 'people' against the elite and excluding 'others'; as a discourse characterised by people-centrism, anti-elitism and popular sovereignty and as a strategy based on personalistic leadership. The editors then categorise European countries by reference to 2 considerations. The first is the extent to which their economies have been affected by the Great Recession. This is operationalised by reference to change in the rates of unemployment, growth and public debt in the period

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¹ The author would like to thank Wolfgang Müller for hosting him at Vienna University's Department of Government during the summer semester of 2014 and Anna-Katharina Winkler for her assistance

² The other cases are Belgium, the Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Slovakia, Sweden, Switzerland and the UK.

between Q1 2000 and Q1 2013.³ The second comprises a factor analysis of three indicators of 'political crisis', as measured before and after the 2008 outbreak of the Great Recession: electoral volatility, levels of satisfaction with how democracy operates and levels of trust in Parliament. The volume's seventeen cases are then allocated to one of four types based on the presence or absence of an economic and political crisis. This methodology finds Austria to be a country where the impact of both the economic and the political crisis has been weak.

The volume's guiding hypothesis is that the impact of the crisis upon populism will vary depending whether the crisis was primarily economic, political, or both. The co-editors expect populism 'to manifest itself in particularly pronounced ways when democracy undergoes severe crisis ... [and] ... populist occurrences to be qualitatively different depending on whether the crisis is primarily economic or political (or both).' In the former case, they expect 'a deep economic crisis enhances the antagonism between "the people" and some political or economic elites, which serves to intensify populism-qua-discourse (H1). Since political crises enhance the anti-establishment sentiment on which populists feed, they expect more intense populism in countries characterized by a political crisis (H2). Where the economic crisis leads to a political crisis, they 'expect the combined effect of the two crises to be particularly conducive to populism (H3)'.Finally, they hypothesise that 'when in power, populists tend to tone down their populist discourse/behave more like mainstream parties (H4)'

Building on the framework briefly outlined above, the present paper examines the discursive pattern and electoral outcomes of Austrian populism since the outbreak of the Great Recession. First, however, it reviews pre-2008 Austrian populism, discussing the identity, strategy discourse and key messages of Austria's two populist parties. Thereafter, the paper examines

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³ They take the difference between the average quarterly rates for the pre-crisis period 2001Q-2008Q3 (or the average annual levels for 2001-2008) and the corresponding rate for the post-crisis period 2008Q4-2013Q2 (2009-2012). They then submit these three differences to a factor analysis.

Austria's post-2008 economic crisis and considers whether there was a political crisis. It finds the competitiveness crisis to have been both objectively and subjectively relatively limited and that there was a moderate banking crisis, but no indigenous sovereign debt crisis. This section also concludes that contrary to what is suggested by the operationalisation of a political crisis in the volume's opening chapter, Austria did indeed experience a significant political crisis in the post-2008 period. Third, the paper provides a qualitative analysis of populist parties' discursive response to economic crisis, comparing and contrasting the three populist parties' definitions of 'the people' and 'the other'; their instrumentalisation of the crisis and their critiques of democracy and of the political and economic establishment. This documents how now three populist parties availed themselves of the 'discursive opportunities' offered by the banking and Eurozone sovereign debt crises, but concludes there was no qualitative shift in the parties' populist discourse. In the last substantive section, the paper examines the extent to which this rise in the 'populist barometer' has been translated into electoral victories by populist parties and potentially even in wider party system change. It finds that initially, the largest populist party's instrumentalisation of the discursive opportunity provided by the banking and sovereign debt crises may well have contributed to its increased public opinion poll ratings and electoral success. Yet the fact that politicians from both pre-2008 populist parties figured prominently amongst those accused and in some cases found guilty of corruption reduced the credibility of their anti-elite platform and thus significantly mitigated the electoral benefits that might have otherwise continued to enjoy. Yet populism has in recent years changed the structure of Austrian party competition, not least by supply-side changes and 'innovative coalitions' (Mair 1998). The paper's concluding remarks address the overall significance of the Great Recession for Austrian populism and suggests the Austrian case offers only limited confirmation of the volume's hypotheses. Although demand-side factors such as an economic crisis can help explain the behaviour and success of populist parties, at least as important are political factors, including the persistence of a cartelised 'establishment' and populist supply-side or 'agency' explanations.

Populism until 2008

Until the late 1980s, Austria's party system contained no populist parties, but was dominated by the Socialdemocratic Party of Austria (SPÖ) and Austrian People's Party (ÖVP), which together regularly won over 90 per cent of votes and seats (Figure 10.1). Even when not governing together in 'grand coalitions', they shared significant control of key policy areas via Austria's extra-constitutional neo-corporatist arena and their political reach was further enhanced by extensive patronage networks (Ennser-Jedenastik 2014) closely associated with the principles of *Proporz* (the proportional division of spoils between their subcultures) and segmental autonomy, which permeated Austria's consociational democracy (Luther 1999). Yet by the September 2008 general election, they could together muster only 55.3 per cent of the vote and 59 per cent of seats. This decline was due above all to a steep albeit not unbroken increase in support for the Freedom Party of Austria (FPÖ), from which the Alliance for the Future of Austria (BZÖ) had split off in 2005.

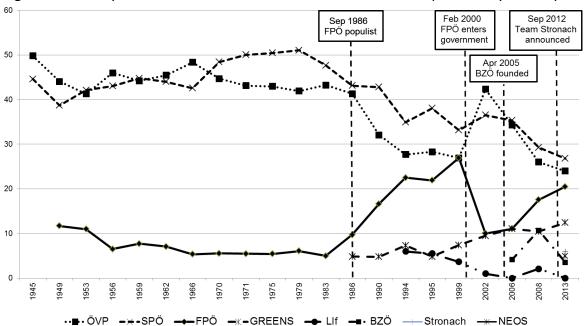


Figure 10.1: Party General Election Vote Shares 1945-2013 and Populist Party Development

Source: Bundesministerium für Inneres: http://www.bmi.gv.at/cms/bmi_wahlen/

Prior to September 1986, when Jörg Haider successfully contested its leadership, the FPÖ was not populist. It did not have personalistic leadership and its ideology and discourse neither split society into two antagonistic camps, nor articulated a monolithic view of the people. Instead, it was an often weakly-led party that conceived itself as representing Austria's 'Third Lager', a German-national, anti-Habsburg and anti-clerical subculture dating back to the 19th century and containing significant petit-bourgeois elements. The FPÖ's elitist anti-establishment discourse rejected *Proporz*, neo-corporatism and clientelism. At least in this respect, the FPÖ's ideology was not democratically illiberal, but portrayed the party as the defender of liberal constitutionalism against Austria's corrupt party state and extra-constitutional corporatist decision-making. To be sure, the FPÖ's ideology also contained strong 'old-right' elements (Ignazi and Ysmal 1992), including a revisionist view of Austria's past and reactionary conservative values. It also rejected many of the Second Republic's founding myths, including Austria's portrayal as the 'first victim' of Nazism and the proposition that Austria's 1955 Act of Neutrality was voluntary. Alone amongst Austria's parties, it disdained neutrality and favoured

European integration (albeit allegedly for Pan-Germanic reasons). For many years after its 1956 foundation, the FPÖ was a 'ghetto party', but periods of 'normalisation' and tentative liberalisation eventually facilitated its 1983 entry into government as the SPÖ's junior partner (Luther 2006).

From 1986 to 1999, Haider's now oppositional FPÖ pursued a strategy of relentless populist vote maximisation, whose long-term goal was regaining office with a much larger share of seats. Haider was unable to exercise the degree of intra-party control many observers alleged, yet undoubtedly became 'the personification' (Eatwell 2006) of the party. To that extent, the FPÖ was characterised by personalistic leadership. Its anti-establishment discourse initially remained targeted on *Proporz*, neo-corporatism and clientelism, but to maximise the party's electoral reach, became increasingly opportunistic. Support for European integration was replaced by Euroscepticism. Pan-Germanism and the denial of the existence of an Austrian national identity gradually gave way to the notion that the FPÖ's prime role was to defend a monolithically-conceived virtuous Austrian nation against a self-serving party-political elite, but also against groups such as immigrants and welfare state scroungers. The FPÖ's revised conception of democracy was visible in its demands for a 'Third Republic'; these reflected its long-standing preference for significantly reduced roles for parties and other intermediary actors, but now also emphasised direct democratic structures. To enhance its potential to coalesce with the ÖVP, the FPÖ's 'thin' populist ideology was increasingly promiscuous. In 1997, for example, the FPÖ's new programme described the party as the 'best defender of Christian values'. Notwithstanding their incompatibility with existing FPÖ economic policy focused on defending of the 'little guy', the FPÖ adopted positions reflecting ÖVP-leader Wolfgang Schüssel's neo-liberal orientation. In sum, from 1986-1999, the FPÖ demonstrated all the characteristics of right-wing populism.

The FPÖ's populism ensured a virtually unbroken string of electoral victories, culminating in its 26.9 per cent vote at the 1999 general election, and fundamentally transformed the party's electoral profile. Previously, older, petit-bourgeois and educated voters had been overrepresented. Now, FPÖ support by age exhibited a U-shaped distribution, with a distinct bias to those under 30. Support had grown significantly more amongst men. The aggressive, anti-intellectual and anti-statist discourse helped account for the FPÖ's underperformance amongst white-collar voters, civil servants, public sector workers and those with higher levels of education. Meanwhile, support amongst blue-collar voters had risen from 10 to 48 per cent. This signalled a realignment of Austria's working class; in 1986, 57 per cent had voted for the SPÖ, but by 1999 only 35 per cent did so (Luther 2008: 112-116, Kritzinger et.al 2013). The FPÖ's entry into government (4.2.2000) marked the realisation of the goal behind Haider's strategy of populist vote maximization. Yet it also highlighted significant contradictions between the various policies to which the party had committed itself whilst maximising votes. Above all, incumbency underscored the yawning gap between the habituated antiestablishment and zero-sum orientation of FPÖ functionaries and the more office-seeking and pragmatic values of the party in public office (Luther 2011). One example was the clash over EU Eastern Enlargement, which the FPÖ government team tacitly supported and the grass-roots vehemently opposed, albeit unsuccessfully. Such self-destructive infighting prompted its government team's resignation in September 2002 and at the premature election of 24 November, resulted in the party's vote share collapsing to 10 per cent. Schüssel recreated the ÖVP-FPÖ coalition on 28 February 2003 with a much-weakened FPÖ leadership. It had capitulated on all the policies demanded by the FPÖ functionaries, giving free rein to Schüssel's neoliberal policies. Intra-FPÖ conflict thus continued, including over the government's pension

reform proposals, which in spring 2003 triggered the greatest industrial unrest Austria had witnessed in decades.

Haider had himself long vacillated between supporting and opposing the FPÖ's government team. On 4 April 2005, he finally rejected the FPÖ as irredeemably irresponsible and launched the BZÖ, which he promised would be responsible and government-oriented. As the BZÖ included the whole of the FPÖ's government team and most of its MPs, the FPÖ had been involuntarily ejected from office. Haider believed most FPÖ members and functionaries would join the BZÖ, leaving a rump FPÖ comprising incorrigible naysayers, but the overwhelming majority remained loyal. The strategy of the FPÖ's new leadership under Heinz Christian Strache was to counter its collapse to 6 per cent in the opinion polls by reverting to aggressive right-wing populist vote maximization. It targeted above all blue-collar voters alienated by the neo-liberal discourse and policies of an ÖVP-dominated government accused of 'social coldness'. So in addition to emphasising EU-scepticism, welfare chauvinism and antiimmigration via slogans such as 'Austria first', 'We are for you' and 'Welfare not immigration', Strache's FPÖ henceforth referred to itself as the 'social homeland party' (soziale Heimatpartei) and advanced socio-economic policies that competed with those of the SPÖ. This strategy was communicated graphically by supplementing the FPÖ's traditionally blue marketing with socialist red and helped mitigate widely-expected losses at Vienna's October 2005 provincial election. At the October 2006 general election, the FPÖ's 11 per cent of the vote saw it regain its parliamentary caucus. The BZÖ had initially stuck to its strategy of retaining office by stressing responsibility and policies favouring small business and a limited state, but its general election campaign largely reverted to right-wing populist discourse. The election was thus contested by two parties claiming to embody the 1986-99 period of successful populist mobilization. Indeed, 'the BZÖ's original campaign material dropped the party's official colour (orange) in favour of the FPÖ's traditional blue and included the designation "Die Freiheitlichen", together with the epithet "the original" ... which a court ruled ... was a deliberate attempt to deceive voters' (Luther 2008:1008).

With the BZÖ just crossing the 4 per cent electoral threshold, Austria's parliament now contained two mutually-hostile populist parties. Continuing to defend the monolithicallyconceived Austrian nation against the corrupt national and European elite (as well as against undeserving 'others'), the FPÖ remained firmly right-wing on the socio-cultural dimension and committed to moving leftwards on the socio-economic dimension. Using techniques copied from Haider, Strache soon succeeded in becoming its new personification. The BZÖ was also characterised by personalistic leadership, but took time to determine its key messages and the profile of the 'people' it purported to defend. By 2008, it was tentatively attaching its populist discourse to a more market-liberal ideology juxtaposing the hard-working Austrian middle classes (and especially small businesses) against the allegedly parasitical and incompetent national and EU (party) elite. To underscore its claim to be a responsible party of government and further differentiate it from the FPÖ, whose electoral strategy placed greater emphasis on protest voters, the BZÖ pointed to Haider's Governorship of Carinthia. Indeed, the BZÖ's 2008 general election campaign focused predominantly on presenting Haider as a reformed and mature statesman. The BZÖ's vote nearly tripled (10.7 per cent). The aggressively populist 2008 campaign of Strache's soziale Heimatpartei appealed disproportionately to blue-collar voters and helped ensure that the FPÖ's overall vote also increased, albeit less dramatically (+3 points to 20.5 per cent) (Luther 2009; Figure 10.1).

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⁴Haider had opted for the Governorship over membership of Austria's Parliament, with which it is constitutionally incompatible.

In sum, the BZÖ's emergence had triggered not the marginalisation of Austrian populism, but its bifurcation. At the September 2008 general election immediately following but unaffected by the outbreak of the Great Recession, Austrian voters could thus choose between two populist parties, whose combined vote was to exceed that ever obtained by the FPÖ. Yet these parties were incapable of working together and appealed to rather different constituencies. At the risk of over-simplification, the FPÖ remained a right-wing populist party, focused exclusively on responsiveness, whilst the BZÖ set itself the challenging task of tempering the responsiveness of its middle-class populism with responsibility (Mair 2009).

Economic and Political Crisis 2008-

Austria's economy has long outperformed those of most European countries. Yet as Figure 10.2 shows, during the first ÖVP-FPÖ coalition (Schüssel I; 4.2.2000 – 28.3.2003), growth plummeted and although recovering towards the end of that government's truncated term, remained below the EU-27 average. During Schüssel II (28.3.2003-11.1.2007), growth rose in absolute terms and relative to the EU-27. By international standards, Austrian unemployment has traditionally been low and remained so, but in 2005 had reached the Second Republic's highest-ever rate (5.2 per cent). Benefiting from reforms undertaken during Schüssel II, the short-lived SPÖ-ÖVP coalition (11.1.2007-2.12.2008) presided over a fall in unemployment. Growth remained healthy (3.7 per cent) in 2007 and still stood at over 2 per cent in the second quarter of 2008, just before the premature election of 28 September was announced. At least in one respect, the timing was politically fortuitous for the governing parties. Since the full significance of the Lehmann Brothers collapse of 15 September was not yet apparent, they were spared a campaign conducted in the immediate shadow of the Great Recession. Moreover, as the first beneficiary of the government term's extension to five years, Chancellor Werner Faymann's

incoming SPÖ/ÖVP coalition was not required to face a general election until September 2013, when Austria had seemingly largely weathered the economic storm. Thus neither the 2008 nor 2013 general elections were characterised by economic crisis (Kritzinger, Müller & Schönbach 2014).

However, Austria's economy was not impervious to the Great Recession's competitiveness crisis. Central to the government programme approved in late November were measures to counter the looming economic downturn. They included a fiscal stimulus of €2.2bn via tax reductions for middle-income earners, measures to stimulate growth and a commitment to keeping the budget deficit below 3 per cent of GDP. Yet as the scale of the crisis became apparent, the outlook rapidly worsened. In December, the Austrian Institute of Economic Research (WIFO) had announced 2009 growth would be -0.5 per cent, but by March was forecasting a 2.2 per cent reduction. This figure was cited in the Federal Minister of Finance's April 2009 budget speech, which also predicted a budget deficit increase to 5.3 per cent of GDP by 2010 and total debt climbing by 2013 to a record 78.5 per cent of GDP. In May, the WIFO revealed Austria's economy had in Q1 2009 already contracted 2.8 per cent, whilst the Austrian Nationalbank forecast a 2009 contraction of 4.4 per cent. Unemployment remained amongst the lowest in the EU, but had risen by nearly a third during the preceding year and was predicted by the European Commission to exceed 7 per cent in 2010. In the event, Austria's economy performed better than many had feared. The 2009 contraction was 'only' 3.8 per cent and initially, the economy also recovered quite well. Growth rose to 1.8 per cent in 2010 and 2.8 per cent in 2011. By 2011, unemployment was down to 4.2 per cent. The public deficit rose to 3.4 per cent of GDP in 2010, but fell back to 1.6 per cent in 2011 and 2012. Yet in the first two quarters of 2013, it appeared that growth had dropped back (to ca. 0.2 per cent) and although it was expected to recover to 1.7 per cent in 2014, unemployment was again on the

rise. For 2014, forecasters predicted unemployment would again reach 5.2%, while the deficit would be 3.4 per cent of GDP. Austria was also affected by the banking liquidity crisis. On 3 November 2008, the Kommunalkredit Austria AG, Austria's 8th largest bank, was saved from collapse by nationalisation at an estimated cost of €2bn. In December 2009, the Government had to nationalise the Hypo Alpe Adria (Austria's sixth largest banking group), which was on the brink of collapse. On 10 October 2010, Austria's biggest listed bank, the Erste Group Bank, announced a major write-down as a result mainly of its Eastern European exposure and within days, the Österreichische Volksbanken AG followed suit. Although the Nationalbank remained concerned about continued growth in public debt, the Great Recession did not cause an Austrian sovereign debt crisis. Yet in January 2012, Standard and Poor's withdrew Austria's triple-A credit rating. It justified this mainly by Austria's exposure to the Eurozone sovereign debt crisis; in 2010, the Government had decided to have ratified the proposed massive extension of the European bailout fund and subsequently participated in EU agreements to provide emergency assistance to Greece, Ireland and Portugal.

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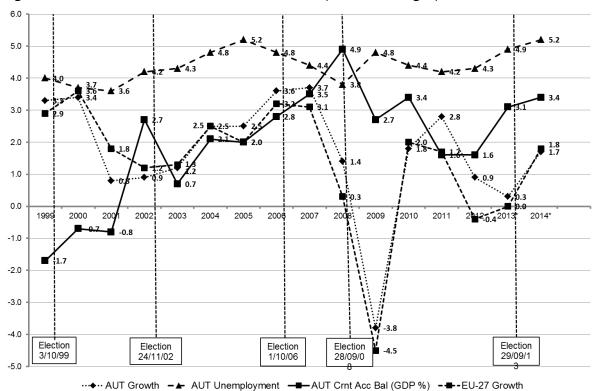


Figure 10.2: Austrian Macro-Economic Indicators (annual averages): 1999-2014

Source: Statistik Austria, http://www.statistik.at. * = Predicted values.

The limited economic impact of the competitiveness crisis was mirrored in the absence of an enduring subjective economic crisis. Eurobarometer surveys show that pessimism regarding the likely short-term future of the national economy spiked in October 2008, but a year later had declined to nearly pre-crisis levels. Indeed, in November 2010, Austrians were amongst the most likely in the EU to believe that the economic crisis' impact on the job market had already peaked and although optimism declined over the ensuing two years, it remained significantly above the EU-27 average.⁵

The absence of a deep competitiveness crisis and limited extent of the banking crisis might lead one to expect the course of post-2008 Austrian populism to have not been shaped by the Great Recession. Alternatively, it could be argued that the long-running Eurozone sovereign debt crisis offered an intrinsically more promising opportunity for populist mobilization. For one, as has

⁵ Eurobarometer QC1, Nr. 74: 58 per cent vs EU-27 average of 42 per cent; Nr 75: 62 per cent vs. EU-27 average of 43 (http://ec.europa.eu/public_opinion/index_en.htm).

been demonstrated regarding unemployment (e.g. Knigge 1998; Arzheimer& Carter 2006), poor economic performance may incline voters to opt not for anti-establishment parties, but for those to which they ascribe competence in key policy areas. In a nutshell, when economic times are tough, we might expect 'responsibility' to trump 'responsiveness'. Second, the Eurozone sovereign debt crisis repeatedly saw national and European-level elites making key decisions in the glare of the international media. The 'discursive opportunity' (Koopmans & Muis 2009) of such political drama arguably offers greater potential for populist anti-elite mobilization than a competitiveness crisis. Populists can more easily associate key decisions made at the national and/or EU level with specific (political) elites whom voters might reasonably believe should be accountable to them. Third, it is plausible to expect the Eurozone sovereign debt crisis to heighten right-wing populist discourse opportunity in 'creditor' Eurozone countries, as such parties typically articulate their anti-elite rhetoric in cultural or national terms that lend themselves to framing bailouts as a conflict between the morally superior indigenous 'people' and the underserving external 'others'. Finally, the sovereign debt crisis might also offer a discursive opportunity for parties whose populism is attached to a market-liberal and small-state 'thick' ideology contrasting the hard-working middle classes against European and national elites of an over-bloated state. We should thus expect the populist 'barometer' of 'creditor' Eurozone states to be highest around the times of the most keenly contested developments regarding the sovereign debt crises, i.e. from about May 2010 to July 2012. In the Austrian case, this implies that the sovereign debt crisis would be reflected in the discourse both of the right-wing populist FPÖ and of the middle-class populist BZÖ.

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 $[\]frac{6}{3}$ In Austria, economic competence has traditionally been ascribed to the ÖVP and welfare competence to the SPÖ.

⁷ These include May 2010 (Greece bailout 1); November 2010 (Ireland bailout); May 2011 (Portugal bailout); March 2012 (Greece bailout 2 and Treaty on Stability, Co-ordination and Governance [TSCG] – ratified on 5 July against FPÖ and BZÖ votes).

Ceteris paribus, we might also expect that discourse to contribute to greater populist party electoral success.

A second hypothesised facilitator of populism is a major political crisis: (perceived) failures by established elites would play into the hands of anti-establishment populists. For much of the post-2008 period, Austria's public debate was permeated by a seemingly ever-expanding number of political scandals. They pertained to at least five large, partly interconnected clusters of issues. One concerned longstanding allegations of corruption by persons in or close to the ÖVP-FPÖ/BZÖ governments, often in connection with privatizations, or contract allocations. These became increasingly subjected to media and judicial investigation. A second involved seemingly routinized corruption in BZÖ-governed Carinthia and came to be disparagingly designated the 'Haider system'. Part of this centred on the Carinthia-based Hypo Alpe Adria, on which Governor Haider exerted considerable influence, and whose incompetence and recklessness⁹ are widely held to have left taxpayers footing an outstanding loans bill in the region of €15bn. There were also allegations of the bank's involvement in large-scale illegal party funding. In July 2012, Carinthian ÖVP leader Josef Martinz eventually confessed to having in 2007 conspired with Haider to divert €12m into their parties' coffers. The casual approach to corruption was epitomised by BZÖ Deputy Governor Uwe Scheuch, who had in 2009 been secretly recorded telling a potential Russian investor it was 'part of the game' for 5-10 per cent of the planned investment to be paid to the party. The recording was published in January 2010 and judicial proceedings dragged on until December 2012, when Scheuch was definitively convicted. A third cluster involved the partially state-owned Telekom Austria AG and the lobbyist Peter Hochegger. In July 2011, it was alleged senior managers had in 2004 siphoned off

⁸See the Austrian Parliament's website (http://www.parlament.gv.at/PERK/KONTR/POL/UAAKTUELL/index.shtml) and Greens' parliamentary caucus report (http://www.gruene.at/themen/justiz/korruption-hat-680-seiten).

⁹This included funding (loss-making) political projects and a provincial government guarantee of ca. €25bn, about eight times Carinthia's annual budget.

cash to pay a broker to inflate the company's share price, thus guaranteeing themselves substantial bonuses. A former executive then detailed a widespread system of corrupt payments to politicians and organizations, linked particularly to the ÖVP, FPÖ and BZÖ. Two alleged recipients were former FPÖ or BZÖ ministers, both subsequently placed under investigation. Fourth, there were many claims of improper use of public money by government ministers and state-owned enterprises in connection with advertising in print media, including by then Infrastructure Minister Faymann. Finally, there were allegations of corruption in connection with the granting of Austrian citizenship. On 20 October 2011, the Austrian Parliament unanimously approved a parliamentary Committee of Investigation into corruption. Its many dramatic revelations ensured that by the time it was prematurely wound up (October 2012), Austrian politics had for over two years been infused with political scandals, many concerning politicians from populist parties that had been in national or provincial government.

The scandals had a demonstrable impact on popular attitudes. Measured in terms of Transparency International's corruption perception index, between 2008 and 2013, subjective corruption rose markedly and Austria's international corruption ranking dropped from 12/180 to 26/177 (www.transparency.org). Moreover, the significant rise in the proportion of those indicating they tend not to trust political parties (from 53 percent in summer 2009 to 64 percent in winter 2011) corresponds to the major increase in media coverage of corruption in the 16 months prior to the Committee's formation. Pre-crisis levels did not reappear until well into 2013. Figure 10.4 shows that during the early stages of intense discussion of the sovereign debt crisis (from May 2010) FPÖ support rose significantly in the polls and during the first half of 2011, the party even headed them. Its rise was reversed, however, during the peak of the political crisis. By the start of 2009, support for the BZÖ, which had lost Haider to a fatal car

crash in October, was already much reduced. Under the leadership of Josef Bucher (elected 26 April 2009), it dropped further, as revelations regarding the 'Haider system' took hold. It thus appears plausible that the central involvement of BZÖ and FPÖ actors in the scandals underpinning the political crisis mitigated the success these parties might otherwise have reaped from the sovereign debt crisis.¹⁰

Figure 10.3: Austrian' Trust in Political Parties (2008-2013)

Source: Eurobarometer: http://ec.europa.eu/public_opinion/index_en.ht

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¹⁰We are speaking counterfactually, so cannot be sure these parties would have been electorally more successful in the absence of the political crisis. A further factor was Team Stronach's emergence (see below).

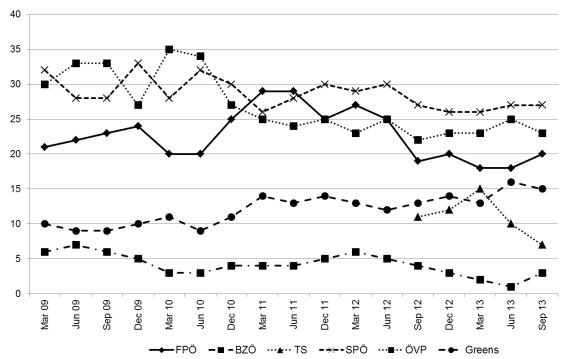


Figure 10.4: Austrians' Voting Intentions (2009-2013)

Source: Hayek/ATV polls n=1,000 (21.06.13 n=700) [http://neuwal.com/wahlumfragen?stream-php?cid=1, accessed 10.06.2014].

Post-crisis Populism: populist parties' discursive response

Following the logic outlined above, this section's qualitative analysis focuses primarily on three partially overlapping events related to the banking and sovereign debt crises, which offered excellent discursive opportunities to raise the 'populist barometer': the 2010 and 2012 Greek bailouts and the EU-level and Austrian Parliament decisions on the ESM and Fiscal Compact (March and July 2012 respectively). The interrogated sources include all FPÖ (2010 and 2012) and BZÖ (2010 and 2012) parliamentary press releases, parliamentary transcripts (Parlament 2010 and 2102, or 'NRP') of party leader contributions to relevant debates and leader interviews in national television news programmes of Austrian Broadcasting (ORF) during a two-month window around each event. In addition, we examined the hour-long interviews the ORF conducted with Strache and Bucher from 2009-2012 as part of its regular summertime leader interviews (ORF 2009-12 Sommergespräche, or 'SG'), as well as leader interviews on ORF

television news from August 2012 to August 2013.¹¹ These latter sources help capture the parties' broader discourse development, underscoring not only the minimal attention paid to the competitiveness crisis, but also that from 2010 onward, Strache and Bucher faced interlocutors keen to focus on their (former) politicians' alleged involvement in corruption.

As the BZÖ only broke away from the FPÖ in 2005, these parties' post-2008 discourse exhibited numerous similarities. Yet there were interesting differences. In keeping with the FPÖ's longestablished right-wing populist identity, Strache's people-centrism consistently focused on presenting him and his party as the tribune of above all the sovereign Austrian 'Volk' and 'true Austrians'. 12 He also presented himself as the advocate of taxpavers and small business. 13 but these groups were at the core of Bucher's people-centrism, especially after October 2009, when the BZÖ's executive approved of re-positioning the party as 'right-liberal', a branding underpinning its new programme of May 2010. Bucher thus maintained that the BZÖ was above all an 'anti-tax party' defending small business and 'the citizens ... who are willing to perform and who do so, who get up early, go to work ... work hard ... pay their taxes ... and from whom the state demands a lot of taxes'. 14 In both Strache and Bucher's discourse, the main enemy of the virtuous people remained the corrupt and self-serving Austrian 'red-black' establishment and European political elites. Yet given the BZÖ's self-proclaimed role as the voice of hard-working taxpayers and small business, Bucher's anti-elitism placed somewhat greater emphasis on attacking elites' consistent failure to address growing public debt. Moreover, to emphasise his party's moderation, but also since nationalism was not central to

¹¹The last-named source was also used to assess the populist discourse of Team Stronach (see below).

¹² NRP140 & 164; SG 2011 and SG 2009 respectively.

¹³ FPÖ 2010; NRP66; NRP164.

¹⁴ SG 2011; see also BZÖ 2010, NRP64; NRP66; NRP164.

its populism, Bucher condemned as excessive the FPÖ' focus on immigration and accepted the need for skilled immigration (e.g. SG 2010).¹⁵

Both parties pursued emotive campaigns against using Austrian taxpayers' money for bailouts. Unsurprisingly, their post-2008 discourse elevated (bank) speculators to the status of a key category of 'other' and attributed to them a major share of responsibility for the economic crises (e.g. SG 2012). This did not lessen the blame attributed to national and European political elites, however. For Bucher, taking money for bailouts 'from taxpayers' pockets' compounded their failure to manage public debt¹⁶ and along with Strache, he argued that bailouts benefited above all the banks, with whom they suggested the elites had far too cosy a relationship. 17 Blame was also attributed to European political and economic elites (e.g. EU Member States, the European Commission and the ECB), inter alia for false reporting (e.g. Greece, which Bucher said had achieved entry into the Euro 'with a forged ticket' [NRP64] and Strache accused of 'budgetary tricks' [NRP57]), and for failing to ensure compliance with the Maastricht criteria. 18 In a nutshell, the FPÖ's largely protectionist discourse blamed the Austrian and EU political class, international capital/globalisation, as well as feckless southern Europeans. Whilst the BZÖ's founder had claimed it wished to re-establish the social market economy in place of 'globalisation mania', it now 'accepted the reality of a globalised, integrated word' (2010) Programme: 26) and its recipe was geared more towards deregulation and promoting small and medium-sized enterprises via low taxes. Indeed, in early 2011, it used the sovereign debt crisis to highlight its anti-tax position via a popular initiative entitled 'Paid Enough'.

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¹⁵Yet he continued to echo FPÖ demands for restricted immigrant access to welfare benefits.

¹⁶ SG 2010; cf also NRP64; NRP140.

¹⁷ E.g. BZÖ 2010; NRP64; NRP66; BZÖ 2012a; NRP164; BZPÖ 2012b.

¹⁸ BZÖ & FPÖ 2010; NRP64; NRP57.

The populists' discourse contained frequent references to alleged failings of democracy. For example, in March 2010, Strache announced the FPÖ would appeal to the Constitutional Court against the 'undemocratic' Lisbon Treaty and on 14 June 2012, both Strache and Bucher accused the other parliamentary parties of manipulation designed to avoid a proper ESM debate. 19 In July 2012's main ESM debate (NRP164), both populist leaders not only argued that the ESM was itself an unconstitutional breach of the Lisbon Treaty, but repeated Bucher's claim (NRP161) that it constituted 'high treason'. Strache characterised it as an 'unforgivable betrayal' of the Austrian people, a calculated constitutional coup d'état and authoritarian construct transferring Austria's sovereign rights towards a dictatorial power, a move that would ultimately abolish the Second Republic (NRP 164). He had previously claimed it would ultimately alter basic constitutional rights and result in forcible expropriation of Austrian citizens and taxpayers (NRP161) and in typically colourful language, he labelled the ESM as the 'European Sado-Masochism', or 'Gagging Treaty' (NRP143; SG 2012). The tonality of Bucher's discourse tended to be more measured and technical, or business-like, as one would expect from someone who insisted (e.g. SG 2009) that unlike Strache's FPÖ, the BZÖ was a constructive, non-aggressive and government-oriented party. Yet in respect of the ESM, he also resorted to hyperbole, describing the ESM as 'devil's work', a collective betrayal of the country and treason vis-à-vis democracy and Austrian parliamentarism (NRP161). Finally, defence of popular sovereignty and calls for referenda were a feature of both parties' populist discourse.²⁰ They were more pronounced in that of Strache, who argued for the sovereign to have the final word on all subjects (NRP140). Both he and Bucher demanded that the ESM and Fiscal Compact be submitted to a binding popular referendum (NRP164). Strache attacked Faymann for reneging on a 2008 pledge to submit future EU treaty changes to a popular referendum and

¹⁹ NRP57 and NRP161 respectively.

²⁰ E.g. SG 2012; NR140 & 164.

accused the 'red-black referendum deniers' of permanently frustrating the people's democratic legitimate right of initiative and decision-making power and argued this was because they were not serving the Austrian people, but instead were serving their bank speculators (NRP164). The government's assertion that the ESM and Fiscal Compact did not require treaty change cut little ice.

Whilst the ESM debate was raging, an addition to the populist 'supply' came in the form of the octogenarian Austro-Canadian billionaire Frank Stronach. On 2 July, he wrote to all MPs, urging them to reject the Treaty, and argued in the following day's television news (ZeitimBild 2 [ZiB2] 03.07.2012) '... it makes no sense to pump in money which the banks skim off and which then leaves nothing for the Austrian citizens'. Indicative of his anti-establishment and anti-party orientation were his statements that 'the politicians want to serve themselves. I want to serve Austria'. The growing likelihood that Stronach would form his own populist party posed a significant threat to the FPÖ and BZÖ, as repeatedly stressed by those interviewing the parties' leaders (e.g. SG 2012). A week before he formally launched 'Team Stronach' (TS) (on 27.09.2012), polls suggested 10 percent of Austrians would vote for a Stronach-led party and by March 2013, that figure had risen to 15 per cent. The timing of the party's emergence had little to do with the economic crisis. Stronach had been unable to persuade existing and newlyforming parties to accept his considerable financial support in return for him effectively determining its policy and strategy and at 80 years of age, 2013 would be Stronach's last opportunity to realise his long-held ambition to head a party during a general election.

TS traded on Stronach's self-made billionaire status; claiming he was one of the world's most successful businessmen, had invested billions in Austria, created 13,000 jobs, built numerous

factories and made enormous contributions to social benefits.²¹ It also profited from his being regarded (at least initially) as a genuine political outsider. Indeed, he was at pains to stress he was not a politician and had no intention of becoming one, but wanted to serve Austria by being the guardian of the values of 'truth, transparency and fairness', which were to be implemented on behalf of Austrian citizens by non-political experts. 22 TS' anti-party sentiment was succinctly encapsulated in its programme's preface: 'The government is a country's management team. Unfortunately, this management team consists of politicians. The mandate of a politician is to be elected, or re-elected. The country is thus governed by political rather than socio-economic principles' (Team Stronach 2013: 4). From the outset, the main target of TS' wrath was Austria's allegedly self-serving and incompetent SPÖ-ÖVP duopolistic 'system' that included neo-corporatist actors such as the trade unions and Chambers of Labour and of Commerce and had for fifty years allegedly not only made many Austrians fearful, but also increased public debt to unsustainable levels.²³ That system was, Stronach maintained, aided and abetted by a politicised Austrian Broadcasting and compliant journalism. 24 TS shared the BZÖ's desire for a small state, reducing public debt and policies geared to help small and medium businesses, but also defended larger enterprises and argued in favour of worker coownership.²⁵ The banking and Eurozone sovereign debt crises figured prominently in TS discourse. Like the BZÖ and FPÖ, it attributed blame above all to the banks and to the allegedly complicit politicians.²⁶ Its recipes lacked clarity and consistency, however. At times, Stronach

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²¹ E.g. ZiB2 27.09.2012 and 29.11.2012.

²² E.g. ORF current affairs programme 'ImZentrum' 30.09.2012 and Team Stronach (2013: 39).

²³ E.g. *ImZentrum* 30.09.2012; ZiB2 09.04.2013; Team Stronach (2013: 17f, 21 & 26).

²⁴ E.g. *ImZentrum* 30.09.2012; Team Stronach (2013: 61).

²⁵ E.g. ZiB2 27.09.2012; *Ö1 Mittagsjournal* 14.02.2013 and 29.09.2012; Team Stronach 2013.

²⁶ E.g. ZiB2 27.09.2012; Team Stronach (2013: 28-32).

argued for Austria's return to the Schilling, but at other times, TS favoured the BZÖ's call for the formation of an alternative hard-currency Eurozone.²⁷

Post-2008 populist party vote: a 'new electoral politics'?

Between the general elections of 2008 and 2013, Austrians elected 11 provincial parliaments and their Members of the European Parliament. Figure 10.5 indicates the populist parties' (cumulative) vote at those elections. For parties tainted by the corruption crisis that broke in mid-2010, it was fortunate that no elections were held between October 2010 and March 2013 and it is widely believed the parliamentary vote by all but the Greens to prematurely terminate the Parliamentary Committee of Enquiry was motivated by the determination to prevent this crisis from dominating the 2013 general election.

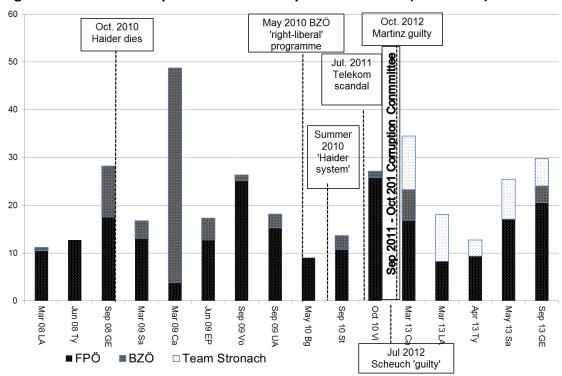


Figure 10.5: Austrian Populists' Vote and Key Political Events (2008-2013)

Source: Bundesministerium für Inneres: http://www.bmi.gv.at/cms/bmi_wahlen/ and provincial governments.

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 $^{^{27}}$ E.g. ZiB2 03.07.2012 and 09.4.2013; Puls 4 Herbstgespräch 24.09.2012; Ö1 Mittagsjournal 14.02.2013.

Be that as it may, Figure 10.5 shows that within months of its emergence, TS successfully contested three elections (Carinthia 11.2, Lower Austria 9.8 and Salzburg 8.3 per cent), obtaining sufficient votes to enter both parliament and government. Carinthian and Lower Austrian exit polls (http://www.sora.at) suggest that TS support disproportionately came from BZÖ, FPÖ and protest voters. TS's discourse frequently referred to the sovereign debt crisis, but its successes were due more to Stronach's initial popular appeal and the financial resources he placed at the disposal of his party's populist message. Despite its achievements in spring 2013, TS's general election performance (5.7 per cent and 11 seats) was at best half of what Stronach had hoped for. This is largely attributable to his erratic media appearances, often characterised by bad-tempered exchanges, his tendency to ramble and his seeming inability to provide cogent answers to questions. Personalistic leadership had become a liability. Within days of the election, Stronach purged numerous individuals he had placed in key positions, including the caucus chair and leaders of provincial party groups. Commentators attributed this to his inability to countenance dissent and his demand that the party repay €10m of the €25m he had invested in it. His autocratic actions triggered considerable intra-party criticism. Stronach was an MP for merely 3 months and then withdrew from Austrian politics. So the populist nature and overall fate of TS remain unclear.

Figure 10.5 highlights enormous variation in the populist parties' cumulative vote share at the various elections: from under 10 percent in Burgenland, which has always lacked a strong organisation, to nearly 50 percent in Carinthia, where populists have long been exceptionally densely organised and held the governorship from 1989 to 1991 and then for the entire period from 1999 to 2013. Yet Carinthia is also where their electoral fortunes have been most volatile. The change in 2009 is an artefact of altered supply. In 2005, the Haider-led Carinthian FPÖ overwhelmingly switched to the BZÖ. If the 2009 BZÖ vote is compared to the FPÖ's in 2004,

there was a small increase (from 42.4 to 44.9 per cent), the consequence of an emotive campaign focused on Haider, who had died five months earlier. Meanwhile, the rump FPÖ could muster merely 3.8 per cent. Further supply-side change came in December 2009, when the Carinthian BZÖ now led by Scheuch seceded from the federal party. Though Scheuch blamed this on the economic liberalism of Bucher's 'right-wing liberal' strategy, it was primarily due to Scheuch's conviction that with Haider dead, the BZÖ was doomed. Re-named the 'Freiheitlichen in Kärnten' (FPK), the party allied with Strache's FPÖ. Scheuch's subsequent conviction led to his brother assuming the FPK leadership in August 2012 and was one of many manifestations of the corrupt 'Haider system' that triggered the premature election of March 2013. The FPK collapsed to 16.9 per cent, lost 11 of its 17 seats and was ejected from government, whilst a hurriedly-formed BZÖ led by Bucher obtained 6.4 per cent and 2 seats.

The secession of the BZÖ's Carinthian stronghold was a further blow to the national leadership, which had in October 2008 lost its most emblematic figure. At elections held between then and the formation of the Corruption Committee, its vote share ranged from 4.6 to 1.2 per cent (European Parliament and Vorarlberg elections respectively) and it failed to win a single seat. Thereafter, it was increasingly damaged by the Corruption Committee's revelations regarding its former politicians and by Bucher's refusal to condemn Haider, his former mentor. From the summer of 2012, it was also squeezed by TS, which was not so tainted and whose leader had greater economic credibility. TS not only attracted BZÖ voters, but also persuaded four of its 21 MPs to defect and form the nucleus of a new TS parliamentary caucus. The BZÖ felt unable to contest any 2013 provincial election. So notwithstanding its instrumentalisation of the discursive opportunity provided by the banking and sovereign debt crisis, it could boast only

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²⁸ Subsequent to the Lisbon Treaty's ratification, it received one MEP. It polled a derisory 1.3% at Vienna's October 2010 election.

two provincial and 17 national MPS on the eve of the 2013 general election, when it obtained merely 3.5 per cent of the vote and was ejected from parliament.

During 2009 and 2010, the FPÖ increased its vote share at every election except the one in Carinthia, sometimes dramatically.²⁹ The party's instrumentalisation of the banking and Eurozone sovereign debt crises was but one contributing factor. At the 2009 EP election, for example, the FPÖ's discourse was perceived by many to have been unusually aggressively xenophobic and Eurosceptic. One FPÖ poster had the slogan 'The West in Christian Hands' (Abendland in Christenhand), a theme that was underscored by Strache wielding a cross at party rallies. Another called on voters to support its true people's representatives rather than EU traitors (Volksvertreter statt EU-Verräter). At Vienna's 2010 election, a similarly emotive and xenophobic campaign, again exploiting the discursive opportunity of the sovereign debt crisis, saw the FPÖ vote soar to 25.8 per cent (+14.8), its seats increase from 13 to 27 and the party obtain three City Councillors. With the FPÖ continuing to climb in the polls (Figure 10.4), observers started to take seriously its claim that it could become the strongest party at 2013's general election. Yet from late 2011, its rating started to decline and by March 2013 was below 20 per cent. At that month's Carinthian election, the greatest absolute vote decline (-28) of any post-war Austrian party was suffered by the FPK, which Strache had brought back into the FPÖ fold in 2010. This was attributable in large measure to Carinthian exceptionality, but the same day, the FPÖ lost a fifth of its former vote share in Lower Austria and in April experienced a similar loss in Tyrol.³⁰ Within the FPÖ, questions were raised about Strache's leadership and strategy. Criticism subsided somewhat after May's election in Salzburg, where the city had lost

²⁹ March 2009: Salzburg 13 per cent (+4.3); June 2009: European Parliament 12.7 per cent (+6.4); September 2009: Vorarlberg 25.2 per cent (+12.8) and Upper Austria 15.3 per cent (+6.9); May 2010: Burgenland 9 per cent (+3.2); September 2010: Styria 10.7per cent (+6.1).

³⁰ Lower Austria: 8.2 per cent and 4 seats (-2.3 and 1 respectively); Tyrol: 9.3 per cent and 4 seats (-3.1 and no seat change).

hundreds of millions of Euro due to unauthorised speculation and derivatives trading. As in Carinthia and nationally, the Greens were the most credible anti-corruption party. In Carinthia, they had more than doubled their vote (5.2 to 12.1 per cent) and in Salzburg achieved their best-ever Austrian result (20.2 per cent, + 13). To Strache's relief, the FPÖ vote also increased (13 to 17 per cent) and it gained one seat. The party was much weaker, however, than it had been even 18 months previously. It had been significantly damaged by the Corruption Committee's revelations and remained politically very exposed on this front, not least since the FPK alliance undermined its attempts to distance itself from the 'Haider system'. That vulnerability was exacerbated by the emergence of TS.

The FPÖ's Strache-centred general election campaign continued to instrumentalise the banking and sovereign debt crises. Its overarching slogan was 'Nächstenliebe' (neighbourly charity), which provided a softer narrative for the FPÖ's anti-immigrant message and was also used to re-package its economic and social policy proposals. Strache also adopted a less confrontational style in his television appearances, arguably because the FPÖ wished to present him as a more palatable coalition partner. In light of the FPÖ's 2011 poll ratings and expectations for 2013, its result (20.5 per cent (+3.0) and 40 seats (+6)) was a disappointment. The combined vote of Austria's populist parties (FPÖ, TS and BZÖ) was 29.8 per cent, a record high. With the BZÖ failing to pass the representation hurdle and TS lacking direction, the FPÖ was again Austria's pre-eminent populist party.

The first book-length analysis of the 2013 general election (Kritzinger, Müller & Schönbach 2014) underscores the extent to which political rather than economic motivations determined voter behaviour. Having said this, populist parties have played an important role in transforming Austria's party system. They have for nearly 30 years fostered the declining loyalty of Austria's previously hyper-stable electorate and increased the personalisation of politics

(Luther 2008; Kritzinger et al. 2013). In part, this has been achieved by the ruthless exploitation of every discursive opportunity, including the ones provided by the 'Great Recession'. The resulting increased voter volatility and party system fragmentation have made the building and maintenance of national and provincial coalitions more difficult. The populists have further destabilised the party systems by the many supply-side changes they initiated, but also by altering the 'structure of competition' (Mair 1998). Examples of populists-related party system 'innovation' include Austria's 2000-2007 ÖVP-FPÖ/BZÖ coalition, as well as the various FPÖ/BZÖ/FPK-led coalitions in Carinthia, the innovative 2013 formulae in Carinthia (SPÖ/ÖVP/TS), Lower Austria (ÖVP/SPÖ/TS) and Salzburg (ÖVP/Greens/TS). For now, the erstwhile 'grand coalition' parties together still have a national-level parliamentary and electoral majority, but it has become wafer-thin. Austria may thus be approaching a tipping-point, at which it might resume the bipolar logic exhibited in the Schüssel coalitions.

Concluding Remarks

In Austria, the 'Great Recession' did not engender a deep competitiveness crisis enhancing antagonism between 'the people' and political or economic elites, or cause the established populist parties' discourse to undergo a qualitative shift. Although we have examined only a fraction of the potential examples of that discourse, we have shown that both established parties added (bank) speculators to their list of despised 'others', but their prime enemies remained domestic and European political elites and the discursive opportunity afforded by the banking and Eurozone sovereign debt crises was merely used to re-articulate their EU-scepticism and opposition to those elites. The FPÖ continued to mobilise mainly on the cultural dimension, utilising nationalistic and welfare chauvinist rhetoric; but having moved left on the socio-economic dimension, its rhetoric was also protectionist and anti-globalization. The BZÖ's

discourse gradually attached itself to the defence of the middle classes and argued for more market and less state. The BZÖ's electoral failure suggests this was not a 'winning' formula' (Kitschelt), but this failure (and the FPÖ's poor post-2010 results) was due mainly to political factors. Prominent amongst these were the entry of another populist actor, but above all Austria's corruption crisis. One would normally expect such political crises to favour antiestablishment parties and to intensify populism. Yet since former and current FPÖ and BZÖ politicians figured prominently amongst those accused (and found guilty) of corruption, it reduced the credibility of established populist parties' anti-elite platform and arguably significantly mitigated the electoral benefit they might have expected to enjoy as a result of their utilisation of the banking and sovereign debt crises.

The volume's fourth hypothesis suggests that when in power, populists tend to tone down populist discourse and behave more like mainstream parties. As we have shown in much greater detail elsewhere (Luther 2011), when the FPÖ moved from populist vote-maximization to incumbency (in 2000), its office-holding leadership attempted to moderate the party's populist discourse and behave more like a mainstream party, a move massively resisted by the grass roots. Once the FPÖ was jettisoned from government, it wholeheartedly reverted to populist discourse. The BZÖ emerged from the FPÖ in public office and drew on those who prioritised office-seeking. Even when out of (national) office, it never decisively abandoned responsibility in favour of responsiveness. This may well have contributed to its failure to reenter parliament at the 2013 election, where it was squeezed between the neo-liberal

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³¹It is also worth noting that whilst the FPÖ met all three of the criteria of populism specified in the opening chapter of this volume (a thin ideology juxtaposing the homogenous 'people' against the elite and excluding 'others'; a discourse characterised by people-centrism, anti-elitism and popular sovereignty and a strategy based on personalistic leadership), after Haider's death, the BZÖ lacked the latter.

competition of the newly-founded NEOS and the non-xenophobic populist competition of Team Stronach.

Overall, the Austrian case suggests that although demand-side factors (such as economic crises) help explain the behaviour and success of populist parties, at least as important are political factors. These include on the one hand, the persistence (at least for now) of grand coalition government, the embodiment of Austria's cartelised establishment, and on the other, the politics of populist 'supply' and 'agency', including in particular populists' capacity to mobilize and to refrain from damaging their own prospects.

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