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**Governing with Right-Wing Populists and  
Managing the Consequences:  
Schüssel and the FPÖ**

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# **Governing with Right-Wing Populists and Managing the Consequences: Schüssel and the FPÖ\***

Kurt Richard Luther

## **INTRODUCTION**

On 22 April 1995, Wolfgang Schüssel became the third leader in six years of the *Österreichische Volkspartei* (ÖVP). It had a relatively poor record of achieving its electoral and governmental goals. Since 1970, the party had come second in all national elections to the *Sozialdemokratische Partei Österreichs* (SPÖ) and from 1986 had suffered a seemingly inexorable erosion of its vote share to the benefit of the *Freiheitliche Partei Österreichs* (FPÖ). After seventeen years in opposition, it had in 1987 finally returned to government, albeit as the SPÖ's junior coalition partner. During Schüssel's 12-year leadership – the longest of any ÖVP chairman – the party obtained 42.3% of the vote at the 2002 election, its best result for nearly 20 years. Moreover, by the time of his resignation on 9 January 2007, Schüssel could look back on virtually seven years as federal chancellor, towards the end of which the ÖVP had been able to operate as though it were the sole governing party.

Such success had seemed impossible in the early 1990s, when the party's prospects appeared blocked by two significant constraints. Internally, its exceptionally factionalized structure had long militated against the kind of organizational adaptation arguably required to improve the party's electoral record and thus enhance its potential to win back the chancellorship. Externally, the pattern of party competition had severely limited the ÖVP's coalition options. For one, since Jörg Haider's assumption of the FPÖ leadership in 1986, the SPÖ and ÖVP

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had operated a policy of *Ausgrenzung*, i.e. excluding the FPÖ from national office. This meant that, although the ÖVP and FPÖ had a numerical parliamentary majority throughout this period,<sup>1</sup> the ÖVP had effectively been tied into the role of the SPÖ's junior coalition partner. Moreover, the ÖVP's prime policy goal had since 1987 been EU accession, which required a two-thirds parliamentary majority, so until the requisite legislation was passed (on 11 November 1994), the ÖVP was doubly dependent on a 'grand coalition' with the electorally stronger SPÖ.

Crucial to Schüssel's achievement of his office and policy goals was his willingness to break the mould of the party's external relations. This involved adopting a much more confrontational approach to the ÖVP's traditional coalition partner, the SPÖ, and to Austria's neo-corporatist system of social partnership. Above all, however, it required a willingness to countenance the hitherto excluded option of a coalition with Haider's FPÖ. Governing with a party that had since 1986 been pursuing right-wing populist vote maximization was highly controversial at home and abroad. Schüssel's greatest challenge, however, was managing the consequences of the decision he made to pursue his policy and office goals in a coalition with the FPÖ. The twin tasks he faced were governing with such an unpredictable partner and dealing with the tensions caused by it within his own party. This analysis of how he dealt with these internal and external pressures will be subdivided into three sections: the years leading up to the formation of Schüssel's first government on 4 February 2000, the lifetime of that administration and the second Schüssel government, which lasted from 28 February 2003 until 11 January 2007.

## PREPARING TO BREAK THE MOULD: 1995-1999

### Internal constraints and external preferences

In 1986, the ÖVP garnered an historic low of 41.3% of the national vote and at the elections of October 1990 and 1994 that dropped even further – to 32.1% and 27.7% respectively – leaving the ÖVP just five points above the FPÖ. According to Janda (1990: 5), electoral defeat is the ‘mother of party change’, but the ÖVP failed to respond to any of these losses with significant organizational reform, limiting itself instead to criticizing frequently and then replacing its chairmen. Successive ÖVP leaders had been aware that the party’s peculiar internal structure severely constrained its capacity to respond to the rapidly changing political environment and thus undermined the national party’s potential to realize two of the main goals pursued by political parties, namely, vote maximization and office (Müller and Strøm 1999). The main stumbling block to extensive organizational reform has been the entrenched power of the three functional Leagues that have together always not only provided the overwhelming majority of the ÖVP’s indirect membership, but also been closely linked to Austria’s extensive system of social partnership: the Austrian Farmers League (*Österreichischer Bauernbund*, or ÖBB), the Austrian Business League (*Österreichischer Wirtschaftsbund* or ÖWB) and the Austrian Workers and Employees League (*Österreichischer Arbeiter- und Angestelltenbund*, or ÖAAB) (Müller 1994; Luther 1999). As Müller and Steininger (1994) have argued by reference to Tsebelis’ nested games theory, from the perspective of the leaders of the Leagues, it was rational to resist organizational reform. For one, it threatened their intra-party office and power. Moreover, the Leagues were motivated above all by policy goals, which could be pursued via Austria’s neo-corporatist channel of decision-making, even in conditions such as those that existed from 1970 to 1987, when the party was excluded from national office, let alone when it was the junior coalition partner.

As incoming ÖVP leader, Schüssel had a greater incentive to revive the ÖVP's national vote and regain the chancellorship. His policy priorities included European integration, as well as privatization of state enterprises and a considerable liberalization of Austria's economy (no doubt shaped by having been the ÖWB's General Secretary from 1975-1991). Given that major organizational reform of the ÖVP was not an option, Schüssel's maximization of his policy, vote and office goals relied mainly on altering the party's external relations. He had two main strategic alternatives and until 1999 sought to keep both open. The first was heading up an ÖVP-SPÖ coalition. Even assuming the requisite electoral plurality could be won, this was unlikely to deliver fully Schüssel's economic policy preferences because they were not shared by the SPÖ and would probably also be undermined by the policy and procedural constraints of social partnership. A second alternative was forming a government with Haider's FPÖ, again on the basis of a plurality of votes. This appears initially not to have been his preferred option. Although the FPÖ had long opposed social partnership, it was markedly Euroskeptic and considered by many both within and without the ÖVP to be not only an unreliable, opposition-oriented partner, but also beyond the political pale, not least in view of its xenophobia and relativization of Austria's Nazi past.

Yet the ÖVP was never uniformly opposed to governing with the FPÖ. This had from the outset been favoured by former ÖAAB leader Alois Mock, for example, who had led the ÖVP from 1979 to 1989, and was probably opposed most consistently by the influential ÖBB. A coalition with the FPÖ was most clearly ruled out during the leadership of Schüssel's predecessor, Erhard Busek, which commenced a fortnight after Haider's reference of 13 June 1991 to the "orderly employment policy of the Third Reich", as a result of which Haider was forced to resign the governorship of Carinthia. Shortly after Schüssel became chairman, his conservative competitor for the leadership and subsequent close ally, ÖAAB member Andreas Khol (1996: 201), characterized the FPÖ as "beyond the constitutional

arch” (*außerhalb des Verfassungsbogens*).<sup>2</sup> Yet behind the scenes there were numerous tentative discussions between (intermediaries of) the two parties about possible co-operation and even occasional direct meetings between Schüssel and Haider.<sup>3</sup> For its part, the FPÖ had shortly after the 1994 election secretly decided that if it were to obtain sufficient votes at the next general election (scheduled for 1998), it would seek to enter government. It therefore welcomed Busek’s departure and started to take steps to make itself appear to be a credible governing party. In August 1995, for example, Haider publically rejected nostalgic Pan-Germanism (*Deuschtümelei*)<sup>4</sup> and for the first time in ten years, the FPÖ started to develop detailed position papers not only on immigration, but also, for example, on savings, taxation, industrial and pensions policy.<sup>5</sup>

### **Schüssel’s first attempt at the chancellorship**

Within months of becoming party leader and vice-chancellor, Schüssel started adopting a more confrontational line vis-à-vis the SPÖ. With the ÖVP now ahead in the polls, in October 1995 he refused to compromise on his proposed spending cuts and forced a premature election. It appears Schüssel’s preference was to use the ÖVP’s predicted plurality to assume the chancellorship in a coalition with the SPÖ. In a departure from the post-1986 consensus, however, he refused to rule out a coalition with the FPÖ. The SPÖ’s highlighting of that possibility and its claims that Schüssel planned to cut pensions helped ensure that, whilst the ÖVP’s vote rose marginally (to 28.3%) at the election of 17 December, the SPÖ’s grew by three percentage points (to 38.1%). Assuming he could have wrested the role of government *formateur* from the SPÖ (as he was to do after the 1999 election), Schüssel could again theoretically have formed a government with the FPÖ. Such a mould-breaking coalition still lacked political viability, however. Rather than increasing the ÖVP-FPÖ parliamentary majority from five to the hoped-for ten, the election has decreased it to three. The FPÖ had slipped from 22.5% to 21.9% and as yet had made little progress with its new strategy of

presenting itself as a credible governing party. Schüssel's toying with an FPÖ coalition had also alienated significant numbers of ÖVP partisans and many party functionaries, with the result that he could not be sure of the requisite intra-party support.

### **Snatching victory from the jaws of defeat**

Once the SPÖ-ÖVP coalition had been reconstituted on 12 March 1996, Schüssel persisted with a two-pronged strategy towards the FPÖ. On the one hand, he continued quietly to encourage it to make changes that would reduce intra-ÖVP resistance to a possible coalition. The FPÖ duly adopted a number of market-oriented economic and fiscal policies. These were reasserted in its 1997 new program, where this traditionally anti-clerical party also stated “[t]he preservation of the intellectual foundations of the West necessitates a Christianity that defends its values” and maintained it was “an ideal partner of the Christian churches”.<sup>6</sup> This went down especially well with the Catholic-conservative wing of the ÖVP, with which Khol had long been associated. On the other hand, normal competition was maintained. This included attacking the FPÖ *inter alia* for its Euroskepticism and demagoguery, as well as trying to undermine its capacity to win votes on the immigration issue by supporting the 1997 Integration Package and the 1998 Naturalization Act, which tightened up policy in this area. Yet the FPÖ continued to gain votes, whilst the ÖVP suffered numerous losses.<sup>7</sup>

Schüssel's leadership predictably came under internal pressure, but there was no clear alternative. Most in the ÖVP attributed the party's ongoing electoral decline in large measure to its junior coalition status and deeply resented both this and the SPÖ's alleged high-handedness. Indeed, in early 1997 an incandescent ÖVP nearly terminated the coalition after SPÖ Finance Minister Viktor Klima approved not only the government-agreed privatization of the SPÖ-dominated Bank Austria, but also the latter's takeover of the ÖVP-dominated Creditanstalt. A few internal voices maintained that the only way out of the SPÖ's politically damaging embrace was co-operation with the FPÖ, which would, they argued, demystify it



and thus undercut its electoral support. Yet most continued to regard the FPÖ as uncoalitionable and saw no alternative to playing second fiddle to the SPÖ as long as the ÖVP remained behind it in the polls. Until that changed, Schüssel clearly had no incentive to precipitate premature elections again. Instead, he continued to seek to enhance his party's programmatic distinctiveness *vis-à-vis* the SPÖ. The ÖVP increased its emphasis on neo-liberal economic policy and budget consolidation, confronted SPÖ-oriented labour organizations and even challenged Austria's foreign policy consensus by questioning the continued relevance of neutrality. Schüssel also sought to capitalize politically on the role his position as foreign minister gave him during Austria's first European Union Presidency (July to December 1998).

At the election of 3 October 1999, the SPÖ lost 5% of the vote but remained the strongest party (33.2%). The FPÖ leapt to 26.9%, whilst the ÖVP not only recorded another historic low (26.9%), but for the first time ever came third, albeit by only 415 votes. After the opinion September polls predicted an even worse result, Schüssel sought to rally ÖVP voters by stating that were the party to come third, he would lead it into opposition.<sup>8</sup> Instead, he now pursued tactics that were so crucial in making his reputation as a shrewd and ruthless can-do politician, capable of snatching victory from the jaws of defeat, that it is worth detailing them here.

Notwithstanding the ÖVP's calamitous result, Schüssel had opportunities he could exploit. Internally, a shell-shocked ÖVP was divided over its response. Externally, the SPÖ was constrained by its self-imposed injunction against collaborating with the FPÖ, whilst Schüssel was willing to do so and there had already been behind-the-scenes discussions between the two parties. The political initiative was not Schüssel's, however, but the SPÖ's, which was the party entrusted with the task of forming a government. The ensuing 124 days constituted the second-longest period of coalition-building in the Second Republic's history.<sup>9</sup>

For two months, Schüssel openly engaged in exploratory talks with both parties. Though he had no intention of allowing the ÖVP to go into opposition, he had at that stage not identified his preferred coalition even to some of his closest allies<sup>10</sup>. Uncertainty regarding his intentions only strengthened his position *vis-à-vis* his interlocutors. On 13 December Schüssel obtained a unanimous party executive decision to replace his pre-election “irrevocable” commitment to opposition with an agreement to enter coalition negotiations with the SPÖ whilst keeping all options open.<sup>11</sup> The same day, the FPÖ executive committee decided the FPÖ would in the coming weeks compile its own government program. By then, ÖVP-FPÖ negotiations were apparently quite advanced.<sup>12</sup> As in 1995, Haider gave a public declaration designed to assuage those convinced his attitude regarding the Nazi past made his party unfit to govern,<sup>13</sup> and the FPÖ released documents seeking to demonstrate it had a credible policy agenda.<sup>14</sup> Formal SPÖ/ÖVP negotiations started on 17 December and though both parties agreed to keep them confidential, enough points of contention leaked out to ensure that by early January 2000 intra-ÖVP opposition to renewing a coalition with the SPÖ grew, *inter alia* from the leaders of the provincial parties of Styria, Burgenland, and Lower Austria, but also from the ÖWB and ÖAAB. Many supported the option of going into opposition and allowing the SPÖ to form a minority government, but some (including the ÖAAB and the Styrian branch) were openly advocating an ÖVP-FPÖ coalition. Others (including the Viennese, Tyrolean, and Upper Austrian parties, as well as most of the ÖBB) were still opposed to that option, and there were even murmurings that if such a government were formed, the ÖVP might split.

Schüssel needed to be seen as giving serious consideration to a coalition with the SPÖ and on 16 January obtained the approval of the leaders of the Leagues and of the provincial parties for him to complete the negotiations, the draft agreement of which was approved on 17 January by the SPÖ executive committee. At the last minute, however, he made a series of

policy, portfolio and procedural demands of the SPÖ, almost certainly knowing it would be unable to accept them. On 21 January, the negotiations duly collapsed. Despite having no presidential mandate to do so, on 24 January Schüssel announced he and Haider would be commencing coalition negotiations. On 1 February, the day after the Portuguese EU Presidency's publication of a threat to impose diplomatic sanctions should the FPÖ enter government, the two parties revealed they had reached agreement. Extremely important for Schüssel's chances of overcoming internal resistance to collaborating with the FPÖ was that the ÖVP was to regain the chancellorship and Haider would not enter the government.<sup>15</sup>

Viewed as a whole, Schüssel's post-election behaviour lends weight to the hypothesis that he had by December at the latest decided upon governmental collaboration with the FPÖ. That would imply that his brinkmanship vis-à-vis the SPÖ was designed above all to help overcome internal resistance to that decision. Externally, it served to present the SPÖ and President Klestil with a *fait accompli*. These events also illustrate well two of Schüssel's main leadership strengths, namely, his capacity to utilize environmental crises to achieve his policy and office goals and his willingness to employ high-risk tactics to secure them, even in the face of internal and external resistance.

### **THE FIRST SCHÜSSEL GOVERNMENT (2000-2003)**

With his government sworn in on 4 February 2000, Schüssel had achieved his pre-eminent office goal and now needed to manage the ÖVP's internal and external relations in a manner that consolidated his position and realized his policy objectives. That task appeared to have been complicated by the unforeseen international sanctions against the new government. At Klestil's insistence, Schüssel and Haider had on 3 February signed a preamble to their government program, committing themselves *inter alia* to European Union membership and to principles of tolerance, but this could neither avert the sanctions, nor prevent them galvanizing mass anti-government demonstrations in Vienna and elsewhere.

### Internal relations

The ÖVP was delighted at having regained the chancellorship and relegated the SPÖ to the opposition for only the second time since 1945. Yet there was also near universal dismay amongst ÖVP activists that their party – which they regarded as the embodiment of pro-European sentiment and governmental responsibility – was being reviled internationally for having facilitated right-wing extremist entryism. A significant proportion of the party still regarded collaborating with the FPÖ as anathema and was unconvinced this coalition could either reverse the ÖVP's electoral decline, or realize its various policy preferences. In the event, Schüssel's determination to face down the sanctions and his call for a closing of ranks (*Schulterschluss*) against allegedly unjustified external intervention into Austria's domestic affairs stymied the intra-party criticism he had always expected he would face. Moreover, the lifting of the sanctions in September 2000 and the ÖVP's spectacular eleven percentage point gain at October's Styrian Landtag elections appeared to vindicate his position. To be sure, internal distaste at collaboration with the FPÖ persisted throughout both Schüssel governments, but he had survived the crucial first few months.

More was, of course, needed to secure long-term support in a party that has always been extremely decentralized, with resource distribution weighted in favour of the Leagues and (to a lesser extent) the provincial parties.<sup>16</sup> First, Schüssel needed to ensure an equitable representation of the Leagues in the key party and governmental posts at his disposal. He was himself identified with the ÖWB and throughout his chancellorship had two key ÖWB confidants: Waltraud Klasnic, who was from 1996 to 2005 governor of Styria and leader of the Styrian party, and Martin Bartenstein, his economics minister and since 1992 Styria's deputy party leader.<sup>17</sup> The requisite ÖAAB incorporation was undertaken *inter alia* by giving the caucus leadership and the position of third president of the parliament to two of its senior members.<sup>18</sup> Former ÖBB Director Wilhelm Molterer retained the Agriculture Ministry, and

Maria Rauch-Kallat, leader since 1988 of the Women's League, was appointed the ÖVP's general secretary. Second, as the ÖVP's politically most sensitive internal decisions typically require ratification by the party executive, membership of which comprises mainly ex-officio rather than elected representatives and is thus not within the leader's gift, Schüssel invested considerable effort in networking designed to ensure these bodies returned the decisions he wished. He maintained close contacts with key provincial party actors, chief amongst whom was Erwin Pröll, governor of Lower Austria and leader of its mighty provincial party, who had initially opposed collaborating with the FPÖ. Moreover, Schüssel made sure the key component elements of the party were linked to the ÖVP's informal decision-making systems. Foremost amongst these was his "kitchen cabinet". Its regular Monday meetings made day-to-day decisions on government business and ensured a two-way information flow with the Leagues, not least through the caucus, the internal organization of which is based around League membership. The kitchen cabinet embraced Schüssel's two deputies (one each from the ÖBB and ÖAAB)<sup>19</sup> and caucus leader Khol, who were all close confidants, as well as the general secretary.

Last but by no means least, Schüssel used such communication channels to convince in particular the Leagues of the benefits provided to them by the coalition. Individual functionaries and activists benefited from selective incentives such as the provision of positions, but also from the solidary incentive of belonging to the chancellor party. Moreover, whilst the pragmatic policy prioritization of the Leagues had hitherto conflicted with Schüssel's greater emphasis upon vote maximization and office holding, they now mainly worked to his advantage. At the risk of oversimplification, internal support was secured above all by the provision of collective or policy incentives, though the disparate material interests of the Leagues meant Schüssel could not satisfy all of them equally. The greatest support came from the ÖWB, which was enamoured of the government's emphasis on neo-

liberalism, privatization and achieving a zero budget deficit. Big business in particular welcomed the coalition's willingness not only to ignore the wishes of the social partners – which the ÖWB had long held to constitute an unacceptable break on necessary reforms – but also to overrule them, not least since this meant reducing the power of organized labour (Tálos 2006). Collective incentives – in the form of a more generous subsidy regime – were also provided for the ÖBB, which, despite its initial opposition to collaborating with the FPÖ was soon on board.

The situation with the ÖAAB was more difficult. Soon after taking office, the government started ruthlessly to sideline or remove as many SPÖ partisans as it could from positions in the state bureaucracy, as well as in (privatized) state enterprises and other para-state organizations (e.g. the Austrian Federal Railways, and the Austrian Highways Agency, ASFINAG). Whilst some such positions went to FPÖ partisans, the majority were available for those of the ÖVP, many of whom were ÖAAB members. For the ÖAAB as a whole, however, such selective incentives were cancelled out by negative consequences of the government's neo-liberal policies and its pursuit of civil service reform for workers and salaried employees. Both led to job losses and resentment from within the ÖAAB's ranks at what was considered the prioritization of the interests of capital over those of labour. Though these were policies to which Schüssel was personally committed, it appears he used the fact that the relevant portfolios were held by FPÖ ministries to try to deflect some of the ÖAAB's criticism onto his coalition partner, claiming that maintaining the coalition for which the ÖAAB had long argued required certain policy sacrifices.<sup>20</sup> For now, Schüssel appeared able to keep the ÖAAB more-or-less on side.

### **External relations<sup>21</sup>**

The formation and actions of the ÖVP/FPÖ coalition led to a significant polarization of Austrian politics. The ÖVP's relationship with the SPÖ was considerably worse than it had

ever been. The SPÖ still considered the FPÖ beyond the political pale and could not forgive Schüssel for how he had outmanoeuvred the SPÖ to take the chancellorship, to which it felt entitled as the electorally strongest party. Moreover, in pursuit of its neo-liberal policy agenda, but also in order to extend its political power, the coalition rode roughshod over Austrian social partnership and systematically sought to eradicate as much SPÖ influence as possible from the civil service and state-controlled economy. Though the international sanctions initially complicated aspects of day-to-day government business (especially when it pertained to foreign affairs), their broader impact was to undermine the opposition parties. Their failure to denounce them permitted Schüssel to accuse them of national disloyalty and to bind the coalition parties closer together. Indeed, Schüssel demonstrated his defiant commitment to the coalition by regular joint appearances with FPÖ Vice-Chancellor Susanne Riess-Passer.

On paper, the coalition partners appeared fairly evenly matched. The ÖVP held the ministries of Foreign Affairs, Education, Internal Affairs, Agriculture, and Economics and Labor. The FPÖ's portfolios included those of Finance, Justice, Defence, Social Affairs and Transport. Yet it very soon became clear to Schüssel that the FPÖ's ministerial team was of markedly uneven quality. Within a month, the Justice Minister resigned, and in October 2000 the widely-ridiculed Minister of Social Affairs had to be replaced. Four months later the Minister for Transport resigned and his replacement only lasted 13 months. This quick turnover appeared to vindicate critics' assertions that the FPÖ was unfit to govern and it created public relations problems for Schüssel. Within the coalition, however, it strengthened the ÖVP's position, bearing out Schüssel's expectation that the FPÖ would turn out to be the less effective governing party. The ÖVP had served in government for the preceding fourteen years, and its ministers (barring the interior minister) were able to capitalize upon considerable levels of civil service support. By contrast, not one FPÖ minister had a prior

record of holding national executive office and – with the partial exception of the ministers of Defence and Finance – all found themselves in charge of ministries staffed by civil servants amongst whom the number of FPÖ partisans was vanishingly small. Furthermore, the ÖVP could draw on the policy expertise of their Leagues and the social partnership institutions with which they were associated, but the FPÖ had no access to such support for policy development and implementation.

As stipulated in the coalition agreement, the ultimate forum for coordinating relations between the governing parties was the coalition committee. It was here that Schüssel had intended government strategy be harmonized and the politically most sensitive decisions made, since Haider's membership would ensure he share governmental responsibility despite not being a minister himself. However, Haider frequently absented himself from meetings at which unpopular decisions were scheduled to be made and in February 2002 finally left the committee altogether. Notwithstanding the fact that Riess-Passer had in May 2000 formally taken over the FPÖ's leadership from Haider, the latter remained its *de facto* leader. Schüssel's inability to bind Haider within the coalition committee made it very difficult for Schüssel to identify and maintain a consistent coalition line. The main venues for coalition co-ordination were now the well-established weekly pre-cabinet meetings between him and the vice-chancellor and the broader preparatory meeting (*Ministerratsvorbesprechung*) including all government ministers and the caucus leaders that convened shortly thereafter. In general, these coordination mechanisms operated in quite a businesslike and efficient manner, and Schüssel made considerable efforts to lavish praise upon the performance of Riess-Passer and the telegenic Karl-Heinz Grasser, neither of whom were associated with the FPÖ's more right-wing radical elements.

Whether by accident or design, this increased the gap between the FPÖ government team on the one hand and Haider and the wider FPÖ on the other. In part, that distance was a function



of the fact that only about half the FPÖ ministers were well-rooted in their party and some were not even party members. Yet there were more fundamental problems. For one, the FPÖ never fully mastered the transition from a party of populist vote maximization to one of governmental responsibility (Luther 2003). The basic orientation of most grassroots functionaries and even of some Members of Parliament (MPs) was oppositional and many were thus unwilling to accept the exigencies of incumbency. Accordingly, once the discipline of the international sanctions was gone and Haider himself started to vacillate between supporting and attacking the government, they too felt free to voice their dissatisfaction. Second, there were significant policy differences between Schüssel and the FPÖ. To be sure, there was complete agreement on matters such as a fixed child payment for all parents (the co-called children's check), the extension of employee redundancy rights and circumventing neo-corporatist decision-making. One area of conflict concerned EU enlargement. However, the main disagreement (both within the FPÖ and between it and the ÖVP) was over the government's economic policy and in particular over what many considered Schüssel's excessive pursuit of a zero budget deficit. Though this necessarily also became closely identified with Grasser, it was never wholeheartedly endorsed by the FPÖ. Indeed, this dispute highlighted the extent to which the FPÖ had – in the interests of coalescing with the ÖVP – adopted a number of neo-liberal policies fundamentally at odds with other elements of its programmatic profile, including its emphasis on social policy and tax reform designed to defend the “small man”. As economic growth declined, unemployment increased and the government's tax take rose to an all-time high (in part to secure the zero deficit via increased taxation rather than via spending cuts), these tensions become more acute.

The upshot of such policy differences and the FPÖ's deep internal divisions over the switch from protest to incumbency was that Schüssel was confronted by a seemingly unending series of coalition crises. The tactics he used to deal with them included largely ignoring both the

FPÖ's dissenting voices and the acts of political provocation by Haider and others in the FPÖ.<sup>22</sup> This response caused critics of the coalition to describe him as a "silent chancellor" (*Schweigekanzler*), who chose to close his eyes to the predictable consequences of his decision to collaborate with a right-wing populist party. It also frustrated Haider, who felt increasingly sidelined, and further alienated many FPÖ dissidents, for whom Schüssel's unwillingness to compromise on in particular his economic policy priorities appeared high-handed.

Matters came to a head in the summer of 2002 in the so-called "Knittelfeld crisis" (Luther 2003a), named after a Styrian town in which FPÖ grassroots functionaries staged a revolt against their ministers. The catalyst was the government's insistence on sticking to the zero deficit goal and delaying the planned tax reforms intended to reduce the burden of taxation on the middle classes, whilst simultaneously confirming the purchase of an expensive new generation of interceptor jets. Disavowed in this way, Riess-Passer and her cabinet team resigned, whereupon Schüssel promptly terminated the coalition.

At the elections of 24 November 2002, the SPÖ made a modest recovery (to 36.5%) and the Greens also increased their vote share (from 7.4% to 9.5%). The greatest beneficiary by far of the FPÖ's catastrophic fall to merely 10% of the vote was Schüssel's ÖVP. Its 42.3% share constituted the largest percentage increase ever enjoyed by an Austrian party and was the ÖVP's best result since 1983. This significantly enhanced the reputation as an astute political operator that Schüssel had acquired after the 1999 election (see above), not least within the euphoric ÖVP. For one, the FPÖ's self-destruction that had triggered the election was regarded by many as a testament to the efficacy of Schüssel's strategy of bringing the FPÖ into governmental responsibility. It had also brought about the ÖVP's long-awaited electoral revival. Moreover, the fact that the ÖVP had managed to win over approximately half of the FPÖ's 1999 voters was attributed in large measure to Schüssel's election campaign, one of

the apparently most successful elements of which was the co-called “Grasser coup”, i.e. his persuading Grasser to agree serve as a non-partisan minister in the government Schüssel hoped to form after the election.<sup>23</sup>

## **THE SECOND SCHÜSSEL GOVERNMENT (2003-2007)**

### **Coalition building**

The 2002 election had fundamentally transformed Schüssel’s external position. As leader of the largest party he was now in the driving seat of the coalition-building process, was guaranteed the chancellorship, and could in principle form a majority government with any of the three other parties. Internally, he had been greatly strengthened by the scale of the party’s victory, but again faced strongly divergent coalition preferences. Schüssel was committed to continuing to break the mould of consensual politics, which implied renewed collaboration with the FPÖ. However, its conduct in the outgoing administration had re-invigorated internal support for a coalition with the SPÖ. This included the leaders of the two largest provincial parties (Josef Pühringer of Upper Austria and Pröll of Lower Austria), as well as ÖWB President Leitl. They were supported externally by President Klestil and by the social partners, who wanted neo-corporatist consensualism restored. Schüssel’s need to balance internal and external considerations helps explain why the coalition-building process was again unusually long.<sup>24</sup> In public, he once more kept all options open, but a coalition with the SPÖ was never likely. The last negotiations had left a legacy of very bad blood, and the parties shared virtually no substantive agreement, especially on economic and social policy.<sup>25</sup> Moreover, an ÖVP-SPÖ coalition implied reviving the consensual social partnership structures and would also require the greatest portfolio concessions. Though on 21 January 2003 the SPÖ’s executive committee voted in favour of formal coalition negotiations, these thus never materialized.

Whilst many had foreseen this outcome, Schüssel retained his capacity to surprise, offering exploratory talks to the Greens, derided in the ÖVP's campaign as irresponsible lefties. Despite their unpreparedness and post-election commitment to stay in opposition, the Greens attended. On 13 December, their executive approved the talks' continuation and on 5 February sanctioned formal negotiations.<sup>26</sup> They ultimately failed (on 16 February), however, *inter alia* because of differences on social, pension, education, defence and traffic policy. An ÖVP-Green coalition had always been unlikely and vehemently opposed by ÖVP conservatives, including the ÖBB. Some have suggested Schüssel entered negotiations for tactical reasons, including to put pressure on other negotiation partners, to be seen as having explored even the most unlikely options before again collaborating with the FPÖ, or to set a marker for potential future co-operation. Yet insider reports suggest the negotiations were serious.<sup>27</sup> Moreover, it is worth noting they were welcomed by many of the ÖVP's young and educated urban members, for whom an ÖVP-Green coalition offered the potential for an intellectually attractive alternative to renewed collaboration with the FPÖ.

The latter is what eventually emerged, however. As early as 25 November, the FPÖ executive had voted in support of reviving the coalition, and at initial soundings on 5 December the FPÖ immediately indicated a willingness to make major policy concessions. On 20 December, the ÖVP supported the FPÖ candidate's election as Third President of Parliament, and on 28 January, the FPÖ caucus for its part supported the ÖVP's provisional budget. Five days after the ÖVP-Green negotiation failed, the FPÖ's executive committee voted for formal negotiations with the ÖVP. These were successfully completed within a week, and the new government was installed on 28 February 2003.

### **Internal relations**

Internal resistance to again collaborating with the FPÖ had persisted. Even at the party executive meeting of 20 February approving Schüssel's proposal to enter formal negotiations

with the FPÖ, for example, Pröll and Pühringer voted against, whilst Leitl and Tyrolean party leader Herwig von Staa abstained. Schüssel's distribution of the ÖVP's cabinet ministries hinted that he wished to build internal bridges. Tyrolean ÖAAB leader Günther Platter became defence minister and Josef Pröll, nephew of the Lower Austrian governor and since 2001 director of the ÖBB, became minister of agriculture. However, these developments also indicate how the 2002 election had enhanced Schüssel's intra-party authority. Despite objections, the Finance Ministry went to Grassler, who had resigned from the FPÖ and was now wholly dependent on Schüssel. Schüssel's confidants Gehrler and Bartenstein remained in post, as did Foreign Minister Benita Ferrero-Waldner, a faithful Schüssel lieutenant.<sup>28</sup> Rauch-Kallat, who had loyally served Schüssel as general secretary, was promoted to health minister. The new general secretary was Styrian Reinhold Lopatka, who had won his national spurs as the aggressive manager of the 2002 election campaign, whilst Schüssel loyalist Molterer now chaired the caucus. Molterer played a key role in the party's informal internal communication and decision-making networks, including the kitchen cabinet. Yet the flow of communication between the ÖVP's government team and the party's constituent units was to be more top-down than it had been hitherto. In sum, Schüssel enjoyed greater personal political control over the ÖVP's now enlarged ministerial team and appeared less willing to allow his policy preferences to be constrained by the party.

Schüssel's determination that his new government push forward his neo-liberal agenda was welcomed by the ÖWB, which supported his spending cuts, tightening of unemployment benefit rules and instituting privatization and reform programs, not least when they pertained to SPÖ spheres of influence such as the nationalized industries (VOEST) and the Austrian Federal Railways. Yet there was also unhappiness in some parts of the ÖVP about the consequences of the government's confrontational style. These included the unusual sight of industrial unrest in response to the coalition's 2003 proposals regarding the railways and

pensions reform. Indeed, within two months of the government's formation, Leitl (acting as president of the Austrian Chamber of Commerce) joined with the SPÖ-oriented Trades Union Federation – a fellow social partner institution – to call for the government's pensions reform proposals to be withdrawn. The ÖVP/FPÖ government's relentless neo-liberal emphasis increasingly brought Schüssel into conflict with the ÖAAB, the leadership of which has always overlapped with the civil service union. The ÖAAB was in the vanguard of protests against the 2003 and 2004 pensions reform bills. It obtained some modifications, but remained convinced its interests were under attack.

Schüssel also faced internal dissatisfaction from provincial parties. After an 8.4% gain in the Lower Austrian *Landtag* elections of March 2003 (which benefited Governor Pröll), the electoral trend changed markedly. The FPÖ's ever more rapidly declining vote increasingly benefited the SPÖ rather than the ÖVP. In September 2003, for example, the Upper Austrian ÖVP saw its vote increase by 0.7%, whilst that of the SPÖ soared by 11.3%. It attributed the scale of its defeat largely to the government's aggressive stance in respect of its controversial pensions reform proposals, which had dominated Austrian politics during the preceding months, and to the announcement just weeks before the election of the contentious proposed privatization of the VOEST. Politically, the most painful consequences of analogous defeats at many other elections<sup>29</sup> were the losses of the governorships of Salzburg and Styria, which left the ÖVP with only four (of nine), the lowest share in its history. Such results contributed significantly to one of the main intra-party trends in Schüssel's second government, namely a growing distance between the chancellor and his party. There was a perception on the ground that he had become out of touch and was exhibiting a lack of concern about the negative impact of his government's policies and confrontational style on provincial parties' political fortunes. Inextricably linked with this was his chosen coalition partner, which was again proving unreliable, lacking in competence and prone to public pronouncements that were

highly embarrassing. Indeed, one national-level ÖVP functionary maintains that frustration at the ongoing problems with the FPÖ “was the main motor of intra-party dissatisfaction within the coalition ... and was present until the very end ... by which time nobody wanted ... this coalition partner ... anymore”.<sup>30</sup>

There are two main reasons why internal dissatisfaction did not generate a challenge to Schüssel’s leadership. First, his government continued to provide incentives to key intra-party power brokers. In particular, it was still delivering on the policy preferences of two of the three Leagues (the ÖWB and ÖBB), who thus had no interest in risking internal change. Second, he had acquired a reputation as a formidable political operator, which meant that notwithstanding the ÖVP’s string of electoral defeats and the fact that from 2003 until March 2006 it was consistently behind the SPÖ in the polls, there was a belief Schüssel would somehow again be able to pull the political chestnuts out of the fire. The ÖVP’s underestimation of the SPÖ threat was based, in part, on a disdain for SPÖ leader Alfred Gusenbauer, but also on a hope that the expected economic revival would come in time for the election of autumn 2006. In early 2006, unemployment did indeed start to decline, and when a major financial scandal centred on the bank of the SPÖ-oriented Austrian Trade Union Federation (BAWAG) broke in March, it appeared the ÖVP would get its last-minute reprieve.

Yet to the surprise of most ÖVP supporters, the party lost the 2006 election and with it the chancellorship. Schüssel soon resigned the chairmanship in favour of Molterer, but rather than withdrawing from politics, he assumed the latter’s position as caucus chair. This fuelled speculation that notwithstanding the party’s electoral defeat, parliamentary arithmetic and the FPÖ’s oppositional orientation, he might yet attempt a political comeback. This was unlikely to be successful, however. His second government’s problems collaborating with Austria’s right-wing populists strengthened those within the party favouring a return to grand coalition

government, a goal achieved in 2007. Molterer's gamble of July 2008 to precipitate early elections with a view to regaining an ÖVP plurality failed to pay off at the election of 28 September 2008. The ÖVP leadership then passed to Josef Pröll, whose strategy was to resume a more consensual line and form a coalition with the SPÖ. The pragmatic Leagues were thus again able to obtain policy objectives via the re-instituted system of social partnership, and the ÖVP's stasis-inclined structure once again militated against internal change.

### **External relations**

Schüssel entered his second administration from a position of strength that one might assume would permit him to dominate the ÖVP's external relations. The cabinet over which he presided included eight ÖVP nominees, but merely three FPÖ ministers. In the coalition agreement, the FPÖ had effectively capitulated on all the issues that had been the subject of its internal "Knittelfeld rebellion" (including EU enlargement, delayed tax reform and budget consolidation) and had signed up to what amounted to an acceleration of Schüssel's neo-liberal policy preferences. Moreover, Schüssel's potential to force through that agenda appeared to have been enhanced by the scale of his party's electoral victory, which in turn reinforced his determination not to be constrained by Austria's consensual extra-parliamentary system of social partnership.

Yet even at the outset, there were signs that governing with the FPÖ might again prove challenging. For one, Riess-Passer's resignation of the FPÖ leadership had left the party rudderless. Haider having refused to step up to the plate, there were three interim leaders before a party congress of 12 December 2002 confirmed provisional leader Herbert Haupt, the outgoing social affairs minister. Though uncontested, he could only muster 87.8% of the delegate vote. A related second sign of the problems to come was the FPÖ's disunity over re-entering government. November's caucus vote for entering coalition negotiations had been



unanimous, but support amongst grassroots members remained weak. At the party executive meeting of 28 February approving the coalition agreement, two members had voted against the proposal. More ominously, the FPÖ leadership felt unable to accede to internal pressure for an extraordinary party conference to ratify the agreement and left this to a meeting of the party directorate. Only 119 of the 240 members attended and of these, 11 voted against. Third, Haider was even less tied into the coalition than before. Having refused to resume the party leadership, he had declared (albeit neither for the first nor the last time) his irrevocable intention to withdraw from national politics. He had thus not participated in the coalition negotiations and remained a potent and potentially disruptive force within the FPÖ.

The FPÖ grassroots' populist orientation and hostility to much of the government's agenda endured throughout Schüssel's administration and were manifested in numerous policy fields. How they were to impact on Schüssel's management of the coalition was well illustrated in the government's very first major project: the 2003 pension reform. In late March, Schüssel obtained his coalition partner's agreement to a white paper submitted for public consultation. Within days, Haupt had felt obliged to respond to the enormous backlash from within the FPÖ by proposing (without prior consultation with Schüssel) that the reform be subjected to a popular referendum. Schüssel managed on 29 April to get the bill through cabinet (where, as with all cabinet decisions, it required unanimous support), but at a subsequent meeting of the FPÖ executive, four of the nine provincial party leaders rejected it. Haupt then called on President Klestil (with whom Schüssel's relations had long been poor) to host a roundtable comprising the government and social partners to hammer out a compromise. It was unsuccessful, but after a number of additional meetings, many hosted by Schüssel in the Federal Chancellery, the cabinet passed its final draft pension bill on 4 June. This was approved by the parliamentary budget committee with the votes of the FPÖ and ÖVP, yet the very next day, eight of the FPÖ's eighteen MPs declared they would not support the bill in

the plenary vote unless there were further reforms. Further compromises were found and the bill passed on 11 June, but the process had clearly demonstrated that Schüssel could not rely upon the FPÖ leadership to deliver the support of the wider party for coalition policy.

Following another case of poor intra-coalition liaison in September 2003 (this time in connection with the proposed VOEST privatization) and the FPÖ's disastrous showing at that month's elections in Tyrol and Lower Austria (-11.6% and -11.6% respectively), the FPÖ replaced its coalition coordinator. Haupt also symbolically terminated his regular post-cabinet press conference appearance alongside Schüssel. Such symbolic responses could not resolve the FPÖ's four fundamental and interrelated structural problems, which together greatly complicated Schüssel's management of coalition relations. First, the 2002 Knittelfeld crisis had caused many of the more pragmatic elements of the FPÖ to leave the party and protest-orientated elements were now being further strengthened by a succession of very poor election results.<sup>31</sup> Second, the FPÖ did not have a clearly identifiable and effective national leadership with whom Schüssel could negotiate. From the outset, Haupt was constantly under internal pressure, not least from Haider, who undermined him at every opportunity. Determined to resist pressure to resign, on 28 June 2003 Haupt engineered a vote of confidence in the party executive, but in October 2003 had to concede the appointment of an executive party leader. This was Haider's sister, Ursula Haubner, an Upper Austrian politician who on 3 July 2004 also replaced Haupt as leader (with only 79% of party congress delegate votes). Haubner reintegrated Haider into the national leadership, which gave Schüssel greater clarity over intra-party power relations, but Haider remained an unpredictable partner.

Third, the FPÖ's ministerial team was overall not well rooted in the party. The Justice Ministry initially remained in the hands of Dieter Böhmdorfer, Haider's personal lawyer, who was not a party member, and on 25 June 2004 passed to Karin Gastinger (née Miklautsch),

another Haider nominee and non-party member. The social affairs minister was the luckless Haupt, who on 26 January 2005 was replaced by Haubner and who in October 2003 had already had to forfeit the vice-chancellorship to Transport Minister Hubert Gorbach. The latter was a business-oriented pragmatist from the small Vorarlberg branch that was used to governing with the ÖVP and who was for many in the FPÖ's grassroots organization far too quiescent. Fourth, whilst members of the FPÖ's cabinet team were detached from the party's grassroots, FPÖ MPs were exposed to constant pressure from their provincial parties to reflect grassroots opposition to government policy. Schüssel had in place a body comprising the caucus leaders, their administrative directors, and the heads of the offices of the chancellor and vice-chancellor that was charged with ensuring the passage of agreed upon legislation. However, he could not be confident of his coalition partner's capacity to deliver the requisite parliamentary majorities.

It is, thus, understandable that he did not object when on 4 April 2005 (after secret prior consultation with him) Haider established the League for the Future of Austria (*Bündnis Zukunft Österreich*, or BZÖ). It immediately guaranteed the government's majority and was to ensure that for the remainder of the government's terms Schüssel could act as though he headed a single-party government. For one, the BZÖ's capacity to counter his policy priorities was undermined by the claim made at its foundation that its distinctiveness lay in governmental responsibility. Second, contrary to assurances Haider had given Schüssel, large parts of the FPÖ did not defect to the BZÖ, which in the polls was thereafter mainly just below the 4 per cent share of the vote necessary for parliamentary representation. Accordingly, Schüssel knew it could not afford to precipitate elections. For Schüssel's supporters, the BZÖ constituted the ultimate confirmation of his strategy of collaborating with Austria's right-wing populists, since it appeared to have separated the FPÖ's more pragmatic forces from its incorrigible protest elements.

Relations within the coalition were now much easier for Schüssel, but his longer-term prospects for maintaining his office and policy goals were less encouraging. The ÖVP remained behind the SPÖ in the polls and the BZÖ's electoral survival continued to be in doubt. Effectively ejected from governmental responsibility, the FPÖ had, by contrast, been freed to resume all-out populist vote maximization and by the summer of 2006 regained the albeit weak position it had enjoyed in the polls prior to the foundation of the BZÖ. Despite hopes that the BAWAG affair might rescue its fortunes, at the election of 1 October 2006, the ÖVP came second to the SPÖ (by 34.5 to 35.5%). The BZÖ scraped in on 4%, whilst the FPÖ obtained 11%, the same as the Greens.<sup>32</sup> ÖVP losses were greatest amongst workers alienated by policies such as the pensions reform. They were partly attributable to poor mobilization of the ÖVP's vote, especially where internal resentment against Schüssel had been greatest. Others criticized the ÖVP campaign's focus on the chancellor who, though respected as a fearsome strategist and tactician, was not popular. Moreover, the SPÖ had been successful in its three-year campaign to portray him as the embodiment of "social coldness", a label predicated upon the government's neo-liberal policies, but which his rather aloof style also did little to counter.

Between them, the ÖVP, FPÖ and BZÖ had a parliamentary majority (94 of 183 seats), but personal relations between the FPÖ and BZÖ ruled out this coalition combination, as did internal ÖVP opposition. Schüssel stayed on long enough as party leader to take charge of the ÖVP's coalition negotiation team. He faced in SPÖ *formateur* Gusenbauer someone as keen to be chancellor as he had been in 1999, but with only one politically realistic coalition option, namely an SPÖ-ÖVP government. Schüssel's reputation for unexpected coalition manoeuvring provided a tactical advantage in the coalition negotiations, in which he managed to achieve for the ÖVP an unexpectedly good outcome. Despite having lost the election, the party retained the Foreign Ministry and the key ministries of Finance and the

Interior, both traditionally held by the SPÖ in grand coalitions. Moreover, the coalition agreement did not contain any radical change to the ÖVP's neo-liberal policy agenda. On 11 January 2007, Gusenbauer replaced Schüssel as chancellor, but weakened from the start by the concession he had made in the coalition negotiations, he was to prove the Second Republic's shortest-lived incumbent.

## CONCLUSION

Schüssel can be regarded as a political entrepreneur motivated in particular by holding the highest political office and liberalizing economic policy. Unable to adapt the ÖVP's organization to his ends, his pursuit of these goals focused above all on altering the external constraints he faced. He had two major external options: replacing the SPÖ as the strongest party, or governing with the hitherto excluded right-wing populist FPÖ. He will be remembered for deciding to govern with the FPÖ and for his challenge to the decision-making style and economic policy consensus of post-war Austrian politics, but also for a leadership style characterized by ruthless exploitation of external and internal opportunities to achieve his goals.

Some of the external tactics he employed were successful. These included those adopted in the coalition negotiations after the 1999, 2002, and 2006 elections, as well as his decision to face down the international sanctions against his government. Others failed, including his 1995 attempt to win the chancellorship, as well as his 2006 election campaign. Moreover, whilst the FPÖ's self-destruction in 2002 and the formation of the BZÖ seemed at the time to have vindicated his prediction that bringing the right-wing populists into government would fatally undermine them, by 2008 the picture looked somewhat different. The combined FPÖ and BZÖ vote was even higher than that of the FPÖ in 1999. Internally, his tactics embraced informal networking, but above all relied upon the provision of a combination of selective and collective incentives to key power brokers such as the ÖVP's Leagues. Though the party

remained divided throughout over both Schüssel's decision to govern with the FPÖ and his confrontational political style, he was able to establish and maintain sufficient internal authority to permit him to pursue his policy goals. Paradoxically, this was in part due to the inherently conservative nature of the party's internal structure, something that had originally constituted a hindrance to his office, policy, and vote goals.

A number of implications for the broader party system resulted from Schüssel's decision to bring the FPÖ in from the cold. It caused a considerable increase in political polarization. Indeed, the enduring bad blood between the ÖVP and SPÖ was one of the factors undermining the viability of the Gusenbauer government. Though both the SPÖ and ÖVP invested considerable effort in the early months of Walter Faymann's government in order to appear more conciliatory, it remains to be seen if consensus has really been restored. Second, Schüssel certainly initially liberated the ÖVP from the SPÖ's embrace and expanded his party's coalition possibilities, including in the direction of the Greens. On the other hand, the founding of the BZÖ freed the FPÖ to resume a strategy of populist vote maximization and generated personal animosities between these two parties that at least for some years undermined the ÖVP's prospects of forming a government with Austria's populist, radical right. Indeed, the overall shift in party strengths since 2006 means that the ÖVP is again left with few alternatives to the role of junior partner in a coalition with the SPÖ, a position which the ÖVP's still unreformed internal structure makes it difficult for an ÖVP leader to break out of.

Having said that, although the ÖVP's electoral defeats have to date not provoked the kind of organizational change predicted by Janda's thesis (1990: 5) that such events are the "mother of party change", they did in the late 1990s allow a strong political entrepreneur to change the party's external relations. In an age of greater electoral volatility, political entrepreneurs are more likely to encounter opportunities to alter their respective party's external competitive

environment. To be able to capitalize on them, however, they will need to manage effectively both the internal and external consequences of their decisions.

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## NOTES

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<sup>1</sup> Together, the ÖVP and FPÖ caucuses had the following number of seats in the 183-member National Council: 1986: 95; 1990: 93; 1994: 94.

<sup>2</sup> Khol provides interesting clues about the foundations of possible future co-operation with the FPÖ. See also Khol (2001).

<sup>3</sup> Interviews conducted by the author with relevant actors. See also Höbelt (2003: 107).



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- <sup>4</sup> See *Wirtschaftswoche* August 17, 1995; *Profil* August 21, 1995: 27-33 and Haider's televised interview of 20 August 1995 with the state broadcasting company (*ORF-Sommorgespräch*).
- <sup>5</sup> These appeared in publication series of the party academy (*Freiheitliche Akademie*) such as the *Reihe Vertrag mit Österreich* and the *Freie Argumente*.
- <sup>6</sup> Program of the Austrian Freedom Party, adopted 30 October 1997, Chapter V, Article 2.
- <sup>7</sup> Notably in Burgenland and Vienna in 1996 (-2.2 points to 36% and -2.8 points to 15.3% respectively); in Upper Austria in 1997 (-2.5 points to 42.7%); in Carinthia and Salzburg in March 1999 (-3.1 to 20.7% and -1.8 to 36.8%) and in Vorarlberg in September 1999 (-4.2 to 45.7%).
- <sup>8</sup> Exit poll data (Plasser et.al 1999) suggests this helped mitigate ÖVP losses.
- <sup>9</sup> At 129 days, the longest was that which in March 1963 resulted in ÖVP-leader Alfons Gorbach's short-lived second administration.
- <sup>10</sup> Interviews by the author with ÖVP functionary.
- <sup>11</sup> Asked to justify Schüssel's abandonment of his promise, Khol cited Francis Bacon's dictum "Truth is the daughter of time" (*Die Wahrheit ist eine Tochter der Zeit*).
- <sup>12</sup> Interviews by the author with relevant high-level party actors.
- <sup>13</sup> "Speech on the State of the Republic" (*Rede zur Lage der Republik*) held on 12 November in the roof foyer of the Imperial Palace's Redouten Hall, in which he said he could no longer accept any brown shadows (*braune Schatten*) and personally apologised for any statements made in respect of National Socialism that "might well have been insensitive or given to misunderstanding" (Transcription provided by Haider's office). Haider also made numerous of media appearances both at home and abroad.
- <sup>14</sup> The first (on 28 October) was entitled "Freedom Party Positions for the Future of Austria" (*Freiheitliche Positionen für die Zukunft Österreichs*).
- <sup>15</sup> The author's interviews with FPÖ actors suggest this was not a consequence of the EU's threatened sanctions, but of Haider's earlier decision keep out of the cabinet until the FPÖ's hoped-for second term. After the FPÖ's victory at the Carinthian Landtag election of March 1999 (33.3 to 42.1%), Haider had been elected Governor and undertaken to remain in post the full five years. Unconfirmed speculation suggests the Carinthian ÖVP's vote for Haider's candidacy was supported by Schüssel because he hoped this would keep Haider from taking national office after the 1999 general election.

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- <sup>16</sup> Indeed, Müller (1994: 57). has argued that “[p]ushing the point to an extreme, the party as distinguished from the Leagues can be reduced to the party chairman, the general secretary, the leader of the parliamentary Fraktion and the staff of the party headquarters” See also Müller and Steininger (1991).
- <sup>17</sup> There were limits to Schüssel’s inclusiveness. By all accounts he had a rather distant relationship to ÖWB president and deputy chairman of the Upper Austrian party, Christoph Leitl. Schüssel’s erstwhile competitor for the party leadership and from 2000 also President of the Austrian Chamber of Commerce, Leitl was known to favour both coalition with the SPÖ and social partnership.
- <sup>18</sup> These were Khol and Werner Fasslabend (ÖAAB president since January 1977) respectively.
- <sup>19</sup> Molterer (his deputy since 1995) and Elisabeth Gehrler (his deputy since 1999 and Minister for Education, Science and Culture).
- <sup>20</sup> Interview by the author with central party office staff. Vice Chancellor Susanne Riess-Passer was in charge of the public services and Finance Minister Karlheinz Grassler of the budget.
- <sup>21</sup> For an analysis of the FPÖ’s strategy and behaviour in the coalition, see Luther (2006), upon which some of the following draws.
- <sup>22</sup> These included Haider’s visit to Saddam Hussein, timed to coincide with Riess-Passer’s official visit to Washington and a July 2002 meeting he held – and deliberately leaked to the press – with representatives of Belgian and Italian radical right parties.
- <sup>23</sup> For analyses of the 2002 election see Ogris et al (2002) and Plasser and Ulram (2002).
- <sup>24</sup> At 96 days, it was the then third longest in the Second Republic’s history.
- <sup>25</sup> Schüssel made this abundantly clear by releasing his “Economic Policy Agenda 2010” of 4 December, which identified his proposed priorities for a new government. These included a savings package with a reduced role for the state in public service provision, as well as cuts in the social system, education and health. For the SPÖ caucus leader’s view of Schüssel always intended the ÖVP-SPÖ talks to fail, see Cap (2004).
- <sup>26</sup> The vote was 21:8, with opposition coming above all from the left-wing Vienna branch.
- <sup>27</sup> Interviews by the author with relevant ÖVP and Green actors.
- <sup>28</sup> In October 2004, she was to replace Austria’s outgoing EU Commissioner, ÖBB man and sometime Schüssel critic Franz Fischler, and in turn to be substituted by Ursula Plasnik,

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Schüssel's former cabinet chief, who had no power base within the ÖVP, but was instead dependent on Schüssel.

<sup>29</sup> September 2003 in Tirol: ÖVP +2.7%, SPÖ +4.7%; March 2004 in Carinthia ÖVP -9.1%, SPÖ +5.5% and in Salzburg ÖVP -0.9, SPÖ +13.1%; June 2006 in Vorarlberg was an exception (+9.2 versus the SPÖ's +1.6%), but followed in October by the Burgenland election (ÖVP +1.0, SPÖ 5.7%) and the disastrous Styrian election (-8.6% versus the SPÖ's +9.3%). In addition, at the May 2005 presidential election ÖVP candidate Ferrero-Waldner lost to SPÖ candidate Heinz Fischer.

<sup>30</sup> Interview with the author.

<sup>31</sup> In addition to the aforementioned results in Lower Austria and Tyrol, they included Salzburg (March 2004): -10.9%; European Parliament (June 2004): -17.1% and Vorarlberg (September 2004) -14.6%.

<sup>32</sup> On the 2006 election, see Bischof and Plasser (2008), Luther (2008) and Plasser and Ulram (2007).