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**Party Organizations and Adaptation to Social Change: The Austrian Party System
and the Challenge of Post-Industrial Society, 1986-1999**

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Abstract

Between 1986 and 1999 the vote share of the major centre-left and centre-right parties of Austria, the Peoples Party (ÖVP) and Socialist Party (SPÖ) declined from 90% to about 60% of the total. This decline culminated with a far right party, the Freedom Party (FPÖ), polling more votes than ÖVP and joining the People's Party in a governing coalition. These events were a watershed in post-war Austrian history and FPÖ electoral successes are extreme in comparison with the experience of other European far right parties. Austrian developments raise a question about whether, how and how well party systems adapt to environmental changes. In one sense, the events described above were the result of a 'post-industrial' transformation of the Austrian electorate that mirrored similar developments in all advanced industrial societies. Why, then, did this transformation produce such an extreme outcome in Austria? How can we explain variance in the way party systems adapt to fundamental environmental changes? Neo-classical views of party system change assume that electorally motivated parties adjust automatically to environmental changes. In Austria, however, incumbent parties did not adjust automatically. Rather, they permitted a not-quite-new competitor, the FPÖ, to enter and to alter fundamentally the political system. This paper joins a growing literature that argues that party adaptation is not automatic but rather a highly political process shaped by forces inside party organizations. It uses data from developments inside the ÖVP and SPÖ to demonstrate that existing institutional arrangements *inside* each organization inhibited these parties from responding rapidly and credibly to the changing composition of the electorate.

Elections in October 1999 signalled the dramatic transformation of Austria's post-war party system. Elections to the *Nationalrat* (National Assembly) left the centre-right *Österreichische Volkspartei* (Austrian Peoples Party, ÖVP) in third place (with 26.7%) behind its traditional competitor, the centre-left Social Democratic Party of Austria (*Sozialdemokratische Partei Österreichs*, SPÖ, with 33.15%) and the far-right, populist Freedom Party of Austria (*Freiheitliche Partei Österreichs*, FPÖ, also with 26.7%). This outcome punctuated an erosion of the combined SPÖ – ÖVP vote share from a post-war average of about 90% that began in the 1980s. This election also produced a governing coalition composed of the FPÖ as largest party, with an ÖVP chancellor. This was the high water mark of FPÖ strength in Austria. These developments demand an explanation of the causes underlying FPÖ successes. They also raise questions about why the SPÖ and ÖVP fared so miserably in electoral competition.

These developments in Austria also stand out from a methodological perspective. Few contemporary far right parties have matched the FPÖ's successes¹, making Austria an 'outlier' with all the methodological advantages of that status. Outliers offer fertile ground for preliminary tests of causal relationships. Whatever the causes of far right electoral successes—or established party failures—might be, they should be found in abundance in Austria (van Evera 1997, pp.80-1).

This paper argues that some portion of the FPÖ's electoral success is attributable to the failures of the SPÖ and—especially—the ÖVP in responding to changes in Austrian society and competing for votes. These parties' failure to adapt to changes in Austrian society is a consequence of the institutionalisation of consociationalism in Austria's post-war party system and *inside the SPÖ and ÖVP party organisations* themselves. Consociationalism stabilized Austrian democracy against internal and external threats by institutionalizing political accommodation between Austria's Socialist and Catholic 'camps' at the end of World War Two. In order to make this inter-party accommodation work, consociationalism also shaped the structure of the SPÖ and ÖVP party organizations themselves. It locked into each party the influence of the organized representatives of the dominant economic groups in Austrian society at the end of the 1940s: the Austrian Union Federation (ÖGB) in the SPÖ and the peasants' (ÖBB), business (ÖWB) and employees' (ÖAAB) leagues within the ÖVP. As Austrian society evolved in subsequent decades, however, these groups retained privileged access to the party system even as the interests they represented diminished in importance. While some SPÖ and ÖVP leaders recognized the danger of these institutionalized attachments, entrenched interests within the organizations limited their capacity to reform and reorient appeals toward emerging voters groups. This immobility left large—and often disparate—blocs of voters neglected by established parties and receptive to the FPÖ.

This analysis demonstrates the impact of internal institutional structures on parties' capacities to adapt by tracing ÖVP attempts to reform itself and its appeals and the successful resistance to those attempts inside party. While the SPÖ also ceded votes to the FPÖ, the ÖVP's position between the other two left it more vulnerable and with a greater electoral incentive for strategic adjustment. Evidence from internal party decision making demonstrates that, despite repeated leadership efforts to change the party's direction, internal

¹ The SVP's successes in Switzerland provide an interesting parallel.

interest groups were able to resist change. The ÖVP's consociational internal structure granted conservative forces influence inside the party out of proportion to their weight in the electorate, permitting them to protect particular interests at the expense of party electoral goals and more accurate representation of the electorate.

The remainder of this paper proceeds in three sections. The next section considers explanations for the rise of far right parties as well as arguments about how party organizations shape party capacities to respond to external change. It demonstrates why the parties of Austrian consociational democracy are particularly susceptible to internal obstruction and, therefore, vulnerable to 'anti-system' parties. The subsequent section focuses inside the ÖVP on attempts to reform and realign itself and the internal resistance to such change. A concluding section considers the implications of the admittedly extreme case of Austria for the relationship between internal organization and party adaptation.

Party Adaptation, Consociational Parties, and the Success of the Far Right

The rise of the FPÖ in Austria provides a dramatic illustration of the imperfect nature of party systems as instruments of representation. It demonstrates how some parties may be ill-suited to respond to changes in the composition of the electorate and the inclusion of voter groups that do not fit into existing channels of representation. From this perspective, the successes of the FPÖ represent an extreme case in a broader development, the emergence of far right parties across Western Europe and elsewhere. Considerable scholarly analysis points to the emergence of far right voters, issues and parties as a part of deeper changes in the socio-economic structure and values within advanced industrial societies (Inglehart 1997, Betz 1994). This study accepts this view but also notes the inability of such general interpretations to explain the various organizational forms taken by the emerging 'far right'. In Austria, the far right arrived, in Jörg Haider's FPÖ, as a new (or semi-new) and powerful entrant into the party system. In other places—Germany, for example—far right parties have won only a temporary and regional existence. Elsewhere, centre right parties have successfully attracted far right issues and voters to themselves. Such variance obviously reflects institutional and socio-structural differences such as federalism, the existence of proportional electoral laws and the existence of strong regional identities within countries. Against this backdrop, however, the successes of the FPÖ stand out still more sharply. Austria's proportional electoral law includes a relatively restrictive 4% threshold and regionalism in Austria is far less pronounced than, say, Italy or Belgium. These observations demand explanation of the FPÖ's electoral successes beyond deep social change, regionalism/federalism and a proportional electoral system.

This paper argues that the FPÖ's successes also reflect the inaction of Austria's established parties—particularly the ÖVP. This approach places the present study among investigations that look inside parties to understand the forces shaping their adaptation to environmental changes. A growing scholarly interest in parties' internal processes of adaptation (Harmel and Janda 1994; Harmel, et al 1995) and the impact of organization structure on their 'adaptive capacities' (Levitsky 2001, Levitsky and Burgess 2003) reflects frustration with existing accounts of party and party system change. These accounts, in general, assume one of two, mutually exclusive perspectives. Spatial models adopt a neo-classical, 'black box' approach to party organizations and simply assume that an interest in winning votes and offices drives *party systems* to adjust automatically to changes in the

electorate. This approach offers no guidance as to whether established parties or new entrants meet changing voter demands. Another perspective, building on the work of Robert Michels (1962), emphasizes the conservative nature of hierarchical party organizations and suggests that internal interests resist party adaptation until the party system undergoes radical change—collapse, dealignment/realignment and/or the entrance of new competitors. These accounts neglect the record of successful adaptation by existing parties and incremental evolution within party systems.

In response to the shortcomings of both generalized accounts, observers have begun to recognize parties as institutional structures that combine conflicting tendencies. On the one hand, they resemble ‘rational systems’ in that they exist to facilitate collective action in pursuit of a ‘primary goal’ such as holding public offices, shaping policies or maximizing internal democracy (Panebianco 1988, pp.6-9; Scott 2001; Harmel and Janda 1994, pp.268-9). On the other hand, they also resemble ‘natural systems’ in that they provide individuals with selective incentives in exchange for resources and services that permit the party to operate (Clark and Wilson 1961, Strøm 1990, Scarrow 1996). The interesting question is whether and how institutions, built into party organizations to balance conflicting tendencies, influence party responses to environmental changes.

This focus of this paper is on organizational structures that restrict adaptation to external change. Observers have introduced a simple dichotomy between “strongly” and “weakly” institutionalized parties to explain the impact of internal structures on parties’ adaptive capacities. They suggest that “strongly” institutionalized parties restrict the autonomy of actors inside the party—including leaders—by “[channelling] their strategies into specific and obligatory paths” (Panebianco 1988, p.58). “Routinization” of internal behaviour permits the party to adjust to changing voter demands only slowly and laboriously (Kitschelt 1994a,b; Levitsky 2001; Panebianco 1988, p.58, pp.248-50).² Institutionalization and routinization of activity within the SPÖ and ÖVP, therefore, present themselves as an explanation for the immobility of these parties in the face of FPÖ competition.

If internal structure restricted the ÖVP’s and SPÖ’s capacities to meet electoral challenges, then one would expect to observe a high degree of institutionalization when looking inside these parties. Angelo Panebianco (1988, pp.58-59) suggests five indicators of institutionalization: 1) development of an extra-parliamentary organization; 2) homogeneity of organizational structures at the same hierarchical level; 3) regular availability of resources from a plurality of sources; 4) domination of its environment through auxiliary organizations and 5) correspondence between statutory norms and its “actual power structure”. Given the electoral successes of the FPÖ vis-à-vis far right parties elsewhere, high values for some or all of these indicators should be found inside the established Austrian parties.

The indicators of ‘institutionalization’ in parties bear a striking resemblance to structures inside parties in consociational democracies. Kurt Richard Luther’s (1999, pp.6-7) re-examination of scholarship on consociational democracies from the 1960s and 1970s (Daalder 1974; Lehmbruch 1967; Lijphart 1968a,b, 1969, 1977; Lorwin 1971) led to the

² Although John May (1973) does not mention institutions the existence of something binding party leaders to activists is strongly implied by his ‘special law of curvilinear disparity’.

conclusion that this older literature had focused on instruments of power sharing in policy making to the neglect of the role of 'intra-subcultural linkages'—particularly party organizations—as the necessary supports of “overarching elite accommodation”. His examination of the structure of consociational subcultures led him to list the following attributes as characteristic of consociational parties: organizational penetration of the subculture through mass party membership and extensive auxiliary association (cf. #1, #3 and #4 above); hierarchical party control of the subculture via “the bureaucratic principle”, “the technocratic principle”, “overlapping memberships”, “the oligarchic principle”, “overlapping memberships”, “overlapping leaderships”, “party control of the reward system” and “formal rules/conventions facilitating parties” control of the subcultures (cf. #2, #3, #4 and #5 above). The parallels with Panebianco’s indicators of institutionalization are clear and the demands of consociational accommodation present themselves as an explanation for the existence of rigid party structures.

The preceding discussion outlines an explanation for the relative successes of the FPÖ as well as a preliminary test of this explanation. The societal and political circumstances that led to postwar Austrian consociationalism also institutionalized the influence of particular social groups within the organizations of the ÖVP and SPÖ. The composition of Austria society, then, shifted faster than party structures, leaving them vulnerable to competition from new entrants, such as the FPÖ. If this explanation is a viable, one should be able to make quite specific observations about the organization and internal processes of the established Austrian parties. Their organizations should be dense, hierarchical, formal and uniform, oligopolistic and intertwined with auxiliary organizations. Challenges from the environment should prompt calls for party reform that threaten privileged internal interests. These privileged internal interests, however, use internal power resources to resist reform successfully. The next section considers the expectations raised by this explanation against the responses of the ÖVP to external challenges between 1986 and 1999.

Social Change, The ÖVP and Internal Obstruction

The successes of the FPÖ reflect the failures of the ÖVP and SPÖ to respond to changes in the Austrian electorate. The established parties’ failures were not a result of particularly challenging economic or social conditions in Austria, but rather a consequence of the institutionalization of consociationalism within their organizations. Table 1 demonstrates that prior to 2000³ the FPÖ was more successful than far right parties elsewhere in Europe. However, while the FPÖ’s electoral successes fall on the high end of the distribution, there is little that distinguishes socio-economic developments in Austria from those elsewhere in Europe. Table 2 indicates that Austrian occupational structure did not differ enormously from that of other European societies. Table 3 points out that the FPÖ won votes from a diverse set of occupational groups, including farmers, white- and blue-collar workers and the self employed.⁴ This pattern suggests that the established parties were leaving significant and diverse parts of Austrian ‘political space’ open to the FPÖ.

³ 2001 was chosen as an endpoint for comparison because the events of September 2001 and the response to them changed considerably the context and substance of far right politics.

⁴ Until then, the only other case of cross-societal voting had been with the *Lega Nord* in Italy during the 1990’s, which had received strong white collar, self-employed and blue-collar

Table 1: Comparative Performance of the Far Right in General Elections (Percentage) in Selected Elections⁵ before 2000

<i>Country and Party</i>	<i>Election Year and Result</i>
Austria <i>Freiheit Partei Österreichs (FPÖ)</i>	1999 26.9
France <i>Front Nationale (FN)</i>	1997 14.94
Netherlands⁶ <i>Centrumdemocraten (CD)</i>	1994 2.5

Sources: Givens (2005) p.5, Norris (2005) pp.61-2

This section focuses on the ÖVP to demonstrate how consociationalism, embedded in the party's organizational structure, limited its ability to respond to changes in the Austrian electorate. The SPÖ also lost voters to the FPÖ, but this may have represented a strategic choice to win white-collar voters. The ÖVP, on the other hand, had every incentive to change direction, but did not do so. Accordingly, this section focuses on internal dynamics within the People's Party. Based on election manifesto, policy directions and implemented policies during the period from 1986-1999, what will be argued is that ÖVP was outflanked by a reformist SPÖ to the left and a neo-liberal, socially conservative FPÖ for white collar support on to the economic right, while it was paralysed by its own structure to challenge either party.⁷ The SPÖ tended towards social liberalism while positioning itself as an economic reformer under Franz Vranitzky (1986-1997) and Viktor Klima (1997-2000) to some success, the ÖVP did not follow Western, conservative contemporaries such as

support, but no more than 10.1% in 1996, and was a regional autonomy party for northern Italy.

⁵ These parties fall under the broad 'far right' family. Broadly, policies for these are anti-immigrant, populist, socially conservative.

⁶ In 2002 the far-right, populist *List Pim Fortyn* achieved achieving second place to the centre-right *Christen Democratisch Appel*. However, because the case study is before 2002, this will not be counted.

⁷ On the minor parties, the Greens and the LIF, a separate explanation is needed. Greens, attracting voters who tended to be educated, younger, liberal, and female, represented economically leftist, liberal white-collar voters. The LIF, as a socially liberal, economically neo-liberal party, and also representing similar demographics, represented neo-liberal, socially liberal white-collar voters. Both parties could not build beyond their bases because of their post-industrial agendas (environmentalism, social liberalism), while traditional parties and the FPÖ (taking a neo-liberal, social conservative, post-industrial agenda), could appeal across industrial and post-industrial divides.

Also, the fate of the LIF, which lost Nationalrat representation in 1999, could be argued as a similar fate to the ÖVP: being outflanked by other social liberal parties (Greens, SPÖ) and the neo-liberal FPÖ.

Reagan and Thatcher towards a neo-liberal, socially conservative centre-right, leaving itself open to the FPÖ to occupy economic spaces to the right.

Table 2: Comparative Post Industrialisation As Displayed in Workforce (Percentage), 2000

	Agriculture	Industry	Services
Austria	5.8	30.6	63.6
France	2.6	24.1	72.0
Netherlands	3.1	20.2	76.6

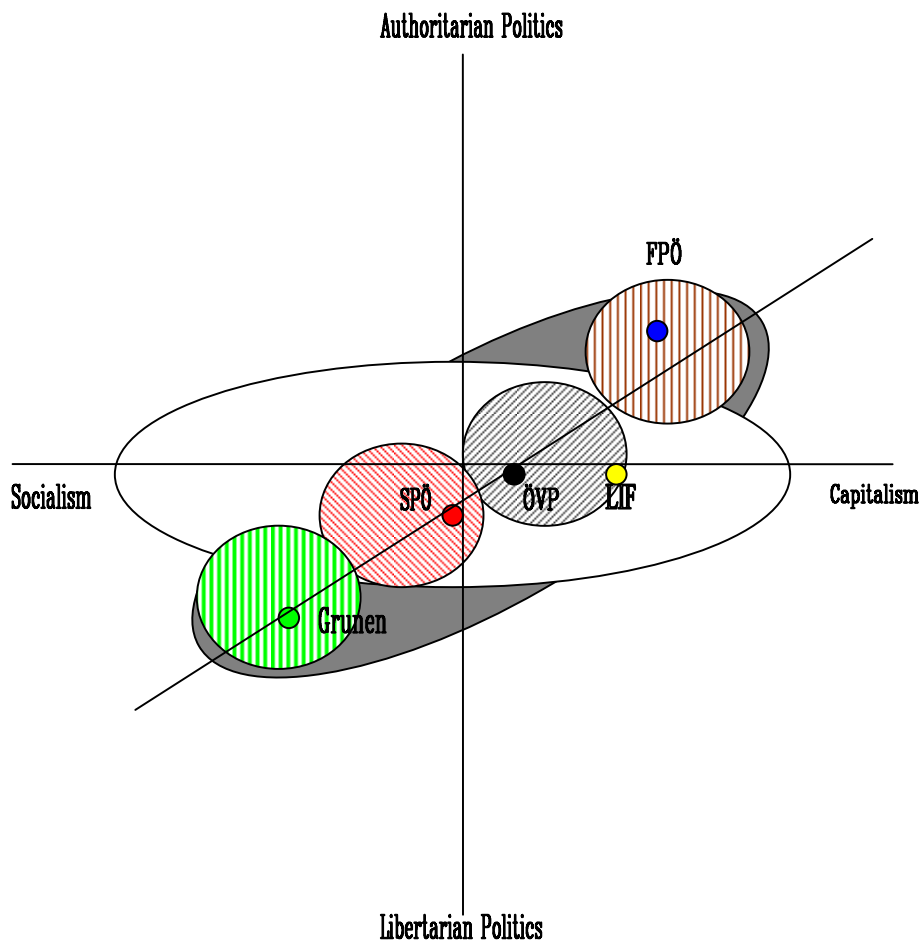
Source: OECD Annual Labour Force Statistics (2000), <http://stats.oecd.org/WBOS/Index.aspx?QueryName=451&QueryType=View>

Table 3: Austrian Voters' Party Preference by Occupation (Percentage), 1986-1999

Occupation	SPÖ			ÖVP			FPÖ		
	1986	1994	1999	1986	1994	1999	1986	1994	1999
Election Year									
Farmers	1	8	1	93	73	87	5	15	10
Self-Employed, Managers	14	10	10	60	40	41	15	30	33
White Collar	57	29	36	36	25	23	13	22	22
Blue Collar	49	47	35	27	15	12	10	29	47

Sources: Givens (1995), pp. 56, 65; Plasser, Ulram and Sommer (1999), p. 21.

Figure 1: Competitive Space in the Austrian Political Axis, 1986-1999



Source: Adapted from Kitschelt (1995), p. 21

The inability of the ÖVP to face the challenge of the FPÖ by moving further to the right can be explained as being caused primarily by the immobility of the party due to factional divisions between the 'three leagues' that dominated the party: the *Österreichische Bauernbund* (Austrian Farmers League, ÖBB), the *Österreichische Wirtschaftsbund* (Austrian Business League, ÖWB), and the *Österreichische Arbeiter und Angestelltebund* (ÖAAB). These leagues, embedded into the Party Constitution of 1945 as an alliance of farmers, small business and Catholic workers respectively, acted more as an informal party where leagues were for most purposes autonomous, acted as a microcosm of *Proporz*. Party leadership positions and policymaking bodies were informally divided between the leagues, thus entrenching them (Müller 1997, p. 274). Each group had control over the collection of membership dues in both league and party membership because of domination of singular local party/ league organisations, and guaranteed representation on important intra-party organisations, meaning any major changes to policy needed unanimous approval from these bodies (Müller and Steininger 1994, pp. 13-23).

Consociationalism and the ÖVP

Using consociational literature that was previously discussed, it can be ascertained that the ÖVP was a consociational party. This can be based on two assertions. Firstly, there was a clear pattern of hierarchical domination of a significant socio-economic subculture within Austria by the ÖVP with unusually high rates of party membership density as a proportion of the electorate.

Table 4: Voter Density (Membership vs Votes), 1971-1990

Year	<i>SPÖ</i>			<i>ÖVP</i>		
	Members	Voters	Density (%)	Members	Voters	Density (%)
1971	719,389	2,280,168	32.4	805,771	1,964,713	31
1979	721,262	2,413,226	29.9	813,715	1,981,739	30
1986	674,821	2,092,024	32.3	806,331	2,003,663	26
1990	620,141	2,012,787	31.7	813,331	1,460,392	35

Source: Luther (1992) p. 49.

The dominance of mass membership through affiliated organisations in employment and even to parallel *Lager* lifestyle or hobby organisations provided the means for *Lager* elites to penetrate into every facet of *Lager* member life.

Secondly, the ÖVP was a consociational party because of the “overarching elite accommodation” between the corporatist factions within the party. As an alliance of farmers (ÖBB), businesspeople (ÖWB) and white collar Catholics (ÖAAB), the leagues had to be balanced.

Table 5: Party Membership, 1980.

ÖBB	388,863
ÖWB	152,906
ÖAAB	271,995
Others (Youth, Pensioners, Women)	354,124
Total	1,167,888

Source: Sully (1981) Political Parties and Elections in Austria, p. 74.

The indirect nature of the membership combined both the league members and party members under the same *Lager*. Under the founding of the ÖVP, and largely unimpeded, membership of the corporatist leagues within the party was of primary importance, with party membership automatic to league membership. (Müller and Steininger, pp. 12-13). The balance within the party resulted in power being distributed among the leagues, including cabinet posts and the staffing of interest ministries with patronage appointments. This is also revealed in the composition of representation in the *Nationalrat*.

Table 6: ÖVP Nationalrat Dual League Membership, 1968 Session

<i>League</i>	<i>Number Of Officials as Members of Nationalrat</i>
ÖAAB	13
ÖBB	23
ÖWB	14
<i>Total out of 85 ÖVP Members</i>	<i>50</i>

Source: Steiner (1972) *Politics in Austria*, p. 233.

The origins of the roots and accommodation between consociational organizations within Austria were a matter of historical circumstances. The roots of separate *Lager* cultures lay within the foundations of 19th Century Austria-Hungary; with the electorate divided between Socialist and Catholic Lager, represented by the *Sozialdemokratische Arbeiterpartei Österreichs* (SDAPÖ), and the *Christiansozial* (CS) respectively (Pelinka 1988, p. 71, Bluhm 1973, pp. 111-113).⁸ These divisions intensified in the First Republic, resulting in the Civil War of 1934. However, the combined circumstances of *Anschluss*, World War Two and Allied Occupation in 1945 led *Lager* to believe accommodation of socio-economic and political interests as imperative.

The enforcement of corporatist accommodation between each *Lager* hierarchy was achieved through historical factors. The historic domination of domains gave each *Lager* and their concerned political party power over large swathes of the electorate. Traditional parallel *Lager*-based occupational organisations were simply revived, with each *Lager* using these groups to dominate the elected Chambers of Labour (*Fraktion Sozialistische*), Agriculture (ÖBB) and Commerce (ÖWB) through hierarchy mobilization of membership. The leadership of each organisation used prevailing attitudes towards cooperation and their leverage to force extra-constitutional compromises, using the advisory body, the Joint Commission on Prices and Wages, to negotiate prices and wages, and through politics used leverage to gain interest posts. (Englemann 1966, p. 273 , Lijphart 1977, pp. 26-30)

ÖVP Party Structure and Institutionalisation

Organisational dominance by the leagues was evident in both the Party Directorate, a body of 50 important members including party leadership and politicians, always included the general secretaries of the leagues as well as the leaders of associated fractions within the Chambers. (Sully 1981, p. 80) The most important body, the Party Executive, included a chairperson, party general secretary and leader of the parliamentary party who were always invariably part of leagues, and with leadership posts always balanced between the leagues. (Sully 1980, pp. 80-81).

According to Müller, organisational structure hurt the ÖVP in two main ways that restricted them. Firstly, the constant need for unanimity in changing policies, combined with the differing demands of the leagues, created an image of internal disunity within the party and a lack of direction. This was especially true given the more politically reformist nature of the ÖAAB, heightened when it tended to take a more senior role in providing leadership of

⁸ An excellent coverage of the history of Austrian consociationalism from the late 19th century through to 1945 is available in Bluhm 1973.

the party from the 1970's to the late 1980's (Müller 1997, p. 274). Secondly, the strength of the ÖBB and ÖWB, given the declining voter share of farmers and small businesspeople respectively, resulted in a disproportionate weighting in favour of internal interests that were less and less representative of society (Müller 1997, p. 275).

Prior to and after 1986, it was evident that ÖVP leadership knew that the socio-economic environment was changing and that reforms to both party and policy were needed. Party support relied upon the turnout of the strong party base, reaching a high of about 640,000 (13% of the electorate) in 1970, which was disproportionately farmers and small businessmen, yet were declining in number though still represented disproportionate numbers of members, meaning that the party would have to reach out beyond their base with new appeals (Luther 1998, p. 127). The first opportunity was the ascendency of the reformist Governor of Salzburg, Josef Klaus, to the post of Chairman of the ÖVP and Chancellor of Austria in 1964, which was backed by liberal reformers within the party, namely the ÖAAB, who wanted more classically liberal policy and a single-party majority government (Bluhm 1973, pp. 111-113).

Despite the achievement of a single-party majority government and the ascendency of the liberal reformers to dominate powerful posts in leadership and cabinet, the Klaus government achieved little in the way of reform. Extra-constitutional, corporatist bargaining on wages, prices and policies between the ÖBB, ÖWB and ÖGB (SPÖ dominated with ÖAAB representation) continued (Bluhm 1973, pp. 105-106; Steiner 1972, p. 233).

After the election losses to the SPÖ in every election from 1970 to 1983, the ÖVP did not achieve reformist policy or a redistribution of party power, because structural incentives towards the status quo continued. The ÖVP continued to hold influential positions in power through *Proporz*, thus diminishing the need for policy change. The ÖVP remained a party that supported policies similar to the SPÖ such as Austro-Keynesian economics and corporatism, and notably retained policies favourable to small businesses and farmers, while failing to differentiate itself as a centre-right party. A prominent example was the development of the Salzburg Program of 1972, which was largely a compromise between the more traditional conservative ÖWB and the more liberal reformist ÖAAB, revealing that the party could not create decisive policy directions. (Girvin 1988, pp. 105-106).

The attempts by leadership under Josef Taus and Alois Mock to reform the party during the 1970's and 1980's centred on changing the structural distribution of power, aiming to create a 'big tent' party that better reflected the population. This failed because of the entrenchment of leagues in party structures, which were unwilling to relinquish sufficient power over the organisational apparatus, thus making policy changes difficult. One prominent example was a proposal in the late 1960's to divide representation in relevant decision-making bodies: 48% to the ÖAAB, 32% to the ÖBB, and 16% to the ÖWB, but this never passed. (Müller and Steininger 1994, pp. 15-16). Attempts that succeeded were more half-hearted in terms of effect. Equalisation of leagues with constituent organisations such as Youth, Pensioners and Womens organisations failed because these did not have the financial clout to be equal to the occupational leagues. (Müller and Steininger 1994, pp. 17-23). Sully highlights attempted membership changes by Taus in 1979 that would have centralised party membership and fees, but was vetoed by the ÖBB, which feared the loss of dominance over *land* organisations. (Sully 1981, pp. 74, 78)

The opportunity for real changes in policy came from 1986 to 1999. With the SPÖ losing its majority and forced into coalition with the FPÖ in 1983, the ÖVP had an opportunity to win through differentiation. Across advanced industrial democracies in the West, neo-liberal conservatism was on the rise. There was a strong reformist current within the party, associated with the ÖAAB, ÖWB leadership, and party leadership, which supported strong neo-liberal economic policies, including: Alois Mock (1978-1989), the former Chairman of the ÖAAB; Erhard Busek (1991-1995), former Secretary-General of the ÖWB, as was his successor Wolfgang Schüssel (1995-2007). Notably, these leaders publically advocated massive policy changes and criticised the status quo. First, as ÖWB Secretary-General in 1986, Schüssel, taking a markedly neo-liberal tone through invoking successful economic reforms and privatisations especially in Britain under Thatcher, advocated radical privatisation, deregulation and tax reduction policies on the ideological basis of 'efficiency' (Schüssel 1987, pp. 29-41). Second, Busek attacked the ÖWB over interference and contradiction of ÖVP policy during the 1990 general election, stating *"By clinging to the utmost principle of consensus, we have not implemented many sensible innovations. Conflicts over subject matters were avoided; sometimes, this costs more than it fetches..."* (Crepaz 1995, p. 82).

However, the outcomes of leadership rhetoric differed from policy implementation because party divisions prevented leadership from making any real changes. Policies in the 1980's and 1990's did indeed appear to be more neo-liberal, but by international standards were rather mild. In terms of prescriptions, they tended retained subsidies for farmers and small business and even increased spending on welfare for families. Girvin suggests another compromise between the traditional ÖWB and ÖBB with the ÖAAB. (Girvin 1988, pp. 110-112) They also did not deal with political patronage (Lauber 1992, pp. 156-158; Müller 1988, pp. 36-37). Instead of running campaigns of substantive reforms, the ÖVP tended to run campaigns based on slogans such as the 'eco-social market economy' in 1990 (Müller and Plasser 1992, p. 36). There were several examples of chasms between organisations. One was the division between social liberals and the ÖWB, shown in debate in the *Nationalrat* in the 1990's over environmental reforms, with the social liberals siding with environmentalists and the ÖWB siding with a traditional business opposition to significant environmental measures. Second, was the divide between different organisations. The ÖWB was the primary organisation to advocate neo-liberal reforms, and was so frustrated that there was a possibility of the organisation splitting from the ÖVP in 1995 to form its own pro-business party (Duncan 2006, p. 484).

The ÖVP was so unable to adapt to post-industrial political spaces that it was squeezed between a partially successful SPÖ and a very successful, post-industrial and economically neo-liberal FPÖ. First, the ÖVP's continued association with consociationalism benefited many of those within the three constituent leagues. Corporatist leagues continued to hold important, interest portfolios such as the ÖBB continuing to hold agriculture. Despite whatever promises made, for example, Schüssel's 1995 campaign to cut welfare and privatize state industry, corporatism meant policies were watered down (Kittel 2000, pp. 121-126).

Second, the ÖVP's status as junior partner to the SPÖ, under reformist Socialist Chancellors, Vranitzky and Klima, hurt the ÖVP further by allowing the SPÖ to take credit

for reforms. During elections, the SPÖ was able to present itself as a reformist party versus the rather empty ‘eco-social market’ sloganeering of the ÖVP. Because of corporatist benefits to the ÖVP, the party could not leave.

Second, the inability of the ÖVP to evolve towards a post-industrial, more neo-liberal party resulted in helplessness against the positioning of the FPÖ to the economic right, therefore attracting many white collar voters from the ÖVP.

Table 7: White Collar Voting Habits in Austria (Percentage), 1986 and 1999

	SPÖ 1986	SPÖ 1999	ÖVP 1986	ÖVP 1999	FPÖ 1986	FPÖ 1999	Grünen 1986	Grünen 1999	LIF* 1999
White Collar	57	36	36	23	13	22	7	10	5

Sources: Givens, (2005), pp. 56, 65; Plasser, Ulram and Sommer (1999), pp. 1-53, 21.

Though the SPÖ lost 21% of the white collar vote since 1986, it still retained a plurality, with evidence showing that a significant percentage of left-liberal support went to the *Grünen*. LIF likely drew some white collar support from the ÖVP, this cannot be enough to explain ÖVP losses.

Comparing key policies, the FPÖ campaigned on a far more neo-liberal platform than the ÖVP was able to present. While the ÖVP made moves towards some privatisation and deregulation, FPÖ policy followed a far more universal and direct neo-liberal tone of tax cutting, deregulation, downsizing of bureaucracy, and rather bold welfare reforms, and a more socially-conservative drive on immigration (Haider 1995, pp. 53-55, 98-100). Despite the rhetoric of Schüssel from 1986, when he became leader, his emphasis shifted more towards ‘Steel Helmet’ social conservatism over economic reform. Given the inability of the ÖVP to move outside of the Grand Coalition due to structural paralysis and/ or corporatist preference, the ÖVP became a further target of FPÖ attack by the latter being able to frame the ÖVP as part of a collective governing elite.⁹(Haider 1995, pp. 53-55, 60, 98-100) Despite the push towards neo-liberal policies, the ÖVP was outflanked to the economic right because it was internally paralysed by the interests of its own constituent organisations.

Conclusion

This paper argues that some part of the FPÖ’s electoral successes is attributable to the failures of Austria’s established parties. The ÖVP, in particular, was unable to respond to post-industrial politics and reach out to emerging groups of voters. Its party organisation prevented it from doing so, permitting the FPÖ to appropriate ‘neo-liberal’ and ‘neo-conservative’ agendas as its own. The ability of party leaders to respond and adapt to new challenges is shaped by how organizations structure power within parties. Organizational rules may entrench the influence of individuals and groups within parties and, when threatened, any entrenched interest will fight back. The degree of its success, however, is

⁹ In this book, Haider usually ignores naming the ÖVP directly, preferring to attack the ‘socialist establishment’ and the SPÖ directly instead. This conjures two explanations. One is that the ÖVP is ignored as part of the debate on purpose in order to make the left-right battle solely between the SPÖ and FPÖ. Another is that the ÖVP is being labeled as part of the collective ‘establishment’.

determined by the power it wields within the organisation. The ‘consociational’ organization of post-war Austrian democracy cemented the influence of Austria’s dominant economic producer groups—farmers, business and workers—in policy making and institutionalized their ‘veto’ inside party organizations. While leaders of the ÖVP and its constituent leagues recognized as early as the 1960’s that the party needed to adapt to a post-industrial transformation of Austrian society by increasing its appeal to white-collar voters and voter interests arising outside the old *Proporz* structure, their joint vetoes made a coordinated response to these challenges almost impossible.

The ÖVP’s consociational structure constrained attempts to change policy in two main ways. First, it restricted major policy changes by granting powerful constituent organizations (ÖBB, ÖWB, ÖAAB) a veto in internal party policy making through their control of finances and membership. Second, consociationalism institutionalized the role of the ÖVP’s internal economic interest groups—the leagues—in critical policy making arenas, keeping the party in a de facto Grand Coalition whether or not it was a formal participant in government. Unwilling to relinquish its privileges, the routinised operation of accommodation forced the ÖVP to moderate policy prescriptions and prevented it from portraying itself as an alternative to the SPÖ. As a result, the FPÖ was able to gain the votes of those to the economic right of the ÖVP: white collar, economically neo-liberal spaces were taken and the FPÖ successfully portrayed itself as the party of right wing reform.

The Austrian case offers important insights for how we understand parties, party systems and systems of interest representation. It highlights an insight implied by Duverger’s (1964, pp.xxiii-xxxvii) distinction between parties with ‘parliamentary’ and ‘extra-parliamentary’ origins and made explicit by Panebianco (1988): party organizations are institutions that embed the circumstances of their founding within themselves and project causal forces from those circumstances into the future. Even long after they have disappeared, the circumstances that led to construction of post-war Austrian consociationalism continue to influence Austrian politics through internal structures in the ÖVP and SPÖ. Consociationalism is an extreme response to an extremely uncertain political environment with admittedly extreme long-term consequences. The Austrian outlier, however, indicates that there is a variety of circumstance within which party organizations form and, therefore, a variety of party organizational forms and a variety of ways that organization impacts party adaptation.

The Austrian case also indicates the shortcomings of placing diverse organizational structures into overly simplistic heuristic frameworks, such as the one-dimensional scale between ‘strong’ vs. ‘weak’ institutionalisation. Both the SPÖ and ÖVP are mass-bureaucratic parties and qualify as relatively ‘strong’ institutions. Indeed, because it is more centralized, uniform and formal, the SPÖ would appear more ‘strongly’ institutionalized than the ÖVP. This would expect the SPÖ to experience more difficulty adapting to environmental change than the ÖVP. It was the combination of ‘indirect’/‘league’ and ‘mass-bureaucratic’ structures that rendered the ÖVP susceptible to deadlock. The SPÖ experiences its share of inertia, but under an innovative leader—Bruno Kreisky in the 1970s—it proved itself quite maneuverable in meeting changing voter demands (Kitschelt 1994b). These observations suggest the necessity of a more nuanced categorization of party structure.

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