

## **A Reversing Case within Trajectories of Liberalisation: The revival of neo-corporatism in Austria since 2008**

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### **Abstract**

*The overall dominating trend of liberalisation, deregulation and privatisation has accelerated since the global economic crisis in 2008. Under the paradigm of competitiveness, a major policy goal has been the implementation of 'structural reforms' replacing neo-corporatist practices with market coordination. However, Austria's coordinating institutions have been strengthened since 2008, contrasting the EU-wide liberalising trend. To explain this puzzle, government members' biographies since 1983 were analysed, seven elite interviews conducted and official government documents evaluated. Under the logic of access, social partner organisations made active use of a 'revolving door effect', placing their employees as 'interlocking directorates' in government positions to gain influence on policies. For this 'power-policy exchange' social partners defended political compromises of the government and supported the weakened social democratic (SPÖ) and the conservative (ÖVP) party leadership. Such a 'tactical alliance' is fragile, as it depends on the interest constellation of actors involved, but outlines the remaining scope for domestic politics in an age of increased liberalising pressures from globalisation and EU integration.*

**Keywords:** corporatism, social partnership, actor-centred, Varieties of Capitalism, trajectories of liberalisation, power-policy exchange, logic of access, interlocking directorates, revolving door effect, Austria

### **Eine Umkehr auf dem Pfad der Liberalisierung: Das Wiedererstarken des Neokorporatismus in Österreich seit 2008**

#### **Zusammenfassung**

*Der dominierende Trend der Liberalisierung, Deregulierung und Privatisierung wurde seit der Wirtschaftskrise 2008 verschärft. Unter dem Paradigma der Wettbewerbsfähigkeit bestand ein grundsätzliches Paradigma in der Implementierung von „Strukturreformen“, um neo-korporatistische Praktiken mit Marktkoordination zu ersetzen. Dennoch erfuhren Österreichs Institutionen für strategische Koordination seit 2008 eine Stärkung, was den EU-weiten Trend der Liberalisierung kontrastiert. Um dieses Puzzle zu erklären wurden die Erwerbsbiographien von Regierungsmitgliedern seit 1983 analysiert, sieben Eliteinterviews durchgeführt und offizielle Regierungsdokumente ausgewertet. Unter der Verbändelogik machten Sozialpartner aktiven Gebrauch des Drehtüreffekts und platzierten Mitarbeiter zur Verflechtung in Regierungspositionen um politischen Einfluss auszuweiten. Für diesen „power-policy exchange“ haben Sozialpartner politische Kompromisse der Regierung verteidigt und die geschwächte Parteiführung von Sozialdemokraten (SPÖ) und Konservativen (ÖVP) unterstützt. Solch eine taktische Allianz ist fragil, da sie von den Interessenskonstellationen der involvierten Akteure abhängt, zeigt aber den verbleibenden Handlungsspielraum nationaler Politik in einem Zeitalter von erhöhten Liberalisierungsdruck durch Globalisierung und EU-Integration.*

**Schlagwörter:** Korporatismus, Sozialpartnerschaft, akteurzentriert, Varieties of Capitalism, Laufbahnen der Liberalisierung, power-policy exchange, Verbändelogik, Verflechtung, Drehtüreffekt, Österreich

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## 1. Introduction

Since the ‘neoliberal’ paradigm change in the 1980s (Hall 1989), advanced capitalist economies have undergone a substantial process of liberalisation, privatisation and deregulation. With the start of the eurozone crisis in 2010, a ‘neoliberal’ agenda was reinforced and culminated in massive privatisation and deregulation programmes, especially for the crisis-shaken eurozone periphery countries (Hall 2014). Under the paradigm of competitiveness (Krugman 1994) one major policy goal has been the implementation of ‘structural reforms’ which rely heavily on replacing remaining practices of strategic coordination with market coordination (cf. Hall 2014). Accordingly, scholars have claimed ‘the end of democratic capitalism’ (Streeck 2011) and the age of ‘post-democracy’ (Crouch 2004). Contrary to the dominating trend of privatisation and deregulation among EU countries, Austria has implemented policies which reinforce coordinating institutions. This is a puzzle that has not received serious attention in the academic literature.

Since 2008 a revival of neo-corporatist policy influence took place in Austria. However, union membership rates have declined and traditional tripartite negotiations have lost importance (Tálos 2008a). How could this renaissance of social partners’ influence take place? Weakened party chairs provided the precondition for a ‘power-policy exchange’ with social partners (cf. Hassel 2009). Severe election and reputation losses of the governing parties allowed social partners to back up the grand coalition government while increasing vertical integration through ‘interlocking directorates’ (cf. Schlögl/Plehwe 2015) in the governing parties (‘activist capture’; Coulter 2014: 63). This configuration of actors produced an increase in de-liberalising policies which stand in sharp contrast to other European trajectories of liberalisation. To explain this puzzle, this research uses the theoretical framework of actor-centred policymaking (Tálos/Stromberger 2004; Tálos/Kittel 2001; Scharpf 2000; Mayntz/Scharpf 1995).

Following an introduction of the case in the first section, the second one outlines the de-liberalising policies Austria has experienced since 2008. The third section discusses the perspective of established theories on the Austrian puzzle and concludes that theories such as Convergence approaches, Varieties of Capitalism, Power Resources Theory and Partisan Theory cannot provide sound explanations. Therefore, section four outlines the actor-centred hypothesis. The methodolo-

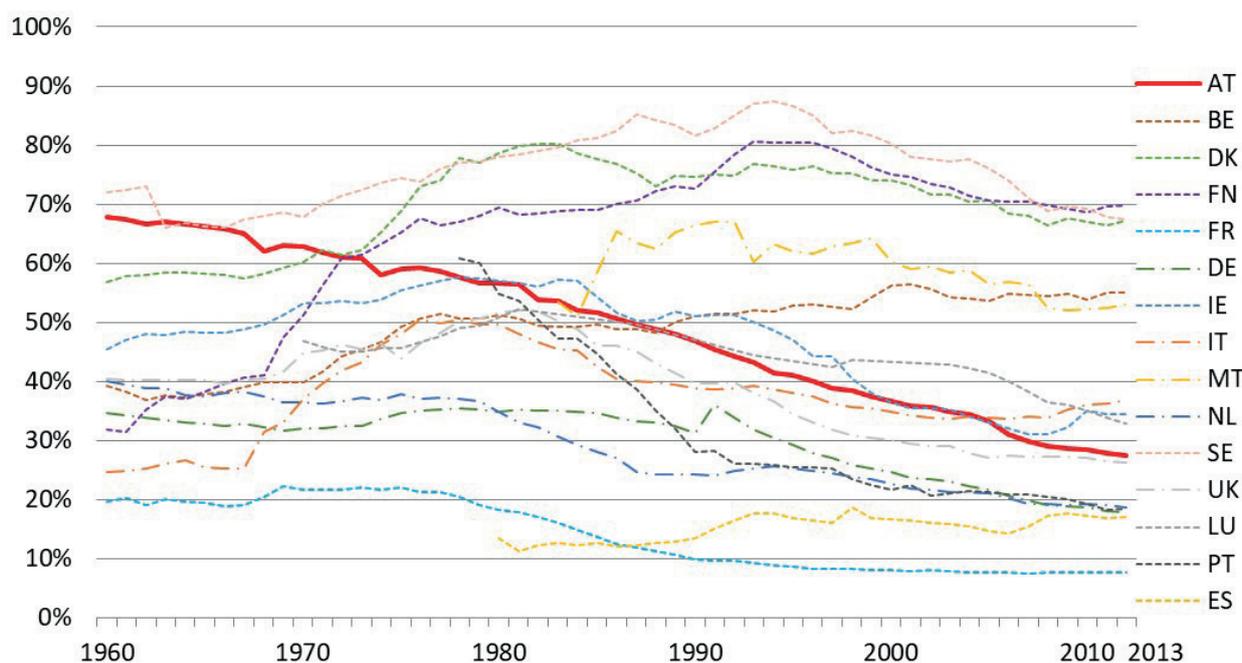
gical approach is explained in the subsequent section. Section six includes a critical case study of Austria’s political economy and the empirical results. The section thereafter discusses the results’ theoretical implications. Section eight concludes that not exogenous factors, but the system’s endogenous configuration of political actors can explain the Austrian case.

## 2. Context and puzzle

Austria has been widely known for the most coordinated model of neo-corporatism following WWII (Eichengreen 2007: 269; Lehmbuch 1977; Kenworthy 2003; Visser 2015). Social partner organisations are divided by class lines between employees and employers which are embedded in a strong neo-corporatist setting, traditionally following the logic of influence (Streeck/Kenworthy 2005). Formal dependent employees are represented by the Austrian Chamber of Labour (AK) through mandatory membership and the Austrian Trade Union Federation (ÖGB) through voluntary membership. Employers and businesses are represented by the Chamber of Commerce (WKÖ) and self-employed farmers by the Chamber of Agriculture (LWK), both through mandatory membership (Tálos 2008b). While the AK and the ÖGB traditionally have close ties to the social democratic party (SPÖ), the WKÖ and the LWK are closely affiliated with the conservative party (ÖVP) (Chaloupek 1985; Marterbauer 1993: 460; Lindvall 2009). The social partners’ influence reaches beyond wage policy as they are represented in various advisory bodies, the governance of the social insurance system and the Austrian Central Bank (Marterbauer 1993: 460) and have the legal right to comment on bills discussed in parliament (Hermann 2011). On the employers’ side, the Federation of Austrian Industries (IV) competes for influence with the WKÖ, representing large and medium-sized manufacturing industries. Based on voluntary membership and formally not embedded in the social partnership, the IV pursues a more confrontational course following the logic of membership.

In contrast to pluralist systems of interest representation where many and narrow interests try to influence policymaking, the Austrian ‘neo-corporatist’ system of social partnership is built on few but encompassing interest organisations which largely internalise differences between constituencies (cf. Streeck/Kenworthy 2005). The internalisation of conflicts of interest is solved through democratic representation within the

Figure 1: Union Density in EU15



Source: Visser 2015. Own composition. Data for LU, MT, PT and ES was not available post-1945. Data for LU was missing for the periods 1982–1986, 1988–1992, 1994–1996, 1999–2002. Missing data has been interpolated.

Chambers. This leads to the WKÖ being structurally biased in favour of small- and medium-sized enterprises although contributions are paid in relation to their size (Paster 2013). An ‘exit-option’ (Hirschman 1970) is avoided by compulsory membership (cf. Baccaro 2003: 686), making the WKÖ the most encompassing employer association in the world (Paster 2013). As the AK’s membership encompasses all formal dependent employees as well as the unemployed, it internalises potential conflict between well-protected, precarious employed and unemployed people, which avoids the emergence of an insider-outsider dilemma (Lindbeck/Snowder 1984). The ÖGB has a strong macroeconomic orientation towards fighting unemployment but does not fully exercise its monopoly power to increase wages excessively (Calmfors-Driffill hypothesis 1988, Interview 2). These might be reasons for its increased legitimacy and public support (IFES 2015).

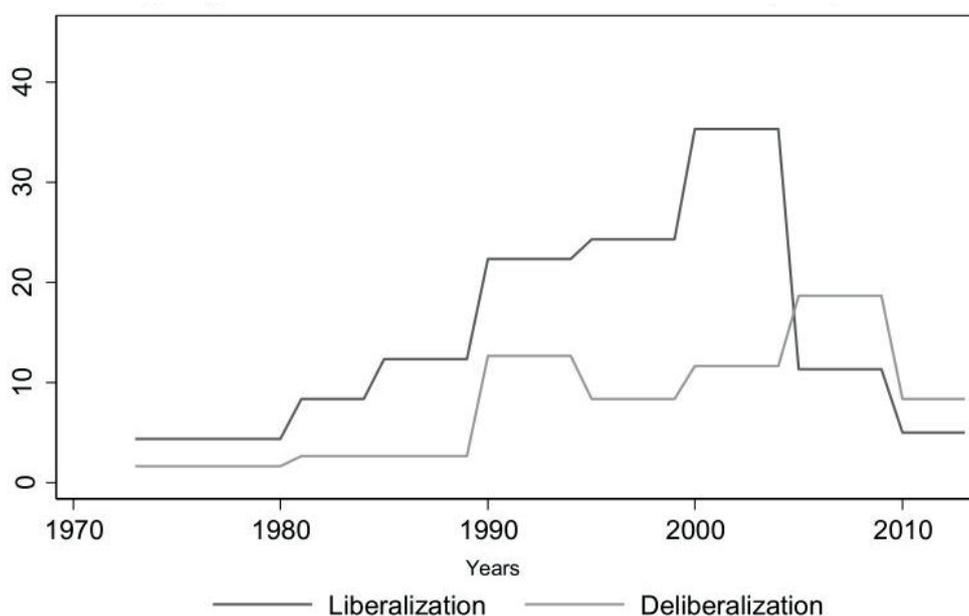
In line with the trend among advanced economies, Austria’s ‘actual level of wage bargaining’ has been decentralised since the mid-1980s (Visser 2015) and a decline in economic coordination kicked off (Nickell 2003: 22). Trade union density fell dramatically from a peak of 68% in 1960 to 27% in 2013 (Figure 1), with an increasing share of members being retired (Visser 2015). No other EU15 country has faced such a high reduction in union membership rates (Nickell 2003; Visser 2015). Union membership declined as rapidly as

in the UK during the Thatcher era and nowadays even Italy and Ireland have higher union membership rates. Thus, the influence of trade unions should be expected to have significantly declined.

In line with the declining organisational power of trade unions, the grand coalition governments since the mid-1980s increased their efforts for liberalisation continuously (Figure 2; Armingeon/Fill 2016). The preparation for Austria’s EU accession in 1995 caused a new wave of liberalising measures (Figure 2; Becker et al. 2015). From 2000 to 2006 the new right-wing coalition pursued a confrontational strategy (Obinger 2010) to further liberalise the economy. After a short intermezzo under the first grand coalition (2007–2008), ending in re-elections, the subsequent grand coalition government under Faymann faced a further eroding union membership base. A continuation of the liberalising path of the 1990s could have been expected and the global economic crisis had the potential to trigger further pressures for liberalisation as in many other European economies.

However, the 2008 grand coalition government did not pursue the 1990s path of moderate liberalisation. Instead, the government emphasised de-liberalising policies (Figure 2) and undertook steps against the dominant trend of liberalisation, deregulation and privatisation. The government re-regulated employment contracts and public procurement procedures,

Figure 2: Liberalisation trajectories in Austria



Source: Armingeon/Fill 2016: 7. Liberalising policies are defined as reducing regulation and/or privatising public enterprises while de-liberalising policies have the opposite effect.

re-politicised the governance of public enterprises and strengthened strategic coordination, as outlined in the following subsection. The period since 2008 is the only time since the 1970s in which de-liberalising policy measures have outweighed liberalising policies (Figure 2). This was not the case in other Bismarckian welfare states such as Germany and Switzerland (Armingeon/Fill 2016).

## 2.1 Re-regulating and re-politicising policies explained

### 2.1.1 Temporary part-time work ('Kurzarbeit') was introduced

As a result of the global economic crisis, Austria's economy experienced its largest recession since 1949 (Scheiblecker et al. 2010) and the economic crisis had the potential to turn into a severe labour market crisis (Hermann 2011). Layoffs were particularly limited by 'Kurzarbeit', enabled by a major labour market reform. The government invited the social partners to tripartite negotiations to extend 'Kurzarbeit' to 24 months (Hermann/Flecker 2015: 201). The aim of the reform was to incentivise employers to implement temporary working time reduction – without laying off staff – in combination with further training. 'Kurzarbeit' was made attractive for employers as well as trade unions

because the government was covering the main costs for retaining qualified staff (Hermann 2011). More than 300 companies introduced temporary working time reduction, which is estimated to have saved 30,000 jobs (Hermann/Flecker 2015: 202). As a result, GDP fell by 3.6% in 2009, while unemployment increased by 'only' 1.4% (Scheiblecker et al. 2010).

The government played a pivotal role in actively supporting the negotiations on 'Kurzarbeit' (Hermann 2011). It was represented by officials with close ties to the Chamber of Labour and the Chamber of Commerce (Interview 2, Interview 7). Because of their prior involvement with the social partners, they were able to ensure smooth negotiations, in contrast to the sclerotic bipartite negotiations between employers' associations and trade unions (Hermann 2011).

### 2.1.2 Adoption of a Youth Guarantee for apprenticeships

In 2008, the government implemented a Youth Guarantee for apprenticeships in cooperation with the social partners (Hermann/Flecker 2015). The so-called 'Ausbildungsgarantie' has been supported by newly established and extended intercorporate apprenticeship workshops. The subsequent working programme of the next grand coalition government (Bundesregierung 2013: 10) drew explicitly on a social partner reform

proposal to strengthen intercorporate apprenticeship workshops and to introduce compulsory education and training for people under 18, the so-called 'Ausbildungspflicht'. This was implemented in 2016, with the effect that no school leaver is allowed to pursue unskilled work or stay home (Ausbildungspflichtgesetz – APfLG 2016). While workfare and activation regimes which reinforce disciplinary labour control are a necessary precondition for flexible labour markets (Atzmüller 2016), the official aim of the Youth Guarantee is at the same time to bring down the number of NEETS (Not in Education, Employment or Training) to nearly zero (Ausbildungspflichtgesetz – APfLG 2016; Interview 1).

### 2.1.3 Reversing the privatisation trend

Under grand coalition governments since 1987, the state holding ÖIAG began to privatise large parts of the Austrian state-owned enterprises. In 2000, the right-wing government reorganised the ÖIAG's board with managers from the private sector with the aim of weakening the accountability towards democratically legitimised policymakers, and speeding up privatisation (ÖIAG-Gesetz BGBl. I Nr. 24/ 2000; Interview 6). Following the ÖIAG law in 2000, the board of supervisors was no longer selected by its owner, the Federal Republic of Austria. Instead, the board of supervisors received a self-renewing responsibility without direct accountability to the democratically legitimised government. This move was undertaken with the aim of removing representatives of social partners from the supervisory board (Interview 2; Interview 6). Thus, it reflected a strategic move to push back social partners' influence to pursue Austria's neoliberal transformation. The 2007 grand coalition government programme included a confirmation of support for privatisation measures introduced by the former government (Bundesregierung 2007).

A re-orientation was passed in 2015 (ÖBIB-Gesetz BGBl. I Nr. 37/2015). The main government trust, ÖIAG, managing the shares of several public corporations, was re-politicised with a reinforced accountability towards the government and turned into a limited liability company ('GmbH'). Since then, the members of the supervisory boards of ÖBIB's subsidiaries have been appointed by a selection committee of two members of the government and two politically affiliated managers (ÖBIB-Gesetz BGBl. I Nr. 37/2015). The public enterprise holding is permitted to make new acquisitions and to expand on the volume of shares. A

newly established aim is the protection and creation of jobs (Bundesregierung 2014).

### 2.1.4 Improvement of public procurement regulation to strengthen employment standards

In 2016, a 'best value' criterion was introduced to public procurement procedures (BVergG BGBl. I Nr. 7/2016), replacing the single former focus on the cheapest price. This change aimed to strengthen employment standards and avoid wage and social dumping of contracting businesses, particularly in the construction sector. If a business violates minimum employment and social standards repeatedly, it is excluded from further procurements. Hence, another long-standing claim of the social partners was first written in the government's working programme (Bundesregierung 2013: 14) and then implemented (WKÖ 2016; Interview 2).

### 2.1.5 Introduction of the anti-wage and social dumping law

Following its working programme (Bundesregierung 2008: 30), the government introduced the new anti-wage and social dumping law (LSDB-G BGBl. I Nr. 24/2011) in 2011 to secure the same wage policies for all employees and ensure an equal playing field for all businesses operating in Austria. Its implementation was supported by the social partners (Interview 1, Interview 3). Therefore, existing bodies of the social insurance system, administered by the social partners, received the competence to control the compliance of businesses concerning wage regulations and report directly to the police if these were violated. In 2015, the scope was extended to cover overtime and its enforcement mechanism was strengthened (LSDB-G BGBl. I Nr. 94/2014). Additionally, the 'Sozialbetrugsbekämpfungsgesetz' (SBBG) was introduced in 2015 to avoid welfare fraud through phantom companies and ensure that employers comply with social insurance contributions (SBBG BGBl. I Nr.113/2015).

### 2.1.6 Re-regulation of employment contracts

In 2015, legislation was passed to restrict adverse employment contract clauses for employees with the aim of preventing exploitation of low and medium income earners (AVRAG BGBl. I Nr. 113/2015). The minimum wage level needed for employers to introduce competition clauses was restricted to better

wage earners. Transparency for all-in contracts was increased as the base wage has to be explicitly specified in the employment contract to avoid wage dumping through all-in contracts (Bundesregierung 2015: 6–7). The period for employers to claim training costs from former employees was reduced. While these policies aim to foster fluid labour markets for specifically skilled employees, at the same time these reforms shift power from the employer to the employee, which improves employment conditions and limits exploitation through the market power of employers.

### 2.1.7 Introduction of a new social assistance system

In 2010 and 2011, a centrally regulated needs-based social assistance called ‘Bedarfsorientierte Mindestsicherung’ (BMS) was introduced to reduce poverty (Art. 15a B-VG über eine bundesweite Bedarfsorientierte Mindestsicherung BGBl. I Nr. 96/2010). The BMS replaced the former social assistance ‘Notstandshilfe’, which used to be lower and regulated at state level. This reform ensures the same level of social assistance in all Austrian provinces. It provides free health insurance to the unemployed but ties the whole system very closely to the regulations of public employment services (Atzmüller 2014). At a time when fiscal contraction was widely promoted and welfare benefits were cut across EU countries, Austria centralised and strengthened its main channel of social support.

Taking the policies outlined here into account, we should ask ourselves: why has Austria experienced a reinforcement of coordinating institutions against the EU-wide liberalising trend since the global economic crisis in 2008?

## 3. Literature Review and Hypothesis

To explain trajectories of liberalisation and neo-corporatist interest representation, scholars in comparative political economy traditionally focus on the coordination between producer groups, but less on their party political links. This research uses the term neo-corporatism defined as ‘liberal corporatism’ (Lehmbruch 1977) or ‘societal corporatism’ (Schmitter 1974) which emerged after WWII. In contrast to state corporatism in fascist regimes, neo-corporatism recognises parliamentary democracy and involves interest organisations with privileged rights but independent from the state (Streeck/Kenworthy 2005).

Functionalist theories on liberalisation assume that exogenous pressures of competition, descending from globalised markets and the EU’s bias towards ‘negative integration’ (Scharpf 1999; Scharpf 2010), initiate a race to the bottom. More stakeholder-oriented models of capitalism inevitably converge towards the Anglo-Saxon model of shareholder value capitalism (Streeck 2013). Thus, the impact of political actors including parties is very limited, as the scope of national policymaking is restricted. The ‘logic of capitalism’ forces any party government to align with market pressures and apply converging policy responses towards a common neoliberal direction (Baccaro/Howell 2011). Cross-country variations only persist as second-order differences (Streeck 2009) determining the pattern of an increasingly neoliberal development. Within the capitalist system, there is no chance for any institutional setting nor for any actors to defend themselves from market pressures successfully. Actors can only achieve ‘forward pulling of future resources’ (Streeck 2011) in order to ‘buy time’ (Streeck 2014). However, Austria maintained coordinating institutions (Section 2) and de-liberalised (Figure 2) against the trend of liberalisation. Thus, ‘buying time’ cannot sufficiently explain Austria’s pathway of de-liberalisation.

Varieties of Capitalism (VoC) scholars agree on the interpretation of ongoing liberalisation and deregulation as adjustment to exogenous pressures stemming from globalisation (Hall/Soskice 2001). While a functional logic led orthodox marxist-inspired (Streeck 2009) and neo-classical (Romer 1986; Lucas 1988) scholars to think of inevitable convergence towards the most liberal system, Hall/Soskice (2001) describe two equally efficient equilibria models. Institutional complementarities can produce comparative advantages of non-market-based ‘institutions for strategic coordination’. Therefore, VoC rejects convergence towards Anglo-Saxon capitalism but instead makes the case for divergence among national variants of capitalism driven by efficiency-maximising elites (Hall/Soskice 2001; Streeck 2010). Derived from the earlier idea of ‘Rhinish’ vs. ‘Anglo-Saxon’ capitalism (Albert 1993), VoC develops a concise theoretical framework to reveal national differences in patterns of economic production and socioeconomic behaviour, building the foundation for path-dependent dynamic adjustment trajectories (Hall 2007).

However, the comparison of Austria with other coordinated market economies (CMEs) shows that a number of CMEs have not converged towards a CME

equilibrium but instead followed different pathways; while Denmark or Sweden have undergone a massive neoliberal transformation during recent decades (Hall 2007; Thelen 2014), the CME archetype Germany has liberalised at its margins. In contrast, Austria reinforced strategic coordination and has implemented significant de-liberalising measures. Hence, there does not seem any common trajectory among CMEs. VoC does not account for the influence of politics and cannot explain national variations within one coordination type.

Representatives of organised workers argue that Austria's strong labour organisations and their membership density are responsible for de-liberalisation. This argument relies on the Power Resources Theory (PRT) (Korpi 1983; Korpi 2006). Hence the mobilisation power of organised labour pushes in a non-neutral arena for conflict among social classes against deregulation and privatisation. The decline of organised workers' power and their political representation through centre-left parties is associated with weaker income redistribution and weaker employment protection (Amable et al. 2006: 427). While VoC emphasises the importance of institutional capacity, PRT focuses on government economic policy as a source of economic performance (Streeck 2010). Undoubtedly, economic policy reforms implemented by the government were the source of Austria's de-liberalisation.

However, as the cross-country comparison has shown, countries with a significantly higher density of union members such as Denmark or Sweden (Visser 2015) have undergone major liberalisation, despite governments formed by centre-left parties. Austrian unions have continuously lost more than 60% of their members in the last five decades (Figure 1). Hence the Austrian case questions that the extent of liberalisation depends on the mobilisation of the working class.

Moreover, evidence for Austria's reinforcement of strategic coordination is supported by the literature on 'Crisis Corporatism' (Hermann/Flecker 2015; Feigl et al. 2016; Schroeder 2013; Eichhorst/Weishaupt 2013). While early literature on corporatism argued that successful corporatism depends on the strength of social democracy (Schmitter 1974), 'crisis corporatism' argues that the revival of the social partnership was caused by the largest economic crisis since the 1930s. Thus policymakers implemented anticyclical fiscal policies and focused on established practices of neo-corporatism particularly in times of great uncertainty (Feigl et al. 2016). However, this short resurgence of neo-corporatism was destined to be short-lasting and policymakers

soon started pushing for further deregulation (Hermann/Flecker 2015). The common interpretation of the euro crisis as a sovereign debt crisis justified welfare cutbacks and market liberalisation (Blyth 2013: 54). Thus it is argued that the stability of this short revival of the social partnership has become fragile and employer organisations have returned to their less compromising behaviour from before 2008. Nevertheless, this approach falls short of explaining why neoliberal interests have been less successful in implementing their policies in Austria while they experienced new heights across other EU countries.

Some scholars have emphasised the impact of partisan governments on macroeconomic policies (Boix 2000), while others have underlined the partisan effect of left-wing and right-wing governments on welfare state dynamics (Amable et al. 2006). Traditionally, left-wing parties are expected to be pro regulation and de-liberalisation while right-wing parties should support deregulation and liberalisation (Belloc/Nicita 2012). While party orientation seems to characterise the difference between the right-wing coalition from 2000 to 2006 and the subsequent grand coalition governments since 2007, these approaches do not explain significant variations among grand coalition governments. Why did the grand coalitions of the 1990s liberalise significantly while the recent grand coalitions de-liberalised? This analysis sees governments as unitary actors but does not account for power struggles and actors' constellation within the government and political parties. The interplay between party leaders and their party-internal supporting coalitions needs to be observed.

Several potential explanations of liberalisation miss that trajectories of liberalisation are not the product of economic functional preconditions, nor are they the sole outcome of a power struggle between organised labour and capital. Political actor-centred approaches argue that interest groups, parliamentary parties and their leaders have to take strategic decisions about liberalising and de-liberalising policies (Armingeon/Fill 2016). Therefore, they have to form supporting coalitions, which are path-dependent on the set of previously taken policy decisions ('constrained partisanship'; Beramendi et al. 2015). Historical institutionalism argues that formulated choices over formation of institutions or policies have a constraining effect in the future (Greener 2005; Peters 2000). Thus political path-dependency and inheritance in politics can take a central role in actor-centred approaches (Greener 2005; Rose/Davies 1994; Peters 2000; Pierson 1996).

Previous research has analysed the path dependency of welfare state retrenchment and discovered fundamental differences between welfare expansionary and retrenching policies in the 'goals of policymakers' and in the 'political context' (Pierson 1996: 144). Welfare state retrenchment often concentrates immediate losses on narrow groups while gains are diffuse, uncertain and only occur in the longer run (Olson 1965; Pierson 1996). An analogy can be drawn to liberalising versus de-liberalising policies. The application offers valuable insights in national variations of liberalisation due to interest group formation but seems limited when it comes to explaining why Austria halted and partly reversed its trajectory of liberalisation over time. On the contrary, the present article indicates that path dependency can be reversed by the constellation of actors involved.

Only a stable coalition can support the leaders' goal to increase their own power and stay in office (Crouch 2005). Such a coalition was formed from 2008 to 2016, consisting of social partner organisations which followed the 'logic of access' (Streeck 1999; Czada 2004) after a successful 'activist capture' (Coulter 2014). Influence remained persistent as weakened political leaders were forced to enter a 'power-policy exchange' with social partners. This helped party leaders to stay in power and allowed social partners to exercise influence over policies by placing their own representatives in the government as interlocking directorates.

An actor-centred approach was used in previous research to show the ostensible transition from a corporatist 'negotiation-based' democracy towards a 'conflict-based' democracy during the right wing government from 2000 to 2006 (Tálos/Stromberger 2004; Tálos/Kittel 2001). Contrary to these previous expectations, the social partnership endured in Austria (Tálos 2015; Tálos 2006). The resilience of Austrian corporatism has received renewed attention and was explained as relying on the institutions of social partnership, collective identities and social actors which prevent corporatism from erosion (Pernicka/Hefler 2015; Hinterseer 2017). Personal links played a key role in the stability of neo-corporatism and individual interlocks between social partners and political parties have shown no decline in recent decades (Ennsner-Jedenastik 2015). This deserves further research observing why the social partnership and its vertical integration in political parties expanded particularly from 2008 to 2016. In fact, this research tests the following hypotheses:

I) Vertical integration of social partner officials in the government has increased since 2008 for the first time after the paradigm change in Austria in the early 1980s.

II) Politicians with a professional background in social partner organisations played a key role in Austria's de-liberalising evolution since 2008.

This research contributes to the question of how to design policies that produce an institutional framework in which autonomous actors engage in forms of cooperation under adverse conditions (Hancké 2013b: 113). Under the slowdown in growth, it is necessary to analyse how interests operate (Maier 1981) and which state actions reinforce economic coordination (Hancké et al. 2007). Therefore, it is necessary to examine the different impact of electoral and producer politics (Hall 2015: 39). From a political perspective, this research reveals starting points and scope to counter the increasingly undemocratic governance of national economies which emerged under the EU's 'executive federalism' (Habermas 2011) and 'authoritarian constitutionalism' (Oberndorfer 2012). At the national level, some neoliberal actors of the ÖVP pushed the right-wing government of 2000 to 2006 to transform Austria by implementing a neoliberal agenda. Now, as their successors are preparing for a second attempt under the next government, it is crucial to examine the factors which have reversed the envisioned shift so far.

#### 4. Research design

The case of Austria was selected as the country presents typical features of a CME which has followed a delayed trajectory of liberalisation since the 1980s and would have been expected to further liberalise. Its revival of neo-corporatism cannot be explained by internationally established theories. Therefore, a single critical case study (Eckstein 1975) was conducted to question existing theories. While a single case and the limited number of interviews cannot be used to establish a generalised answer, the research enables an alternative argument to be generated (Hancké 2009: 71) and motivates further research. The actor-centred approach can never fully explain all causalities but helps to identify key factors as it shifts attention to relevant aspects (Scharpf 2000; Mayntz/Scharpf 1995). In this context it seems appropriate to follow a logic of appropriateness (March/Olsen 2009; March/Olsen 1998). To balance the problems of reliability and replicability inherent to interviews, the findings were triangulated with a

mixed-methods approach relying on biographic analysis (Ennser-Jedenastik 2015), media reports and official government documents (Hancké 2009: 103; Bryman 2012: 635).

Firstly, the official government work programmes and selected legislation since 2008 were assessed in order to detect possible links to social partner organisations. Secondly, the career pathways of the members of government were examined using biographic information (Ennser-Jedenastik 2015). Thirdly, a qualitative analysis of media articles in newspapers and press releases between 2008 and 2016 was conducted (Bryman 2012: 552–553). As a centrepiece of the research, the results were used to conduct seven semi-structured elite interviews with policymakers linked to the two coalition parties (Hochschild 2009). The validity of all other statements was double cross-checked: firstly, SPÖ/AK/ÖGB against ÖVP/WKÖ/LWK. Secondly, all statements from representatives affiliated with the social partners were cross-checked against a respondent representing the Federation of Austrian Industries. The interviews confirmed each other which strengthened their reliability (Hancké 2009: 105). Information about interviewees and a sample of the questions can be found in Annex 1.

## 5. Case study

### 5.1 Social partnership's heyday during Austro-Keynesianism (1945–1983)

The institutionalised social partnership and its influence on the SPÖ and ÖVP experienced a heyday in the decades after WWII until the mid-1980s (Chaloupek 1985; Marterbauer 1993; Unger 1999), leading early researchers to describe Austria as a 'corporatist interest group government' (Lehmbruch 1977: 122). The unions' encompassing nature and central coordination allowed for a 'Big Bargain' (Chaloupek 1985: 74) between social partners and the government. In a classic corporatist way, unions traded wage moderation for (near-)full employment. However, their influence reached beyond wage policies and representation in various formal institutions. They largely shaped the programmes and positions of the SPÖ and ÖVP as their affiliated brain trusts (Marterbauer 1993: 461; Lindvall 2009: 722). In this neo-corporatist context, the first switch from a grand coalition government to the 1966–1970 ÖVP one-party government had practically no influence on the smooth working of the social partnership (Lehmbruch

1977: 112; Ennser-Jedenastik 2015). Until the 1980s, even the conservative ÖVP was supportive of the welfare state (Kriesi et al. 2006) and tried to 'outbid the government in its concern for social problems' (Chaloupek 1985: 79–80). Until the end of Bruno Kreisky's 13-year SPÖ majority government in 1983, neo-corporatist agreed Austro-Keynesianism remained unchallenged (Chaloupek 1985), while Europe's neoliberal shift had already started one decade earlier (Hall 2015). However, the demise of social democratic dominance in Austria signalled a parallel shift from the post-war Keynesian demand consensus towards supply-side-oriented corporatist economic policy (Traxler 1993).

### 5.2 Steady decline under grand coalition governments (1983–2000)

While neo-corporatism remained formally intact in the 1980s and 1990s, social partners' influence on the government and the governing parties decreased (Kittel 2000; Lindvall 2009; Afonso/Mach 2010) and corporatist policy advice lost importance (Karlhofer 2006: 370). Budget consolidation gained importance under the Federal Chancellor Franz Vranitzky (Lindvall 2009: 720) and was intensified under the preparation for the 1995 EU accession (Becker et al. 2015). Two austerity packages were passed and 'the government increasingly relied on benefit cutbacks' (Obinger 2010: 48), which led to increasing tensions between the SPÖ and the ÖGB (Tálos 2015: 184). The social partners could not stop the grand coalition government (Katzenstein 1984) which 'significantly introduced liberalisation in network industries' (Belloc/Nicita 2012: 445) and started to privatise banks, energy services, transportation and the nationalised steel industry (Afonso 2013; Kittel 2000: 114).

The Chambers came under pressure due to all-time low election turnouts in their internal elections. As mandatory membership does not allow an exit option (Baccaro 2003: 686), the election turnout among members provides legitimacy to the institutions. The crisis of legitimacy was facilitated by a corruption scandal in the Chamber of Labour (Karlhofer 2006: 367), making it the main target of criticism. The institution suffered from a decline in election turnouts from 64% (1984) to 30% (1994) (Karlhofer 2006: 370). The parallel upswing of the populist far right led by Jörg Haider used the social partners as the main target to attack the political establishment (Interview 2) (John 2008). The social partnership and mandatory membership in

the Chambers was heavily opposed by the FPÖ. Other aspects were criticised by the Greens such as a lack of transparency, missing gender balance and personality cult of the social partners (Marterbauer 1993: 469; Die Presse interview with former party leader Van der Bellen 2012). At the same time, the SPÖ leadership shifted away from the AK's and ÖGB's policy advice, increasingly led by politicians with a professional background in state-owned enterprises (Marterbauer 1993: 468; Interview 2). In the context of this hostile climate, new legislation reorganised the Chamber of Labour in 1992 (Arbeiterkammergesetz 1992 BGBl. Nr. 626/1991).

### 5.3 Hard opposition to the right-wing government (2000–2006)

After a disastrous election outcome as the conservative ÖVP reached only third place, the leader Wolfgang Schüssel surprisingly did not enter another grand coalition as a junior partner but instead formed a coalition with the far-right FPÖ to become Federal Chancellor. This right-wing coalition pushed for liberalisation (Armingeon/Fill 2016) and retrenched social partners' influence (Interview 2). The ÖVP/FPÖ coalition increasingly relied on majority decisions by legislative proposals through parliament in order to bypass the veto power of the social partners (Obinger 2010: 54). In 2000 and 2004 legislative proposals tried to limit AK contributions, thereby destroying its financial base, but were finally rejected (Tálos/Kittel 2001; Tálos 2006). The WKÖ took a remarkable role in repeatedly mitigating government plans and refraining from using the 'window of opportunity' to substantially weaken social partnership (Hintenseer 2017; Tálos 2015; Paster 2013). This would be of further importance, as Reinhold Mitterlehner, the deputy secretary-general of the WKÖ by then, became Minister of Economy in 2008 and Vice Chancellor from 2014 to 2017 (Interview 2). Social partnership once again showed its stabilising function as a 'modernisation broker' focusing on 'macro-level policy influence' (Heinisch 2000).

### 5.4 Grand coalition intermezzo (2007–2008)

Following a financial scandal ('Karibikgeschäfte') of the union-owned bank 'BAWAG' in 2006, the SPÖ party chair and newly elected Federal Chancellor Alfred Gusenbauer formed a grand coalition government but decided for the first time in the SPÖ's history not to consider any trade union leaders as ministers or as MPs

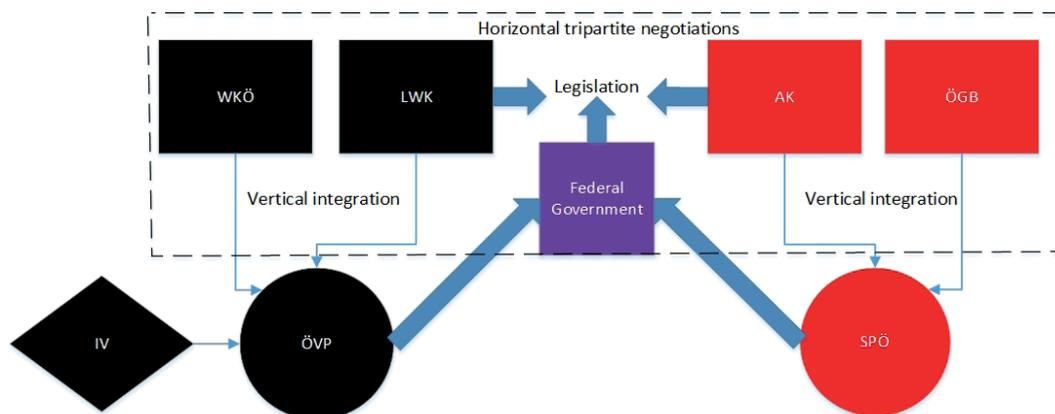
(Interview 2). The ÖVP was still represented by more neoliberal politicians from the Schüssel era (Interview 6). In fact, from the 1990s until 2008 the most important ÖVP representatives had no professional background in social partner organisations. Instead, Wolfgang Schüssel and several of his ministers had close ties to the Federation of Austrian Industries (IV) (Interview 6). Hence, in 2006/07 the social partners were at arm's-length from their linked parties which contributed to the coalition being 'ill-fated from the outset' (Obinger 2010: 62).

Still, the government progressed with the introduction of a social assistance scheme and, as a reaction to the attacks on the social partners until 2006, decided to formally elevate the role of social partners to constitutional status. However, the SPÖ could not implement the central demands of their election campaign, as the coalition partners continued their policymaking technique from the late 1990s, primarily blocking each other (Obinger 2010). The still confrontational ÖVP quit the coalition in 2008 and called for snap elections with the aim of returning to a neoliberal right-wing government (Interview 2). On the SPÖ side, Chancellor Gusenbauer was replaced by Werner Faymann with the support of the trade unions (Interview 2; Interview 3).

### 5.5 Revival under grand coalition governments (2008–2016)

As an election result, the SPÖ reached its worst result in history to date (Bundesministerium für Inneres 2016), but remained in first position. The ÖVP replaced its leader Wilhelm Molterer, responsible for the snap elections, with Josef Pröll. Both parties formed another grand coalition government. However, party leaders had to make significant concessions to social partner organisations to receive their support (cf. Afonso 2013). Since then, neo-corporatism has experienced a remarkable revival (Interview 2, Interview 3, Interview 5). The government programme in 2013 stated the firm intention to include social partners in a wide range of governmental activities (Bundesregierung 2008; Bundesregierung 2013). Besides the range of policies outlined in section two, the strong involvement of social partners facilitated agreement on a major anti-cyclical tax reform in 2015 with the purpose of lowering income taxes and fighting tax fraud (Interview 2, Interview 5). Scholars have admitted that 'a recurrence of corporatism [...] paved the way for a moderate expansion of the welfare state' (Obinger 2010: 73) and proclaimed a 'renaissance of social partnership' (Tálos 2009).

Figure 3: Social partner's horizontal and vertical access to policy-making



Note: Horizontal integration through tripartite participation and vertical integration through party integration. The IV is not part of the social partners but mainly functions as a rivaling interest group outside.

Source: Own composition.

This revival took place through the ‘power-policy’ exchange between party leadership and social partners. The SPÖ’s party leadership under Werner Faymann was built on the support of the Social Democratic Trade Union Fraction (FSG) and policies were ‘primarily in accordance with the AK and ÖGB’ (Interview 1; Interview 2; Interview 3; Interview 4; Interview 6). Despite severe electoral losses, the party-internal backup allowed Faymann to remain in office for eight years (Interview 3). Compared to the Schüssel era, all three ÖVP leaders since 2008 pursued relatively moderate policies, with two of the three having a professional background in the WKÖ and LWK (Interview 4; Interview 6).

### 5.6 Configuration of government

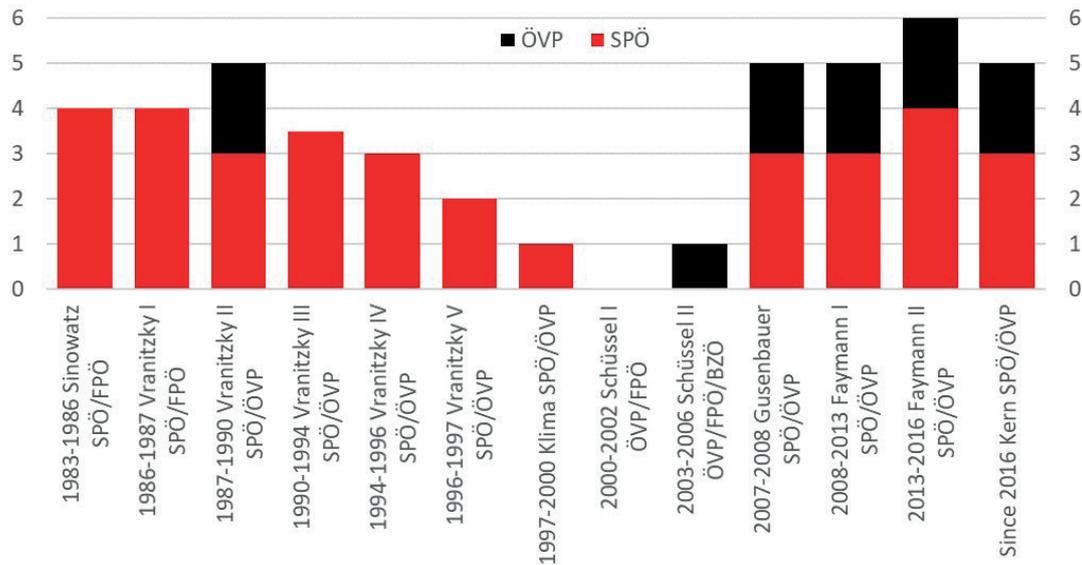
Scholars have argued that neo-corporatism which ‘divides economic groups along the same line as parties may well magnify polarisation and ideological conflict’ (Maier 1981: 54) and reinforces political coalitions and cleavages (Lehmbruch 1977). Corporatism arguably works more effectively when producer groups are less ideological and less linked to the party political arena. However, this link seems to be the opposite in the Austrian case. Neo-corporatism declined when party links were weakened and social partnership experienced a revival through close partisanship (Interview 2, Interview 3). Grand coalition governments worked more smoothly when they were represented by a higher number of social partner officials from both parties (Interview 3, Interview 5). During the grand coalition governments of the late 1990s, coalition member parties were increasingly caught in internal disputes

(Obinger 2010) and social partner participation decreased (Interview 5). Ideological conflict was reinforced when social partner participation was at its all-time low in the early 2000s but the grand coalition worked more smoothly with high social partner representation post-2008 (Interview 2).

The social partners represent their interests through two different channels: horizontal tripartite negotiations with the government and vertical integration in the traditional political parties of the centre-left (SPÖ) and centre-right (ÖVP). Both channels provide privileged access to the policymaking process. While influence over the first channel of tripartite negotiations declined (Tálos 2015), the social partners’ integration into their politically close parties increased significantly (Figure 4; Interview 2; Interview 3; Interview 4; Interview 6).

The increased vertical integration is also observed when using members of government with social partner backgrounds as a proxy. During the grand coalitions in the late 1980s and 1990s, the number of ministers with a professional background in the social partner organisations faced a continuous decline. While the government from 1987 to 1990 included five politicians with a professional background in social partner organisations, this number fell to one in 1997. Social partners’ access reached its all-time low with the right-wing ÖVP/FPÖ coalition from 2000, taking no person with social partner affiliation on board. This development was driven by party-internal power struggles in which the party wing in favour of a grand coalition lost against the faction around Wolfgang Schüssel who stood for a more confrontational neoliberal way (Interview 4, Interview

Figure 4: Members of government with a social partner background



Source: Austrian Parliament. Own composition. Data is presented in Annex 2.

5). Thus, social partners' influence decreased under the grand coalition governments of the 1980s and 1990s.

The reversing increase of social partner representation from the 2007–2008 grand coalition onwards can be explained by 'activist capture' (Coulter 2014: 63). When one party loses the chancellorship, core constituents such as social partner organisations can decide on or influence the party leadership more than usual (cf. Ennsner-Jedenastik 2015). This was the case when grand coalitions started in the 1987 Vranitzky II cabinet as well as in the 2007 Gusenbauer cabinet (Figure 4). Why has social partners' government representation increased since 2008, contrary to the decrease under the grand coalition governments of the 1980s and 1990s?

Public trust in the AK, ÖGB and WKÖ rose to peak levels among Austrian institutions (IFES 2015; OGM 2014; OGM 2012). 75% of the population have very high trust in the AK (IFES 2015) and the WKÖ president enjoys considerable credibility (OGM 2014). At the same time, the government has suffered from considerably lower public trust (IFES 2015; OGM 2014; OGM 2012). This trust gap makes public support from the AK increasingly useful for politicians to legitimise the government by taking social partner officials on board as ministers to profit from their higher public support (Interview 1, Interview 3, Interview 4). Thus, party leaders have entered into an exchange to trade governmental as well as party posts and positions for public support and increased legitimacy. Taking this consideration into account, it is no surprise that until

early 2016 six out of fourteen ministers had a professional background in social partner organisations, clearly exceeding the post-1945 historical average of 29% (Ennsner-Jedenastik 2015). Additionally, almost every office of a federal minister has at least one policy advisor coming directly from one of the social partner organisations (Interview 3; Interview 5; Interview 6).

### 5.7 Logic of access and political exchange

The discrepancy between the 'logic of access' and the 'logic of membership' forms an inherent contradiction for social partners (Streeck 1999; Czada 2004). While social partners must serve their members' interests, they are at the same time embedded in the foundations of consensual neo-corporatism. These two logics are often hard to align. Austria's strong neo-corporatist institutions biased social partners to follow the 'logic of access' (Beyers 2004) or 'logic of influence' (Schmitter/Streeck 1999). This fostered vertical integration and stands in contrast to the 'logic of membership' which is shaped by the demands of the constituents (Streeck 1999; Czada 2004; Streeck/Kenworthy 2005). The reasons for interest organisations to follow the 'logic of access' are twofold. Internally the professional staff have an interest in job security and career advancement as well as in maintaining certainty of expectations for future bargains. Social partnership resembles a game theoretic model with almost endless repetitions in which actors have an incentive to cooperate. One impressive example was the

WKÖ aligning temporarily with social partners against its 'own' allied party during the right-wing government from 2000 to 2006 (Paster 2013). Externally, the state's cooperation with the social partners grants support and achieves political moderation of the interest groups (Streeck/Kenworthy 2005). According to the logic of influence, interest organisations use the discipline of their members as a resource to trade for organisational privileges or policy influence (Streeck/Kenworthy 2005). The ÖGB's strong decline in membership was facilitated by following the neo-corporatist logic ('logic of access') while neglecting the 'logic of membership' (Tálos 2015: 181; Karlhofer 2006: 370).

Social partners can gain access not only to the government but also to the leadership of political parties. If the parties are in government, the interest groups can gain significant influence through the party as an interest vehicle. The strategy's success depended on the demands for re-regulating policies the social partners had on interlocutors, the support social partners had to offer to the party leadership, the willingness to compromise with the party leadership as well as with other social partners and the extent to which both sides could deliver. This political exchange is facilitated through considerable autonomy of the social partners' leadership. The leadership can take a long-term view to enter a positive-sum game, in which every participating party benefits from collaboration. This represents a main difference of corporatist interest intermediation compared to pluralist interest representation (Streeck/Kenworthy 2005).

In Austria social partners placed their officials as 'interlocking directorates' in the government (Interview 2, Interview 3, Interview 5). An interlocking directorate is a person who has been active in two organisations either simultaneously or at different times and is therefore able to link the two (Brandeis 1915: 46). This facilitates the convergence of ideologies, strategies and political organisations (Schlögl/Plehwe 2015). Thus social partners and the government made use of a 'revolving door effect'. On the one hand, social partners influence the government through placing their own officials in central positions, while on the other hand government leaders can make use of both the social partners' high public support and their expertise. It was not the institutional setting of tripartite negotiations but primarily social partnership defined as a policymaking process (Baccaro 2003) which gained influence. Therefore, the question emerges: how did the social partner organisations come into power within their parties?

Austria experienced a 'tactical alliance' (Hassel 2009: 11), which is a reversed case of 'classic corporatism'. In corporatist settings governments enter a 'Big Bargain' (Chaloupek 1985: 74) with trade unions and offer institutional security as governments rely on trade unions' power to restrain wage demands (Scharpf 1991). In the present framework, however, a government acquires electoral support – 'power interest' – in exchange for policy gains granted to the unions. Figure 5 extends the initial framework (Hassel 2009) from unions to social partners and adds party-internal support as a major instrument of 'power-policy exchange' to account for vertical integration. Social partners' arms in the allied parties traditionally represent large factions of delegates. In Austria post-2008, the leadership of the governing parties asked their allied social partner organisations for party-internal support as well as for electoral support among the wider public. In exchange, the party leadership (the Chancellor and Vice-Chancellor, who are at the same time the chairpersons of their parties) granted further positions to social partner officials and involved them extensively in their advisory boards using the 'revolving door effect' to place 'interlocking directorates' (cf. Schlögl/Plehwe 2015). Policymakers 'are shaped by their background and past' (Interview 1; Interview 4; Interview 5), 'might bring their own ideas' (Interview 4) and 'are embedded in social networks reaching particularly into social partner organisations' (Interview 3; Interview 5). Granting an unconditional right of return to former employees strengthens their loyalty to former employers (Interview 3). Hence, 'interest constellations of the actors involved' are the crucial explanatory factor for national variations in social partnership's policymaking (Hassel 2009). The Hypotheses I and II can be confirmed.

However, the substantial increase in social partners' influence depends on 'informal' vertical integration which has not been institutionalised and hence on a potentially fragile and temporary constellation. However, even under adverse exogenous pressures, policy choices undertaken by political actors can significantly deviate from common trajectories. The revived neo-corporatism could come to an end: I) if the leaders remained in power without the necessity for social partners' support, pursuing their own (de-)liberalising policy agenda legitimised by electoral support, or II) if social partners, driven only by a power interest, were willing to agree to liberalising policies. However, this does not falsify the hypothesis put forward. Indeed, this research acknowledges the inherently fragile nature of

Figure 5: 'Power-policy exchange' between governmental parties and social partners



Source: Own composition (cf. Hassel 2009).

the 'informal' vertical integration of social partners' officials in political parties.

While globalisation leads to pressures for liberalisation (Rodrik 2011), domestic actors still significantly shape the trajectory of liberalisation or de-liberalisation. Thus, electoral politics still enjoys considerable policy choices in parallel with 'constrained partisanship' (Beramendi et al. 2015). Already in the 1930s, trade unions achieved policy goals because they shifted their power from the industrial to the political arena (Baccaro 2003), which arguably requires a weak government as a precondition (Baccaro/Simoni 2008). The present argument suggests that it is not only weak governments but weak leaders within their parties which need core constituencies to back them up from within the party. It seems fair to say that actor-centred approaches deserve more attention. Further research should focus on how the path-dependent state capacity might constrain actors' influence.

## 6. Conclusion

While the 20th century, shaped by nation states, was characterised as the century of corporatism (Schmitter 1974), the same may not be true for the 21st century (Streeck/Kenworthy 2005). Since the 1990s globalisation has increased and the power of the planned economies demised (Kriesi et al. 2006). The breakdown of the Phillips curve led to a broad consensus of low inflation, liberalisation, privatisation and balanced public budgets across political parties (Hall 1989; Hall 2015). This research confirms the hypothesis that, within this broader trend, deviations of considerable importance can be caused by endogenous interests, reflected by the configuration of actors. In the Austrian case, social partners successfully pursued a logic of access strategy to implement de-liberalising, re-regulating and re-politicizing policies. High trust in social partners and low support in the government (IFES 2015) facilitated

the 'tactical alliance'. The 'power-policy exchange' was possible due to a favourable interest constellation of the actors (cf. Hassel 2009): weakened party leaders as heads of government, dependent on social partners' party-internal and electoral support. If the involved actors change, the interest constellation can shift as well, making the revival of neo-corporatism fragile. In the context of high systemic constraints, the conducted 'power-policy exchange' between social partners and party political leaders caused a national development contrasting an overall EU trend. Further analysis is needed to study how the increased integration of social partners into political parties affects the actions of the social partners themselves.

The Austrian social partners celebrated their 70th anniversary in 2016. It does not seem to be their last anniversary, but it may be the last one celebrated in harmony and unity with the party government. A further erosion of the traditional centre-left and centre-right parties, pushing them out of government, has the potential to prevent the influence of social partners, who have tried to back up the weakened leadership of the SPÖ and the ÖVP (Interview 2; Interview 3; Interview 5). Both the SPÖ's and the ÖVP's leadership was recently replaced by successors with more distance from social partners (Interview 3; Interview 6). Within the ÖVP the more confrontational neoliberal wing around the Federation of Austrian Industries and the party's youth organisation has won the party-internal struggle against the WKÖ and LWK (Plink 2016; Bachner/Kittner 2016; Interview 3), making another attempt for a neoliberal transformation likely after the next general election (Feigl et al. 2016; Rathgeb/Wolkenstein 2016; Interview 2; Interview 6).

Traditional labour core constituencies feel increasingly left out by the party political establishment and are shifting to the authoritarian, populist right (Kitschelt 1994; Kriesi 2014: 369; Hall 2015: 34-36; Beramendi et al. 2015). To effectively represent the so-

called ‘revolting losers of globalization’ (Wolf 2016), social partners and allied political leaders would be well advised not to deny their influence and complain about an arguably all-powerful neoliberal conspiracy. Defending social partners’ status against the surge of authoritarian populism only by promoting the importance of services for members will not be credible considering social partners’ obvious political influence. Instead, social partners should publicly admit and consciously defend their privileged access to policymaking which can be legitimised by parity of interest representation for labour and capital on the input side and the achieved policies on the output side. Therefore, it is necessary to argue openly in favour of de-liberalising policies. Putting the involvement of social partners at the centre stage of Austria’s trend of de-liberalisation, the proposed framework might serve as the starting point for an alternative political-economic model.

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## Annex 1: Interviews

### Interviewees

Interview 1: SPÖ Minister in the federal government. Interview by the author on 01 July 2016, Vienna (recorded, partially transcribed).

Interview 2: Top executive AK official. Interview by the author on 06 July 2016, Vienna (recorded, partially transcribed).

Interview 3: Senior advisor to various SPÖ ministers. Interview by the author on 01 July 2016, Vienna (recorded, partially transcribed).

Interview 4: Former Vice-Chancellor and chairperson of the ÖVP. Interview by the author on 06 July 2016, Vienna (recorded, partially transcribed).

Interview 5: Top executive LWK official. Interview by the author on 22 June 2016, Vienna (recorded, partially transcribed).

Interview 6: Top executive IV official. Interview by the author on 30 June 2016, Vienna (recorded, partially transcribed).

Interview 7: Top executive WKÖ official. Interview by the author via email on 20 August 2016, Vienna (fully transcribed).

## Annex 2: Data for Figure 4.

Number of government members with a social partner background since 1986

Biographies researched on the website of the Austrian Parliament: <https://www.parlament.gv.at/WWER/BREG/> (accessed between February and August 2016).

	ministers					ministers + state secretaries				
	from social					from social				
	Total	partners	share	SPÖ	ÖVP	Total	partners	share	SPÖ	ÖVP
1983-1986 Sinowatz SPÖ/FPÖ	16	4	25%	4	0	24	4	17%	4	0
1986-1987 Vranitzky I SPÖ/FPÖ	16	3	19%	3	0	22	3	14%	4	0
1987-1990 Vranitzky II SPÖ/ÖVP	15	5	33%	3	2	18	5	28%	3	2
1990-1994 Vranitzky III SPÖ/ÖVP	16	2,5	16%	2,5	0	20	3,5	18%	3,5	0
1994-1996 Vranitzky IV SPÖ/ÖVP	16	3	19%	3	0	22	3	14%	3	0
1996-1997 Vranitzky V SPÖ/ÖVP	14	2	14%	2	0	17	2	12%	2	0
1997-2000 Klima SPÖ/ÖVP	14	1	7%	1	0	17	1	6%	1	0
2000-2002 Schüssel I ÖVP/FPÖ	12	0	0%	0	0	16	0	0%	0	0
2003-2006 Schüssel II ÖVP/FPÖ/BZÖ	12	1	8%	0	1	19	1	5%	0	1
2007-2008 Gusenbauer SPÖ/ÖVP	14	2	14%	1	1	20	5	25%	3	2
2008-2013 Faymann I SPÖ/ÖVP	14	4	29%	2	2	18	5	28%	3	2
2013-2016 Faymann II SPÖ/ÖVP	14	6	43%	4	2	16	6	38%	4	2
Since 2016 Kern SPÖ/ÖVP	14	5	36%	3	2	16	5	31%	3	2

Note: Ministers and state secretaries with a social partner background who resigned more than half a year before the end of the government are counted as 0.5.