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The Populist Radical Right in Government
The Economic Policies of FPÖ and Lega

Bachelorarbeit, Wintersemester 2021

Sozialwissenschaftliche Fakultät

Ludwig-Maximilians-Universität München

https://doi.org/10.5282/ubm/epub.75016
Münchener Beiträge zur Politikwissenschaft

herausgegeben vom Geschwister-Scholl-Institut für Politikwissenschaft

2021

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Bachelorarbeit bei Dr. Tanja Zinterer
2020
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I. Introduction

The populist radical right has been a disruptive force in Western European party systems ever since its inception and has continued to garner regular attention from media and political science alike. According to Cas Mudde (2007), the populist radical right is the fourth ‘wave’ of the ‘postwar far right’ in Europe, who are the modern successors to a tradition of far-right sentiment since the end of WWII. Their increasing success at the beginning of the 21st century allowed some of these to enter into governing coalitions, or in the case of the Hungarian Fidesz or the Polish Law and Justice party (PiS), constitute a government on their own. Despite these electoral successes, few populist radical right parties were able to retain their positions in government for more than a few consecutive years. However, some parties like the Austrian Freedom Party (FPÖ) and the Italian Lega (formerly Lega Nord) managed to enter into several governing coalitions and had a significant impact on their political systems. The research on populist radical right parties in government so far has understandably mostly focused on their two most salient issues: immigration and integration policies (Akkermand and de Lange 2012; Albertazzi and McDonnell 2005, 2010; Zaslove 2004), but more recent studies have also considered these parties’ effects on other policy fields, including economics (Röth et al. 2018; Ennser-Jedenastik 2016; Afonso and Rennwald 2018; Krause and Giebler 2019; Rathgeb 2020). While early studies categorized the economic policies pursued by populist radical right parties as catering towards proponents of a small-state and market liberalism such as small business owners and craftspeople (Kitschelt and McGann 1997), later studies have noted a shift within the electorate of populist right wing parties away from the ‘winners of globalization’ to the (perceived) losers (Harteveld 2016). The populist radical right was successful in attracting disgruntled working-class voters with culturally authoritarian preferences, who had ended their support for social-democratic parties following the welfare cuts and liberal cultural policies that were part of the previous ‘third way agenda’. This so called ‘proletarization’ (Arzheimer and Carter 2006; Arzheimer 2013; Afonso and Rennwald 2018) of the populist radical right’s electorate had a significant effect on their economic policy and caused a shift from more neoliberal policies towards ‘welfare chauvinism’ (Schumacher and van Kersbergen 2016, Krause & Giebler 2019). Ennser-Jedenastik (2018: 3): defines welfare chauvinism as “[the] political view [...] that welfare benefits should be directed primarily towards members of the the native in-group, as delineated by citizenship, ethnicity, race, or religion.” This development is especially significant since populist radical right parties have been implicated in severe cuts to the welfare state during their time in government, such as in Austria and Switzerland (Kitschelt and McGann 1997; Afonso 2014; Schumacher and van Kersbergen 2016.) This latter
observation is in line with what Hendrikse (2018) calls ‘neo-illiberalism’, the idea that the cooperation of neoliberal elites with nativist politicians from the populist radical right led to a newly illiberal type of market radicalism. An idea that is further corroborated by Slobodian’s (2019) historical account of a political alliance between economic libertarians and the American alt right, which emerged after a group around Ludwig H. M. Mises forced an ideological split within neoliberalism over a row with Friedrich A. Hayek. By analyzing populist radical right parties’ economic policies in government, it will be easier to determine whether these parties make true on their promise to implement welfare chauvinistic policies – along the lines of the ‘new winning formula’ (de Lange 2007) – or choose to implement neo-illiberal economic policies, as the ‘old’ winning formula would suggest (Kitschelt and McGann 1997).

This bachelor thesis begins with a detailed literature review, followed by a presentation of the research design in the form of a Most-Comparable-Systems-Design – an adapted type of Most-Similar-Systems-Design (MSSD) outlined in the ‘Research Design & Methodology’ section – used to compare the economic policies of the Austrian FPÖ and the Italian Lega, in order to learn more about the policies implemented by populist radical right parties in Western European governments. The following analysis is conducted using a set of mixed methods encompassing data from the Comparative Manifesto Project’s (CMP) database of over 1000 parties’ manifestos, the most recent data from the Chapel Hill Expert Survey (CHES), data from the European Social Survey (EES) and a quantitative and qualitative media analysis of Austrian, Italian and international media, as well as a systematic analysis of the parties’ manifestos in order to determine the type of economic policies enacted by populist radical right parties in government. The results of my bachelor thesis show that populist radical right parties in government reliably choose to implement neoliberal policies over welfare chauvinistic ones, even if they are detrimental to their voters. Only by exhibiting strong pressure on the party elites, the populist radical right electorate is able to steer their party in a more welfare chauvinistic direction. The fundamental disagreement within populist radical right parties between the party elites and the voting base leads to instability and may lead to a split within populist radical right parties, akin to the former FPÖ’s party elite’s decision to form the BZÖ after receiving strong backlash from their voter base.

II. Literature Review

II.I. Neo-Illiberalism and the Populist Radical Right
Neoliberalism and right-wing populism were often regarded as opposites, since it was believed populists were protesting against a neoliberal world order. While both strands emerged from different ideological origins, there is evidence that highlights their various similarities. The silent revolution first described by Roland Inglehart (1977) served as a constitutive counterpoint for the populist radical right. The spread of ideas such as feminism, self-expression, multiculturalism, and egalitarianism were seen by some as ideologies threatening the fabric of society (Slobodian 2019). Traditionalists and nationalists were surprised by the success of the new left and sought to counter what they thought was an attack on their values. Liberalism at the time was torn about the issue, while some believed in the ‘cultural turn’ proposed by Friedrich A. Hayek, who believed that human nature was rooted primarily in culture, while a group of other Austrian economists around Murray Rothbard believed that differences are primarily rooted in biology and race. (Slobodian 2019: 3-4). This led to an ideological schism within neoliberalism, which was followed by an unlikely alliance between the rogue neoliberals gathered around Rothbard and the far right, held together by a strong belief in race and biology and a common opposition to the values of the silent revolution. Slobodian (2019: 4) provides evidence challenging the notion that right-wing populism is a backlash against the excesses of neoliberalism, by arguing that neoliberalism is very much compatible with illiberal, populist and nativist values and that the silent revolution provided the common enemy to enable this alliance.

Hendrikse (2018) argues similarly, by addressing what he calls ‘neo-illiberalism’, the “illiberal mutation and restoration of transatlantic neoliberalism”. The term was originally coined by the Indian economist Aiyar (2016) in order to describe the state of the Indian economy during the term of Narendra Modi. Despite several discussions of a post-neoliberal future, we have come to see a fusion of the radical populist right and neoliberalism in Europe, Brazil and the United States (Hendrikse 2018: 169). Instead of seeing an undoing of neoliberal globalization, the populist radical right serves as a protective shield to the benefit of the economic core of neoliberalism, while simultaneously attacking checks and balances, the media as well as civil, human and minority rights. Neoliberal core ideas have historically been absorbed by competing worldviews and have consistently shown great elasticity with principles like competition, private property and consumer sovereignty being easily tied to either multicultural tolerance or to exclusion based on culture or race (Mirowski et al. 2020: 10-11). Populist radical right rhetoric has consistently overshadowed the ongoing deregulation, tax cuts and corporate consolidation occurring around the world, thereby hiding the failures of neoliberal globalization
Italy has seen right-wing populists adopting neoliberalism since the 1990s, who imploded in government only for new populists to rise into positions of power (Verbeek and Zaslove: 2016). The mix of neoliberal economics and illiberal narratives may explain populist radical right elites’ affinity towards Friedrich Hayek. Both the FPÖ and the AfD have “emerged within neoliberalism, not in opposition to it” (Slobodian: 2018). Despite these new challengers’ lust for power, populists have bowed down to financial markets after being pressured by central banks like the populist government of Italy, which has promised to stay in the Eurozone to ensure financial stability and focused on immigrants instead. Neoliberalism and right-wing populism should therefore not be seen as opposites, but as closely bound together and be analyzed and identified as such (Hendrikse 2018: 171).

II.1. Party Strategy and the New Winning Formula

In their book *The Radical Right in Western Europe: a Comparative Analysis* (1995) Herbert Kitschelt and Anthony J. McGann argued that the success of the extreme right is contingent on the strategic choices of moderate conservative parties. By appealing to free market proponents and ethnocentric nativist voters, these parties are able to attract small independent businesspeople, such as shopkeepers, family farmers, and craftspeople and blue-collar workers. They called this strategy the ‘winning formula’ and highlighted its potential to target ‘working-class authoritarians’ by providing them with the themes of authority, nation and race, while simultaneously providing their petite bourgeois base with an extreme anti-statist, pro-business message against the ‘bureaucratic Moloch’ of the advanced welfare state (Kitschelt and McGann 1997: 275). In this sense, a significant portion of the electorate of the populist radical right has sympathies for neoliberal economic policies, while favoring nativist illiberal cultural policies. Both Lega and the FPÖ were founded upon this clientele and were able to mobilize broad-based resentments against the “hydra” of an overextended party state (Kitschelt and McGann 1997: 276).

The idea that the populist radical right was composed of authoritarians with anti-statist, pro-free market policy preferences was questioned by Sarah L. de Lange (2007), who argued that there has been a shift since the 1990s towards a new winning formula. According to de Lange, populist radical right parties modified their ideological appeal to move to a more centrist economic position. This shift was caused by a significant increase of disgruntled former social-democratic working-class voters with socialist-authoritarian attitudes as opposed to capitalist-authoritarians. Despite moving on the economic axis, populist radical right populist parties have
remained strongly authoritarian. This has a significant effect on West European party systems, especially since the populist radical right has entered several governments and has become part of the Austrian and Italian establishment (de Lange 2007: 429). Using case studies from France, Belgium and the Netherlands such as the Front National, Vlaams Block and Liste Pim Fortuyn, de Lange argued that while these parties remained authoritarian, their economic stances changed with their electorate. This observation was also acknowledged and supported by Kitschelt (2007: 1181-1182; 2001) himself, who wrote that as “the radical right’s center of gravity moves to low-income, low skill wage earners entirely, they may then tone down their market liberalism”.

Jan Rovny (2014: 3-6) disagreed with the premise that it is useful to place populist radical right parties’ economic positions on a spectrum, due to their strategy of position blurring. He bases this argument on a dimensional approach to political competition made up of issue positioning, issue salience, and strategic positional avoidance. According to this approach populist radical right parties may want to avoid taking clear stances on political issues they are not invested in, in order to attract the greatest number of potential voters. This deliberate position blurring can take on many forms, presenting vague or contradictory positions on a given issue or avoiding presenting a stance all together. This type of strategy is particularly attractive to younger parties, who have yet to form a core membership amongst their supporters. As Rovny (2014: 17) argues this strategy is very effective for populist radical right parties in the opposition but generally breaks down in government. By drawing on data from the CHES, he finds that populist radical right parties do exhibit more position blurring while in opposition, as opposed to being in government. Rovny (2014: 18) supports this by highlighting how populist radical right voters do not tend to place as much emphasis on economic issues, but overwhelmingly vote based on cultural issues instead. Enggist and Pinggera (2020) found that while populist radical right parties make use of blurring when it comes to increasing or shrinking the size of the welfare state, they openly prioritize pensions, unemployment benefits and healthcare over social investment. A recent follow up-study by Jan Rovny and Jonathan Polk (2020) also showed that while the populist radical right seems to be centrist on the question of redistribution, other economic issues tend to remain blurry.

II.III. The Populist Radical Right in Government

The scientific literature on the government participation of the populist radical right routinely relied on case studies comparing parties’ success on an individual level (Zaslove 2012;
Akkerman and de Lange 2012; Albertazzi and McDonnell 2010; de Lange 2007), large-N analyses looking at the effect of government participation on party success (Bolleyer et al. 2012) and studies measuring the impact of these parties government participation on specific policy fields (Verbeek and Zaslove 2015; Akkerman and de Lange 2012). As de Lange (2007: 22-32) argued many populist radical right parties including the FPÖ and Lega were ostracized up until their first chance to enter government. Despite predictions that populist radical right parties would crumble in government (Heinisch 2003; Mudde 2007), they overwhelmingly succeeded in expanding their voter base by winning issue ownership over core issues such as ‘immigration’ and ‘security’ (Albertazzi 2010: 1319). Nicole Bolleyer, Joost van Spanje and Alex Wilson (2012) argued that despite FPÖ and Lega failing to achieve notable immigration policy changes during the Schüssel I (2003-2004) and Berlusconi II and III cabinets (2001-2006), the FPÖ have succeeded in delivering on their promises during the Schüssel II cabinet (2003-2006) by significantly restricting Austrian immigration policy. However, they highlight the ÖVP’s role as the leading force behind the policy change and discard the idea that populist radical right parties had a significant direct impact on immigration policy (Bolleyer et al. 2012: 522-523). When it comes to long term electoral success, Lega managed to outperform the FPÖ by maintaining an oppositional image during their time in government, thereby drastically improving in the polls following the Berlusconi III (2005-2006) cabinet, while the FPÖ saw electoral decline (Zaslove 2012: 442).

Within government both the FPÖ and Lega have been forced to enter coalitions as junior partners and have therefore either been hindered – and sometimes even supported – in the implementation of their preferred policies. Being on the far-right end of the political spectrum they have little alternative options to Christian democratic, conservative or liberal parties, giving them a relatively weak bargaining position. This still leaves populist radical right parties with the option of walking away or logrolling – quid pro quo negotiations – their coalition partner in order to get concessions from them (Akkerman and de Lange 2012: 579-580). As Lanny W. Martin and Georg Vanberg (2014) have shown, coalition policies rarely reflect the preferences of the ministers who propose them, but instead are based on a compromise between government parties. As such individual ministers attempting to dictate specific policy changes are severely hampered when faced with disagreement from their coalition partners. What follows from this observation is that coalition bargaining is critical to successful policy implementation, since the compromise determines which policies are in fact enacted (Martin and Vanberg 2014: 992-995). This was particularly relevant since in the case of the ÖVP and
the FPÖ, as there was resounding agreement in many policy areas such as immigration and asylum, even though both parties’ stances on economic issues initially differed. This provided for easy coalition negotiations, which were prepared in advance by chancellor Kurz, who normalized the FPÖ’s restrictive immigration policies by taking up similar policy proposals and deliberately downplaying their more xenophobic remarks (Eberl et al. 2020: 2). The M5S-Lega coalition on the other hand was formed based on the necessity for both parties to cooperate in order to prevent re-elections which would have potentially cost them a considerable number of votes. Both parties’ ideological distance from one another and their disagreement over who their main enemy is – the ‘outsider’ for the FPÖ and the ‘elites’ for M5S – presented both parties with difficult coalition talks (Newell 2019: 1). Due to Movimento Cinque Stelle’s inexperience compared to Lega and both parties’ reliance on one another, Lega was able to receive more concessions from M5S than their election results would have warranted.

II.IV. Economic Policy and Welfare Chauvinism

In the past economic policy only played a minor role for populist radical right parties, but ever since the Eurocrisis and especially after the European refugee crisis there have been more and more advocates among the far right supporting the idea of ‘welfare chauvinism’. Welfare chauvinism is a nativist policy guided by the belief that welfare benefits should be directed primarily towards members of native in-group based on citizenship, ethnicity, race or religion (Ennser-Jedenastik 2018: 3). In a foundational work, Oesch (2008) identified the welfare chauvinist electorate of the populist radical right as consisting of two core groups the petite bourgeoisie and the working class, two groups that are typically reliant on social insurance and the generous welfare systems of Western European countries. Out of fear of an extension of these social programs to perceived ‘outsiders’, populist radical right voters turn towards welfare chauvinism in order to exclude them from these services. Especially the populist radical right has been successful in mobilizing this group by appealing to working-class voters – who traditionally hold more positive views on welfare – by presenting immigrants and refugees as potential drags on the welfare system. This issue linkage between immigration and welfare was successful in attracting more voters to the populist radical right, but at the same time forced these parties to reconsider their stances on welfare state reduction and redistribution (Afonso and Rennwald 2018: 7). This so called ‘proletarization’ – first noted by Hans-Georg Betz in 1994 – was possible due to the significant potential of working-class authoritarians among the electorates of left-wing parties, which could be tapped into by moving to the economic left (Harteveld 2016: 225-227).
To understand how welfare chauvinism is implemented, Leonce Röth, Alexandre Afonso and Dennis C. Spies (2019) analyzed how populist radical right parties shaped socio-economic policies in Western Europe by comparing their impact on redistributive and regulative economic policies using quantitative and qualitative methods. They support the idea that the populist radical right mobilizes the majority of their voters primarily on the value/identity dimension as opposed to the socio-economic dimension and make use of a blurring strategy as long as they are in opposition. When entering into a government coalition these parties should either implement more centrist policies as the new winning formula would suggest, or advocate for tax cuts and financial deregulation according to the winning formula. According to Röth et al. (2018: 328) any reduction in social spending in the form of welfare cuts could be dangerous for the populist radical right, since their voter base overwhelmingly depends on social insurance programs like pensions (Häusermann et al. 2013, Afonso and Papadopoulos 2015). On the other hand, financial deregulation and privatization are far less problematic in terms of bargaining and effects on their voter base, since their effects will be felt by low income voters only in the long term. Based on this, one should expect the populist radical right to demand tougher immigration legislation and offer up deregulation as a concession, while blocking welfare entrenchment (Röth et al. 2018: 329). Additionally, financial deregulation can weaken neo-corporatism and thereby hurt state-market institutions and trade unions whose power populist radical right parties’ want to break (Rathgeb 2020: 5-6). As both Lega and FPÖ can arguably be determined to stem from an anti-tax, anti-state background, it is not surprising that they are able to mobilize voters without moving to the economic center, but may choose to promote welfare chauvinistic policies in the hope of increasing their electoral gains. As harteveld (2016: 232) points out, this could backfire, however, since the parties might lose more educated voters who tend to show up more reliably at the polling stations. The work of Afonso and Papadopoulos (2015) showed how the populist radical right Swiss SVP (Swiss People’s Party, Schweizer Volkspartei) was unable to pass market liberal pension reforms out of fear of a backlash from their voters, except for bills that could successfully be framed as targeting ‘undeserving’ recipients of social benefits (Afonso and Papadopoulos 2015: 630). Similarly, Ennser-Jedenastik (2016) noted how the FPÖ’s decision to back pension reforms led to a conflict between the government, the opposition and even within the FPÖ. This conflict eventually caused a split of the FPÖ in 2005, resulting in a loss of all government positions and the majority of seats in the lower chamber of parliament. Only when the FPÖ decided to re-brand itself as a pro-welfare anti-immigration party, they managed to increase their support
again, and soon managed to leave both the SPÖ and the ÖVP behind in the polls (Ennser-Jedenastik 2016: 415-416). This abandonment of neoliberal economic positions in favor of a centrist agenda in order to please their working-class voters has been noted repeatedly within the literature (Kitschelt and McGann 2005; de Lange 2007; Schumacher and van Kersbergen 2016), with some acknowledging that populist radical right parties continue to blur their economic positions despite of this (Röth et al. 2018: 328; Rovny and Polk 2020).

II.V. Coalition Theory and Portfolio Allocation

For an analysis measuring the influence of a particular party on socio-economic policy in a given coalition government, it is important to determine the power relations and the ability of each party to control ministerial portfolios. For this purpose, new perspectives and tools have been developed for measuring and understanding the power relations within coalitions. Many game theoretic models of non-cooperative games, for example, are based on the perspective of individual participants who are concerned about doing as well for themselves as possible. Cooperation under this assumption is only possible because it is in the best interest of each individual, since each fears retaliation from the others if cooperation were to break down (Laver 1998). Another important question when it comes to coalition building is, which underlying assumptions the analytical model is based on. For example, office-seeking – the assumption that politicians are motivated above all else to get into office – can be one way of explaining a party’s decision to abandon a specific policy or some specific interests of their voters, as opposed to policy-seeking – the assumption that the politicians are interested in office primarily in order to influence policy. There is also a substantial evidence of a strong correlation between the allocation of portfolios and the policy package that coalition parties agree upon. Policies are also more often adopted fully when the respective parties are located closer to each other on any given policy dimension. These are additional arguments for using models that incorporate both office and policy payoff distribution (Schermann and Ennser-Jedenastik 2012: 798).

There is further strong evidence that the allocation of ministerial portfolios is proportional to the seats a party gains in coalition talks (Browne and Frendreis 1980). In their analysis, the authors have found that parties located near the extremities of the coalition-resources variable have received a disproportionate share of ministries. This so-called relative weakness effect leads to small parties being allocated a bigger share of ministerial portfolios, while very large parties received less than their proportional shares. Small parties in coalitions consisting of two
or three members were typically “overpaid”, while large parties lost substantially in these smaller coalitions. The rationale behind this is that small parties are overpaid because large parties (with a greater relative size) are in a strong position in negotiations and therefore able to give up ministries without surrendering the control of coalition policy making. As Eric C. Browne and John P. Frendreis (1980: 768) demonstrate, coalition processes are social rather than compulsive and reflect the fact that individual self-interest is conditional upon the ability of coalition partners to maintain some degree of harmony within the coalition. Within the spatial modelling framework, center-right and populist radical-right parties tend to share several similarities on a cultural level, differing most noticeably on the economic axis. This relative proximity to the positions of parties helps predict the higher likelihood of a coalition between parties such as FPÖ and ÖVP. While the coalition dynamics between two populist parties from opposite sides of the left-right-spectrum like M5S and Lega are much more difficult to map, they would generally predict a much lower likelihood for a coalition. In both cases, however, a minimal winning coalition was the most likely outcome considering the electoral results (Di Virgilio et al. 2015: 15-16).

III. Research Design, Methodology and Hypotheses

III.I. Hypotheses

Based on the literature and the aforementioned observations, six hypotheses were formulated with regards to the populist radical right in general and Lega and FPÖ in particular. The first is:

**H1**: Populist radical right parties will support more neoliberal socio-economic policies when in a coalition with center-right parties

This hypothesis is based on the idea that populist radical right parties are unable to form coalitions with parties on the left, due to their far-right views on cultural issues and are therefore dependent on the willingness of conservative, Christian-democratic or liberal parties to enter a coalition with them. Populist radical right parties will therefore have to concede welfare state cuts or deregulation in order to enter government, potentially hurting their own party base.
H2: Due to their similar positions on the left-right axis populist radical right parties will have an easier time agreeing on socio-economic policy with center right parties (ÖVP and FPÖ) than center left parties (Lega and M5S)

Ideological congruence between the governing parties plays an important role during coalition talks and in government and may differ widely based on the results of the national elections. While FPÖ and ÖVP share a common history, promote similar policies and have governed together once before, one should expect them to be able to agree on a common socio-economic policy much more easily, than Lega and Movimento Cinque Stelle, who are on opposite sides of the political spectrum, have no prior history of cooperation and represent different strands of populism.

H3: The amount and type of relevant economic government posts obtained by a party determine the level of influence they have on socio-economic policy

Since populist radical right parties in Europe have so far only entered government as junior partners, their direct influence on socio-economic policies depends heavily on the resorts they were able to obtain during coalition talks. Based on this one should expect socio-economic policies to reflect the preferences of both coalition partners, while favoring the policies promoted by the partner with the most economic posts.

H4: Populist radical right elites favor neo-liberal economic policies, while most of their socialist-authoritarian electorate prefer centrist economic policies

Since populist radical right parties were formed by pro-business authoritarians, their elites overwhelmingly held market-liberal views on healthcare, government and social spending, reflecting the interests of their electorate of small independent businesspeople such as shopkeepers or family farmers. While the populist radical right has been successful in attracting working class voters with more socialist-authoritarian views, their party elites are made up of capitalist-authoritarians. This provides the party elites with further incentives to cooperate with liberal and conservative parties, who propose similar policies.

H5: Populist radical right parties make use of welfare chauvinistic policy proposals in their manifestos to appeal to working-class voters
Following the observation that populist radical right elites are significantly more economically liberal than their voters, it is logical to assume that they will attempt to attract as many authoritarian voters from left-wing parties as possible in order to win elections. Based on this one would expect radical right populists to add several welfare chauvinistic appeals to socialist-authoritarian voters to their party manifestos.

**H6**: The socio-economic policies implemented by populist radical right parties in government are more neoliberal than the welfare chauvinistic policy proposals in their manifestos.

Assuming that populist radical right elites are economically liberal, one would assume that they will show support for deregulation and tax cuts in government, contradicting the welfare chauvinistic policy proposals presented in their manifestos.

**III.II. Research design & Methodology**

The analysis is conducted using a Most-Comparable-Systems-Design by comparing two Western European radical right-wing populist parties’ socio-economic policies in government. When I initially chose to conduct a Most-Similar-Systems-Design, I realized early on, that due to the extreme heterogeneity of populist radical right parties, conducting such a comparison would be difficult. Even though I acknowledge the consequences this heterogeneity has on my research design, I would like to strengthen the case for a comparison of the two parties that I chose. When accounting for the fact that many populist radical right parties that shared more similarities to the FPÖ, like the German AfD or the Swiss SVP, either haven’t successfully entered into a government coalition yet (in the case of the AfD) or entered the government like SVP but in a different type of party democracy altogether (Switzerland is a representative democracy with direct democratic elements) Lega and the FPÖ are left as the most comparable populist radical right parties who entered government in Western Europe. This design was particularly interesting not only because they both entered government as junior partners, but because they entered government as junior partners to a center-right party in the case of the FPÖ and a populist center-left party in the case of Lega. This is the reason I maintained the structure and method of a normal Most-Similar-Systems-Design, but decided to give it the more accurate name of Most-Comparable-Systems-Design.
This comparison between two most-comparable populist radical right parties is conducted in order to qualitatively derive new insights over the economic policies enacted by them during their time in government. By comparing two radical right-wing populist parties’ policies it is possible to determine whether their economic policy is based more on radical free market ideas, centrism or based on welfare chauvinism and what type of economic policies these parties implement when in government. For this analysis the Italian Lega, formerly known as Lega Nord, and the Austrian Freedom Party (Freiheitliche Partei Österreichs; FPÖ) were chosen, due to the fact that they have many characteristics in common. Starting with their populist radical right party affiliation, there are many similarities ranging from a similar ideology, governmental experience and electoral success to their ties to Russian foreign interest and their repeatedly early loss of governmental control. A key difference in their accession to government, however, is that the FPÖ entered the coalition as a junior partner to the right-wing Christian-democratic Austrian People’s Party (Österreichische Volkspartei, ÖVP), while Lega became junior partner to the left-wing populist Five Star Movement (Movimento Cinque Stelle; M5S). Due to their role as a junior partner, both parties’ ability to implement their economic policy proposals also depends on the amount and types of posts they hold in government.

To measure the differences in these parties’ ideologies and how they relate to their coalition partner and to one another, the – at the time of this writing – most recent data from the Manifesto-Project (2019b), the Chapel Hill Expert Survey (2019) and the European Social Survey is drawn. The goal is to show how these parties present themselves and how they are perceived by their electorate and their voters respectively. This is done, in order to present a clear picture of the parties’ socio-economic profile over time, both within their manifestos and according to their electoral base, so that it is possible to compare their policy proposals to the actual socio-economic policies these parties enact and support while being part of a government coalition. Following this, a qualitative and quantitative media analysis of several English, German and Italian newspapers is conducted in order to determine the coverage on and characterization of the socio-economic policies enacted by the FPÖ and Lega during their time in government. The newspaper articles were selected based on a systematic keyword research on google of the keywords: ‘FPÖ Wirtschaftspolitik’, ‘FPÖ economic policy’, ‘Lega politica economica’, ‘Lega economic policy’ as well as in conjunction with ‘neoliberal’/’neoliberale’ and ‘welfare’/’Wohlfahrt’/’sociale’ for the selected timeframe. The main focus of this analysis will be the Conte I cabinet (01.06.2018 – 05.09.2019) of Italy and the Kurz I cabinet (18.10.2017 – 03.07.2019) of Austria. Finally, by using a systematic analysis of the English,
German and Italian media coverage, the success or failure with regard to the implementation of these policies will be determined. A comparison of these different sources is used to highlight FPÖ’s and Lega’s socio-economic policy proposals, scrutinize if and how these policies where enacted during their time in government and attempt to find explanations for the discrepancies. In the discussion, the consequences of the policies enacted by Western European populist radical right parties will be discussed in the context of their voter base and their current and future success among low-income voters.

III.III. Case Selection

The FPÖ was founded in 1955 as a regionalist party in Kärnten under the name of Freiheitspartei Kärntens. Its first elected party representative was the former SS-Soldier Anton Reinthaller, who gained a simple majority in the first intra-party election after the founding of the party. In 1980 the economically liberal wing of the FPÖ won the upper hand and was able to join a coalition with the Austrian Social Democrats (Sozialdemokratische Partei Österreichs, SPÖ) under Vice-Chancellor Norbert (1983-1987). The precursor to the Lega Nord, known as Lega Lombarda – Alleanza per il Nord, was founded in 1987 and is unquestionably linked to the charismatic leadership of Umberto Bossi (Albertazzi et al. 2011: 474). After being invited into government for the first time by Forza Italia in 1994, the party has steadily risen in the polls and remained a stable segment of the right-wing bloc in Italy. What both parties have in common is their sudden success during the third wave of the populist radical right, allowing them to form the FPÖ-ÖVP (later FPÖ-ÖVP-BZÖ) coalition between 2000-2007, and the Lega Nord again together with Forza Italia from 2008-2011. On an international level, FPÖ and Lega have frequently been organized within the same party groups inside the European Parliament, such as Europe Freedom and Democracy (2009-2014), Europe of Nations and Freedom (2015-2019) and until the present-day Identity and Democracy (2019-present). Another commonality is the fact that both the FPÖ and Lega signed cooperation treaties with the governing party in Russia, President Putin’s United Russia, in 2016 (FPÖ) and 2017 (Lega) respectively. Based on their ideological roots, the FPÖ was born out of an Austrian pan-nationalist, anti-clerical and economic liberal movement, while the Lega Nord used to be a regionalist party in Northern Italy and promoted the secession of an area, they named Pandonia. Lega and FPÖ share many similarities like a hierarchical centralized party structure and nativist attitudes, but are overwhelmingly different when it comes to their ideological roots. While the FPÖ’s foundation as an originally economically liberal party – which turned towards right-wing populism only in the 1990s – might help to explain their tendency towards more neoliberal socio-economic
measures, both FPÖ and Lega shifted their positions not only on immigration, but also on socio-economic policy and hold very similar authoritarian, nativist and populist views today (see Table 1). Controlling for all these variables, the analysis of both parties’ socio-economic policies in government should allow to make some inferences into why radical right-wing populist parties may support more either more economically liberal or more centrist economic policies while in government.

**Table 1: Most Similar Systems Design for the FPÖ and Lega Nord**

<table>
<thead>
<tr>
<th>Variables</th>
<th>FPÖ</th>
<th>Lega</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation date</td>
<td>1955 as Freiheitspartei Kärntens</td>
<td>1987 as Lega Lombarda – Alleanza per il Nord</td>
</tr>
<tr>
<td></td>
<td>2000-2003 Schüssel I (ÖVP &amp; FPÖ)</td>
<td>2001-2006 Berlusconi II &amp; III (Forza Italia, Lega Nord, etc.)</td>
</tr>
<tr>
<td></td>
<td>2003-2007 Schüssel II (ÖVP &amp; FPÖ, later BZÖ)</td>
<td>2008-2011 Berlusconi IV (Il Popolo della Libertà, Lega Nord, etc.)</td>
</tr>
<tr>
<td></td>
<td>Identity and Democracy (2019-present)</td>
<td>Identity and Democracy (2019-present)</td>
</tr>
<tr>
<td>Connections to Russia</td>
<td>Signed a cooperation treaty with United Russia in 2016</td>
<td>Signed a cooperation treaty with United Russia in 2017</td>
</tr>
<tr>
<td>Ideological roots</td>
<td>Pan-nationalism, anti-clericalism, economic liberalism</td>
<td>Regionalism, secession</td>
</tr>
</tbody>
</table>

The two most recent instances of government participation are the Schüssel II cabinet (2003-2007) and the Kurz I cabinet (2017-2019) for the FPÖ and the Berlusconi IV cabinet (2008-2011) and the Conte I cabinet (2018) for Lega. The Schüssel II cabinet was the continuation of the first coalition between the ÖVP and the FPÖ and was notable for the implosion of the FPÖ within government, due to the fact that mid-government their voter base disagreed with the neoliberal economic reforms supported by the (former) FPÖ elites, which led to the founding of the Bündnis Zukunft Österreich (BZÖ) (Akkerman and de Lange 2012: 519; Ennser-Jedenastik 2016: 415). Before the split into BZÖ and FPÖ, the populist radical right party was able to secure positions in the ministry of social security and ‘generations’, the ministry of justice and the ministry of transportation, allowing them to control both a key ‘Law and Order’ post, but also two central economic posts. However, the ÖVP was able to retain the ministries, finance, labor, the interior, foreign affairs, defense, education, agriculture and public service, drastically reducing the FPÖ/BZÖ’s ability to control economic policy. Meanwhile, Silvio Berlusconi’s newly formed joint list Il Popolo della Libertà (PdL), entered a coalition with the North-Italian Lega Nord (Lega, formerly ‘LN’) and the South-Italian Movimento per le

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1 cited from my previous exposé
Autonomie (MpA) and ended with Silvio Berlusconi’s resignation after numerous corruption scandals and the loss of his majority in parliament. While the PdL was able to hold on to the majority of government posts, the Lega managed to control the ministry of the interior and briefly the ministry of agriculture. Their relatively weak performance in the elections forced them to hold off on many key positions they were keen on steering.

After over 7 years, these governments were followed by the Kurz I cabinet formed between the ÖVP and FPÖ to break the ‘gridlock’ between grand coalitions in Austria. Both parties agreed to implement drastic changes for the Austrian welfare state by reducing taxes and spending on social security, while also targeting unions and the social democratic voting base. For that purpose, the FPÖ gained the ministries of the interior, labor, defense, social security and ‘generations’, transportations and public service and sports. With this significantly bigger portfolio thanks to significant electoral gains, the FPÖ was able to play a much more influential role within the new coalition government and controlled key economic and law and order positions, paramount to implement their preferred policies. The Conte I cabinet in Italy was the product of the new populist majorities that emerged during the 2018 election, leading the two biggest winners Movimento Cinque Stelle (M5S) and Lega to agree to enter into a coalition. Neither party had very much experience in government, but compared to Lega, M5S lacked the organizational structure to ensure a simple power transition. Several new posts needed to be filled, which is why the relatively new M5S chose to support many independent candidates for ministries like prime minister, foreign affairs, economics and finance and education, while filling the ministries of labor, defense, economic development, justice and education themselves. This left Lega with the ministry of the interior, the ministry of agriculture and the ministry of public administration, severely limiting their ability to influence labor relations and economics more directly.
Table 2: Key posts in the two previous Austrian and Italian governments with PRR government participation

IV. Analysis

IV.I. Parties’ positions on deregulation and welfare

In order to test my hypotheses, I chose to employ mixed methods ranging from database evaluations, keyword analyses and in-depth analyses of party manifestos and coalition agreements. Starting off by distinguishing the differences and similarities between FPÖ’s and Lega’s positions, I used data from the Manifesto Project relating to the parties’ positions on welfare, multiculturalism, immigration, regulation and market mechanisms and created a number of graphs. The results show significant similarities between Lega’s and FPÖ’s manifestos with regard to their contents and highlighted the stark difference between their coalition partners. In order to compare the ideological positioning of FPÖ, Lega and their respective coalition partners, I make use of the Manifesto Project’s *rile* index, which is an aggregation of 24 categories to a common score between the theoretical -100 (if a party only mentions left-wing issues in its program) and +100 (if a party promotes right-wing issues in their manifesto only) used to measure parties’ left-right position developed by Laver and Budge (1992). There are of course also issues considered to be centrist and most parties mention issues
from both sides of the aisle, which is why most empirical examples can be found in close proximity to the middle (0). The formula is: \( rile = R - L \), \( R \) being the sum of ‘per-variables’ considered to be right-wing issues and \( L \) being the sum of per-variables considered as left-wing issues (Manifesto-Project 2019: [https://manifesto-project.wzb.eu/tutorials/main-dataset]).

When it comes to analyzing both coalition partner’s ideological similarities to their radical right-wing populist junior partners, the ÖVP’s and FPÖ’s ideological positioning is frequently overlapping and seems almost identical at times, as seen in Graph 1. The ideological position of Lega and M5S on the left-right continuum could however not be more different, even though there is little to no data on the more recently founded Five Star Movement. However, both Lega and M5S have moved on average towards a more centrist score on each side respectively shown in Graph 2. Seeing that the Austrian parties have such a significant overlap on many issues, it is expected that the ÖVP and FPÖ government will have an easier time agreeing on a common course of action regarding socio-economic policy proposals, especially since they have had prior experience in government together.

**Graph 1: Left-Right positioning of ÖVP and FPÖ**
Next followed an analysis of the share of key economic terms promoted in FPÖ’s and Lega’s manifestos. As shown in Graph 3, both Lega and FPÖ have to some degree promoted market incentives since their foundations, however, FPÖ’s mentions of creating incentives for private companies increase following their first government participation in 2001, hitting a spike in 2006 and in 2013, while decreasing to the same moderate level as Lega’s in between 2017 and 2018. This is an example for both parties support for using market incentives as opposed to regulation to achieve their political goals more in line with neoliberal thought. Contrary to classical neoliberalism is the relatively high amount of negative mentions of multiculturalism for the FPÖ’s manifesto, which is to be expected for populist radical right parties, even though Lega’s manifesto seems unexpectedly devoid of similar mentions up until 2018 (Graph 4). Especially interesting is the strong focus on welfare expansion of both parties, which runs contrary to the ideas of small government and free market capitalism. Mentions of welfare state expansion for FPÖ and Lega, on the other hand, almost follow an identical trajectory slowly treading upwards (Graph 5). While Lega’s proposals for limitations to the welfare state decreased drastically in 2001, mentions by FPÖ rose significantly in the time between 2008 and 2018. Based on these basic observations the party manifestos contain a significant amount of national chauvinistic policy characteristics including nationalistic, authoritarian, anti-multicultural and pro-welfare positions, while containing only comparatively few mentions of a free market economy (Graph 7). This is in line with the theory that the self-proclaimed ‘losers
of globalization’ associate free market policies with the hard-hitting neoliberal reforms imposed by Third Way social democrats (Harteveld 2016: 226).

Graph 3: Mentions of Market incentives by Lega and FPÖ

Graph 4: Negative mentions of multiculturalism by Lega and FPÖ
Graph 5: Mentions of Welfare State Expansion by Lega and FPÖ

Graph 6: Mentions of limiting the Welfare State by Lega and FPÖ
Using data from the Chapel Hill Expert Survey (CHES) trend file 1999-2014 and the Chapel Hill Expert Flash Survey 2017, the socio-economic positions of Lega and FPÖ can be further analyzed, by not just relying on their self-presentation in their manifestos, but also taking public perception into account. The data is structured on a scale from 0 to 10, with 5 representing a relatively neutral position on the subject. To determine FPÖ’s and Lega’s positions on the socio-economic axis, five categories were determined to be of particular interest: Support for deregulation, opposition to redistribution, preferred type of immigration policy, opposition to multiculturalism, and opposition to ethnic minority rights.

When it comes to support for deregulation, Lega used to be more openly in favor of deregulation than the FPÖ, but after a small drop in 2014 their support for deregulation increased again (Graph 8). While FPÖ supported redistribution back in 2006, they have since significantly reversed their ideas on that very policy. Together with Lega who already consistently opposed redistribution prior to 2014, the FPÖ now also seems to lean towards opposing redistribution (Graph 9). On the topic of integration both parties are almost identical, promoting a clear assimilationist approach over a distinct policy of multiculturalism (Graph 10). Also in line with their populist radical right ideology is Lega’s and FPÖ’s general opposition to multiculturalism, which remains consistent except for a small dip in 2014 for Lega (Graph 11). Finally, both Lega and FPÖ seem to show strong opposition to an expansion of ethnic minority rights, even though Lega’s stance seems to have shifted slightly between 2014 and 2019 (Graph 12). Based on the
survey data from the Chapel Hill Survey, it seems unlikely that either FPÖ or Lega were to implement neoliberal and market radical reforms in government up until 2014, with a significant reversal of this trend only setting in during 2019. This gradual change strengthens the case for a move away from the earlier observed economically centrist, welfare chauvinist policy. Despite formerly showing fewer clear signs of neoliberal policies, the balance between welfare chauvinism and neoliberalism has since tipped in favor of neoliberal economic policy, while proposing targeted economic exclusion of (non-assimilated) minorities from welfare services.

Graph 8: FPÖ’s and Lega’s support for deregulation on a scale from 0 to 10
Graph 9: FPÖ’s and Lega’s opposition to redistribution on a scale from 0 to 10

Graph 10: FPÖ’s and Lega’s stances on assimilation vs. multiculturalism on a scale from 0 to 10
In order to determine the strength of welfare chauvinistic attitudes among voters of Lega and FPÖ, data provided by the European Social Survey from 2018 was used. A key question posed to populist radical right voters in the survey that can serve as an indicator for welfare chauvinistic attitudes was ‘Would you say it is generally bad or good for [Austria/Italy]’s
The responses show that overwhelmingly voters of the Italian Lega and the Austrian FPÖ share an almost identical distrust towards immigration and believe immigration has a negative effect on their countries’ economy (Graph 13 & 14). While 19 percent of voters for FPÖ and Lega each believe that immigration has no significant positive or negative effect on the economy, the majority believes the effect is bad (26 percent), very negative (21 percent), or even detrimental to the economy (15 percent). The linking of economic issues and the efficiency of the welfare state to immigration, allows populist radical right parties to attract voters, who fear competition from ‘outsiders’ for both jobs and welfare programs. By convincing these voters that immigration has negative effects on the economy, Lega’s and FPÖ’s leadership are able to get them to agree to welfare cuts, privatization and deregulation, as long as it mostly hurts perceived ‘outsiders’ (Rathgeb 2020: 4-5). This corroborates the observation that while populist radical right parties generally attempt to defend the status quo when it comes to redistribution, they may offer up deregulation as a concession to coalition partners on the center-right (Röth et al. 2018: 329).

Graph 13: Effect of immigration on the economy according to Lega voters on a scale from 0 to 10
IV.II. In-depth manifesto analysis

An in-depth analysis of the parties’ manifestos used during the elections prior to their entrance into government produced several interesting results, which include similarities, differences and in some cases even counterintuitive policy proposals by FPÖ and Lega. Focusing on the electoral program and the socio-economic program of the FPÖ, there were demands for social security and welfare measures such as a raised minimum pension for retirees, making sure there was no raising of the pension age, the provision of health insurance for retirees, the implementation of a minimum wage of 1,500 € monthly without putting more pressure on employers, supporting unemployed Austrians with additional money for re-training, investing in more social housing with privileged access for Austrian citizens (tied to German language skills) and easing the access to home ownership. When it came to healthcare and social policy, the FPÖ proposed unifying all former Austrian health care providers into one health care provider for all Austrian citizens and one for ‘foreigners’, granting non-citizens access to social security only after 5 years of paying into the social security fund, improving wages in the medical and healthcare sectors, subsidizing regional products, providing incentives like taxation benefits for (Austrian) families choosing to have many children, targeted investment into the periphery, opposing all free trade agreements including CETA, TTIP and TiSA and closing a sector of the labor market for non-EU citizens. The manifesto lays out plans to further reduce bureaucracy and remove regulations by cutting the funding for administration, simplifying bureaucratic processes, removing ‘luxury’ pensions for state employees, lowering

Graph 14: Effect of immigration on the economy according to FPÖ voters on a scale from 0 to 10
administrative costs for housing, decreasing the tax burden to ‘maximum 40% of income thereby cutting taxes by 12 billion €, simplifying the tax code by cutting ‘unnecessary taxes (Bagatellsteuern) and fees, decreasing employee income tax for companies and removing worker protections implemented under the former government. Their proposals include direct measures to strengthen Austrian businesses by reintroducing limits to taxed direct investment and decreasing taxes on profits, ending ‘cold progression’ in income taxes by automatically adapting tax brackets to the raise of expenditures and the development of a new business environment, which allows businessmen to decide freely whether to become members of the economic chamber or not. When taken together these policy proposals combine welfare chauvinistic positions, with market-friendly and neoliberal policies favoring economic growth and Austrian businesses (Freiheitliches Wahlprogramm zur Nationalratswahl 2017; Freiheitliches Wirtschaftsprogramm zur Nationalratswahl 2017).

In comparison, Lega’s manifesto for the 2018 election has a similar share of welfare chauvinistic policy proposals and neoliberal free-market ideas and combines both by promoting a vaguely market-friendly economic, but also distinctly exclusionary welfare policy. Among others Lega refers to pensions as ‘non-negotiable rights’ reserved for those who have spent a lifetime of work and demands state protection for pensions from any cuts, ensuring that pensions are granted only after 40 years of contribution (regardless of age) and proposing a system that they call ‘the opposite of the German Hartz reforms’ by paying workers more not less and restricting immigration. Their manifesto includes proposals to increase public investments in the Italian South by funding construction, investing in infrastructure and increasing financing for highly profitable activities like scientific research, culture, art and tourism. On monetary policy, the manifesto calls for a ‘recovery’ of monetary and economic sovereignty, by achieving exclusive competence on Italian trade policy, introducing a national hourly minimum wage, preserving welfare standards and encouraging secondary school and university education in order to provide workers with much needed skills on the labor market, to more effectively fight unemployment. On tax policy, Lega proposed the introduction of a single tax rate as tax relief for low income taxpayers, demanded a reduction in ‘paperwork’ and administrative hurdles for income tax declarations, introducing tax brackets that ensure progressive income taxation with a no tax area up to 7000 €, creating a flat tax system in order to ensure fiscal discipline, reversing the legal burden of proof by requiring the administration to prove unlawful conduct by the tax payer and abolishing tax report cards. On social security the manifesto proposed to eliminate the National Inspectorate Agency for Labor by integrating
their former functions into the existing National Social Security Institute to save costs and increase efficiency, establish a general care register where all benefits provided by the central and local government can be tracked, incentivizing the return of companies that have moved their headquarters to other EU states for tax benefits by implementing the Flat tax, removing restrictive labor laws and costs, rationalizing and reducing bureaucratic measures needed for employment, increasing the competitiveness of Italian workers in order to attract foreign investment, providing businesses with more capital by cutting taxes, thereby creating more jobs and supporting small enterprises in their integration into production processes and the Italian industry (Programma di Governo 2018).

When comparing the two populist radical right parties’ manifestos, it is very clear that even though both FPÖ and Lega explicitly focus on welfare chauvinistic programs, to the detriment of immigrants and refugees, the degree of neoliberal economic policy proposals between the parties vary. While the FPÖ proposes broad simplifications of the tax code, a reduction of bureaucracy, decreasing the tax burden overall, they propose many unexpectedly welfare friendly policies like raising minimum pensions, increased funding for employment centers, more unemployment aid and improving wages in the medical and healthcare sectors. Notably as seen in their manifesto, the FPÖ initially opposed free trade agreements despite supporting similar economic agreements in the past. Lega’s neoliberal economic policy proposals can mostly be reduced to tax cuts for the wealthy and middle-class, reducing welfare spending for administrative purposes, weakening labor laws and removing bureaucratic hurdles for citizens and companies. Lega also supports the maintenance of the current level of spending on pensions, increasing the wages for workers by introducing a national hourly minimum wage, fighting tax avoidance and investing in infrastructure and higher education. In that sense, FPÖ appears more open to expanding welfare state policy in their manifesto than Lega, who are very explicit about their aims to turn Italy into a more economically competitive state with fewer regulations and weaker organized labor. Especially FPÖ’s stance on free trade agreements and their broad support of welfare programs – as long as they benefit Austrian citizens only – is somewhat surprising, but can be explained when accounting for their vote-seeking strategy of attracting lower-income voters, who generally tend to have more favorable views towards redistribution.

IV.III. National media analysis
The national media coverage of the FPÖ’s and Lega’s economic policy differed widely, not least, because contrary to the broad Austrian coverage there was relatively little commentary of Lega’s socio-economic policy in Italy. This was not entirely unexpected, due to Lega’s strategy of position blurring (Rovny 2014), which led to wide coverage of the salient issues of immigration and integration, but few articles on their socio-economic policy proposals. Within the coverage of the FPÖ’s socio-economic policy, three main trends can be discerned, first Chancellor Sebastian Kurz’ (ÖVP) policy change towards enacting (albeit relatively moderate) welfare chauvinistic socio-economic policies, drove the FPÖ leadership into focusing more on neoliberal economic policy proposals in order to expand their potential electorate, second the FPÖ made a U-turn regarding their stances on globalization and free trade agreements such as TTIP with the US and CETA with Canada, and third FPÖ implemented socio-economic policies that hurt parts of their own electorate especially hard by going against the interests of pensioners and low-income voters. As Die Presse wrote in 2017, the manifesto of the FPÖ was indicative of a nativist economic policy, free from any sorts of restrictions for national sovereignty over trade, while promoting lean bureaucracy and enabling redistribution from the top to the bottom. Nikolaus Kowall writes ‘the liberal economic and social policy [of the FPÖ] with its national-protectionist orientation was close to a third way between social democracy and neoliberalism. The party failed, however, to derive from these approaches day-to-day political demands for a coherent and independent ideological framework’ (Die Presse 2017). The FPÖ entered the government caught off-guard by ÖVP’s new leader Sebastian Kurz’ strategy to link their core issues economic and social policy to immigration and integration. The co-optation of FPÖ’s welfare chauvinistic socio-economic policy proposals by the ÖVP – albeit with a more moderate rhetoric – forced the FPÖ to re-evaluate their socio-economic policy. Thus, by adopting a radical market-liberal economic program, the FPÖ sought to increase their visibility within the government and target well-off voters, traditionally represented by the market-liberal NEOS and the ÖVP (Die Presse 2017).

In a similar vein, the FPÖ reversed their harsh criticism of free trade and globalization, thereby contradicting the claims made during the elections and within the manifesto. Instead, an FPÖ-spokesperson stated ‘free economic policy is committed to free trade and international competition. It is also by no means hostile to the increasing global interdependence of the economy’, a direct contradiction of the nativist-protectionist policy outlined earlier (Die Presse 2017). This drastic change of positions when it comes to socio-economic policy, reflects not only FPÖ’s opportunism and programmatic flexibility, but also a deliberate strategy of focusing
mainly on salient issues such as immigration, while simultaneously downplaying and blurring their positions on controversial economic issues (Rovny 2014). This strategy allowed them to run a campaign based on promises to protect pensioners and low-income voters from the harsh realities of globalization but implement economic policy diametrically opposed to this claim (Die Presse 2017). This change of strategy, however, opened the FPÖ up to criticism from the low- and middle-income voters who voted them into office. Promising better opportunities for entrepreneurs, a functioning and world-class welfare state, while cutting taxes and government spending by over ten billion Euros, money which is needed to keep up the current strength of the Austrian welfare state, the FPÖ is sending mixed economic messages to their supporters (Der Standard 2017a). Despite praising Austria’s pension system, FPÖ politicians have continuously criticized state control and used language reminiscent of Friedrich A. Hayek’s belief, that the welfare state leads down a road to serfdom (Vice Deutschland 2017).

By portraying his party as the ‘social home party’ Heinz-Christian Strache, the former party chairman, attempted to provide an alternative to the social democratic SPÖ which reflected the Austrian electorates more conservative socio-political stance on immigration and integration. This change was followed by a re-orientation from FPÖ’s trope of ‘social parasites’ targeted at the unemployed, towards an anti-immigration and especially anti-Muslim rhetoric. What remained the same, was the FPÖ’s agenda of protecting the wealthy and powerful over low-income workers by opposing property taxes, defending banking secrecy and continuously reducing taxes, most of which benefitted wealthy Austrians. The self-proclaimed party of the ‘little man’ moved away from their own proposals to strengthen workers’ rights and increase pensions. The nomination of Barbara Kolm, head of the Austrian branch of the neoliberal Hayek Institute, to the Court of Auditors, can be seen as a clear sign that the FPÖ abandoned their former ideas on social security and welfare expansion (Der Standard 2017a). As noted by Julian Aichholzer from the Institute of Political Science at the University of Vienna, the economic program of the FPÖ doesn’t benefit the majority of its voters. According to a poll conducted by the University of Vienna in 2017 of 4,000 respondents, the majority of Austrian voters positioned themselves center-right on socio-political issues like immigration and integration but left of center on social and economic policy (Der Standard 2017b).

The socio-economic policies promoted by the FPÖ may hurt their own chances of success in the long run, since their electorate composed of working-class and lower-middle income voters expects more left-wing socio-economic policies from the party leadership. A prime example of
this was the ‘working hours act’ passed by the ÖVP-FPÖ coalition which reportedly contained provisions, that allowed companies to enforce 12-hour work days on their employees – drawing lots of criticism from across the political spectrum – including their own voters, forcing them to publicly discuss re-evaluating the law (Der Standard 2018a). Another example was the coalition’s proposal to abolish ‘emergency aid’, unemployment aid for the long-term unemployed, followed by the implementation of draconian changes to regular unemployment aid. Despite originally taking a strong stance against this measure, the FPÖ soon agreed with and implemented the ÖVP’s proposal (Der Standard 2018b). Lastly, FPÖ’s secretary of finance Hubert Fuchs announced a radical simplification of the Austrian tax code by introducing flat taxes and abolishing compulsory financial contributions to the Chamber of Labor coming into force on January 1, 2020 and further tax cuts and the abolishment of the cold progression following in 2022 (Standard 2018c). The premature end of the coalition due to the Ibiza scandal that rocked the FPÖ’s political elite, made it impossible for the coalition partners to implement all of their proposed socio-economic policies.

In comparison there was relatively little Italian coverage of Lega Nord’s socio-economic policy, owing to the fact that Matteo Salvini’s party focused on immigration and integration policy during most of their election campaign, as well as in government. While the FPÖ was successful in taking control of the finance ministry, Lega failed to obtain the same position within the Italian government, which fell to an independent economic expert severely reducing Lega’s influence on socio-economic policy. M5S on the other hand, was able to dominate the national economic coverage with their popular economic proposals, while Lega remained mostly silent on the issue during their time in government (Corriere Della Sera 2018). Only a few months prior to the premature end of the Conte I cabinet, Lega’s leadership became aware of their relative silence on economic policy, especially their proposals for the flat tax and government reforms, which drew criticism from their generally pro-business, anti-tax Northern constituents. By strategically placing emphasis on their economic policy proposals by involving renowned Italian economists, Lega was able to increase their performance in the polls so much that Salvini was tempted to end the coalition prematurely to win a majority. Despite this miscalculation, some newspapers like Start Magazine picked up Lega’s socio-economic proposals and highlighted their benefits and trade-offs, by highlighting the devastating effect of their flat tax for low-income families, including those with multiple sources of income, while simultaneously reducing taxes for the middle class on average about 45 percent for singles and single-income families and up to 26 percent for families with high incomes. Reportedly these
tax cuts would also require reductions in state healthcare spending, increase interest on
government-backed mortgages for new homeowners and eliminate a broad range of deductions
for expenses related to disabled citizens (Start Magazine 2018).

After a year in government under Guiseppe Conte, Lega’s leadership became increasingly
aware that despite their success with salience on immigration, cultural issues itself are not
enough to win the majority. While M5S was successful in investing in the South, introducing
minimum wage and reforming unemployment aid, Lega’s Northern Italian voters were
discontent with the socio-economic policy during the Conte I administration. Salvini’s
memorable media appearances and photo ops in the Mediterranean were successful in directing
the voters’ attention towards the Mediterranean Sea and the ongoing refugee crisis, but couldn’t
hide M5S’s successes in implementing their ‘dignity decree’ (decreto dignità), supporting
growth and job creation, and their citizenship income (reddito di cittadinanza), a type of
universal basic income in order to help unemployed people find jobs (Il Giornale 2019). To
dispel his Northern supporters’ concerns, Matteo Salvini decided to revive his flat tax policy
already outlined in the coalition agreement in 2017. For this purpose, he relied on Armando
Siri, his economic right-hand man and ideologist of the flat tax as well as economist Claudio
Borghi Aquilini as an intellectual supporter of his Eurosceptic policies (Il sole 24 Ore 2018).
Siri in particular had a lasting effect on Lega’s economic strategy, since his proposals did not
only appeal to the Eurosceptic party leadership, but also the Northern entrepreneurs who hoped
to grow their businesses significantly thanks to the single rate flat tax. As a former socialist,
Siri joined the political right out of admiration for Silvio Berlusconi and was discovered by
Salvini, who was intrigued by his ideas on taxes. Since then Lega has promoted a policy targeted
to increase growth by cutting taxes and slashing administration costs and public spending,
promising voters more and better jobs (La Repubblica 2019). These proposals could, however,
not be successfully implemented due to Salvini’s error in trying to break up the coalition too
early and thereby losing all ministry positions.

IV.IV. International media analysis

After evaluating the coverage of the Kurz I and the Conte I cabinet in national media, it is
possible to determine several similarities and differences in the international reception of the
socio-economic policy proposed by Lega and the FPÖ. For this analysis I evaluated 18 articles
form several online newspapers and political science blogs using a set of 18 keywords to
determine their content. The keywords used were ‘welfare’, ‘neoliberal’, ‘deregulation’, ‘tax
cuts/tax break/tax relief’, ‘flat tax’, ‘debt’, (welfare/national) ‘chauvinism’, ‘populist/populism’, ‘free market’, ‘libertarian/economic liberal’, ‘labor/labour’, ‘austerity’, ‘EU’, ‘deficit’, ‘elite’, ‘liberalization’, ‘privatization’, ‘universal basic income/UBI’. Among the keywords with the most mentions in articles about the Conte I government were ‘EU’, followed by ‘tax cut/tax break/tax relief’, ‘populist/populism’, ‘debt’, ‘flat tax’ and ‘austerity’. This indicates a strong focus within the media on the M5S-Lega government’s policies’ effect on the economy of the EU, which was particularly prevalent due to the government’s unwillingness to abide by the austerity measures proposed by the EU. Interestingly the two parties’ populist character was highlighted in many articles discussing their socio-economic policies, often associated with uncertainty and risk. The use of keywords such as debt and austerity are also indicative of the government’s long-drawn out conflict with the EU over Italy’s debt and the use of deficit spending. The most central findings, however, are related to Lega’s socio-economic proposals to implement wide ranging tax cuts and a 15% flat tax for companies, which would align closely to the neoliberal ideal of ‘small government’, but likely lead to a significant budget deficit thereby weakening the Italian welfare state. The comparatively low amount of mentions of the welfare state are unexpected, since Lega’s proposals would have significant effects on social welfare in Italy. Of note was also the fact that Movimento Cinque Stelle’s universal basic income was mentioned only half as much as Lega’s flat tax policy, indicating that Lega was able to gain more international attention with their socio-economic proposals despite having less success implementing them (Table 3).

<table>
<thead>
<tr>
<th>Keywords</th>
<th>The Nation</th>
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Table 3: Keyword analysis of international media coverage of the M5S-Lega government

The evaluation of the international media coverage of the Kurz I cabinet has produced a similar result to the coverage of the Conte I cabinet but differed in a few significant ways. The keywords with the most prevalence in the international media coverage of the ÖVP-FPÖ
coaltion were ‘EU’, ‘tax cut/tax break/tax relief’, ‘welfare’, ‘populist/populism’ and ‘liberalization’. The most salient topic in Austrian coverage of the FPÖ was the EU, caused by the party’s continuing criticism of the common currency – the Euro – and the EU’s economic policy. Apart from articles about criticism of EU policies, the coverage of the FPÖ was dominated by looming tax cuts, welfare state encroachment and liberalization of Austria’s neo-corporatist structures. While populism was also mentioned relatively often, it was mostly used to describe the ÖVP’s accommodation strategy, since chancellor Sebastian Kurz took on more and more welfare chauvinistic positions in order to appeal to FPÖ voters and dominate the coalition. Faced with Kurz’s adoption of welfare chauvinistic policies, the FPÖ shifted their own stance towards a more aggressively liberal economic policy. This strategy seems to have been noted in international media, since tax cuts, welfare state reduction and liberalization were at the top of the most prevalent keywords, while populism and labor only took second place (Table 4).

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Table 4: Keyword analysis of international media coverage of the ÖVP-FPÖ government

V. Discussion

V.I. Evaluation of Hypotheses

Reflecting on the results of my thesis, I will now evaluate my hypotheses. As stated in H1, the data showed that the FPÖ was associated with multiple neoliberal policies both in national and international media during their time in government, while the same cannot be said for Lega, who were mostly associated with a single policy, the flat tax. This is corroborated and adds to the prior studies which have found a similar connection between populist radical right parties in government and market-liberal economic policies (Akkerman de Lange 2012: 511-512). The
second hypothesis expected that populist radical right parties would have an easier time agreeing on a common socio-economic policy with center right parties than with center left parties. This hypothesis also seems highly plausible, since ÖVP and FPÖ agreed on socio-economic policies that would mostly exclude ‘outsiders’ from social services and those that would hurt the neo-corporatist element of the Austrian economy by advancing several reforms and liberalizations when in government. On the other hand, Lega and M5S were unable to agree on a common socio-economic policy and decided to appoint an independent Finance minister, who was neither very supportive of Lega’s flat tax, nor a proponent of M5S’s citizens’ income. This indecisiveness and inability to find common ground on socio-economic policy, severely hampered both parties’ ability to implement economic reforms of any kind.

The third hypothesis stated that the amount and type of relevant economic government posts obtained by a party determine the level of influence they have on socio-economic policy. Looking at the Schüssel II and Kurz I cabinets, it is possible to see that the FPÖ managed to increase their portfolio of economic resorts from one, the ministry of social security and generations, to three, the ministries of labor, social security and generations and public service and sports. With this increase in relevant cabinet positions, the FPÖ’s influence on the economic agenda rose and enabled them to put their own handwriting on socio-economic policies. In the Berlusconi IV. cabinet Lega got zero economic ministry position and in the Conte I government, only one economic post, the ministry of public administration. Additionally, in the Conte I government the finance minister was independent, meaning that neither M5S nor Lega were fully in control of this important economic position. All these details support the hypotheses’ validity. The fourth hypothesis focuses on the preferences of populist radical right elites for neoliberal economic policies, as opposed to most of their voters’ support for centrist economic policies. In two governments in which the FPÖ participated they were involved in several internal discussions over the neoliberal economic policies proposed and enabled by their party executives. In 2005 this led to a split between the party elite and the party base resulting in the formation of the BZÖ. In the case of Lega, they willingly participated in Forza Italia / Il Popolo della Libertà’s policy proposals to cut social spending and reduce welfare programs, even if they regularly criticized the measures they were co-signing on in the public, as a type of ‘internal opposition’.

Hypothesis five was based on the idea that radical right populist parties make use of welfare chauvinistic policy proposals in order to appeal to working-class voters and is corroborated by
the results of both the data from the Manifesto-Analysis and the separate in-depth analysis conducted. By proposing welfare state expansion for programs that benefit pensioners and workers who have a steady and continuous income and families with more than one child, while simultaneously denying asylum seekers and immigrants many of these privileges, the populist radical right is able to appeal to working class voters who depend on the welfare state. In cases where populist radical right parties strayed too far away from their welfare chauvinist socio-economic promises, they faced harsh criticism from their working-class constituents. While FPÖ faced a backlash when trying to expand the working day to 12 hours, Lega was spared from a similar experience, because they had little influence on socio-economic policy despite proposing a flat tax that would hurt the welfare state in the long run. The sixth and final hypothesis states that the socio-economic policies enacted by populist radical right parties are more neoliberal than the proposals they present in their manifestos. Both the national and the international media coverage of the ÖVP-FPÖ coalition supports this argument, since there were far fewer mentions of welfare chauvinistic policy proposals than in the party’s manifesto. In the case of Lega hypothesis six does not fully apply, since they already proposed a fairly neoliberal flat tax policy in their manifesto but were unable to actually pass it in government. As such Lega was unable to hold on to power long enough to significantly influence socio-economic policy enough to determine if they would have implemented the flat tax together with other non-mentioned neoliberal policies.

V.II. Criticism, Future research topics and Outlook

After concluding the analysis and discussing all hypotheses, what is left is to determine the main points of criticism and an outlook on future studies and areas of interest that can be researched based on these observations. A valid criticism of my bachelor thesis’ research design is the fact that despite sharing several characteristic similarities, the FPÖ and Lega are very different parties with varying levels of experience and electoral success. This is why I opted for a Most-Comparative-Systems Design. Reflecting on possible ideas for further research I have compiled some ideas, which would be interesting to learn more about, in order to advance the study of the populist radical right. On possible future research topics, I believe it would be interesting to analyze the structure, connections and personal policy preferences of populist radical right elites. By determining these factors, it would be easier to corroborate the observation that many populist radical right elites share neoliberal economic views, e.g. several leading members of the FPÖ and German Alternative für Deutschland (AfD) are members of the Hayek Society (Slobodian 2019: 21), or show that this is an exception to the rule. In Lega’s
case there were no coherent economic ideologies at play, which led to a singular focus on pension reform and the implementation of a flat tax at the single rate of 15 percent. Another interesting area of research is the long-term effect that the policies enacted by populist radical right parties have on their electorate, ranging from deregulation to pension reforms and cuts to social programs. In light of the – at the time of this writing ongoing – COVID-19-pandemic, it will be interesting to see how populist radical right parties will emerge from this global crisis, which significantly reduced the salience of their flagship policies: immigration and integration.

VI. Conclusion

The analysis of the economic policies of populist radical right parties in government has generated several notable results, as expected FPÖ’s socio-economic policy in government was mostly economically liberal and culturally illiberal, while Lega’s economic policy proposals were much more mixed and contained more welfare chauvinist elements, but also the neoliberal flat tax. On cooperation between the governing parties, it proved much easier for the right-wing coalition between FPÖ and ÖVP to agree to a common economic policy than for the populist radical right Lega and the center-left populist Movimento Cinque Stelle. Both populist radical right parties were junior partners in government and the amount of relevant economic ministries their senior coalition partners gained vis-à-vis them, proved to be a good indicator of who could exhibit more control on the common economic policy. This became especially problematic for Lega, since they failed to pass any economic programs they proposed in their manifesto. An important explanatory factor for FPÖ’s extreme shift towards neoliberal policy in government may have been the decision of chancellor Sebastian Kurz to adopt many key welfare chauvinist policy proposals usually championed by the FPÖ, forcing them to re-adjust their own positions. While Lega remained true to their economic proposal to implement the flat tax, they failed to get any significant progress on the way to implement it, possibly due to a lack of economic ministry positions. Without more direct influence on their country’s economic policies, Lega were unable to make true on their promises to implement wide ranging tax cuts and introducing the flat tax along with entrepreneurial support, to satisfy their Northern electorate. Despite both parties’ government participation during the ‘fourth wave’ of radical right populism, they barely ruled for more than a year and ended up with very different outcomes. While the FPÖ managed to maintain a visible profile in government by shifting their economic policy, not without alienating many of their supporters – Lega was unable to gain traction for their economic policy in Italian media. Despite having little influence on Italian economic policy Lega managed to
rise in the polls due to Matteo Salvini’s strategic emphasis on their most salient socio-political issue: immigration.

The observed discrepancies between the two Western European populist radical right parties on economic policy can be divided into three different arguments. First, FPÖ was a junior partner to a traditional center-right party in Austria and was therefore forced to cooperate with them on political issues where they had common ground – especially socio-political and cultural issues – but also in the economic area. Lega on the other hand, was the junior partner of a center-left populist party, which forced them to engage with a party with radically different socio-political, cultural and economic ideas from their own. However, this also allowed Lega to remain mostly vague on the economic front, while focusing on spreading their cultural messages without fearing any significant competition for their voters from within the coalition. Second, FPÖ decided to change their economic policy after being challenged by ÖVP, while Lega was able to remain committed to the flat tax because their lack of relevant ministerial positions allowed them to believably claim to be unable to shape economic policy in this government. Thirdly, while Lega focused on the salient issue of immigration and were successful at blaming ‘the establishment’, M5S and immigrants for Italy’s economic problems, FPÖ mostly blamed immigrants and the opposition but refrained from criticizing the ÖVP, since their coalition partner implemented many of their original policy proposals.

Reflecting on my research design, there are two main points of contention with my approach to the research question. First, that it is hard to call Lega and FPÖ similar, despite the fact that they do share several characteristics and therefore it is difficult to call my research design a most similar systems design. As I concluded in my previous reflections, I would propose making use of a most comparable systems design for research questions where the population is so heterogenous that it is difficult to call them similar. Their commonalities and relative similarities are productive areas of research whether they are close to identical, or more diverse. Second, during the working progress it became apparent that there was a much broader set of data on the economic policies of the FPÖ, then for Lega’s economic policy, since the former regularly put much more emphasis on the issue than the latter. This made it much harder to compare how each party implemented their manifestos in practice, which seems especially relevant since both coalitions ended prematurely. Reflecting on possible trajectories to further the research discussed in this bachelor thesis it would be of interest to focus more specifically on the effects of radical right-wing populist parties’ economic policies on their electorate, or
analyze the different factions (neoliberal, nativist and economic leftist) within the heterogeneous right wing populist party family. However, as demonstrated earlier the research design has highlighted some interesting traits of radical right-wing populist parties entering governments as junior partners and how they were and can be outmaneuvered (as seen in the case of the ÖVP), or continue to grow by relying on position blurring (in the case of Lega). To connect these results to the theories laid out at the beginning, the ‘new winning formula’ continued to apply for Lega, while the FPÖ reversed to a ‘winning formula’ strategy in order to stay in power. In the end both parties were unable to keep their hold on power, but nonetheless they demonstrated how flexible radical right-wing populist parties are when it comes to supporting or condemning market mechanisms and neoliberal economic policy.

VII. Bibliography


**VIII. Source Material**

**VIII.I. Manifesto and International Media Analysis**

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IX. List of Abbreviations

- AfD = Alternative for Germany, Alternative für Deutschland
- BZÖ = Future Alliance Austria, Bündnis Zukunft Österreich
- CMP = Chapel Hill Expert Survey
- CMP = Comparative Manifesto Project
- EES = European Social Survey
- EES = European Social Survey
- FPÖ = Austrian Freedom Party; Freiheitliche Partei Österreichs
- Lega = (Northern) League, Lega Nord
- MPA = Movement for Autonomy, Movimento per le Autonomie
- MPSSD = Most-Similar-Systems-Design
- M5S = Five Star Movement, Movimento Cinque Stelle
- PdL = The people of freedom, Il Popolo della Libertà (PdL)
- PIS = Law and Justice, Prawo i Sprawiedliwość
- SVP = Swiss People’s Party, Schweizer Volkspartei
- ÖVP = Austrian People’s Party; Österreichische Volkspartei