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The Decline of the Social Democrats and the Rise of the political Right in Austria

Austria was spared, barely, from far-right candidate Norbert Hofer being elected its next president.¹ All the more painful, though, has been the debate about the rise of the radical right in general and the Freedom Party of Austria (FPÖ) in particular. Bourgeois minds like to reduce the causes of the right's rise to popular dissatisfaction with the on-going dispute in the country's grand coalition (consisting of the Social Democrats (SPÖ) and the conservative, center-right Austrian People's Party (ÖVP)) and the government's lack of commitment to pursue reform efforts. Those on the left are demanding more civic education for what they perceive as the uneducated, racist FPÖ-voters and the center is convinced that the decline in the number of voters is due to communication problems. After all, it is easier, apparently, to follow the FPÖ's lead and give simple answers to seemingly difficult questions.

Below I will show that the current success of the FPÖ is causally related to the effectual implementation of neo-liberal ideas into politics and the economy and the resulting changes to the Social Democratic Party. My central point is that the Social Democrats have been undergoing a major overhaul under the premise of the neo-liberal model for the past 30 years. This and the accompanying changes to the Austrian labor market have created the conditions that contribute to the long-term rise of the *Freedom party*.

Social Democrats under Fordism

After the British Empire lost its global supremacy in the decade after the First World War, the United States went about asserting its hegemonic position not only with military, but also with economic power. This was primarily due not least to the promotion of *Fordist production methods and lifestyles*. These had taken over in the United States by no later than the 1920s, yet the heyday of Fordism in Europe came with the post-war reconstruction under the US-funded Marshall Plan. On the one hand, Fordism was characterized by mass production and mass consumption. Durable industrial goods such as cars, washing machines and dishwashers had become affordable for the broad working class because mass production had pushed prices down as wages increased, creating the conditions for mass consumption. Key companies of the national economies were state-owned – at least in Europe. In particular, the public monopoly on infrastructure kept the state's unique position as guarantor of the widest possible access unquestioned.

On the other hand, Fordism was also shaped by the emergence of a broad service sector. Fordism was characterized by the expansion of wage labor and the decline of traditional trades

¹ I thank Simon Aumayr for his careful proofreading. All remaining errors are mine alone.

and farming. National economies began to approach full employment, jobs were secure, social safety nets were created and expanded, and wages grew to provide a living to a large part of the population. Even when unions, work councils and shop stewards had influence on management decisions – thanks to their high membership levels – the means of production were not owned by the workers.

Fordism was not the victory of the workers' movement over capitalism, but was instead the compromise of the working class that accepted capitalism, which, after all, was and is organized for those who own the capital and not for the sake of making painful economic concessions to the workers.

Antonio Gramsci gave an apt description of this tension: the ruling class also rules with hegemony and not just coercion or repression. Here, hegemony means the ability of one class to universalize its own interests by selectively integrating the corporate interests of other classes into its policies. Any economic concessions made were designed to keep the subaltern classes within the system. These concessions never undermine the foundations of the capitalist mode of production: "there is also no doubt that such sacrifices and such a compromise cannot touch the essential; for though hegemony is ethical and political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity." (PN 13, §18, 1566-1567)²

The large public sector made it possible to take countermeasures against economic recession or otherwise balance out periods of recession. At the same time, other measures such as environmental protection or advancements of women in the workplace could be expedited in state-run enterprises. This type of capitalist state has been called the *fordist welfare state*. It takes anti-cyclical actions against economic cycles and makes investments during phases of slow economic growth. But this also meant that political decisions could have an immediate impact on the work force. In Austria, the history of Fordism is inextricably linked to that of the Social Democratic Party. Under its hegemony, a comprehensive modernization project was completed in the late 1960s. While Fordism suffered a crisis between 1973 and 1975, we can speak of a "late Fordism" in Austria. (Unger 2001, 48 f)³ Social Democracy was present with its grass-roots organizations in the municipal housing projects and villages. Its manifold hegemonic apparatuses that had played a central role already back in the 1920s (Duma/Lichtenberger 2016)⁴, were politicizing every phase and aspect of life. In addition to television, it was these

² Antonio Gramsci (1991-2002): Gefängnishefte. [Prison Notebooks] Kritische Gesamtausgabe, Vols. 1-10; Hamburg. (cited as PN).

³ Brigitte Unger (2001): Österreichs Beschäftigungs- und Sozialpolitik von 1970 bis 2000, in: Albers/Kohl, ed. (2001): Arbeitsmarkt und Sozialstaat. Ergebnisse einer Konferenz am Hanse-Wissenschaftskolleg in Delmenhorst, Sozialpolitik in Europa Vol. 8, Wiesbaden, Chmielorz.

⁴ Veronika Duma / Hanna Lichtenberger (2016): Das Rote Wien. Sozialistische Stadt im konservativen Staat; in: Klasse verbinden, Luxemburg 2/2016; available online at: <http://www.zeitschrift->

functionaries and members who were the central mediators of social democratic policy. Many people still associate the social advancement they personally experienced with the name Bruno Kreisky (Social Democratic chancellor of Austria from 1970 to 1983). The comprehensive reforms in the country's education system (such as opening up the gates of the universities, free textbooks for all students, free transport to school, etc.) together with the numerous reforms in labor law (such as the introduction of the 40-hour work week, the increase in minimum annual vacation), pension increases, and tax breaks for people with low incomes changed the lives of many people in concrete terms.

The women's organization within the SPÖ joined forces with the "autonomous women's movement" to push for the decriminalization of abortion within certain time limits and other milestones towards legal and social equality between men and women. Here are just a few of these milestones: the recognition of parental leave as replacement time for pension insurance, the expansion of the Maternity Protection Act, the abolition of the gender-based wage differentials in collective bargaining agreements, the introduction of a mother-child passport, the right to separate bank accounts, and many other achievements in family law such as the end of discrimination against illegitimate children in inheritance law and an end to the husband's exclusive right to determine the residence of all family members. The criminalization of homosexuality was largely, although not completely, overturned.

With increasing prosperity, lifestyles and the conditions for reproduction began to change and the resulting social dynamics created the conditions for new social movements in the late 1960s which politicized a broad range of social issues.

These included the women's and environmental movements, with the latter eventually giving rise to the Green Party. The Social Democrats were also understood by many movements as a vehicle for social change. They both criticized and entered into dialogue with the SPÖ politicians and accepted the party's challenges in return.

With the second oil price shock in the early 1980s the crisis of Fordism also reached Austria. The government's usual crisis management tools – previously applied by the ruling Social Democrats – were no longer effective. This created discursive and strategic openings for the conservative and neoliberal arguments of both the ÖVP and the FP, back then a political proponent of economic liberalism. Specifically, not just among their traditional target audiences, but also among the middle classes, in other words, precisely that group which had prospered under the policies of the SPÖ. At the latest, the Social Democratic-reformist hegemony was over by the 1986 elections (Atzmüller 2002, 2).⁵ It was replaced with a right-

luxemburg.de/lux/wp-content/uploads/2016/09/LUX_1602_E-Paper-richtig.pdf (accessed December 5, 2016).

⁵ Roland Atzmüller (2002): Wie macht man einer Arbeiterpartei? at: www.grundrisse.net/grundrisse04/4Arbeiterpartei.html

wing conservative hegemony. This hegemony was characterized by the fact that, struggles between different capital fractions became the most dominant and crucial political and social conflicts.

The economic changes in post-Fordism and their impact on the labor market and the labor processes

Since the deep crisis of Fordism, there has been a massive shift in the balance of power to the detriment of the subaltern classes. The stagnation of wages has put households in the US, Europe, and also Japan in debt, a "secondary mechanism for exploitation" (Sablowski/Demirović 2012, 81)⁶. In addition to the changes in the organic composition of capital and the emergence of a finance-dominated accumulation of wealth, privatization and liberalization have been hallmarks of post-Fordism and mechanisms for managing the crisis of Fordism. In the 1980s, state-owned industries were either outsourced and organized according to business principles or otherwise fully privatized. In the early 1990s, this was followed in Europe by the neoliberal transformation of public services, such as the privatization and liberalization of postal services, local and national mass transit, and utilities. The privatization policies caused prices to skyrocket and the policymakers' direct ability to control pricing was lost.

This was not only to the detriment of consumers; it also resulted in fundamental changes to the day-to-day functioning of the workplace. Neoliberal rationalizations of operations led to downsizing, increased competition among workers, the decoupling of pay and work hours, loosening up of working hours regulations, and increasing pressure to perform. Between 1996 and 2002, the number of employees in the electricity sector, for example, had dropped by at least 40 percent, while the postal services saw at least an 18 percent cut and the Austrian national railways experienced a loss of at least 20 percent. (Atzmüller/Hermann 2004, 66)⁷

As post-Fordism was unleashed on society, unemployment and the unequal distribution of wealth in society began to rise rapidly. The class compromise of Fordism was dissolved and corporatist models were terminated. Precarious, atypical jobs (part-time, temporary contracts, temporary work, freelancers, and the marginally employed) gained importance: today only a very few young people will find a permanent full-time position when starting their professional lives.

⁶ Alex Demirovic/ Thomas Sablowski (2012): Finanzdominierte Akkumulation und die Krise in Europa; in: Prokla 42 (1), p. 77-106.

⁷ Roland Atzmüller and Christoph Hermann (2004): Beschäftigung, Arbeitsbedingungen und industrielle Beziehungen in liberalisierten und privatisierten Dienstleistungsmärkten; in: Kurswechsel.

Shifts in the political relations – Authoritarian statism

It was not only the relations to the means of production and the organic composition of capital that were undergoing change, there were also profound transformations taking place within the state and in the political sphere. Political theorist Nicos Poulantzas coined the term *authoritarian statism* to describe these changes in the capitalist state. Authoritarian statism, which is correlated to the structural changes in both global and national relations of production, is a simultaneous weakening and strengthening of the state. Contradictions within the power block (*Block an der Macht*) begin to require greater intervention, which in turn leads to politicization processes and political upheavals. (Poulantzas 2002, 233 ff.)⁸ Poulantzas outlines some characteristics of such authoritarian statism:

- the decline in the rule of law and gradual dissolving of the separation of powers (state's legislative, executive, and judicial branches of the state are increasingly fused)
- the strengthening of the executive's power and a power loss of parties and legislators. In particular, economic apparatuses (such as the economic and finance ministries) gain importance.
- The increasing personalization of power;
- transformation of the legislature. One aspect of this is the loosening up of parties' ties to their traditional base, political parties no longer fulfill their traditional functions in policy-making
- This also results in a process of distancing between the administration and lawmakers
- Through the development of autonomization of state bureaucracy, it drafts government policy and leads the political decision making process
- Parties only serve as intermediaries for decisions already made by the executive and are no longer responsible for the real drafting and negotiation of policies. Parties lose their function as representatives of certain social groups.

The structure of the European Union is a clear reflection of this transformation process: the right of initiative lies with the executive (the European Commission) and the European Parliament has played no important role in European policy making. (cf. also Lichtenberger 2015 on the neo-liberal character of the EU)⁹ The relevance of (political) parties in the reproduction of hegemony and consensus takes a back seat. What were once "people's parties" that emerged from social movements have morphed into voting blocks and their functionaries have become intermediaries between state apparatuses and voters. Stephen Gill uses Gramsci's

⁸ Nicos Poulantzas (2002): Staatstheorie. Politischer Überbau, Ideologie, Autoritärer Etatismus, Hamburg, VSA-Verlag.

⁹ Hanna Lichtenberger (2015): Chlorhenne oder neoliberales Ei? in: ak - analyse & kritik - zeitung für linke Debatte und Praxis, No. 609. Available online at: https://www.akweb.de/ak_s/ak609/17.htm, accessed Dezember 5, 2016

concept of hegemony briefly described above to argue – like Poulantzas did as well – that post-Fordism is reproduced "less with hegemony [...] than increasingly a policy of domination." (Gill 2000, 41)¹⁰ "Disciplinary neo-liberalism" results in governments striving to meet three key criteria in order to put (the) power in the hands of capital: consistent policies, building public confidence and credibility, and representing particular interests. The point is convincing the "shy deer" in a world of finance-dominated accumulation of wealth to invest capital by demonstrating "the persistence of law and order, the protection of property, the application of rules, and predictable macroeconomic policies." Stephen Gill attributes a new "market civilization" to the post-Fordist society that is influencing all sectors, privatizing and individualizing them or otherwise commodifying, monetizing, and opening up new spaces for economic exploitation.

Market discipline and macroeconomic assumptions such as competitiveness, efficiency, and discipline are becoming inherent to all relationships within society. This includes the commodification of discourse, where further aspects of life are being driven by market principles. Neo-liberalism, Alex Demirović argues, has no strategy of wanting to become hegemonic, instead it is a "strategy that tries to dominate [...] while making as few concessions as possible" (Demirović 2008, 20)¹¹. Neo-liberalism, according to Demirović, is not seeking a new compromise with the lower classes, but is instead pursuing its short-term and immediate profit interests, discursively substantiated by "economic constraints, i.e. the mute compulsion of economic relations" (ibid).

Neo-liberal Social Democrats and the rise of the right

The ideological and organizational decline of European social democratic parties in light of these developments is reflected most clearly in the fates of the British Labour Party and the German SPD with its "third way." The SPÖ has also not been immune to these changes. In 1991, under the leadership of Franz Vranitzky, the party changed its name from the *Socialist Party of Austria* to the *Social Democratic Party of Austria* (both with SPÖ as an acronym). The 1998 party program listed key phrases of the so-called "third way" as the party's new, important values. "Equality" became "equal opportunities" and "justice" became "equal participation of all in society." The term "meritocracy" ("solidarische Leistungsgesellschaft") found its way in the party's communication. The *Sektionen*, the smallest units of the SPÖ, lost their importance and were limited in their activities or decoupled from the party. Strategic debates took place in

¹⁰ Stephen Gill (2000): Theoretische Grundlagen einer neogramscianischen Analyse der europäischen Integration; in: Bieling, Hans Jürgen/Steinhilber, Jochen (Hrsg.): Die Konfiguration Europas. Dimensionen einer kritischen Integrationstheorie; Münster, p. 23-72.

¹¹ Alex Demirovic (2008): Neoliberalismus und Hegemonie: in: Christoph Butterwegge et al. eds., Neoliberalismus. Analysen und Alternativen; Wiesbaden, p. 17-33

small gatherings of external experts and consultants. The profound and broad intellectual debates like those once known in the Austrian workers' movements stopped. The party instead now began functioning like a PR apparatus creating political communications with barely any direct contact with working class people. It exists to win elections, not to involve people in politics.

The SPÖ has not responded to the changes in the class structure in Austria since the 1970s and does not reflect these changes in its own structures. This is noticeable when one looks at the social composition of members of important committees or at those elected to parliament. This is why the SPÖ can no longer be said to represent the Austrian working class as a whole. Many workers hold the Social Democrats jointly responsible for privatizations. Those deeply neoliberal policies had been legitimized by the need to preserve the competitiveness of Austria. In the 1990s, transnationally oriented class fractions of capital began to support the rise of Jörg Haider, the leader of the *Freedom Party*. When the FPÖ was in government with the ÖVP after the 1999 national elections, it set about fully implementing those neo-liberal policies in Austria, that had taken hold across Europe, policies that even the neo-liberal third-way SPÖ had refused to implement.

In the meantime, the Social Democrats, stalled in opposition, were unable to formulate a credible program or vision, and thus missed the chance to make the party a vital place for organization and debate. The rhetorical recourse to social issues in the 2006 election campaign guaranteed the SPÖ a first-place finish, but it did not lead to a re-politicization and sustainable strengthening of the party's structures. The SPÖ-ÖVP coalition under Chancellor Alfred Gusenbauer also did not reverse any of the privatization measures that had been taken during the previous ÖVP-FPÖ government. It was unable to stop the transformation of the state and politics; indeed, it became a part of these processes. The SPÖ suffered a rift between the government and bureaucracy on the one side and its base on the other. The party continues to function as the conveyor belt taking decisions already made by the executive or administration to parliament for formal approval.

After the FPÖ was taken over by its German-nationalist, far right wing and its candidate Heinz-Christian Strache, the party added the phrase "*Soziale Heimatpartei*"¹² to its logo since the 2006 campaign. This was a tactical realignment of the party after the Haider years and its participation in the neo-liberal reforms of the ÖVP-FPÖ government from 2000 to 2007. The FPÖ combined social issues with racism (especially anti-Muslim). The fact that it had been the ÖVP-FPÖ coalition government of the past six years that had completed the economic, labor, and social policy transformations in Austria in line with the neo-liberal agenda was virtually ignored with the party's rebranding. This strategy appears to be working. Unfortunately, there

¹² There is no translation for the ideologized and excluding notion *Heimat*, but it could best be understood as „social homeland party“

is a lack of critical research into the class-based motivations for the voting choices made by Austrian voters. But the media continually bring up the high approval ratings the FPÖ apparently enjoys among the working classes. Even if these numbers are not easily transferable from a critical perspective, it is not really surprising that many workers feel that things are getting worse. Even the government admitted a few years ago that workers had suffered a drop in real wages of 14 percent between 1998 and 2014.

Under Strache, the FPÖ positioned itself as the political alternative to the sluggish parties now in government (SPÖ and ÖVP). And indeed, the SPÖ is now seen as being state supporting and over-identified with the management of the status quo.

The SPÖ has long since ceased to be a movement driven by a shared mission for a fundamental change in society. It is also no longer the place where such movements can come together to join forces to effect such change. In line with the core of neo-liberal politics, the SPÖ focuses only on the small details and there is no great political project in the works. Even the Greens are unable to formulate a credible social project that can mobilize wider sections of society.

We are experiencing a turn to authoritarianism. It is not coming all at once, however. It is coming gradually, quietly, but also continually pulling one social group in after another. The Austrian left has failed to offer interpretation of inequality and the causes of the current crisis as well as offering alternative narratives of a democratic society to a broader audience. We failed in creating a future perspective for which the majority of people are fighting and for which they get organized.

If we want to stop the ascendancy of the FPÖ, we must start thinking big again and build a political movement that puts social issues at its core. We need to make politics something that gets people involved and offers the prospect of profound change in society. We need to become capable of acting across Austria and find a new form to make this happen. We need to reexamine our old certainties and move beyond those of our behaviors that have become bad routine. In other words, we need to make sure that we are continuing only the best practices and begin to learn from one another and assemble our knowledge into something greater. We need to find those things we have in common, those things that can link us one to another, and learn to listen to one another instead of insisting on our own positions over everything else. We need to stop reproaching others for what they cannot do or what they are lacking. Instead, we need to create a vision of a future to believe in and fight for side-by-side.