

## Austria: Next stage of populism

In a few weeks, a populist party could become a government member in a core Eurozone country. Austria's elections have shown populism is indeed not dead but the next stage of populism is acceptable populism.



According to the preliminary official result of yesterday's parliamentary elections, the ÖVP, the party of 31-year old Foreign Minister Sebastian Kurz, won.

The final official result will be announced on Thursday when the postal votes, as well as ballot cards submitted in other districts than their voting districts, have been counted. But so far it looks as if the ÖVP's former coalition partner, the SPÖ, came in second while the right-wing FPÖ made it to third place.

Apart from these three heavyweights, two minor parties, NEOS and PILZ, probably made it into the parliament, while the Greens might have to digest the worst election result since 1995 as they may not make the 4% threshold.

Coalition talks will start soon. With the break-up of the grand coalition and the dirty campaigning scandal during the election campaign, another round of ÖVP/SPÖ doesn't seem to be up for discussion, and neither do the voters seem to want it. A coalition between the SPÖ and the FPÖ looks unlikely too.

With only 21% and 13% respectively being in favour of either constellation, the stage seems to be set for a ÖVP/FPÖ coalition, at least from a voters' perspective.

Even if the SPÖ does not rule out a coalition with the FPÖ per se anymore, in our view the most likely coalition is an ÖVP/FPÖ government, with Sebastian Kurz very likely becoming the youngest government leader of a European country.

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*The victory of 31-year old Foreign Minister Sebastian Kurz and the gains for the FPÖ show that the next stage of populism is indeed 'acceptable populism'.*

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Populist ideas also flourish in core Eurozone countries, which enjoy healthy economies, low unemployment rates and have a high standard of living. The result stresses very few Austrian voters sympathise with a stringent stance on Austria's refugee policy and Austria's role in the EU.

The preliminary election results might also hamper the further integration of the Eurozone. Even though Austria is highly integrated and depends on the Eurozone's structure and openness, a new Austrian government will make the Eurozone's life harder, trying to push through self-interests. For example, all of the three major parties want to restrict access to the labour market for foreigners. Interestingly, however, the FPÖ has not campaigned with a strict anti-European or anti-Euro course; contrary to populist parties in other Eurozone countries.

Yesterday, another turbulent political year in the Eurozone has come to an end, in which populist parties had threatened the survival of the entire Eurozone. The Austrian election has shown that populism is indeed not dead but that the next stage of populism is acceptable populism. In a couple of weeks, a populist party could become a government member in a core Eurozone country.

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