Understanding the Determinants of Welfare Chauvinism: the Role of Resource Competition

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Abstract
Since the Great Recession, far-right parties have emerged as the most vocal proponents - and beneficiaries - of “welfare chauvinism.” Why has restricting immigrants’ access to welfare benefits increasingly served as a winning policy platform for the far-right? This paper examines the role of competition between natives and immigrants over access to social benefits. We argue that citizens who perceive that their access to social benefits is threatened by the presence of immigrants will be more likely to vote for the far-right. To test this mechanism, we leverage an exogenous EU legal directive that granted public housing rights to foreign residents in Austria. In line with expectations, we find that support for the far-right sharply increased in municipalities and neighborhoods where Austrian citizens faced the prospect of competing with immigrants for public housing. These results indicate that zero-sum reasoning with respect to welfare benefits can drive the electoral success of the radical right. More broadly, the findings suggest that the confluence of austerity measures and rising immigrant settlement in Europe may explain the far-right’s recent electoral gains beyond its historic voting bloc.

1 Introduction
Welfare chauvinism, i.e. the policy principle that benefits should be generous but limited to citizens, is on the rise. The appeal of welfare chauvinism rests on allegations of “welfare shopping” by immigrants who draw upon benefits without contributing to the system. Although typically applied to EU and third country nationals, rhetoric has expanded to include refugees, who are accused of presenting themselves as war victims instead of economic migrants and of strategically targeting countries with generous welfare transfers. Concern over welfare migration has affected policy across the continent. In June 2015, Denmark announced that it would reform access to welfare benefits in order to make Denmark a less attractive destination for migrants. And in the United Kingdom, negotiations over an “emergency brake” on benefits for migrants served as a prelude for the referendum to leave the European Union.

Although this exclusionary rhetoric has been increasingly adopted by mainstream parties, far-right parties remain its most vocal advocates. This association has often led commentators and pundits to dismiss welfare chauvinism as the expression of parochialism and xenophobia, in which voters seek to exclude outsiders based on cultural and ethnic (dis)similarity edssall2016, seymour2014. In this view, welfare chauvinism is the direct consequence of political elites’ strategic “activation” of out-group bias for electoral gains alesina2006.

However, this interpretation does not account for the recency of welfare chauvinism’s appeal. Far-right parties did not begin as champions of welfare chauvinism, but rather as classic anti-welfare and anti-tax parties. Flagship parties like the Front National took nearly two decades to revamp their economic platform in favor of welfare chauvinism at the expense of small government kitschelt2007, kitschelt1997. As illustrated by welfare-to-workfare reforms in the 1990s, concerns over moral hazard and free riding are inherent to large resource sharing institutions such as modern welfare states rothstein1998, mau2004. Only recently have
these issues been explicitly discussed in relation to immigration helbling2014, reeskens2012disentangling, van2010public. Why has restricting immigrants’ access to welfare benefits emerged as a winning formula for the radical right?

Theories that emphasize parochialism alone cannot account for the timing of the new wave of anti-immigrant sentiment and its manifestation as welfare chauvinism. We argue that a comprehensive account of the rise of welfare chauvinism should focus on perceptions of zero-sum resource competition between natives and immigrants. This relationship is perhaps best illustrated by recent developments in the United Kingdom. Since the arrival of Polish migrants in the mid-2000s, immigrants have been accused of jeopardizing the financial stability of the National Health Service. Complaints that immigrants have crowded citizens out of quality health care have similarly flourished. Beyond Britain’s borders, support for welfare chauvinism and the far-right is likely to benefit from the concurrence of austerity measures, welfare reforms in the name of fiscal sustainability, and rising levels of immigrant settlement.

However, empirical evidence that resource competition affects anti-immigrant sentiment in general, and support for the far-right in particular, is scant and often contradictory. These mixed findings, we argue, are mostly an artifact of how zero-sum competition is conceptualized and measured. Existing studies largely rely on indirect proxies of immigrant-induced welfare shortage, usually by combining the size of the foreign born population with overall economic conditions. However, this broad approach implies that it is difficult to identify whether resource scarcity is actually present or, perhaps more importantly, that this scarcity can be directly attributable to immigrants. To put it differently, previous studies tend to assume credible zero-sum competition between immigrants and natives without verifying that this assumption holds in the data. As a result, their findings are open to multiple interpretations.

In this paper, we propose a research design where the size of the foreign born population can be directly interpreted as a measure of immigrant-induced resource scarcity. In this context, our findings have clear implications for the relevance of resource competition for explaining the rise of welfare chauvinism. Specifically, we leverage a EU legal directive that forced Austrian municipalities to open public housing to foreign residents in January 2006, a few months prior to legislative elections. By dramatically expanding the pool of potential beneficiaries while holding housing stock constant, this directive sharply decreased the relative availability of public housing by a factor proportional to the local share of foreign residents. This entailed a sizeable resource shock: roughly a quarter of Austrians reside in public apartments, including many middle-class voters.

We examine whether the threat of zero-sum competition increased support for the far-right in the wake of the legal reform. To do so we adopt a difference-in-differences design. Using detailed residency data, we distinguish Austrian municipalities by the share of the voting age population residing in public housing, as well as the share of newly eligible foreign residents. Our results suggest a clear link between resource competition and support for welfare chauvinism: municipalities with sizable public housing stock and large foreign populations were the most likely to cast additional votes in favor of far-right parties in the 2006 elections.

To test the mechanism, we draw on detailed data from Vienna. Using geocoordinates, we precisely map all public housing complexes to local polling stations. As in the national-level results, we find strong evidence that support for the far-right increased in neighborhoods subject to resource competition. Moreover, the precision of the Vienna data allows us to determine that the effect was driven by individuals directly affected by the EU directive, namely voters living in public housing. In parallel, we also find little evidence that preferences for “culturally similar” neighbors are driving our results Becker1971, card2012. Together, these results suggest that socio-cultural perceptions of resource competition are shaped by objective conditions and individual experiences.

In the next section, we review existing work on immigrant/native resource competition in general and on

1 A cursory illustration of research on the far-right support this point. Scholars of the radical right do not start mentioning the existence of welfare chauvinism before the early 2000s. The past 5 years (2011-2016) represent a major break: five times more articles on the topic have been written in the past 5 years than were written during the 2000-2010 decade as a whole.
competition over social transfers in particular. We show that, while ubiquitous in the literature, the resource competition argument has rarely been successfully tested. Section 3 presents a simple theoretical argument explaining the hypothesized link between immigration, redistributive social policies and welfare chauvinism. Section 4 presents our research design and explains how it addresses some of the design flaws highlighted in section 2. Section 5 and 6 presents our results for Austria and Vienna, respectively. Section 7 examines competing arguments with an emphasis on the possible confounding of preferences for living in a culturally homogeneous municipality or building block. Finally, we discuss in section 8 the implications of our results for European politics.

2 Does Resource Competition Matter?

Social scientists have long focused on identifying the determinants of hostility towards members of minority groups adorno1964,allport1979. Within this larger research agenda, two lines of work have emerged that emphasize the role of perceived zero-sum competition over valuable resources, namely the “group threat” and the “fiscal burden” hypotheses. Although these accounts are compelling, we argue that they provide incomplete accounts of the impact of immigration on voter preferences.

2.1 Majority-Minority Conflict: the Group Threat Argument

The central claim underlying the group threat hypothesis is that “individuals develop negative affects and rigid stereotypes toward individuals with whom they are in competition” (?, ?, 587). Formulated in large part to account for anti-black prejudice, this literature has now been extended to the study of anti-immigrant sentiment in North American and Europe quillian1995prejudice,mclaren2003,gijsberts2004exclusion,senyonov2006rise,rink2009effects. In this approach, resource competition between natives and immigrants is captured through a combination of contextual measures of relative group size and of economic affluence. The reasoning is as follows: “a large subordinate group is perceived as a greater threat... when the economic situation of a host country is precarious... because poor economic conditions increase competition for scarce resources” (?, ?, 590). Quillian (1995) finds that individuals living in areas with relatively more migrants are more prejudiced, increasingly so as economic conditions worsen. This relationship is interpreted as evidence for the role of zero-sum competition as an engine fueling prejudice.

Although the focus on zero-sum competition aligns with our theoretical perspective, a major limit of the group threat approach is that competition too often serves a catchall concept that encompasses access to any valued goods, whether material goods like jobs, housing or schools, or immaterial ones like “accepted practices” Bobo1983,Bobo1983,agroup's “claimstoprivilege” Blumer1958orrelativegroupstatusBobo1996. However, understanding the role of zero-sum competition in a broader conceptualization of resource competition adopted by this line of work has generated conflicting empirical findings. A recent overview of this literature concludes that close to two thirds of studies find no evidence that group threat variables, as described above, shape prejudice. A fourth of reviewed studies document the expected relationship while the remaining papers document the opposite pottie2015does. In addition to problems of specification, these mixed findings may be driven by confounders that naturally accompany a broad conceptualization of zero-sum competition. For instance, many studies suffer from an empty cell problem: areas with more immigrants tend to also be areas with high(er) economic growth. This has implications beyond large standard errors: in good economic times, (publicly-funded) distributional goods might matter less because private opportunities are more plentiful and more easily accessible to natives than immigrants hardin1995self.

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2Economic affluence is most often proxied using measures of wealth per capita or local unemployment rates.

3See Hainmueller2014forareview.Malhotra2013andDancygier2013findsomeevidence that competition over jobs shape immigrationpreferences.
2.2 Immigration and the Welfare State: the Fiscal Burden Argument

Although the group threat literature examines prejudice as a general concept, a distinct new line of research speaks more directly to our interest in welfare chauvinism by focusing on immigration’s impact on the welfare state. Hanson 2005, Facchina 2009, Hainmueller 2016. Assuming that new immigrants are net beneficiaries of redistributive social programs, an increase in immigration increases the pool of social transfer recipients. As a result, benefit generosity will mechanically increase the size of immigrants’ effect on natives’ average benefit and/or tax receipt increases, as the share of private resources “socialized.”

Evidence for this argument remains conflicted. Empirically, Hanson 2005 finds that support for immigration declines in states with skilled immigrants, who again are assumed to be net beneficiaries. According to these studies, the results are driven by high-income individuals. However, Hainmueller 2010 suggests that this pattern does not hold in the United States; they find that states with skilled immigration have rich natives in other states.

We trace these contradictory findings to two sources. One is theoretical: Hanson 2005 and Facchina 2009’s approach is unable to account for observed reactions among high-income individuals. However, there are strong reasons to suspect that fiscal adjustment will entail a benefit decrease rather than a tax increase in most instances. Indeed, as shown by McCarty and Facchina 2009, they find that in states with higher fiscal exposure, rich natives are less opposed to lower benefits (welfare chauvinism). Our focus on the specific channel of welfare chauvinism circumvents some of the theoretical ambiguities previously highlighted in the fiscal burden literature. We then turn to our identification strategy, which advances the existing literature by isolating a specific instance of zero-sum competition between natives and immigrants.

3 Theory and Prediction

We develop a simple framework to understand how immigration can generate support for welfare chauvinism through its impact on voters’ economic welfare, as mediated by the welfare state. We model redistributive policies as a generic means-tested program and follow the literature in assuming that immigrants make greater use of means-tested welfare programs than do natives.

Figure 1 presents the basic setup. All immigrants are assumed to be eligible for the program, while a share of the native population is assumed to be permanently excluded due to high earning capacity. The remainder of the native population is split between eligible and non-eligible, with a non-zero probability of moving between the two categories depending on individual characteristics and the design of the means-tested social program (e.g. the income threshold at which individuals become eligible).

In this setup, natives with high incomes are net contributors to this social program. These voters will prefer a tax rate equal to zero in order to maximize their economic welfare. Natives who are currently non-eligible for the transfer (middle-class voters) face a positive probability of becoming eligible. In other words, they might be net-beneficiaries over the long run depending on how employment prospects shape their expected life-time income. Their preferred tax rate will be 0 plus a positive term shaped by their expected life-time income and discount factor. The same reasoning applies for eligible natives: given that they face a positive probability of becoming non-eligible, their preferred tax rate will be equal to 1 minus a positive term shaped by their expected life-time income and discount factor. Immigrants are assumed to be net beneficiaries and have a preferred tax rate of 1.

4In line with this expectation, Hainmueller and Hiscox 2011 cite direct evidence that American states which experienced growth in immigration also experienced lower increases in state income taxes.
Resource scarcity implies a mismatch between revenue and expenditure that requires adjustment either through tax increases or benefit decreases. In the case of immigration, resource scarcity can be conceptualized as an exogenous increase in the share of eligible immigrants. This generates an imbalance between the eligible population and the amount of resources dedicated to funding the transfer prior to the migration shock. The lower half of Figure 1 illustrates this point.

To understand how voters react to this imbalance, we assume that policy preferences are captured by two parameters. One is the preferred tax rate mentioned above and the other is the share of welfare spending received by eligible natives. Voters chose a policy mix that is a combination of their preferred tax rate and their preferred level of targeting. The status quo, at the time of the immigration shock, is assumed to be one where the share of welfare spending received by natives is equal to their share in the eligible population.

Voters will react to the immigration shock in ways that differ depending on their position as net beneficiaries of or net contributors to the social program. Net contributors already have a preferred tax rate of 0. As a result, their preferred adjustment strategy is to further decrease the tax rate and increase the share of spending targeted to the native population to reduce expenses. Native beneficiaries’ preferred adjustment strategy is to further increase the tax rate to bring it closer to their preferred level while also increasing targeting to preserve the value of existing benefits. In other words, net beneficiaries will be welfare chauvinists, supporting generous transfers for natives only. Native net contributors in contrast, are more likely to be traditionally conservative. We consequently expect the following:
Observable implication: As the share of immigrants eligible for social transfers increases, support for welfare chauvinism will increase, especially among eligible natives.

By focusing on policy preferences as a combination of preferred tax rate and preferred level of targeting, we are able to bypass some of the theoretical indeterminacy previously described when reviewing the fiscal burden literature. Indeed, whatever the expected channel of fiscal adjustment, increased targeting is favored by all natives as a means to maximize benefits for the current tax rate. In contrast, preferred tax rates vary across income classes. The combination of each factor generates clear predictions regarding which group of natives will be most affected by welfare chauvinism.

4 Empirical Background Research Design

Under the plausible assumption that welfare chauvinism is an issue owned by far-right parties, we expect resource competition between immigrants and natives to affect vote for these parties, especially among native recipients of social transfers. To test this relationship, we examine how vote for the far-right in Austria has changed in reaction to a EU legal directive that forced Austrian municipalities to open public housing to
foreign residents in January 2006. Because public housing is a fixed resource in the short term, the directive triggered in an exogenous change in the relative scarcity of public housing roughly proportional to the size of the local immigrant population. Because legislative elections took place during this period, we can examine the effect of resource competition between natives and immigrants on support for the far-right. Before presenting our research design in more detail, we provide background information on public housing in Austria.

4.1 Public Housing in Austria

Despite pressures to privatize ownership, social housing programs remain a core feature of many European welfare states. In 2010, for instance, public housing units accounted for the majority of rental stock in nine European countries (?, ?). As Figure 3 suggests, Austria is broadly representative of this cluster, with 23% of all dwellings allocated to public housing programs. The capital, Vienna, possesses a particularly high concentration of units due to extensive post-war construction efforts spearheaded by the Social Democratic Party (SPOE). Although construction has slowed, as of 2011, 41.8% of the Viennese population resided in public apartments.5

Social housing is governed by the Laender (states), subject to federal legislation. Across all states, initial eligibility is strictly means-tested. Applicants are subject to (relatively high) income limits, must disclose all personal assets before applying, and must provide evidence of on-going stable employment.6 Upon meeting all eligibility requirements, applicants gain the legal right to access available public housing stock. In practice, however, the limited stock and slow pace of construction imply that individuals are subject to long waiting lists – often in excess of a year.7 Upon gaining a lease, applicants can expect to pay approximately 40% less than the market rate.

We focus on the Austrian case due to its historic exclusivity: initially, public apartments could only be allocated to Austrian citizens.8 Upon accession to the EU in 1995, Austrian states updated their legislation to comply with the directive that long-term EU residents be granted equivalent status.9 However, third

5 2011 Austrian Census
6 In 2016, the annual income limit was set at 44,000 Euros for single individuals, and 66,000 for couples. Although initial access is strictly governed by income requirements, individuals are able to continue their lease if their income subsequently increases beyond the eligibility threshold. However, if they wish to switch locations and apartments, they must re-qualify for the means-tested threshold.
7 Applicants may cite preferences for particular public housing units, but in practice are often assigned the first available units. If individuals decline an offer to begin a lease, they are subsequently removed from the queue.
8 The Austrian government is not a signatory to several human rights treaties, such as the European Convention on Social and Medical Assistance, that were interpreted by domestic courts in other contexts to grant access to third country nationals.
9 Limited migration from EU states prior to 2004 implied that this directive had a limited practical effect. In 2001, for instance, EU citizens comprised 2.5% of the Austrian population.
country nationals (11% of the population in 2001) continued to lack the legal right to access public housing, regardless of length of stay or whether they possessed a permanent residence permit (?). The barrier between immigrants and social housing was legally breached in 2003, when the European Union implemented Directive 2003/109/EC on the Long Term Residence of Third Country Nationals. Motivated in part by the systematic exclusion of immigrants from welfare benefits, the directive mandated member states to permit individuals with foreign residence permits to access social services and transfers. As a result, the Austrian parliament passed the Equal Treatment Law (Gleichbehandlungsgesetz Austria/BGBl I 66/2004) in 2004, which required Laender to implement access for third country nationals by January 23, 2006. In parallel, and partly to reduce the impact of the reform, the federal government passed a revised Residency Act in 2005 which significantly tightened the requirements for gaining a residence permit. Following this mandate, each of the federal states implemented the directive in staggered fashion between 2005 and 2006. Despite the lag between the federal legislation and the deadline, several states had not revised their social assistance laws by January 2006. In Styria for instance, municipal councils argued that due to the change in the Aliens Act, they would have to delay allocating apartments for a few months until they received clarity on how to document permanent residence status. In Vienna, the Social Democratic-led council implemented the revised guidelines by decree on January 23, but delayed revisions to the social assistance law until after the October 2006 elections. Although the Green party suggested that the delayed codification was an explicit attempt to reduce applications, the implementation of the EU directive nevertheless received substantial attention. The radical right FPOE campaigned directly on the legal change, which they termed a “Brussels diktat.” According to Heinz-Christian Strache, chairman of the FPOE and member of the Vienna city council, the reform would imply that an additional 100,000 eligible foreigners in Vienna would have access to the stock of approximately 240,000 public apartments, placing pressure on working class Austrians. Elsewhere, the town council of Graz (10,500 municipal flats) announced that “the opening of public housing must be accompanied by a housing [construction] offensive.” Although existing waitlists implied that third country nationals did not begin receiving apartments until early 2007, the media coverage nevertheless created a perceived shock to the relative availability of public housing. As a Turkish SPOE councilor noted to the press, the changes implied that “waiting times, especially for larger apartments, would be longer [and] apartment seekers would be less likely to get their neighborhood preference.” In Vienna, existing tenants were assured that their rents would not increase to finance construction costs, a promise that was violated shortly before the October 2006 elections.

4.2 Research Design

To assess whether resource scarcity drove support for the radical right, we adopt a difference-in-differences design. Exploiting variation in public housing stock, we evaluate whether municipalities with high shares of social housing deviated from expected electoral trends. Specifically, we assess whether these areas voted more heavily for radical right parties (FPOE and BZOE) in the legislative elections of October 1, 2006, which directly followed the mandate to expand the beneficiary pool to include third country nationals.

The difference-in-differences design implies that the specification will not be biased by unobserved factors at the municipal level which may otherwise affect levels of support for far-right parties. However, the specification relies on the assumption that municipalities with high levels of public housing would exhibit similar electoral trends in the absence of reform as those municipalities with lower public housing stock. Given that the era of extensive public housing construction in Austria (1920-1960) significantly predates contemporary political dynamics, this may be a reasonable assumption. Moreover, although urban areas have a higher concentration of housing than rural areas, as of 2001 90.5% of Austrian municipalities had

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12 Ibid.
14 Ibid.
social housing units (2001 Buildings Census). Nevertheless, in the Appendix we relax this assumption by restricting the analysis to include only Austrian municipalities with a sizable stock of public housing.

Given that the dependent variable (change in vote share between the 2002 and 2006 elections) is aggregated, our design captures both direct and indirect effects of the reform. That is, it encapsulates the votes of those individuals residing in public housing, as well as the votes of those on the wait-list and those ineligible for the welfare program. At this level of aggregation, the data does not allow us to conclude with confidence that the mechanism driving the municipal-level results is the one hypothesized in the previous section, namely that those the most affected by the change should increase their support for the radical right. We consequently replicate the results with a detailed analysis of polling stations in Vienna. In the Austrian capital, neighborhood-level shares of public housing residents range from 0 to 96% of eligible voters. This substantial variation enables us to isolate the behavior of those most affected by the exogenous change in resource scarcity.

5 Results: Austrian Municipalities

To assess whether the EU legal directive reshaped the political landscape, we draw on electoral results from the 1999, 2002, and 2006 legislative elections, as well as data extracts from the 2001 Austrian Population Census and the 2001 Housing and Building Census. From the census data, we obtained the percentage of inhabitants in each municipality (n=2383) without Austrian citizenship (% Foreign) as well as the percentage of residents in public apartments (% Public).

Figure 2 plots the demeaned vote share for far-right parties (FPOE and BZOE) in each election, as a function of the share of residents in public housing within each municipality. The results indicate that the 2006 election was exceptional: while in 1999 and 2002 municipalities with high shares of public housing tended to vote for the far-right at rates below the national average, in 2006, these municipalities deviated from this trend and voted in increased numbers for anti-immigrant parties.

We next assess whether the increased tendency to vote for the far-right was moderated by the presence of newly eligible foreign residents. According to our theoretical framework, we would expect voters in municipalities with high shares of public housing and foreign residents to face a credible threat of resource competition. In the left-hand panel of Figure 5, we plot the relationship between the change in radical right vote share (2006-2002) and a linear combination of public housing and foreign residents. In the right-hand panel, we relax the linearity assumption and use a non-parametric GAM approach to plot the interaction effect. Across both approaches, the interaction is significant: those municipalities characterized by potential resource competition were most likely to shift votes towards the far-right; a pattern not seen in previous elections.

6 Results: Vienna

Although the voting patterns observed across Austrian municipalities are consistent with our hypothesis, the data is highly aggregated and significantly right-skewed. To evaluate the argument more precisely, we turn to micro-level data from Vienna. The capital has the highest share of public housing stock in the country, at 42.8%, as well as significant numbers of foreign citizens. Given that public housing units and foreign settlement are asymmetrically dispersed across neighborhoods, the case provides us with the analytical leverage to isolate the effects of potential resource competition within particular neighborhoods.

\[^{15}\text{Reliable population estimates were unavailable for 2006. Given limited construction in the period, we anticipate that the share of individuals living in public housing was relatively unchanged. We assume that changes in the share of foreign born across municipalities remain tightly correlated with relative levels in 2001.}\]

\[^{16}\text{We demean to provide clear comparisons regarding the distribution of votes across municipalities in each election. The BZOE is a splinter party of the FPOE: within our sample they only competed in the 2006 elections.}\]
To maximize granularity, we obtained geodata on the location of all public housing apartments in Vienna (n= 209,375 apartments, 4,610 buildings), and matched each building to the appropriate polling station (n=1,931). Given that multiple voters can reside in an apartment, we linked these boundaries to census-tract data on the number of adults (18 and over) living within public housing units. This approach allows us to credibly identify the percentage of voters in each electoral ward who reside in public housing (% Public), as well as the local level of foreign settlement (% Foreign). Figure 6 maps the distribution of public housing by electoral ward. The extensive variation permits us to credibly identify which electoral results are associated with voters residing in public housing units: the share of such voters ranges from 0-96% of eligible voters.
Paralleling developments across Austria, Viennese neighborhoods deviated sharply from previous electoral trends following the EU legal directive. The left-hand panel of Figure 7 suggests that while wards where the majority of voters lived public housing cast more ballots in support of the far-right in 2006 than in the previous legislative election (roughly 7 percentage points), this pattern does not hold in neighborhoods lacking public housing units.

As the center panel indicates, the relationship between foreign settlement and 2006 voting was more ambiguous: although areas with low foreign settlement voted in higher numbers for the far-right in 2006, support for the far-right increased in highly diverse neighborhoods as well. Given that the share of foreigners is dependent on the extent of public housing, we adopt a non-parametric approach to assess the interaction between these two factors. In line with expectations, the results (right-hand panel) suggest a weakly linear interaction: although the most important predictor of increased support for the far-right is the share of voters in public housing, these effects are heightened in neighborhoods where the remainder of residents do not hold Austrian citizenship.  

See Appendix, Section B for an alternative analysis using kernel-regularized least squares (??).
Figure 7: Support for the Far-Right in Vienna

Given that the relationship is approximately linear, we fit a simple model of the form:

\[ \text{VoteShare}_{i,2006-2002} = \beta_0 + \beta_1 \% \text{Public}_{i,2001} + \beta_2 \% \text{Foreign}_{i,2001} + \beta_3 (\% \text{Public} \times \% \text{Foreign})_{i,2001} + \beta_4 X_{it} + \epsilon_i \]  

(1)

where X indicates a vector of covariates measured at the census tract level. \(^{18}\) To control for the possibility of skewed residency ratios in small electoral wards, we include the log of the number of eligible voters for each ward. Although public housing in Austria is available to a wide swathe of the income distribution, we also include a covariate measuring the average income in order to control for the possibility that public housing is masking underlying income dynamics. \(^{19}\)

Table 1 displays the results. Unlike the findings from the national-level analysis, the interaction effect between local diversity and public housing stock is not statistically significant. This may reflect the imposed linearity assumption, or more likely, the granularity of the data: individuals living in a given ward may be reasonably aware of the number of foreigners in Vienna as a whole, reducing local variation in the perception of the number of additional beneficiaries introduced by the reform. Nevertheless, the most important predictor of increase in support for the far-right remains the percentage of individuals living in public housing: moving from the 10th to the 90th percentile in public housing share can be expected to raise support for the far-right by 3.2 percentage points. Importantly, no such tendency is visible in the election years prior to the reform (1999-2002). \(^{20}\)

7 Public Housing and Resource Competition

The analysis of electoral outcomes in Austrian municipalities and Viennese building blocs indicate that voters residing in public housing increased their support for far-right parties following the implementation of the EU court directive. This size of this increase reflects local conditions: the higher the share of non-citizens, and thus the higher the shock to competition for access to public housing, the higher the share of votes for

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\(^{18}\)Mapped to electoral wards using population weighting. As a conservative measure, we cluster standard errors by census tract.

\(^{19}\)Detailed data on incomes is unavailable at the ward level. Accordingly, we use district-level data.

\(^{20}\)A placebo test for the 2005 municipal elections reveals similar results. However, we do not include these elections in the main specification because local party platforms may vary across districts.
Table 1: OLS Model

<table>
<thead>
<tr>
<th></th>
<th>2002-2006</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>2002-2006</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Residents in Public Housing</td>
<td>0.062</td>
<td>(0.005)</td>
<td>0.044</td>
<td>(0.008)</td>
<td>0.033</td>
<td>(0.008)</td>
<td>-0.033</td>
<td>(0.004)</td>
</tr>
<tr>
<td>% Foreign Residents</td>
<td>-0.098</td>
<td>(0.028)</td>
<td>-0.172</td>
<td>(0.028)</td>
<td>0.003</td>
<td>(0.021)</td>
<td>0.064</td>
<td>(0.019)</td>
</tr>
<tr>
<td>%Public * % Foreign</td>
<td>0.124</td>
<td>(0.072)</td>
<td>0.067</td>
<td>(0.072)</td>
<td>-0.049</td>
<td>(0.051)</td>
<td>0.006</td>
<td>(0.049)</td>
</tr>
<tr>
<td>ln(Voters)</td>
<td>0.000</td>
<td>(0.006)</td>
<td>0.000</td>
<td>(0.006)</td>
<td>0.000</td>
<td>(0.006)</td>
<td>0.000</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Avg. District Income, 2006</td>
<td></td>
<td>0.068</td>
<td>(0.003)</td>
<td>0.083</td>
<td>(0.006)</td>
<td>0.239</td>
<td>(0.039)</td>
<td>0.164</td>
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the far-right. Before drawing upon additional evidence to support this argument, we focus on two alternative explanations that could explain the change in local voting behavior.

The first explanation concerns the possibility that individuals might derive utility from neighbors who share their language, values and customs, a preference that Card et al. term “compositional amenities.” In other words, our results might be an artifact of the type of social benefit examined, namely one that is geographically bounded and necessitates direct interaction with other benefit recipients. Thus, the apparent zero-sum thinking in the face of increased resource scarcity might simply be the expression of a parochial preference for homogeneity. While parochialism, as a causal explanation, is insufficient to account for the timing of the far-right, it may have been reactivated when residents of public housing faced the prospect of foreigners moving down the hall.

If parochialism is viewed as a latent preference that must be activated, this alternative explanation is not necessarily incompatible with the resource competition hypothesis. Indeed, increased competition not only implies reduced access to benefits, but may also reduce the chance of observing similar ‘winners.’ Nevertheless, we test this argument by examining how responses to the EU legal directive varied by the existing diversity present in housing blocs. Although prior to January 2006, third country nationals were excluded from public housing, naturalized foreign-born citizens and EU long-term residents were able to access public apartments. 21 If support for the far-right is being driven by voters in public housing who value ‘compositional amenities’, we would expect voters in homogeneous housing units to respond more sharply to the legal change in an effort to preserve the status quo.

The data from Vienna suggests that this pattern does not hold. Figure 8 plots the change in support for far-right parties as a function of the diversity of each public housing unit, restricting the analysis to electoral wards where the majority of residents live in public housing. 22 No relationship is apparent: that is, individuals in relatively homogeneous housing blocks were just as likely to shift votes in favor of the far-right as individuals living in diverse housing units. Unless the threshold necessary to activate a threat of local diversity is quite high, these results are inconsistent with a mechanism based on simple parochial tendencies.

A second alternative explanation involves a variant of the group threat hypothesis, namely what Michael Dawson terms “linked-fate” 23, 24. In this view, support for anti-immigrant parties may emerge from a combination of sociotropic group-level reasoning (ie. if group A wins then group B loses) and voters viewing

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2183% of foreign-born citizens in public housing were naturalized Austrians born outside the EU, primarily from Turkey, Egypt, and former Yugoslavia.

22Identifying the specific behavior of voters in public housing, as opposed to the effect of a legal shock on ward-level results, is subject to the ecological inference problem. Accordingly, we restrict the sample to areas with 50% or more of residents in public housing to reduce bias. Similar results are obtained with a 25% threshold and a 75% threshold.
their own prospects as closely tied to the success of a larger group. From this perspective, the loss of housing exclusivity may have threatened the perceived position of native Austrians relative to immigrants, invoking a broad threat response.

Although sociotropic reasoning likely plays some role in the scale of the observed response to the legal reform, this mechanism does not appear to predominate. If this channel were active, we would expect the reform to induce gains in all municipalities and neighborhoods with large shares of Austrian natives following the reform, regardless of the degree of local competition over public resources. Yet as Figure 4 and Figure 7 suggest, this pattern is not observed: homogeneous neighborhoods and municipalities voted for far-right parties at lower rates than the national average in 2006.

Finally, we would like to address one important objection to our findings. We have examined the effects of the reform on voters who already have access to the scarce benefit – in this case a public housing lease. These individuals are net-beneficiaries of the social program and are assumed to be directly affected by the implementation of the EU directive (see section 3). However, one might argue that public housing is unlike any other social transfer: once an individual gains access to a subsidized unit, she should no longer feel exposed to resource competition as her access to the scarce good is now secured. Instead, one should expect the greatest reaction among those voters who stand to benefit from accessing public housing and are currently on the waitlist. Although we do expect the response to be prominent among this group (they are also net-beneficiaries), the lack of individual-level data on enrollment in waitlists precludes direct analysis. However, we are able to show that those already living in public housing were directly affected by the EU legal directive via two distinct channels.

First, the legal directive affected the relative generosity of the benefit. Prior to 2006, average wait times in Vienna already exceeded one year. Following the 2006 reform, which granted approximately 100,000 Viennese foreign residents with access to public housing, the city council announced a building offensive. In the 2016 fiscal year, the government allocated an additional 535 million Euros to housing construction and renovation, funding a total of 10,200 new apartments in the city. Although a portion of this renewed construction was funded via taxes, the public housing system was designed to raise the majority of construction and renovation costs from existing rents. Thus, while the Councilor for Public Housing, Walter Faymann, assured citizens in May that existing rents would not be increased to finance the construction boom, this promise was

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abandoned later in the year with the announcement that rents would be raised just prior to the legislative election. Depending on the location, increases ranged from an additional 5.0% to 5.7% per square meter. Given that the public housing program operates as a limited subsidy, this policy change may be viewed as an effective benefit decrease following immigrant-induced scarcity.

Second, the EU legal directive substantially reduced mobility among existing leaseholders. Given that applicants have an obligation to accept one of the first two apartments offered to them, many leaseholders are initially placed in undesirable neighborhoods within the city. As a result, turnover was traditionally high: in 2005 for example, 26,000 public apartments received new tenants. However, when seeking a new apartment, existing leaseholders are subject to the same requirements as new applicants: their income must not exceed mandated limits and they are subject to the waitlist. Following the large increase in the beneficiary pool, each of these conditions were threatened. Pending new construction, waitlists in Vienna gradually ballooned to three years by early 2007. Facing increasingly lengthy waitlists, middle-class leaseholders may have assigned a reasonable probability to the possibility that the existing income threshold would be decreased to reduce burden on the public housing system.

If support for the far-right is driven by a perceived benefit reduction, we should observe stronger reactions among leaseholders assigned to less desirable public housing units, given that the legal reform curtailed their subsequent mobility. Figure 9 evaluates this hypothesis by drawing on data on local neighborhood wealth and the renovation data of each public housing complex. The left-hand panel suggests a mild relationship between renovation dates and support for the far-right: individuals in newer, more desirable, units were less likely to shift their votes following the reform. This effect is strengthened when adding the interactive effect of neighborhood wealth (right-hand panel). Indeed, the non-parametric GAM model suggests that voters in less desirable units were most likely to cast votes for the far-right. Neither of the two alternative arguments mentioned above can account for this empirical pattern, providing additional evidence in favor of the resource competition mechanism.

Figure 9: Public Housing Quality and Support for the Far-Right

In sum, micro-level data from Vienna indicates that existing beneficiaries reacted to a decrease in benefits

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26 “Stadt muss günstige Wohnungen schaffen,” BBC News, Region Graz, August 2, 2007
stemming from competition over scarce resources by casting their votes in favor of parties championing excluding immigrants from benefits – the FPOE and BZOE. Given that this response entails voting along group-based lines, it is important to note that our argument does not claim that parochialism or xenophobia is entirely absent from this reaction. Rather, our results demonstrate a pathway that explains when parochialism will translate into a politically consequential behavior. One key contribution of this paper is thus to show that anti-immigrant policy preferences – such as welfare chauvinism – may be activated by perceived threats such as resource competition.

8 Discussion

This paper examined the degree to which zero-sum competition over welfare benefits shapes support for the far-right. While aspects of the resource competition argument have been previously articulated by students of majority-minority relations, existing empirical strategies have failed to successfully identify instances where zero-sum competition is credible. In contrast, the empirical strategy adopted by this paper exploits an exogenous increase in the number of immigrants eligible for a fixed resource. Our results suggest that individuals living in public housing sharply increased support for the far-right in a manner proportional to the relative scarcity induced by the size of the eligible immigrant population. Under the plausible assumption that welfare chauvinism is an issue owned by the far-right, we interpret our results as evidence that group competition for social transfers can fuel the electoral appeal of welfare chauvinism.

By focusing on a case that closely aligns with the model’s assumptions, this paper provides strong evidence that resource competition affects policy preferences. Although our empirical results are limited to Austria, we also have reason to expect that our findings are relevant to politics outside Austria’s borders. In many European countries, slow economic growth, high debt, and austerity measures have combined to make the threat of fiscal adjustment increasingly credible. This turn towards austerity has occurred at a time of increasing population movement from within the EU and from refugees beyond Europe’s borders. In this light, voters might prefer to offset a decline in the quantity and quality of welfare benefits by targeting benefits to citizens, or at least limit access to immigrants who have “paid into the system.”

We also expect our findings to extend to social transfers beyond public housing. Indeed, public housing is not unique as a social transfer whose supply is fixed in the short-term and whose consumption is “geographically constrained.” Other likely candidates are public healthcare and childcare. Given that the middle class relies heavily on these public goods, it is plausible that support for welfare chauvinism, and its standard bearers in the far-right, may expand beyond a low-educated “authoritarian” core. Indeed, attitudinal data supports the claim that “this time might be different”: while the first wave of expansion of the far-right (in the early 1990s) coincided with an increase in anti-immigrant sentiment (27, 28), there is no evidence of such an increase in the most recent period.

Lastly, our findings speak to an emerging divide in existing research on anti-immigrant sentiment. A growing consensus is that self-interested materialist arguments have limited explanatory power when it comes to explaining anti-immigrant sentiment (see (27, 28) for a review). Indeed, a recurrent finding is that individuals who are the most affected by immigration are not more likely to express hostility towards immigration. In many cases the best predictors appear to be beliefs about immigrants’ impact on the country as a whole (“sociotropic thinking”); similarly concerns about immigrants’ economic impact are often dwarfed by concerns about the ‘cultural’ effects of immigration.

While we do not dispute the importance of sociotropic concerns, our results nevertheless suggest that materialist explanations are not without explanatory power. Politically-relevant sociotropic thinking — of the

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27(27, 28) provides a thought provoking account of a historical period where non-zero-sum thinking was the norm. He describes America in the mid-XXth century as a time when many ethnic and religious outsiders, among them Jews and Italians, finally gained full acceptance as members of the mainstream. Alba argues that the large-scale assimilation of white ethnics was a result of “non-zero-sum mobility,” which he defines as “the social ascent of members of disadvantaged groups that can take place without affecting the life chances of those who are already members of the established majority.”
kind that shapes votes and not only answers to survey questions — is likely to be deeply entangled with material interests. Indeed, many sociotropic concerns might be better described as concerns about moral hazard and free riding, in which citizens engage in group-level reasoning concerning others’ net-contribution to pooled resources ostromwalker2003, ostrom1998, fehrschmidt2006a. These dynamics are particularly relevant in Europe, where the majority of the population expects to rely on social transfers at some point in the life-cycle pierson1996. In other words, the limited predictive power of individual characteristics could simply be an artifact of the sheer scope of “cradle-to-grave” universal welfare states: what we deem as sociotropic thinking in this context may in fact be self-interest over the long run.

Finally, we challenge the view that one can easily separate self-interested prejudice from prejudice driven by outgroup bias. Indeed, the fact that welfare chauvinism is relatively more developed among low-educated voters can be explained as much by this group’s “authoritarian orientation”, as it can be explained by its higher reliance on social transfers. Evidence of this overlap is present in the rhetoric that accompanies welfare chauvinism, namely a moralizing discourse that emphasizes access to benefits conditional on prior contributions and highlights, in the same breath, immigrants’ incapacity to meet these conditions due to their (inherent) propensity to free ride. To interpret this discourse as evidence of prejudice and cultural stereotyping potentially disregards underlying grievances about continued access to social transfers in a context where fiscal adjustment has become a credible threat.
Appendix

Table A-1: National Results (OLS)

<table>
<thead>
<tr>
<th></th>
<th>2002-2006</th>
<th></th>
<th></th>
<th>1999-2002</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% Public</td>
<td>0.063</td>
<td>0.019</td>
<td>-0.005</td>
<td>0.025</td>
<td>0.038</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.007)</td>
<td>(0.015)</td>
<td>(0.014)</td>
<td>(0.008)</td>
<td>(0.017)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>% Foreign</td>
<td>-0.073</td>
<td>-0.096</td>
<td>-0.089</td>
<td>-0.077</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>(0.017)</td>
<td>(0.038)</td>
<td>(0.037)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Public * % Foreign</td>
<td>0.612</td>
<td>0.359</td>
<td>-0.275</td>
<td>-0.141</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.131)</td>
<td>(0.130)</td>
<td>(0.183)</td>
<td>(0.177)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ln(Population)</td>
<td>0.008</td>
<td>-0.004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>0.036</td>
<td>0.039</td>
<td>-0.020</td>
<td>-0.161</td>
<td>-0.159</td>
<td>-0.127</td>
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<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.006)</td>
<td>(0.001)</td>
<td>(0.002)</td>
<td>(0.009)</td>
</tr>
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</table>

Regions with no public housing remain indicative of general trends for far-right. However, to account for the possibility that these regions are non-comparable to those with public housing, the following results restrict observations to include only regions with some degree of public housing.

Table A-2: Austria: Neighborhoods with PH Only

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th></th>
<th></th>
<th>2002</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% Public</td>
<td>0.063</td>
<td>0.018</td>
<td>0.000</td>
<td>-0.019</td>
<td>0.016</td>
<td>0.024</td>
</tr>
<tr>
<td></td>
<td>(0.008)</td>
<td>(0.015)</td>
<td>(0.014)</td>
<td>(0.008)</td>
<td>(0.017)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>% Foreign</td>
<td>-0.074</td>
<td>-0.095</td>
<td>-0.124</td>
<td>-0.114</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.017)</td>
<td>(0.018)</td>
<td>(0.043)</td>
<td>(0.042)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Public * % Foreign</td>
<td>0.618</td>
<td>0.313</td>
<td>-0.113</td>
<td>0.027</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(0.134)</td>
<td>(0.133)</td>
<td>(0.196)</td>
<td>(0.183)</td>
<td></td>
<td></td>
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<tr>
<td>ln(Population)</td>
<td>0.009</td>
<td>-0.004</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>0.036</td>
<td>0.039</td>
<td>-0.024</td>
<td>-0.161</td>
<td>-0.157</td>
<td>-0.128</td>
</tr>
<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.007)</td>
<td>(0.001)</td>
<td>(0.002)</td>
<td>(0.009)</td>
</tr>
</tbody>
</table>

Alternate non-parametric approach (KRLS)

KRLS analysis supports the interaction between stock and threat (Vienna). Partial derivative plots suggest that public housing only positively influences far-right vote share when percentage of local foreigners exceeds 10%. Similarly, % Foreign only drives increased support for the far-right when there is public housing stock.
Table A-3: Vienna: Neighborhoods with PH Only

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Public</td>
<td>0.111</td>
<td>0.138</td>
</tr>
<tr>
<td></td>
<td>(0.006)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>% Foreign</td>
<td>0.118</td>
<td>0.067</td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.042)</td>
</tr>
<tr>
<td>% Public * % Foreign</td>
<td>0.034</td>
<td>0.030</td>
</tr>
<tr>
<td></td>
<td>(0.107)</td>
<td>(0.107)</td>
</tr>
<tr>
<td>ln(Voters)</td>
<td>-0.003</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>(0.007)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Avg. District Income 2006</td>
<td>-0.002</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>(0.001)</td>
<td>(0.001)</td>
</tr>
<tr>
<td>Intercept</td>
<td>0.039</td>
<td>0.007</td>
</tr>
<tr>
<td></td>
<td>(0.003)</td>
<td>(0.007)</td>
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</tbody>
</table>

Figure A-1: Marginal Effect Plots - KRLS

References


