

The Tax-Welfare Nexus: Explaining Support for Reform in Times of Fiscal Stress

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Fiscal consolidation has been a central topic in political debates across numerous countries. Governments often face difficult fiscal trade-offs as the public tends to support existing welfare benefits while also responding positively to calls for a smaller state. This study examines how individuals react to messages about fiscal deficits, drawing on data from a novel factorial survey experiment conducted in Austria in 2025. Specifically, we analyze under what conditions individuals prefer revenue-expanding reforms over welfare retrenchment.