

SGI Sustainable Governance Indicators 2011

Austria report

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Executive Summary

Measured in terms of innovation, participation and integration, the performance of the Austrian political system ranges from poor to strong. Whereas the Austrian government is particularly good at integrating as many interests as possible into the decision-making process, it shows less acumen in attracting large numbers of individuals to participate in the political process and even less so in introducing innovative responses to new social challenges.

Poor innovation performance is the price the Austrian government pays for its strong integration performance. Because the Austrian government is highly representative and actively involves all major interests, it creates veto players who, by exercising their veto power, slow down the machinery of political decision-making. In addition, the federal structure of the Austrian system makes it very difficult for the federal government to change existing rules, particularly those concerning shifts in power between the federal government and the state (Länder) governments.

This price is arguably worth paying as long as the integration of varied interests continues to function smoothly. Whereas the Austrian government numbers among those governments best able to integrate the various economic, social and cultural interests of those already “in the boat” – that is, those residents who enjoy citizenship – it has yet to forge an effective response to the new integration challenge posed by immigration. The growing numbers of those excluded from this status are forming a new underclass – a situation that has begun to have a visibly negative impact on the labor market and political competition, and which poses a potential danger to social peace.

Austria’s underperforming education sector represents another cost involved with sluggish innovation. The education system of a prosperous society should show more impressive results, especially in terms of higher graduate percentage rates for secondary and tertiary education. The roots of this poor performance can be found in an unwillingness on the part of the Austrian government to learn from the better performing education systems of its European neighbors.

In short, Austria is losing ground in terms of integration and has not counteracted this decline by improving its capacity for innovation.

Strategic Outlook

In order to improve government efficiency in Austria, the central executive's authority needs to be strengthened. Within the context of Austria's de facto parliamentary system, this would entail strengthening of the Federal Chancellery rather than the –Federal Presidency. However, this kind of reform is unlikely to be pursued because it would give one coalition party considerable power over the other. The conditions underlying the political culture of permanent power-sharing must therefore be changed.

Austria's electoral system – which effectively precludes any party from gaining a majority on the federal level – has to be modified. There is an ongoing debate in Austria about abandoning the proportional system in favor of a majority voting system like that found in France or the United Kingdom. Such a system would deliver one party an overall majority in parliament and do away with the need to form coalition cabinets.

Reforms of this nature are resolutely opposed by all parties which have nothing to gain by them. The two parties which stand to profit from such a change – the Social Democratic Party (SPÖ) and the Austrian People's Party (ÖVP) – are hesitant to institute such reforms. They fear the potential risks involved with a possible enduring period of minority status in a parliament dominated by two major parties only. Therefore, this kind of efficiency-oriented reform doesn't appear to have much chance of being implemented.

Improving the efficiency of the Austrian system could also entail changing the existing balance between the federal and the state level. To date, however, veto powers within the two major parties have effectively stonewalled such reforms because a centralization of the political system would negatively affect the consolidation powers of the parties on the local level.

Given the tenacity of existing veto powers, making significant changes to the structures of government seems unlikely in the near future. However, improving policy output is a feasible goal. From a comparative European perspective, two of the most significant policy changes would entail introducing:

- a coherent migration policy that enables the government to deal with a real but heretofore unacknowledged problem;
- a coherent education policy that does away with Austria's peculiar dual school system.

In both cases, the European dimension seems evident. An effective migration policy is only feasible if enacted at the EU level, and a reform of the educational system should draw upon the experiences

of other, significantly more successful European school systems. Although such reforms do not contribute directly to reforming the Austrian political system, they could nonetheless significantly improve the representative quality of its polity.

Status Index

I. Status of democracy

Electoral process

Candidacy
procedures
Score: 10

The electoral process in Austria meets the standards required of a liberal democracy. Since 1945, there have been no significant doubts expressed about the openness and fairness of elections. However, a debate has emerged recently over the extent to which e-voting should be considered a potential violation of the secrecy of ballots. The use of e-voting systems in electing student representatives at universities – which is seen as the first step toward widespread e-voting in elections for public office – has been stopped due to concerns that such systems do not meet secrecy requirements and therefore fair and free voting standards.

The Austrian constitution explicitly excludes one party, the Nazi party (NSDAP), from participation in the electoral process. Any group seen in this tradition could be excluded from elections by order of an administrative decision. Such decisions can be contested – as happened in the 1980s with regard to some extreme fringe groups – with the final decision resting with the Constitutional Court.

Media access
Score: 7

There is a significant difference between the privately owned electronic (and print) media and the state-owned public broadcaster, ORF, which is committed by law to independent, impartial and extensive information. During campaigns, the ORF treats political parties as equal as possible - under the condition that the parties are already represented in parliament. This can be seen as unfair with respect to new and very small parties but it provides a rule which arguably is within the general understanding of fairness.

Other media outlets are free to express indirectly or directly a bias in favor of specific candidates and parties. There is no generally accepted “watchdog” organization tasked with observing the media and the degree of fairness they show during campaigns. The absence of a watchdog mechanism, combined with the high degree of media concentration in Austria, diminishes the extent to which media access remains fair.

Voting and
registrations rights
Score: 9

The inclusiveness of the electoral process in Austria follows European standards. There is no legal discrimination based on gender, religion, ethnicity, or sexual orientation. In 2008, the minimum voting age was

lowered from 18 to 16 in order to make voting more inclusive.

One major critical aspect is the increasing number of non-citizens living legally in Austria (excepting EU-citizens who are allowed to participate in local and European, but not in regional and national elections) who are excluded from voting. Access to citizenship is increasingly more difficult, legally and practically. As a result, a significant share of the Austrian population (approximately 10%) is excluded from political participation. This is not so much a violation of the Austrian constitution but rather a violation of a basic tenet of democracy, namely that a democratic state must provide citizenship to those who reside legally and for an extended period on its territory.

Party financing
Score: 5

Party financing is a critical problem in Austrian democracy. Political parties, usually under the condition of being represented in parliament, receive public funds on the national, regional and local levels. Whereas the public influx of money is known, how and where this money is spent is not monitored. As parties represented in parliaments at the different levels determine the amount of money they receive (this is usually linked to their parliamentary strength), they have comparatively enormous funds to use for several purposes, in particular electoral campaigns.

Private donations, which are also not properly monitored, have not ceased as a result of the public financing system. In fact, they add to the abundant resources parties can use for campaigning. Only private donations to the party above a threshold sum of € 7,260 must be publicly declared. All other donations to associations closely or directly linked to the party itself go unaccounted for.

Access to information

Media freedom
Score: 6

Media freedom is guaranteed by the constitution. There is no censorship in Austria, and new media in the electronic and print sectors can be established freely. Limits to the freedom of expression in the media are defined by law, and the courts ensure that these limits are enforced. The most stringent limits concern the prohibition of promoting Nazism and any other kinds of racial or religious hatred.

The Austrian judiciary tends to interpret the freedom to criticize politics and politicians more narrowly than the European Court of Human Rights (ECHR) in Strasbourg does. The ECHR has struck down some judgments by Austrian courts because it assumes that politicians must endure certain kinds of criticism otherwise not permitted in cases involving private individuals.

The state-owned public broadcasting system ORF, which is the dominant broadcaster, is in a delicate situation. On the one hand, its independence from the government is legally guaranteed; on the

Media pluralism
Score: 5

other hand, the government plays a decisive role in determining ORF's top management positions.

Austria's media have highly concentrated ownership structures. This is especially true for the print media. The most widely distributed daily paper, the "Neue Kronen-Zeitung," (NKZ) is read by about 40% of all newspaper readers in Austria. The major weekly news magazines are all owned by one single group. Clearly, this does not reflect a situation of competitive pluralism. In addition, the NKZ carries political weight insofar as politicians of different parties are anxious to please the editor and the staff, a situation which erodes the fair and open democratic competition of ideas and interests.

Subsidies to the Austrian print media significantly discriminate in favor of papers with wider distribution as such subsidies are generally granted only to daily papers with a distribution of more than 6,000. These subsidies thus exacerbate the highly concentrated structure of the Austrian press.

Since the 1990s, the electronic media sector has slowly diversified as ORF's monopoly in the sector has dissolved, although the state-owned broadcaster continues to offer (by far) the most popular programs. With its mandate anchored in public service, ORF ensures the plurality of information. In addition, the electronic media market has become wide open to the international market.

Access to govmt.
information
Score: 7

According to the Austrian constitution and other laws at both the federal and state level, public authorities are obliged to provide citizens with information concerning all matters within their realm of responsibility. However, the obligation to report is limited by the legal requirements of secrecy, for reasons relating to public security, defense, international relations, or the government's economic or financial interests.

According to the standard legal procedures of the Austrian administrative courts, an individual or organization can appeal a denial of information.

Civil rights

Civil rights
Score: 7

Civil rights, as established by the United Nations, the Council of Europe and the European Union, are encoded in Austria's constitution. Nevertheless, individual violations do occur. In most of these cases, Austrian institutions (administration, courts) remediate the violations. But in some cases, Austria as a state has been held responsible for violations which are usually reported by NGOs like Amnesty International.

These cases usually have to do with the treatment of foreigners, especially those coming from less developed parts of the world. With

respect to the treatment of asylum seekers, there have been several borderline cases in which the limits of international standards as expressed by the Geneva Convention have been pushed.

Political liberties
Score: 9

Individual liberties are protected in Austria by constitutional guarantees. With the exception of National Socialism, all political creeds are treated equally by the law. The right to articulate specific opinions, including the right to organize movements and political parties, is provided and exceptions (e.g., in the interest of public security) can be considered very restrictive, never general.

With respect to public worship, the guarantee the Austrian system gives all major religious denominations is tentatively contradicted by an increasing anti-Islamic sentiment among the population, which has been articulated in the protests against the building of mosques, especially minarets. Legally, Islam has the same rights as the major Christian faiths. But due to social trends and specific responses by some political parties, guarantees of equal treatment might be jeopardized in the future.

Non-discrimination
Score: 6

A law protecting against discrimination was passed in 2004. The tendency to legally protect against discrimination is in line with the general European trend. One example is that same-sex unions have gained legal status in Austria, even if the term “marriage” is not used and adoptions by same-sex couples are not (yet?) possible.

The debate over gender discrimination demonstrates that the main issue is not formal but informal discrimination, such as de facto discrimination on the labor market.

Despite the existence of an anti-discrimination law, discrimination based on ethnicity, ethnic origin, social status, political view, sexual orientation and religion are, in practice, still possible. However, by and large, the Austrian public has become more sensitive to discrimination issues in recent years.

Rule of law

Legal certainty
Score: 8

The Austrian constitution is based on a specific understanding of legality. Any administrative act must be based directly or indirectly on a specific law, and any law must be in line with the constitution. The constitution also guarantees the courts' independence. Judges cannot be dismissed or transferred against their will. No government institution may interfere in court decisions. The government (i.e., the president) appoints judges – with the exception of the high courts – based on nominations from the courts themselves. This independence is monitored by the three high courts, the High Court for Civil and Criminal Law, the Administrative Court and the Constitutional Court.

The Constitutional Court is by far the most important body in terms of guaranteeing the rule of law. It can suspend laws already passed by parliament if the law violates the constitution. The Constitutional Court is also tasked with monitoring the fairness of electoral procedures. The federal president appoints members of the Constitutional Court based on nominations by the federal parliament or by the federal government. But the court as such has the reputation of independence. The most significant issue in terms of possible underperformance is the delay of decisions resulting from an overload of cases, most of which deal with asylum issues.

Another factor negatively affecting the Constitutional Court's effectiveness is the ambiguity of the implementation process. In principle, it should be the federal government making sure that the court's decisions are executed. But as the case of Slovene minority rights in Carinthia clearly outlines, the Constitutional Court has its limitations. Referring to the constitution, the Court has ruled that the number of bilingual local signs in Carinthian communities must be increased. This decision has not been implemented due to resistance among parts of the majority population and fears of political reprisals among the regional and federal government.

Judicial review
Score: 8

The Austrian constitution guarantees that any executive action can be reviewed and annulled by the Administrative Court or Constitutional Court.

The process of appointing judges follows the principle of self-recruitment (with the exception of the Constitutional Court), in which judges nominate judges. The process of self-recruitment is sometimes criticized because it might create a self-appointed class of mandarins above parliament and government. But opinion generally favors this system as the best possible means of guaranteeing judicial independence.

The only instance of direct dependence on the government is the case of public prosecutors who are by training judges but also tasked with executing the law in the government's name and thus bound to the instructions of the government. In some recent cases it became evident that the government was passively or even actively preventing the prosecution of members of the political elite, such as the Prime Minister of Carinthia, Gerhard Dörfler (BZÖ).

Citation:

<http://derstandard.at/1250691414907/Causa-Doerfler-Ein-Ergebnis-zwei-Begrueendungen>

Appointment of
justices
Score: 9

Members of the Constitutional Court must be completely independent from political parties (art. 147/4). They cannot represent a

political party in parliament nor be an official of a political party. In addition to this rule, the constitution allows membership only for persons with a qualified career in specific legal professions.

Nevertheless, the process of recruiting members (who are appointed until their 70th year) makes the involvement of both government and parliament necessary. This could imply that a governing majority uses its legal power to re-structure the court according to the government's political interests. However, this would certainly be subject to public debate and criticized by the opposition. Any such undertaking would therefore be possible only within the framework of a broad political consensus, and it would be limited.

Austria ranks 16th on the Corruption Perceptions Index established by Transparency International. Thus, according to the available data, Austria does not have a significantly high level of corruption. The low levels of corruption may in part be attributed to extensive media coverage, but also to the anti-corruption activities of the Federal Ministry of the Interior and of the Ministry of Justice.

This of course cannot guarantee the complete eradication of corruption, but in the cases which are known – most recently in the case of the privatization of public housing projects – police and public prosecution seem to do their job, even if high-ranking politicians and their friends may be involved. However, there have been cases made public in recent years of known politicians involved in corruption issues, who apparently received for some time passive protection from the government.

Unfortunately, the creation of an independent prosecutor's body for corruption failed, and the newly created prosecutor's body is again bound by government instructions.

II. Policy-specific performance

A Economy

Economy

Given the emergence by the end of 2008 of one of the worst recessions in recent history, the Austrian economy is in comparatively good shape. In the third quarter of 2009, the economy started to grow again. Most indicators suggest that the Austrian economy is undergoing a slow but sustainable rejuvenation since the deep crisis of 2008-2009.

Corruption
prevention
Score: 7

Economic policy
Score: 7

This is only partly the result of Austrian economic policy, as the country has only limited room to maneuver within the context of an increasingly globalized economy. However, some recent decisions made at the Austrian and European levels point to profound political reforms being made in financial and real-economic structures, which is a positive development. The need to rebalance public budgets on the other hand leads to important cuts in public spending. If realized contemporaneously – especially with regard to other European nations – and too quickly, these cuts carry the inherent danger of stalling economic recovery.

Economic policy in Austria is determined by different actors. On the government's side, different ministries usually controlled by different parties responsible for different agendas have to coordinate different political approaches (e.g., between (Austro-) Keynesianism and a more market-oriented approach). In addition, although the social partners (i.e., organized labor and business) have lost some of their power in recent decades, they are still important players in labor and social policy affairs. The need to establish a consensus therefore continues.

Labor market

Labor market policy
Score: 7

The Austrian labor market is characterized by deepening gaps between different segments. There is a significant difference between a large, well-performing core of the labor force and some of the more vulnerable groups with lower employment rates. There is also a major gap between the “privileged sector” (i.e., more or less the public sector), which enjoys a high degree of job security, and the non-privileged sector, which has to bear the burden of unemployment.

Another troubling issue is the very low number of persons aged 50+ actively participating in the labor market. Although the official age for pension-entitlement has been raised, recent reforms have once more delayed the envisaged reduction of early retirees. Furthermore, foreign labor (legal or illegal) provides the least protected and least paid labor force, representing a kind of underclass. The gap between skilled prime age and (often unskilled) older workers is affecting the labor market through different channels. Vulnerable workers are generally the first ones to face unemployment when activity falls. The pursued transition to a higher national minimum wage and full liberalization of the movement of workers from Central and Eastern European countries (by 2011) will undermine the demand for unskilled laborers in Austria's current labor force.

Austria's labor market policy is struggling hard to overcome those deepening gaps. A wide range of incentives for potential employers

have recently been introduced. In order to improve the skills of vulnerable workers, however, more attention has to be paid to policy tools such as lifelong learning, active labor market policies and improving education. Nevertheless, unemployment in Austria is, in international comparison, relatively low. Due to a significant proportion of part-time work arrangements, mostly accumulated during the crisis of 2008-2009, even under prospects of an economic upturn, current unemployment figures will remain at their present levels for the months and possibly years to come.

Enterprises

Enterprise policy
Score: 6

The trend towards deregulation in combination with the wave of privatization which began more than 20 years ago has come to an end, at least for the moment. In response to the financial crisis, the government was forced to re-enter territory it had already left, such as nationalizing a bank in 2009.

In the past, two factors have contributed to progress in the Austrian economy. First, a relatively open Austrian market gave it broad exposure to international and regional competitive forces. Second, Austrian business has been active in private R&D, and Austria has been singled out as a prominent innovator in recent years. A generous fiscal treatment of private R&D expenditures has certainly contributed to that development.

However, the regulatory and competition framework of services has not kept pace with international and European standards. Austria lags significantly behind in competition policy, with a relatively weak competition authority. Only the vast area covered by European competition law has been able to minimize the negative effects of those weaknesses in Austrian policy.

The rejuvenation of the Austrian economy could lead to an increase of investments into the domestic as well as the European economy. Currently, the long and intense business engagement of Austrian economic agents in Central and Eastern Europe seems to have been rolled back in favor of investments in more stable economies.

Taxes

Tax policy
Score: 5

The Austrian tax system focuses on wage taxes. In 2009, about €21 billion have been raised from wage taxes, compared to €4.1 billion from corporate taxes. Property taxes and other forms of taxation play a quantitatively minor role. In addition, social security contributions play an important role as they make up around one third of overall revenues. This imbalance attracts foreign capital but punishes labor

and the individual taxpayer.

The statutory corporate tax rate is slightly below the OECD average. Furthermore, “group taxation,” which allows multinationals to deduct losses incurred by foreign subsidiaries or even participations has led to a significant shortfall in corporate tax income due to the financial crisis.

The financial crisis has sparked discussion over a re-introduction of property taxes and other changes, such as an increase in VAT or the recently implemented increase in petroleum taxes, which was justified in terms of environmental protection policy. Increasing the taxation of labor appears to be generally understood as undesirable. The Austrian tax system suffers from profound imbalances which effectively punish physical persons and labor.

Budgets

Budget policy
Score: 6

Austria’s national budget, at least until the onset of the financial crisis in 2009, has fulfilled the Maastricht criteria. Due to the crisis and the effects of relatively powerful automatic stabilizers, the budget deficit is forecast to increase significantly in the next few years. These automatic stabilizers, however, have mitigated in significant ways the negative effects of the financial crisis, and while tax revenues from corporate taxes have declined considerably, recent increases in consumption taxes such as VAT and petroleum taxes have offset that decline sizably.

On the other hand, fiscal measures with relatively limited budgetary sustainability (e.g., expanding early retirement plans, instituting mandatory preschool education and establishing incentives for infrastructural development and SMEs) now render fiscal consolidation all the more necessary. Most pundits and experts generally agree that Austria will fail to meet the Maastricht criteria in the near future, as seems to be the case for most other EU members.

B Social affairs

Health care

Health policy
Score: 8

The Austrian health system is very good, but it is rather expensive. The system’s quality is manifest in the country’s consistent increase in life expectancy figures. However, cost efficiency is a problem, as there are several dual structures and the remuneration system for health services lacks the proper incentives for greater efficiency. Conflicts between local and state-level administration over the

distribution of a very expensive medical infrastructure stand in the way of improving cost efficiency.

The system's inclusiveness is generally guaranteed. Social security covers about 98.7% (2007) of all persons – citizens and non-citizens – residing legally in Austria.

Social inclusion

Social inclusion
policy
Score: 8

Austria's welfare state system remains one of the world's most extensive. It substantially reduces poverty to a level that is far below the OECD average and considerably mitigates income inequality. Social policy is thus rather successful in preventing exclusion of the poor.

Nevertheless, social policies in Austria must address several major problems. One such problem is the absence of an inclusion framework for illegal immigrants. This problem affects more than immigrants alone. It creates a specific underclass of those living in extreme poverty within the underclass, and thus challenges social cohesion more generally.

The new poverty is another such problem. Since 1980, the gap between rich and poor has widened. To make matters worse, since 2008, poverty levels have grown. Due to the current economic downturn, and not least the opening up of the Austrian labor market to the new EU member countries from Central and Eastern Europe, these developments are expected to deteriorate in the coming years. At the time of this writing (July 2010), the Austrian government is considering the implementation of a new basic social security for all legal residents. If implemented, this new system would expand the system's inclusionary net.

Furthermore, Austria suffers from immense deficits in equal pay gender policies. Women generally earn about a fifth less than men at equal occupational levels in the same jobs. The Austrian policy has so far failed to effectively address these issues.

Families

Family policy
Score: 6

Family policy continues to divide parties and politics. There is a prevailing consensus that women (and, of course, men) should have the full freedom of combining job and family. However, the infrastructure needed to provide this freedom is not in place, especially in terms of all-day childcare facilities.

The coalition government has expressed support for the idea that every child should have free access to a year of pre-school, which would improve opportunities for (especially) mothers to remain in (or

re-enter) the labor market. Steps have been taken to lengthen preschool education, many new preschool groups have been started, and in some parts of the country, at-school meals for preschoolers are also offered for free.

The implications of these steps are profound, especially given the absence of all-day childcare infrastructure: Austria's fertility rate among women aged 15-49 is about 1.41; while in France, a country known for its well-developed childcare infrastructure, fertility rates are close to 2.1 (the number necessary for holding a population level constant).

Pensions

Pension policy
Score: 6

The Austrian pension system is based on three pillars: public, employer and private-based systems. The employer and private-based pension pillars are still of marginal importance.

The Austrian public pension system, which is based on the concept of an inter-generational contract, has been repeatedly adapted over time in order to cope with looming demographic changes as a result of trends in aging. Currently at about 27%, Austria's old-age dependency ratio (persons aged 15-65 relative to persons aged 65+) is set to increase to 55% by 2050, whereas the general European ratio, currently at 24.3%, will increase to 41.7% during the same period. Despite its recent reforms, the Austrian pension system is not set to cope with such challenges, and younger generations generally agree that they will not be entitled to an equally generous pension system on par with that of their parents.

These demographic changes and the hesitant response to them must be seen as a potential danger for the not-too-far future. Austrians still retire very early, men on average at 59 years, women at 58 years, and the existence of different pension systems contribute to large differences in pension benefits received. These issues are discussed intensely, and the integration of the different pension systems has at least begun.

Integration

Integration policy
Score: 4

One of the most significant deficits in Austrian politics is the absence of a consistent integration concept regarding immigrants. The only existing policy is based on the assumption of one-sided integration: Migrants have to adapt and assimilate.

The reality of integration politics is characterized by a profound dilemma. Although the economy depends on integration, as does the Austrian social system (given the demographic changes associated

with an aging population), the public mood is increasingly hostile towards immigration. In consequence, politicians abstain from fostering policies favoring the integration of persons with a foreign background. This results in a vicious cycle in which the absence of constructive integration policies spells for failed integration, which in turn leads to an even more hostile mood regarding immigration.

In the school system, there are some experimental projects underway that deal with children of migrants who are unable to speak German (a common problem). Integration policy – where present – does not provide incentives such as smooth access to citizenship. The policy does not aim to segregate, but segregation is the overwhelming result of the lack of a coherent integration policy in Austria.

C Security

External security

External security
policy
Score: 7

Austria's defense policy, traditionally seen as the most important policy in providing external security, is defined by a suboptimal integration into the European defense system. As this system cannot exist without at least an informal linkage to NATO, Austria's neutrality status prevents a better internationally based external security policy from being formulated. In the past, the oft-discussed concept of a "soft" external security policy resulted in Austria's prominent participation in UN peace keeping missions. But this aspect of Austria's security policy has become increasingly less important, partly because Austria's military infrastructure is insufficient for more intensive and longer missions.

Austria's external security policy is also determined by Austria's participation in EU transnational police network like Europol and the Schengen system.

As Austria is not even a secondary goal for direct security threats (e.g., international terrorism), the deficits of Austria's external security policy are not really felt within Austrian society.

Internal security

Internal security
policy
Score: 8

According to public opinion polls, the biggest internal security issue is the rise of ordinary crime. As migration and European integration (i.e., the lifting of borders within the EU due to the Schengen treaty) are seen as the (or two of the) primary causes of security problems, the discourse in Austria about internal security focuses on migration as the root cause of crime. The Austrian government has responded with

promises to strengthen the police force. As a result, the police force is practically the only growing public sector, despite the general budget problems. Still, crime rates, in particular those for violent crime, are fairly low in Austria.

The linkage of migration with internal security makes it very difficult to develop a consistent and rational approach to integration and migration policy.

D Resources

Environment

Environmental
policy
Score: 6

Environmental policy is traditionally given priority in Austria, at least rhetorically. The prohibition by law of the production of nuclear energy in Austria is perceived as a marker of the country's vanguard role in defining environmental policy. Genetically engineered food is strongly opposed, and climate change is intensely discussed in Austria. Agricultural policy is increasingly considered to be an element of environmental policy. More or less all political parties – again, at least rhetorically– express strong commitment to improving the environment and preventing certain ecological dangers.

In reality, Austria is much less of a pioneer than the outside observer would expect. One example is the Kyoto Protocol: Austria is one of the very few

EU countries that has failed (and significantly so) to meet the goals of this international agreement. The reason is that the costs of environmental policy are less popular than the rhetoric. Progressive energy policies are rare, and green policies often fail once the Austrian public realizes the (personal) cost of such policies.

Austria has far to go to if it is to keep up with European standards (and developments) in environmental policies.

Research and innovation

Research and
innovation policy
Score: 5

Austria is not a leading example of research and innovation, as evidenced by the ranking of Austrian universities. Though prosperous, Austria has not been able to attract significant research institutions and personnel, and to produce a significant output. However, there is one exception: the newly created center of excellence in science. Moreover, centers in medical science, physics and biotechnology are excellent.

Year after year, Austrian governments promise to give research and technology priority. But this policy is limited by the given budget

structures, the vested interests linked to these structures and (especially since 2009) the budget crisis.

Education

Education policy
Score: 5

The Austrian educational system suffers from structural weaknesses known for a long time and criticized by many experts and international bodies (like the OECD). But the structural features responsible for an underperforming educational system have not changed.

The first structural deficit in the Austrian education system is the tracking of children as of the fourth grade, or when they are 10 years of age. At this point, some children are sent to the Gymnasium, an academic-track secondary school that prepares them for university studies, whereas others continue in the Hauptschule, a more general studies secondary school from where they can later (grade 8) transfer up to the Gymnasium and continue on to a university. However, most Hauptschule students do not move on to Gymnasium or to university studies. Empirical studies have demonstrated that this dual system prevents talented children with disadvantaged socioeconomic backgrounds from developing their full potential.

The university system, legally bound to offer entry to all students with a degree from a Gymnasium, is still defined by its social elitism – more so than is the case in other European universities. Students in Austria with a disadvantaged socioeconomic background are less likely to attend university than their contemporaries in other European countries.

For more than a decade, Austrian universities have competed with polytechnics (Fachhochschulen), which attract an increasing number of students. Both universities and polytechnics are part of the European “Bologna process,” established to create a common European university system.

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 4

As a consequence of an almost perfectly proportional electoral system, Austria has been governed by a coalition consisting of two parties since 1983. Following the general elections of 2006 und 2008, the government has been formed by the two biggest parties, the social democratic SPÖ and the conservative ÖVP. Since both parties were almost equally strong, each of them nominated the same number of ministers.

Any coalition of the two major parties reduces the strength of the opposition (at the moment consisting of three parties). It also mitigates the ability of the head of government (chancellor) to maintain overall control of the cabinet. The chancellor's power is checked by the vice chancellor, an office occupied by the leader of the other governing party. The Chancellery has no strategy unit.

The role of the head of state (federal president) is limited by the need to form a cabinet based on the majority in the National Council, the lower house of the Austrian parliament.

This situation leads to a fragmentation of strategic decision-making. The cabinet has an informal small working committee, comprising an equal number of members from both coalition partners. The decision-making process within the cabinet consists of three steps: First, the two factions within the cabinet meet separately at the beginning of each week. Second, the two factions meet informally to search for common denominators. The third step is the weekly formal cabinet meeting. Since cabinet decisions must be unanimous, government decisions are de facto compromises made between the coalition partners. This procedure is defined by its inclusiveness rather than efficiency.

Scholarly advice
Score: 5

There is no systematic pattern of meetings between government officials and external experts. Meetings of this nature depend on the individual preferences of the different cabinet members. Although unsystematic in nature, these meetings can have an impact on

policies, as seen by the influence on some ministries of advice given by the Austrian Institute for Economic Research.

A considerable amount of influence on government decision-making also derives from the institutions of social partnership (especially concerning expert assessments in legislative procedures). These institutions often rely on academic experts for their formal right to render opinions.

Inter-ministerial coordination

GO expertise
Score: 3

Government policy is supposed to be coordinated in the Chancellery. However, inter-ministerial coordination takes place empirically through the informal cabinet meetings scheduled ahead of the formal cabinet meetings. If the informal meeting has not reached the necessary consensus, the disputed issues will be discussed between the two party leaders, the chancellor and the vice chancellor.

The Austrian system gives the individual cabinet ministers a maximum of autonomy. This autonomy, however, depends on the intra-party authority of the party leaders (chancellor and vice chancellor) to form a consistent strategy despite their formal limitations, first within each of the two governing parties and then within the cabinet as such. Each minister can start initiatives but he/she has always to look for consensus within his or her own party and the entire cabinet.

There is no central government office; the office of the chancellor is one ministry among others, the chancellor first among equals. The constitutional department (Verfassungsdienst) within the Chancellery bears some similarity to a central government office by checking the compatibility of any ministerial initiative with the constitution. However, the constitutional department does not take strategic orientations into account.

GO gatekeeping
Score: 5

The chancellor as head of government can informally return materials within his own party's cabinet faction. The same can be said about the vice chancellor's informal authority within his cabinet faction.

Line ministries
Score: 2

The autonomy of line ministries is substantial. The chancellor cannot determine the guidelines of government policy and does not have to be involved in the drafting of legislation. In some cases, however, coordination nevertheless occurs.

Cabinet committees
Score: 5

There are no permanent cabinet or ministerial committees in the Austrian system. From case to case, ministers representing different ministries confronted with a specific challenge may form an ad hoc-committee.

Senior ministry
officials
Score: 6

There are two levels of ministry officials who might – depending on the specific minister’s style – influence cabinet matters. The first are political appointees, in the form of the minister’s secretariat, who are entrusted by the minister and usually have some position in the minister’s party. The second are senior civil servants with particular expertise of use to the minister. The degree of influence among these officials varies.

Many, if not most, of the issues to be discussed in cabinet are usually prepared by senior ministry officials, which gives them at least some kind of influence over policy.

Line ministry civil
servants
Score: 5

There is no formal coordination procedure for drafting bills. Nonetheless, some informal coordination exists, particularly between ministries controlled by the same party. In addition, the Chancellery can help coordinate policy.

Informal coordination
procedures
Score: 8

The existing coordination mechanisms – the weekly informal meeting within the cabinet factions and the whole cabinet, as well as the regular informal meetings of chancellor and vice-chancellor – are efficient. But they do not guarantee in any way a smooth decision-making process based on consensus. But these mechanisms do guarantee that the cabinet is informed of and prepared for the possibilities and impossibilities of cabinet decisions.

RIA

RIA application
Score: 6

According to paragraph 14/1 of the federal budget law (Bundeshaushaltsgesetz, BHG), the government (i.e., ministries) must assess the financial impact of legislative proposals in terms of the public budget, the employment of civil servants and the financial resources of (financially) autonomous institutions.

Legislative proposals also have to be evaluated with regard to their impact on financial, economic, environmental, consumer-protection and employment issues (Deregulation law 2001). In addition, in order to avoid over-regulation, government’s legislative proposals have to be assessed regarding their regulative impact.

Since 2007 every legislative proposal has to be assessed regarding its effects on business originating from transparency requirements (Par. 14a BHG).

RIA outcomes are then published in the preface to the legislative proposal. In Austria, RIA is a very recently established, but nonetheless a rapidly evolving tool for legislators and parliamentarians.

Needs analysis
Score: 7

RIA analysis includes assessing each legislative proposal in terms of its necessity and how suited it is to the current situation. RIA analysis also entails exploring alternative methods for achieving the pursued objective. The preface of every government bill includes a brief discussion of the relevant problem as well as the goals of the bill. Although requirements mandating an assessment of regulatory purpose and need are relatively new, these assessments have evolved significantly in recent years.

Alternative options
Score: 6

In order to avoid over-regulation, RIA analysis includes the exploration of possible alternative methods for achieving the pursued objective.

Societal consultation

Negotiating public support
Score: 9

Austrian corporatism is inclusive insofar as it features systematic links to organized interests. The ministries systematically inform specific political actors of any of their policy intentions by sending out drafts in a formalized way (Begutachtungsverfahren). In this process, interest groups are invited to articulate their opinions, but ministries and the cabinet as such are not bound by the feedback they get. The interest groups don't have veto power. Nonetheless, the process ensures that government is informed at an early stage of the positions of important organized interests, that is, before the cabinet itself has formulated its own position. This makes it possible to plan the next steps in terms of a political cost-benefit analysis.

The procedure incorporates the following interest groups:

- economic interest groups (i.e., the so-called social partners of business, labor and agriculture);
- officially recognized religious denominations;
- state governments (Länder).

This inclusiveness is also strengthened by the fact that the economic interest groups are dominated in all cases by groups (factions) formally linked to one of the major parties.

Some argue, however, that corporatist interest intermediation in Austria is weakened by the increasing dualization of the labor market and European integration.

Policy communication

Coherent communication
Score: 5

The Chancellery is formally responsible for government communication. However, since Austrian cabinets are usually coalition governments, coordination within the cabinet is shaped on

two levels. Coordination is first and foremost organized within each of the coalition partners. In a second step, the two parties, represented by the chancellor or the vice chancellor (or their staff), have to coordinate their positions.

Communication policy offers a good example. Once a week, after the formal meeting of the cabinet, the chancellor and the vice chancellor – acting as equals – hold a press conference, which often leads to the articulation of differences within the government.

The high degree of autonomy each minister enjoys implies a specific communication policy of each minister, in many cases not coordinated with other ministers, especially with ministers from the other coalition party.

B Policy implementation

Effective implementation

Government
efficiency
Score: 7

Since Austrian governments are usually the product of complex negotiations between different parties, any coalition government features an inherent inconsistency: The government's objectives, which are officially declared in a government manifesto (Regierungsprogramm), contradict on some major points the electoral manifestos of each governing party. This proclivity for incoherence and inconsistency is exacerbated later, if and when the government proves unable to implement some of its official agenda. One coalition partner will always be tempted to point at the other party as the main culprit. This dynamic engenders a situation in which one governing party tends to act in opposition to the other governing party.

If, however, the coalition partners agree on a policy, it is most likely to be adopted, given the high degree of party discipline in parliament and the limited influence of the second chamber.

Ministerial
compliance
Score: 6

The specific features of Austrian politics – namely coalition governments, a high degree of autonomy allotted each minister (including personnel decisions), the chancellor's lack of a strong position – mean that there are no strong incentives for ministers to implement the government's program.

Nonetheless, there are a number of informal mechanisms which help commit individual ministers to the government program. For example, the coalition partners of the current coalition have worked out a lengthy coalition agreement. Coalition partners have therefore reached compromises on the most important policy issues and agreed on procedures for dealing with conflicts should they arise

during the legislative period. One important mechanism in this regard is the rule that governing parties will not vote against one another during important parliamentary votes and will not support referendums against government policy. However, in the run-up to the September 2008 elections, the social democrats (SPÖ) voted together with the Freedom Party of Austria (FPÖ) and the Greens in support of abolishing tuition fees, while the Peoples' Party (ÖVP) suggested organizing a referendum on the issue. In this case, the governing parties (ÖVP and SPÖ) obviously voted against each other on an important issue, and only days before the next election.

Citation:

http://www.parlament.gv.at/PG/PR/JAHR_2008/PK0771/PK0771.shtml

Monitoring line
ministries
Score: 6

Because the Chancellery has no authority over the ministries, there may be some informal monitoring, but none with substantial consequences. Monitoring with consequences takes place only within each of the coalition partners.

Monitoring agencies
Score: 9

The monitoring of executive agencies by the different ministries is significant because the individual minister (and not the cabinet as such) is held accountable for all the executive branches his/her ministry is responsible for. The same situation exists on the subnational level, but in the nine Austrian states, the head of the state government (Landeshauptmann/frau) has more power to monitor all the state executive branches than the federal chancellor has on the federal level.

Task funding
Score: 8

Austria's federal structure features constitutional dominance on the federal level and a high degree of de facto autonomy of the states. The political reality provides more power for the states and their governments than the reading of the constitution would imply. According to paragraph 4 of the law on finance (Finanz-Verfassungsgesetz), every institution must receive the funds needed to carry out its tasks effectively. No institution must be over-burdened with assignments. The distribution of funds usually takes place every four years in negotiations between the federal government and autonomous states. States or institutions that are over-burdened with tasks and lack the necessary funding can appeal to the Constitutional Court. There are several cases of them having done so with success.

Constitutional
discretion
Score: 8

There are not many mechanisms by which the federal government can ensure that the subnational (state) governments are acting in compliance with federal government policies. Renegotiating the distribution of state revenues between both levels would theoretically put pressure on the subnational level to comply with federal policies. However, this is difficult to carry out given the vested interests of

parties governing on both levels (federal and state) which are trying to maintain as much autonomy as possible for the state level they control.

On the other hand, the policy fields the states can regulate are of limited importance and the power of the second chamber representing the states is also limited.

National standards
Score: 6

As noted under Constitutional Discretion, there are a limited number of instruments available to the federal government to ensure that the state governments comply with the federal government's formal policies.

Formally, a right of oversight over the states' activities exists regarding education and police policies as well as environment policy and international treaties. Municipalities, however, are effectively supervised by states and federal government.

Conflicts between state and federal governments have to be brought to the Constitutional Court.

C Institutional learning

Adaptability

Domestic
adaptability
Score: 6

Changes made to adapt domestic structures to international developments have been moderate. This is in large part due to the Austrian government's fragmented and inefficient decision-making, which can be attributed to coalition cabinets as well as the high degree of autonomy enjoyed by the ministries and state governments. A Constitutional Convent introduced in 2004 and 2005 has not resulted in any changes.

Austria's EU membership has nonetheless served as an incentive for certain reforms. In fact, several of the legislative novelties of recent years can be attributed to Austria's EU membership. In principle, these reforms have sought to adapt Austrian government structures and functions to the specific necessities of the EU, such as responsibilities regarding the EU Council of Ministers.

International
coordination
Score: 7

Austria participates actively within the EU, especially within the EU's system of informal structure ("comitology"). But as this participation is controlled and dominated by the formal structures of the government (the federal cabinet), and as the government is primarily interested in catering to domestic needs, the impact of Austria's participation can be seen as the requisite minimum (as is the case for any EU member).

Organizational reform capacity

Self-monitoring
Score: 3

There is no central monitoring within the government. Of course, the Constitutional Court controls the constitutionality of government activities, and the General Accounting Office (Rechnungshof), an instrument of parliamentary control, monitors financial diligence in all government activities. But as these institutions are not part of the executive branch, they don't constitute internal government monitoring. The fragmented structure of the Austrian government and the lack of power held by the head of government (chancellor) over the ministers make central monitoring from within the government de facto impossible.

Institutional reform
Score: 5

There has been only one significant reform in the last three years: In 2007, the maximum legislative period of the National Council was extended from four to five years. As the government (the federal cabinet) is de facto linked to the results of parliamentary elections, this means that in the future a government can expect a working period of five years. This reform has been justified by the need to give governments more time to develop and implement their specific policies.

Other changes to institutional arrangements, such as those changing the relationship between the federal and state governments, are subject to near endless discussion but have not been implemented.

II. Executive accountability

D Citizens

Knowledge of government policy

Policy knowledge
Score: 6

Citizens' opportunity to be informed of government activities is guaranteed in a form which complies with the usual standards of liberal democracy. The existing lack of knowledge is first and foremost a product of the inability to use, understand, and digest the available information (information overload).

The government tries to bridge the gap between the information citizens could have and the information they do have by pursuing an active information policy, for example, by advertising the government's intentions and results in newspapers. However, this engenders other problems because newspapers can become rather

dependent on the relatively significant source of financial subsidies provided by the government. The opposition usually criticizes this kind of information policy as “propaganda,” paid for by public funds. Political interest seems to be on the decline. In an IMAS survey in October/November 2009, only 29% of respondents claimed they pay attention to domestic politics while 71% claimed they pay no attention to domestic politics. At the beginning of the decade, 56% of respondents expressed an interest in politics and 44% expressed no interest.

Citation:

IMAS international Report Nr. 24 (November 2009): Politikinteresse im Tiefschlaf.

E Legislature

Legislative accountability

Obtaining documents
Score: 7

The right of committees to obtain all government documents is formally and practically limited. The main reason is that government in some cases argues that the protection of personal data makes it legally impossible to provide a committee with all documents. There are several legal exceptions to the obligation to provide testimony (see Par. 7 VO-UA) facilitating the refusal to give evidence.

Government sometimes also argues that more time (than one would expect) to assemble the documents is needed.

Summoning ministers
Score: 8

The right to summon ministers to committee meetings is legally given but de facto somewhat limited due to the possibility of obstruction. This can be attributed primarily to the fact that the governing coalition comprises the majority in any of these committees. Unsurprisingly, the majority of a committee is unlikely to insist that a minister come to a meeting at a specific time when s/he claims to be unable to attend. However, every member of parliament enjoys the right to interrogate ministers orally at the beginning of every session. A minimum of five members of parliament enjoy the right to interrogate ministers in writing, and can also file an urgent inquiry that has to be discussed in the same session.

For all these reasons, the de facto limitation is usually not a major issue in the parliamentary debates.

Summoning experts
Score: 10

There are no formal limits to summoning experts initiated by parliamentary committees. Every party, including the opposition (i.e., the committee’s minority), can nominate or invite experts it deems

Task area
coincidence
Score: 8

qualified. Expert hearings are held quite regularly.

Even though parliamentary committees outnumber ministries, the task areas of parliamentary committees are identical to the tasks of the ministries with only minor exceptions.

Audit office
Score: 10

The Auditor-General's Office (Rechnungshof) is a monitoring instrument of the Austrian parliament, which elects this body's president for a 12-year term. The Auditor-General's Office is in practice independent from the government and parliament. It is staffed by civil servants who are employed by the government, not the parliament directly. The long tenure of 12 years is intended to allow the president and the office in general maximum independence – from parliament as well as government.

The president of the Auditor-General's Office reports regularly to the National Council. His reports are debated in the Council's regular sessions. The cabinet has the right to respond to the office's critique but cannot influence the reports.

Ombuds office
Score: 10

The Austrian Ombuds Office (Volksanwaltschaft) is a monitoring instrument of the parliament. Although parliament elects the three directors (ombudsmen, or Volksanwälte) for six-year terms, the office is not directly part of the parliament. Each of the three parties in parliament with the largest representation has the right to nominate a director, but all three must be elected by parliament.

Since 1977, when the office was established, the parties in parliament have consistently nominated and elected prominent political figures, which has the advantage of producing directors who are familiar with the political process. The potential disadvantage is that there is perhaps not enough distance between the political elite on the one side and the office and its directors on the other.

F Intermediary organizations

Media

Media reporting
Score: 8

The state-owned ORF (Austrian Broadcasting System), which is modeled in principle on the BBC, is the country's dominant TV and radio broadcasting system. It is required to fulfill certain functions, which includes providing a pluralism of ("objective") information and educational programming (e.g., independent films, opera and theater).

The legal requirement of "objectivity" leads to a permanent dispute over whether the ORF complies with this rule. Parties, especially those in opposition, are repeatedly tempted to argue that the ORF

violates objectivity by showing a certain (especially pro-government) bias. As a result, the election of the ORF's Director General (for a period of four years) is a highly politicized affair, even if this is not a decision made directly by the government but by an independent body (Stiftungsrat).

In comparison with private broadcasters, the ORF provides more information, that is generally in-depth and of high quality.

Parties and interest associations

Party competence
Score: 7

The major parties usually have two kinds of programs: A party program, written to give the party a coherent profile for a longer period, and electoral manifestos designed only for a brief period (campaigns). In electoral platforms, which are more or less "populist," parties tend to use these programs to maximize electoral appeal. For a party that does not enter government after the elections, this may be without much consequence. But for parties in government, this populist character creates a serious problem, because the government cannot simply implement the electoral platform.

This focus on short-term effects (maximizing votes) is counterproductive in the long run, because it causes disappointment and frustration among the voters. Coalition governments carry a special burden in this regard as each of the coalition parties is tempted to make the other responsible for the gap in credibility.

Association
competence
(business)
Score: 8

Since 1945, the major economic interest groups (i.e., the three major chambers for labor, business and agriculture as well as the Austrian Trade Union Federation and the Association of Austrian Industrialists) have played a significant role in stabilizing the Austrian economy directly and Austrian democracy indirectly. They have been major partners in the Austrian version of "consociational democracy," a system of permanent power-sharing which tends to play down the meaning of winner and loser, of majority and minority. The post-World War II political culture was dominated not only by the major parties but also by the social partners.

This success is attributed to the system's high degree of representativeness. In the past, most Austrians not only belonged to but identified with one of the groups. The links of these groups to the two major parties prevented cleavages between party politics and interest group politics. There was also a broad acceptance of a "third way" between capitalism and socialism. Interest groups have therefore been able to produce much more consistent and coherent policy proposals.

In the 1980s, the conditions for this success story began to change. The concert of the economic interest groups – the social partnership

– has lost some of its ability to speak for society. The rise of parties not traditionally linked to the social partners has complicated relations between parties and interest groups. With its traditional importance waning, this voice (sometimes called the “voice of reason”) has become less effective as a counterweight to populism. Though not dramatic, the palpable decline of the social partnership’s relevance in society implies that the expertise of the social partners has become less important for the government and the political system in general.

Association
competence
(others)
Score: 8

Given Austria’s social partnership tradition, non-economic interest associations such as the Catholic Church’s Caritas, WWF or the Protestant Church (to name only a few) have generally been well-embedded in political discourse. As the chambers for labor, business and agriculture have suffered an erosion of political relevance in recent years, the voice of non-economic interest associations has generally become more important.

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