Austria Report
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Sustainable Governance Indicators 2018
Executive Summary

Incorporating a broad swath of interests into the policymaking process has traditionally been a strong point of the Austrian political system. However, this has started to change for two reasons, one more general and one more specific. As a result of Austria’s de iure integration into the European Union (and especially into the European Single Market) and Austria’s de facto integration into an ever more globalized economic system, the ability of Austrian governments to integrate and control social and economic trends is declining. Furthermore, the formation of a new coalition government, which includes a party that is widely seen as a prototype of right-wing populism (the FPÖ), introduces an additional factor. It remains to be seen to what extent the conservative Austrian People’s Party (ÖVP) will succeed in controlling the government’s right-wing populist elements and the wider risk populism poses to the Austrian political system.

Membership rates in political parties are now lower than ever. At the same time, electoral volatility has increased as voting behavior grows increasingly less predictable, with the success of several new parties demonstrating the system’s adaptability. There has been widespread debate in recent years over instruments of direct democracy, such as popular initiatives, which could enhance the role of citizens in the policymaking process. However, greater direct democracy would make politics less predictable. The new government has included the introduction of such instruments in its agenda, but without clearly defining the instruments.

As a consequence of globalization and migration, social-partnership networks have lost some significance. Labor unions are playing less of a role in the economy, while globalization has meant the loss of traditional industries. As the Austrian economy is less and less an island led and controlled by Austrian institutions – from the government to the neocorporatist social partnership – the situation is indubitably changing. The new government also aims to reduce the role and importance of the so-called social partners in the Austrian political landscape. A growing number of young people, in particular those without higher education, are finding it increasingly difficult to access the labor market, while migrants often feel isolated and unable to improve their position within society.
Austria also features contradictory tensions with regard to interest accommodation and societal participation. Austrian political parties have proved reluctant to criticize the xenophobic attitudes articulated by some influential print-media publications – and some parties (especially the FPÖ) are instrumentalizing xenophobic attitudes. Fears of losing votes have trumped concerns regarding participation, which has left Austria without an effective integration policy.

Austrian society and its political system are changing. Long considered to have one of the most stable party systems in Europe, Austria is increasingly subject to political polarization and voter volatility. Policymakers have yet to respond credibly to these developments, which underscores that the risks posed by growing instability are not being taken seriously.

Citation:

Key Challenges

If the Austrian government’s overall performance is to improve, the government must examine and debate specific institutional and policy features more thoroughly.

From an institutional perspective, strengthening the authority of the central executive could significantly improve government efficiency. Within Austria’s parliamentary system, this would involve the Federal Chancellery, not the Office of the Federal President. It could also imply strengthening the party of the chancellor – a move not in the interest of any coalition partner. In either case, it would certainly require shifting power from the state (Länder) governments to the federal government.

The fragmentation of the party system since the 1980s seems to have stopped. In 2017, all three major parties won votes (ÖVP, FPÖ and SPÖ), especially the ÖVP. It remains to be seen whether such a re-alignment of the party system is an exception or marks an end to the established trend.

A specific strategic option to improve the response to new challenges would be to follow the Swiss model: legally establish a permanent coalition of all major parties with significant improvements for direct voter participation. A permanent coalition would guarantee government stability, while greater direct
participation would provide the possibility to correct decisions made by a
cartel-like government structure.

For its part, the parliament’s efficiency could be improved by giving the
opposition the right to better monitor government activities. With the
exception of the vote of confidence (which is inherently a right of the
majority), all oversight competencies can and should become minority rights.
The 2014 reform, which made it possible for a minority to establish an
investigative committee, was a significant improvement.

Current imbalances between the federal and state levels of government could
be improved through a better separation of powers. There are two options:
either allow the states to raise their own taxes or increase centralization.
Allowing the states to raise their own taxes could result in decreased spending,
but may also encourage unfavorable tax competition between very small
jurisdictions. Meanwhile, given the small size of Austria, centralization of
certain authorities (e.g., education or public health care) now seems
mandatory.

A more coherent migration policy – an increasingly urgent subject given the
recent mass immigration into Austria – would allow the government to better
manage the challenges and benefits associated with migration, many of which
are not fully acknowledged. Migration policies that define who to attract and
how to facilitate their integration into Austrian society are a must. From a
democratic perspective, the negative consequences of intra-European
economic migration on less educated populations and more vulnerable
sections of the Austrian workforce must be addressed, if those people are not
to be left to populist seduction.

In terms of education, Austria’s school system could benefit from coherent
reform of its two-track system which determines an individual’s educational
and vocational trajectory at an early age. Moreover, a new university-system
structure is needed to secure adequate funding for universities and students.
Access to the tertiary sector for students from the middle and lower social
strata should be improved, and measures such as admission examinations and
student fees evaluated with regard to effects on the social composition of
students.

Environmental policies must be updated and better enforced, with a particular
focus on a significant reduction of CO2 emitted by vehicle traffic and industry.
The challenges arising from Austria’s geographic position as a transit country
can only be addressed by improving cargo-rail infrastructure, which implies
the need for coherent modal shift policies and substantial investment in rail
infrastructure. This would be best combined with policies facilitating research and production of more green technologies. Finally, public resources should be more equitably allocated between older and younger generations, especially with respect to retirement policies and the health care sector.

The European dimension of these reforms is evident in all policy areas. A migration policy is only feasible if coordinated within the European Union, while any reform of the educational system must draw on lessons provided by other, significantly more successful European education systems. Austria has to deal with the consequences of integration into the European Union, including weakened national sovereignty. It could accept integration into the European Union with all its consequences and try to advance its own national interest within the European political framework. Alternatively, it could follow the example of the so-called Visegrád countries and torpedo the common European interest. The second option not only implies slowing down European integration efforts, but excluding the country from the current construction of a “core European Union,” with all the detrimental effects of such an exclusion on the Austrian economy (and society) at large.

Citation:
Policy Performance

I. Economic Policies

Economy

The Austrian economy has remained in the general European context. The economic upswing – expressed in economic growth and, at last, lower unemployment – has affected Austria. Austrian politics has not prevented that general trend from benefiting the Austrian economy. Nevertheless, more significant steps towards reform – especially concerning the labor market – have been discussed, but are not yet or not fully implemented. A significant part of the relative success is due to the presence of social partners, which are responsible for negotiating institutional and other reforms, and which thus ensure a comparatively peaceful and cooperative relationship between the country’s various economic players. A substantial part of Austrian economic policy is prepared by the social partners. As in other EU countries, however, an ever-more-significant portion of economic policy falls under the European Union’s jurisdiction, thereby creating an increasingly harmonized European economic framework.

At the end of 2017, a new Austrian government will be formed without the Social Democrats who continue to dominate organized labor. The new center-right government may have an impact on the balance of Austria’s social partnership. The national-liberal FPÖ, in coalition with the conservative ÖVP, intends to weaken the main chambers (business, labor, agriculture) by weakening or abolishing obligatory membership laws. This will provoke a reaction from the chamber of labor, united with the ÖGB (Austrian Trade Union Federation) – which will include labor conflicts – as well as the chamber(s) of commerce.

The Austrian export industry has contributed significantly to the country’s overall success. Austria’s economy has profited from the inclusion of former communist, central and eastern European countries in the European Single
Market. However, Austria’s financial sector, in particular, suffered significant losses in eastern Europe during the financial crisis due to its substantial exposure. The Austrian finance (banks, insurance) and construction industries play an important role in the four Visegrád countries and in most former Yugoslav republics.

A process of fiscal consolidation is currently underway, with the goal of keeping the government deficit below 3% of GDP. Other programs include a restructuring of the Austrian banking system to reduce risks to the national economy. Future burdens may arise from the ever-more-significant redistribution of resources to people aged over 50 (to the disadvantage of younger generations), a trend that clouds the outlook for the young generation and the future of Austria’s economy more generally. In addition, there is considerable uncertainty associated with the public transfers that will be needed in managing the recent influx of migrants. The parties of the new government (ÖVP, FPÖ) aim to achieve in the foreseeable future a zero deficit.

Austria’s rise to become one of the most prosperous countries in Europe, a development with its roots in the early 1950s, is still reflected in its comparatively high rankings in terms of per-capita income and employment. However, the country fares less well on rankings of inequality and equality of opportunity; according to a study done by the European Central Bank and published in April 2013, private property in Austria is distributed in an extremely unequal way. The richest 5% of the households in Austria own 37.2% of the overall property in Austria, while the top 50% own 94% of the country’s property. Among the members of the euro zone, only Germany has a more unequal distribution of property.

This seems to contradict the traditional view of Austria as having one of Europe’s most stable social-welfare systems. But these data underline the fact that the Austrian economic success story is not one of increasing equality; indeed, just the opposite is true.

**Labor Markets**

Austrian labor market policies are comparatively successful, if the reference is to labor markets in other European (especially other EU member) states. In recent years, Austria’s unemployment figures have persistently been among Europe’s lowest. Despite some negative trends (concerning the relative success of Austria’s labor market policy), the economic upswing which has reached Europe as a whole has had a positive impact on the Austrian labor market. However, unemployment remains high among less well-educated persons, persons over 50 years old and first generation immigrants.
One factor contributing to the still quite successful labor market outcomes is the social partnership between the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB) and the Austrian Economic Chambers. Many labor market policies in Austria are effectuated through the Public Employment Service, another institution key to the country’s employment successes. The Austrian dual system of vocational education, in which young people receive on-the-job vocational training while still attending school, has also been successful and is drawing international attention. The consensual way employers and employees address wage developments, resulting in an extremely low number of open conflicts like strikes, must still be considered a positive factor.

Nonetheless, unemployment rates have risen significantly in Austria over the last 20 years. Though this trend reversed in 2017 due to large economic growth. Both neoliberalism and globalization have been cited as decisive factors. Neoliberalism is cited in explaining job losses associated with privatization, a trend that could arguably be reversed if decision makers would act more decisively to secure a stable labor market with better opportunities for employment. Globalization, however, involves the decline of traditional state power as a result of increasingly open global markets and is therefore not subject to control by any single national government. The shifting of public resources in favor of older generations has also been cited as a cause of rising youth-unemployment rates and declining international competitiveness for the highly skilled.

Labor market policies are traditionally influenced by organized labor, represented by the Austrian Trade Union Federation. Like other European trade unions, the ÖGB has seen its ability to attract members decline, but still enjoys a comparatively high membership density.

Austrian labor policy suffers from the fact that most political actors and society at large are hesitant to adopt a transnational outlook with regard to the labor market. The free movement of goods and people within the European Single Market is seen by too many as a threat rather than an opportunity, and there is no consistent policy approach to managing inflows of migration (whether legal or illegal) from outside the European Union. Open borders, liberalized Austrian labor markets and the influx of foreign workers and migrants have also contributed to a decline in real incomes among lower-wage Austrian blue-collar workers over the last years.

As pension reforms have lengthened Austrians’ working lives and continued immigration has increased the labor supply, a concerted effort to tackle the
unemployment problem is crucial, in particular with respect to defeating populist parties and policies. Moreover, unemployment is a distinctly educational problem, and educational and vocational training systems must be addressed.

Citation:
For real incomes see -> Rechnungshof Einkommensbericht 2014: https://www.google.at/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwjk6orgzdJAhUmZ3IKHR-NCsUQFgglMAE&url=http%3A%2F%2Fwww.rechnungshof.gv.at%2Fberichte%2Fansicht%2Fdetail%2Feinkommensbericht-20141.html&usg=AFQjCNHIBx5DmSnDkTzJHE769MszDnt02Sg&sig2=W5ntGzu-_UZOZxWU1ze5uA
Unemployment rates in AT until 2016 see: https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/arbeitsmarkt/arbeitslose_arbeitssuchen/de/arbeitslose_nationale_definition/023413.html

Taxes

Austrian tax policy is characterized by a significant bias, as the source of tax revenue is overwhelmingly skewed toward the personal income of the working population. As employees and self-employed individuals pay the maximum tax rate beginning at a level of income considered to be only middle class, and the country has virtually no property taxes and no inheritance taxes, the system of taxation as a whole is unbalanced. The new government (to be formed at the very end of 2017) has declared that it will shift this burden. However, ÖVP and FPÖ (the new coalition alliance) have also declared they will aim to achieve a zero-budget deficit. In order to create incentives for business, the new government will also reduce the tax burden on businesses (e.g., for startups). As tax cuts and a balanced budget are difficult to reconcile even during an economic boom, these ambitious goals may be difficult to achieve simultaneously.

The Austrian tax system – compared to transfers – has a rather minimal redistribution effect. As the maximum income tax rate is today paid by a significant and increasing proportion of income taxpayers, the tax system seems to be less responsible for any redistributive effect than are the welfare system and other direct transfers designed to reduce inequality and improve the living standards of the poor. Taxation is clearly secondary – the Austrian social system relies more on welfare transfers.

The tax system and its supposed imbalances have become a controversial political issue. Politically conservative actors have sought to reduce the income tax generally, while politically leftist and economically more interventionist actors are promoting a shift from the income tax to greater reliance on property and inheritance taxation.
Taxation became a hot topic during the last years of the grand coalition alliance between the SPÖ and ÖVP. The new coalition (ÖVP, FPÖ) will face less internal contradiction – at least in the beginning. In the long run, the new government might be tempted to exclude more and more foreigners – who live, work and pay taxes in Austria – from the benefits of the welfare system. As this would (within the rules of the European Single Market) not be possible for EU citizens, it is realistic to assume not much can be achieved by focusing on non-EU citizens.

Budgets

Most of Austria’s decision-making elite agree on the need to reduce the country’s budget deficit. However, given the robust nature of the Austrian economy, at least in the European context, and cross-party consensus regarding most social policies, there is comparatively little incentive to limit expenses. The political parties seem reluctant to confront their specific clienteles (farmers and public servants for the Austrian People’s Party (ÖVP), and unionized workers and retirees for the Social Democratic Party of Austria (SPÖ) with policies that might undermine their particular interests. This may change under a new coalition alliance between the ÖVP and FPÖ. The FPÖ represents a younger electorate of largely non-unionized employees, working outside the government bureaucracies, and may be more tempted to cut through the “red tape” which protects traditional interests.

In the past, Austrian budgetary policies have followed a biased Keynesian approach: In times of low growth, the government has engaged in extra spending regarded as an investment in the improvement of growth. In times of high growth, however, available funds have not been used effectively to prepare the government for worse times. Nonetheless, in 2016, the government was able to pass a budget with only a very small structural deficit.

Austria recently enacted a new Federal Medium-Term Expenditure Framework Act (BFRG), which enables the government to plan the budget over the medium term. The BFRG prescribes binding ceilings on expenditures for four years in advance, on the basis of five categories that correspond to the main functions of the federal government. This multi-year approach should help improve the sustainability of the federal budget.

As hopes of future significant economic growth have grown increasingly out of reach, the contradicting interpretations of Keynesian policies have become sharper within the (outgoing) government. The SPÖ preferred using the deficit as an instrument to boost economic growth, while the ÖVP argued that – in the
long run – deficit spending will result in disaster, and plans to introduce a zero-deficit clause into the Austrian constitution. With the SPÖ out of government, the Keynesian tradition is under threat.

**Research and Innovation**

Public research in Austria is mainly university centered. However, this is a challenging environment, as universities are overburdened by high numbers of students, while researchers in some disciplines are overwhelmed by teaching obligations. The Austrian Academy of Sciences is plagued by insufficient funding. The Austrian Science Fund (Fonds zur Förderung der Wissenschaftlichen Forschung) is tasked with coordinating academic research but has shown only partial success in this task. Research funded by private corporations has little tradition in Austria, and at least in the near future, offers little hope of improving this situation. The deficiencies in public-funded research cannot be counterbalanced by privately funded operations. The whole sector is in acute need of more funding, but the budgetary situation and the growing shift of public funds from the young toward older generations, a trend driven by demographic change, make the outlook quite dire. The government seems to be aware of this critical situation and some steps have been taken to improve the financial situation of universities.

The strong dependence on government funding implies that any new orientation of the incoming government could be decisive. As a consequence of the October 2015 general elections, a new government alliance is to be formed. There is an expectation that innovation policy may significantly change. But, at the moment, the focus of the new government seems to be oriented first and foremost to balancing the budget. This could mean that there will be no significant increase in spending on innovation and research.

This does not prevent excellent research from being conducted in some fields. Important and significant innovations in disciplines such as biological science and medical research are still possible in Austria. The consequences of Austria’s membership in the European Union and the European Single Market is opening Austrian universities and other research institutions to non-Austrian scholars. Step by step, this provides a more transnational attitude to research and innovation.

More broadly, links between industry and science are sound, and a high share of public research is funded by industry. In contrast to basic research, industry-sponsored research is mostly aimed at the applied sciences and does not necessarily affect universities. Integration within international networks is strong, and a high share of the labor force is occupied in science and
technology-related occupations. Business R&D is particularly strong in niche markets, often performed by specialized small and medium-sized enterprises (SMEs). Other pillars of Austrian business research include large companies, affiliates of foreign corporations, and the medium- to low-tech manufacturing sector. Although Austria does not feature any of the world’s top 500 corporate R&D investors, there are – according to OECD data! – some dynamic startups on the Austrian market. These startups, however, are not a direct result of Austrian research policy.

Global Financial System

As a member of the European Union, Austria’s economy is closely linked to the other members of the European Single Market. Austria has nevertheless sought to defend special national interests against the implementation of general standards such as banking transparency. Therefore, Austria has come under pressure from the United States and fellow European Union members to open its financial system according to standards widely acknowledged and respected by most other financial actors worldwide. This led to the decision to essentially abolish banking secrecy, for which Austria was long known.

Austria has been particularly engaged in the promotion and implementation of an EU-wide tax on financial transactions. In January 2013, 11 European countries agreed to introduce a financial transaction tax, but the implementation of the tax remains uncertain. Concerning a policy of reducing the impact of “tax havens” within the European Union (e.g., Malta, Cyprus and several self-governing British dependency islands), the Austrian attitude has been more or less within the mainstream – principally in favor, but not enthusiastic in leading any reform. This can be explained by the fact that, although Austria is not a tax haven itself, Austrians (individuals, corporations) are among those who profit from existing tax havens.

II. Social Policies

Education

The Austrian educational system still does not perform to its potential. Considering Austria’s economic position, the country should have a significantly higher number of university graduates. The reason for this underperformance is seen by research institutions and experts such as the OECD to lie with the early division of children into multiple educational tracks, which
takes place after the fourth grade. Despite the fact that there has been some improvement and partly as a result of the increasing role of the “Fachhochulen” (universities of applied science, polytechnics), the Austrian educational system still is highly socially selective. Parents’ social (and educational) status is reflected in students’ ability to access higher education, more so than in comparable countries. Last year, a citizens’ initiative called on parliament to correct this negative process of selection. However, the initiative failed to drive significant reform, at least in the short term. This state of affairs violates the concept of social justice and time fails to exploit the population’s talents to the fullest.

A particular challenge is the significant number of children of first-generation immigrants who don’t have German as their mother tongue. The Austrian educational system has not fully succeeded in guaranteeing that immigrant children after nine years of schooling are able to read and write German fluently. As for reading and writing, deficits are not only a problem in immigrant communities, it is obvious that the system’s underperformance is not only the result of migration.

The hesitancy to engage in reform results in part from the considerable veto power held by specific groups, including the teachers’ union, the Austrian conservative party (ÖVP) and its new potential coalition partner (the right-wing FPÖ). The teachers’ union appears to be first and foremost interested in defending the special status of high schools and their teachers, and appears worried that this status will be lost if the two-tier organization of schools is changed. The parties on the political right tend to define any structural change that would open up higher education for the children of (culturally, socially, economically) less-privileged families as an agenda of the political left.

Recent reforms of teacher training aim at improving the first three (undergraduate) years of teachers’ training. In the medium term, this will result in better-trained teachers for primary and secondary schools, the “Hauptschulen” in particular. The renaming of the Hauptschulen to “Neue Mittelschulen” (new middle schools), meant to encourage the integration of teachers from different systems, has not delivered on expectations. In 2016 – 2017, new reforms concerning full-time schooling and improved competencies for school directors are being introduced, which appears promising.

The sensitive issue of integrating children who arrived in Austria between 2015 and 2016 has forced the federal government to talk about introducing (widening) the obligation to send children to pre-school education (“Kindergarten”) to prepare them for school.
The Austrian dual system of vocational training, involving simultaneous on-the-job training and classroom education, receives better marks. This system is primarily aimed at individuals who want to take up work at the age of 15, but is accessible up to the age of 18.

Access to the Austrian university system is still highly unequal, with children of parents holding tertiary education degrees and/or having higher incomes enjoying better odds of graduating from university. The introduction of access restrictions for specific careers such as medicine in 2005 has increased the odds of children from high-education backgrounds gaining access to these careers.

Citation:
1) Friesinger et al., Zugangsbeschränkungen und Chancen(ung)leichheit im österreichischen Hochschulsystem, AK (131), Juli 2014
2) Zaussinger et al., Studierenden Sozialerhebung 2015, Band 1, IHS, Mai 2016
3) Unger et al., Evaluierung der Aufnahmeverfahren nach §14h UG 2002, IHS, März 2015
also see: http://gerechtebildung.jetzt

Social Inclusion

Austria’s society and economy are rather inclusive, at least for those who are Austrian citizens. The Austrian labor market is nevertheless not as open as it could be. For those who are not fully integrated, especially younger, less-educated persons and foreigners (particularly non-EU citizens), times have become harder. The global and European financial crises affected Austria less than most other countries due to effective counter-cyclical policies. Nevertheless, competition within the rather well-protected system of employment has become significantly tougher – even after unemployment started to decline in 2017, as in most EU member states.

Outside the labor market, unequal outcomes within the education system and the remnants of gender inequality perpetuate some problems of inclusiveness. An additional challenge is the situation of migrants, political asylum-seekers and refugees that poured into the country in high numbers during 2015. Austrian society and the political system are facing a very specific cross-pressure: to integrate the newcomers and to defend the prerogatives of Austrian citizens.

Social divides continue to exist along generational, educational, citizenship, and gender cleavages. Moreover, governments at the national, provincial and municipal levels have shown a decreasing ability to counter these trends, as their policy flexibility has been undermined by debt and low revenues. Income inequality has persistently risen in recent years, with the richest quintile growing always richer and the poorest quintile growing poorer. The income differential between men and women is also widening: Correcting for part-time work,
women earn around 13% less than men. The number of people living in poverty has remained stable in 2017. Amongst others, families with three or more children are vulnerable to poverty or material deprivation.

According to recent OECD data, the distribution of wealth in Austria has grown increasingly more unequal in recent years. According to the OECD, efforts for fiscal consolidation after the crisis have contributed to an ever-more unequal distribution of wealth, resulting in a dire outlook for balanced future economic growth.

During the period under review, the prospect of gender quotas for management positions in the business sector was debated. Advocates of the idea argued it would help women access the most attractive and best-paid positions in the economy. One specific aspect of gender inequality that has changed following the October 2017 parliamentary elections, the percentage of women in the National Council has never been as high.

Citation: Poverty rates  http://www.armutskonferenz.at/armut-in-oesterreich/aktuelle-armuts-und-verteilungszahlen.html

Health

The Austrian health care system is based on several pillars. Public health insurance covers most persons living legally in Austria, while a competitive private health-insurance industry offers additional benefits. However, major inequalities in health care have arisen, particularly between those able to afford additional private insurance and those who cannot.

The public insurance system differs in some respects – sometimes considerably – between different professional groups. The various public insurance organizations work under the umbrella of the Association of Austrian Social Insurance Institutions (Hauptverband der Sozialversicherungsträger).

A second complexity in the system is produced by the division of responsibilities between the federal and state governments. Public health care insurance is based on federal laws, but the hospitals are funded by the states. This state-level responsibility affects both publicly owned and privately owned hospitals. The ongoing conflict between the policy intentions of the federal government and state governments about the responsibility for health care provision is a permanent topic of Austrian politics and draws attention to the demographic changes’ impact on the health care system.
The complex structure of the Austrian health care system is in part responsible for the rise in costs. However, in recent years, cooperation between the insurance-providers’ federation, the Federal Ministry of Health, and individual states seems to have succeeded in arresting the explosive rise in health care costs.

The development of the health care environment in Austria has echoed overall EU trends. Life expectancy is rising, with the effect that some costs, especially those linked to elderly care, are also going up. This implies ongoing debates but the principle of public health care is still undisputed.

The political conflict rooted in the deconcentration of the system could become more significant. Regional and local interests are not always satisfied with the policies of the federal government, while the federal structure of Austria’s political system makes it necessary to find a broad consensus. Some observers argue that there are too many veto players in the Austrian health care system. This may become even more significant as some state governments are controlled by parties that oppose the new federal coalition government.

Citation:
Report of the Austrian Audit Court dating 12-2015:
http://www.rechnungshof.gv.at/berichte/ansicht/detail/medizinische-fakultaet-linz-planung.html

Families

Both the Austrian government and mainstream public opinion accepts that the model of a traditional nuclear family, defined by stable and clearly divided gender roles, cannot be seen as the reality for all families in the second decade of the 21st century. Access for married women to the labor market is not seriously disputed. Nevertheless, the provision of childcare is still overwhelmingly left to families themselves, which de facto means that primary responsibility is left to mothers. Public child care centers exist, but despite some recent improvements, fail to satisfy demand. Child care facilities for children aged zero to one are often lacking outside the capital Vienna, while facilities for children aged two to five often do not manage to serve working parents’ needs. Thus, the disproportionate burden borne by women within Austrian families is seen as an aspect of de facto gender discrimination. Also, Austrian welfare transfers for mothers are designed in a way that keeps mothers out of the labor market, an outcome that stands in stark contrast to those associated with policies promoting allowances in kind. In numerous cases, legal provisions for the protection of parents, such as job protection for parents switching to part-time work, are not respected by employers.
In some regional states, such as Upper Austria, there has been a backward trend, introducing fees for childcare centers, which had previously been free of charge.

In fall 2017, the Austrian Constitutional Court decided that the institution of marriage (as it is understood in the Austrian legal system) cannot be limited to marriage between a woman and a man. This has been a breakthrough decision similar to developments in other countries. Despite highly emotional debates in the past, the more conservative side of the Austrian public (including the Roman Catholic Church) has accepted this decision without much of protest. Activists from different NGOs have welcomed this decision as an end to the legal discrimination of same-sex partnerships.

“Family” is still a highly ideological term in Austria. But despite contradicting positions (conservative insistence on a traditional mother-father-child family and progressive ideas of deconstructing gender barriers), the Austrian political system remains able to implement compromises which are flexible enough to adapt to new social developments and challenges. “Patch-work” families have become more socially (and politically) accepted.

Citation:
For data on child-care supply in Austrian regional states see Agenda Austria, Das Angebot ganztägiger Kinderbetreuung unterscheidet sich je nach Bundesland deutlich: https://www.agenda-austria.at/grafik-der-woche-kinderbetreuung-und-vollzeitarbeit/

Pensions

Austria’s pension system is still considered to be reliable and secure. However, the system’s ability to respond to demographic changes is open to question. The population is aging and the birth rate of Austrian-born citizens is declining, yet the logical response – prolonging the period a person has to work before being entitled to a pension – is politically difficult to implement. Austrians still retire early by international comparison; nevertheless, some progress has been made in terms of increasing the effective retirement age in the last years.

Thus, while the pension system itself is still considered stable, more efficient responses to the coming demographic changes must be found. Longer life expectancies have not completely found an equivalent in longer periods of working. This represents a significant burden for future generations, as pension expenditures consume a significant amount of government resources, to the disadvantage of the younger generations. According to recent calculations by the Austrian audit court, pension payments consume almost 50% of net state tax income. In comparison, state expenditures for schools and universities (primary, secondary and tertiary education) are lagging behind. The system therefore largely fails to achieve the objective of intergenerational equity.
The different interests behind the different positions remain the same: Employers and right-of-center parties argue that without a significant increase in the statutory pension age, the outlook for the next generation is dire; labor unions and left-of-center parties argue that individuals who have worked hard for decades should be guaranteed the best-possible quality of life in their later years and without having to work significantly longer. Austria is partially stuck in a situation where the elderly – indirectly, as they constitute the relative majority of voters due to demographics – block significant reforms of the pension system in the country. No government will go against that voting block without significant protests from the youth.

Debates concerning the pension system are cross-cutting and sensitive: the majority of migrant families have a relatively high fertility rate, the intergenerational conflict is linked to an (at least potentially significant) ethnic conflict and public employees in some cases have a different (usually better) pension system. The pension debates also touch on the conflict between employees in the more secure public sectors and employees outside that system.

Integration

When in the fall of 2015 a comparatively high number of refugees and/or migrants came to Austria, for a brief period society’s response seemed to go into the direction of a “welcoming culture”. Recent reforms pointed in the same direction. But this more liberal approach ended in 2016 when the dominant Austrian attitude became increasingly closed. Despite some remarkable efforts, the Austrian approach to integration continues to be deficient in two key ways. First, there is still too little formal recognition that Austria is a country that has been and will continue to be defined by immigration. Though not a feature of official government policy, the slogan “Austria is not a country of immigration” continues to be invoked by parties such as the far-right Freedom Party (FPÖ).

Second, and compared to other EU member states, acquiring citizenship in Austria is still difficult for non-nationals (despite some prominent figures such as opera performers, athletes, and billionaires).

These shortcomings are reflected in education outcomes. Education in urban areas has to deal with the challenge posed by the children of first-generation migrants, in school systems with constrained resources. This means that children from migrant families find it more difficult to qualify for higher education and are often stuck in the lowest types of school. This also heavily nourishes discontent of “native” Austrian parents with children in such schools, where successful educational outcomes are increasingly difficult to realize. Special
support policies for such children have recently been put in place, but it remains to be seen how successful these policies will be in the short to medium term.

With respect to the labor market more broadly, the Austrian government is only halfheartedly welcoming employees newly arriving from foreign countries. Its policies (including the “red-white-red card”) are neither well received by economic actors nor are they succeeding in attracting highly skilled professionals. The indirect, undeclared alliance between organized labor (which defends the short-term interests of union-protected laborers, and is usually linked politically to the left) and the far right (which exploits xenophobic resentments, especially in the case of the Freedom Party) creates a political climate that sometimes breaks into open hostility, particularly against migrants coming from Muslim countries. This alliance between right-wing populism and organized labor is still an obstacle to the development of a more distinct integration policy.

While many refugees and migrants who came to Austria in quite significant numbers in 2015/2016 traveled on to countries such as Germany and Sweden, many others remained in Austria to seek asylum. Despite the fact that many asylum-seekers and refugees have left Austria in the meantime, not always voluntarily, the public discourse is still very much influenced by the “refugee wave”. Xenophobic sentiments are used in political campaigns, especially before the 2017 general elections.

The government has responded to the increase of refugees and migrants by introducing more stringent asylum rules. Asylum is to be granted on a temporary basis only and is to be reviewed after certain periods of time. These legislative measures may function as a disincentive to integrating migrants into Austrian society. However, they have also made the body of laws for aliens more complex. Migration in such amounts has also clearly overburdened the Austrian system and society and made action imperative. A solution to the evident intra-European migration imbalances will be possible only on a European level.

Citation:
New legal provisions: https://www.parlament.gv.at/PAKT/VHG/XXV/ME/ME_00166/index.shtml

**Safe Living**

Internal security is comparatively well protected in Austria. The crime rate is volatile, slightly rising in some areas such as criminal assaults, while falling in others such as break-ins and car thefts. Especially internet crime is an increasingly significant problem, and the Austrian police forces are seeking to counteract it through the creation of special task forces. The incidence of
economic fraud is also rising due to the growing share of transactions over the Internet.

Police-force budgets and personnel counts have risen over time, an indicator that the police are viewed as the appropriate instrument to provide internal security.

The open borders guaranteed by the European Union and the Schengen agreement have made it easier for organized crime to cross borders, leading some to criticize Austria’s EU membership status. And although some parties (e.g., the FPÖ) do so for political purposes, the data shows that, despite recent increases concerning burglaries and car theft, there is no significant increase in crime.

Unfortunately, these facts are not depicted in the way the situation is presented in the Austrian tabloid press, which sometimes suggests (also for political reasons) that Austria has become a very insecure country. Therefore, analysts distinguish between “objective” security, which is – based on data – still rather high in Austria and “subjective” security – how internal security is perceived by society. The existing gap between the two aspects is an invitation for political campaigns arguing for ever more “law and order” policies, irrespective of the objective situation.

Citation: Stats from the interior ministry: http://bundeskriminalamt.at/501/files/BroschuereSicherheit_2016.pdf

Global Inequalities

Austria often gives rhetorical support to agendas seeking to improve the global social balance. However, when it comes to actions such as spending public money to improve development in poor countries, Austria is often slow to fulfill its promises.

Austria’s role in the European attempt to control mass migration is overshadowed by the multifaceted phenomenon of migration. To distinguish between political asylum-seekers, war refugees and economic migrants (as would be, according to the legal norms, necessary), the general political tendency is to put all migrants in one basket. Austria’s role in closing the land route to the European Union (“Balkan Route”) has been seen (and promoted) only from the viewpoint of an immediate Austrian national interest – not as an all-European or global matter. The significance of global inequalities as the main reason for mass migration is mentioned usually only as a rhetorical ritual.

As an EU member state, Austria’s position concerning tariffs and imports is defined by the European Union’s position. This body also represents Austria in
the World Trade Organization. To prevent certain agricultural products from entering the Austrian market, the Austrian media and political parties (including agricultural interest groups) use environmental rather than specifically trade-focused arguments.

The gap between political rhetoric and political activity with respect to socioeconomic opportunities in developing countries has grown wider during the period under review. Austrian politics and public discourse have reacted to the ongoing volatile economic and fiscal situation by concentrating even more on internal demands. The debate regarding the EU-U.S. negotiations concerning a transatlantic free trade agreement has been dominated by a parochial outlook with little room for global arguments. According to critics, Austria’s standards are among the highest in the world and any free trade agreement would result in a decline in quality for Austrian consumers. Nonetheless, after some heated debates, the government has at last agreed to CETA, the Comprehensive Economic and Trade Agreement between Europe and Canada.

Citation:
http://www.wfp.org/about/funding/governments/austria?year=2017

III. Environmental Policies

Environment

Austria’s government has sought to establish a policy course balancing economic growth and protection of the environment. In reality, this is very often thought of as a contradiction. Environmental policies may have significant effects for employment and even for economic growth in the long run, but in the short run – and the Austrian government, like any democratic government, is first and foremost focused on short-term effects – traditional economic incentives are given priority most of the time, at the cost of environmental protection.

Ecological values have been embraced by virtually all political parties, not just the Greens, and as long as protecting the environment is not in immediate conflict with economic growth, the government has promoted environmental policies. But the ambiguity remains, as well as a tendency to think within traditional frameworks that favor economic growth over environmental protection. Public opinion in Austria is inclined to think the country should be in the vanguard of international environmental protection and for that reason
Austria’s signing of the Paris Agreement on Climate Change in Paris at the end of 2015 was not disputed domestically. Despite all this, Austria is one of the very few EU countries that has failed to meet the objectives of the Kyoto Protocol. To this day, Austria’s greenhouse gas emission levels are very high for a country of its size, well above those of its neighbors France, Italy and Switzerland, but below Germany.

Partly due to EU laws (the so-called Eurovignette directive), more international transit, and partly due to the failure to make railroads a more attractive way to transport goods, Austria has completely failed to decrease vehicle-traffic CO2 emissions. Greenhouse gas emissions for heavy vehicles and trucks have not decreased since 2005 – contrary to other traffic emission sources.

Industry and commerce remain the largest contributor to CO2 emissions. Economic growth and cheap carbon-market certificates for CO2 can be seen as the principal reasons for the increase in CO2 emissions in this sector. In part due to strong lobbying by economic actors, the Austrian government has failed to control the supply and prices of tradable CO2 certificates, contributing to a significant fall in certificate prices. As the FPÖ – a party that has repeatedly denied the existence of human-induced climate change – will become a governing party, there is not much reason that this trend will be reversed.

Citation:
World bank data on COP2 emissions: https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?view=map

Global Environmental Protection

Austria’s approach to global environmental policy is full of contradictions. Rhetorically, Austria (the government, political parties, media) paints itself as a frontrunner in global governance, from Kyoto to Copenhagen and Paris. In practice, however, the country’s efforts do not support this conclusion. Austria is still proud of its 1978 decision not to use nuclear energy, one of the first countries to do so worldwide. This has become a kind of national narrative, in which Austria is proud to be in the vanguard of enlightened environmental consciousness. Austria tends to lecture others, including its neighbors in Europe, about the need to improve ecological standards. But when it has come to the practical job of reducing CO2 emissions, Austria continues to fall behind its peers. The real power of special interests (such as the automobile associations, goods transporters, and industry) has thus far proven too strong to overcome.

When the U.S. president declared that the United States will not respect the Paris climate agreement, the public reaction in Austria was very critical of the
American trend to lower environmental protection standards. But, the anti-Trump mood in Austria is indirectly used to cover-up Austria’s underperformance in most aspects of climate change.
Quality of Democracy

Electoral Processes

The Austrian constitution and the laws based on the constitution are consonant with the framework of liberal democracy. They provide the conditions for fair, competitive, and free elections. Parties based on the ideology of National Socialism are excluded from participation, but there has never been an attempt to exclude other parties considered to be outside the accepted mainstream of democracy (such as the Communist Party). Persons younger than 16 years of age cannot vote or stand for office.

There is ongoing debate on how best to handle the system of proportional representation that is enshrined in the Austrian constitution. The system contains a 4% electoral threshold; parties must receive at least this share of the national vote in order to gain a parliament seat, a policy ostensibly designed to minimize the deconcentrating tendency of proportional representation systems. Nevertheless, critics of the system argue that proportional representation as implemented in Austria prevents clear majorities, thus making it difficult to obtain a direct mandate to govern from the voters. Coalitions are a necessity. A system based on single-member constituencies would increase the possibility that single-party governments could be elected, but at the cost of limiting smaller parties’ chances for survival. Thus, though the current system is criticized for undermining the efficiency of government, it is considered to be more democratic than the alternatives.

The elections of a new federal president in 2016 has inspired a heated debate about technicalities of the electoral process. The results of the second round of the presidential elections was declared illegal by the Constitutional Court due to some irregularities and then postponed again because some absentee ballots were not properly sealed. But this did not imply that the procedure was viewed as a failure. On the contrary, this can be seen as proof that the constitutional checks and balances are working.

During electoral campaigns, all parties with parliamentary representation have the right to participate in non-biased debates hosted on the public broadcasting system. This can be seen as an obstacle to new parties, which are not covered by this guarantee.
There is no such rule for the private media, either print or electronic. While political parties today rarely own media organizations outright, print-media organizations more or less openly tend to favor specific parties or their associated political positions.

Political parties have what is, in principle, an unlimited ability to take out print advertisements, as long as the source of the advertisement is openly declared. This gives established parties with better access to funding (especially parties in government) some advantage.

However, the access to present a party’s perspectives depends on its financial capacity. Despite rules, recently implemented to guarantee some balance, it became publicly known that some parties significantly overspent during the electoral campaign of 2013 and 2017, and therefore clearly violated the rules. Moreover, in 2016, during the electoral presidential campaign, the two candidates for the final (second) round were unable to reach a consensus on how to control campaign spending.

Voter registration and voting rights are well protected. Registration is a simple process, taking place simultaneously with the registration of a residence. Citizens must be at least 16 to vote. The country has made efforts to allow non-resident citizens to vote from overseas.

The relative difficulty in obtaining citizenship, and thus voting rights, represents a more problematic aspect of the political culture. According to some mainstream interpretations of democracy (e.g., following Robert Dahl), all legal residents should have the right to vote and therefore the right to citizenship. However, Austria’s system does not provide most long-term residents with a simple means of obtaining naturalization and voting rights.

The presidential elections of 2016 led to a debate about the handling of absentee voting. The accommodating means of handling the absentee voting creates a discussion about mixing politics and legal principles: The permissive access to absentee voting is in the interest of specific social segments and therefore of specific parties (like the Greens) – and against the interest of others (like the FPÖ). This could lead, in the long run, to a conflict of interests, disguised as a conflict of principles. Nevertheless, at the moment it doesn’t seem that any significant change will take place.

Political-party financing in Austria has been characterized by unsuccessful attempts to limit the ability of parties to raise and spend money. Austrian electoral campaigns are among the most expensive (on a per-capita basis) in the democratic world, thanks to the almost uncontrolled flow of money to the parties. These large flows of money create dependencies, in the sense that...
parties tend to follow the interests of their contributor groups, institutions and persons.

However, some improvements have been made in recent years, for instance by making it necessary to register the sums given to a party. An amendment to the Austrian act on parties made it mandatory for parties to declare the sources of their income, beginning in 2012. Additionally, parties are required to keep records of their accounts and publish a yearly financial report. This annual report must include a list of donations received. Therefore, and for the first time, policymakers have sought to render the flow of private money to parties transparent. The yearly reports are subject to oversight by the Austrian Court of Audit, and violations of the law can be subject to penalties of up to €100,000. The fact that some parties violated set limits during the 2013 campaign has prompted a new debate regarding stronger oversight and sanctions.

This regulatory structure does have loopholes, however, as parties do not need to identify the sources of donations below the amount of €3,500. As long as parties can spend money without oversight or limitations, it can be assumed that they will find ways to raise money outside the system of official scrutiny.

A system of public political-party financing on the federal, state and municipal level was established in the 1970s. This can be seen as moderating the dependencies established by private funding, but has not significantly changed these private flows as can be seen in the overspending of parties (like the ÖVP) during the electoral campaign 2017.

The presidential elections of 2016 demonstrated that the regulations concerning party financing do not include presidential elections. Presidential elections are officially seen as electoral contests between persons and not political parties. But as the candidates are usually nominated and backed by parties, exempting presidential elections from an overall system of campaign finance regulation must be seen as inconsistent.

Plebiscites (referendums) are obligatory and binding when the matter affects significant constitutional issues. This has been the case only once, in 1994, when Austria had to ratify the treaty of accession to the European Union. Plebiscites are possible (and binding) if a majority of the National Council (the lower house of the two-chamber parliament) votes to delegate the final decision on a proposed law to the voters. This also happened only once, in 1978, when the future of nuclear power in Austria was decided by referendum.
There is also the possibility of a non-binding referendum. Thus, in 2013, a non-binding referendum was organized concerning the military draft system. The governing parties and parliament treated the decision – in favor of keeping the existing universal draft – as binding. The small number of direct-democratic decisions made in the past are the consequence of a constitutional obstacle: Except for the case of the obligatory plebiscites, it is the ruling majority that ultimately allows referendums to take place, and therefore controls access to direct-democratic decision-making.

Citizen initiatives are proposals backed by a qualified minority of voters (a minimum of 100,000 individuals, or one-sixth of the voters in at least three of the country’s nine provinces). These initiatives are not binding for parliament, which has only the obligation to debate the proposals. Most citizen initiatives have not succeeded in becoming law.

Reformers have argued that the use of plebiscites should be expanded, possibly by allowing citizen initiatives with very strong support (e.g., backed at least by 300,000 voters) to go to the ballot in the form of a referendum in cases of parliament’s refusal to make the proposal law. This seemingly endless reform will continue into the future and reflects the erosion of trust in the established party system.

The incoming ÖVP-FPÖ coalition government has declared that access to plebiscites will be made easier by reducing the number of signatures required to guarantee a direct democratic decision. The extent to which this will happen, will be decided in parliament in 2018. But, whatever the outcome, the basic structures of Austria’s parliamentary system – as enshrined in the constitution of 1920 – will probably not be changed in any significant way.

**Access to Information**

Media freedom is guaranteed by the constitution. There is no censorship in Austria, and new electronic or print-media organizations can be freely established. Limits to the freedom of expression in the media are defined by law, and the courts ensure that these limits are enforced.

The federal and regional governments use public money to promote specific policies in various print publications. This tradition has been criticized by the Austrian Court of Audit and by media organizations, but has not stopped. Due to the pluralistic structure of Austria’s political system (no single party has ever simultaneously controlled the federal government and all state governments), the impact of this practice is typically diffused, but this financial relationship necessarily reduces the credibility and the freedom of the
media. A mutual dependence has developed, in which political parties try to
influence the media and media try to influence political parties. A clear
separation needs to be established, in which media organizations do less to
start or support political campaigns or otherwise put pressure on politicians,
and political parties do not use means such as financial incentives to have an
impact within the media.

The Austrian Public Broadcasting (Österreichischer Rundfunk Fernsehen,
ORF) company dominates both the TV and radio markets. The ORF is
independent by law and is required to submit comprehensive reports on its
operations. All parties in parliament are represented on the ORF’s oversight
body (the Stiftungsrat). A number of (real or imagined) cases of political
influence over the ORF by various political parties have been alleged.
However, the ORF in general fulfills its mandate quite well, particularly in
international comparison.

There is an imbalance between the ORF and TV and radio stations beyond the
ORF. The ORF is financed mainly by public fees, which everyone who owns a
TV or radio device has to pay. Other TV and radio broadcasters have to
finance their structures and activities through advertisements. The ORF and
the government justify this imbalance by referring to the ORF’s specific
educational task, which private companies do not have to fulfill.

The impact of social media has not yet been fully analyzed in Austria. It can
be seen as a counterweight to the highly concentrated traditional media
market, in which a single daily newspaper (Die Krone) is read by more than
one-third of newspaper consumers, and in which the ORF is still the dominant
force in TV and radio. Social media use is highly skewed toward the younger
generations, but are also responsible for a new means of access to information.

One particular aspect of new social media has been under discussion recently:
how to deal with hate speech. Anonymous radical online postings, which
violate the law and have been more or less under control in the traditional
media, have widened the discourse. During the two most recent electoral
campaigns on the federal level (the 2016 election of the Federal President and
the 2017 election of the National Council), another impact of the new social
media became visible (and discussed): the possibility to influence electoral
behavior by disseminating lies about rival candidates. In the traditional media,
the instruments to fight such lies is clear, as there are people responsible for a
newspaper or a broadcasting company. However, accountability in social
media is not so clear. The debate in Austria concerning this rather new
phenomenon and its consequences for the fairness of the political process will
become more intense.
Given Austria’s small size and its shared language with Germany, the country is particularly dependent on German media (print and electronic), which is not subject to oversight by Austrian policymakers.

The Austrian media system features a distinct lack of pluralism in both the broadcast- and print-media sectors. The TV and radio markets are still dominated by the public Austrian Broadcasting Corporation (ORF). By law, the ORF is required to follow a policy of internal pluralism, which in practice translates primarily into a reflection of the various political parties’ current strength in parliament. Thus, interests and movements not yet established in the political system may occasionally suffer a disadvantage.

The print-media sector is highly concentrated, with a single daily paper (Die Krone) accounting for a 40% market share on a circulation basis. This paper carries political weight insofar as politicians of various parties seek to please its editor and staff, a situation that erodes the fair and open democratic competition of ideas and interests. Print-media organization are no longer owned by parties or organized interest groups, and the concentration can be seen as a consequence of market forces and the small size of the Austrian market.

Regional monopolies also pose a threat to media pluralism. In some federal states, a single daily paper dominates the market. Once again, the small size of the Austrian media market is largely responsible.

On the other side, the increasing importance of new social media have created a different problem: How to guarantee the minimal degree of media fairness in the new media?

Citizens can access government information, but certain restrictions apply. The principle of privacy protection is sometimes used as a justification – at times, only a pretext – to prevent academic research and other inquiries. The Austrian bureaucracy still appears tempted to consider access to information a privilege rather than a right. However, despite these practical shortcomings, the principle of transparency is enshrined in the Austrian constitution, and generally enables access to information by citizens.

Indeed, the overall trend is favorable, with practices of information access becoming progressively more liberal. For example, the police and courts have now established structures (offices and officers in charge) responsible for
information. This seems in part to be a result of generational change within the bureaucracy.

Despite ongoing discussions, Austria has not yet adopted an encompassing Freedom of Information Act, of which all citizens are informed and able to use. There are too many caveats in the law (defined as state-relevant “secrets”) to protect government acts from public access. A draft for an Austrian Information Act is currently being discussed in parliament.

Increasingly, the impact of controlled information in the form of government paid advertisements in the media has become an issue. As these advertisements generate significant income for some media (especially newspapers), this should not only be seen as information directed by the government at citizens, but also as a means of making media dependent on the government.

**Civil Rights and Political Liberties**

The rule of law as well as basic civil rights are guaranteed in Austria, at least for Austrian citizens. This is less so the case for non-citizens (and especially non-EU-citizens). Austrian laws concerning naturalization are extremely strict, which leaves hundreds of thousands of persons living legally in Austria excluded from political rights. Recent cases documented by NGOs have shown members of the Austrian police to have used cruelty and violence in interactions with non-citizens (especially migrants without a residence permit).

Right-wing populist parties, especially the Freedom Party of Austria (FPÖ), instrumentalize social and economic anxieties among the broader population to blame migrants and refugees for any kind of negative development, ranging from crime to unemployment. Mainstream political parties have sometimes been reluctant to insist that the guarantees provided by human-rights declarations signed by Austria (such as the Council of Europe’s Declaration of Human Rights) cover refugees and migrants, and must be implemented without reservation.

The European Court of Human Rights has been especially critical of the way Austrian courts implement the freedom of speech. There is a tendency within Austria’s administration and judiciary to define this freedom in a more restrictive way than the court believes is correct.

With respect to religious freedom, all major denominations enjoy the status of officially recognized religious communities. This status enables access to the public-education system in form of religious instruction in schools, paid for by
the government; a privileged way of “taxing” members of religious communities (through the church tax, or Kirchensteuer); and other entitlements. As a consequence of these various financial links and other relationships, there is no clear separation between religious denominations and the state. However, the religious denominations (especially the still-dominant Roman Catholic Church) have resisted identification with any specific political party.

As a consequence of the significant number of people coming from Muslim-majority countries over recent years (especially during the “refugee crisis” of 2015), the acceptance of Islam has become politically less secure than in the past. Islam is officially recognized and, like all other religious denominations, Islam has been entitled to organize religious instruction in public schools and pre-school institutions (“Kindergarten”). The fear that Islam (or at least significant Muslim elements) are using their position in the educational system to preach a fundamentalist form of Islam, including the promotion of violence and resistance to gender equality, is feeding a debate concerning the status of Islam. Political debates over radical preaching and terrorism are often intermingled with discussions about the status of Islam.

Two groups of Austrians are disadvantaged by this system of officially recognized denominations: members of the small denominations that lack official recognition, and atheists (or agnostics) who may feel that religion as such is privileged in Austria compared with non-religion.

Access to the courts in Austria has become increasingly difficult as a result of legal fees that have reached exorbitantly high levels, particularly in the civil branch of the judiciary system.

While the state does in some cases provide financial assistance, in many cases, the fees required for access to the Austrian judicial system constrain or altogether block access for people with limited means. In practice, this has fed the growth of a legal-insurance sector. People who cannot afford to pay for legal-insurance policies find the high court fees a significant obstacle to defending their rights in the Austrian court system.

As human rights, civil and political liberties are guaranteed effectively by the Austrian constitution. The Austrian standard of recognition accorded to such liberties and rights is very high. For religious liberties, Austria has developed a special system of official recognition. Officially recognized religious denominations, which include all major Christian denominations, Islam, Judaism and Buddhism, enjoy specific privileges such as the right to provide religious instruction in public schools.
The freedom of speech is sometimes seen as constrained by Austrian courts’ interpretation of libel. The European Court of Human Rights (ECHR) has overturned decisions by Austrian courts in numerous cases, as the Strasbourg court considers the Austrian interpretation as too narrow. The judicial system has in consequence adapted to the rulings of the ECHR.

The only legalized limitation to political freedom concerns any activity linked to National Socialism. As a consequence of Austria’s past, the Austrian system does not allow political activities based on the doctrine of National Socialism, including Holocaust denial. While the principle itself is widely supported, its interpretation in practice sometimes leads to controversy.

The existence of an apparently very small in number but internationally well-connected network of radical Islamists represents a new challenge to political liberties in Austria. Some Austrian citizens have been recruited to fight for the “Islamic State” militia, for example. This has resulted in a debate about the limits of political liberties, but has not yet led to any significant legal action being taken.

Austrian law bars discrimination based on gender, religion, race, age or sexual orientation. In practice, despite the institutionalization of an anti-discrimination policy, discrimination is evident within Austrian society. This includes indirect discrimination directed against women, who are still underrepresented especially at the level of management in the business sector; discrimination against dark-skinned persons, in some cases by the police; and gays and lesbians, whose position has improved, but still features structural disadvantages. Particularly with reference to sexual orientation, Austrian policies had retained a rather conservative orientation, limiting the legal institution of marriage to heterosexual partnerships. Although legal substitutes existed for gay and lesbian couples, the bureaucratic reality made life for heterosexual partners considerably easier. A decision by the Constitutional Court in 2017 ended this kind of discrimination and same-sex marriage will become possible as of 1 January 2019.

From the viewpoint of an inclusive democracy, the most significant form of discrimination is currently the increasing number of people living legally in Austria but excluded from political participation by the obstacles faced when applying for Austrian citizenship. Dual citizenship in Austria is legally possible, but the dominant policy is to make it as difficult as possible.

**Rule of Law**

The rule of law in Austria, defined by the independence of the judiciary and by the legal limits that political authorities must respect, is well established in the
constitution as well as in the country’s mainstream political understanding. The three high courts – the Constitutional Court (Verfassungsgerichtshof), which deals with all matters concerning the constitution and constitutional rights; the Administrative Court (Verwaltungsgerichtshof), the final authority in administrative matters; and the Supreme Court (Oberster Gerichtshof), the highest instance within the four-tier judicial system concerning disputes in civil or criminal law – all have good reputations. Judicial decisions, which are based solely on the interpretation of existing law, can in principle be seen predictable.

The role of public prosecutors (Staatsanwälte), who are subordinate to the minister of justice, has raised some controversy. The main argument in favor of this dependency is that the minister of justice is accountable to parliament, and therefore under public control. The argument to the contrary is that public prosecutors’ bureaucratic position opens the door to political influence. To counter this possibility, a new branch of prosecutors dedicated to combating political corruption has been established, which is partially independent from the Ministry of Justice. However, this independence is limited only to certain aspects of their activities, leading some to argue that the possibility of political influence remains.

The rule of law also requires that government actions be self-binding and predictable. And indeed, there is broad acceptance in Austria that all government institutions must respect the legal norms passed by parliament and monitored by the courts.

The decision of the Austrian Constitutional Court to cancel the second round of the presidential election in the summer of 2016 is a clear example of how the rule of law is accepted. The decision has been widely criticized but nevertheless absolutely accepted. Similarly, respect for the rule of law was demonstrated by the widespread response to the government changes at the end of 2017, when one major party (the Social Democrats) moved from government to opposition and a (former) opposition party (the far-right FPÖ) joined the government in coalition with the conservative Austrian People’s Party (ÖVP). There has been an occasionally heated debate concerning the impact of this significant change within the government’s power structure. However, there is no fear that the new situation will have an impact on the independence of the judiciary. The rule of law in Austria does not seem to be influenced by political changes.

On the other hand, laws are becoming so complex that even renowned experts struggle to understand them. This relates in particular to issues of immigration and asylum (Fremdenrecht).
Austrian laws can be reviewed by the Constitutional Court on the basis of their conformity with the constitution’s basic principles. According to EU norms, European law is considered to be superior to Austrian law. This limits the sovereignty of Austrian law.

Within the Austrian legal system, all government or administrative decisions must be based on a specific law, and laws in turn must be based on the constitution. This is seen as a guarantee for the predictability of the administration. The three high courts (Constitutional Court, Administrative Court, Supreme Court) are seen as efficient watchdogs of this legality. Regional administrative courts have recently been established in each of the nine federal states (Bundesländer), which has strengthened the judicial review system.

The country’s administrative courts effectively monitor the activities of the Austrian administration. Civil rights are guaranteed by Austrian civil courts. Access to Austrian civil courts requires the payment of comparatively high fees, creating some bias toward the wealthier portions of the population. Notwithstanding the generally high standards of the Austrian judicial system, litigation proceedings take a rather long time (an average of 135 days for the first instance) with many cases ultimately being settled through compromises between the parties rather than by judicial ruling. Expert opinions play a very substantial role in civil litigations, broadening the perceived income bias, since such opinions can be very costly to obtain. The rationality and professionalism of proceedings very much depend on the judges in charge, as many judges, especially in first-instance courts, lack the necessary training to meet the standards expected of a modern judicial system, which might include basic knowledge of psychological conditions and illnesses.

Judges are appointed by the president, who is bound by the recommendations of the federal minister of justice. This minister in turn is bound by the recommendations of panels consisting of justices. This usually is seen as a sufficient guarantee to prevent direct government influence on the appointment process.

The situation is different for the Constitutional Court and the Administrative Court. In these two cases, the president makes appointments following recommendations by the federal government or one of the two houses of parliament. Nonetheless, members of the Constitutional Court must be completely independent from political parties (under Art. 147/4). They can neither represent a political party in parliament nor be an official of a political party. In addition to this rule, the constitution allows only highly skilled persons who have pursued a career in specific legal professions to be
appointed to this court. This is seen as guaranteeing a balanced and professional appointment procedure.

The elections of 2017 have resulted in a new governing majority. This may have an impact on the recruitment of Constitutional Court members. The rulings of the court, which have been seen over the last few years as more or less “liberal,” could become more “conservative.” However, there does not seem to be any expectation that the basic rules of the appointment of the court’s members will be changed.

Corruption has become a major topic of discussion in Austria. In recent years, scandals concerning prominent politicians (including former cabinet members) and industries dependent on government decisions have been exposed in increasing numbers, and thoroughly investigated. In consequence, a special branch of the public prosecutor’s office dealing especially with corruption (Korruptionsstaatsanwaltschaft) has been established. This office is seen as a significant improvement on the earlier system, although it remains far from perfect with respect to political independence. The more proactive approach taken by government, represented for example in the activities of the Korruptionsstaatsanwaltschaft, have yielded positive results.

As a consequence of the bankruptcy of a major bank (Alpen-Adria Hypo), the links between politics and business are more than ever openly discussed. Parliamentary committees at the state and federal levels have been able to bring some light to the affair and courts have successfully prosecuted highly connected persons (including politicians). Compared with evidence from previous decades, the prevention of corruption has improved in Austria, but could of course be further improved.
Governance

I. Executive Capacity

Strategic Capacity

The strategic capacity of the Austrian executive is limited by the lack of clear majorities in the federal parliament and in most of the state (provincial) parliaments. With some exceptions, no party can claim to have the mandate to implement a set of policies agreed to by a majority of voters and members of parliament. Rather, coalitions must be formed, a process with clear advantages and clear disadvantages. On the one hand, executive responsibility is blurred, as the presence of too many veto players prevents the development of consistent strategic capacity. On the other, coalitions enable a more inclusive government. Political decision-making in Austria is still characterized by a tendency to prefer a maximum of consensus, even at the price of postponing necessary decisions and shying away from taboos identified with the interests of special groups (such as public service unions or organized agrarian interests). Inter- and intra-party veto players have significant influence, and undermine strategic capacity.

Strategic-planning units and bodies consisting of public officials do exist within the ministries. The Federal Chancellery can be considered the principal strategic-planning unit, as it is responsible for coordinating the government’s various activities. However, it lacks the specialized personnel that would enable it to work as a comprehensive strategy unit, and has no power to give instructions to other ministries.

In 2017 the coalition between SPÖ and ÖVP collapsed due to a change of leadership within the ÖVP. Consequently, the general election scheduled for 2018 had to be moved to October 2017. The outcome of the election resulted in a coalition agreement, negotiated between the ÖVP and FPÖ. However, the formation of a new coalition will not change the inbuilt weaknesses of a coalition government based on partners with conflicting interests.
Due to the fragmented structure of the cabinet, there is no coherent pattern of using scholarly advice. The extent to which each ministry seeks systematic academic advice is up to the individual minister.

Economic and financial policy is the only area in which general scholarly advice is commonly sought and available. Two institutions established respectively by the social partners (the Austrian Institute of Economic Research (Österreichisches Institut für Wirtschaftsforschung)) and through a mix of public and independent funding (the Institute for Advanced Studies (Institut für Höhere Studien) regularly articulate specific opinions such as economic forecasts. Governments typically take these two institutions’ work into account when making policy.

Both institutes have an excellent reputation concerning their academic quality and independence, but they are nevertheless structurally (financially) dependent on government actors. Except on immigration and pension policy, there is no regular academic advisory board, as exists in Germany or the United States.

**Interministerial Coordination**

Two aspects of Austria’s governance system limit the efficiency of interministerial coordination. First, members of the cabinet (“Ministerrat,” which is officially translated as the Council of Ministers but is essentially a cabinet) all enjoy the same legal status. The federal chancellor, who chairs the cabinet, is only first among equals. He or she has no formal authority over the other members of the council. Secondly, with the exception of the years between 1966 and 1983, Austria has been governed by coalitions since 1945. This further reduces the authority of the head of government, as another member of the government – typically the vice-chancellor, is head of another part in the coalition. The result is a significant fragmentation of strategic capacities. Responsibility within the government is distributed among highly autonomous ministers and among political parties linked by a coalition agreement but nevertheless competing for votes.

The Federal Chancellery does have a department called the Legal and Constitutional Service (Verfassungsdienst), which is responsible for checking the constitutionality of policy proposals coming from the various ministries. Another instrument of oversight is the evaluation of policy effects (Wirkungsorientierte Folgenabschätzung, WFA) that as of 2013 must be integrated into every policy proposal. Under this policy, every draft law has to include an evaluation of its effects in financial, social and other terms, thus enabling other members of government to evaluate its consequences. The
cabinet is de facto a collective leadership, complicated by the conflicting interests of coalition partners.

The new coalition government (between the ÖVP and FPÖ) will not be able to change the structural conditions of the system. Any strengthening of the position of the chancellor will not be in the interest of the vice-chancellor. The new coalition (like the outgoing) will be based on a balance between two equally strong partners.

Although the chancellor chairs cabinet meetings, his or her office is not in practice able to control the meeting’s agendas. The cabinet is a body of equals and must reach unanimity in its decisions. The chancellor is first among equals. In advance of each formal cabinet meeting, coalition parties internally coordinate issues within their party. In a second step, issues identified as potentially subject to opposition or veto by other coalition parties are sent for discussion to an informal group usually comprised of one cabinet member from each party. If agreement concerning a specific proposal does not seem possible, the item will not be placed on the cabinet’s agenda.

The Chancellor’s Office’s only true gatekeeping privilege involves its capacity to oversee the constitutionality of policy proposals. The Legal and Constitutional Service of the Chancellor’s Office is widely respected for pursuing a nonpartisan agenda. If this department identifies a proposal as a potential violation of the constitution, the proposal is either put aside or sent back to the originating ministry for revision.

Apart from constitutional matters, the chancellor’s gatekeeping powers are restricted to his or her own party. As head of government, the chancellor can informally return materials within his or her own party’s cabinet faction, as can the vice-chancellor within his or her cabinet faction.

The chancellor’s position may have been strengthened by the following recent development: The Treaty of Lisbon has reduced the numbers of national participants at the meeting of the European Council to one. Within the context of a coalition cabinet such as that currently in place in Austria, the single Austrian representative – the chancellor gains political visibility and this can be interpreted as eroding the political significance of the foreign minister.

As all ministers are equal, the autonomy of line ministries is substantial. The chancellor cannot determine the outlines of government policy and does not have to be involved in the drafting of legislation. Normally, however, proposals are coordinated by the prime minister’s office. Formally, the Federal Ministry of Finance can offer its opinion as to whether a proposal fits into the government’s overall budget policy. The Ministry of Finance thus has a kind of cross-cutting power.
Cabinet Committees Score: 5

During the last years of the SPÖ-ÖVP coalition cabinets, there had been no regular (or permanent) cabinet committees. In rare cases, ad hoc committees were established to deal with specific matters. As coalitions are typical in Austria, such committees usually consist of members of both coalition parties in order to ensure an outcome acceptable to the full cabinet. The new ÖVP-FPÖ cabinet will be free to establish regular cabinet committees.

Ministerial Bureaucracy Score: 5

Austria’s federal bureaucracy is characterized by structural fragmentation. Each federal ministry has its own bureaucracy, accountable to the minister alone and not to the government as such. Each minister and his or her ministry is regarded as having a party affiliation according to the coalition agreement. Policy coordination is possible only when the ministers of specific ministries agree to establish such a specific coordination. As fitting in the government’s ministerial structure of the government, individual ministers fear loss of control over their respective bureaucracies, and thus lasting and open contacts are possible only between the (politically appointed) personal staff of ministers belonging to the same political party.

Because the Austrian bureaucracy is organized along the lines of a (British-style) civil service system, the different ministerial bureaucracies are stable in their political makeup and therefore immune to short-term political influences. Specific ministries are generally dominated by one party over the long term (e.g., the Ministry of Labor and Social Affairs (social democratic) and the Ministry of Agriculture and Environment (conservative).

It has to be seen whether the new coalition government wants to change some of these de iure or de facto rules.

Previous coordination mechanisms – like weekly informal meetings within each cabinet faction and the cabinet as a whole, as well as the regular informal meetings between the chancellor and vice-chancellor – were sufficiently effective. They did not guarantee a smooth decision-making process based on consensus, but did allow the cabinet to make a realistic assessment of what collective decisions were possible or impossible. Informal coordination mechanisms were used to negotiate a compromise when a proposal from one party’s minister was unacceptable to the other coalition party.

It remains to be seen whether the new ÖVP-FPÖ coalition will introduce new permanent coordination mechanisms.

Informal Coordination Score: 6

Evidence-based Instruments

Under the federal budget law, the government and its ministries are obliged to assess the impact of legislative proposals with respect to the public budget and on the basis of financial, economic, environmental, consumer-protection and
employment issues. In addition, in order to avoid overregulation, the government’s legislative proposals must be assessed regarding their regulatory impact. Other detailed regulatory impact assessment (RIA) requirements exist in further decrees.

The results of RIA studies are published in the preface to each legislative proposal. In Austria, RIA is a very recently established, but nonetheless a rapidly evolving tool for legislators and parliamentarians. With the 2013 reform, RIA can now be considered an important component of the country’s legislative process. But, the impact of the new coalition government, following the elections of October 2017, cannot be predicted.

RIAs must be attached to every legislative proposal. The publication of draft laws for public assessment (while previous publication is legally required in many cases, in practice virtually all draft laws are published before they are voted upon) allows stakeholders within the public to comment, a frequent occurrence. Trade unions and economic chambers in particular, but other institutions as well are regularly invited to provide comment on draft laws.

However, RIAs are not written by sectoral experts, but rather by the ministry or department preparing the draft law. As a result, expertise may in some cases be limited to the sectoral expertise of the body preparing the draft law. Currently, there is no independent body that evaluates RIA quality. As the FPÖ is in government for the first time in more than a decade, it is difficult to predict how this will impact RIA procedures.

The potential environmental effects of legislative proposals have to be evaluated as a part of regulatory impact assessments, as do effects on employment. Various decrees require that financial and other issues be assessed. Analysis may focus on the short, medium or long term according to specific RIA legal requirements, but is commonly focused on a period of five years.

The country does feature an overarching sustainability strategy, but this is still relatively underdeveloped. The government tends to give much lip service to the ideas behind sustainability but violates its rhetoric in practice by giving in to special interests. This reflects the dominant tendency in public debate to promote sustainability as long as it does not contradict special interests. The consequences of the FPÖ’s entry into the coalition government cannot be predicted.
Societal Consultation

The Austrian political system is quite inclusive, but is receptive primarily to particular interests. The corporatist network established after 1945, consisting of government, business and labor representatives, still functions. This allows the government to obtain information about the formation of societal interests, and to use this information to adapt its decision-making process. However, this explicit social partnership permits the appeasement of certain interests while excluding other groups that are not as efficiently organized as the major economic interest groups.

The system of officially recognized religious denominations provides another means of societal consultation. All major Christian churches as well as the Islamic, Jewish and Buddhist communities are included in decision-making processes for issues relevant to their faiths and activities.

The role played by these specific economic and noneconomic interest groups has been legally formalized: The government must consult with these groups on all draft bills before sending the proposal to parliament.

A new legal basis for the Islamic community has the potential to improve consultation mechanisms with a fast-growing religious community. The sensitivity for the internal processes within the Islamic Community – especially concerning the responsibility for recruiting preachers and school teachers – has become greater due to the growth of that community.

The new coalition between the ÖVP – a party deeply rooted in the corporatist network – and the FPÖ (a party more or less outside this network) may change some elements of the system of consultation. The same applies to consultations involving officially recognized religious denominations.

Policy Communication

Previous cabinets used occasional, informal policy-coordination meetings to define the general direction of government policies. Following such meetings, the government would hold press conferences to provide the public with information about what has been decided. However, there is no evidence yet how the new coalition government will handle public communication.

In the past, government communication was dominated by the individual ministries. This communication is usually also seen as an instrument for the promotion of one of the coalition parties’ agendas (and of the specific minister
belonging to this party), rather than the agenda of the government as such. As the new government is based – like the outgoing government – on two more or less equally strong coalition partners, this might not change in the future. However, these partners have – at least verbally – committed to a coherent communication strategy and in this regard have also agreed to use one press officer for both parties.

Implementation

The evaluation of policy success in Austria strongly reflects the reality of coalition governments. Following the formation of a government, coalition parties agree on policy priorities. Implementation success is used as a vehicle to promote party agendas, rather than the government overall, while each coalition party typically blames the other in cases of failure. This can be regarded as a kind of oppositional behavior within the government: One party acts almost like an opposition regarding the agenda of the other party.

This said, if 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.

This may not change under the newly formed coalition government. There is a new coalition partner, the FPÖ. However, the structure of a two-party coalition will be the same as before. Each governing party promote its role in government, even if this means distancing itself from their coalition partner.

Ministers are primarily concerned with the agendas of their parties, rather than with that of the government as such. Ministers are selected by the head of each party – typically the chancellor and vice-chancellor. Their first loyalty is thus to party rather than to government. For this reason, ministers have incentives to implement the government’s program only as long as this is identified with the program of his or her party. Nonetheless, there are a number of informal mechanisms that help commit individual ministers to the government program. For example, the parties in the current government have worked out a lengthy coalition agreement. The two 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. For example, the governing parties have agreed not to vote against one another in important parliamentary votes, and have agreed not to support referendums against government policy. But this may change under the auspices of the new coalition.
The main instrument for monitoring ministry activity is the Austrian Court of Audit (Rechnungshof). Constitutionally, this is a parliamentary institution, and its president is elected by parliament for a term of 12 years. The Court of Audit has the reputation of being wholly nonpartisan.

Within the government itself, there is no specific institution for monitoring ministries, though the coalition’s party leaders have significant influence over the individual ministers affiliated with their party. The Federal Chancellery is tasked with coordinating line ministries’ activities rather than monitoring them per se. However, this coordination does allow it to monitor ministry activities, particularly regarding implementation of the coalition agreement.

Citation:
www.rechnungshof.gv.at

Ministries are responsible for monitoring the bureaucratic structures individually subject to them. All bureaucracies (except those within the judicial branch) are legally bound by instructions issued by their ministers (according to Art. 20 of the constitution), and have to report regularly to the ministries. The Austrian Court of Audit (Rechnungshof) is the only institution aside from the parliament that monitors the government and its bureaucracies on a broader, cross-ministerial basis. The Court of Audit is officially an institution of the parliament and the coalition parties have not always succeeded in presenting a common position – as in 2016, when the coalition was unable to present a common candidate for the president of the Court of Audit. This gave opposition parties the possibility to influence the decision. Opposition parties also have the opportunity to establish investigating committees in parliament – even against the will of the ruling majority. This development represents a broadening of the scope of political oversight and potentially involves the need and opportunity to monitor bureaucracies more thoroughly.

Under Austria’s federal system, individual states (“Länder”) are constitutionally weak as compared with individual states in other federal systems. Yet politically, the states enjoy significant power due to the principle of federal or indirect administration and the federal structure of all major parties. Successful party leaders on the state level often determine the fate of their party’s national leadership.

In part because of this ambivalent power structure, responsibilities shift and are shared between levels. In some cases, this functions well: In the case of the most recent health reform, for example, state administrations and the federal government, working closely with the umbrella organization of public insurance companies, together developed a formula that is expected to limit
increases in care costs. In other fields, such as the school system, the conflicting structures and interests of the state and federal governments have led to inefficiencies and finger-pointing. Concerning the need to determine the amount of subsidy states must provide asylum-seekers, the states responded in contradicting ways.

A significant aspect would be to allow the states to independently raise some taxes. However, the states themselves oppose such a reform. The states seem satisfied to be financed by the federal authorities, decided by a negotiated compromise between the federal government (“Bund”) and the states.

The Austrian constitution mandates that tasks delegated to regional or municipal governments must be adequately funded, although this does not always entail 100% national funding. This principle is in most cases effectively implemented, with some exceptions on the municipal level. The competences of the states (Länder) and municipalities are limited by the constitution. However, national administrative tasks are often carried out by subnational agencies, which gives the federal states considerable (de facto) political power.

Hence the main challenge lies in the contradiction between the fact of constitutionally weak states and a constitutionally strong national government, and a political environment that renders the states quite influential and the national government quite weak. Although the national government has a de facto monopoly on the power to raise taxes and other revenues, state governments have considerable leverage in financial negotiations over how these funds are to be distributed.

Thus, in general terms, the Austrian political system ensures that subnational self-governments are able to utilize their constitutional scope of discretion quite effectively. Examples include health and education policies and the relative authority held by states (Länder) in these areas, which successfully precludes the central government from taking on a stronger role.

One aspect is the increasing difference in the way coalitions are built between the federal and state level: More and more, state governments are formed by an alliance between one of the parties of the federal government and another party which is in opposition at the federal level. This underlines the growing complexity of the party system, reflected in the ongoing decline of the two traditionally dominant parties.

The national and state governments share responsibility for many issues, including schools and health care. Each side tends to blame the other for specific implementation shortcomings. In most cases, the parties governing on
the national level also control the state governments. Party alliances do not prevent the emergence of conflicts deriving from this structural division of power, but the conflicts are somewhat muted by party links. In parallel with overall growing voter volatility, political majorities in the nine states have grown subject to greater volatility, which has prompted officials at the federal and state levels to demonstrate greater political openness toward each other.

The national government has relatively few instruments by which to make state governments comply with its formal policies. Oversight of municipalities, by both the states and the federal government, is more effective.

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

**Adaptability**

The Austrian government has adapted domestic structures to international developments, but with reservations. While the EU political agenda is generally accepted, the government has proved reluctant to implement specific policies, for example by defending the principle of bank secrecy. Contributing to this hesitancy is the fact that the government is often internally divided, for reasons both constitutional and political: First, the cabinet consists of autonomous ministers who cannot be forced to accept a general agenda. The position of the chancellor as first among equals means there is no clearly defined leadership by a head of government. Second, governments since 1983 have been coalitions. Coalition parties tend to work on a specific party agenda, and have limited interest in the agenda of the government as such.

In many cases, one governing party tends to favor implementation of international and especially supranational (EU) policies more than the other. Alternately, some parties seek to mobilize populist sentiments against the international or supranational level, identifying their own party as the defender of Austrian interests against foreign encroachment. It is especially the Freedom Party (FPÖ) – allied on the EU-level with parties like the French Front National – which plays the patriotic card against what the party identifies as “Brussels”. As the FPÖ is now a member of the government, the reluctance to adapt to European standards will increase, even as the FPÖ (in contrast to the Front National) does not favor an Austrian exit from the European Union.

Austria’s hesitancy in participating in an all-European policy regarding the Russian-Ukrainian conflict reflects a lack of adaptability. Austrian political
actors tend to use the country’s neutrality status as a pretext for staying aloof. And Austria’s permanent neutrality, enshrined in the constitution, creates problems for Austria’s willingness to cooperate in a tighter common European defense policy.

Within the European Union, the government is obliged to collaborate with EU institutions. This collaboration is rarely controversial. In other matters (e.g., within the framework of the WTO, the Bretton Woods institutions, and the United Nations), the Austrian government tends to play a rather low-key role, usually trying to follow a general EU policy if such a policy exists. In some fields (e.g., environmental protection), the government tends to promise more on the international level than it is willing or able to implement at home. During the debate about CETA, some members of the Austrian government (from the Social Democratic Party) attempted to improve some details even after the European Commission and the Canadian government had reached an agreement. In the end, the Austrian government, represented by the social democratic chancellor, signed CETA. Under the conditions of the new ÖVP-FPÖ government, the reluctance to collaborate with international partners may increase – considering the FPÖ’s emphasis of Austrian positions vis-a-vis transnational agendas.

Organizational Reform

There is no regular monitoring within the executive branch of the government. Due to the fragmented structure of the government and comparatively weak position of the chancellor, the ability to engage in oversight from within the central government is very weak. However, a monitoring effort is currently ongoing with respect to reform of the Austrian administration (Verwaltungsreform), based on proposals made by the Austrian audit court.

Core government actors are first and foremost legitimized by the political parties. Though officially appointed by the president, the cabinet consists of individuals chosen by the political parties on the basis of post-electoral coalition agreements. Civil-service personnel are in many cases also indirectly linked to one of the political parties. In recent years, short-term appointments within the civil service has bolstered this latter trend, undermining the principle of a professionalized civil service. Individual cabinet members (federal ministers, including the chancellor and vice-chancellor) have increased the size of their personal staffs. This has created a mixed system, partially echoing the model of the British civil service, in which civil servants work under ministers irrespective of their own political links, and partially following the U.S. model of a politicized civil service with party-political links between cabinet members and their staff.
This blend of two contradictory principles undermines the reform capacity of the Austrian system. The government and its individual cabinet members can neither depend on the full loyalty of a partisan civil service, nor be sure of a complete civil-service impartiality. This may change following the formation of a new coalition government at the end of 2017. However, it is not possible to make any serious prediction concerning the direction of intended changes.

The government usually promises more innovation at the beginning of a legislative period than it can deliver in fact. Desired improvements are often prevented by constitutional limitations (such as the collective character of the Austrian cabinet) and by internal rivalries within the coalition governments. The government’s overall strategic capacity is for this reason suboptimal.

A very good example can be seen in the field of education, where no headway has been made in two key areas: dismantling the socially exclusive effects of the school system and improving Austrian universities’ international standards. The parties may agree in principle on what needs to be done, but veto powers are able to block meaningful reforms during the legislative period.

II. Executive Accountability

Citizens’ Participatory Competence

A minority of Austrian citizens are well informed, but the majority is informed only within rather narrow limits. On the one hand, this is because political parties (and the government) do not provide full information on decision-makers’ debates and strategic thinking. On the other, it is due to the characteristics of the Austrian print media, with the yellow press (and its often very strong bias) dominating large parts of the print-media market. However, a majority of Austrians show limited interest in politics, a characteristic perhaps reinforced by the comparatively minimal opportunity for direct participation within the political system.

One thread of political discourse in Austria has focused on increasing citizens’ direct role within decision-making processes, a discussion that helped lead to the popular referendum in 2013 over the future of the military draft. In this, a majority opted for keeping the draft system rather than creating a professional army. In spite of the non-binding character of this consultation, all political parties agreed that the result should be respected. The public discourse generally favors more direct democratic participation. And some particularly sensitive topics, such as the possibility of Turkey’s EU membership, lead to
promises by most or all political parties to have binding popular consultations before government and parliament determine Austria’s final position.

The new government (ÖVP, FPÖ) has promised to lower the threshold for securing a plebiscite. This may have an important impact on decision-making, but it will not change the reality of public knowledge in Austria or in other democracies. Interest in politics is not equally distributed among citizens.

**Legislative Actors’ Resources**

The two-chambered Austrian parliament, in which the National Council (Nationalrat) or lower house holds more power than the Federal Council (Bundesrat), is divided along two main cleavages. First, the strength of political party groupings within the parliament reflect the results of direct national elections (in the National Council) as well as indirect provincial elections (in the Federal Council). Second, the formation of coalitions creates a government and a parliamentary opposition.

All party groups that have at least five members in the National Council can use infrastructure (office space, personnel) paid by public funds and provided by parliament. All party groups are represented on all committees, in proportion to their strength. In plenary sessions, speaking time is divided by special agreements among the parties, typically according to the strength of the various party groups.

Individual members’ ability to use resources independently of their respective parties has improved in recent years. Members of parliament can now hire a small number of persons for a personal staff that is funded by parliament and not by the party. This improves members’ independence. However, this independence is still limited by the strong culture of party discipline, which is not defined by explicit rules but rather by the party leadership’s power to nominate committee members and electoral candidates.

A significant step was taken in 2014 to improve the National Council’s capacity. The right to install an investigating committee, which has been the prerogative of the ruling majority, has now become a minority right. Considering the rather strict party discipline in Austria’s parliament, this must be considered a significant improvement of parliamentary democracy. Also, recently a new subgroup in the parliament was founded which is checking laws for economic costs and benefits.

At the moment, the working conditions of members of the Austrian parliament are better than ever before. The new situation following the elections of 2017
will probably intensify conflicts between government and opposition in parliament. The structural prerequisites for parliamentary confrontations exist. Currently, all parliamentary committees have the power to ask for any kind of document. However, documents deemed “secret” can only be viewed in a special parliamentary room and cannot be copied.

Significant portions in government documents obtained by newly-formed investigative committees were redacted, ostensibly for the purpose of protecting privacy. This resulted in an uproar among members of parliament and demonstrated, that committees are entitled to obtain documents, yet the government can create significant limitations in accessing parts of these documents.

The legal ability to summon ministers is in practice limited by the majority that the government parties have in all committees. As the majority party groups tend to follow the policy defined by the cabinet, there typically is little interest in summoning cabinet members, at least against the minister’s will.

While this de facto limitation can be seen as part of the logic of a parliamentary system in which the government and the parliamentary majority are essentially a single political entity, it is given additional influence by Austria’s high level of party discipline.

Parliamentary committees have no formal limits in terms of summoning experts. Every party, including the opposition (i.e., the committee’s minority parties), can nominate or invite experts it deems qualified. Expert hearings are held quite regularly.

However, this opportunity is not used in the best possible way. The twin factors of party discipline and cabinet dominance over the parliament’s majority mean that independent expert voices do not ultimately have great influence.

Though parliamentary committees outnumber ministries, the task areas of parliamentary committees are more or less identical to the tasks of the ministries with only minor exceptions. The National Council’s General Committee enjoys a kind of overall competence, including deciding the government’s position within the European Council.

The Austrian Court of Audit (Rechnungshof) is an instrument of parliament. The office reports regularly to parliament, and parliament can order it to perform specific tasks. As a consequence, the parliamentary majority determines how to handle audit reports, and in cases of doubt, the majority inevitably backs the cabinet. Thus, the main vehicle by which to force the government to react in a positive way to audit reports is public opinion. If a specific audit report formulates a specific criticism, the government’s primary
The president of the Court of Audit is elected by parliament for the period of twelve years. This gives the president a certain degree of independence. At the moment of election by the National Council, he or she is the product of the majority. But as this figure cannot be reelected, and as parliamentary majorities often change in the course of 10 years, the president and his or her office in fact enjoy a significant degree of independence.

The elections of a new president for the Court in 1992, 2004 and again in 2016 have underlined the possibility for opposition parties to impact these decisions due to the inability of coalition partners to unite behind a common candidate for the presidency.

One problem is the insufficient funding of the Austrian Court of Audit, while, at the same time, an increasing number of tasks are delegated to the court by the governing majority.

The Austrian Ombudsman Board (Volksanwaltschaft) has three chairpersons, with one nominated by each of the three largest party groups in parliament. Parliament is required by law to select these nominees. This prevents the ombuds office from being run solely by persons handpicked by the ruling majority. The Ombudsman Board is a parliamentary instrument and reports regularly to the legislature. The chairpersons are elected for a period of six years.

**Media**

The freedom of the press in Austria is guaranteed by European and national law. Nevertheless, two problems are relevant:

- The Austrian media lack pluralism. The publicly owned Austrian Broadcasting Corporation (ORF) dominates the radio and television broadcast markets, although competition by foreign and privately owned media is growing. In response to criticism of this dominance, the ORF offers guarantees of internal independence and internal political pluralism. The ORF is impartial by law and fulfills its mandate reasonably well, making up for deficits existing elsewhere in the media environment. The increasing significance of social media is a deepening challenge because it is not bound by the rules of impartiality as the ORF is.

- The country’s print-media market is highly concentrated. One daily paper, Die Kronen Zeitung, serves more than a third of the country’s readership, and increasingly uses this dominant position to issue biased political information,
often in a simplified manner. Moreover, the expanding role of freely distributed print media, more or less dependent on funds for commercial or political promotion is problematic insofar as it makes it more difficult for readers to distinguish propaganda from information. High-quality political information is available from daily and weekly papers with more limited circulation, but high-quality media face considerable financial difficulties.

The new government will have an impact on media reporting, especially concerning the ORF. The ORF faces ever more criticism from the right-wing – now in government – for its independent reports. It can be expected that the law which defines structure, functions and finances of the ORF will be rewritten, but to what extent is unclear.

**Parties and Interest Associations**

The Austrian party system is in an ongoing process of deconcentration. The traditionally dominant parties – the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) and the conservative, Christian-democratic Austrian People’s Party (Österreichische Volkspartei, ÖVP) have experienced an almost uninterrupted decline since 1980. In 1979, the two parties were able to win a combined total of more than 90% of votes. In 2013, the parties were down to a combined total of about 50%. In 2017, the combined total of both parties again rose to more than 58%.

For decades, the right-wing (“populist”) Freedom Party (Freiheitliche Partei Österreichs, FPÖ), the center-left Greens, and the liberal New Austria and Liberal Forum (NEOS) as well as a variety of newer parties, sometimes with very short political life expectancies, have been the beneficiaries. In 2017, this changed significantly, as the Greens failed to cross the 4% threshold and the FPÖ won a substantial share of the vote (26%). A party led by some green dissidents (Liste Pilz) succeeded in getting into parliament.

In general, all parties have spent little time developing intra-party democracy, and have focused instead on appealing to specific groups considered necessary to win elections.

In preparation for the 2017 general elections, the ÖVP changed its traditional procedure for nominating candidates. The party has transferred all authority for the nomination process to one person, the party’s candidate for the Chancellor’s Office, Sebastian Kurz. This must be seen as a significant decline in intra-party democracy. In contrast to the ÖVP, the other parties have followed their traditional procedures, ensuring that the different intra-party interests continue to be represented.
The role of economic interest groups is still very strong in Austria: Significant associations include the Austrian Economic Chambers (Wirtschaftskammern) and the Federation of Austrian Industry (Die Industriellenvereinigung) for business and employers; the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund) and the Austrian Federal Chamber of Labor (Arbeiterkammern) for employees; and the Chamber of Agriculture (Landwirtschaftskammern) for farmers. These groups’ ability to shape politics may have been reduced as a result of Austria’s integration into the European Union, but within domestic politics, their influence remains very strong. Though formally independent of political parties, the groups have various individual links to the parties, especially to the Social Democratic Party and the Austrian People’s Party. Moreover, their influence is enhanced by their practice of acting in a coordinated, neocorporatist way through the social-partnership network.

This may change as a consequence of the FPÖ’s entry into coalition government with the ÖVP. As the FPÖ, in contrast to the ÖVP and SPÖ, has traditionally not had strong links to economic interest groups, the new government may be less inclined to accept the interest groups’ influence.

Along with economic interest groups, organized religious communities, particularly the officially recognized denominations, have a formalized role within the decision-making process. Like the economic interest groups, they are consulted before the cabinet approves the draft of a law. This is a critical stage of the process, as most cabinet-approved drafts are also approved by parliament.

It must be emphasized, however, that not all draft proposals are subject to consultation procedures. A ruling majority can push a legislative agenda through its members in parliament, without formal consultations with interest groups. This happens from time to time when the government is in a hurry to pass a bill.

A number of other groups occasionally exert notable influence, including the physicians’ chamber, various environmental groups (such as Greenpeace) and some human rights organizations (such as Amnesty International).
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