Austria Report
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Sustainable Governance Indicators 2020
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 jure 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, in 2017, the formation of a new coalition government, which included the FPÖ – widely seen as a party of right-wing populism – introduced an additional factor, namely volatility, which has affected both electoral behavior and increasingly government stability.

For the third time (after 1993 – 1996 and 2000 – 2002), the FPÖ was unable to use an opportunity to become (or at least to be seen as) a “mainstream” center-right party. In summer 2019, the party forced (indirectly and unwillingly) its partner to cancel the parties’ cooperation arrangement on the government level. In the following elections, the FPÖ lost significantly – and its (former) partner, the ÖVP, won a clear plurality of votes and seats in parliament. In combination with several scandals, defined as “singular cases,” the FPÖ’s roots – coming out of the tradition of Austrian Nazism – were more widely discussed than in previous decades.

The outcome of the 2019 elections underlines one traditional and one not so traditional aspect. First, a new coalition government cannot be established without the ÖVP due to the unwillingness of the former opposition parties to ally with the FPÖ. In other words, there can be no government majority without the ÖVP. The not so traditional aspect concerns electoral volatility, as evident in the resurgence of the Greens two years after the party’s defeat in the 2017 elections. It is possible that the Greens could act as “king maker,” even when the king – Sebastian Kurz, the ÖVP chairman and former chancellor – is de facto undisputed.

Traditional political activities (like party membership) are still in decline, but non-traditional activities are on the rise. Protest movements, not linked or controlled by a political party, are very visible, such as protests directed against the far-right and, especially in 2019, activities focused on
environmental (e.g., climate) issues. Discussions on formalizing the role of non-traditional channels of political participation (e.g., by lowering the threshold for organizing formal plebiscites, as in Switzerland) remain ongoing, but have not (yet) resulted in significant legal (constitutional) changes.

As a consequence of Europeanization, globalization and migration, social-partnership networks have lost some significance. Labor unions are playing less of a role in the economy, while globalization has led to a decline in traditional industries. As the Austrian economy is less and less led and controlled by Austrian institutions (whether government or neo-corporatist) the situation is changing. The ÖVP-FPÖ government succeeded in some sectors in reducing 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 accommodating interests and societal participation. Some sectors of Austrian politics 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. Fear of losing votes has inflated concerns regarding the ability or willingness of migrants to integrate, concerns that have prevented the development of a coherent, consistent and 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 electoral volatility. Policymakers have yet to respond credibly to these developments, which underscores that the risks posed by growing instability are not being taken seriously.

The 2019 elections underlined that politics in Austria is influenced by cleavages which are distinct from the traditional right-left divide. Generation, education and gender have become the decisive factors in explaining political behavior. Comparatively new parties (the Greens, the NEOS) disproportionally represent young, better-educated and female voters. Meanwhile, the divide between cosmopolitan “no-wheres” and anti-cosmopolitan “somewheres” has become more visible, and has influenced attitudes in Austria to “deepening” the European Union.

The main lesson to be learned from 2019 (at least for the moment) is that personality dominates. There is consensus among analysts that the ÖVP’s
success has been based on the popularity of Sebastian Kurz. Kurz seems to represent an attractive mix of (moderate) populism and centrism, and has adopted a strategy that presents himself as something “new” without defining the substance of this particular newness, besides his person. As this personality-based newness cannot be exploited indefinitely, this “new” system will be a short-term rather than long-term recipe for electoral success.

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.

Despite the chancellor’s (actual and potentially more significant future) role, the authority of the federal president became more evident in summer 2019. After the fall of the Kurz government, it was up to the directly elected president to negotiate the formation of a new government (cabinet) and secure its acceptance by an overwhelming majority in parliament. President Van der Bellen succeeded, because this cabinet was (informally) defined from the beginning as an interim government – consisting of persons not directly affiliated with political parties. The events of summer 2019 have underlined the federal president’s “reserve power.”
The fragmentation of the party system since the 1980s seemed to have stopped in 2017, when all three major parties (ÖVP, FPÖ and SPÖ) won votes, especially the ÖVP. However, this was not the case in 2019. Deconcentration of the party system was again the most visible factor – the ÖVP’s wins were less than the (combined) losses of the SPÖ and FPÖ. It remains to be seen whether any kind of realignment in the party system can replace the overall trend toward fragmentation and decentralization.

A specific strategic option to improve the response to new challenges would be to follow the Swiss model: To 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 effectiveness could be improved by giving the opposition greater powers to monitor government activities. With the exception of a 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.

The deepening of the gap between the government and organized labor represents a specific challenge. The Austria Trade Union Federation (ÖGB) felt neglected by the coalition government of ÖVP and FPÖ in an area traditionally seen to be controlled by the neo-corporatist social-partnership network, which guaranteed organized labor a veto power. It remains to be seen what impact the new coalition (expected to be formed at the beginning of 2020, probably without the FPÖ, but with the ÖVP as senior partner) will have.

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 small jurisdictions. Meanwhile, given the small size of Austria, centralization of certain authorities (e.g., education or public healthcare) 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, less mobile, 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 are to be redefined and enforced, with a particular focus on a significant reduction of carbon dioxide emitted by vehicles 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 into and production of greener technologies.

Finally, public resources should be more equitably allocated between older and younger generations, especially with respect to retirement policies and the healthcare sector.

The European dimension of these reforms is evident in all policy areas – reforms the ÖVP-FPÖ government did not dare to begin with. A migration policy is only feasible if coordinated at the level of 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. Austria 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 common European interests. 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.
Party Polarization

Party polarization has changed over recent years, but not necessarily in one direction. The FPÖ – the party seen as a right populist or even right extremist party – has become more moderate in some fields (e.g., in its attitude toward Austria’s EU membership). Even as an FPÖ strategy to win acceptance from its coalition partner, the center-right ÖVP (as happened at the beginning of 2018), the basic value of EU membership has become a less polarizing issue over the past decade. Concerning other matters (e.g., the status of Islam in Austria), polarization has deepened.

With regard to the above question, cross-party agreements between left- and right-wing parties have certainly become more difficult following the 2017 elections. With its new leader, Sebastian Kurz, the ÖVP has moved significantly to the right in some policy fields. This has made compromise with its (left-wing) counterpart, the SPÖ, more difficult. Overall, existing polarization is deep, but not a threat to the democratic process.

Parliamentary elections have underlined the kind of polarization shaped by the trends of recent years. In the 2019 elections, the ÖVP won votes and seats, improving its position as the largest party. However, most of the ÖVP’s wins came at the loss of its coalition partner, the FPÖ. The other big winner, the Greens, won largely at the cost of the SPÖ and the Liste Pilz (a party of Green dissidents, which disappeared from parliament following the elections). The electoral volatility occurred almost exclusively within center-right and center-left camps rather than across the political spectrum. The combined strength of the parties in government and parties in opposition between 2017 and 2019 has only slightly changed.

The electoral result of September 2019 might lead to a different coalition composition (e.g., a coalition led by the ÖVP with the Greens or the SPÖ as a junior partner), with the new alliance having a different impact on volatility. The ÖVP would have to make different compromises with a new coalition partner. However, it can be assumed that party discipline will make sure that strategically motivated polarization (government versus opposition) will overshadow substance- or issue-oriented polarization. (Score: 7)
Policy Performance

I. Economic Policies

Economy

The Austrian economic situation remains within the general European context, despite significantly greater political uncertainty. The former government, a coalition between the center-right ÖVP and the right-wing populist FPÖ, with a stable parliamentary majority, initiated some (neo-)liberal policies, such as a (comparatively) moderate liberalization of working time regulations. Those steps did not have much time to significantly impact on the country’s economic performance before the center-right coalition collapsed in early summer 2019. Following the coalition’s collapse, the current non-partisan government – appointed by the head of state and tolerated by parliament until a new government can be formed after the September 2019 elections – has not attempted to formulate any specific economic policies. The overall performance of the Austrian economy remains within the framework of the European Union – a course which can be described as stable.

Austria’s economy can be seen as a relative success story, defined by moderate economic growth and social stability. The September 2019 elections have not yet resulted in a coalition agreement. However, as it seems clear that no coalition can be formed without the ÖVP, the new government will be led by the same party (and the same chancellor, Sebastian Kurz) as the previous one. The ÖVP’s coalition partner may change, but the overall economic tendency will not, at least not significantly.

The outcomes of the previous government’s policies did not have any visible impact on the overall consensus-oriented tradition of Austrian politics. This may change with a new government, especially as a new coalition partner will likely try to reformulate some of the former government’s economic policies.
Labor Markets

During the 18 months of the previous coalition government between the ÖVP and FPÖ, some reforms were initiated, which were seen by organized labor as a shift toward a pro-business, pro-market policy approach – directed against the tradition of Austrian neo-corporatism (“social partnership”). Labor argued that the government was attempting to reduce labor’s veto power in various fields of social affairs. The rather unexpected implosion of the government in June 2019 occurred before any substantial backlash – initiated by organized labor or the opposition in parliament (especially the Social Democrats) – occurred.

As unemployment figures before and after the coalition’s collapse remained low, any significant labor unrest has been avoided. First and foremost, this has been the result of a period of economic growth which started before 2017 (i.e., before the ÖVP-FPÖ coalition came to power) and has survived the coalition’s end. However, as unemployment is linked to immigration (from EU members states as well as from other countries and regions), any new government will have to deal with the consequences of a rigid immigration policy (which was especially favored by the FPÖ) and recent labor market developments. Immigration and its effects on the labor market will be a big issue for the next government, which may not be formed before the beginning of 2020.

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 lacks property and inheritance taxes, the system of taxation is unbalanced in terms of equity. The previous government had declared that it would lower the tax burden on labor. However, the ÖVP and FPÖ (the former coalition parties) had also targeted a zero-budget deficit. As tax cuts and a balanced budget are difficult to reconcile even during an economic boom, these ambitious goals proved difficult to pursue simultaneously and no significant innovation was achieved. Moreover, as the coalition imploded after only 18 months, it is not possible to evaluate in a serious way the result of government’s ambitions.

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.

According to the OECD, Austria ranked 6 out of 36 OECD countries in terms of the tax-to-GDP ratio in 2018. Relative to the OECD average, the tax structure in Austria is characterized by higher revenues from social security contributions and payroll taxes, and less revenue from taxes on personal income, capital gains, corporate profits and, in particular, property.

For single workers in Austria, the net average tax rate was 32.8% in 2018, compared to an OECD average of 25.5%. Taking into account child-related benefits and tax provisions, the net average tax rate for employed married workers with two children in Austria was reduced to 19.6% in 2018, the 10th highest in the OECD, compared to an average of 14.2% for the OECD.

Therefore, a shift in the tax burden away from payroll taxes to taxes on corporate profits, capital gains and property seems possible. Concerning environmental taxes, Austria has a very high tax revenue from petrol taxes. However, 34% of net carbon emissions from energy use face no price signal at all. Therefore, there is still a lot of room for maneuver in the environmental tax system to significantly strengthen price signals for CO2 emissions from energy use.

### 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 has been for many years comparatively little incentive to limit expenses. The political parties seemed 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 changed under the former coalition alliance between the ÖVP and FPÖ. The FPÖ represents a younger electorate of largely non-
unionized employees, working outside government bureaucracy. As such, the FPÖ may be more tempted than other parties to cut through the “red tape” which protects traditional interests. Against this political background, the ÖVP-FPÖ coalition promised to reach “zero deficit” within a short timeframe.

Government attempts to consolidate Austria’s budget made some progress but the end of the coalition in summer 2019 made further progress difficult. As the electoral results of September 2019 made it clear that the ÖVP will again be the senior partner in the next government coalition, budget consolidation will continue.

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.

Austria enacted the 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 significant future economic growth grew increasingly out of reach, contradicting interpretations of Keynesian policies became sharper under the SPÖ-ÖVP government in power until 2017. The SPÖ preferred using the deficit as an instrument to boost economic growth, while the ÖVP argued that – in the long run – deficit spending would result in disaster and proposed introducing a zero-deficit clause into the Austrian constitution. With the SPÖ out of government, the Keynesian tradition has come under threat. At the end of 2019, negotiations to form a new coalition have not been finalized and the possibility of a return of the SPÖ as a junior partner in an ÖVP-led government cannot completely be ruled out. Nevertheless, the old “Austro-Keynesianism” form is unlikely to return.

Research, Innovation and Infrastructure

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 coalition that governed Austria between 2017 and 2019 seems to have been aware of this critical situation and some steps have been taken to improve the financial situation of universities. However, successive governments have failed to significantly improve university-based research.

The strong dependence on government funding implies that any new orientation of the incoming government could be decisive. 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.
It currently seems that the new government will continue to improve the financial basis of Austria’s universities. Thus, the overall trend (i.e., a gradual improvement in the financial situation of Austrian universities) will continue. Though this does not affect the depth and breadth of research outside the universities, which is still comparatively underdeveloped. Due to European competition, non-university research will probably be strengthened, too.

**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 – under the former government – had 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. However, under the former government, Austria obstructed rather than promoted progress in the implementation of this new tax. Indeed, a statement issued by the Ministry of Finance in 2019 indicated that Austria would completely withdraw from all transaction tax plans.

More generally, Austria does not play a specific role within the European Union’s Economic and Monetary Union. Austria follows the general trends as defined by the global economy, and the European Central Bank and other EU institutions.

The implosion of the previous coalition and the summer 2019 electoral campaign produced the expected results. General promises concerning the tax system (e.g., the introduction of a transaction tax or – as a consequence of the debate regarding climate change – new forms of taxes on CO2 emissions) cannot be adopted before a new government can be formed. The new government will likely be an ÖVP-led government with a new coalition partner, possibly the Greens. This would allow the government majority to transform campaign pledges into legislation.
II. Social Policies

Education

The Austrian educational system 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. 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 former 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 were introduced.

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.

The ÖVP-FPÖ government started in 2017 with a “roll back” of some structural elements introduced by former governments to allow a streamlining of the school system. One of the government’s first activities within the realm of the school system has been to reduce the significance of the “New Middle Schools,” a type of school that was intended to improve access to high schools and university for students from disadvantaged social milieus. It is too early to say what effect this will have on the rather unbalanced social structure of university students.

This “roll back” was clearly unable to improve the underperformance of the Austrian educational system. Compared with other prosperous countries, Austria is still not able to make use of its younger generations’ intellectual potential. The probability of an Austrian child graduating from high school and qualifying for post-secondary studies remains significantly less than for children in other countries with a comparable level of economic development.

Citation:
1) Friesinger et al., Zugangsbeschränkungen und Chancen(un)gleichheit 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 over the last few years. Among 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 over a longer period and became most visible in the September 2019 parliamentary
elections, the percentage of women in the National Council, has become permanently higher and has never been as high as in 2019. Other indicators (like the percentage of women in leading corporate positions) demonstrate that gender equality is still not as it could be. But as the situation in Austrian universities – with an ongoing increase of women not only among students but also among faculty – indicates that the long-term chances of improving gender equality in general will also have an impact on the percentage of women in leading management positions.

The weak point in Austria’s rather inclusive social system is the absence of a consistent migration policy. In the aftermath of the quantitatively significant influx of non-EU citizens in 2015, Austrian society and politics remain paralyzed between the mantra “we are not an immigration country” and the reality of migration. There is no convincing and clear policy answer the question “who is welcome in Austria?” Combined with an anti-Islamic sentiment, which exists among some segments of Austrian society, non-(EU) Europeans and especially Muslims are less integrated, despite the need to attract more employees to deal with labor shortages in some economic sectors (e.g., tourism). The (to some extent xenophobic) discourse following the (perceived) migration crisis of 2015 has made it harder to favor a more inclusive migration policy.

The ÖVP-FPÖ government even tried to change the social status of EU citizens working in Austria using the rules of the European Single Market. By linking social benefits (e.g., money for children) to where EU citizens live (and to not where they work), the income situation of people, especially women from neighboring countries, working in hospitals or in other care capacities would worsen. The European Commission has started a procedure which could correct this government policy.

Citation:

Health

The Austrian healthcare 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 healthcare 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 healthcare 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 healthcare provision is a permanent topic of Austrian politics and draws attention to the demographic changes’ impact on the healthcare system.

The complex structure of the Austrian healthcare 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 healthcare costs.

The development of the healthcare 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 healthcare 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 healthcare system.

One change that the ÖVP-FPÖ government had started to affect could be reversed by the next government, which will likely form at the beginning in 2020. The ÖVP-FPÖ government had reduced the influence of organized labor on the public insurance system. The next coalition (which will probably comprise the ÖVP plus a new partner) may reverse the change to the balance between federal, provincial and municipal interests – and especially the recent change to the balance between organized business and organized labor.

A major issue in the political debate on healthcare has been the shortage of physicians in some (non-urban) regions. The next government will be forced to incentivize physicians to work in rural areas.
Families

In general, the situation of families in Austria is not significantly different from the situation of families across much of the European Union. Following generally accepted aims, the government must improve pre-school education with the intention of giving parents (especially women) better opportunities to balance work and family responsibilities – and to give very young children (especially children from non-German speaking migrants) greater opportunities to integrate into the education system.

Both the Austrian government and mainstream public opinion accept 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 childcare centers exist, but despite some recent improvements, fail to satisfy demand. Childcare 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.

Besides some rhetoric (which can be called “neo-conservative”) the ÖVP-FPÖ government has not changed the basic elements of the Austrian policy toward families.

Citation:
For data on childcare 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

The pension 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 calculations by the Austrian Court of Audit, 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.

Another conflict concerns the advantageous situation of retired public sector employees compared to retired private sector employees. The representatives of public sector employees argue that top incomes cannot be earned in the public sector, while the representatives of private sector employees argue that the higher degree of job security in the public sector does not justify the current differences in pensions. However, as public sector employees are probably the best organized segment of Austria’s labor force, it is (and will be) difficult to bridge this gap within Austria’s pension system. An aging population means an aging electorate, which means political parties are hesitant to make significant changes to the system, because they may lose the support of older generations of voters.

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 complicated 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, and to a lesser extent rural areas, has to deal with the challenge posed by
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.

Austrian society seems to be deeply fragmented over issue of increasing of social (cultural) diversity. Some attempts to “forbid” signs of diversity by law (e.g., women wearing headscarves or the use of foreign languages in schools)
indicate a growing anxiety concerning “our” identity. Such a – at least potential – xenophobia is not generally accepted, because it leads to an increase in conflicts between Austrians with a cosmopolitan outlook and Austrians with (mostly vague) anti-globalist attitudes. Such a situation makes the integration of migrants more and more complicated, and creates the temptation for political actors to exploit xenophobic sentiments.

The ÖVP-FPÖ government has also abolished some training programs for the unemployed, primarily targeting services used by migrant populations. This includes cancelling German language trainings for non-natives. In addition, the Ministry of the Interior, under the leadership of an FPÖ minister, underlined that the government’s unwelcoming approach to immigration by renaming centers established for refugees “re-migration” centers.

To some extent, the openly xenophobic rhetoric of recent Austrian policymaking has already been abandoned by the current caretaker government, which has held office since July 2019, and is likely to be further rejected once a new government is formed, as the new government is unlikely to include the FPÖ. The general relaxation in anti-immigration sentiments has also been influenced by the significant decline in the number of refugees/migrants arriving in Austria since 2015.

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 status. In addition, although some parties (e.g., the FPÖ, which was responsible for the Ministry of the Interior between 2017 and 2019) argue that EU membership has facilitated an increase in crime, the data show that, despite some increases in burglaries and car thefts, there has been no significant increase in overall crime in recent years.

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.

All indicators define Austria as a rather secure country. Despite the tendency to define certain criminal events as a sign of deterioration, the criminal statistics clearly indicate that the overall security Austrians enjoy is stable and comparatively high.

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”) in 2015 and 2016 has been seen (and promoted) only from the viewpoint of Austria’s immediate national interest – not as a European or global matter. Austria continues to block any attempts (e.g., by the European Commission) to develop a binding Common European Refugee Policy. To justify the policy of non-solidarity vis-à-vis countries like Italy and Greece, the mainstream Austrian argument is that Europe has to confront the reasons behind mass migration. However, the argument that global inequalities is the main reason for mass migration is
usually mentioned only as a rhetorical device. Austria is still one of the least active countries when it comes to supporting systematic policies to improve the living conditions of people in other parts of the world, such as in Africa.

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 the Comprehensive Economic and Trade Agreement between Europe and Canada (CETA). In addition, the argument for a trade agreement between the Europe Union and Latin America still faces significant opposition in Austria.

Regarding Austrian debates about migration and refugees, most comments declare that the best way of dealing with “mass migration” to Europe (including Austria) is to improve the conditions of migrants in their home countries. But with the exception of smaller parties (like the liberal NEOS and the Greens) no political actors have dared to promote costly Austrian activities to improve living conditions, for example, in Africa. Current global inequality is widely recognized – including its decisive influence on migration – but the consequences are not seriously discussed within the Austrian political system.

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 member states 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 carbon dioxide emissions from vehicle traffic. 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 carbon dioxide emissions. Economic growth and cheap carbon-market certificates for carbon dioxide can be seen as the principal reasons for the increase in carbon dioxide 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 carbon dioxide 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 – has become a governing party, there is not much reason to expect that this trend will be reversed.

The FPÖ has proven to be less strict in promoting restrictions on carbon dioxide emissions. This can be seen in the decision of the FPÖ’s minister of infrastructure and transportation to increase the speed limit on highways, although (for the moment) this is limited to a rather short part of the highway system. As this is defined as an experiment, the final outcome is still open. However, such an experiment, demonstrates a tendency to perceive climate change as a less serious challenge. Similarly, the government is aiming to speed up approval procedures for projects of “national interest.” The first drafts of this act left no doubt that the primary motivation of the government was to bypass environmental regulations, which the government considers to be too severe.

The end of the ÖVP-FPÖ coalition in summer 2019 has already an impact. Almost immediately after the coalition collapsed, parliament voted (against the votes of FPÖ members, but with the votes of ÖVP members and former opposition party members) to implement strict non-smoking rules for restaurants and cafés, which had been postponed under the coalition due to the FPÖ’s veto.

In the 2019 election campaign, all parties – to various degrees – paid lip service to strengthening climate change policy. It will depend on the outcome of the ongoing government formation negotiations (which will likely result in a coalition between the ÖVP and a new partner, not the FPÖ) to what extent Austria will try to become a leading advocate for climate protection policies in Europe.

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 carbon dioxide 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.

The Austrian government is still committed to the Paris climate agreement despite some signals of a greater support for the U.S. position since Donald Trump has become president. In addition, Austria appears increasingly less interested in playing the role of vanguard in matters of environmental protection – either globally or within the European Union.

It is likely that the end of the ÖVP-FPÖ coalition will result in a more environmentally sensitive approach to policymaking in Austria on the international and especially on the European level. However, it is unlikely that Austria will accept (or even promote) a shift from the member-state level to the EU level in decision-making power regarding environmental matters.
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 an 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.

During the 2019 electoral campaign, the political exclusion of legal non-citizen residents (about one million people) became an issue for the first time in Austria. As the majority in parliament has been extremely hesitant to ease access to Austrian citizenship, there is a contradiction between the democratic principle that “everybody within a community must have the right to participate in the political process” and the reality of a legal structure which prevents a significant number of legal residents from participating in the political process.

During electoral campaigns, all parties with parliamentary representation have the right to participate in unbiased debates hosted by a public broadcaster. This can be seen as an obstacle to new parties, which are not covered by this
guarantee. During the 2019 electoral campaign, private TV channels competed with the public TV broadcaster (ORF) in organizing almost daily discussions between representatives of political parties – with priority usually given to parties represented in the parliament. The tendency for private channels to compete with the ORF has created a situation that has been critically described as “overfeeding” the public. However, according to all public opinion data, public interest in the debates in general did not decline.

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, parties with better access to funding and especially government coalition parties an advantage. The advantage parties in government enjoy is significant on the provincial and local levels as well as the federal level. This helps to create a kind of balanced pluralism among the established parties, as parties in opposition on one level (e.g., the SPÖ has been in opposition on federal level since 2017) are in power in some provinces (e.g., the SPÖ is currently in power in Vienna, Carinthia and Burgenland).

As in all democracies, a political party’s ability to present its perspectives depends on its financial capacity. Despite recently implemented rules to guarantee greater balance, it is public knowledge that several parties significantly overspent during the electoral campaigns of 2013 and 2017, and – probably – in 2019 (though final data for 2019 is not available yet).

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. In 2019, the exclusion of resident non-citizens has for the first time become a political issue and this debate could become more heated as political parties differ significantly on the issue of accessing citizenship.

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). While the 2019 parliamentary elections were not overshadowed by any known violation of the rules concerning absentee votes, the issue will not go away. 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 and 2017 campaigns 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 “Ibiza video” shown on Austrian TV of secret negotiations between former FPÖ leader Karl Heinz Strache and a (fake) representative of a Russian financial interest group highlighted the loopholes that all political insiders were already aware of. The Austrian system still allows significant amounts of money to flow from hidden entities (e.g., foundations) to parties, with the federal audit office (Rechnungshof) unable to monitor these funds. Parliament
tried to change the rules in summer 2019, but failed – due to the interests of the big parties – to give the audit office the right to directly investigate party finances.

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 federal states). 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 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. Nonetheless, the coalition government has been caught in a dilemma regarding a promise to make access to plebiscites easier. In 2018, the government ignored a public initiative against a government decision to postpone the implementation of rules to make restaurants and cafés
completely smoke-free. This was due to the FPÖ’s interest in positioning itself as the defender of smokers who see themselves as victims of “political correctness.”

During the 2017 – 2019 parliamentary period, several proposals to transform citizen initiatives – starting from a minimum size of success – into binding referendums following, for example, the Swiss model were discussed. As the legislative period ended prematurely in summer 2019, parliament was unable to formulate a decision.

**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 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 are 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. During the 2019 election campaign, the role of the
media and media independence was fiercely debated.

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.

A comparatively high degree of freedom of information still exists, which is
based on the constitution and the basic law (“Staatsgrundgesetz”). However,
the government has accepted the necessity of dealing with the phenomenon of
“social media.” On the government’s side, there have been attempts to deal
with “hate speech,” for example, from Neo-Nazis. An especially sensitive
issue is the independence of the ORF, Austria’s public broadcasting system,
which is still the dominant media actor. The question concerns the extent to
which the ORF’s possible future structure will reflect the special interests of
the governing parties.

Under the 2017 – 2019 coalition government, the FPÖ adopted an openly
confrontational, even hostile, approach to some media outlets, especially vis-à-
vis the public broadcaster ORF. FPÖ politicians accused the ORF of not being
“objective.” In contrast, most other parties (especially opposition parties) and most media outlets perceived this hostile attitude as a threat to the independence of the ORF in particular and of the media in general.

The openness of that hostile attitude came into the open due to the “Ibiza scandal” when the then FPÖ chairman, Heinz-Christian Strache, tried to convince a (fake) Russian “oligarch” to buy the leading daily newspaper “Krone” – a change of ownership which would have immediately resulted in an editorial policy shift in the interest of the FPÖ. Strache referred to journalists, in this secretly filmed video, as “prostitutes.” The “Ibiza scandal” reflected an attitude incompatible with the written and unwritten rules of a democracy based on media freedom and plurality. However, the “Ibiza video” resulted in the collapse of the coalition, and in the following elections the FPÖ lost a significant (but not dramatic) number of votes and seats in parliament.

Citation:


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?

Under the ÖVP-FPÖ coalition, a crucial policy question concerned how the governing majority would reform the ORF, the most important media outlet in the country. Though, when the coalition collapsed in summer 2019, no decisive step had been taken.

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 appears 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 version of the Austrian Information Act was discussed in parliament but failed to be adopted.

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.

The ÖVP-FPÖ government tried to streamline government information policy by what has been called “message control.” This could be seen as an attempt to narrow public access to government institutions. As the coalition collapsed in summer 2019, a final evaluation of this attempt will have to wait until after a new coalition is formed and the future of “message control” becomes clearer.
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. 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 to access 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.

In addition, the chronic lack of judicial staff, which has recently led to a public outcry from judges and judicial staff. At present, the provision of judicial services by the state is seriously undermined by the lack of adequate funding.

There is a discourse concerning basic rights of immigrants, especially Muslim immigrants. Key points of contention focus on whether the governing majority is entitled to restrict freedom of religious expression (e.g., restrictions on the right of women to wear headscarves) and guarantees on the rights of asylum-seekers, concerning the possibility of asylum-seekers being sent back to their country of origin. At the end of 2019, while basic civil rights in Austria remain guaranteed by the constitution and the Constitutional Court, it is evident that the European Court of Human Rights and the European Court of Justice will have to decide whether any policy reducing the liberty of any group (e.g., the Islamic community) would represent a violation of these basic rights.

Citation:
There is a discourse concerning basic rights of immigrants, especially of Muslim immigrants: Is the governing majority entitled to reduce the freedom of deciding how to cover the head? Is the government entitled to outlaw the use of foreign languages in public schools? At this moment, there is a debate within the government – some of its prominent members are backing these tendencies, others disagree openly. But at the end of 2019, the basic civil rights in Austria are still guaranteed by the constitution and the Constitutional Court. And it became also clear that the European Court of Human Rights as well as the European Court will have to decide whether any policy reducing the liberty of any group (e.g., the Islamic community) will violate basic rights.
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 form of discrimination and same-sex marriage were legally recognized as of 1 January 2019 – against the opposition of a vocal, but politically insignificant minority.
A sphere of increasing importance is the government’s tendency to forbid certain freedoms of expression linked to Islamic traditions (e.g., women’s rights to wear headscarves). The government justifies its actions on basis of the need to fight Islamic extremism and promote social integration (i.e., preventing the existence of closed milieus or “sub-societies”). By following this path, some are questioning whether such a policy violates basic freedoms.

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).

While all governments are interested in influencing the system of judicial appointments, especially concerning more senior positions within the court system, no government has yet crossed the line into direct political intervention and has not (yet) violated judicial independence.

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.

Since 2015, the court system has had to deal with an increasing number of asylum-seekers. In principle, this is more a quantitative rather than a qualitative issue. However, within the government, the FPÖ’s strict policy in dealing with migrants and asylum-seekers indirectly places additional pressure on the courts.

The FPÖ, which controlled the Ministry of the Interior and therefore the police, was criticized for using politically appointed personnel (e.g., ministerial staff) to control autonomous parts of the bureaucracy. A police raid (obviously orchestrated by the ministry) of the semi-autonomous government agency (the BVT) responsible for monitoring political extremism and potential terrorism was seen as an attempt by the FPÖ to widen the party’s control over non-FPÖ-controlled agencies. One aspect of this activity (sharply criticized by the media and opposition parties) was the FPÖ policy of appointing members of the far-right “Burschenschaften” (dueling fraternities) to key positions in the security apparatus.

Citation:

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 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. Though, following the collapse of the ÖVP-FPÖ coalition, a key question for the next government will be: How should the government use its constitutional powers to influence the recruitment of members of, for example, the Constitutional Court?

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 Korruptionsstaaatsanwaltschaft, have yielded positive results.

In 2018, the Austrian parliament established two investigative committees. One of the committees deals with a case of alleged corruption dating back 18 years, which involved a decision to buy military hardware (“eurofighters”). The very existence of this committee confirms the sensitivity of issues regarding political corruption. The other investigative committee will look into the political background of the “BVT affaire” – the police raid of the government agency responsible for observing political extremism and terrorism.
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. In 2019, the ÖVP-FPÖ coalition imploded due to the involvement of FPÖ leaders in a corruption scandal (the “Ibiza scandal”). Consequently, a new coalition (which will probably not be formed before 2020) will again redefine the government’s strategic planning
approach. However, the formation of a new coalition will not change the structural weaknesses of a coalition government based on partners with conflicting interests.

The ÖVP-FPÖ coalition government, formed at the end of 2017, continued the strategy of centralizing the bureaucracy within the ministries by establishing “secretary generals” above the traditional structure. A secretary-general is only answerable to the minister, placing them above heads of departments. This structure, in some cases established before 2017, has become the overall principle within the whole government. The intention is to give the respective minister (through the secretary-general) direct control over the ministry. Whether this tendency toward internal centralization will be followed by the next government remains to be seen.

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 for academic quality and independence, but are nevertheless structurally (financially) dependent on government actors. Except with respect to immigration and pension policy, there is no regular academic advisory board, as exists in Germany or the United States.

One consequence of the ÖVP-FPÖ coalition was that the FPÖ did not possess strong traditional links to the neo-corporatist institutions of “social partnership.” This situation automatically created an interest within the FPÖ to reduce the importance of social partners (like the chambers of labor, business and agriculture) as well as the ÖGB, the trade union federation. As the social partners have a certain control over the Austrian Institute of Economic Research, the structural interest of the FPÖ is to take the advice of the social partners and the institute (the social partnership’s brain trust) less seriously. This must be seen as the beginning of a decline in the significance of traditional external expertise.

Another indicator is the relative decline in public and expert consultation regarding new laws and regulations under the coalition government between
2017 and 2019. Reports indicate that expert opinions from different ministries have also been actively suppressed by the government to avoid public dissent. One aspect underlining the tendency to replace public experts with special advisers under the 2017 – 2019 government was the government’s attempts to appoint external experts directly to the offices of the chancellor and ministers. This kind of internalized partisan advice is closed to public observation and hard to hold to account. Non-partisan expertise has been gradually replaced by internal partisan expertise.

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 ÖVP-FPÖ coalition government (2017 – 2019) was not 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. Any new coalition (like the previous coalition) will be based on a balance between two equally strong partners.
Nevertheless, the new government has succeeded in streamlining the cabinet’s performance. Following the concept of “message control,” the chancellor and his deputy — representing the two governing parties — monopolized the role of explaining government policy to the public. Intra-government disputes have been played down and the cabinet’s role as the main instigator of legislation has become even more apparent than in the past.

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.

The 2017 – 2019 government tried to develop a policy of “message control.” The policy aimed to reduce the visibility of individual ministers (although not necessarily their power, as was evidenced by the actions of the FPÖ minister of the interior), and increase the guiding power of the chancellor and deputy chancellor — at least as long as both were in control of their respective parties.

The “Ibiza scandal” — which followed the release of a secretly filmed meeting in which the former FPÖ leader, who was also deputy chancellor, attempted to sell government positions and a media outlet to a (fake) Russian oligarch — also demonstrated the limits of the attempted “message control.”

The conflict concerning the Federal Agency for the Protection of the Constitution and Fighting Terrorism (BVT) demonstrated a significant lack of coordination between the different branches of the Ministry of the Interior, and between the Ministry of the Interior and the Ministry of Justice.

During the last years of the SPÖ-ÖVP coalition cabinets (until 2017), 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. Similarly, the ÖVP-FPÖ coalition did not establish any regular cabinet committees either.

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).

Nonetheless, by introducing “secretary generals” above the heads of departments in government ministries, the autonomy of civil servants was reduced by the ÖVP-FPÖ coalition. Though it will have to be seen whether this trend toward internal centralization within the ministries will survive the new government.

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.

The most effective form of informal coordination within the new government seems to be regular, but not formalized meetings between the chancellor and vice-chancellor. During 2018, the first year of the ÖVP-FPÖ coalition government – before the coalition imploded in 2019 – this pattern obviously worked given that no conflicts between the two coalition partners or between different ministers became public. Only at the end of the coalition – after the FPÖ tried to save the coalition by sacrificing its chairman (and vice-chancellor), Strache, following the “Ibiza scandal” – did informal coordination between the two partners collapse.

During the rather brief period of the ÖVP-FPÖ coalition government, nothing specific is known about the government’s approach to digitalization for interministerial coordination. However, as digitalization is very much discussed in public and in government circles, it is likely that a policy on digitalization for interministerial coordination is in the making. Though this will have been postponed until the formation of a new government, probably at the beginning of 2020. It is to be seen whether such an approach to coordination (which could become reality very soon) will run contra to the
“message control” policy of the previous government – or whether it can be used by the next cabinet to improve control over the government’s public agenda.

**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 September 2019, cannot be predicted.

It remains to be seen how the new coalition, which will probably be formed at the beginning of 2020, will control legislation in particular and decision-making in general through a RIA-like procedure. Until now, the system has not changed.

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.

The ÖVP-FPÖ coalition – in power for only about 18 months – had no formal impact on the procedure. But it must be concluded that the chancellor’s system of “message control” reduces the autonomy of government ministers and ministries to formulate policies without the consent of the chancellor and his deputy.
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.

Until 2019, nothing seems to have changed between the symbolic policy of “lip service” and the tendency to follow short-term interests focused on electoral data, although this contradicts official declarations. This may change should the ÖVP form a coalition with the Greens at the beginning of 2020, which appears quite realistic at the time of writing. In order to remain credible, the Greens, who have consistently emphasized environmental sustainability, must ensure that sustainability becomes a core principle of environmental policymaking.

Ex post evaluation is a rather unknown field in Austrian politics. The lack of any systematic ex post evaluation tradition and the tendency of political actors to prioritize the next election over all other perspectives makes it highly unlikely that the present government or parliament will establish a structure of ex post evaluations. The absence of long-term strategies, beyond traditional vague ideologies (like social justice or defending Austrian identity), prevent any reasonable systematic ex post evaluation. Though one exception concerns electoral campaigning. Following the priority given to electoral strategies, parties in Austria reflect systematically on the reasons for any specific electoral outcome, which may be viewed as a specific version of ex post evaluation. This did not change under the previous coalition government, which collapsed in 2019.

The only systematic ex post evaluation involves the Austrian Court of Audit’s control over particular financial aspects of specific government or government-sponsored projects.

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 coalition between the ÖVP, a party deeply rooted in the corporatist network, and the FPÖ, a party more or less outside this network, has changed some elements of the government’s consultation process with economic interest groups. Similarly, consultations involving officially recognized religious denominations has also changed. For example, the decision that Good Friday would no longer be a public holiday for protestants was taken without consulting official representatives of the Protestant Church.

From its beginning, the ÖVP-FPÖ coalition has demonstrated a new tendency to neglect the tradition of pre-legislative consultations and the de facto outsourcing of social policymaking. Without consulting organized labor, the government changed significant elements of the labor law. This represents a challenge to the traditional system of social partnership – a system in which previous governments accepted and implemented deals negotiated between business associations and organized labor. By improving political effectivity and expedience, the government may run into difficulties with organized labor.

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.

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.

At the end of 2017, the ÖVP-FPÖ coalition established a new style of centralizing political communication (“message control”). This has been a significant departure from the style of previous coalitions in which individual cabinet members communicated with the public directly. Until 2019, communication was more or less centralized under the chancellor and deputy chancellor. It has to be seen whether the new coalition (which will likely be led again by the ÖVP, but without the FPÖ) will be willing and able to centralize political communication as the last government was able to do.

**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 changed to some degree under the 2017 – 2019 coalition government. The principle of “message control” implied that any government success should be defined as the success of the government as a whole – and not of any specific ministry or coalition partner. However, the structure of a two-party coalition remained the same as before. Each governing party tended to promote its role in government, at least informally, even if that meant distancing itself from its coalition partner.
During its first year, the ÖVP-FPÖ coalition rather successfully overcame the traditional pattern of “opposition within the coalition.” The strategic “message control” formula prevented internal coalition conflicts becoming public. For example, the Kurz/Strache government decided to treat (non-Austrian) EU citizens differently from Austrian citizens in matters of family subsidies, although this policy was criticized by the European Commission. A final decision by EU authorities is still to be expected.

The message control formula collapsed as a consequence of the “Ibiza scandal.” However, the chancellor had to distance himself and his party, the ÖVP, from the FPÖ. As such, ÖVP messages and FPÖ messages became increasingly contradictory. Even before the rather dramatic collapse of the coalition, some developments indicated that a perfect streamlining of government performance would not be possible. For example, some ÖVP members of the parliamentary committee that is looking into the performance of the FPÖ-led Ministry of the Interior demonstrated their unhappiness with the ministry’s performance regarding a police raid directed against the Bundesamt für Verfassungsschutz und Terrorismusbekämpfung (BVT). This may indicate that perfect message control within a government consisting of highly autonomous members representing various parties is not possible, at least not in the long run.

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 (and their party leader) rather than to the government as such. For this reason, ministers have incentives to implement the government’s program only as long as this is identified with the strategic interest of his or her party. Nonetheless, there are a number of informal mechanisms that help commit individual ministers to the government program. For that reason, parties within any coalition cabinet have to agree – informally or formally – not to oppose each other openly, for example, in parliament. Coalitions are based usually on a written agreement, including a political agenda and rules guaranteeing loyalty among the partners – loyalty to the common agenda and loyalty defined as not siding with the opposition against each other.

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 non-partisan.

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.

This overall situation has not changed since the formation of the coalition at the end of 2017. Whether it will change after the formation of a new cabinet is doubtful.

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.

By establishing secretary generals above the heads of departments (“Sektionschefs”), the Kurz-Strache government between 2017 and 2019 strengthened the control of government ministers over their ministerial bureaucracies. But this does not change the fact that monitoring is still first and foremost an intra-ministerial task.

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.

In 2018 and 2019, nothing changed significantly. However, a debate has been started by the governor of Lower Austria concerning the powers of the nine federal states to collect taxes. This idea has occasionally been articulated over the years, although only to be quickly forgotten. If such an idea were implemented, the structure of the Austrian political system would become more decentralized. However, any substantive policy to empower the states will have to wait until a new coalition government is established in 2020.

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 healthcare. 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.

The question of “biased” and “unbiased” cannot be impartially answered by political actors. Political parties and their representatives will always tend to see the enforcement of regulations in different ways, reflecting the different perspectives of the competing parties. But, by and large, the Austrian tradition of enforcing regulations is broadly accepted as being without significant bias. This has not changed between 2017 and 2019.

On a political level, it is not so much the “enforcement” of regulation that may be biased, but rather the legislation (or regulations) that are sometimes biased. There is a rather strong tendency in Austrian politics to avoid legislating against the vested interests of powerful (economic or political) actors. As the conservative party is generally considered to have closer ties to (powerful) economic actors, any government led by the ÖVP will not be motivated to legislate against vested business interests.
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.

In 2018, the government shifted its overall international outlook away from following general EU policies (as established by the principle of the European Union’s Common Foreign and Security Policy) to a more diverse attitude – siding in some cases (e.g., concerning the U.N. migration agreement) with the four Visegrád EU member states rather than with the EU mainstream. This reflects the euroskeptic attitude of the FPÖ. During Austria’s rotating presidency of the European Council, this created a specific ambivalence between the Austrian government’s responsibility for the European Union at large and the government’s tendency to align with the dissident positions of the Visegrád group. This became visible in the government’s hesitant
approach to re-establishing the travel freedom in the Schengen area.

The euroskeptic tendency of the former government may change with the formation of a new coalition. If the most euroskeptic Austrian party is not a partner in the new coalition, the pro-EU tendencies of the other parties may change the overall Austrian attitude in the direction of deeper pro-European policies.

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.

Between 2017 and 2019, the ÖVP-FPÖ coalition created an unusual mixture of different responsibilities in the field of Austria’s European and international policies. The EU agenda is strictly controlled by the ÖVP: The chancellor represents Austria in the European Council, and the (ÖVP-nominated) minister for European affairs is Austria’s voice in the Council of General Affairs. But the Ministry of Foreign Affairs, which has lost its EU agenda, is led by a minister, nominated by the FPÖ. This has created already some frictions (e.g., regarding the FPÖ-favored policy to allow members from the Italian province of Bolzano – Südtirol – to gain Austrian citizenship while retaining their Italian citizenship). This idea has not only raised eyebrows in Italy but also within the ÖVP – although this has not led to an open dispute.

As the incoming government will differ in structure from the old one, the new government might adopt a more integrated and EU-friendly attitude. However, there will always be a temptation to use the complexities of the EU decision-making process to use the European Union as a “scapegoat” for easy domestic political gains.

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 Court of Audit.

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.

From the beginning of 2018, the ÖVP-FPÖ government has tried to strengthen political control over the civil service – especially by establishing the system of “secretary generals” in all ministries. This system has had a centralizing effect by guaranteeing the loyalty of the civil service to the specific minister who appoints the secretary-general. This tendency indirectly contradicts the non-partisan status of the Austrian civil service.

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.
The ÖVP-FPÖ coalition has renamed the Ministry of Justice the Ministry of Justice and Reforms. This indicates that institutional innovation was high on the government’s agenda. However, 2017 – 2019 government’s attempt to implement significant innovations within its institutional framework did not lead anywhere – possibly due to the sudden collapse of the coalition after less than 18 months. In addition, as most significant reforms must be passed by parliament with a two-thirds majority, any government depends on the cooperation of at least one opposition party. This reduces any government’s ability to implement its reform agenda, for example, regarding a new definition of power sharing between the federal and the state level. Thus, it seems that the government sometimes tries to improve its strategic capacity without reforming the institutional arrangements, since the reforms lack the necessary two-thirds majority. In the medium run, this may and will lead to more acts and laws suspended by the Austrian Constitutional Court for their alleged unconstitutionality.

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.

Social media is reinforcing the existing tendency toward fragmentation. Information and communication “bubbles” exist where politically aligned citizens strengthen the opinions of other similarly aligned citizens. In particular, this has been used by politicians (e.g., by Heinz-Christian Strache, FPÖ chairman until 2019) who interpret the number of “likes” on social media platforms (e.g., Facebook) as an indicator of political success.

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 ÖVP-FPÖ government (2017 – 2019) promised to lower the threshold for securing a plebiscite. However, in practice, the government has shown no interest in fulfilling this promise, as it does not want to be blocked by citizen initiatives. This may have an important impact on decision-making, but it will not change the reality of public knowledge in Austria. Interest in politics is not equally distributed among citizens.

A specific Austrian problem is that there is no general civic education curriculum in the Austrian school system – and this deficit has an impact on the general level of political knowledge.

The ÖVP-FPÖ government (2017 – 2019), as its predecessor had, paid lip service to the idea of open government. However, like its predecessor, its promises were not followed by significant new policy actions. The Austrian government is not a “closed shop” – access to government data (e.g., provided by the government’s websites) is possible and the opposition’s right to information concerning significant developments is not disputed. But this is not the high level of open government that may be expected considering the promises given by this and former governments. The proposed freedom of information act remains stuck in parliament and it appears likely that it will stay there for many more years to come.

The government has made an effort to facilitate the provision of scientific micro-data, but it is still much more difficult for researchers to access essential data compared to, for example, researchers in Nordic countries. Any government (rightfully) has to consider the possible contradiction between open government and the principle of protecting sensible (especially personal) data.

**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 has already intensified conflicts between the government and opposition in parliament. The result of the 2019 elections is unlikely to reduce (legitimate) inter-party conflicts in parliament. The structural prerequisites for parliamentary confrontations exist and this will be used by the opposition in confrontations with the governing majority.

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.
In its recent decision, the Austrian Constitutional Court has once more strengthened the position of investigative committees, relative to the government, when it comes to obtaining documents and other data.

Citation:
VfGH, UA 1/2018-15, 14.9.2018

Parliamentary committees may summon ministers. When summoned, ministers (or their state secretaries) do attend the respective meetings. 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, the high level of party discipline in Austria creates an additional influence. Under the ÖVP-FPÖ government (2017 – 2019), members of the parliamentary opposition accused cabinet members of failing to answer in detail (written or verbal) questions asked by the opposition. In a parliament in which three opposition parties compete to be the most effective opposition, as will likely be the case following the 2019 elections, future governments will face greater criticism regarding their willingness to answer critical questions in parliament as extensively as possible.

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.
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.

Any new government will have an impact on media reporting, especially concerning the ORF. The ORF faces ever-more criticism from the right-wing FPÖ, which was in government between 2017 and 2019, for the ORF’s understanding of independent journalism. During the 2017 – 2019 legislative period, it was expected that the law which defines the structure, functions and finances of the ORF would be rewritten. However, the governing coalition imploded before any legislative activity was started.

Regarding the print media, the problem of high concentration remains the main challenge for a system which guarantees media freedom but does not seem to offer enough pluralistic choices. The impact of social media has been acknowledged but no clear political strategy has been developed for dealing with media beyond the traditional rules of responsibility.
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 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 2019, the combined total of both parties again rose to more than 58%.

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

In preparation for the 2017 general elections, the ÖVP changed its traditional procedure for nominating candidates. The party transferred total authority for the nomination process to one person, the party’s candidate for the Chancellor’s Office, Sebastian Kurz. This did not change for the 2019 elections, with the ÖVP remaining the party of one figure, Sebastian Kurz. This situation will probably remain as long as the (former and likely new) chancellor (and party chairman) enjoys widespread popularity. Nonetheless, this development 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. After losing its primary position in parliament and now in opposition, the SPÖ has started to reform its internal decision-making procedures, which will give party members a stronger role. This was exemplified in the decision about the new mayor of Vienna, Michael Ludwig. For the federal level, new rules are still being discussed and the new party leader, Joy Pamela Rendi-Wagner, was chosen by the traditional process.

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. In many cases, interest groups continue to formulate (almost) complete laws by themselves, which parliament subsequently only needs to approve. 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, neo-corporatist way through the social-partnership network.

This has changed to some extent. First, because of the FPÖ’s entry into coalition government with the ÖVP in 2017. As traditionally the FPÖ, in contrast to the ÖVP and SPÖ, does not have strong links to economic interest groups, the FPÖ-ÖVP government was less inclined to accept the economic interest groups. Though more importantly, there has been a general decline in the ability of interest associations to create stable loyalties due to generational change.

Along with economic interest groups, organized religious communities, particularly the officially recognized denominations, have a formalized role within the decision-making process. The peculiar Austrian institution of “officially recognized religious denomination” institutionalizes the participation of major religious groups within policymaking. 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).

The capability of noneconomic groups to formulate policies is not as stronger as in the case of economic interest groups, particularly professional associations.

**Independent Supervisory Bodies**

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 incentive to respond is its interest in preserving its public reputation.

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 Court of Audit demonstrated its independence once more when it asked critical questions concerning policies of the ÖVP-FPÖ coalition. It may be seen as a compliment that, in 2019, the majority in parliament denied the Court of Audit direct access to party finances.

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. In contrast to the Audit Office (Rechnungshof), which had asked for more power to control the flow of political money, the Ombuds Office has stayed out of the turbulences of summer 2019. The structure and function of the Ombuds Office have not been disputed.

Since 2013, an office for data protection has existed, which replaced the former Data Protection Committee. The office is headed by a chairperson appointed by the data protection council. The office and its chairperson are not dependent on the government – they are not obliged to follow any specific government directive. Over the last few years, the independence of the office has never seriously been questioned. In 2018, following the European Union’s GDPR taking effect, the data protection authority was restructured and scaled
up. Currently, the data protection authority has about 40 staff members and additional assistants to carry out its tasks.