



Austria Report

Anton Pelinka, Rudolf Winter-Ebmer,
Reimut Zohlnhöfer (Coordinator)

Sustainable Governance in the
Context of the COVID-19 Crisis

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Executive Summary

Compared with other countries, and in particular other EU member states, Austria's performance during the coronavirus crisis has not been unsuccessful. In terms of medical (e.g., infection and death rates) and economic indicators (e.g., unemployment), Austria's performance was in line with the average within the EU. The government sought to balance life-saving policies (e.g., school closures, lockdowns and travel restrictions) with economic measures like stimulus packages in ways more or less similar to approaches taken in other countries. After the first wave of infections declined in late spring of 2020 and most restrictions were lifted, overconfidence within the government and public spread, resulting in a surge of infections by October, which led in turn to new restrictions being levied by November. A combination of anti-statist and right-wing extremist elements voiced their opposition to the restrictions in demonstrations.

Throughout 2020, the two governing parties were for the most part able to bridge their ideological gap on issues such as immigration through their common effort to fight the coronavirus crisis. Crisis management did not appear to suffer from palpable internal conflicts, which can be attributed to two factors: The coalition agreement reached in January 2020 granted the Green party a dominant role in handling all matters associated with environmental policy while the ÖVP, the chancellor's party, retains its power to direct all other matters (especially in European affairs and affairs regarding asylum and immigration). Because the ÖVP is not bound by a strict "ideological" environmental agenda, and because the Greens have respected (at least during the review period) the ÖVP's dominance (aside from traditionally green interests), the government's crisis management proved convincing and has met with high approval rates in public opinion polls.

However, the government's failure to prepare for the second wave of infections in fall 2020 has met with domestic criticism. The administrative deficits observed in Austria dovetail with those observed in most other European countries: The initial success in lowering the infection rate in the early summer months was not used to prepare sufficiently for a foreseeable increase in infections in October.

Austria's winter tourism was hit particularly hard by the pandemic. The outbreak early on in the pandemic in the ski resort town of Ischgl damaged the country's reputation as a skiers' haven, and the government drew considerable criticism for not having responded quickly enough. The Austrian government has thus sought to restore the ski industry's international reputation.

The pandemic also exposed the federal division of powers as a structural weakness in governance. Though a comparatively small country, epidemiological responsibilities are nonetheless divided in Austria between the federal and the regional governments. Despite this division of powers, the system worked rather well. This does raise the question, however, of whether the government's crisis management would have performed better in a more centralized context and whether it makes sense to decentralize crisis management.

Problems in COVID-19 management have included acquiring test kits (at the outbreak), insufficient laboratory capacity for DNA sequencing, lagging healthcare-sector digitalization, a lack of data-sharing within the research community, and problems with tracking and quarantining. Money was spent primarily on structurally conservative measures such as short-time work, guarantees for firms, and subsidies for lost revenues, and less so on preventive measures such as testing kits, tracking personnel and climate-related activities. The government's response to the crisis was more reactive (to immediate developments) than proactive and forward-looking.

Citation:

Klaus Knittelfelder: "Inside Türkis. Die neuen Netzwerke der Macht." Vienna 2020 (edition a)

Melissa Eddy: "Austria lockdown covers schools and stores, but not ski slopes." The New York Times International Edition, December 30, 2020, p.3

Key Challenges

Austria has weathered the storm of the COVID-19 pandemic reasonably well. While some challenges have come to the fore during the crisis, others have been pushed to the back burner but are likely to become relevant again once the crisis subsides.

Austria continues in 2021 to struggle with coordinating an effective vaccine rollout. The country has not positioned itself well with respect to procuring additional vaccines and has failed to take advantage of opportunities for early access. Subject to the priorities set by individual states, the vaccine rollout has

been confusing and suboptimal, particularly with regard to the elderly and those without internet access.

The coronavirus crisis has exposed significant deficits within the educational system. Underprivileged students still face barriers in terms of educational access, including d institutions of higher education. Much more needs to be done to advance digitalization in schools.

Other problematic aspects concern the labor market and the tourism sector in particular. Unemployment – including short-time work – is extremely high and will require significant policy measures. As short-time work benefits will soon be reduced and social-distancing requirements are gradually lifted, launching retraining and re-orientation programs will be important. Given Austria's relevance as a tourist destination, restructuring the tourism sector in a post-covid era seems necessary. The post-covid recovery plan should involve contributions being made to battling climate change, improving energy efficiency and expediting digitalization. Ensuring sufficient digitalization and that scientists are provided with the proper data are essential to being prepared for future epidemics and similar crises.

Among the challenges facing the Austrian government is the potential for a political spillover associated with the fact that the coalition government consists of two parties with rather different positions on immigration and asylum rights. As a result, Austria's position regarding European solidarity in all matters of human rights remains ambiguous and has the potential to destroy the consensus demonstrated by the coalition during the coronavirus crisis. In this sense, the crisis has helped keep the coalition's inherent contradictions on the back burner. Once the coalition government can credibly claim that the coronavirus crisis has been successfully overcome, the underlying political crisis will emerge. In the absence of a pandemic, the cleavage between a center-right party that successfully advanced in 2019 a "lighter" version of a proto-xenophobic and right-wing populist agenda and a center-left party that has for decades defined itself in opposition to this very agenda.

The most important aspects of this political crisis will involve the following issues: How to promote the integration of Muslim immigrants into Austrian society (making Islam the country's second largest religious community after Roman Catholicism); how to improve second-generation immigrants' access to higher education; how to address anti-immigration sentiments which will likely increasingly influence politics once the coronavirus crisis ends; how to prevent the deepening gap between those who win and those lose as a result of digital transformation; and how to respond to a potential anti-European backlash that could amount to the Austrian version of Brexit?

In order to deal decisively with politically paralyzing negative views concerning innovation and modernization, a broader consensus that is willing to embrace such change must be built in formulating an innovation policy. This consensus should include input from civil society actors such as the Christian churches, which generally advocate a more welcoming attitude toward asylum-seekers and migrants, and the opposition. The liberal NEOS party is likely to get behind such a policy, while the largest opposition party, the Social Democratic Party (SPÖ), will be more difficult to get on board. Conservative elements within the major governing party (the ÖVP) and the major opposition party (SPÖ) are probably the most significant obstacles to such an innovative policy that must include economic, social, and especially cultural (education) reforms. The Freedom Party (FPÖ), which began in the post-1945 era as the party of former Nazis, has become an outspoken populist party that exploits and advances anti-immigration sentiments with slogans railing against “cultural globalization” and multiculturalism.

Citation:

Maria Reiter: “Die Ehemaligen. Der Nationalsozialismus und die Anfänge der FPÖ.” Göttingen 2019 (Wallstein)

Anton Pelinka: “Sozialdemokratie – ab ins Museum?” Graz 2020 (leykam)

Resilience of Policies

I. Economic Preparedness

Economic Preparedness

Economic Policy
Preparedness
Score: 7

Austria's economy can be seen as a relative success story, defined by moderate economic growth, low inflation, low to medium unemployment and social stability. Although the country faced turbulent political times in the period prior to the beginning of the crisis, which included the fall of the coalition of the Christian-democratic ÖVP and the right-populist FPÖ over a scandal; an interim period led by a nonpartisan caretaker government; early elections; and the formation of a new, first-ever coalition between the ÖVP and the center-left Greens, Austria is still characterized overall by a high level of political stability, as the constitutional rules were adhered to throughout the political crisis, and ultimately proved instrumental in its solution.

All in all, the country was – comparatively – well prepared for dealing with the economic aspects of the coronavirus crisis. In terms of economic policy, the ÖVP-FPÖ government did not have any notable impact on the overall consensus-oriented tradition of Austrian politics, due to its short term in office. Similarly, the caretaker government that followed did not adopt significant economic policy reforms, and the ÖVP-Green coalition came to power immediately before the coronavirus crisis hit. Thus, economic policies had been generally stable for some time. While some problems certainly existed, the overall outlook was moderate to good, with corporate tax rates slightly above the average OECD level, but below the levels seen in France, Germany and Italy (OECD 2021). Austrian product markets are also slightly more heavily regulated than the OECD average (OECD 2018). Nonetheless, Austria had clearly benefited from its well-tried political and social stability.

Recently, Austrian governments have – at least rhetorically – sought to establish a policy stance that balances economic growth and protection of the environment, although the two goals are often thought of as being in

contradiction. Environmental policies may have significant positive effects for employment and even for economic growth in the long run, but in the short run – on which Austrian governments, like any democratic government, has tended to focus – 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, 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 efforts, 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. However, the country was not successful in reducing greenhouse emissions as planned under the Paris agreement in the period before the pandemic hit. For example, the recent increases in carbon dioxide emissions in the industrial sector can be largely attributed to the continued prioritization of economic growth and the effects of cheap carbon-market certificates for carbon dioxide.

Citation:

OECD, 2018: PMR database. <https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/>

OECD, 2021: Corporate Tax Statistics Database. <http://www.oecd.org/tax/tax-policy/corporate-tax-statistics-database.htm>

Labor Market Preparedness

Labor Market
Policy
Preparedness
Score: 7

The Austrian labor market has taken on a somewhat dual nature, with employment protections for permanent employees significantly greater than those for employees on temporary or atypical contracts, according to the most recent OECD data (OECD 2020). In international comparison, the level of labor-market regulation is average.

While the unemployment rate is below the OECD average, and the employment rate is above the OECD average, Austria's labor-market performance had two main weaknesses as the crisis began to unfold. For one, gender inequality is still surprisingly high given Austria's generally high level of economic development; this rendered women especially vulnerable to the sharp rise in unemployment during the pandemic. Second, integration of first-generation (and even second-generation) migrants is still suboptimal, particularly for a country as economically developed as Austria. Persons with a migration background have also suffered disproportionately during the

employment crisis, which itself has resulted from the restrictions imposed during the health crisis. Both cases of significant negative impact – women and migrants – reflect shortcomings within the Austrian political system and its economic policies: specifically, the failure to improve gender equality more systematically, and to engage in a more proactive integration of migrants (starting with the education system).

These deficits must be seen from more than the perspective of social justice. They also indicate the presence of potential – that represented by women and migrants – that is not being fully exploited for Austria’s economic development. The correlation between educational indicators (as published by the OECD) and economic inequality sends a clear message: Austria’s high political stability is one side of the coin, but the country’s underused potential is the other. In the future, unlocking this potential could help create an innovative climate without jeopardizing social and political stability.

Key challenges to the Austrian labor market arise from the progression of automation that threatens jobs especially of middle- to low-skilled workers. Training programs – although substantial – fail to adequately reach those most at risk. Low-income workers, women and young people are also among those most affected by the current economic crisis. While high earners have often had the opportunity to continue working from home, low earners had to stop working in many cases.

Austria is well prepared, given its well-established short-time work program. This was successfully implemented during the Great Recession, and was expanded during the pandemic. Preparation for actual home office work is weak, however; there is no legal regulation governing home offices, and there are significant problems with regard to broadband connections in the country.

Citation:

OECD Data, January 2021. Selected indicators for Austria. Education

OECD economic outlook 2020

OECD economic outlook 2020, Austria fact sheet

OECD 2020. OECD Indicators of Employment Protection. Available through: <https://www.oecd.org/els/emp/oecdindicatorsofemploymentprotection.htm>

Fiscal Preparedness

Fiscal Policy
Preparedness
Score: 8

Fiscally, Austria is comparatively well prepared for any traditional crisis. Fiscal responsibility has been maintained over the years. The ÖVP-FPÖ coalition has been successful in terms of economic and especially fiscal responsibility. The Austrian debt ratio has declined, allowing new debt to be taken on at low interest rates. However, this pre-2020 budget consolidation

may not have produced enough stabilizing effect to cushion the country altogether in a situation as severe as that which emerged in 2020. As the overall political consensus since the outbreak of COVID-19 has been to give economic priority to cost-intensive spending (like stimulus packages), in the interest of softening the consequences of the economic impact of the health crisis, the degree of preparedness has not been as good as it could have been. For example, the debt-to-GDP ratio is 10 percentage points above the EU's 60% ceiling. Moreover, the adoption of a constitutional debt brake was blocked in the second chamber of parliament in October 2019 (Austrian Parliament 2019).

Between 2017 and 2019, the stated intention of the ÖVP-FPÖ government was to reach a “zero deficit” budget, and indeed, the administration even ran primary-balance surpluses. Due to the economic fallout of the crisis, the present (ÖVP-Green) government has dropped any reference to such a goal. The pandemic crisis has changed expectations in Austria and elsewhere, and deficit spending has become broadly accepted.

The tax burden in Austria is still very disproportionate, with high taxes on wages and social security contributions, and (too) low taxes on corporate income, corporate gains and property taxes. Former governments have failed to address this imbalance. Since taxes on wages and profits have been most negatively affected by the current crisis, the plunge in public revenue due to COVID-19 has been deeper than necessary.

Citation:

Austrian Parliament, 2019: Bundesrat blockiert Verankerung der Schuldenbremse in der Verfassung. SPÖ und Grüne sehen Investitionen in die Zukunft gefährdet. Parlamentskorrespondenz Nr. 992 vom 10.10.2019, available at: https://www.parlament.gv.at/PAKT/PR/JAHR_2019/PK0992/index.shtml
 Andreas Khol: “Die Bilanz der Regierung Kurz I.” In: Andreas Khol u.a. (Hg.): “Österreichisches Jahrbuch für Politik 2019.” Wien 2020 (Böhlau). pp. 3 – 16
 OECD, taxing wages 2020
 OECD, revenue statistics 2019, Austria

Research and Innovation

The overall picture is mixed. Investment in research and infrastructure is up, but Austria is still underperforming in some significant elements of innovation. On the positive side, R&D spending is comparatively very high. Moreover, the railway system has been systematically improved, with stronger connections forged to the Central and East European countries. Unfortunately, the crisis-induced border regulations have temporarily reduced the positive economic and cultural impact of these improvements. On the negative side, the potential inhering in the immigrant segments of society (first, second and third

Research and
 Innovation Policy
 Preparedness
 Score: 7

generations) has not been sufficiently developed. Austria is underusing the intellectual (and therefore also the social and economic) potential of immigrants.

The government-sponsored FWF (“Fonds zur Förderung der wissenschaftlichen Forschung”; www.fwf.ac.at) is the primary institution coordinating basic scientific research both within and outside universities, and holding responsible for technology transfer. The FWF is tasked with bridging different gaps – between academic disciplines, and between basic research and the reality of the marketplace. This is one step in a direction everybody in Austria agrees is the right one. Intensifying this trend will be the task of the coming years.

In international comparison, many regions of Austria still suffer from a lack of broadband connections. Initiatives have been put in place to speed up investment in fiber cables, but much remains to be done. Partly due to the Austrian topography, but mostly due to accumulated investment deficits from former decades, only 10% of the Austrian broadband market has fiber-to-the-home (FTTH) connections, compared with an average of more than 30% across all OECD countries. As one answer, the government is pushing the establishment of mobile 5G networks. However, 5G will disproportionately benefit dense urban regions that are already well connected, and is therefore not suited to improving the overall coverage of modern broadband connections. Rather, investment in fiber-optic internet should be expanded all over the country, and especially from the curb and from local nodes directly into living rooms and offices.

Citation:

Hannes Androsch: “Was jetzt zu tun ist.” Vienna 2020 (Brandstätter)

OECD Digital Economy Outlook 2020

DerStandard, “Österreich noch immer Schlusslicht beim Breitband-Ausbau,”

<https://www.derstandard.at/story/2000122053657/oesterreich-ist-immer-noch-ein-nachzuegler-beim-breitbandausbau>

II. Welfare State Preparedness

Education System Preparedness

Education Policy
Preparedness
Score: 6

Austria underperforms on the Program for International Student Assessment (PISA) tests, to a surprising degree considering the country’s generally high degree of socioeconomic development, its political stability and its overall social balance. The educational system does not do enough to bridge the gap

between students of different socioeconomic backgrounds. Preschool education expenditure is significantly below the average European standard, and student achievements are lower than could be expected. The education system seems to serve students who reach the post-secondary level of education well, but it does not do enough to provide for overall balanced results, particularly with regard to unlocking the intellectual potential of students coming from an underprivileged social environment. Another gap challenges the educational system: Children from families with parents who have an academic background have considerably greater success in gaining access to post-secondary education.

When it comes to digital skills, Austrian adults lag behind their counterparts in many other countries. While around half of the Dutch and the Norwegians, and 43% of the Swiss population display digital skills, the comparable share of the Austrian population is only 36% (OECD 2019). In addition, Austrian schools were not prepared for a pandemic or lockdowns. There was a lack of necessary computer equipment, the bureaucratic system does not allow schools to make simple decisions on their own, and many teachers are unable to teach using Zoom or other videoconferencing tools. Nonetheless, according to a study by the European Commission, a number of digital competences are taught at all levels of school education. While some countries do even more in this regard, the Austrian level is comparable to Switzerland and slightly higher than in Germany and Italy (EU Commission 2019: 43).

All comparative studies, and all OECD reports and data have for years stressed the shortcomings within Austria's educational system. In times of crisis, the negative impact of the situation becomes more visible – and the instruments needed to remedy this impact are more difficult to develop.

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.

Citation:

EU Commission 2019: European Commission/EACEA/Eurydice, 2019. Digital Education at School in Europe. Eurydice Report. Luxembourg: Publications Office of the European Union.

OECD 2020: OECD Digital Economy Outlook 2020, OECD Publishing, Paris, <https://doi.org/10.1787/bb167041-en>

Ulrike Popp et al.: "Migration. Bildung. Frieden. Perspektiven für das Zusammenleben in einer postmigrantischen Gesellschaft." Münster 2017 (Waxmann)

Nora Haag et al: "Evaluierung der Zugangsregelungen.....Research Project, Vienna December 2020 (IHS – Institute for Advanced Studies)

Social Welfare
Policy
Preparedness
Score: 7

Social Welfare Preparedness

Austria's society and economy are rather inclusive, at least for those who are Austrian citizens. In particular, the country is well prepared for an unexpected increase in unemployment, due to the unemployment benefit and short-time work programs. While the duration of unemployment-benefit eligibility was extended in the crisis, the level of benefits (around 55% of the original wage) has remained stable.

The Austrian labor market is not as open as it could be. For those who are not fully integrated – especially young people, people with comparatively low levels of education, and foreigners (particularly non-EU citizens) – times had become harder even prior to the crisis, although the global and European financial crises affected Austria less than most other countries, due to effective counter-cyclical policies.

Outside the labor market, 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 and wealth inequalities have risen persistently in recent years, although the level of inequality is rather low in international comparison. The income differential between men and women is also high: 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. Families with three or more children are vulnerable to poverty and material deprivation.

Another 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, Austria's society and politics remain paralyzed between the mantra "we are not a country of immigration" and the reality of migration. There is no convincing and clear policy answer to the question, "Who is welcome in Austria?" Anti-Islamic sentiment exists within some segments of Austrian society, and non-(EU) Europeans and especially Muslims have difficulties integrating, despite the need to attract more employees to deal with labor shortages in some economic sectors (e.g., in tourism). Following the (perceived) increase in migration in 2015, discourse that was to some extent xenophobic has made it harder to pursue a more inclusive migration policy.

The economic crisis (e.g., the rise in unemployment) provoked by the coronavirus pandemic intensified the debate over an old-new proposal – that

is, the concept of providing an unconditional basic income for everybody. An overall guarantee of a general minimum income, independent of the individual's labor-market activities, could have a positive impact by preventing the exclusion of some segments of society. Despite this calculation, organized labor is skeptical, for fear it could diminish the bargaining power of labor unions. Organized business has been skeptical from the beginning, asserting that any such program could have negative results for the labor market: that is, "cheap" labor might disappear. Moreover, introducing such a program might be politically difficult, because migrants might profit more than native Austrians.

The political conditions enabling implementation of an unconditional basic income could only be established if a broad consensus were to be reached – within the government, between the government and opposition, and especially between organized business and organized labor. During the pandemic crisis, this is not to be expected. In any post-crisis political environment, the chances might improve, particularly due to the experience with a degree of unemployment that has not been seen for decades, and with newly gained insight into the narrowness of an "Austria first" social policy. However, problems with policies relating to migrant workers and border commuters have to be solved as well.

Citation:

OECD economic survey Austria 2017

Preinsack, Barbara: "Vom Wert des Menschen. Warum wir ein bedingungsloses Grundeinkommen brauchen." Vienna 2020 (Brandstätter)

Healthcare System Preparedness

Health Policy
Preparedness
Score: 8

In some respects, Austria is well prepared to provide healthcare and disease protection. There is sufficient medical personnel, and hospitals are at least no less prepared than in other countries to handle the stresses of a pandemic. However, more could have been invested in preventive healthcare programs. The fact that Austria is behind the average in the global fight against diabetes and smoking can be explained by a general delay in emphasizing preventive programs.

During the crisis, the public healthcare system (e.g., intensive care units in hospitals) has survived, but has been stretched nearly to its limits. This must not lead to overconfidence that would prevent the implementation of more active healthcare policies. A specific Austrian problem is that the national government and the nine provincial governments have to coordinate (or still better, be willing to integrate) their approaches. Overall, the pandemic's lesson

is that the best possible answer to such a crisis cannot be found in a national answer alone. It must be developed on a transnational level.

The new coalition between the ÖVP and the Greens did not produce any specific healthcare-reform plans. This coalition took office in January 2020, and immediately had to deal with an urgent healthcare problem. As a consequence, problems due to healthcare digitalization shortcomings (e.g., the lack of a vaccine passport, the fact that healthcare data was not available to the health ministry or to researchers) immediately became acute.

In recent years, the healthcare system has been reformed and subject to financial cuts. Nevertheless, its capacities remain strong, particularly in comparison with those in other European countries.

Access to basic healthcare is available to everybody, but queues are shorter for privately insured persons. Equal access to basic healthcare (coronavirus-related healthcare, at least) is ensured, as more than 99% of the population has health insurance. Test capacities in areas such as DNA sequencing are highly limited. The supply of protective materials was sufficient for hospitals, but not for outside individuals (e.g., masks for the general populace).

Citation:

“Türkis-Grüne Koalitionsbildung. Erwartungen und Ausblick.” In: Andreas Khol u.a. (Hg.), “Österreichisches Jahrbuch für Politik 2019,” Wien 2020 (Böhlau), pp. 169 – 246

Families

Family Policy
Preparedness
Score: 6

The impact of past governments’ family policies has been mixed. The child poverty rate is low, which is of course seen as a general success. At the same time, preschool enrollment for the age groups below five years is also low – which cannot be seen as a success for a policy that claims to do everything to provide the best care for children, while also giving parents (especially mothers) the choice between staying at home or joining the labor market. An explanation for this seemingly contradictory result can be seen in the average rate of labor-market participation among women. Stay-at-home mothers still play an outsized role in the provision of childcare. The pay gap due to motherhood is relatively large compared to other Northern European countries. If future developments are to be determined by an increase in labor-market participation among women, Austria’s family policy will have to find a different balance.

Austria follows a relatively conservative pattern in terms of family and household work. Family policy in Austria has to be seen especially as a task of

educating the educators, that is, of educating future parents. Family policy is not only (and perhaps not even primarily) to be seen as an economic investment in the future via budgetary priorities. Family policy includes the task of bridging the gap between “male” and “female” roles in society. Men must be induced to take over more of the tasks traditionally carried out by women, and vice versa. Family policy should be seen more as a cultural innovation, not just as an element of traditional social and economic policy.

From an economic perspective, childcare facilities for children between three and five are still distributed very unevenly around the country. This is particularly true in the case of afternoon school and childcare. While Vienna offers a wide range of often-excellent services for families, services in the regions, and especially in the countryside, are often inadequate.

Citation:

Eva Zeglovits, Stefan Friesenbichler: “Gender Gap und Wien – Komponenten des grünen Erfolges.” In: Andreas Khol u.a. (Hg.): “Österreichisches Jahrbuch für Politik 2019,” Wien 2020 (Böhlau), pp. 89 – 100

III. Economic Crisis Response

Economic Response

Economic
Recovery
Package
Score: 8

The Austrian government’s economic response to the coronavirus pandemic consisted of a dramatic revival of Keynesianism. The government’s overall and openly declared intention, starting in March 2020, was to invest as much as possible in keeping the economy going and saving the social balance during the crisis. This response was similar to that in other countries. In Austria, the government’s policy of spending as much as possible (Chancellor Kurz: “Let it cost what it may”) was more or less accepted by a broad political consensus. The lingering question is how to deal in the future with the other side of Keynesian deficit spending – that is, how to bring spending back under control, and how to balance the budget as soon as the crisis is over.

As of the end of 2020, it was impossible to predict when this response to the spending of the crisis era would have to be made.

Major policy initiatives included an extension in the duration of unemployment benefits and an increase in the level of benefits provided through short-time work schemes. Firms in the tourism, trade and services sectors were closed for relatively long time periods (lockdowns). Subsidies to

closed firms were substantial, but typically complicated to administer. Firms complained about long delays before the money they had been promised arrived. Firms were given compensation for lost revenues (as compared with the previous year), compensation for rent payments, tax deferrals and guarantees, and compensation for fixed costs. By February 2021, a total of €31 billion in crisis-related spending had been approved in the budget, but not yet necessarily paid out. Critics argued that in some cases (e.g., wage subsidies, short-time work), the level of subsidy had in fact been too high.

Economic help to firms is very problematic in general, because there is an obvious tradeoff. For example, during the pandemic, timely and non-bureaucratic assistance to firms is very much appreciated. But on the other hand, a simple across-the-board risks over-subsidizing some firms and under-subsidizing others, based on their actual needs. However, the government was also under strong pressure by different interest groups, and political calculations may have overshadowed economic wisdom.

Citation:

Raoul Kneucker: “Weltmut! Ein Appell.” In: Herman Becke u.a. (Hg.): “Solidarität jetzt – für welche Welt?” Graz 2020 (Sekem Österreich), pp. 21 – 25

Sustainability of Economic Response

Recovery
Package
Sustainability
Score: 4

The Kurz-Kogler coalition, claiming to be the alliance of the “best of two worlds,” tried to pursue a policy that simultaneously promoted economic growth and economic sustainability. However, the outbreak of the pandemic has largely kept the sustainability aspects of the policy caught in the rhetorical stage. It remains to be seen how this government will invest public money to overcome the pandemic’s economic fallout, while also successfully living up to its promise of finding a way to combine growth and sustainability.

The delay in launching a politically visible beginning to the promised emphasis on sustainability can be seen in the performance of the Green party. As the smaller coalition partner, the Greens’ most prominent public has been the minister of Social and Health Affairs (Anschöber), rather than the minister of climate protection, environment, energy, mobility and technology (Gewessler). Under ordinary conditions, this latter figure should have been the architect of the specifically green footprint in the government’s policies. However, the pandemic overshadowed and delayed the intention to shift the focus from economic growth to economic sustainability.

Most measures in the country’s recovery packages sought to conserve existing structures, mostly by replacing workers’ and firm’s lost income. They were

thus oriented toward sustainability to only a very small degree. The only components in this latter category were measures outside the coronavirus package, such as a combined ticket for all Austrian public transport for a year, and tax increases for cars and small vans.

Citation:

Fritz Plasser, Franz Sommer: "Neuwahl 2019. Determinanten und Motive der Wahlentscheidung." In: Andreas Khol u.a. (Hg.): "Österreichisches Jahrbuch für Politik 2019." Wien 2020 (Böhlau), p.29
Profil Umfrage, profil 3/2021, 17.Jänner 2021, p.11

Labor Market Response

Labor Market
Policy Response
Score: 6

In the years between 2017 and 2019, when the ÖVP governed in a coalition with the right-wing populist FPÖ, the traditional Austrian system of socioeconomic corporatism was weakened. The veto power wielded by the labor unions and the Chamber of Labor was not altogether eliminated, but it had become politically less efficacious. This may have an impact on the labor market in the immediate future. But in the short run, the Austrian government decided to respond to the coronavirus crisis with significant deficit spending – partially to prevent increases in unemployment, a strategy supported by organized labor.

Labor-market policies during the pandemic crisis focused on the preservation of jobs by means of subsidized short-term arrangements. Although costly, these policies had a substantial effect on job preservation during the pandemic. The duration of unemployment-benefit eligibility was increased, but benefit levels remain low (55% of the previous wage). There was no consensus in the government around increasing benefit levels, and unemployed persons got only a small one-time payment in addition to the regular benefits. There was no special program for women, who were more exposed to unemployment due to their disproportionate role in caring for children (due to closed schools), or for migrants. Persons working in the tourism, service and retail sectors were most exposed to unemployment. Short-time work schemes are the preferred programs for these workers.

In the tourism and gastronomy sectors, which include many self-employed people (in addition to many mostly foreign seasonal workers), the government provided subsidies designed to compensate for income losses due to closed restaurants and the "lost" winter season. Labor-market training programs have been expanded, but this has been hampered by lockdowns, which makes educating low-skilled workers without IT knowledge quite difficult.

The provision of economic help to firms is very problematic in general, because there is an obvious tradeoff. During the pandemic, timely and non-

bureaucratic assistance to firms has been very much appreciated; however, a simple across-the-board subsidy inevitably over-subsidizes some firms and under-subsidizes others, relative to their actual needs.

In sum, a very generous short-time work subsidy was effective in protecting many workers, while on the other hand, long-term unemployed workers and vulnerable groups such as women with school-age children were less protected.

Fiscal Response

Fiscal Policy
Response
Score: 5

The ÖVP-FPÖ government, in power from 2017 to 2019, had a stated goal of attaining a “zero deficit” budget in a rather short time. In 2020, this became completely unrealistic. Nobody today claims that “zero deficit” will be a realistic goal for years to come, and nobody expects a balanced budget for an even longer period of time. The first reason is the pandemic, and the need to invest public funds to keep the economy running, and to enable the health system to respond to the challenges. Second, the government’s spending power is required to prevent skyrocketing unemployment. Thus, the goal of balancing the budget has become of secondary importance.

The Green party is not a big fan of a balanced budget. Indeed, even before the crisis, it advocated making greater expenditures to support climate and public transport goals. Policies of this kind have not in fact materialized. The pandemic has forced the government to invest huge sums of public money in its fight to mitigate economic harm and prevent the loss of social balance. The slogan “Cost what it may” has underpinned the government’s political outlook. The first priority has been to fight unemployment and strengthen the economy through public investment. This has been the consensus among the government parties, and even an overall understanding that has united the government and the opposition. This priority is almost undisputed among all political actors, as well as in the general public. Any kind of “fiscal responsibility” has been forced to wait for the – yet not foreseeable – end of the pandemic health crisis.

As of the time of writing, there was no definite plan for budget consolidation, and no discussion about any tax adaptations or the like. The government is relying only on economic expansion as a means of growing out of the debt. The actual total of coronavirus-related deficits has been difficult to grasp, because – although the spending items are included in the regular budget – most have come in the form of “authorizations,” guarantees and the like. This means that a large proportion of the deficit entailed by the government’s budgetary plan has not yet been paid out.

Research and Innovation Response

Research and
Innovation Policy
Response
Score: 5

The coalition government's intention has been first and foremost to overcome the pandemic's impact on public health and the economy. Any ambition to respond to the challenges of the crisis through systematic social innovation had to be postponed. This is not the consequence of a lack of interest in designing and implementing social innovations. It simply reflects an understandable priority. Significant innovations have had to wait as the fight against the virus has been given an absolute priority.

Beginning early in the crisis, the government supported the development of a contact-tracing app called "Stopp Corona." However, this was largely unsuccessful due to disagreements over data-protection issues. The city of Vienna rapidly introduced a call for research projects on coronavirus-relevant issues, and the federal government provided €23 million for drug research to be conducted at national research institutions. There was no effort to increase national vaccine production, but there was an effort to increase production of protective material and the like. Innovation in terms of organizing vaccinations and digital health procedures was very slow.

Citation:

Lisa Muhr: "Gemeinwohl-Ökonomie post Corona." In: Hermann Becke et al. (eds.), "Solidarität jetzt – für welche Welt?" Graz (Sekem-Österreich) 2020, pp. 36 – 41

IV. Welfare State Response

Education System Response

Education
Response
Score: 5

The Austrian educational system has been rightfully described as functional, and in many respects even as excellent, regarding its academic quality. But on the other hand, the system has also been criticized as underperforming with regard to social integration, with upward integration seen as a necessity in dealing with immigration successfully.

This ambivalence was thrown into relief during the coronavirus pandemic, with the move to home schooling rendering the social background of children even more decisive. Students from families with a migration background (especially if little German is spoken within the family) suffered additional disadvantages. Children who lacked access to a personal computer at the family home experienced an increasing gap relative to children from families

with a higher standard of living – in most cases linked to the parents’ education levels. The government recognized this problem and promised to ease access to home learning by financing tablet computers for all children who needed them. However, these promises were not implemented as swiftly as would have been possible. By fall 2020, when the second wave of the pandemic again forced schools to close (as in spring of that year), the government’s promises had not yet been fully implemented.

During that time, schools and teachers effectively lost contact with many children, particularly from the middle to lower classes (see Huber et al. 2020). Often, these children could not rely on their parents for home-schooling assistance. In some cases, parents did not/could not care if homework was carried out, while others were not able to assist their children in setting up video conferences at home, or in solving the tasks assigned for homework by their teachers. Finally, many children, especially in remote areas, faced problems with slow internet connections, and simply had no ability to participate in distance learning.

All in all, the educational system has underperformed during the pandemic. The gap between the cultural and socioeconomic haves and have-nots became deeper – not because the government had failed to recognize this danger, but because it was not able to act in a sufficient way.

Citation:

Huber, Stephan Gerhard; Günther, Paula Sophie; Schneider, Nadine; Helm, Christoph; Schwander, Marius; Schneider, Julia A.; Pruitt, Jane, 2020: COVID-19 und aktuelle Herausforderungen in Schule und Bildung. Erste Befunde des Schul-Barometers in Deutschland, Österreich und der Schweiz. Münster; New York : Waxmann.

Social Welfare Response

Social Welfare
Policy Response
Score: 6

For decades, the country’s social policy has been unable to integrate migrant workers sufficiently. This failure creates a problem especially for non-Austrians who play a decisive role in keeping some social services functioning, such as healthcare and the provision of care for the elderly. In 2017, the government reduced social benefits for healthcare workers from other EU countries. The country was subsequently criticized by the European Commission for violating the freedoms of the European Single Market. The European Court of Justice will rule on this issue in the foreseeable future.

The pandemic crisis has caused serious problems for healthcare workers commuting weekly or monthly between their home countries (especially Romania, Hungary, Slovakia, Czech Republic) and Austria. These migrants have had to face border closings imposed as a consequence of the pandemic.

The rules governing border crossings between Schengen countries wound up changing repeatedly, often with little warning. Migrants have not been allowed to cross borders within the EU in a predictable way, as some borders were closed for long periods despite the ostensible freedoms contained in the Schengen agreement. This situation hurt Austrians (especially patients and the elderly) as well as non-Austrians working in Austria.

This underlines the fact that a lack of Europeanization creates a “lose - lose” situation. Austria’s health and welfare system depends on open borders, because it depends on the work of migrants especially from Central and Eastern Europe. And as economic conditions in those countries depend strongly on the income generated in Austria, all sides lose out due to unpredictable border barriers.

The Austrian government enacted a variety of measures to support people and companies during the pandemic. Some of these measures have aimed specifically at one-person companies and the self-employed, including people working in the cultural sector. Emergency subsidies have been given to families in need. Most of the actual policies for firms and individuals were directed toward average persons; there was little care for particularly vulnerable persons (for instance, by expanding school meals, or by increasing unemployment benefits). Some of the policies were very bureaucratic, so that many people complained, particularly those with minimal computer skills.

Citation:

Sieglinde Rosenberger, Oliver Gruber: “Integration erwünscht? Österreichische Integrationspolitik zwischen Fördern, Fordern und Verhindern.” Wien 2020 (Czernin)

Healthcare System Response

Health Policy
Response
Score: 8

Austria as a society and the Austrian government were surprised by the outbreak of the pandemic. As the Austrian healthcare system is – in principle – among the best-developed in Europe, the response was nevertheless professional and rather smooth. But soon it became evident that there is some contradiction in an approach to healthcare focused primarily on cost efficiency while still trying to prepare the system for worst-case scenarios.

Nonetheless, additional medical equipment was soon provided, and testing equipment was also mobilized rather swiftly (as compared to other EU countries). The Austrian healthcare system was additionally quick in to adopt new coronavirus treatments, and increased the quantity of protective materials in hospitals rapidly. Facilities did not become overburdened, as took place in other countries. In general, the health system passed the test, although other operations were postponed from the spring to the summer.

During the pandemic's second wave in the final months of 2020, intensive care units in Austrian hospitals came close to reaching their limits. As the EU had not made the fight against the pandemic a European affair, by shifting health policy from the national to the European level, transnational and international cooperation was and remains suboptimal.

At the beginning of 2021, it became obvious that the state had limited ability to provide COVID-19 vaccinations rapidly to all the country's citizens. The nine provinces have not always pursued identical programs (e.g., with regard to vaccination priorities and timetables), and the government's communications policies have not fully overcome anti-vaccination sentiments within the population (which are relatively mild compared with some other countries). This difficulty has also resulted from some contradictory government messages concerning the lockdown of schools, cultural events and retail businesses.

At the beginning of 2021, the government's vaccination handling was seen as increasingly chaotic. The government's performance (e.g., regarding the delivery of vaccines) was compared with a streamlined "message control" intended to create an image of efficient professionalism. However, this image started to crack in January 2021 when Austria's vaccination program was unfavorably compared with its counterparts in other countries such as Israel.

Citation:

Eva Konzett, Josef Redl, Barbara Tóth: "Impf und Schande." In: "Falter." Vienna, January 13, 2021, pp. 12 – 15.

Family Policy Response

Family Support
Policies
Score: 5

The crisis has opened an opportunity for a systematic redesign of structural aspects of the distribution of family obligations and gender roles. Remote working (from in-home offices) and distance learning has placed families under considerable stress. After the government's initial decision to close schools altogether, "emergency-care" programs for children whose parents were unable to care for them were initiated. However, there was no help for parents with insufficient internet access, for example. It is still much too early to gauge the lasting effects on family structures and functions. The government's success in helping families under stress was undermined by inconsistencies, for example between the first wave (spring) and the second (fall). The state's preparation for the foreseeable second wave was suboptimal. Coordination between the national and the provincial level could have been better and more smoothly organized, despite the high degree of autonomy

accorded to the nine provinces in all matters concerning education and health policies. The government did not react swiftly enough to soften the burden shouldered by specific groups (e.g., families with a high number of children and/or living in small apartments).

The pandemic rendered socioeconomic and cultural gender gaps more visible. Women disproportionately shouldered the burdens of the crisis, especially with respect to home schooling (OECD 2020). Shortcomings regarding society's ability to bridge the (especially cultural) gap men's and women's roles took on greater significance than ever during the year 2020.

Gender politics may be on the agenda of the Green party, but the conservative minister for women, family, youth and integration has shown little interest in the issue of gender equality in the context of work and housework. School openings are/were not her priority. Her major focus in terms of gender has concerned violence in migrant families (an important but limited topic).

Policies supporting female care workers were not prioritized. Some policies and policy outcomes, including school closures, problems with migrant care workers and the high level of unemployment in service-sector jobs, were particularly gender unfriendly (if not by design).

Citation:

OECD, 2020: Women at the core of the fight against COVID-19 crisis, Paris.

International Solidarity

International
Cooperation
Score: 4

In many respects, Austria has sided demonstratively with countries (Netherlands, Sweden, Denmark) that have sought to block attempts led by Germany and France (and the European Commission and Parliament) to use the EU's financial power to help countries in economic need (e.g., Spain, Italy) due to the pandemic in a more significant way. This tendency underlines Austria's already traditional practice of reducing international solidarity to lip service. The Austrian government has not played any notable role in strengthening the degree of integration already reached within the EU (Schengen Agreement, European Single Market), or in promoting an all-European policy in the fight against the pandemic.

Deepening the EU, defined as shifting power from the national to the European level, means more solidarity within the European Union. Austria tends to side with groups that oppose such deepening. In the area of immigration policy, Austria behaves like an informal member of the Visegrad group; regarding fiscal and economic solidarity, Austria sides with the group

of (mostly small) wealthier countries that has worked to prevent a common fiscal policy.

In the short term, the coronavirus crisis has had a unifying effect on the coalition government. But in the long run, the ÖVP's insistence on protecting borders (including, in times of crisis, even internal borders within the Schengen space) and its resistance to shifting some aspects of integration to a common European migration policy may cause internal conflicts within the government, as the Greens have always defined themselves as a party favoring a maximum of openness, and pursue an all-European and even global solidarity.

Citation:

Othmar Karas: "Ein neues Kapitel für Europa und die europäische Demokratie." In: Andreas Khol u.a. (Hg.): "Österreichisches Jahrbuch für Politik 2019," ed. by Andreas Khol et al., Wien 2020 (Böhlau), pp. 303 – 318

Resilience of Democracy

Media Freedom

Media Freedom
Score: 7

There is no systematic suppression of media freedom in Austria. However, government agencies on the national, regional and local levels exert some influence over media by subsidizing some specific (especially print) media heavily. This creates an imbalance between political parties in power and parties in opposition. As long as Austria's federal structure guarantees some minimal balance – for example, the social democratic SPÖ is in opposition on the national level, but controls three out of nine regional governments – media pluralism faces no serious threat. But in the long run, as media are dependent on public subsidies (e.g., in form of advertisements), the relationship between politics and media should be addressed by defining specific limits to the public money that flows to different media.

The country has a high degree of media concentration in the print and electronic sectors. However, this does not appear to pose any direct form of danger to media freedom. This concentration moreover seems to be balanced by the increasing importance of social media. But Austria – like other European countries – has not yet found any convincing answer to the rise of social media, the more problematic aspects of which (like hate speech) seem to pose a danger rather than representing a remedy for media concentration. Social media are increasingly seen as a potential threat to basic individual liberties disguised as an instrument of liberty. What is definitely missing in the Austrian media sector is media plurality, which in turn leads to a lack of critical voices addressing some aspects of politics.

The increasing importance of finding and defining a balance between media freedom (especially of and in social media) and the need to prevent hate speech has recently become a subject of keen debate in Austria, echoing the ongoing international debate. Karoline Edtstadler, the ÖVP's minister for European and constitutional affairs, has responded to Donald Trump's use of social media by discussing the potentially fundamental contradiction between individual rights (the right to articulate opinions) and the right to be protected from the hate and violence that result from specific opinions. The Austrian discourse seems to accept that there is a need to regulate social media, but also

to prevent overregulation. As yet the government has formulated no specific policy on this issue.

Citation:

Karoline Edtstadler, Minister for European and Constitutional Affairs (OeVP), in an interview in “Kurier,” January 15, 2021

Civil Rights and Political Liberties

Civil Rights and
Political Liberties
Score: 7

Civil liberties are fully guaranteed. However, during the years of the ÖVP-FPÖ coalition, an internal conflict involving the Federal Bureau for the Protection of the Constitution and Counterterrorism (Bundesamt für Verfassungsschutz und Terrorismusbekämpfung, BVT) created a credibility crisis regarding the government’s ability to protect democratic freedoms. Particular question was raised regarding the state’s ability to cooperate effectively with other (first and foremost European) agencies to defend political liberties against attacks by enemies of liberal democracy (e.g., from right-wing extremists or Islamic extremists). There is a tendency to instrumentalize the fear of constructed and invented “others,” who are turned into enemies for political reasons. Behind the screen of the politicization of fear, civil liberties (e.g., the liberties of individuals or minorities) have come under attack. Nevertheless, the independent judiciary (especially the Constitutional Court) has acted as an efficient and independent watchdog in defending basic rights against those attacks.

The existence of anti-Muslim sentiments is accompanied by persistent anti-Semitic (anti-Jewish) prejudices. The government has demonstrated an interest in combating xenophobic and racist attitudes. But the government – like any government in a liberal democracy – cannot dictate what is constructed within a society as “the other” or “the enemy.” Bigotry exists in Austria in the form of anti-Semitism, xenophobia, and resentments against migrants and Muslims. The government is generally aware of these facts. It cannot dictate public opinion, but it could do more – for example, by investing in civic education – to deconstruct the constructed “otherness.”

The spring and fall lockdowns resulted in severe restrictions of civil liberties. Some of these restrictions were imposed upon very short notice (which is perhaps necessary in such a situation), and others were later overturned by the Constitutional Court. The government has typically been unclear and made (unclear) conditional promises concerning plans for the restoration of these liberties. In spite of these difficulties, the population largely took the restrictions in stride, with protests being rather rare.

Judicial Review

Judicial Review
Score: 9

Judges on the Constitutional Court (Verfassungsgerichtshof) are nominated by political actors (parliament, government). The same is true of the other high courts (Verwaltungsgerichtshof, Oberster Gerichtshof). That in turn seems to imply a dependence on political parties: Before and during the nomination, the recruitment of high-court judges is itself a political process. However, after a judge is nominated and appointed by the federal president, she or he is able to act with unrestricted political independence. Decisions by the Constitutional Court (as well as by courts in general) confirm a reliable degree of both independence and non-interference (at least with regard to successful political interference). The only significant problem is that the lower courts are underfinanced and thus move slowly, due to the lack of personnel. In some cases, the courts need years before they are able to render final decisions. The government has promised help, and has started to increase funding for the lower-level judiciary.

In 2020, at the centenary of the Austrian Constitution (Bundes-Verfassungsgesetz 1920), there were broad discussions in the country regarding the quality of the rule of law, and especially the democratic quality and vitality of the second-oldest still-functioning constitution in Europe. One focus of such debates has always been on the efficacy of the constitutionally guaranteed checks and balances, particularly with regard to judiciary independence. The overall consensus was (and is) that the freedom of the judiciary is not in danger, despite the need to undertake some reforms.

One significant example of the political impact made by the independent judiciary emerged in 2020. At the end of 2020, the Constitutional Court declared unconstitutional a law that had been passed under the ÖVP-FPÖ-government forbidding girls under the age of 10 to wear head scarves in school. The court argued that this law was obviously directed specifically against one religious denomination (Islam), and for that reason, violates the freedom of religion. This case and others have helped to sustain the judiciary's public credibility regarding its independence.

During the first lockdown in 2020, court activity was somewhat (physically) curtailed. However, this problem was quickly solved and did not ultimately impair the courts' ability to oversee government actions. During the fall 2020 lockdown, the system functioned relatively smoothly. Hence, judicial review was fully operational even during the crisis.

Informal
Democratic Rules
Score: 8

Informal Democratic Rules

In summer 2019, the Austrian parliament (or specifically the National Council, the lower house) voted the government led by Sebastian Kurz government out of power by passing a vote of no confidence, the first time it had done so since 1945. While this situation could have created a kind of constitutional or at least political crisis, it was ultimately readily managed. A caretaker government was installed by the Federal President, and accepted by the National Council. Within weeks, parliamentary elections had been organized, which led in turn to the creation of a new coalition government that was appointed by the Federal President and backed by the majority of the newly elected National Council.

These events demonstrated that the informal rules paralleling the fully accepted constitutional rules continue to function well. In parliament, there is a widely accepted understanding of what role is to be played by the governing coalition (consisting of two parties), and what function is to be fulfilled by the (three) opposition parties. This respect for the constitution is backed by a political culture which does not see political pluralism and political conflicts as a zero-sum game. This was particularly true in 2019, the year of the potential crisis. Few political professionals treat the “other side” as enemies who have to be conquered. The legitimacy of political pluralism is not questioned in any serious way.

The coronavirus crisis ushered in a new team spirit within parliament. Especially at the beginning, the crisis measures were supported by all political parties. As time passed, however, the Freedom Party of Austria established itself as the most prominent critic of many of the government’s emergency measures. By grounding its arguments in conspiracy theories, ignoring scientific facts and taking advantage of certain presentiments in specific population groups (e.g., anti-vaxxers), its goal was to build up a new consensus.

As the Freedom Party drew significantly less than 20% of the vote in the last election, and practically all other parties have refused to follow its lead, crisis management has not been undermined to any significant degree by its actions.

Citation:

Bettina Rausch: “Die erste Abwahl einer Regierung und andere Premieren im Parlament.” In: Andreas Khol u.a. (Hg.): “Österreichisches Jahrbuch für Politik 2019.” Wien 2020 (Böhlau), pp. 53 – 64

Resilience of Governance

I. Executive Preparedness

Crisis Management System

Crisis
Management
System
Score: 7

At the outbreak of the crisis, the Austrian government was not fully prepared for a pandemic, or for its health, economic, social and cultural consequences. This was not different in any significant way from other European governments. But what had an especially negative (or at least not positive) impact was the government's inability to cooperate smoothly with other EU members. The pandemic crisis had an immediate influence on the freedoms normally granted under the European Single Market. Like other EU members, despite introducing national lockdowns, Austria was unprepared for the range of consequences for social services and the labor market. The freedoms of the Schengen agreement were significantly restricted, and Austria's welfare and economic system suffered as a consequence.

This trouble was not a specific Austrian issue. It signaled that European integration has not reached the depth necessary to respond to a crisis of this nature with efficient political action on a transnational level. But the deficit had some specific Austrian elements, for instance related to the extreme dependence of Austria's tourism sector on open borders, and the healthcare system's dependence on foreign (especially Central and East European) labor. By the time the first weeks of the pandemic had passed, the government had established a system of robust cooperation with medical experts who had clear influence on the government's decisions.

Austria does have legislation in place – the Epidemics Act – that assigns responsibilities in the event of an epidemic. Although this plan was not perfectly suited to dealing with a pandemic of the nature experienced, it did provide the (legal and organizational) basis for crisis management. However, there was an initial lack of emergency face-mask stocks and other protective gear, as well as of rapid testing facilities. More broadly, Austria's health-sector

digitalization, which could in theory facilitate testing and quarantine processes, while also keeping track of infections in real time and in great detail, trails that in a number of peer countries.

Citation:

Anton Pelinka: "Europäische Solidarität. Die Einflüsse von Neo-Nationalismus und Pandemie." In: Herman Becke et al., "Solidarität jetzt – für welche Welt?" Graz 2020 (Sekem Österreich), pp. 26 – 30
<https://www.diepresse.com/5788606/bundesheer-hat-16-millionen-masken-aus-vogelgrippe-zeiten-freigegeben>

II. Executive Response

Effective Policy Formulation

Effective Policy
Formulation
Score: 5

According to data collected by Plümper and Neumeier (2020: 9), Austria responded to the first wave of the pandemic moderately later than some other countries (in terms of infections per 100,000 population), and its lockdown was moderately restrictive, as in other continental countries such as Germany, France and Switzerland.

The government itself had taken office only at the very beginning of 2020, as the pandemic was taking shape. From the very beginning of the crisis, the government emphasized the consensus among the coalition partners. This was to a certain degree successful. Throughout 2020, the two coalition partners avoided any significant public disputes. In other matters, the government's response has met with mixed success. For example, the lack of consistency in the government's responses to the ebb and flow of the threat, particularly with regard to school openings and closings, received justified criticism. Coordination between the national level and the provincial governments was not always optimal. The legal quality of the executive orders and the laws pushed through parliament by the government was in some cases sloppy.

The government's underestimation of the timing and intensity of the second wave proved to be of particular importance. In fall, despite its culture of professionally polished "message control," the government sometimes seemed to be completely over-run by recent developments: by the increase in the rate of infections and coronavirus-related deaths, and by the emerging pressure on hospitals' intensive care capacities.

Of particular note was the government's failure to develop a consistent vaccination policy. At the beginning of 2021, when vaccinations were already

rolling out all around the world, the government had not yet been able to make provisions for a smooth access to the vaccinations already available across Europe. Conflicting messages came from different parts of the government and from the provincial administrations. As a consequence, the government entered the year 2021 with significantly lower credibility than previously.

Failures emerged especially at the regional level, with the case of the Ischgl ski resort reverberating worldwide in the media. Ischgl made clear that at the beginning of the pandemic, crisis management and prevention was playing second fiddle to keeping the tourism industry up and running. Ultimately, other countries such as Iceland and Norway notified the Austrian state and regional governments about the Ischgl cluster before the national and local administrations had admitted its existence and taken appropriate actions. The seeming inability to prepare further during the quiet summer months represented another significant failure.

Virologists and economists were routinely consulted, though there was less recourse to experts from other social sciences. A regular panel of virologists and epidemiologists were convened to give weekly advice on governmental policies on a detailed (district) level. However, the relative paucity of data, and the government's unwillingness to give out relevant data to scientists, has been a major problem.

Citation:

Eva Konzett u.a.: "Impf und Schande." In: "Der Falter," January 13, 2021, pp. 12 – 15.

<https://www.welt.de/wirtschaft/article206879663/Corona-Pandemie-So-hat-Ischgl-das-Virus-in-die-Welt-getragen.html>

Plümper, Thomas & Eric Neumayer (2020): Lockdown policies and the dynamics of the first wave of the Sars-CoV-2 pandemic in Europe, *Journal of European Public Policy*, DOI: 10.1080/13501763.2020.1847170

Policy Feedback and Adaptation

Policy Feedback
and Adaptation
Score: 7

The government has been flexible in taking into account criticism coming from the parliamentary opposition and from provincial governments. The government was also forced to be flexible when the Constitutional Court ruled that some of the government's executive orders and some of the laws passed by parliament (at the government's behest) had violated the constitution. In these cases, the government wasted little time in reformulating its policies to meet constitutional norms. Regarding the pandemic's changing intensities, the government's flexibility in some cases looked almost like helplessness – especially concerning the lack of preparedness for the second wave in the fall of 2020. The government tried to legitimate its policies by drawing on scientific expertise; thus, scientific experts were pointedly integrated into the

different task forces. Moreover, experts played an increasingly visible role in the government's information policy over time.

For some issues, the governing majority needed a parliamentary supermajority to pass legislation. In most important cases, it succeeded in winning support among some of the opposition parties, thus legitimating its government's policies. In most such cases it was able to negotiate successfully either with the Social Democrats (SPÖ) and/or with the Liberals (NEOS). In its actions, the government acted within the framework of the constitution and other legal norms; and it acted flexibly, even if it was not always entirely prepared to respond to changing developments.

Public Consultation

Public
Consultation
Score: 8

Austria's traditionally robust corporatist consultation between the government and economic interest groups did not play a central role during the crisis, as health policy has never been a primary focus of this social partnership. But the government and special-interest groups did discuss policy aspects that were divorced from health questions per se, for example in dealing with the pandemic's economic and social consequences. These conversations dealt with the amount and the distribution of subsidies, the allocation of economic stimulus funds, the scale of spending to support small businesses, and the policy tools that could be used to address rising unemployment rates. Thus, the pandemic did not destroy the corporatist relationship between the government and the various economic interest groups (labor, business, agriculture).

Moreover, although there was a reasonably good consultation on general pandemic issues between the government and labor institutions, for example, these conversations did not extend to discussions about unemployment benefits or the issue of financing crisis spending.

Consultations with noneconomic interest groups were a different story. Civil society actors have advocated for policies such as a different, more welcoming attitude toward migrants and political refugees. Issues of this nature were largely overshadowed by the urgency of addressing the COVID-19 pandemic and its immediate economic fallout.

Crisis Communication

Crisis
Communication
Score: 8

Most of the government's policies were publicly announced from the top level. The (ÖVP) chancellor and the (Green) health minister seemed to be in full control of the government's external communication. The opposition parties and the provincial governments (especially those not under ÖVP control)

sometimes reacted critically, asserting that the government was more interested in political self-representation than in informing the public. But all in all, public opinion polls over the year showed no significant decline in the government's credibility or popularity, or in that of the governing parties.

The trend of centralizing communication by keeping a very limited number of actors in charge ("message control") promises to simplify complexity. But this centralization also pays off by enhancing credibility. Under this strategy, a small number of already well-known political actors (sometimes in visible alliance with scientific experts), demonstrating unity, presents key information based on the most recent developments.

During the pandemic's first year, this culture of highly and professionally organized communication worked properly. But some actors felt neglected, including heads of regional governments, special-interest groups and other civil society activists. If the quality and credibility of the government's centralized communication declines, and if the government's health policy outcomes fall behind the average European standard (indicated by data such as infection rates and death tolls), the present messaging culture is likely to face challenges.

There were a number of communication failures over the course of the year. For example, the government established a scale that would allow for regionally based coronavirus responses, but did not ultimately use the sales. An electronic contact-tracing app ultimately failed to work properly, in part due to the lack of government support. The government's scientists were rarely used at the forefront of coronavirus communication. But overall, the government has typically provided justification when imposing restrictions on public life, for instance by citing the number of corona cases or the availability of hospital beds. In most of cases, it has also indicated the expected duration of the restriction.

Implementation of Response Measures

Implementation
of Response
Measures
Score: 7

On the national level, the government's response to the pandemic has been mostly efficient. The coalition partners did not engage in open public dispute. The government's response was not always coherent with regard to decisions to open schools and shopping malls, or allow cultural events and tourism. Some of the government's executive orders, and some of the laws passed by parliament, were formulated in a rather sloppy way. Coordination between the national government and the provincial governments (which enjoy a high degree of autonomy, especially in matters of health and education) was suboptimal.

As the case of Ischgl made clear, the government's response has not always been impartial. Especially at the beginning of the crisis, economic interests were given a higher priority than health concerns, which was clearly due to vested interests in the tourism industry. Government responses were typically swift. Some problems emerged in coordinating policies across the provinces, and in the distribution of testing gear. In particular, many locations had insufficient contact-tracing personnel, and the central government did not prioritize spending on such issues. This led to serious problems in the fall.

General measures were typically universally and swiftly applied, though less so when the measures were regionally focused.

Citation:

Profil Umfrage in: "Profil" January 17, 2021, p.11

<https://kurier.at/chronik/oesterreich/seilbahner-wussten-fruehzeitig-um-die-corona-bombe-ischgl/400788305>

National Coordination

National
Coordination
Score: 7

As significant parts of public health policy in Austria fall under the purview of the nine provinces, coordination between the national and provincial levels was one of the government's most challenging political tasks. However, this coordination largely functioned properly during the first year of the pandemic, with no significant breakdowns regardless of the different political compositions of the national and provincial governments. However, cooperation between the center and the provinces did prove difficult with regard to region-specific coronavirus measures. The Ministry of Health attempted to work out a fixed set of rules for such regional measures, but due to political arguments, this was never implemented.

The federal character of Austrian politics is two-sided: Policies (especially concerning the health sector) have to be coordinated between the national and the provincial governments. However, coordination between Austrian policies and the European Union is also relevant. As the EU lacks significant power to formulate and implement health policies, the first aspect dominates the day-to-day health policy, and does so in a rather standardized form. Coordination on the European level is not transnational but international, and is for that reason much less standardized. The Austrian constitution reflects both aspects: The existing separation of powers between the national and the provincial level – a separation which makes cooperation and coordination of health policy a daily necessity, especially so during the coronavirus crisis – and the underdeveloped separation of powers between the Austrian and the European level, which makes international cooperation and coordination necessary, but mostly outside established patterns.

At the beginning of 2021, the first cracks in the cooperation between the federal and the regional government of Tirol became clearly visible. Tirol, which at the time was the first hotspot for the South African B.1.351 COVID-19 variant within Europe, was not willing to implement strict measures to contain the spread of this variant. In consequence, after some dispute between regional and state actors, the central government imposed strict controls on Tirol, bypassing Tirol's regional government.

Citation:

Peter Pernthaler: "Das B-VG auf dem Weg zum transnationalen Verfassungsstaat." In: Manfred Matzka u.a. (Hg.): "100 Jahre Verfassung. 77 Stimmen zum Jubiläum des österreichischen Bundes-Verfassungsgesetzes (B-VG). Ein Lesebuch." Wien 2020 (facultas), pp. 204 – 206.

<https://www.derstandard.at/story/2000124026706/gemischte-reaktionen-der-tiroler-politik-auf-ausreisesperre>

International Coordination

International
Coordination
Score: 5

Austria's society and government, even beyond the cabinet that took power in early 2020, has shown itself unwilling to establish transnational networks of policy articulation and implementation beyond the rules of the European Single Market and the European Monetary Union. The consequences of this reluctance became visible especially in 2020, when the government gave the impression that its main goal was to coordinate the policies of the nine Austrian autonomous provinces ("Bundesländer"). Coordination within the European Union seemed to be of secondary importance. Of course, this is also the result of the fact that health policy is still a competence of the member states, and not of the EU. The government (and the public) has tended to neglect the pandemic's consequences on social inequality within Europe and the interdependencies between Europe and Austria.

Recent Austrian governments have persistently followed an "Austria First" policy. In times of globalization, this attitude may pay dividends at election time, but is not a generally reasonable guide, especially in times of crisis. Austria is dependent on an overall EU vaccination strategy, as Austria does not itself produce COVID-19 vaccines. Austria is also dependent on an all-European political strategy to deal with the pandemic's fallout, specifically in the economic field.

On the long run, this could be the most important lesson Austria will have to learn from the crisis: To successfully fight a transnational enemy like the COVID-19 virus, you have to actively develop transnational strategies. This lesson would include the need to deepen the European Union by shifting power (e.g., regarding health policy) from the member states to the Union.

Examples of this reluctance to engage transnationally have included the government's opposition to the new EU fund, the state's unilateral decisions regarding freedom of movement within Europe, and so on.

Citation:

Karl Aiginger, Ruth Kreuz: "Soziale Ungleichheit in Europa. Sprengkraft für die EU." Vienna 2020 (Policy Crossover Center: Vienna – Europe)

Learning and Adaptation

Learning and
Adaptation
Score: 5

Like other governments around the world, the Austrian government was caught off guard by the coronavirus and its impact. In terms of responding to the coronavirus as a medical issue, the Austrian government's crisis management was adequate, given the circumstances at the start of the pandemic. Whereas Austrian hospital capacity (as well as the medical system in general) was nearly overstretched, the system did not collapse. Deficits in other sectors became apparent: The education system was not able to fulfill its promises concerning distance learning (e.g., by providing enough tablets for all students who had to follow instructions on a screen at home). In addition, the significant failure in early March of 2020 to isolate the virus in the Tyrolean winter resort of Ischgl drew international criticism.

At the beginning of 2021, the government drew criticism once again over its apparent willingness to yield to tourism lobby pressures and loosen lockdown measures in the tourist industry but not in other sectors such as culture. The government does not appear to have sufficiently convinced the public that its policies are even-handed.

Since the outbreak of the pandemic, the Austrian Epidemics Act, which serves as the legal framework for efforts to contain the coronavirus, has undergone several reforms (eight, at the time of this writing in February 2021). These reforms may be considered to indicate the government's willingness and ability to reevaluate the efficiency and effectiveness of the country's crisis-management machinery. It is not clear whether efforts to digitalize the education and healthcare systems have been subject to evaluation or whether the government seeks to introduce greater flexibility into the bureaucracy more generally, which has proved problematic for tracking efforts and in making decisions regarding quarantines.

III. Resilience of Executive Accountability

Open Government

Open
Government
Score: 8

At the beginning of the pandemic, the government needed time to develop a coherent communications policy. After several weeks, the various government agencies were able to agree on a standardized means of communicating information about the spread of the virus, the available number of intensive care units in hospitals, the death toll, the accreditation of vaccines and so on. These data are published daily. Nonetheless, the information is not provided at a high level of detail, and scientists have no access to the underlying data. Information about testing opportunities and the timetable for vaccine availability was also insufficient; for example, relevant information was sometimes not accessible for elderly persons, there was no vaccination plan and the organization of vaccinations has been rather chaotic.

Information regarding the specific restrictions associated with different stages of the lockdown was sometimes confusing, for example concerning the need to be tested in order to participate in specific activities. Overall, citizens generally have a broad ability to react to the government's policies, for instance by starting open debates, getting in touch with the administration or simply forming a rational attitude toward the government's policies. Some of the confusion may have also been the result of the government's emphasis on message control. The government has the tendency to give a higher priority to streamlining its communications than to the substance of the information. Message control helps to demonstrate the government's professionalism, efficiency and unity. But it can also be seen as an attempt to hide policy inconsistencies and a lack of preparedness.

The flip-flop in the government's information policy has generated a certain skepticism and opposition within society, directed against any rational approach.

In a number of circles, some of considerable size, it has become common to reject aspects of the lockdowns, espouse conspiracy theories, and question scientific explanations and science-based recommendations. This tendency has been nourished by some social media. As in other European countries, this anti-rational and anti-science attitude is articulated by only a minority of Austrians. But it will have an impact on the government's vaccination strategy, which had just started at the beginning of 2021.

The prolongation of the lockdown imposed by the government in January 2021 provoked various groups to organize protests in different parts of Austria. This included vaccination skeptics and libertarians opposed to any kind of restriction on personal freedoms, but also right-wing extremists that instrumentalized the dissatisfaction to mobilize against “the system,” meaning representative liberal democracy.

The government’s information on hospital occupancy rates has provoked criticism. The government publishes these and other data on a daily basis. However, the presentation of these data led to the impression that even during the peaks of the coronavirus waves, hospitals were still holding many ICU and ordinary hospital beds in reserve. That was certainly not the case. One might argue, however, that the way these data were published may have fueled anti-lockdown sentiments and conspiracy theories.

Citation:

“Der langgezogene Lockdown.” In: “Die Presse,” January 18, 2021, p.1

Legislative Oversight

Legislative
Oversight
Score: 8

Under the pressure of the pandemic, the Austrian government (the ÖVP-Green coalition cabinet) was forced to pass legislation in an unusually fast way. The pre-parliamentary discourse (“Begutachtungsverfahren”), which usually allows all major interest groups and political parties to participate, was in some cases ignored. At times, the government used its parliamentary majority to pass legislation in a legally (constitutionally) sloppy way. The Constitutional Court was forced to invalidate some of the government’s legislative measures due to specific violations of the constitution. But generally, the legislature’s prerogatives were respected by the executive branch. The parliamentary opposition had some reason to feel steamrolled, but its legally enshrined rights were respected.

All in all, the government has respected legislative oversight powers. It has passed all major decisions through parliament in form of laws, with adequate debate, and has allowed the parliamentary opposition to review policies in public question-and-answer sessions. One major problem, however, concerns the coronavirus relief payments to enterprises. Opposition parties and the public do not have access to data on these payments at all.

The federal structure of Austria’s political system has also guaranteed the pluralistic character of Austrian politics in a different way. That is, opposition parties (and lawmakers) may usually be unable to stop the governing

majority's legislative decisions on the national level. However, the parties in the opposition at the national level also control some provincial governments, thus providing political and legal balance.

Generally, the checks and balances that are guaranteed by the constitution, and which are also part of the political culture, were not threatened during the first year of the crisis.

Independent Supervisory Bodies

Auditing
Score: 6

Austria's Court of Audit (Rechnungshof) has demonstrated its independence. One sign of the office's independence, is that it has openly asked for more power to oversee the flow of money from special interests to political decision-makers, especially to political parties. Typically, policymakers and political parties, especially those in government, have paid lip service to the office's requests, but have stopped short of increasing its oversight powers.

The political reluctance to strengthen the audit office may be seen as testimony to the office's independence. Governing parties and political parties in general seem to be afraid giving the independent auditors stronger oversight powers. But if the "Ibiza scandal" of 2019 demonstrated the limited ability to control the flow of private money to political parties, it may also have increased public awareness of the need to broaden the audit office's oversight powers. The coronavirus crisis probably has also underlined the need for reform. For instance, the tourism industry's influence in preventing fast, decisive lockdowns was quite visible, and publicly criticized. Why, people asked, was this sector able to push more successfully for exceptions from certain lockdown rules than were the performing arts? Thus, the Ibiza scandal and the pandemic crisis could ultimately result in an improvement of the position of the independent national Court of Audit.

The audit office is never fast enough to review large spending hikes, like the ones that were adopted in response to the crisis, before implementation. There is thus no ability to conduct ex ante reviews of the government's financial situation. This situation has deteriorated because the government has not made public the amounts of the coronavirus-related subsidies provided to firms, or the names of the recipients. Thus, not even newspapers have been able to review this spending.

Citation:

Klaus Poier: "Novellierung des Parteienrechts bzw. der Parteienfinanzierungsregelungen. Stimmt die Richtung?" In: Andreas Khol u.a. (Hg.): "Österreichisches Jahrbuch für Politik 2019," Wien 2020 (Böhlau), pp. 279 – 292.

Data Protection
Score: 9

Like every member state of the European Union, Austria has a data-protection authority. In 2019, this authority had 36 full-time staff members, 23 of whom were legal scholars.

Data-protection interests have conflicted substantially with the interests of fighting COVID-19. For example, they ostensibly prevented the release of key data to scientists, and prevented health data from being merged with social security data, making it impossible to determine whether infections caught in shops were more significant than those caught in restaurants, for example. Accessing the results of COVID-19 tests proved too complicated for many elderly persons, again due to reasons of data protection.

Another related issue is the question of whether testing and vaccination should be promoted by the government in a more forceful way – and whether such a policy would be within the framework of individual prerogatives guaranteed by the constitution. This debate will go on, as the vaccination process will last deep into the year 2021. The decisive role of protecting individual rights with respect to personal data will be played by the Constitutional Court, whose independence has been demonstrated again and again. Any conflict concerning data protection as a basic individual right will be addressed by the Court, whose credibility is not in doubt.

Citation:

Datenschutzbericht 2019, DSB, https://www.dsb.gv.at/dam/jcr:c9c2daf9-9746-4088-bced-dc8e296076e0/Datenschutzbericht_2019.pdf

Address | Contact

Bertelsmann Stiftung

Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Christof Schiller

Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Dr. Thorsten Hellmann

Phone +49 5241 81-81236
thorsten.hellmann@bertelsmann-stiftung.de

Pia Paulini

Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

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