

# Austria: Right-wing coalition government intensifies welfare cuts

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The Austrian government formed by the conservative People's Party (*Volkspartei* —ÖVP) and Jörg Haider's right-wing Freedom Party (*Freiheitliche Partei* —FPÖ) is continuing the dismantling of the welfare system undertaken over the past 13 years by the previous coalition government run by the ÖVP and the Social Democrats (SPÖ).

The SPÖ/ÖVP government's welfare policy was characterised by continuous "reforms" that resulted in substantial cuts in practically all sectors of the state welfare system. In the 1999 national elections the Social Democrats, in particular, got a slap in the face from voters due to this policy. By promising politics "in the interests of ordinary people" the FPÖ was able to exploit popular dissatisfaction. But once in office the new government is showing whose interests it really represents.

The top priority of the new government is to consolidate the budget. The 2000 budget presented by Minister of Finance Karl-Heinz Grassler (FPÖ) in mid-March is intended to reduce new debt and, according to Grassler, achieve the stability measures required by the Maastricht treaty. The objective is to balance the budget by 2005.

Government income is to be increased by raising taxes and fees, for instance the road tax or the fee for issuing passports. This will be a disproportionately greater burden for poorer sections of the population.

But the cuts planned to reduce government expenditure are much more incisive, particularly affecting the public welfare sector. For instance, many of Austria's 94,000 non-profit organisations are presenting facing collapse. Because of the planned cancellation of a reduced postage fee for newspapers and similar printed matter, these organisations will only be able to make up for the increased expense by reducing staff, or will be forced to cease their activities. The reduced postage fee is to be replaced by direct subsidies for certain organisations.

In the words of Vice-Chancellor (deputy chief of state) Riess-Passer of the FPÖ, "Those that are genuinely charitable organisations will be granted a 'social tariff', but we must differentiate very clearly between charitable organisations and political parties, for instance." The distribution of subsidy funds will thus be subject to approval by right-wing conservative groupings. It remains to be seen what chance refugee aid organisations, action groups for the unemployed or organisations generally critical of the government will have of getting the 'social tariff'.

The governing parties also plan to force the long-term unemployed to do public work (public park gardening, etc.) or lose their entitlement to unemployment pay. The trade unions, the Social Democrats and the Greens dropped all criticism of this measure once the government announced that, as opposed to its initial plans, it would limit this "work training" to public work and pay a minimum wage that is equivalent to roughly US\$700 (in terms of value within Austria), instead of just adding 20 percent to the minimum welfare aid. This form of forced labour allows the government to avoid employing normal wage workers for this public work sector.

The government also intends to reduce expenditure in the public health sector. The current public debate about the public health system is focused on the deficit in the statutory health insurance organisations. This deficit is nothing new. It is primarily due to the constant decline in the income of the statutory health insurers, which is a result of increasing unemployment and stagnating or declining wages. Up to now, this development has been countered by both increasing health insurance contributions and raising the level of additional fees insured workers have to pay separately for such things as health service vouchers or prescriptions.

The new reform will shift the entire burden of increased costs onto insured workers. This will be done by means of a so-called "excess coverage payment" by insured workers that will range from 150 to 250 Austrian shillings (the current official exchange rate for 100 Austrian shillings is 14.21 German marks or 6.80 US dollars). The prescription fee will be increased by 5 shillings, and the additional fee to be paid for stationary hospital treatment by 30 shillings per day. Also, sick pay will now only be paid out for 52 weeks by the public health insurers, instead of 72 weeks as in the past.

As a whole, this policy package complies with the interests of employers, who obviously prefer an excess coverage payment by workers to an increase in health insurance contributions they would have to co-finance. Chancellor Wolfgang Schüssel (ÖVP) and Vice-Chancellor Riess-Passer (FPÖ) defended their decision not to increase the wage-related health insurance contributions by saying "that would have been the Socialist way".

But this will hardly be the end of the debate about a "future-oriented" public health system. Most experts agree that the introduction of excess coverage payment and other measures will not suffice to fill the gaps in the public health insurers' finances. Also, there are great conflicts of interest between the various

groups involved in the public health system (doctors' associations, health insurance organisations) which are now coming to a head as the financial situation gets tighter and tighter. The only point on which they all agree is that the public health system needs to be reformed. Just as in Germany, however, the whole situation is increasingly moving in the direction of a complete dismantling of existing welfare systems.

In Germany, political leaders, doctors' associations and the health insurance corporations are propagating the end of the government-controlled public health system with increasing vehemence. The management consultants of the Arthur Andersen group forecast the end of statutory health insurance and the closure or privatisation of public hospitals within the next few years. As they stated to the *Financial Times* (March 3), these consultants think wide-ranging privatisation of the health sector would be a "sensible move".

In Austria, the media are making every effort to suggest to the public that the existing mutually financed health insurance system is no longer viable. The newspaper *Die Presse*, for instance, presented a horrific scenario of out-of-control cost increases and posed the question: "What is better (and more just) for the entire population—to have a few patients who are highly insured at great cost and risk, or to have everybody enjoy the protection of a sound, basic medical care system?"

The ÖVP and the FPÖ made it quite clear in their government policy statement that this is the direction they are heading. The statement contained as policy guidelines for hospitals "increasing efficiency, privatisation and de-politicisation". Also, a group of experts is to be set up to determine "in which sectors it would be expedient for statutory insurance to be replaced or supplemented by obligatory (private) insurance". The goal of this group of experts is to pave the way for transforming statutory health insurance into a minimum basic health care scheme that is supplemented by "voluntary" additional private insurance. Increased competition is to be introduced as a large portion of the medical care hitherto covered by statutory health insurance that is to be privatised—with all the disadvantages that entails for the majority of the population. And, as an additional measure, the expenditure of the health insurers will be made more transparent to insured workers to promote "cost awareness" among them.

The most heated debate was unleashed by government plans to modify the existing pension schemes. These plans are best described with the words "work longer and get a smaller pension". The current plan is to increase the minimum age for early retirement by one and a half years to 56.5 years for women and 61.5 years for men. Anyone who retires before official retirement age (60 years for women, 65 for men) faces substantial pension reductions, for instance 11.5 percent less for someone who retires three and a half years earlier. Early retirement pension due to reduced ability to work is to be cancelled, widows pensions reduced by 20 percent and pension increases below the inflation rate legitimised.

In this sector, as well, the government already indicated in its government program which long-term goals it is pursuing. The program calls for a strengthening of company and private pension schemes. A commission is to be set up to "propose further reforms

with a view to adapting the pension system to the changes in society". The latest policies are a first step in this direction.

The government's pension plans also met with resistance from the civil service and other government employees. Despite reductions in the public service sector, this group was largely spared budget and job cuts during the reign of the SPÖ/ÖVP coalition government. This is now changing. The pensions of civil servants and government employees are now to be adapted to those of workers in the private sector. In addition to this, 9,000 jobs are to be cut in this sector and salaries reduced.

Although the consequences of this year's budget "consolidation" are only a taste of things to come (Erich Steissler, a professor of economics in Vienna, has pointed out that reducing government debt from this year's level of 1.7 percent to 1 percent of the gross domestic product would require a whole series of cost-saving packages), they show quite clearly whose interests are being represented here.

This is all the more the case in view of the fact that the relentless attacks on welfare benefits are accompanied by policies that are completely subservient to the interests of business. These include the privatisation of government-owned corporations such as Telecom Austria, which is being sold completely to private investors, and the state steel and tobacco corporations which are to be partially privatised as a first step. Welfare expert Emmerich Talos has this to say about the new government's policies: "The really incisive measures are yet to come, and that will already happen in next year's budget. Minister of Finance Grasser's statements show quite clearly that he has an absolutely neo-liberal approach to public welfare policies."

It is thus hardly surprising that Grasser—a man who attained ministerial status in the wake of Jörg Haider—quite openly states that he does not intend to show any consideration for the sectors of the working class who voted for the FPÖ, but rather hopes to attract new sectors.

Contrary to Haider's election promises, the right-wing conservatives are pursuing the same anti-social policies as their predecessors. The only difference is that they are doing it even more ruthlessly. Their politics serve only the interests of the most powerful capitalists. The ÖVP/FPÖ government thus seamlessly fits into the ranks of other European governments—be they social democratic, conservative or right-wing—which are dismantling the last remaining social welfare systems just as unscrupulously.



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