

Austria: New government continues austerity policy

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It is barely four months since the right-wing Freedom Party (FP) of Jörg Haider received a drubbing in the general election and lost nearly two thirds of its votes. But despite the outcome of the vote, Chancellor Wolfgang Schüssel of the Austrian Peoples Party (ÖVP) has formed a new edition of the coalition with the FP.

While readers' letters to the Viennese newspapers ask: "Why bother voting if everything remains the same?", Chancellor Schüssel justifies his decision by saying that the FP has now stabilised after long internal disputes and is now "a reliable partner", not least because of the changed balance of forces within the government.

But that is just wishful thinking. First of all, the FP has moved further to the right as a result of the internal controversy over the resignation of party chair Susanne Riess-Passer. Secondly, the smaller number of FP ministers does not mean that the party's political influence in the new government has decreased. As well as the Ministry for Social Affairs, which Herbert Haupt will lead as vice-chancellor, the FP continues to head the Justice and Infrastructure ministries. Karl-Heinz Grassler also remains as finance minister. Although he resigned from the FP, who regard him with hostility, he continues to advocate the same policies that he had pursued for three years as an FP minister.

Moreover, Jörg Haider, who withdrew from federal politics—at least formally—when the ÖVP-FP coalition government was first formed three years ago and concentrated on his role as state premier in Kärnten, is now intervening again in federal politics. Since last autumn, when he organised a putsch against the government which included his own party, Haider has regularly attacked Chancellor Schüssel and the Peoples Party.

When the Kärnten state attorney and Haider friend Ewald Stadler declared that the stability of the new government could only be ensured if Jörg Haider became vice-chancellor, Haider turned the offer down, but remained—as always—very ambiguous.

The views of the FP, which previously led to conflicts

inside the government, have not changed. Thus the party maintains its anti-European Union stance, despite claims to the contrary by party leader Herbert Haupt. At the end of last month, Infrastructure Minister Hubert Gorbach used a disagreement between Austria and the European Union over transit rights to again threaten a veto against EU extension into Eastern Europe.

Everything points to the fact that the new ÖVP-FP coalition government in Vienna will be even more unstable than the last. Thus the question arises, why Chancellor Schüssel has consented to a new alliance with the FP, even though the election result opened up other possibilities for him.

The answer can be found in the months of exploratory discussions and coalition negotiations that he conducted with the Social Democrats (SPÖ) and the Greens. Neither of these parties has any fundamental differences with Schüssel's ÖVP, and made a point of stressing this fact. But under the leadership of Alfred Gusenbauer the SPÖ did not want to act as junior partner in a grand coalition. There are several reasons for this.

Since the Social Democrats know that the employers associations are demanding drastic social cuts, which will meet fierce resistance in the population, they do not want to be part of a government in which they do not provide the chancellor and whose political direction they do not control. In addition, they fear that Jörg Haider's right-wing populism will regain influence if the planned welfare cuts are carried out by a grand coalition. Therefore they declared their readiness to participate in government, but remained stubbornly opposed to the introduction of tuition fees and pension reforms and requested minimum standards.

Under these conditions, Wolfgang Schüssel set great hopes in forming a coalition with the Greens. The party leadership under Alexander van der Bellen indicated its approval and signalled its readiness to compromise in all areas. There was no shortage of eager proponents of a so-called "black-green" coalition. Daniel Cohn-Bendit, Green Party leader in the European parliament, applauded and proposed a "cultural

rapprochement” with the Peoples Party. Others talked about a “historical opportunity” for the Greens and called the development a “European-wide sensation”.

Later, a member of the negotiation commission, Salzburg Premier Franz Schausberger (ÖVP), reported that the Greens had “shown more flexibility and mobility concerning all the open questions than the SPÖ”.

The black-green project only failed because the Green Party leadership underestimated the turbulent reaction of the rank and file. Several regional organisations, particularly influential Vienna, fiercely protested against participating in government with the ÖVP. A party split was a definite possibility. When the Green Party representatives at the coalition negotiations then moved environmental topics and the question of same sex marriage to the fore, Chancellor Schüssel came under pressure from the right wing of his party, which in alliance with the FP had increased its influence, and terminated the discussions.

Essentially coalition negotiations revolved around who would do the dirty work. In other words, how and in which form of government drastic cuts in all social spheres could be implemented against the population. And here the FP offered themselves as the most ruthless and aggressive force.

The new ministers had hardly been sworn in when the new government prepared to launch another frontal attack on the population.

Some aspects of the austerity measures, which will save 8 billion euros, have already been decided and included in the government programme; pension provisions are to be further worsened. Early retirement is to be phased out. Tightening up this regulation in 2000 had already led to unemployment rising among older workers; this will now worsen increasing poverty in old age.

The level of pension will no longer be calculated on the best-paid 15 years, but on the basis of the last 40 working years, which reduces the pensions of employees with low earnings or who worked part-time.

At the same time, the “black-blue” government is calling for the privatisation of the pensions sector, to the tune of 200 million euros. Those employees whose low income precludes them investing in private schemes will suffer the most.

Considerable savings are also to be made in health care. Additional fees are planned for visiting a doctor, meaning blue- and white-collar workers on average earnings will bear about 40 percent of medical costs themselves. The president of the Vienna physicians association, Walter Dorner, correctly describes this as a “complete break with a socially funded health system”.

Moreover, deep cuts are envisaged in public services. In Austria as a whole, 30,000 civil service posts are to go.

Further sackings can be expected, if—as planned by the ÖVP and FP—the privatisation of public enterprises is carried out.

Public enterprises such as VA Technologie, VO Estalpine, Telekom Austria and in mining are to be completely denationalized. The constitutionally fixed majority state holding in the electricity supply industry looks likely to end. The new government programme calls for the “abolition of majority public participation”.

At the same time, social expenditure is to be lowered and the pressure on the unemployed increased. The definition of what constitutes a “reasonable” job offer is to be made more “flexible”, increasing the likelihood that the employment office can withdraw benefits when such a post is refused.

Savings from these measures, which will be borne by the broad population, will directly benefit business or flow into arms spending for the military.

New tax regulations are planned for 2004 and 2005. The first stage envisages a slight increase in tax exemption limits for those with small or medium incomes. However this will be immediately compensated by price rises for gasoline, diesel, gas and coal. In the second stage, business will benefit from a lowering of the general tax quota and a reduction in corporate taxes. This stage involves a substantially higher fiscal volume than the first.

Business representatives were highly pleased when Finance Minister Grasser announced he was postponing for some time his goal of achieving a balanced budget by 2005, in the interest of relieving the corporate tax burden. Lorenz Fritz, secretary-general of the Industrialists Association, said, “We have been listened to in most substantial points”.

The other block of savings—experts calculate this as at least two billion euros—will be used to buy 24 jet interceptors.

Instead of peace and order, as Chancellor Schüssel promised, turbulent times are beginning in Austria. The new centre-right government only has a majority of five votes in parliament. No Austrian government has had such a narrow majority since 1945. Moreover, according to an opinion poll, 80 percent of Austrians believe that this government does not represent the will of the electorate.

This became clear on March 9, when the FP lost 6.9 percent of the votes in local elections held in its stronghold of Kärnten. The ÖVP, which had increased its vote by 14 percent in this state in the general election last November, was only able to muster a 1 percent improvement—a clear rejection of both government parties.



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