Austria: Massive losses for the governing People's Party

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The conservative Austrian People's Party (APP), led by Chancellor Wolfgang Schüssel, suffered its biggest ever losses in national parliamentary elections held last Sunday. It received just 34.2 percent of the vote. This represents a loss for the APP of approximately 8 percent, or over 550,000 votes, compared to the last elections in 2002.

The losses were largest in the capital Vienna (minus 9.7 percent), but the APP also lost heavily in the central regions of Lower Austria and Burgenland. The party lost its absolute majority in Tyrol and lost out to the Austrian Socialist Party (ASP) in Steiermark.

The election turnout fell to a historical low, with 74 percent taking part in the ballot. Four years ago 84 percent turned out to vote.

The collapse in support for the People's Party and the low electoral turnout enabled the social democratic party to pose as victor after the elections. In fact, the ASP lost nearly one percent (over 200,000 votes) compared to the last election, but with 35.7 percent emerged as the strongest party and it is assumed that party chairman Alfred Gusenbauer will take over as the new chancellor.

The outgoing government's coalition partner, the extreme-right Alliance for Austria's Future (AAF), led by Jörg Haider, just managed to achieve the four percent minimum necessary for parliamentary representation. Haider's result of 4.2 percent was due to the low electoral turnout overall, but was partly offset by a relatively high vote for the party in Haider's stronghold, the state of Karnten. There, the AAF won 25 percent to take second place behind the ASP. Apart from the result in Karnten, the AAF received a nationwide vote of around 2.5 percent.

The far-right Austrian Freedom Party (FP) was able to profit from its role as opposition party and pick up many votes from former APP and ASP voters. At the beginning of the year, the AFF split from the FP and thereafter shared responsibility for official policy in a coalition with the APP. The FP, led by Heinz Christian Strache, was able to conduct an offensive against government policy on the basis of a combination of populist demagogy and right-wing slogans.

The Austrian Greens failed to win the level of support they had hoped for. With approximately 10 percent of the vote, their result was on a par with the last elections in 2002. Repeated attempts by leading Green politicians to cosy up to the APP in order to sit in a future government repelled many voters.

The vote for Schüssel and the APP represented a decisive rejection on the part of the electorate for his right-wing and anti-social policies. In alliance with the extreme right, Schüssel had carried out far-reaching "reforms" involving substantial cuts in the spheres of education, health and pensions, justified on the basis of making the Alpine republic attractive for big business.

The government introduced numerous tax exemptions for major concerns and the super rich, and Austria currently has the lowest level of corporate taxes in Western Europe. On a number of occasions Schüssel and his finance minister, Karl-Heinz Grasser, sought to abolish the already token inheritance tax. The last remaining public enterprises were denationalized to accommodate big business interests, with devastating consequences for public employees. Schüssel's concerted policies in favour of a redistribution of wealth from the less well-off to the rich earned him the nickname "Robin Hood for the Rich."

However, the ousting of Schüssel by no means implies a substantial shift in official policies. The fact that the ASP concluded an electoral alliance with the "free market" Liberal Forum (LIF) reveals the current orientation of the party. The LIF, which is also a split-off from the FP, calls for complete economic deregulation and the gutting of social and welfare rights.

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The half-hearted promises made by Gusenbauer during his election campaign cannot hide the fact that there is little difference in terms of programme between the social democrats and the People's Party. Gusenbauer is regarded as an utterly pragmatic and dull party bureaucrat. Opinion polls ranking the popularity of Austrian politicians put him consistently behind Schüssel. In the *Süddeutsche Zeitung,* political commentator Anton Pelinka correctly noted that the ASP had won the election "not because of Gusenbauer, but despite Gusenbauer."

Austria's restrictive immigration policy is one example of how the ASP backed the line of the government. Prominent social democrats publicly supported the xenophobic policy. The lurch to the right by the ASP is best demonstrated in the state of Karnten, where social democrats work alongside the leader of the AFF, Jörg Haider.

The ASP also echoes the APP-led government in demanding reforms to the country's health care and pensions systems. The outgoing government's pension reform, which met with stiff popular resistance, is expected to be continued by an ASP-led government.

Instead of opposing the far-right FP and AFF, Gusenbauer, who is already posing as a so-called "people's chancellor," has been making concerted overtures to the extreme right. He has stressed that an ASP government would not marginalise the right-wing extremists. Instead, he has called for a "competition of ideas," in which good suggestions would be taken up and implemented. Proposals by FP leader Strache or AFF head Westenthaler could not be ruled out as "*a priori* [necessarily] bad," according to the ASP chairman.

It should be recalled that one of the "suggestions" made by Westenthaler in the election campaign was for the expulsion of all of the 300,000 foreigners currently living in Austria.

Most political commentators anticipate that Gusenbauer will try to form a German-style "grand coalition" between the social democrats and conservatives. Such a constellation would have a two-thirds majority in parliament. A coalition between the ASP and the Greens would lack a simple majority, and while an alliance between the ASP, the Greens and the AFF would provide the necessary seats for a majority, such a coalition is regarded as unlikely because of its slim margin and the instability of the AFF.

Gusenbauer has already indicated that his preferred partner is the discredited People's Party. The fact that both major parties lost substantial support in the election and will now likely collaborate has been interpreted by Gusenbauer as "a clear vote for a grand coalition."

Austria's business elite immediately waded in with its own list of demands, calling for rapid reforms from an ASP-APP coalition. The Austrian head of the Siemens concern, Brigitte Ederer, demanded a "stable, durable government, which takes up and implements reforms." The industry magnate and former ASP finance minister, Hannes Androsch, made similar comments, declaring that any other variant than a grand coalition would be "much too weak to master the tasks at hand."

The secretary-general of the Industry Federation, Markus Beyrer, warned the ASP to rapidly junk the social promises it made during its election campaign. "An election campaign is one thing, now issue-oriented politics must take the foreground," he declared.

A social democratic-conservative coalition will undoubtedly strengthen the hand of the extreme right in Austria. The anti-social policies of the Austrian grand coalition in the 1980s and 1990s were instrumental in strengthening Haider's Freedom Party, which won 27 percent of the vote in the elections of 1999. Strache and the FP are well aware of this precedent and are consciously seeking to profit from their role in opposition. Although plagued by conflicts, a reunification of the FP and AFF also cannot be ruled out.

No final decision on the creation of a grand coalition has been made. While the ASP remains the strongest party, a coalition of the APP, AFF and Freedom Party would also control a slim majority. Aside from the enmity between the AFF and FP, there is little difference on policy matters between the three parties. Following the elections of 1999, in which the Social Democrats also emerged as the strongest party, Schüssel was still able to secure an alliance with the "free market" Liberals.

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