

# Austria: 100 days of the grand coalition government

## Militarization and social redistribution of wealth continue

Dieter Blumenfeld, Markus Salzmann  
24 April 2007

The grand coalition government in Vienna comprising the Austrian Social Democrats (SPÖ) and Austrian Peoples Party (ÖVP) has been in office for 100 days. At the beginning of January, the SPÖ-ÖVP coalition replaced a government made up of the conservative ÖVP and the far-right Austrian Freedom Party (FPÖ). The FPÖ was itself later replaced by the split-off Alliance for the Future of Austria (BZÖ), led by Jörg Haider.

Following the January election, many commentators spoke of a return to a time before 2000, when the government was made up of a coalition of the SPÖ and ÖVP. However, the policies carried out by the grand coalition in its first one hundred days makes very clear that the government headed by Social Democrat Alfred Gusenbauer has seamlessly continued the policies of the preceding right-wing government of Wolfgang Schüssel (ÖVP) and Jörg Haider (BZÖ).

Although Gusenbauer's SPÖ emerged from the elections last September as the strongest party, the grand coalition is an alliance of the losers. Compared with the 2002 elections, both parties lost hundreds of thousand of votes—the SPÖ 200,000 and the ÖVP some 550,000. Only 69 percent of the electorate voted for these two parties. In 1949 the figure was 83 percent, and in 1975, some 93 percent.

The SPÖ only emerged as the strongest force in the elections because Chancellor Wolfgang Schüssel (ÖVP) was so hated due to his antisocial policies, and the SPÖ could present itself as the lesser evil.

In the election campaign, the SPÖ had promised to immediately reverse the tuition fees introduced under the ÖVP-FPÖ government and to cancel the purchase of the Euro-fighter European combat aircraft.

Gusenbauer and the SPÖ have broken both these promises. Following the election, a parliamentary

committee of inquiry into the question of the Euro-fighters was quickly formed with the support of the SPÖ, the Greens and the FPÖ. But anyone who thought that the committee had the goal of reversing the Euro-fighter purchase was soon disappointed. Rather, the committee of inquiry served as a mechanism to delay any decision long enough until after the purchase was already completed.

Despite continuing exposures concerning corruption and nepotism in the Euro-fighter deal, the SPÖ will not cancel the purchase.

The Euro-fighter's manufacturer EADS, the largest European arms company, has paid money to numerous members of the military's top brass, politicians and those on the periphery of the ÖVP, BZÖ and FPÖ in promoting the purchase of the warplanes.

At the beginning of April, it became known that Air Force commander Erich Wolf and his wife had received over €88,000 from EADS. The Erika Rumpold marketing agency, which is close to the BZÖ/FPÖ, also found favour with EADS, as did soccer club Rapid Wien, headed by former SPÖ Finance Minister Rudolf Edlinger, which received €280,000 euros. The European arms corporation is said to have financed a luxurious golf tournament for prominent military figures.

Although Chancellor Gusenbauer explained that the bribing of Wolf could be grounds for cancelling the Euro-fighter deal, the SPÖ press service immediately issued a statement saying that it was “undisputed” that monitoring Austrian air space from the air is a “necessity.” Before something happens in any direction, “the committee of inquiry should very carefully consider its task”.

Legal experts like the Viennese constitutional lawyer Heinz Mayer assume that the committee of inquiry will be working “for months,” by which time the first Euro-fighters will already have been delivered. The first set of

payments already took place in January 2007. At the end of May, the first of the 18 Euro-fighters are due to arrive in Austria.

The SPÖ's intentions in this deal with EADS were revealed by SPÖ Defence Minister Norbert Darabos in an interview with the Viennese newspaper *Standard* on April 14. Darabos called the Euro-fighters "too expensive and excessive." But he could guarantee "that aerial surveillance will continue after June 30 2008," because "several companies had already offered to secure our air space, for example using leased machines." On June 30, the leasing contract for the present F5 interceptors runs out.

For the SPÖ, the issue is not rescinding the billion-euro project, but changing the terms of the contract; the Euro-fighters are to be leased and not purchased outright. An April 13 statement by the EADS management also confirms this officially, saying that "negotiations with the Republic of Austria are underway," but there is no talk of an "exit from the Euro-fighter contract."

The initial cost of the 18 Euro-fighters amounts to approximately two billion euros. In addition, hundreds of millions in taxpayers' money will be spent training the pilots, in operating costs, maintenance and spare parts. To this end, the budget of the Defence Ministry was increased by a third, from 1.8 billion to 2.4 billion euros a year. No other department has registered a similar increase in its 2007/08 budget.

In his March 29 budget speech, ÖVP Finance Minister Wilhelm Molterer stressed the need for budget-cutting measures. He said, "We cannot continue to spend more than we take in," adding, "We must economize intelligently and in a disciplined way and use our hard earned tax money correctly. If we invest money, then we should invest it reasonably and particularly in the future." In other words, the increase in money spent on armaments is to be offset by cutbacks in other places.

All of the SPÖ's pre-election social promises are being sacrificed to these austerity measures. In recent weeks, the party's reneging on its promise to abolish tuition fees has sparked widespread protests.

Students will have to pay 380 euros per term in tuition fees, with those from non-EU states paying double, amounting to 760 and 1,520 euros annually. Thousands of students will be forced to take jobs during the school year, and many will have to end their studies for lack of money.

At the same time, education standards continue to sink in Austria; lecture-rooms are overcrowded, teaching staff scarce and buildings are ramshackle. Although spending

on education infrastructure was massively cut in the recent years, the 2006-2007 university budget has only risen some €172 million. That is less than the start-up costs for the elite post-graduate university in Maria Gugging, in the north of Vienna.

Therefore, the SPÖ claim that "education is at the heart of the SPÖ-led government" can only be understood as a warning. The SPÖ-led grand coalitions of the 1990s had already pushed through the dismantling of education, by introducing charges for school books and travel costs and raising class sizes.

On the other hand, the grand coalition is courting the country's wealthy and super-rich. In March, the SPÖ and ÖVP voted to abolish inheritance tax from July 2008. Austrian tax rates are already some of the lowest in all Europe.

The abolition of inheritance tax is regarded as the first step in far-reaching tax reductions. It is relatively certain that the tax on gifts, which is regulated in the same law as inheritance tax, will be the next to fall. Moreover, the grand coalition also wants to use its parliamentary majority to change income taxes. That the "social balance"—much invoked by the SPÖ—will thereby be completely upset is almost certain.

Like their sister parties in the UK or Germany, the SPÖ long ago stopped defending even the most superficial interests of working people.

Characteristic for the right-wing development of Austrian social democracy is the applause it has received from former FPÖ Finance Minister Karl-Heinz Grasser. Speaking on Austrian television on February 27, 2007, he explained that he was glad that the current grand coalition was carrying forward the policies of the former ÖVP-FPÖ government. Asked what he thought of the new budget, he answered. "It is not completely new, but please understand that this does not bother me. It follows the path upon which we embarked in the last seven years. . . This budget is ready to be signed off, even by the last government."



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