

Corruption scandals rock Austrian politics

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A series of corruption scandals involving leading politicians is currently dominating political life in Austria. Politicians from the former right-wing government coalition of the People's Party (ÖVP) and Freedom Party (FPÖ) are accused of gross corruption and abuse of office. No less than five former ministers from the cabinet of 2000-2007 led by former chancellor Wolfgang Schüssel (ÖVP) are currently under investigation.

Last week the former interior minister Ernst Strasser (ÖVP) was indicted on charges of bribery--a charge that could lead to up to ten years in prison. In March last year it was revealed that two journalists from the British *Sunday Times* masquerading as lobbyists approached European Parliament deputies and offered them large sums of money in exchange for legislative changes. The affair was referred to as the "Cash for Laws" scandal. Strasser is alleged to have promised the pair that he would influence EU legislation. On video he can be seen agreeing to a €100,000 "consulting fee".

The former finance minister Karl-Heinz Grasser is facing a series of charges of abuse of authority. In the so-called Buwog affair in 2004 he is alleged to have passed on insider information during the process of privatising public housing companies in exchange for a ten-million euro commission. Grasser is also accused of being in the pay of an Austrian gaming company that sought his services to loosen the country's gambling monopoly. Grasser and his business partners are accused of accepting bribes in connection with the affair from 2005 to 2008.

In a separate scandal involving Telekom Austria, the former technology minister, Hubert Gorbach, and Matthias Reichhold, both of the FPÖ, are accused of receiving six-figure bribes to provide benefits to the company.

Former Health Minister Maria Rauch-Kallat (ÖVP) has been charged with breach of trust. In 2006 the minister gave the go-ahead to buy nine million flu masks at an inflated price. The company that supplied the masks--to serve as a

protection against bird flu--had links to the minister's husband.

Herbert Scheibner of the Alliance for Austria's Future (BZÖ), a split off from the FPÖ, is being investigated by the public prosecutor for money laundering. As defence secretary, Scheibner was responsible for the purchase of the controversial Eurofighter combat aircraft. At a later date, Scheibner's company received lucrative contracts from the company that produced the Eurofighter.

New elections are expected later this year in the southern province of Carinthia, due to the involvement of the government party, the ÖVP and the FPK (Freedom Party of Carinthia), in the scandal surrounding the sale of the Hypo-Alpe-Adria-Bank (HGAA).

Tax consultant Dietrich Birnbacher and the chairman of the ÖVP in Carinthia, Joseph Martinz, have testified to the criminal court in Klagenfurt that millions of dollars were awarded to government parties in the state in connection with the sale of HGAA. The sale had been set in motion in 2007 by the province's former governor, ultra-rightist Jörg Haider.

"After completing the Hypo purchase, Haider and I developed the idea that something should go to the parties", Martinz stated for the record. Birnbacher--hired at the time by Haider as a consultant--testified that from the start a part of his lucrative fee was intended to go to the Carinthian ÖVP and Haider's Freedom Party. Representatives of the Carinthian Freedom Party had also approached him and demanded 500,000 euros for their organisation.

Birnbacher's statements are the culmination of a string of scandals surrounding the sale of the ailing HGAA to the Bavarian State Bank, which left billions of debts on the balance sheets of BayernLB and the Austrian government.

The investigations have revealed many more details about the close cooperation between banks, Austrian government

institutions, political parties and criminal gangs. Together with a number of rich investors, the main beneficiary of the dubious and probably criminal activities of BayernLB were the right-wing government of Carinthia and the Freedom Party led by the late Haider.

Corruption and nepotism in the Alpine republic are nothing new. The close ties between political parties, business, trade unions and government institutions have existed for a long time. According to a survey by the OGM research institute, 82 percent of Austrians placed little or no trust in the country's political leadership. In 2010 Transparency International pointed out that Austrians regard their parties as especially prone to corruption.

But as is often the case in such corruption scandals, the current wave of revelations is being used to prepare new attacks on the working class. In the name of the fight against corruption, plans are afoot to bring a government to power that undertakes vigorous budget cuts at the expense of social spending. The Austrian Social Democrats (SPÖ) and the Greens are currently the main candidates to form such a regime.

Recent events in Carinthia in particular have led to a "political earthquake" in Austria. It is now likely that an SPÖ-Green alliance will take power in the upcoming 2013 elections in Carinthia, with the conservatives and ultra-right thoroughly discredited at both state and federal level. In Carinthia, the SPÖ and the Greens head the polls, while the governing FPÖ has lost over 15 percent of its support. Following Vienna, Carinthia would thus be the second Austrian state to elect a Social Democratic-Green administration. Even at the federal level, the Social Democratic Party is once again the strongest party.

So far the Social Democrats, who head a number of committees of inquiry into various corruption scandals, have sought to keep a lid on the problem--not least because SPÖ politicians are also deeply involved in nepotism.

In August 2011, Vienna's public prosecutor launched an investigation into the current Prime Minister Werner Faymann (SPÖ) and his confidant Joseph Ostermayer on suspicion of embezzlement and abuse of office. A confidante of Faymann is alleged to have applied pressure on the Austrian Federal Railway to begin an advertising campaign for the SPÖ.

Given the financial and debt crisis in Europe, there is an influential lobby in political and business circles calling for

an end to the grand coalition of SPÖ and ÖVP, accused of failing to enforce "necessary reforms". The "Austrian stability program" is due to be phased out in 2013, along with the program for "organizing and financing of health care". In both areas, more severe savings are being called for.

Many in the Austrian ruling elite evidently hope that a SPÖ-Green coalition can put an end to the current "standstill". Their role model is the SPD-Green coalition that came to power in Germany in 1998 and introduced its Agenda 2010. The Austrian Greens stand to the right of the SPÖ politically and almost exclusively direct their policies to the better-off layers of the middle class. In Vienna, the Greens in the state government vehemently agitate for budget cuts at the expense of less well-off layers and urge the SPÖ to undertake such a course.

The *Salzburger Nachrichten* recently summed up the expectations in a SPÖ-Green coalition with the words: "Social Democrats and Greens could agree more easily to take bolder steps towards reform, without losing themselves in an endless ideological struggle. The standstill in domestic politics would end. There is good reason to leave the proven track and risk the red-green project".

The content of this project was explained by the Green Party chairperson Eva Glawischnig. She described the SPÖ and ÖVP as a "brake" because they had not put forward further austerity packages. For their part the Greens have declared their intention to save 13 billion euros by 2017, mainly by massive cuts in health insurance and public schools.



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