

4. 3

CHARACTERISTIC FEATURES OF THE AUSTRIAN ECONOMIC AND SOCIAL POLICY

4.3.1 The aims of the Austrian economic and social policy

The central objective of the Austrian government is to secure and enhance the prosperity of all groups of the population by strengthening Austria's competitive position as a location for business as well as to maintain a healthy environment worth-living in. A sustainable economic and social policy should therefore ensure full employment, price stability, a balance in trade, a just distribution of the national income and a clean environment (see fig.31.1)

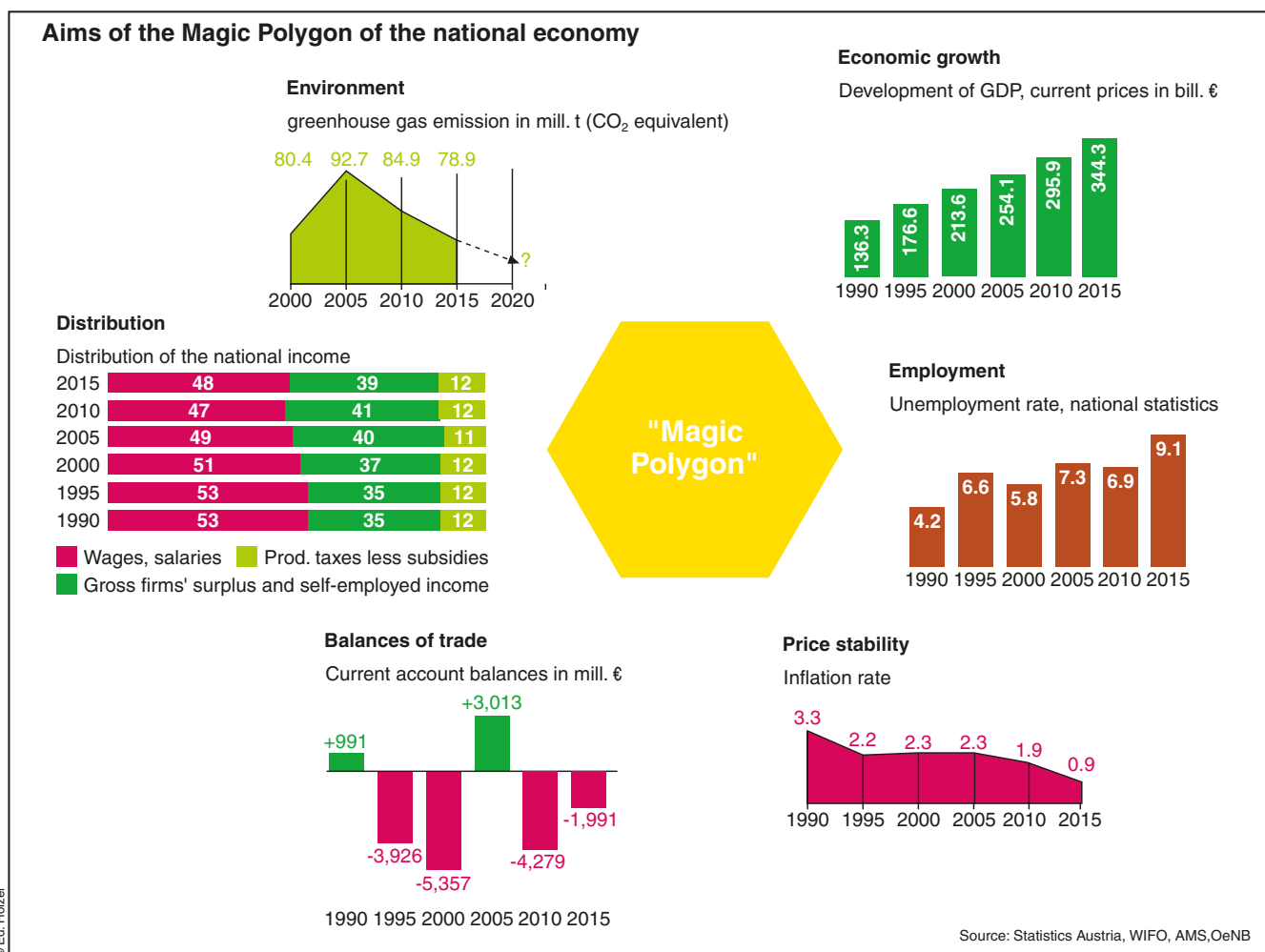


Figure 31.1: The Magic Polygon of a national economy

The "magic" of this polygon is that not all these aims can be reached at the same time: if, for example, the government concentrates on economic growth only, price stability (higher prices because of greater demand, danger of inflation) and the environment (higher energy consumption, resulting in higher pollution) might be endangered.

There are, in principle, three ways in economy how to deal with these problems and how to reach sustainable economic growth and social stability and security:

- the free market economy,
- the social market economy (or mixed economy) and
- the state-planned economy (or state controlled economy).

Social Partners in Austria

The Trade Union Federation (ÖGB)
The Federal Economic Chamber (WKÖ)
The Federal Chamber of Labour (BAK)
The Chamber of Agriculture (LK)

These groups are not merely interest groups in the narrow sense, as wage and price negotiators and lobbyists providing services for their members. They are also established institutions anchored in Austria's political system.

Parity Commission.

Since 1957, the co-operation between these social partners has taken place mainly through this institution. This commission consists of top representatives of the government and the four major interest groups. The Parity Commission has **four subcommittees**:

the Advisory Council for Economic and Social Affairs, the Subcommittee on International Issues, the Subcommittee on Wages and the Subcommittee on Competition and Prices.

The Parity Commission has become an **institutionalised forum for dialogue between the social partners and the government**.

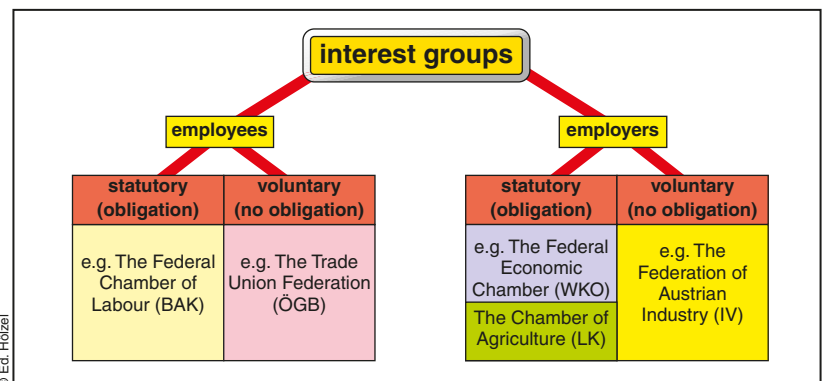
The Austrian economic system

Austria follows the principles of the **social market economy**: Austria's government seeks a middle path between a totally free market economy (capitalism) and a state-controlled economy (socialism). It aims at maintaining a balance between a high rate of economic growth, low inflation, low levels of unemployment, good working conditions, social welfare, and public services by using state intervention to direct the economy. The protection and support of socially and economically weaker parts of society are important goals of Austria's social and economic policy.

4.3.2 The Austrian Social Partnership

Austria enjoys a particularly well-developed system of **co-operation** between the major **economic interest groups** and the **government**. Such co-operation was essential for the reconstruction of Austria after World War II and created the basis for further economic growth and social stability. This cooperation, commonly referred to as „social partnership“, is a **voluntary** arrangement and not regulated by law. What makes the Austrian social partnership so outstanding in Europe is that it extends to **practically all areas of economic and social policy**. The social partners' shared conviction is that economic and social aims are better achieved through dialogue leading to cooperation and co-ordinated action than through open conflict.

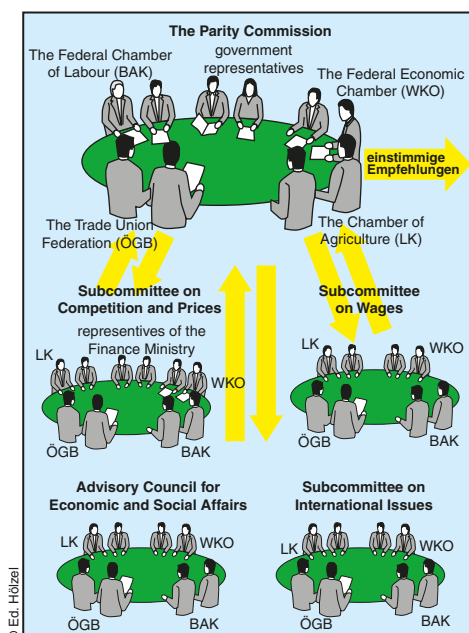
(Source: http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft_mission_en.pdf)



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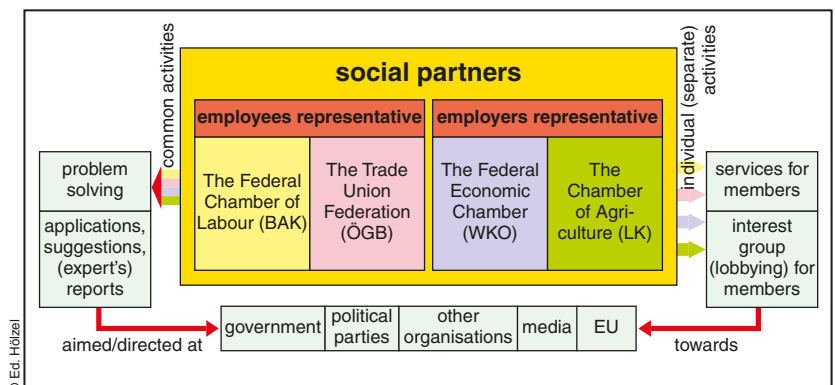
Figure 32.1: The interest groups in Austria

Figure 32.3: The Parity Commission



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Figure 32.2: The social partners in Austria



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