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Printed in Japan

ISBN 92-808-0141-4
ISSN 0379-5764

HSDRGPID-30/UNUP-141

**AUSTRIA IN THE YEAR 1979: HOW AUSTRIA
WEATHERED THE ECONOMIC STORM
OF THE SEVENTIES**

Lore Scheer and Fred Prager



BACKGROUND INFORMATION ON AUSTRIA

Covered surface	83,852	square kilometers
Highest mountain	3,797	meters
Surrounded by seven countries		
Length of the borders	2,637	kilometers
Population	7.4	million
Number of households	2.5	million

Military expenditures average 3.8 % of the total federal expenditures (figure for the years 1974 - 1978); they average 1 % of Austria's gross domestic product.

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This paper by Lore Scheer and Fred Prager was presented at the first meeting of the Alternative Ways of Life sub-project of the GPID Project, Cartigny, 21-24 April 1978.

Geneva, January 1980

Johan Galtung

It is being circulated in a pre-publication form to elicit comments from readers and generate dialogue on the subject at this stage of the research.

A. C o n t r a d i c t i o n s o f p r o g r e s s

1. I n t r o d u c t i o n:

What people desire in the industrialized world - instead of the simple life - is a life of affluence, of growing wealth, of sensual pleasures in every way. But this is not what man was created for; nor this earth. Today this earth is in difficulties with its environment. It is threatened by the exhaustion of its raw materials. It can no longer stand up to such ruinous exploitation ...+)

Cardinal Dr. Franz König
in his Boxing day sermon,
Christmas 1978 in
St. Stephan's Cathedral,
Vienna.

If we accept man as the measure of all things then modern civilization - or 'progress' - must be judged by what it does for the individual human being.

The 19th century believed in progress; a glorious vista of technical advances leading mankind into a bright future of ever increasing happiness and harmony seemed assured. Science was going to solve all riddles of nature; improved techniques would bring growing harvests, hunger would be eliminated, instruments and mechanical aids would reduce the necessity for hard work and long working hours; technology would enable us to feed, clothe and house ever more people - first adequately, then abundantly. 'Scientific' techniques and the newly developing 'social sciences' would lead to a just organization of society. Science would bring the millennium.

+)"Statt des einfachen Lebens suchen die Industrievölker einen üppigen Lebensstil, wachsenden Reichtum, Genuß auf allen Linien. Aber dafür ist der Mensch nicht geschaffen. Auch nicht die Erde. Sie ist heute in ihrer Umwelt in Schwierigkeiten geraten. Sie leidet an möglicher Erschöpfung der Rohstoffe. Sie ist dem Raubbau nicht mehr gewachsen ..."

The technical advances of the last four centuries (not to mention the whole span of human history from, say 30,000 BC until the year 1500) are beggared into insignificance by the technical advances of the last 60 years. Yet the belief in 'progress' has suffered knock after knock since World War I. Today we face growing pessimism: We talk of the limits of growth, we fear that we are about to destroy the biosphere, we suffer from future shock.

We are rediscovering the truism that we must pay dearly for all our advances. The advantages we acquire bear in themselves unavoidable disadvantages.

2. Nuclear energy:

The splitting of the atom promised to give us unlimited supplies of energy. But already we are faced with the treble threat of growing 'reserves' of deadly plutonium, undisposable nuclear waste; installations sensitive to terrorist attacks with the attendant problems of 'adequate' protection, necessary limitations of individual freedom; and the laying waste of growing numbers of sites, in the future, of the poisoned ruins of worked-out power stations that will have to be guarded for decades, perhaps even for centuries. The problem of limitless energy is still with us, on a bigger scale than ever - still unsolved.

Whether our peculiarly Austrian way of dealing with this problem constitutes the height of folly, or if we have set a signal to the world, pointing in the direction of sanity - remains to be seen. Our unique contribution to the "nuclear option" consisted in first erecting+) - at a cost of over half a billion dollars - a nuclear power station of antiquated design at Zwentendorf, a village situated a

+) based on a decision by the first non-coalition ÖVP-government since 1945

bare 50 km upstream from our capital city, Vienna, and subsequently to proceed with a referendum in November 1978+) and outlaw - by the narrowest of majorities - the logical next step of letting the completed power station become operational. Maybe there's wisdom in our folly: If, in consequence, we take 1) steps to make our own natural sources of energy (hydro-electric power; lignite deposits) go a longer way by saving energy in a systematic fashion (using heat conserving building materials and methods; promoting industries with a high content of skilled labor instead of exporting primary and semi-finished products with a high energy content; foregoing a good deal of all-round air conditioning which is almost superfluous in our climate); or if 2) we use the ample inventive talent in our country and come up with a substantial contribution to research for alternative, less potentially dangerous new sources of energy - or preferably in both ways - we may yet have done ourselves, and perhaps the world, a good turn.

3. 'Piped' energy:

The forms of energy we do use - and we do, at frighteningly growing rates - are brought to us, to our production units, factories, transport systems and to our homes (in the shape of energy, gas and [heating] steam, and water for drinking, industrial and sanitation purposes) & have made us dependent on the functioning of these systems to an extent that, today, is threatening the life and the existence of rapidly growing communities. For most but not for all of us, there is no more lugging of coal or wood, no water to be drawn from the well and carried into the house, no cesspool to be dug in the backyard. But what if any one of the power systems

+) based on a decision by the SPÖ-government. The struggle against the nuclear power station was, however, not limited to one political party; it was a people's fight including members of all political parties in Austria.

or the water supply should fail through an accident, a catastrophe big or small? No use turning to a neighbor for help: he is joined by pipe, by cable or by conduit, to the same system; and when our supply fails then so does his.

Increased use of energy is making Austria more dependent upon foreign countries and at the same time will cause big problems for its balance of payments. Twenty years ago we imported no energy to speak of; today two-thirds of our energy is imported, and by 1990 four-fifths of our energy will be imported - unless we make economies in the use of energy, vastly increase smallscale domestic production, or change our way of living.

Energy production, consumption, import (in thousand kg coal equivalent)			
	Domestically available energy	Conversion and use	Import
1955	11,036	12,831	5,417
1965	11,614	19,455	9,310
1975	11,466	29,126	18,653
1985 (estimate)	10,035	43,223	34,260

Source: Kurz- und mittelfristige Fragen der Zahlungsbilanzentwicklung, Beirat für Wirtschafts- und Sozialfragen, Wien, 1978, pp. 139 and 143.

4. Hygiene and medicine:

a) Hygienic facilities in homes

Percentage of housing units in Austria's provincial capitals having amenities			
	Class 1+2 ⁺⁺)	Class 3 ⁺⁺)	Class 4+5 ⁺⁺) (substandard)
Salzburg	77.4 %	9.7 %	13.0 %
Linz	71.0 %	13.4 %	15.6 %
Innsbruck	68.3 %	19.5 %	12.2 %
Klagenfurt	66.5 %	14.2 %	19.3 %
Graz	56.3 %	16.3 %	27.4 %
Vienna	47.8 %	18.7 %	33.5 %

++) Class I housing units have central heating, bathroom, toilet, water inside,
Class II housing units have a bathroom,
Class III housing units have toilet and water inside the home,
Class IV housing units have only a water faucet in the home,
Class V housing units have no water in the home.

The city of Vienna has particular problems, since many of its houses are very old and modernization is not easily possible.

b) Medicine

Advances in medicine - the control of child mortality, infectious diseases, of most of the traditional killer diseases through progress in bacteriology, surgery and the advent of chemotherapy in the modern sense - have, in cooperation with the new findings and improvements in hygiene standards of housing and the revolution in food production improved, even doubled, life expectancy.

There are few countries in the world that have more physicians per population than Austria. There is roughly

one practicing physician per 500 Austrians, so we cannot speak of a shortage of doctors. Yet there are regions in Austria, mostly rural ones far from towns or cities, that have far too few doctors.

Number of physicians by size of community		
Size of community	Number of people per general practitioner	Number of people per specialist
up to 2,000 inhabitants	2,426	25,348
up to 5,000 inhabitants	2,030	10,570
Average for Austria	1,750	1,560

Source: Forum, Arbeitsgemeinschaft Ländlicher Raum, March 1976, p. 9.

Differences in the regional distribution of the doctors do not, however, correlate with the number of times people see a doctor. In fact, inquiries show that people living in small communities consult a doctor as often as people living in Vienna.

Percentage of population having consulted a doctor during the year when in pain (Sept. 1972 - Aug. 1973)								
Size of community	Percentage visiting a general practitioner				Percentage visiting a specialist			
	never	once	twice	3-5 times	never	once	twice	3-5 times
up to 2,000 inhabitants	52 %	11 %	10 %	14 %	80 %	8 %	4 %	3 %
2,000 - 20,000 inhabitants	48 %	11 %	10 %	15 %	73 %	11 %	5 %	5 %
Vienna	45 %	9 %	8 %	14 %	59 %	10 %	7 %	9 %
Average for Austria	49 %	11 %	9 %	14 %	70 %	10 %	5 %	6 %

Source: "Gesundheitsdaten aus dem Mikrozensus", Beiträge zur österreichischen Statistik, Heft 22.

The internationally high numbers of practicing physicians, of medical staffs, of hospital beds available and of hospitals in general have not resulted in low mortality rates in Austria.

And the trend? The hospital which is under construction in Vienna will be the largest building built in Austria during this century. The hospital will have beds for 2,000 patients and will treat an additional 6,000 patients daily as out-patients.+

5. Life expectancy - loss of life:

a) Infant mortality

While the infant mortality rate has been decreased year by year, the figures are still high for Europe.

Infant mortality in Austria		
Year	Number of those who died during the first 28 days	Number who died from the second through the twelfth month of life
	per 100 live births per year	
1937	4.5	4.7
1960	2.5	1.3
1968	1.8	0.7
1969	1.9	0.7
1970	1.9	0.7
1971	1.9	0.7
1972	1.9	0.7
1973	1.8	0.6
1974	1.7	0.6
1975	1.6	0.5
1976	1.3	0.6
1977	1.2	0.5

Source: Statistisches Handbuch für die Republik Österreich, 1978.

+) "Die Seite des Bürgermeisters", Bezirksjournal Hietzing, No. 5, 1979.

b) Loss of life due to violence

Where is life more dangerous? In the capital Vienna or in the countryside? Crossing a street, for example, is less dangerous in Vienna than in smaller communities, which often have much through-traffic. Similar conclusions can be drawn from statistics on loss of life by violent causes. Here most deaths occur in the age group of children less than one year and living in communities with from 20,000 to 70,000 inhabitants. In the older age groups there are more deaths in the smaller communities.

Indices of fatal traffic accidents and loss of life due to violence (1969 - 1973) (Austria = 100)				
	Fatal traffic accidents		Deaths due to violence	
	Men	Women	Men	Women
Province of Carinthia	123	110	123	104
Province of Styria	120	122	115	106
Vienna	58	92	67	93
Average for Austria	100	100	100	100

Source: Beiträge zur österreichischen Statistik, Heft 404.

Another cause of violent death is suicide. The age groups in which the suicide rates of women are highest in Vienna are from 25 to 45 years and above 75 years of age. For above 75 years of age, the rate in small communities is roughly a third the rate in Vienna, showing that where households are still larger, the elderly are less isolated.

Number of fatal accidents and suicide
per 100,000 inhabitants per year

	Fatal accidents			Suicide
	total number	of these fatal traffic accidents	homicide	
1937	36			38
1960	23	1.2	23
1970	78	30	1.5	24
1975	73	29	2.5	24
1977	68	25	(1976)1.7	24

Source: Statistisches Handbuch für die Republik Österreich, 1978. Fatal accident statistics do not show clearly the very unfavorable situation existing in Austria. Total fatal accidents have averaged 76 per 100,000 in the years from 1970-1977 (the highest figure was 83 in the year 1971), a very high figure as the following table also shows. The trend in the number of homicide cases shows an increase if seen over a longer period of time. The number of fatal work and traffic accidents continues to be very high, though a little lower than in previous years.

Deaths due to unexpected events, by type of event, in the
early 1970 s
(The total figure for Austria is the highest of the
17 industrial countries listed)

Country	Deaths due to all causes	Deaths due to unexpected events per 100,000 inhabitants				
		total	of these traffic accidents	poisoning, falls, fire, drowning	accidents occurring mainly in industry	homicide
Austria	1,339	76	33	32	5	1
United States	932	66	30	15	3	8

Source: Social Indicators 1976, U.S. Department of Commerce,
Washington, D.C., Dec. 1977, p. 254.

c) Life expectancy

The trend in life expectancy - that is, in the average number of years of life remaining under prevailing mortality conditions to persons of a specified age and population group - is characterized by three main features in Austria. First, the gains in average life expectancy that occurred up to and through the 1950 s were more rapid than gains since. Second, the gap between male and female life expectancy continues to widen. Third, the male life expectancy of 20, 40 or 60 year-olds has stopped rising and in some cases has fallen during the last twenty years.

Life expectancy at birth, by sex 1870 - 1970 s			
Year	Average life expectancy		Years that women live longer than men
	Men	Women	
1870/80	31.0	33.8	2.8
1901/05	39.1	41.1	2.0
1930/33	54.5	58.5	4.0
1949/51	61.9	67.0	5.1
1959/61	65.6	72.0	6.4
1969/71	66.4	73.5	7.1
1977	68.5	75.6	7.1

Source: Lebenserwartung in Österreich, Österreichisches Bundesinstitut für Gesundheitswesen, Vienna, June 1976, p. 7.

Calculations made to show the gain in life expectation at birth (in years) that would result in Austria, if specified causes of death were eliminated show results similar to those obtained in the United States+). Thus exclusion of diseases of the heart as a cause of death would lead to an increase in life

+) Lebenserwartung in Österreich, op.cit. and Social Indicators 1976, op.cit., p. 197.

expectancy of 5 years for men, 3 years for women (6 years on the average in the U.S.), exclusion of malignant neoplasm would lengthen men and women's life by 4 years (2.5 in the U.S.). If there were no fatal accidents, this would add 3 years to men's life and 1 year to women's life span (both sexes, 1.8 years in the U.S.).

6. Health and health insurance:

Asked in the fall of 1978 whether their health had improved during the last five years, Austrians answered "no"; it had at best remained as before.

This is not a very positive answer, considering that nearly the whole Austrian population enjoys health insurance, meaning that all medical and dental care as well as hospital treatment is free. The sums that the individual pays - for example 15 Austrian Schillings (\$ 1.15) per prescription - are minimal compared to the many thousands paid by the social insurance system for hospital or rehabilitation treatments.

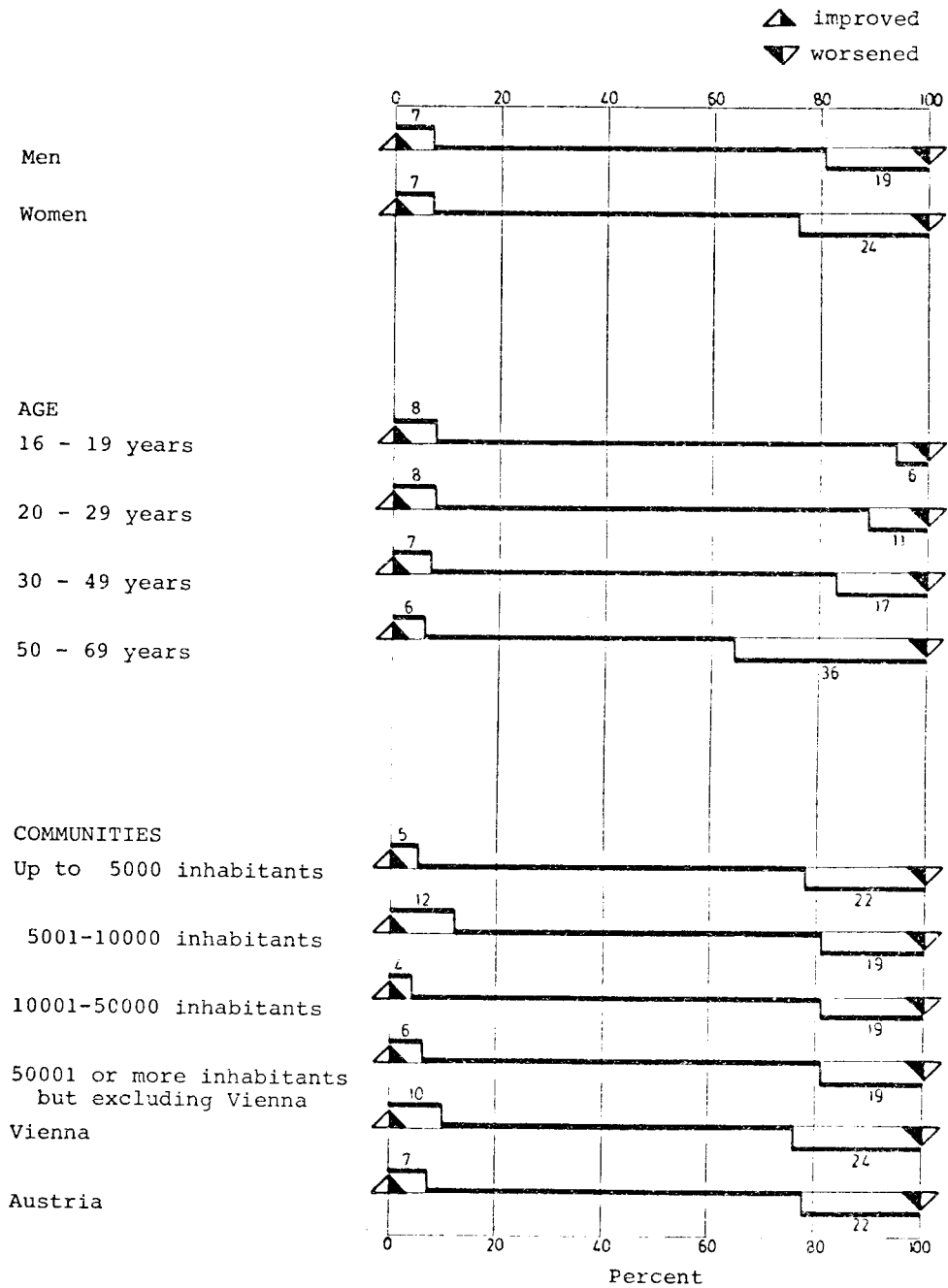
Percentage of Austrian population covered by health insurance	
1961	78 %
1970	92 %
1974	96 %
1977	99 %

Source: Indikatoren zur Gesellschaftlichen Entwicklung, Beiträge zur Österreichischen Statistik, Heft 428, p. 33.

ASSESSMENT OF OWN HEALTH STATUS

Has your health improved, worsened or remained the same during the last five years?

Results of an inquiry throughout Austria in the fall of 1978.



7. Mobility:

Increasing social and geographic mobility are both cause and consequence of the modern small family unit. Both kinds of mobility undoubtedly benefit the large numbers of people making their way upwards in society; but with the destruction of the old large family unit they increase insecurity (the "safety net" of the large family is disappearing), push the aging into loneliness, old-age homes, accelerate the atomization of the urban population.

8. Conurbation:

Mechanization in agriculture together with the need for workers to run modern industry are the prime causes of the growth of our cities; Our megalopolises are centers of glory and wealth, centers of unequalled culture, but for some - unfortunately - still misery. In the forty years past many of our cities have grown larger, and so have the problems. There is more comfort and more congestion, more growth and quicker decay. This is a by-product of our unparalleled economic growth.

9. Saturation - oversaturation:

In Austria we're still far from saturation or oversaturation (overdevelopment) in many spheres. In education, health and housing, transport and technology could be used to eliminate poverty and misery to help satisfy consumer demands (though not those artificially instilled), to improve working conditions by alleviating heavy work and by doing away with much monotonous work.

It will take time until these demands will be fulfilled. And by then new requirements and new needs will have arisen. They will not necessarily be material demands but their prerequisite will be that the basic and desired material needs of life will have been met. If there would be no new

demands this would mean a halt in human development - something we would not want. Yet not all technology is applied for the good of mankind. Modern technology can be used to improve our quality of life and it can be so used that its application can do more harm than good.

10. Fertilizers:

Modern agriculture, aided by phosphates, herbicides and insecticides has increased per-acre output to the point where we find that food supplies have begun to poison man (and his cattle). The secret of our latest advance in food production - "biological food production" - is based on not using artificial aids to growth, and avoidance of killing off pests and weeds.

11. Sprays:

Insecticides, pesticides, weed killers, all the hygienic and scent sprays we have accustomed ourselves to direct at our surfaces, orifices and environments are activated and propelled by certain innocuous gases, or so we thought. Now the alarm has gone out: the aggregate vapors rising into the air from all these sprays are, in fact, a deadly danger to a protective layer surrounding the earth which is needed to filter radiation dangerous to human and animal life.

12. Jet aircraft, combustion engines, factory chimneys - all seem engaged in a record breaking competition to darken the skies, to poison the air, to change our climate to the point where one sort or another of universal climatic or radiation catastrophe may soon upset the delicate balance of our biosphere and finish us off, one way or another ...

And our minds are being poisoned by malinformation.

13. Information:

a) Books

The growth of book publishing has reached explosive character both in titles and in distribution figures; while the last century saw the growth of circulating libraries and public libraries, our century brought us the paperback and mass membership bookclubs. Yet Austria lags woefully behind its neighbor countries in books read per head (or rather books read per head per annum).

According to an inquiry carried through in the fall of 1978, 57 % of all Austrians had not read a book in the preceding month.

On the publishing side this is a backwater too; most promising Austrian young authors (and their number is gratifyingly and disproportionately high) are drawn off - or emigrate voluntarily to German publishing houses who can and do offer larger editions and wider publicity than most (not all) Austrian publishers. Among the disadvantages of the exploding number of titles is the difficulty in worthwhile books being noticed at all among the flood of titles churned out. The retail bookseller is forced to subordinate his selective tastes to the marketing strategy of the publisher - who in turn is driven to such by competition - and the institution of the "Sortimentbuchhandlung", (the wholesaler/agent specializing in stocking titles other than the latest 'bestsellers') is dying out.

b) The press

Austria has 35 daily newspapers (one newspaper per 200,000 inhabitants), 6 of them in Vienna.

Universal education was thought of as one of the great liberating forces - a true panacea against ignorance and, hence, discrimination. True, universal literacy led to

the advent of the mass circulation newspapers. These are increasingly concentrated in the hands of capitalists (economic in some parts of the world, political in others: for reasons and in ways that are amply analysed and interpreted). News is slanted this way or that, comment and interpretation are inextricably bound up with what purports to be 'straight' information and serve to befuddle rather than to inform.

Austria had a vigorous and variegated press in the inter-war years (part of it flourishing in the underground after 1934) and again since 1945 (and more so after 1955 when the State Treaty restored full independence) but of late the newspaper scene has been much impoverished - though some new periodicals have tried to step in where dailies have gone. The reasons for the decline of a vigorous and diverse press are, int. al., technological and economic. The main threat comes from the overwhelming competition of the audiovisual media which is not based on the latter's superior speed in news presentation alone.

c) Radio and TV

The Austrian State broadcasting monopoly is charged by law with maintaining a well balanced variety of programs both in the cultural field and in politics. How successfully it achieves such balance under conditions of monopoly may be argued; it is beyond question that it is a costly business for the consumer - in fact, for the taxpayer. Yet - an Austrian monopoly being a mini-monopoly - it is forced for economic reasons to take over a good deal of its subject matter - tapes, films, whole programs - from larger, mostly German producers/distributors. And it takes the good with the bad. There may be less violence shown (and heard) on our broadcasting media than in some other countries. Some outstanding productions may be seen and heard. Others, among them some of the ones aimed at small children at their most impressionable age, fail lamentably in their good

intentions. Many missed opportunities in the educational field are to be deplored.

B. Employment policy

14. The level of employment

Austria is the only industrialized capitalist country in the world which had virtually no unemployment during the economic turmoil of the last decade and which has virtually no unemployment today. The table on the next page documents this. In fact, nearly 1,000 persons have found employment every week since the year 1970.

15. Hours of work

By collective agreement hours of work were reduced from 45 to 40 hours, in three stages over the years up to 1975.

Average hours worked per month by wage earners in industry 1961 - 1977

1961	170
1962	168
1963	167
1964	168
1965	168
1966	168
1967	166
1968	167
1969	167
1970	162 - reduction of standard working week from 45 to 43 hours
1971	161
1972	157 - reduction to 42 hours
1973	156
1974	156
1975	147 - reduction to 40 hours
1976	149
1977	147

The employment situation 1960 - 1978									
	Employed	Foreign workers	Registered unemployed	Unemployment rate in %	Vacant jobs	Unemployed per vacant job	Number of apprentices		
1960	2,281,915	-	87,192	3.7	35,388	2.8	140,990		
1961	2,322,208	16,200	68,469	2.9	44,551	1.7	143,750		
1962	2,340,448	-	64,658	2.7	45,993	1.7	148,210		
1963	2,342,103	-	70,642	2.9	46,606	1.9	154,290		
1964	2,363,780	-	65,828	2.7	39,612	1.7	153,930		
1965	2,381,467	51,500	65,514	2.7	41,888	1.6	150,296		
1966	2,386,628	-	61,438	2.5	45,937	1.4	114,903		
1967	2,359,550	66,200	64,590	2.6	32,402	2.0	109,485		
1968	2,339,319	67,500	70,809	2.9	27,637	2.6	109,080		
1969	2,357,655	87,700	67,121	2.8	33,890	2.0	128,651		
1970	2,389,195	111,700	58,444	2.4	45,280	1.3	137,445		
1971	2,454,858	150,200	52,020	2.1	55,914	0.9	142,284		
1972	2,512,718	187,100	49,135	1.9	61,998	0.8	147,095		
1973	2,608,306	226,800	41,327	1.6	66,060	0.6	155,856		
1974	2,656,922	222,300	41,306	1.5	57,599	0.7	163,551		
1975	2,656,440	191,000	55,464	2.0	31,209	1.8	170,172		
1976	2,685,862	171,700	55,257	2.0	29,366	1.9	176,519		
1977	2,737,148	188,900	51,165	1.8	32,136	1.6	183,659		
1978		175,000	65,000	(2.3)					

Source: Statistisches Handbuch der Republik Österreich 1978.

16. Wages

On the wage front the emphasis has been on anti-cyclical wage settlements.

The trade unions have succeeded in increasing fringe benefits and the claim to a 13th and 14th month's wage is generally accepted (holiday pay and Christmas bonus).

Average monthly income per employed+)			
	Gross monthly income in Austrian Schillings	Yearly increase in gross income	
		in current prices	in constant prices
1961	2,586	+ 10.1	+ 5.8
1962	2,812	+ 8.7	+ 4.4
1963	3,041	+ 8.1	+ 4.7
1964	3,318	+ 9.1	+ 5.9
1965	3,614	+ 8.9	+ 4.5
1966	3,964	+ 9.7	+ 7.0
1967	4,345	+ 9.6	+ 5.4
1968	4,638	+ 6.7	+ 3.9
1969	4,998	+ 7.8	+ 4.3
1970	5,387	+ 7.8	+ 3.6
1971	6,050	+ 12.3	+ 7.7
1972	6,710	+ 11.0	+ 4.6
1973	7,683	+ 14.5	+ 6.0
1974	8,711	+ 13.4	+ 4.0
1975	9,814	+ 12.7	+ 4.4
1976	10,720	+ 9.2	+ 3.7
1977	11,590	+ 8.1	+ 3.0

+) The "monthly" income is the yearly wage, salary or compensation paid to all working people (the employed, apprentices, members of the armed forces) including all supplementary payments and bonuses divided by twelve.

Source: Wirtschafts- und Sozial-Statistisches Taschenbuch 1978, Österreichischer Arbeiterkammertag.

17. Strikes

Strikes seldom take place in Austria, because they are perceived as a less desirable way of obtaining wage increases than is the present system of negotiation.

19.

The employment situation 1960 - 1978							
	Employed	Foreign workers	Registered unemployed	Unemployment rate in %	Vacant jobs	Unemployed per vacant job	Number of apprentices
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1978		175,000	65,000	(2.3)			

Source: Statistisches Handbuch der Republik Österreich 1978.

18. Prices

Some degree of inflation is believed inevitable in an economy with a high employment level. The question is rather the rate of inflation.

About a quarter of the items (including rent in old housing units and local rates) in the shopping basket used for calculating the consumer price index come under price control.

The retail prices of most staple foodstuffs (flour, bread, milk, butter, sugar and some kinds of cheese), liquid fuels, electricity and pharmaceuticals are officially controlled, as are producer prices for milk and cereals; the latter are subsidized under the agricultural market regulations.

Yearly increase in the consumer price index (in %)			
		1970	4.4
1961	3.6	1971	4.7
1962	4.4	1972	6.3
1963	2.7	1973	7.6
1964	3.8	1974	9.5
1965	5.0	1975	8.4
1966	2.2	1976	7.3
1967	4.0	1977	5.5
1968	2.8	1978	3.6
1969	3.1		

19. Economic and social background

Austrian employment policy in its present form can best be understood when seen against its historical background. After the Second World War the Austrian economy was largely destroyed and the GDP (gross domestic product) was only about a third of its pre-war level (the 1938 level was only reached again in 1949). When the wartime wages and prices freeze was relaxed, an inflationary spiral started and gathered speed.

21.

(a) Faced with this difficult situation the two major parties, of almost equal strength, decided to bury their traditional ideological differences for the time being and to tackle the task of reconstruction jointly.

From 1945 to 1966 Austria was governed by a "Grand Coalition" composed of these two large parties, the SPÖ (Socialists) and ÖVP (Peoples' Party). The links of this coalition were first forged behind the barbed wires of Hitler's concentration camps. That coalition began to operate in an Austria divided into four zones (from 1945 to 1955) by the victorious Allies, and under the supervision of these occupying powers - the British, French, the Soviets and the 'Amis'.

No government since 1957 has dared to disavow a decision of this joint decision-making: neither the ÖVP-SPÖ coalition governments (until 1966), nor the ÖVP-Government (1966-1970), nor the SPÖ-Government (since 1970 and re-elected this year, 1979).

(b) An important feature of the Austrian economy is the size of the public sector. About 30% of all persons in dependent employment work in the public sector, which contributes about 20% to the GDP.

(c) Austria has one unified trade union. Two-thirds of all employed Austrians are members of the Trade Union Federation.

20. The Austrian lesson

The development of a system of tripartite consultation, discussion and, in a way, decision-making has gone a long way in Austria. The Austrian experience shows that it is possible for employed and employers to agree on a broad framework of socio-economic policies which in turn are subject to discussion with government, so that a consensus emerges which receives support at least in its main outlines.

But the existence of such institutions does not in itself explain their survival. And they have lasted longer in Austria than elsewhere.

And while the position of Austria politically has contributed to an attitude of cooperation, tranquility and agreement by consensus, the lesson which can be learned is that tripartite bargaining offers prospects for the attainment of some of the objectives of the working people.

The particular forms, machinery and administrative arrangements, are of less importance than the desire to achieve certain broad policy goals in an unstable world.

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