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Austro-Corporatism in Transition

Gunter Bischof and Anton Pelinka continue to provide Austrian specialists with focused and interesting collaborative works dealing with Austria's recent past. The present volume of their serial publication, *Contemporary Austrian Studies*, like its predecessors, offers a set of articles tightly grouped around a central theme, drawing on the expertise of an international group of carefully chosen scholars. While the articles on Austro-Corporatism are quite useful, what makes this issue particularly stimulating is the inclusion of a second forum on the "New Right" in Austria. The juxtaposition of the issue's two focal points is certainly no accident, since a number of the problems presently facing the Austro-Corporative system are closely connected to the recent rise of the Freedom Party as a much more significant force in Austrian politics.

Austro-Corporatism has as one of its chief characteristics the concentration of interest-group representation in a few institutions that, with the legal sanction of the state, work out differences among themselves over such issues as wages and prices. Since these institutions have the right to negotiate for the groups they represent, the decisions that result are binding on all the parties involved. This so-called social partnership results in a system based upon consensus building and cooperation, rather than on the more confrontational approach to such questions typical of American labor relations, for example.

Social partnership has long been recognized as one of the most significant defining characteristics of the Austrian economic and political system. It has been credited with bringing about the enviable stability of the Austrian economy and of Austrian politics since the Second World War. Scholars from abroad were particularly drawn to the Austrian model in the 1970s and 1980s as they sought ways to give capitalism a more humane and egalitarian face. While such scholars were interested in corporative models generally, the Austrian system of social partnership stood out among several such models because it appeared to be so very successful. Despite such approbation by foreign scholars, recently the corporative system has come under fire within Austria, because some of its underlying principles are perceived as illiberal. Hence this reexamination of the system of social partnership is particularly timely. The present issue does a good job of explaining how social partnership developed, what the sources of its present difficulties are, and what the prospects for the future may be. In addition, several authors from former Eastern bloc countries explore the applicability of the Austrian model to their emerging capitalist systems.

The issue begins with a lively comparative introduction to corporatism by Andrei Markovits. He explains that Austrian corporatism differs from corporative systems elsewhere especially because of a combination of specific structures with a particular political culture and set of behaviors. Key structural elements of the system include the parastatist chambers with obligatory membership (Labor, Agriculture, and Commerce, to name the most important), a highly integrated system of labor representation, a strong tradition of coalition governments marrying the country's two main parties (albeit with a twenty-year hiatus from 1966 to 1986), and the Joint Commission on Wages and Prices (*Paritaetische Kommission*). The special political culture of Austria that greases the wheels of social partnership owes a great deal to the Austrian Civil War and the Nazi occupation. Austrian elites from both the left and the right learned that the consequences of open conflict were mutually destructive. Furthermore, in the period from 1945 to 1955, "the formerly maligned Austrian behavior of 'durchwurschteln' attained the valor [*sic*] of a pragmatic method of conflict resolution and crisis management. Back-room deals in parapublic institutions which presented the public with faits accomplis came to be regarded as acts of statesmanship safeguarding stability and tranquility in a very dan-

gerous and inhospitable outside world. Stability, prosperity and predictability rather than participation, debate and choice became the operative concepts of this new political order" (p. 16).

Emmerich Talos and Bernhard Kittel examine the roots of Austro-Corporatism by tracing the history of the chamber system and the tradition of institutionalized cooperation between the state and interest groups back to the mid-nineteenth century. They also look at the creation of a vertically integrated system of labor representation in Austria. They see several instances of political cooperation in the development of economic policy in the interwar period, such as the Industrial Board and the Industrial Conferences of 1919, which served as models for the framers of Austro-Corporatism in the postwar period. Ironically, despite the fact that the Dollfuss-Schuschnigg regime called itself corporatist, Talos and Kittel do not believe that it was as important for the development of the postwar corporatist system as the experiments of the First Republic. The Corporate State was not based on the idea of a social balance, and so it was incapable of actually reconciling disparate interests. The corporatism of Italian Fascism was also not a social partnership, since it too gave widely disproportionate power to industrial interests. At best these two examples of corporatism provided the postwar designers of Austro-Corporatism with examples of what clearly would not succeed within the context of a democratic state. What has made the system work since 1945 was the establishment of a social balance and the commitment of all participants in the social partnership to maintain that balance.

Randall Kindley looks at the evolution of Austro-Corporatism since 1945. He argues that initially attempts to build cooperation in developing economic policy were not entirely successful. Only with the establishment of the Parity Commission in 1957 was a durable system for reconciling interest-group differences established. The key to the success of this new system was its "bipartist and autonomous neo-corporatist" (p. 55) character. Labor interests (in the form of the Chamber of Labor and the Trade Union Federations) on the one side and industrial and agricultural interests (in the form of the Chambers of Commerce and Agriculture) on the other worked out their differences outside the halls of parliament. Essentially, the new system removed some of the most vital economic decisions from the control of state elites, and therefore reduced the influence of short-term political considerations in their outcome. It was not a coincidence that "at practically every crucial juncture in the further development of concertative institutions, state capacity, either in financial or political terms, was low" (p. 75).

Hans Seidel draws on his experience as a state secretary in the Finance Ministry during the Kreisky era to examine that pivotal period in the evolution of Austro-Corporatism. Seidel refers to the approach of the Kreisky government as "Austro-Keynesian" because of its commitment to full employment. The interventionist approach taken by the Kreisky government returned Austria to a tripartite system, with the state insisting on more control over economic decisions. Initially, the Kreisky government sought to build a consensus with the social partners, but in the late 1970s the government increasingly tried to push its policies through even when one of the social partners or the political camp associated with it strongly disagreed. In some instances (the tax revision of 1977) the government was successful in such tactics; in others (the Zwentendorf power plant) it was not. Seidel's analysis ends with 1983, but one wishes he had examined the impact of the Kreisky era on the subsequent development of social partnership. As it is, the 1980s receive less attention in this volume than they deserve.

Ferdinand Karlhofer closes the discussion of Austria's social partnership with an analysis of its present state and its prospects for the future. Karlhofer notes that in the early 1990s, increasing friction between the social partners and the pending entry of Austria into the EU forced a reexamination of how Austro-Corporatism functioned. In addition, the decomposition of the political "Lager" that have been a mainstay of Austrian politics since the First Republic has threatened the foundation of social partnership. The system assumes a rough balance between the SPOe (Socialist Party of Austria) and the OeVP (Austrian People's Party). The rise of the FPOe (Freedom Party of Austria) to the status of near equality with the electoral strength of the OeVP and the emergence of other smaller parties (Greens, Liberal Forum) have begun to undermine the bipartite system. Furthermore, scandals in the chambers weakened support for obligatory membership–a key element in their legitimacy as bargaining agents for labor, commerce, and agriculture. The traditional overlap in personnel between the chambers and the unions and the two main parties' parliamentary delegations has also begun to decline, making coordination of policy across these various institutions more difficult. In short, a number of key elements that have made Austro-Corporatism workable may not long survive.

Despite the potential threats facing Austro-Corporatism, there are signs that things are perhaps not so bleak after all. Recent elections within the Chambers of Commerce, Agriculture, and Labor have upheld obligatory membership in these bodies. Popular support for the concept of social partnership in the abstract

continues to be high, despite frustration with the social partners themselves. Another hopeful sign is that the social partners are fully integrated elements of the Austrian mission in Brussels–the only such case in the EU. Certainly, the changing climate both domestically and internationally will force Austro-Corporatism to undergo far-reaching changes. Whether those changes will bring about its demise remains to be seen.

The volume continues with a section led off by Birgit Haller devoted to how applicable the Austrian model is for the emerging democracies of central Europe. Articles by scholars from the Czech Republic (Lubomir Brokl and Zdenka Mansfeldova), Slovakia (Monika Cambalikova), Hungary (Sandor Kurtan), and Slovenia (Igor Luksic) are included in this section. The basic message is that, while the Austrian model provides some useful guideposts, the social and economic structures of these states make a wholesale adoption of Austrian methods impossible. Slovenia may come closest to Austria in terms of its chamber structure, but even there the division of the labor movement along ideological lines and the generally liberal approach taken by the Slovenian government make it difficult to duplicate the Austrian system.

This issue closes with a forum devoted to the New Right in Austria, and as I indicated at the outset of this review the points of convergence with the section on social partnership are revealing. Two articles in particular explore how the popularity of Joerg Haider's FPOe has affected the Austrian body politic. Max Riedelsberger argues quite forcefully that Haider's popularity has less to do with a resurgent fascism in Austria than with the emergence of a "New Right" more akin to the Freshman Republican class in the 104th U.S. Congress–a protest movement feeding on discontent with the biproducts of Austria's consociationalism and the welfare state it built. In a critical evaluation of the *Handbuch des Oesterreichischen Rechtsextremismus*[1], Peter Pulzer argues that one must distinguish between the neofascist extremism of some FPOe activists and the more moderate New Right politics of many of the new converts to the FPOe among the electorate. The electorate is more concerned about the abuse of power by the political elite than it is with resurrecting fascist ghosts.

If Austro-Corporatism is to survive, one of the most pressing tasks facing the social partners is addressing some of the legitimate concerns of these Haider voters while attempting to assuage their somewhat irrational nervousness about being overrun by foreigners. Specifically, the system must be made more open and democratic and less liable to cronyism. It must provide average citizens with a greater degree of freedom and more avenues for participation in the political process. The question that looms large over this whole discussion, however, is whether opening the Austro-Corporatist system up in this fashion will eventually make it unworkable. For anyone interested in this pressing and complicated question, this volume will be very helpful.

Note

[1]. *Handbuch des Oesterreichischen Rechtsextremismus.* Stiftung Dokumentationsarchiv des oesterreichischen Widerstandes (Vienna: Deuticke, 1993).

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