

AUSTRIA

SEEN FROM AUSTRIA

AS MUCH FREEDOM AS POSSIBLE, AS MANY RESTRICTIONS AS NECESSARY

On March 13, the Viennese were rushing to the supermarkets to stock up on groceries in large quantities. On the social networks, the rumour that the city would soon close down because of Covid-19 was circulating at high speed. In the evening, the city was empty, the restaurants deserted. It was known that in the ski resorts of the Tyrol, bastions of the virus, no measures had been taken to inform tourists or to limit its spread.

Following the international scandal concerning the spread of the coronavirus in Tyrol, the Austrian "Green-Turquoise" government comprising the ÖVP (People's Party) and the Greens (Die Grünen - Die Grüne Alternative) adopted confinement and social distancing measures for the whole country: on 15 March, the government announced that shops, except those of basic necessity, i.e. food supermarkets, pharmacies, and tobacconists (tobacco and press) would have to close from 16 March. While on that day pubs and bars were still able to open from 12 noon to 3 p.m., the next day they like all sports facilities, were closed; this also included parks and gardens under federal control. Only municipal parks or those managed by the *Länder* were allowed to remain open.

From 16 March on, nurseries were closed and distance learning was introduced for schools and universities. Of course, the same was true for cultural and sports institutions, whose events and meetings were cancelled. Under confinement,

citizens have been allowed to leave their homes for four reasons: shopping, going to work, caring for dependent persons or "stretching their legs". On the first day of its confinement, Austria had officially registered only one death.

In the weeks following these decisions, the so-called "Corona Cabinet" - comprising mainly Chancellor Sebastian Kurz (ÖVP), Health Minister Rudolf Anschober (Greens), Vice-Chancellor Werner Kogler (Greens), Finance Minister Gernot Blümel (ÖVP) and Interior Minister Karl Nehammer (ÖVP) - in which they were joined, depending on the topics discussed, by Agriculture Minister Elisabeth Köstinger (ÖVP), Education Minister Heinz Faßmann (ÖVP) and Environment Minister Leonore Gewessler (Greens) - governed by means of directives and statements, repeatedly using "common sense" to contain the spread of the virus : the number of infections had to be kept as low as possible so as not to overburden the health system. The management of the crisis led to a strengthening of the executive power, a parliamentary effacement in decision-making, and a withdrawal of the opposition from the political scene. It also entailed governance by fear justified by the phrase "Danger is among us" pronounced by Chancellor Kurz at his press conference on 11 April. Opinion polls conducted at Easter showed broad public support for the government's measures and an increase in the popularity of both parties.

The economic effects and social consequences of confinement will be immense, even though they were initially underestimated: in their forecasts published on March 26, Austrian economists had predicted a fall in GDP of at least 2% (Institute for Advanced Studies, Institut für Höhere Studien - IHS) and 2.5% (Economic Research Institute, Wirtschaftsforschungsinstitut - WIFO) in 2020. At the end of March, the Central Bank (Oesterreichische Nationalbank,

OeNB) forecast a decline in economic output of 3.2% in a moderate scenario. In mid-April, the IMF estimated a 7% decline in GDP.

It is not yet known how many companies will go bankrupt. The situation is particularly difficult for businesses in the food industry and their employees, who are exposed to a high risk of infection, as are health professionals. Some businesses have promised their employees a one-off so-called "corona premium" of around €400.

Unemployment has risen rapidly; according to the AMS (Arbeitsmarktservice - Austrian Employment Service), more than 500,000 people were registered as unemployed in March (an increase of more than 65% compared to March 2019). The tourism and catering trades have been particularly affected. In the services sector, it was mainly women who lost their jobs; and men were in the majority in construction.

The closure of childcare centres and schools is proving extremely burdensome for people working in vital economic sectors, as well as for those who now work from home, especially lone parents. The risk of losing one's home is also growing because many people - especially single parents, but also migrant families - are no longer able to pay their rent or utilities. In this context, the government has ordered the postponement of electricity and gas bills and a three-month ban on eviction.

In order to cushion the economic crisis, the government has adopted a €38 billion package of measures to support the economy (this sum represents half of the national budget). The package includes emergency aid of €15 billion (including support for short-time working and financing of protective clothing and breathing masks, which were provided to the population at an early stage), a "relief fund" (emergency aid to small businesses, €4 billion), guarantees for loans and debt

repayment (€9 billion), and tax deferrals and reduction of tax prepayments (€10 billion). The request for payment of economic aid is being processed by the "[Austria Wirtschaftsservice GmbH](#)" and the Public Development Bank (Förderband des Bundes). Companies can apply for unemployment benefit for three months (currently until the end of September), and partial unemployment can be up to 100%. The companies concerned undertake to refrain from making any redundancies for operational reasons. From 14 April, support for short-time working will be increased to €5 billion (compared to €3 billion initially planned). Up to 14 April, 53,000 companies had submitted applications for short-time working. As the payment of benefits to companies is preceded by a review and the first payments are unlikely to be made before the summer, it will probably only benefit companies that have sufficient financial means to resist during this period or that have obtained loans. Finally, a €150 million rescue package for start-ups was put in place in mid-April.

We note that the government has abandoned the policy of a strict zero deficit and has reverted, as it were, to the Keynesian policy of the Kreisky years (1970-1983). A high budget deficit to stabilise the economy and the labour market has become acceptable (a budget deficit of €26 billion for 2021 is estimated in mid-April; the Economic Research Institute - Wirtschaftsforschungsinstitut - forecast at the end of March a deficit of €21.5 billion for 2020, or 5.5% of GDP).

However, the confinement is having social repercussions which initially did not receive sufficient attention or financial compensation, or which cannot be remedied by monetary aid. For example, children from underprivileged backgrounds (6% of all pupils) do not have the possibility of following their course at a distance due to a lack of computer equipment; they cannot work at home

because they live in difficult housing conditions; or cannot be supported by their parents. It was only on 9 April that the Minister of Education announced that 12,000 laptops would be made available on loan. Inequalities in education, which in any case are already significant because of the tripartite school system, will increase further, leading to social and cultural inequalities.

Isolation is increasing domestic violence against women and children, as well as psychological and alcohol and drug-related problems. Since the first week of April, specialized care facilities (for the treatment of these problems) have reported an increase in demand due to isolation.

The crisis also shows the interdependence of European countries: the "care crisis" will develop dramatically: before the Covid-19 crisis, 70,000 nurses from Romania, Slovakia, Hungary, the Czech Republic, Croatia and Slovenia, who provided round-the-clock care, travelled to Austria on a two-week rotation. As a result of the closure of the borders, this mobility is no longer possible, hence a huge gap has opened up in the field of care. At the beginning of April, the Land of Lower Austria flew in the first Slovak nurses. Romania banned the nurses from leaving for Austria in mid-April. On 19 April, scientists warned of an imminent collapse of the health care system. A labour shortage is evident in the agricultural sector, whose seasonal workers come from neighbouring countries.

There will also be consequences for democracy and the rule of law: the dominance of the executive restricts Parliament's right of scrutiny and limits democratic deliberation. During the Easter break, constitutional experts criticized the fact that measures restricting fundamental rights, such as confinement, prohibition of assembly, prohibition of freedom of work and economic freedom, require laws, while the majority of measures to deal with

Covid-19 have been implemented through executive orders. Complaints are pending before the Constitutional Court.

Finally, a new shift in the media landscape in favour of the tabloid press is to be feared. Subsidies to the press are granted according to the volume of the media's audience. The main beneficiaries are tabloids such as the Kronen newspaper or the free press "Heute" and "Österreich/Ö24".

The "Covid-19 Future Operations" network (Chancellery, Office of the President, economists) has developed models and plans to revive the economy. On the one hand, the network is coordinated by "Think Austria", a think-tank that Chancellor Kurz has set up under the leadership of the former director of the Boston Consulting Group, Antonella Meipochtler. On the other hand, the coordinator in the President's office is Thomas Starlinger, who was Minister of Defence in Brigitte Bierlein's transitional government.

The government has taken several measures to justify a gradual revival of the economy. On the one hand, the research institute SORA (close to the Green Party) carried out a representative study with PCR tests on the spread of the coronavirus in Austria between 1 and 6 April at the request of the Ministry of Education, Science and Research. The Austrian-wide representative random sample comprised 1,544 people. The results speak for themselves - only a small proportion (0.33%) of the population is reported to be infected, i.e. Austria has not yet reached the stage of so-called "herd immunity". This would run counter to the lifting of measures to combat the epidemic. However, the mortality rate remains low and the number of people in intensive care units is still far below capacity. As of 18 April, 208 intensive care units were occupied and 951 are still available in the country, with a total of 470 coronavirus-

related deaths out of 14,795 confirmed cases.

In addition, the Government, in close cooperation with the Red Cross, is working towards the establishment of a voluntary tracking application. It is not yet operational, but since the beginning of the epidemic, the population has been supportive of such practices. However, some voices have been raised to underline the danger of such surveillance.

At a press conference on April 14, Chancellor Kurz described Austria's "new normality": "As much freedom as possible, as many restrictions as necessary." In concrete terms, this means a certain easing of restrictions as of April 14. New hygiene rules for shops have been adopted: shops with an area of less than 400 m² are allowed to open, as well as all large DIY stores and garden centres. Only one customer is allowed per 20 m² of space, and opening hours will be limited from 7.40 am to 7 pm. This partial opening in the retail sector is associated with the obligation to wear a mask. There is not yet a schedule for the opening of the hotel and restaurant sector. However, the economic benefit of the restricted opening in commerce remains questionable, and the first few days of opening have shown a very modest recovery in consumption.

Government-administered parks and gardens are gradually reopening; as part of the conflict between the government of the state of Vienna (with a coalition between the Social Democrats and the Greens) and the government, Viennese officials decided

to declare certain streets temporary "meeting zones" for pedestrians only.

In day-care centres and primary schools, only one emergency unit is still operational. These facilities, like secondary schools, must remain closed at least until the beginning of May; the Ministry of Education has no timetable for the reopening of schools and kindergartens, but it is promising that by the end of April, 12,000 laptops will be made available to schools on loan to students who do not have Internet access. Sports such as athletics, tennis and gliding will be available again from 1 May.

At the same time, there have been calls for economic and social transformation in the wake of the coronavirus crisis: on 16 April Environment Minister Leonore Gewessler (Greens) called for State support to companies to be made conditional on environmental measures; for example, the rescue of Austrian Airlines AUA (a subsidiary of Lufthansa) should be linked to greater environmental compatibility, such as the reduction of short-haul flights or the introduction of environmental taxes. On 8 April, Attac Austria demanded the introduction of a wealth tax so that the costs of the crisis might be spread. The Frauenring (women's associations) demanded that this unprecedented period of crisis be used to improve the work of carers and for them to be paid better.

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