Austria

Hidden Issues Rise to Confront Kreisky

By Axel Kruse

VIENNA (HHT) — Like no other Western leader, Austria's Chancellor Bruno Kreisky faces a tough 1980 election year, experts say.

In what was regarded as his greatest personal political triumph, the stocky, hard-driving leader won an unprecedented, solid fourth term in federal parliamentary elections last May. The victory sustained Social Democratic dominance in Austria for the first time in April 1983. Thus, at 89, immensely popular and a dedicated socialist, "Emperor Bruno" continues as political driving force in this profoundly conservative country of 7.3 million people, and he shows no signs of slowing down.

But many problems that were generally resolved by the opposition parties — one remained a report of cover-up campaign.

"There are virtually no issues here — beginning to surface."

National Consensus

Similar to those in neighboring West Germany and Switzerland, the emerging issues include the handling of an economic slowdown, marked by rising inflation, unemployment, trade and budget deficits; the future of nuclear power and other forms of energy; and the debate over neutrality in Europe.

Hints Disbelieved

Few Austrians take such hints of withdrawal too seriously. Said Heinz Fischer, 41, the Socialists' majority leader in parliament and one of the successful candidates: "I'm not saying his health remains good. And there is no reason to suspect otherwise. I believe he will be able to work as well as ever."

"This means looking for Kreisky's leadership beyond 1980."

Whatever his plans for the future, Mr. Kreisky is a very active politician. He often begins the day at around 7 a.m. answering and calling on the telephone from his rented house in a residential northern section of Vienna. The telephone number is still listed in the city phone directory. He travels widely within Austria and overseas, urging his ministerial colleagues to do likewise.

In the past few weeks, he has several Cabinet officials, including Vice Chancellor Hansdom Andschoo, who is also finance minister, completed trips to the Middle East — dreaming up, among other things, new business for Austrian industry.

"He has the power and takes it all on his own shoulders," said Herbert Aigner, chairman of Vorarlberg, Austria's largest, nationalized industrial company.

A socialist himself and a long-time Kreisky admirer, Mr. Aigner describes how a recent visit to a coal mine being closed down by the company, Mr. Kreisky told workers to call him if there were any problems. There were problems, and the workers did call the chancellor, who in turn called Mr. Aigner asking him to attend a meeting.

"This might have been avoided — after all I have a highly qualified vice president for personnel and there are other channels — but I have come involved, and, of course, we found a solution. Such is his style," Mr. Aigner added.

Friends Fearful

Mr. Kreisky's many admirers and friends, including Mr. Aigner, wish he would slow down. He sometimes appears haggard, some believe he should moderate his eating habits. But as one source put it, "Kreisky simply cannot slow down — he lives as he is doing too much.

And, adds the source, who is a Cabinet minister, he spends roughly two-thirds of his time, often until late at night, engaged in what he terms "people cultivating — being our salesmen."

By any measure, Mr. Kreisky's accomplishments have been impressive. During the past decade, compared to average performance elsewhere in Western Europe, Austria wound up with the 10th-largest and fastest growing economy, and the lowest inflation rates — a record The Economist's poll noted.

Vienna's East-West Trade Role Grows

By David Hennessey

Vienna's economic role as a bridgehead between East and West has grown significantly in recent years, with trade with Eastern Europe increasing dramatically.

Schallburg, and by 1973 it was approaching 31 million. But the day reality on Vienna's Kate...
Vienna's East-West Trade Growls

By David Herberg

Vienna (IHT) — With austerity, geography and history on its side and with — though it may not be as well known — a long tradition of trade relations, Austria is well on the way to becoming a major factor in East-West trade. The personal and dynastic links that Austria has with the Soviet Union and Eastern Europe are being strengthened by the current economic difficulties. The Austrian government is emphasizing its willingness to help those countries in need. In addition, Austria's geographical position makes it an ideal gateway for goods from the Eastern bloc. The country's proximity to Eastern Europe enables it to establish close trade relations with these countries.

Austria's trade with the Soviet Union and Eastern Europe has been growing steadily over the past few years. In 1984, Austria's exports to these countries amounted to 1,7 billion Austrian Schulierling, while its imports were 1,3 billion. In 1985, exports increased to 1,9 billion and imports to 1,4 billion. This trend is expected to continue in the coming years.

Despite these economic difficulties, Austria is determined to maintain its trade relations with the Soviet Union and Eastern Europe. The Austrian government has expressed its willingness to help those countries in need, and has been active in providing financial and technical assistance.

In conclusion, Austria's East-West trade is expected to continue to grow in the coming years. The country's geographical position and historical links with Eastern Europe make it an ideal gateway for goods from the Eastern bloc. The Austrian government's willingness to help those countries in need, and its active role in providing financial and technical assistance, will contribute to the continued growth of Austria's East-West trade.

At Center of the Political Stage for 30 Years

By Errol G. Ramperstad

Vienna (IHT) — After 30 years as Austria's chancellor and now one of the West's longest-serving political leaders, Chancellor Bruno Kreisky has emerged as a key figure in the European political landscape. His tenure has been marked by economic downturns, social changes, and international conflicts.

Kreisky's long career in politics began as a student leader in the 1950s, and he quickly rose through the ranks of the Social Democratic Party. He served as minister in various capacities before being appointed chancellor in 1967, a position he held for 14 years until 1981.

Under his leadership, Austria experienced significant economic growth and social reforms, including the introduction of universal health care and the expansion of education opportunities. He was a key player in the efforts to reunify Germany, and his government played an important role in the fall of the Berlin Wall in 1989.

However, Kreisky's tenure was not without its challenges. His government was frequently criticized for its economic policies, which were seen as contributing to the country's high unemployment rates. He was also accused of being too lenient in his approach to the Soviet Union, particularly during the Cold War.

In conclusion, Chancellor Bruno Kreisky has been a significant figure in Austrian and European politics for 30 years. His leadership has been marked by both achievements and controversies, and his legacy will continue to be felt in the years to come.

Social Democracy

"First, take the Palestinian side. They say they want an independent state on the West Bank of the Jordan River. But as long as there is a single stitch of the Occupied Territories that is not under Palestinian control, there will be no real state."

Fact-Finding

A major part of Mr. Kreisky's policy has been to support the Palestinian National Authority's role as a meeting place for interna- tional negotiations. In 1979, the Oslo Accords were signed, and Mr. Kreisky welcomed the agreement as a step towards peace in the Middle East. His meeting with Palestinian President Yasser Arafat in 1993 was widely seen as a breakthrough in efforts to resolve the Israeli-Palestinian conflict.

Mr. Kreisky's commitment to fact-finding on the ground is clear. He believes in the importance of direct contact with the people to understand their situation. This approach has helped him to develop a deep understanding of the complexities of the conflict and the challenges faced by both sides.

In conclusion, Chancellor Bruno Kreisky's long career in politics has been marked by his strong commitment to the Palestinian cause and his belief in the importance of fact-finding on the ground. His legacy will continue to be felt in the efforts to achieve peace in the Middle East.
Cabbages Traded for Computers

By Nino Lo Bello

VIENNA (IHT) — In Vienna the dollar has become as significant as the Krona, and the latest sign that the former is now the currency of the city is the fact that the dollar is being traded for cabbages. The currency is being used as a medium of exchange in many of the city's markets, and even in some of the larger supermarkets.

The dollar is the medium of exchange for the new local currency, the Krona, which was introduced in Vienna in 1994.

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National Recalcarence Fading

By Alan Levy

VIENNA (HT) — Austria, like Britain, was once a citadel of stability, but a wave of change has swept through the country in recent years. The Austrian economy, which was once one of the strongest in Europe, is now struggling to cope with the challenges of globalization. The government has been forced to take steps to stimulate the economy and create jobs, but the road ahead is uncertain.

Old Ways Often Infest Newcomers

freeways were on paper here for decades, with the roads to come. Austria is^

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Banking Adapts to New Freedom

By Herbert Pobualski

VIENNA (IHT) — Banking in Austria is still coming to grips with the effects of new regulations aimed at revamping the banking industry. The changes — which have been less drastic than expected — are not yet fully understood and are still being negotiated.

Under the new laws, savings banks may approach the money market with bond issues of their own, and, armed with greater capital resources, engage in all of the business activities formerly reserved for their commercial cousins. A result has been a spate of new bank-owned firms offering related services, such as leasing and venture capital. Another has been that the two major Austrian savings banks, in addition to the central cooperative bank representing a number of the smaller savings institutions, have made important moves beyond the Austrian borders.

Banking here has long been a domestic affair. Only recently have the banks felt secure enough to allow foreign competition in. Losing the reputation enjoyed by some banks undamaged by World War II, and now having the advantage of an economy based on the gross sector as in neighboring West Germany, Austrian banks have had to make their own way. One of them is the Austrian Bank, a major player in the economy, much of which is state-owned and remains in the hands of the two major savings banks, has meant that the banks have had to look first to the international market: how to pursue funds, and what balance to achieve between the industrial, commercial, and regulatory sectors.

European Funds

The industry has had problems recently. Foremost has been the international trend toward higher interest rates. Unlike their Swiss counterparts, able to attract capital through the lure of the low interest rates of the Swiss franc, Austrian banks have had to ride in the money market on the back of the Austrian Credit, the country’s main foreign exchange rate. This has left them open to higher interest costs and exposed to funds to roll over earlier obligations and to generate new funding capability.

Faced with a limited domestic pot from which to draw additional funds, Austrian banks have turned elsewhere in Europe, looking generally toward West Germany for money. That practice may change, however, as several of the banks have bought up minority stakes in the money market in London and Luxembourg. The No. 2 commercial bank, the Landesbank, is most prominent in this area, announcing the purchase of a 50 percent holding in the Banque Continentale de Luxembourg, because of the more convenient access to the international money markets.

Considering the limitations imposed by the domestic market, Austrian banks have achieved remarkable growth in recent years. Credit must be given to their enthusiasm in anticipating the changes and to their hard work in marketing. From the older banks have emerged a host of new institutions managing to post growth figures of 15 percent or more in the past year. A look at the leaders will best define their responses to the challenges posed by the new regulations.

Creditaanstalt, which is the joint-stock bank, is controlled by government ownership and that plays a key role in economic policy. As Austria’s largest commercial bank, the CA is responsible for a substantial share of management of state-owned enterprises. Industrial financing and export financing make up major segments of its business. The bank is well-prepared with branches and service organizations in the past to work smoothly with the regulations and to take advantage of the new opportunities.

Die Presse

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Slowdown Is Threatening Growth of GNP in Model Economy

By David Hemsger

VIENNA (HHT)—It is a small, landlocked country in the heart of the European continent, faced with the uncertainties of a changing world. To many, Austria may seem like an insignificant country, with its small population and limited resources. However, Austria is not to be underestimated. It has a strong economy, a stable government, and a high standard of living. Its citizens are known for their diligence and hard work, which has led to a high level of economic growth and development.

Austria's currency, the Euro, is used in the country, which is a member of the European Union. The country's economy is strong, with a low unemployment rate and a high GDP growth rate. This has made Austria a popular destination for foreign investment, with many businesses choosing to set up operations in the country.

Despite these advantages, Austria is facing some challenges. The slowdown in the global economy has affected Austria's exports, which have slowed down in recent years. This has led to a decrease in Austria's GDP growth rate, which has impacted the country's overall economy.

To address this issue, the Austrian government has implemented several measures. They have introduced tax cuts and increased government spending to boost the economy. Additionally, the government has increased investment in infrastructure and education, which has helped to create jobs and stimulate economic growth.

Austria is also working on reducing its carbon footprint, with a goal of reducing greenhouse gas emissions by 2030. The government has introduced several initiatives to achieve this goal, including the promotion of renewable energy and the use of public transportation.

In conclusion, Austria is a small yet powerful country with a strong economy, which is facing some challenges but is working to address them. With its commitment to sustainable development and growth, Austria is poised to continue its success in the years to come.

Neutrality: Enjoying Best of Two Worlds

Since Austria has a history of neutrality, its government has been able to maintain good relations with its neighboring countries, especially its relationship with Germany. It has also been able to maintain a degree of independence from international conflicts, which has allowed it to focus on building its own economy.

Austria's close relationship with Germany has been beneficial, as the two countries work closely together in many areas, such as trade and tourism. However, Austria has also been able to maintain good relations with other countries in the region, including Switzerland and the Czech Republic.

Austria is also unique in the way it maintains its neutrality, with a constitution that was designed to prevent the country from becoming involved in foreign conflicts. This has allowed Austria to maintain a high level of security and stability, which has contributed to its strong economy.

Austria's neutrality is also reflected in its foreign policy, which focuses on maintaining good relations with other countries and avoiding involvement in international conflicts. This has allowed Austria to focus on building its own economy, while also maintaining strong relationships with other countries in the region.

In conclusion, Austria is a unique country that has been able to enjoy the best of both worlds, with a strong economy, good relationships with its neighbors, and a constitution that has helped to maintain the country's stability and security.

Democracy, Continuity Retain Appeal

The Austrian electoral system is a mixed-member proportional representation system, where voters cast two ballots: one for a candidate from a party list and one for a candidate in their constituency. This system has helped to ensure a strong degree of representation and accountability in the country.

Austria has a long history of political stability, with a strong tradition of democracy and civic participation. The country has been able to maintain this tradition, even during times of economic and political turmoil.

The Austrian government has been able to maintain a strong economy, with low unemployment and a high standard of living. This has helped to ensure a high level of political stability and continuity.

In conclusion, Austria is a country with a strong tradition of democracy and civic participation, which has helped to ensure a high level of political stability and continuity. The country's mixed-member proportional representation system has helped to ensure a strong degree of representation and accountability in the government.
NEW TRENDS IN AUSTRIAN BANKING

Interview with Karl Vak, Chief Executive Officer, Centralparkasse und Kommerzielle Bank, Vienna, one of Austria’s leading banks.

Question:
What role does the Austrian banking sector play in the economic decision process?

Dr. Vak:
Austrian banks generally support economic regulation through many measures and activities beyond their essential functions. There is a close relationship between economic decision makers and the banking sector, a large share of the banking sector is contained within the public domain. A notable feature of the Austrian banking sector is the close cooperation between the Austrian National Bank and the Ministry of Finance, which also functions as a supervisory organ. In laying out their joint courses of action, a very individual and often quite unconventional approach is taken, which yields direct, effective results. Areas of cooperation include interest rates policy, equity and loan financing, as well as guidelines for credit ceilings and liquidity.

Question:
How would you assess in this context the significance of the new regulations within the banking sector?

Dr. Vak:
The structure of the Austrian banking sector has changed radically within the last 20 years. Since clear distinctions between individual sectors of the banking sector have become hazy and the trend to an all service banking system cannot be stopped. Increased competition has led to the development of commercial banks into commercial banks, whose business activities have not differed from those of commercial banks for many years.
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The 1979 Galaxie

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1979 balance of payments figures were greatly improved and the inflation rate decreased as a result.

Regarding inflation, Austria had the lowest inflation rate of the industrialized countries this past year at 2.6%. At the same time, full employment has been maintained at all times despite the serious recessions of 1974 and 1975. While the average yearly percent of unemployed has never exceeded 2.1% since 1970, the average unemployment rate of the other European OECD countries has doubled since 1975, to 5.5%. The number of unemployed reached 6.2 million in the Common Market by the end of 1979, while in Austria the number of employed in 1980 slightly increased in 1979.

Question:

Austria applies a particular form of the economic decision process. Could you briefly describe this form and the extent to which it has contributed to Austria's relative economic stability?

Dr. Val:

Generally one can say that Austrian economists developed a strategy based on inflation containment, emphasizing measures to regulate the most important cost-push items, that is wages, imports, and interest rates. The trade unions set forth very reasonable wage policies for 1979/1980, the exchange rate policy reduced the rate of imported inflation and monetary authorities attempted to keep capital expenditures as low as possible.

I would say that this strategy could only be successful because of Austria's particular form of incomes policy management. The Austrian economic policy framework can best be characterized as a regulated market economy with an organized economic decision process. As very few Austrians themselves realize, the government does not regulate our wage policies directly, and the Joint Commission on Wages and Prices functions outside of a specific legal basis. It was created spontaneously during the 1950's out of the mutual necessity to rebuild Austria and plays such a significant role that our economic policy today is inconceivable without it.

This unique form of economic decision management is indeed responsible in large part for Austria's strong economic stability.

Question:

What do you consider to be the economic middle-term prospects for Austria?

Dr. Val:

There are several reasons for optimism considering middle-term prospects. Austria has shown a strong trend towards technological improvements and robust investment activity. The optimistic outlook of stable