

What next for progressives in Austria?

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After Brexit and Trump, Austrian voters seem to have stopped the latest wave of right-wing populist in this week's presidential elections. With the support of large parts of the governing parties, the Green candidate Alexander Van der Bellen defeated the nationalist Freedom party candidate Norbert Hofer, despite Hofer presenting himself as relatively moderate during the election campaign – which explains why he was able to win almost 47 per cent of the votes.

However, many Austrians are worried about the country's reputation, not least after the experiences of the country's isolation following the Waldheim affair in the 1980s – where doubts were raised over the then-president's wartime history – and the coalition of the conservative Austrian People's party, the ÖVP, with the FPÖ in the early 2000s. Furthermore, uncertainty regarding an Austrian withdrawal from the European Union (so-called "Öxit") seemed to have helped the Green candidate, who increased his lead compared to the previous second ballot, a vote that had been annulled by the Constitutional Court after the FPÖ raised a complaint about the possibility of manipulation.

For the first time since the second world war, the candidates of the governing Social Democrats and People's party had already been eliminated in the first ballot. In fact, it was nearly impossible to find candidates who represented an unwillingness to reform better than the candidates of the grand coalition. Worse yet, they finished fourth and fifth in the first round.

Although he is head of state, the Austrian president is mainly concerned with representative tasks. Regarding the parliamentary elections, which will be held in 2017 or 2018, the FPÖ still leads national polls with approximately 34 percent, six to eight percent ahead of the Social Democrats. The Austrian government is still confronted with longstanding problems.

While the grand coalition has rightly responded to the citizens' growing concerns regarding asylum applications – which were motivated by economic reasons and were not justified in many cases, but create a large fiscal burden on the welfare state in the next couple of years – by regulating migration, there are still hardly any reforms in order to reduce unemployment and public debts and to increase economic growth.

The governing parties have failed in deregulating the markets for goods and services through a reform of the trade regulation act. Moreover, they did not succeed in harmonising social assistance across federation states, which guarantees a minimum income for poor, long-term unemployed and recognised refugees, but should be equally balanced with work incentives and labour costs.

At the moment, there are discussions whether the FPÖ could be a coalition partner for the Social Democrats. The new chancellor Christian Kern, a former railway manager, has been trying to open up the party in this respect. Excluding the FPÖ constitutes a strategic disadvantage for the SPÖ in coalition negotiations and allows the FPÖ to portray itself as victim, while at the same time the FPÖ's willingness to reform is unclear and social democrats could be tempted to avoid their own modernisation by converging to isolationist positions. Kern's machine tax proposal and free trade scepticism are outstanding in this respect.

Since June 2015, there has been a 'red-blue coalition' between SPÖ and FPÖ in Burgenland, which is the eastern part of the country. This coalition is relatively successful, not least because the FPÖ there is fairly moderate and the SPÖ pursues a realistic approach to policy making.

In the capital however, the problems within the SPÖ between the pragmatic and the ideological wings of the party are clear. It is in the heart of Red Vienna where substantial questions concerning personnel and policy are most prominent. The conflicts in the grand coalition as well as intra-party conflicts could provoke early elections, which may well force the Social Democrats into opposition.

Progressives must now come up with a realistic agenda of change and hope, which includes a positive view on technological change. The problem-solving capacity must be strengthened through innovative policies and

politicians must be prepared to take the right decisions to take Austria into a modernising future.

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