per capital gross national product (GNP) me con has already overhauled that of Britain. All this has been achieved in spite of obvious signs of evermanning both in industry and in the case service.

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As any reasonably well-informed e intere Austria about the secret of how it was they have a he will probably mention Sozialinform haft (social partnership). It is a term that cannot be translated readily Europe into Erraish, because the idea that labour will on and ca tal are "partners" is not as widespread a the English-speaking world as "permittis in the German-speaking world. Given is the Officer conomic performance since the war, s has it is adly surprising that the notion of ain comsocial partnership, which has been dets activelop furthest in Austria, should have nal considerable international attene Organization for Economic Coand Development (OECD) itself bigued, and sponsored a study of rian approach.

ore looking more closely at the s of social partnership in Austria, well to look at some other factors rked in the country's favour. The mate level of industrialization in as left of Austria after the First e it; cor World War was to a great extent corrected 338, when Austria was annexed by ay. Heavy industry was established, as a chemical industry.

he independence of the country was restor d in 1945, but some of the factors estern Linat leased industrial energies in West adian present my were operative in Austria as eve . Thwell sound infrastructure and administraen he live practice, the existence of a skilled Secretation force, and a tendency, after the wil marollane of the Third Reich, to eschew to presentated distractions and to concentrate policy on ma erial progress.

g Europ**Germ**any's neighbour

Add to that the geographical proximity of West Germany, whose economic prosperity pilled across the border into Austria. German tourists by the million brought oney into the country, and, since Austria ad a thriving network of small enterprises in the tourist sector, in handicrafts ind light industry, tourist spending had a nore lasting pump-priming effect than in nore primitive economies, such as those of ome of the Caribbean islands.

The German link was of help also to nanufacturing industry. To a large extent, ly gricustra sells German-style technology; its exporters come into their own when the ermans are booming. Sometimes they are referred also for political reasons, espehally buyers in Eastern Europe or the Middle East – or, at any rate, Austrians like to think so.

The Austrian situation has thus, certain intriguing similarities to that of Canada – West Germany is the elephant with which Austria has to share a bed. The situation can be uncomfortable, but is indispensable to the economic success both of Canada and of Austria. In the one case, 22 million people share the "life-style" of 210 million; in the other, 7.5 million people share the "life-style" of 62 million. In both cases, the cyclical and long-term economic patterns of the smaller neighbour are inevitably heavily influenced by what happens to the larger. And, in both cases, the industries of the two neighbouring states are closely intertwined.

However, in the case of Austria, that does not extend to the actual ownership of industry. Largely as a result of historical accident, about 30 per cent of all Austrians in dependent employment work in the publicly-owned sector, and 20 per cent of the GNP is contributed by this sector. Utilities, most primary industry including steel, and also much of the engineering industry, are owned either directly by the state or indirectly through the state-owned banks.

With some important exceptions (principally the deficit-ridden railways), these state-controlled businesses are expected, by and large, to comport themselves like privately-owned ones. In the early years after the war, it was different: a dual-pricing policy was pursued in order to keep down the domestic price level; but, as export markets became more difficult, that idea had to be abandoned. Nonetheless, it can be argued that the publiclyowned sector has contributed to the consensus in the management of the Austrian economy; the big battalions march under one command, and, as will be explained, the same is true of the trade union movement.

Though the attempt to run the economy on the basis of consent has a long history in Austria, it is by no means true that it has always been so. Social conflict was fierce indeed in the 1920s and 1930s, ac-

Mr. Luetkens is a member of the foreign editorial staff of the Financial Times of London. He has often been intrigued by certain similarities between the positions of Canada and Austria. In this article, expressing his own views, he explains how Vienna has tackled inflation in a manner very different from that of Ottawa. Mr. Luetkens also contributed an article to the July/August 1975 issue of International Perspectives.

Thirty per cent of Austrians employed in public sector