

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 publicly-owned 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-

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*Thirty per cent
of Austrians
employed
in public sector*