
Reforming the Austrian Welfare System: Facing Demographic and Economic Challenges in a Federal Welfare State

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1 Introduction

Across Europe, the financial crisis has deeply shaken the economy and created enormous challenges lasting up until today. The Austrian economy, in particular the banking sector, has been hit considerably by the crisis; even though to a smaller extent than in many other countries. Measures to support the Austrian banking sector and to prevent bankruptcy of at least three of them, a substantial drop in exports, a decline in tax revenues and measures to alleviate the negative consequences of the crisis led to sharply increasing public debts (from 60.2 % in 2007 to 74.0 % in 2012). At the same time, Austria is still doing comparatively well in terms of unemployment, increasing from 3.8 % in 2008 to 4.8 % in 2009 (compared to 5.2 % in 2005), and decreasing again to 4.3 % in 2012 (see Table 4). In 2013, Austria had the lowest unemployment rate among all EU-27 member states. This chapter will examine the development of the Austrian welfare state and of social security for the population in this country. It focuses on the changes since 2007, and studies the impact of the fiscal and economic crisis and of demographic shifts, but also particular risks and opportunities for the Austrian welfare system. Following the respective reactions and debates in this country, the chapter finally discusses current and potential future pathways of the Austrian welfare system.

1.1 A Brief Characterization of the Austrian Welfare System

The roots of the modern Austrian welfare system can be traced back to the 1880s, when work accident and sickness insurance were introduced as the first two

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branches of the social insurance system (Tálos 1981). Mandatory insurance, self-administration and close employment links were established as key principles of the Austrian social insurance model, features still valid up until today. With old-age insurance in 1907 and unemployment insurance in 1920 the third and fourth branch of the Austrian welfare system was established. But, it was only in the 1960s when the social insurance system was extended to farmers and the self-employed. With the economic crisis in the 1970s, the issue of financial sustainability of the welfare state slowly became an issue in debates. Until the 1990s, however, there were still important extensions in welfare programmes, including material extensions in health insurance coverage, the introduction of a comprehensive long-term care scheme in 1993 or the extension of social insurance coverage to new forms of atypical employment (Österle and Heitzmann 2009). From the mid-1990s, issues of cost-containment increasingly dominated social policies (Obinger and Tálos 2010). Respective changes included cuts and non-adaptation to inflation, but also structural modifications. Developments in family policies and long-term care policies, for example, have emphasized a universal approach rather than the social insurance principle. With this, an already existing emphasis on cash benefits in family policies was also extended to long-term care policies: an approach that involves both the opening of choices for recipients and also cost-containment. In the past decade, demographic challenges, limitations to public funding or issues of competitiveness have repeatedly been put forward in calls for welfare retrenchment or a restructuring of the welfare state, a debate that has further intensified with the fiscal and economic crisis that has hit Europe in the recent past.

In the comparative welfare state literature, Austria is characterized as a corporatist, conservative, continental or male breadwinner welfare state (e.g. Esping-Andersen 1990; Sainsbury 1999). It is built on the main pillar of a social insurance system covering pensions, health care, unemployment and accidents. Here, financing is based on income-related contributions from employers and employees, with larger shares of tax funds used in health and pension schemes. In addition to the employment nexus, there is also a close family nexus in Austrian social insurance schemes, as, for example, with the existence of non-contributory benefits for family members in health and pension schemes. Universal programmes as the second pillar of the Austrian welfare model dominate specific areas, most notably care related policies (family and long-term care policies). Finally, poverty relief is organized in a third pillar following the social assistance principle (Badelt and Österle 2001; for details see Sects. 4.2–4.7).

In terms of expenditure, public social protection spending in Austria amounts to 29.5 % of GDP in 2011, compared to 29.0 % in the EU-28 average (see Eurostat 2014a). From a European perspective, social expenditure in Austria is lower than in the Nordic welfare states or in France, but far beyond the levels in the Central Eastern European member states. From a historical perspective, social expenditure has been on rather stable levels since the mid-1990s (28.8 % of GDP in 1995 and 28.5 % of GDP in 2008), but then saw a substantial increase from 2008 to 2009 (30.7 %). This increase is due to a beyond average increase in social protection expenditure, but even more to a shrinking GDP in that period (Statistik Austria

2014a). In 2011, social protection expenditure was again below 30 % of GDP (see Table 1).

With regard to social protection expenditure by function, pensions (including survivors' pensions) account for 50 % of total social protection expenditure, a level only exceeded by few other EU member states. This large share and the demographic developments discussed below make the pension system a major target for expenditure containment considerations. Health, with about a quarter of total social expenditure, is the second largest policy field, also targeted by cost containment considerations. All other areas account for the remaining quarter of total social expenditure. It includes expenditure for families and children (about 10 % of total social expenditure), followed by disability and unemployment. Policies addressing housing and social exclusion account for less than 1.5 % of total social expenditure.

1.2 Structure of the Chapter

After this brief characterization of the Austrian welfare state, the following two sections examine two major concerns shared by all European welfare systems, the demographic changes (Sect. 2) and the economic and fiscal crises that hit Europe from 2008 (Sect. 3). Both sections present facts and figures on the extent of the challenges and discuss the implications for the welfare system. Section 4 then studies the developments in specific welfare sectors. It first analyses the context for welfare reform, addressing policy-making in a federal country as an additional major challenge, before proceeding to problem perceptions, developments and responses in policies of the labour market, pensions, health care, long-term care, family and child care as well as policies to combat poverty and social exclusion. As will be seen, Austria has seen significant reforms since 2007, changes that are mostly a response to specific challenges and actor constellations, but far from paradigmatic. This is not least because of the still relatively strong welfare state consensus and broad public support for the existing welfare system. In the concluding Sect. 5, a summary of challenges and responses will lead to a final discussion of the sustainability of and of potential future pathways for the Austrian welfare system. All data, unless otherwise stated, are derived from Eurostat (2014f) and Statistik Austria (2014f) databases.

2 The Demographic Challenges

2.1 Status-quo and Forecasts

With regard to demographic changes, Austria is no exception to European wide trends. The total population increased from 7.7 million in 1990 to 8.4 million in 2012 and is expected to increase to almost 9 million in 2030. More importantly for welfare systems, the population structure has considerably changed since 1990. The proportion of those 65+ has increased from 14.9 % in 1990, to 15.4 % in 2000 and to

Table 1 Social protection expenditure by function

	2000	2005	2006	2007	2008	2009	2010	2011
Total (% of GDP)	28.3	28.8	28.3	27.8	28.5	30.7	30.6	29.5
€ per inhabitant	7364.94	8592.92	8869.46	9189.74	9661.76	10,123.10	10,385.69	10,511.54
By function (% of total)								
Old age	39.63	40.67	41.37	41.94	42.33	42.52	43.01	43.96
Survivors	8.33	7.44	7.32	7.21	7.02	6.79	6.67	6.63
Health	25.88	25.67	25.53	26.11	26.42	25.80	25.42	25.23
Unemployment	4.89	5.79	5.82	5.31	4.98	5.77	5.66	5.25
Family/children	10.69	10.62	10.35	10.10	10.19	10.22	10.33	9.86
Disability	9.48	8.42	8.12	7.82	7.53	7.46	7.44	7.57
Housing	0.38	0.39	0.42	0.42	0.41	0.39	0.37	0.34
Social exclusion	0.73	1.01	1.07	1.10	1.12	1.05	1.09	1.15

Source: Eurostat (2014a)

17.8 % of the total population in 2012, while the share of those below 20 years of age has decreased from 24.2 % in 1990 to 23.2 % in 2000 and to 20.3 % in 2012 (see Table 2). These changes are determined by various factors. Life expectancy at birth for women, between 1990 and 2012, increased from 78.9 years in 1990 to 82.8 years in 2012. For men, life expectancy increased from 72.2 years in 1990 to 77.7 in 2012. Total fertility rate is 1.44 in 2012 and has remained on very moderate levels with only slight ups and downs since 1990 (1.46). This is on similar levels with other Central European countries and some of the Southern European countries, but on lower levels than the EU average (1.57 in 2011). A major fact contributing to a growing population despite low fertility rates is a migration balance that has been positive, even though with significant ups and downs, every year since 1990.

The ageing of the population will become even more significant in the coming decades. A 2013 projection of Statistik Austria (2014c) expects the population to grow from 8.4 million in 2012 to 9 million in 2030 and 9.3 million in 2050. The age structure of the population will change even more substantially than it did in the past two decades. The proportion of those 65+ will increase from 17.9 % of total population in 2012 to 28.2 % in 2050, while the proportion of those aged 20–64 will decrease from 61.8 % to 53.4 % in the same period (see Table 3). The most significant changes are taking place between 2020 and 2035, when the proportion of those 65+, e.g., will increase by 6.4 % points. A major factor contributing to this development is that the strong birth cohorts of the 1950s and 1960s are moving into the age group 65+. At the same time, life expectancy at birth is expected to grow for another 4 years for men and 3.5 years for women between 2012 and 2030 (Statistik Austria 2014c).

2.2 Implications for the Welfare System

The ageing of the population and the change in the relative proportion of older people and those in the employment age are regularly cited as endangering the sustainability of the existing welfare system. For example, the population of those aged 65+ as a proportion of the total population aged between 15 and 64 is expected to increase from 26 % to 48 % in Austria between 2010 and 2030 (compared to an increase from 26 % to 50 % in the EU-27) (Eurostat 2008). Simply speaking, as those in the employment age contribute the largest share of taxes and social insurance contributions, it is today four persons in the employment age bearing a substantial part of the required funding for pensions, long-term care or health care for those 65+, while it is expected to be just two in 2030. Welfare policy debates regularly refer to the demographic pressure, but it is mostly pension policies, and to a much smaller extent long-term care policies and health care policies, where demography becomes a more obvious driver of reforms and reform debates. Otherwise, demographic changes are a major factor contributing to current and future budgetary pressures that are put forward in defining the room for welfare extensions or welfare restructuring.

Table 2 Demographic indicators, 2000–2012

	2000	2005	2006	2007	2008	2009	2010	2011	2012
Total population, million	8.00	8.20	8.25	8.28	8.32	8.36	8.38	8.40	8.41
% Aged –19	23.2	22.1	21.9	21.6	21.4	21.1	20.8	20.6	20.3(p)
% Aged 65+	15.4	15.9	16.4	16.9	17.1	17.4	17.6	17.6	17.8(p)
% Aged 80+	3.4	4.2	4.3	4.5	4.6	4.7	4.8	4.9	4.9(p)
Old age dependency ratio	22.9	23.5	24.3	25.0	25.4	25.7	26.1	26.0	26.2(p)
Life expectancy women	80.6	81.6	82.0	82.3	82.5	82.5	82.8	83.1	82.8
Life expectancy men	74.6	76.0	76.5	76.7	77.1	76.9	77.2	77.6	77.7
Fertility rate	1.36	1.41	1.41	1.38	1.41	1.39	1.44	1.43	1.44
Migration balance ^a	17,272	44,332	24,103	25,470	24,650	17,053	21,316	30,705	43,797

Source: Eurostat (2014b), Statistik Austria (2014b)

Notes: ^aNational data

(p) Provisional data

Table 3 Population projection, 2012–2050

	2012	2020	2030	2040	2050
Total population, million	8.4	8.7	9.0	9.2	9.3
% Aged –19	20.2	19.3	19.2	18.8	18.4
% Aged 20–64	61.8	61.0	56.9	54.1	53.4
% Aged 65+	17.9	19.7	24.0	27.1	28.2

Source: Statistik Austria (2014c)

Notes: The projections build on the assumption that the fertility rate will remain on very moderate levels and on the assumption of a continuously positive migration balance. (For details see Statistik Austria 2014c)

The budgetary implications of the demographic changes have recently been explored in the 2012 Ageing Report (European Commission 2012) with a focus on pensions, health care, long-term care, education and unemployment. Significant increases in public expenditure are projected for pensions, health care and long-term care. For Austria, in a reference scenario (for details see European Commission 2012), it is projected that public pensions as per cent of GDP will increase from 14.1 % in 2010 to 16.1 % in 2060, that is an increase of 2 % points in Austria compared to 1.7 % points in the EU-27. In health care and in long-term care, projected increases amount to 1.6 and to 1.2 % points, respectively. The projections have to be dealt with extreme caution given the long view into the future and given that a variation in the assumptions leads to considerable variations in public expenditure increase. But, the study clearly indicates that demographic changes will create substantial economic pressure over the coming decades.

3 The Challenges Arising with the Economic and Fiscal Crisis

Across Europe, the financial and economic crisis of 2008 and 2009 has deeply shaken the economy and created enormous challenges that are still noticeable. The negative impact of the crisis made many nation states react with two successive types of fiscal policy interventions: First, governments attempted to stabilize the economy by allocating public money. Second, and as a consequence of enormously risen public debts, austerity packages have been—and still are—implemented. In this section, we illustrate the development of main “crisis indicators” for Austria and focus on both the welfare state’s reaction to the economic crisis and its responses to the resulting fiscal crisis, characterized by tight budgetary constraints.

The impact of the global economic crisis on Austria is reflected by key economic indicators. For example, an economic growth rate of 3.7 %, evidenced for 2006 and 2007, has not been achieved since. In 2008, GDP growth amounted to 1.4 %. In 2009, the economy shrunk by 3.8 %: this was the first decline since 1981 (when GDP shrunk by only 0.1 %, though). In 2010 and 2011, economic growth appeared to have recovered with rates amounting to 1.8 % and 2.8 %. However, its speed has become moderate since. GDP growth amounts to 0.9 % in 2012 and to 0.3 % (projected) in 2013 (see Table 4). The growth rates forecasted for 2014 and 2015

Table 4 GDP, public debt and unemployment

	2000	2005	2006	2007	2008	2009	2010	2011	2012
GDP at current prices, PPP per inhabitant	25,100	28,200 ^a	29,800	30,900	31,200	29,500	31,100	32,400	33,300
Real GDP growth rate	3.7	2.4	3.7	3.7	1.4	-3.8	1.8	2.8	0.9
General government deficit, % of GDP	-1.7	-1.7	-1.5	-0.9	-0.9	-4.1	-4.5	-2.5	-2.5
General government gross debt, % of GDP	66.2	64.2	62.3	60.2	63.8	69.2	72.3	72.8	74.0
Unemployment rate									
Total	3.6	5.2	4.8	4.4	3.8	4.8	4.4	4.2	4.3
Men	3.1	4.9	4.3	3.9	3.6	5.0	4.6	4.0	4.4
Women	4.3	5.5	5.2	5.0	4.1	4.6	4.2	4.3	4.3
Aged >25	5.3	10.3	9.1	8.7	8.0	10.0	8.8	8.3	8.7

Source: Eurostat (2014c, d, e)

Notes: ^aBreak in time series

(1.7 %) continue to be way below the level achieved before the crisis hit Europe—thus suggesting that the negative effects of the crisis are still tangible.

In terms of economic sectors, the banking industry was among the first affected. And similar to many countries, the Austrian government stabilized the industry by transferring considerable amounts of public funds (*Partizipationskapital*) to the banks. Moreover, three banks were nationalized either fully (Hypo-Alpe Adria, Kommunalkredit) or partly (ÖVBA) to prevent them from bankruptcy, thus enhancing public expenditure even further. Alongside the banking sector, the export industry was hit by the economic crisis. In 2009, Austrian exports shrunk by more than 20 % as compared to the previous year. The resulting reduction of production not least enhanced the pressures on the Austrian labour market. And the Austrian government reacted at once—aiming at maintaining employment high and keeping unemployment low. This has mainly been achieved by massive interventions of active labour market policies (Kopf 2013).

The most important instrument in this respect was the facilitation of short-time work (Mandl 2011). Its duration has been prolonged to 24 months and it was made available for temporary agency workers (a large part of the workforce in the export industry). The instrument has been widely used: In 2009, and thus at the peak of the crisis, more than 66,500 workers were on short-time work and received related benefits, in 2010 the number already shrank to 23,700 (Mandl 2011: 303). In addition to short-term work, further measures to reduce the workforce while keeping unemployment low were amended and utilized. For example, it has been made easier for employees to go on educational leave for a minimum of 2 months and a maximum of 1 year. The number of employees using this option achieved a peak in May 2009 with 5300 (Hochrainer et al. 2011: 41). In addition to these and other labour market related measures (Hochrainer et al. 2011; BMASK 2013b), Austria's long tradition of annual wage bargaining processes between social partners helped to keep both rises of minimum wages and real wages comparatively moderate—thus keeping labour costs low.

The mix of these measures allowed Austria to dive through the crisis without too many troubles for the labour market. Indeed, the country managed far better than most other member states of the European Union to keep unemployment low. In 2012, it had the lowest unemployment rate within the EU-28 (4.3 %). Concerning youth unemployment, the rate of 8.7 % is—after Germany—the second-lowest of all member states and indeed far below the EU-28 average of 23 %. Austria also scores more favourably than all other European welfare states in terms of long-term unemployment. In 2012, the rate amounted to 1.1 %, which compares to an EU-28 average that is more than four times higher. However, more recent data indicate that the situation of the Austrian labour market is deteriorating—not least due to the still more than sluggish GDP growth. It is expected that unemployment will continue to rise in 2014 and 2015.

Labour market measures have not been the only interventions set by the government to tackle the economic crisis. In October 2008 and December 2008, it implemented two programmes to activate the economy. The first addressed small and medium sized enterprises by improving infrastructure, facilitating access to

capital and extending opportunities for state guarantees. In the second programme, the government made attempts to strengthen the economy, e.g. through investments in the construction industry. Moreover, to keep private consumption levels high, an income tax reform originally planned for 2010 was implemented earlier. For those with a taxable income between € 15,000 and € 50,000, it led to a reduction in the overall tax burden of about 2 %.

The interventions set by the government were rather successful in keeping unemployment low and employment levels high. However, the price for this stabilization was an increase of public debts from a low of 60.2 % of GDP in 2007 to 74 % in 2012 (see Table 4). Even though this is a less drastic development as compared to the EU-28 on average (where public debts increased by 26.3 % points in the same period), it is mainly the development of this indicator that evoked considerable concerns both in politics but also in public debates. Not least due to the dual development of sluggish GDP growth and enhancing public deficits, the country's economic perspective was downsized from a triple-A rating to AA+ by both Standard and Poor's and Moody's in January 2012; a downgrading that received broad attention in public media. This also applied to the attempts of the European Union, and most notably the member states of the euro area, to stabilize both the common currency and the various risk countries within the euro area. A large part of the public feels that deteriorating economic development is not predominantly "homemade", but rather imported as a result of Austria's membership in the EU and the euro zone.

Since the financial and economic crisis entered Europe in 2008, several amendments have also been made to the Austrian social security system. However, as will be shown in more detail in the next section, changes in that period include retrenchment as well as extensions and restructuring and many of the changes to welfare programmes are part of longer term developments rather than just ad hoc responses to the crisis. Given the increase of public debts in Austria, reducing the public deficit became a major government's concern from 2009/2010 onwards. Social security and health related expenditures make up 57 % of all public expenditures in 2009—thus making these branches obvious candidates for budget cuts. And indeed, a first austerity package implemented in 2010, led to changes in pension policies (e.g. deteriorations for a specific pension form, *Hacklerpension*, for people with long employment records), long-term care policies (making it more difficult to qualify for long-term care benefits by raising minimum hours of necessary care needs) as well as family policies (e.g. a reduction of the duration of family benefit for children in full-time education from a maximum of 26 years to a maximum of 24 years).

It soon became evident that the measures implemented by this first austerity package did not suffice to overcome the fiscal problems. Therefore, the government introduced a second austerity programme in 2012, which eventually should lead to a substantial reduction in public debt and allow for a debt brake (*Schuldenbremse*). Over the period of 2012–2016, the proposed package envisaged a cost containment volume of € 26.5 billion. About 30 % of this amount should be financed by new taxes and the rest by reducing expenditures. Reforms within the pension and labour

market system were projected to save up to € 7.3 billion, and reforms of the health care sector up to € 1.4 billion until 2016 (Bundeskanzleramt Österreich 2012). The target is to achieve a balanced budget by 2016.

Meanwhile, however, a failed realization of some of the proposed measures of the second austerity package (including, for example, the implementation of a transaction tax at the level of the European Union, which should have contributed € 1.5 billion up until 2016), sluggish economic growth as well as a negative growth prospect together with higher expenditures than envisaged for the banking sector (especially to the already nationalized Hypo Alpe-Adria), led to an adaptation of the cost containment volume: the government recently agreed that the cost containment volume over the period of 2014–2018 amounts to € 24.24 billion; if the target of a balanced budget in 2016 is to be maintained.

4 Reforms, Risks and Opportunities

4.1 The Context for Welfare Reform

Demographic changes and the economic context have become major context variables for reform debates and for reforms to the welfare system, even more importantly with the global crisis of the past few years. But developments in the Austrian welfare system are also strongly shaped by the federal structure of the country (Obinger 2005). Austria's welfare state has a long tradition of regionalism. For many welfare sectors, there is shared responsibility between the state level and the provincial levels. This is the case for health care (Sect. 4.4), long-term care (Sect. 4.5), family policy (Sect. 4.6) or poverty relief programmes (Sect. 4.7). The split between national and provincial roles in welfare policies, and, more importantly, often shared responsibilities in specific welfare sectors not only contribute to differences in the structure of benefits and coverage. With a view to welfare reforms, this federal structure can either work as a major hurdle in implementing novel approaches because initiatives from one level receive blockade from the other level. Or, it might allow for innovation in single provinces which then might have the potential to diffuse across the country. There are examples for both developments in the past. In the more recent past, conflicting lines between the national level and the provincial levels often have been stronger than those between political parties on the national level. Treaties of state-provinces have therefore commonly been used to resolve problems arising from this split and to agree on reform plans.

In what follows, major welfare reforms and reform debates in the 2007–2013 period will be discussed for selected welfare state sectors. The discussion attempts to identify the relative importance of demographic and economic challenges driving the respective reforms and to identify the risks and opportunities connected to the respective developments. As will be shown, labour market policies together with broader economic policies formed the main response in the initial stage of the economic crisis. Major changes that occurred in other welfare sectors are

determined by a multitude of factors and are largely in line with longer term directions in the respective policy field. The budgetary pressure that became more pronounced after the initial years of the economic crisis had an impact on policies in all the sectors, but so far it did not induce any paradigmatic change.

4.2 Labour Market Policy

Despite the economic crisis, employment figures in Austria remained high: In 2008, Austria's employment rate (15–64 years) amounted to 72.1 %, in 2012 to 72.5 % (compared to an EU-28 average of 64.5 % and 64.1 %). However, Austria's success in keeping employment high is also due to a rise of atypically employed persons: In 2011, 31 % of the Austrian workforce (excluding the self-employed) was atypically employed, 49 % of women and 12 % of men. In 2007, the proportion was 3 % points lower (Knittler and Stadler 2012: 481). As has already been mentioned, Austria's unemployment rate remained low despite the economic crisis. This is, in addition to moderate wage setting, not least the result of massive interventions by active labour market policies (e.g. the expansion of short-term work and educational leave, see Sect. 3). Consequently, expenditure for this branch of labour market policies (including, for example, expenditure for further training, including benefits for people participating in this training) as a proportion of total labour market expenditure rose by 12 % points between 2002 and 2012, achieving a share of 34 % in the latter year (BMASK 2013a, b: 38). This suggests that the active component of Austrian labour market policies considerably increased in importance within the last decade—not least thanks to co-finance of the European social fund. As in many other countries, activation of the (unemployed) workforce thus has become a more prominent approach.

Austria has been particularly successful in keeping youth unemployment low. In addition to active labour market policies, this is often attributed to the country's dual education system. The government is keen on fulfilling a training guarantee (*Ausbildungsgarantie*) for young people, thus allowing them to complete a vocational training and further education at vocational training schools (*Berufsschulen*). To comply with the guarantee, young people are not only trained by private companies but also within publicly run training centres (*überbetriebliche Lehrausbildung*), which were introduced in 1998. In these, they are trained and educated for a profession and then search for a job in the private market as already qualified workers. In 2012/2013, 9,400 young people attended such a publicly run centre. During the peak of the economic crisis, the number of participants has increased considerably (and amounted to more than 11,000 participants in both 2009/2010 and 2010/2011). This suggests that the economic problems in the private sector have been mitigated by the public sector—thereby helping to keep youth unemployment low (BMASK 2013a).

Allowing for a low retirement entrance age maybe best explains Austria's good performance concerning the unemployment rate of the elderly (which amounted to 3.0 % in Austria in 2012 as opposed to 7.3 % in the EU-28). In 2012, the average

entrance age into retirement amounted to 57.4 years for women and 59.4 years for men (HV der Sozialversicherungsträger 2013: 23), which also explains the low employment rate of the 55–64 year old population in Austria. It amounted to only 43.1 % in 2012, which compares to an EU-average of 48.8 %. Unsurprisingly, the low entrance age into retirement (combined with demographic developments) poses a considerable problem for pension budgets in Austria (see below).

In contrast to Germany and its Hartz-reforms, the passive component of labour market policies in Austria has not undergone major reforms. Unemployment benefit (*Arbeitslosengeld*), i.e. an insurance-based benefit, and unemployment assistance (*Notstandshilfe*), i.e. an insurance-based but means-tested benefit granted after unemployment benefit has expired, make up the two-tiered cash transfer system still relevant for the unemployed with a history of insured employment. And even though unemployment assistance is a means-tested transfer, its receipt is still very much perceived as a citizen's right rather than a charity. However, sanctions, usually in the form of a reduced transfer payment or a short-term abolition of transfers, have become wider used means to discipline people in the last decade. In 2011, the Austrian labour market service (AMS) reported more than 103,000 cases of sanctions (AMS Österreich 2013: 77), which compares to 65,000 cases in 2002 (AMS Österreich 2003: 39). This suggests that benefit rights have indeed been closer linked to recipients' obligations to remain in or re-enter employment, indicating a strengthening of workfare elements.

4.3 Pension Policy

With 50 % of total public social expenditure in Austria, the pension system takes a larger share than in most other European countries. This, together with demographic changes and specific patterns of the Austrian pension scheme, have made this pillar of the welfare system one of the most debated in Austrian social policies. The pension system builds on a compulsory social insurance scheme, employer based insurance and voluntary private insurance. While social insurance schemes differed quite considerably in the past, major efforts have been made in the past decade to harmonise public pension insurance for all employees, most importantly through the General Pension Act 2005 (Schulze and Schludi 2007). With this Act, schemes are currently in a transition period with different rules applying to different groups, in particular different age groups. From 2028 onwards, e.g., pensions will be determined by the previous income in the 'best' 480 income months (240 months in 2008, plus 12 months each year till 2028).

Reforms and reform debates since 2007 have largely been driven by the demographic changes and its implications for pension expenditure (Fink 2013). Total expenditure amounts to € 37 billion in 2013, an increase of 30 % compared to 2008. In the same period, tax funded subsidisation of the insurance based system has increased from € 6 billion in 2007 to € 8.8 billion in 2013. In addition, expenditure for a means-tested and tax-funded benefit which guarantees a minimum pension

(amounting to € 857.73 for a single pensioner in 2014) has increased from € 0.93 billion to € 1 billion in the same period (BMASK 2014).

A particular focus for recent pension reforms and debates is various early retirement options. While official retirement age is 65 for men and 60 for women, effective retirement age is 62.9 for men in old age pensions and 53.8 in invalidity pensions, while it is 59.3 for women in old age pensions and 50.3 in invalidity pensions (BMASK 2014). First, aimed at increasing effective retirement age, a major change of the invalidity pension was introduced in 2012, valid for all those below the age of 50 by January 2014. Accordingly, access to an invalidity pension will be tightened and only be given in case of permanent invalidity and if requalification is neither appropriate nor reasonable. Otherwise, the invalidity pension will be replaced by a rehabilitation benefit (a prolonged version of the sickness pay). Reintegration will be facilitated through extended medical rehabilitation and requalification measures. It is expected that the reform will lead to an accumulated cost containment effect of around € 1 billion in the 2014–2018 period. A second target of reform debates focusing on retirement age is the option of early retirement at age 55 for women and at age 60 for men, in case they have 40 or 45 contribution years, respectively. From 2014, this early retirement option—depending on the birth year—is merged with the so-called corridor pension, allowing retirement at age 62 for men and 57 for women. The only exception still allowing retirement at age 60 and 55, respectively, is employment in so-called heavy labour. Thirdly, while retirement age of women will be adjusted to that of men in half year steps from 2024 until 2033, there have recently also been proposals to start that process earlier. So far, however, this proposal did not find broad support. Similarly, there was no majority supporting a postponement of regular retirement age so far. It is argued that increasing the effective retirement age should be given priority before considering an increase in regular retirement age. Overall, pension policies have been a major element in the austerity package debates of the past few years. Many of the proposals, however, are not new on the agenda. Rather, growing budgetary pressure combined with a view to future demographic challenges facilitated the realisation of reform proposals.

4.4 Health Policy

In the 2011 OECD Economic Survey of Austria, the health care system in this country was described as highly-regarded but costly (OECD 2011). An analysis of major performance measures indicates average or above average performance if compared to other OECD countries (Österle 2013b). With regard to citizens' satisfaction, the 2010 Eurobarometer survey shows that 82 % of the population value the system as very good or good, a level reached by no other EU country (European Commission 2010). At the same time, however, expenditure levels and the use of specific resources (such as hospitals) are beyond OECD average. Cost concerns and calls for cost containment have therefore been strong on the agenda since the mid-1990s. These concerns have been an important driver in health reform

debates, even more so after a substantial growth in public debt from 2009. Even more importantly, growing consensus that the split of competences between state level, provincial level and social insurance funds requires major structural reforms has increasingly fuelled health reform debates (Hofmarcher and Quentin 2013). This has led to a major reform in 2013, but without a paradigmatic change in the Austrian health system (Österle 2013a).

Because of split responsibilities between the federal and provincial level, health care reform efforts have repeatedly been agreed on in state-provinces treaties. The 2005–2008 reform agenda made a major attempt to improve coordination and cooperation between state level, provincial level and social health insurance funds through establishing novel coordinating bodies on national and provincial levels, the introduction of the Austrian structural health plan replacing an earlier hospital and major equipment plan or the development of a more coherent quality strategy. The 2008–2013 reform agenda reinforced the aims of the previous period, not least as a response to the critique that despite the new institutional frame actual reform efforts remained slow and added new elements such as the electronic patient documentation. In that period, growing public debt caused by the economic crisis has intensified calls for more substantial reforms to contain cost increases in the health sector. An austerity programme published in February 2012 expects the health care sector to contribute € 1.37 billion (which is more than 5 % of the annual public health expenditure) for the 2012–2016 period, without providing any details on how to achieve the volume. These were then first published in June 2012 in a paper agreed on between national level, provincial level and social health insurance funds. Based on this agreement and after further debates (not least because of the resistance of doctors), the 2008–2013 state-provinces treaty was prolonged until the end of 2014 and the Health Reform Act finally passed the Parliament in 2013.

At the core of the 2013 health reform is a system of health objectives for the provision, funding, quality, structures and processes in health care. Contracts between the parties, regular monitoring and reporting and a system of sanctions should help to achieve the objectives and consequently lead to a cost-containment effect of € 3.4 billion until 2016. As a further aim, from 2016, annual increases in public health expenditure should not exceed the average GDP growth in the official medium term forecasts. The 2013 reform did not change the roles of national level, provincial levels and social insurance funds in the health care system, but it has introduced new modes of cooperation and coordination, strongly linked to a system of health care objectives, monitoring, reporting and sanctioning. While the first monitoring report will only be published in the course of 2014, there is agreement that the reform at least has the potential to reduce widely known inefficiencies in the system and to develop a more cooperative approach to health care governance. Similar to other social policy branches, changes to the health care system in the crisis period are part of longer term agendas. Major contributions of the health care system to the austerity programme are expected from making the system more effective and more efficient.

4.5 Long-term Care Policy

Similar to other continental European countries, long-term care was a latecomer in welfare state development. In Austria, long-term care was established as a distinctive pillar of the welfare system in 1993. A comparatively generous nationwide cash-for-care system was introduced, providing cash benefits according to seven levels of need. At the same time, provincial responsibility for the development of social services, both in institutions and in the community, was confirmed. Provinces—agreed on in a state-provinces treaty—were required to develop an adequate infrastructure following provincial plans on the future need for such services. Other than in Germany, long-term care was not established as a fifth pillar of the social insurance system but as a universal tax-funded system. In the past 20 years, long-term care policies have been characterised by gradual changes in the cash-for-care system, in the provision of social services and in support measures for informal carers. These changes included extensions in publicly funded provisions as well as measures of retrenchment. The main reform adding a major new element to the system agreed on in 1993 is the regularisation of previously illegally employed migrant care work in 2007 (Österle 2013b).

From the 1990s and more significantly in the past decade, Austria has seen a growing market of migrant care workers in private households, so-called 24-hour care workers. Care workers from Central Eastern European countries are employed in private households to provide the necessary care and support to people in need of care. The arrangement is one of two care workers staying in the respective household and replacing each other for 2–4 weeks shifts in Austria before returning home for the same period. Up until 2006, this was a grey economy of care. But in the summer of that year, the illegality suddenly became a major political concern in the pre-election period. Broad consensus among political parties first led to a temporary amnesty and then to a major comprehensive reform that was driven by two objectives: first, to establish a regular frame for migrant care work in private households, and second, allowing an option that does not lead to substantially increasing costs for private households. This was above all achieved by allowing a self-employment option and by a new means-tested subsidy that should help covering additional costs arising from social insurance contributions and taxes care workers have to make. In terms of take-up, the regularisation is widely seen as a success. At the same time, however, migrant care work in private households remains a precarious work relationship and—because of the lack of qualification requirements—involves a substantial risk for de-professionalisation in the long-term care sector (Bauer and Österle 2013; Österle 2013b). The regularisation established a new element in the Austrian long-term care system. The main driver of the reform was broad pre-election consensus about the illegality of the previous mode, but an illegality for which users should not be kept responsible, and the urgent need to establish a mode of using migrant care work in private households that is legal and at the same time affordable. From a public expenditure point of view, 24-hour care provides an option to provide long hours of care work with

considerably less public financial support than would be required in a situation where the respective provisions are covered by traditional social services.

Apart from the regularisation of migrant care work, other changes to the long-term care system since 2007 were only of a gradual nature (Fink 2013; Österle 2013b). Changes were responding to specific needs, such as an extension in the definition of care needs in 2009, recognizing the particular needs of people with dementia and of severely disabled children. From 2009, social security for family carers was extended by offering free social pension insurance (which was only subsidised before) and non-contributory social health insurance. Another significant extension was an increase in the long-term care benefit by 3–4 %, the first partial price adjustment of the benefit since 2005. From 1 January 2014, family carers can agree with the employer to go on leave or to use part-time work for between 1 and 3 months if caring for a close relative. If the option is taken up, public support includes pension insurance coverage and a new care leave benefit. On the other hand, eligibility criteria for benefit levels 1 and 2 (the lowest levels of care needs) were tightened from January 2011. This change was part of an austerity programme introduced at that time, a cut that was facilitated not least because the cash-for-care system in Austria defines long-term care needs more widely than in any other European country, covering more than 5 % of the Austrian population. Similar to other policy fields, policy debates in long-term care refer to demographic challenges and the economic context of the crisis years, but neither of these factors became the only driving force in adapting the long-term care system. An additional continuous reference point in long-term care policy debates and reforms is the role of national and provincial levels. The most important changes in this respect in recent years were the creation of a new nationwide long-term care fund to stimulate the development of services on provincial levels in 2011 and the centralisation of responsibilities for the cash for care system on the national level in 2012. Before, provinces were in charge of the cash for care system for specific groups such as disabled people. Taken together, recent developments in long-term care were driven by a general consensus that long-term care—not least with a reference to the demographic changes and increasing employment participation—will need further investment. At the same time, all debates go along with stressing the need to consider the budgetary constraints (Österle 2013b).

4.6 Family and Childcare Policy

Family policy is the most important non-insurance based social policy branch in Austria. In a European comparison, Austrian family policy is characterized by both relatively high expenditures (10 % of total social security expenditures in 2011 vs. 8 % in the EU-28) and a relatively large proportion of cash transfers (74 % vs. 64 % in the EU-28 in 2011). The latter confirms the conservative character of the Austrian welfare state: in-kind benefits and most notably childcare facilities are still scarce, especially for children under the age of three. Together with conservative attitudes (Baierl and Kaindl 2011: 13 ff), the current policy mix, and a

comparatively high gender wage gap (23.4 % in Austria in 2012 as compared to 16.4 % in the EU-27), reinforces the low employment participation of mothers. For example, 79 % of all mothers aged between 25 and 49 years with at least 1 child below the age of 15 were employed in 2012 which compares to 97 % of fathers. The part-time proportion of these mothers amounted to 71 %, the proportion of fathers to 5 % (Statistik Austria 2013b: 85). This data suggest that the traditional separation of gender roles in male breadwinners and female caretakers is still a valid model in the conservative Austrian welfare state (Schlager 2014).

Both, economic pressures on families and political pressures from supranational and international organizations (e.g. regarding the realization of the Barcelona targets concerning childcare services) gradually impose modifications of the conservative family policy regime in Austria. Even though the country remains a “slow mover” (Morgan 2012: 169), recent policies implemented or amended encourage parents to re-enter employment earlier after a child has been born, and provide some more incentives for fathers to take on parental leave (Blum et al. 2014; Leitner 2010).

These have also been the aims of recent reforms of the childcare benefit (*Kinderbetreuungsgeld*), i.e. a cash allowance granted to all parents on leave after the birth of a child. Prior to 2008, and up until today, a caring parent has the possibility to receive a flat rate payment for a maximum of 30 months. Parents are free to share the benefit period. If the second parent takes parental leave, the benefit period can be extended by another 6 months. Two more options were introduced in 2008, again with an additional benefit period if the second parent gets involved. Respective benefit options amount to a maximum of 20 months (plus 4 months) or 15 months (plus 3 months). The shorter duration is linked to higher monthly benefits. In 2010, a fourth and a fifth option—with a shorter benefit period and extended benefits—were introduced. Parents now can also opt for a flat-rate payment for 12 months (plus 2 months) or an income-related payment granted for the same time-length. Even though the alternative possibilities of parental leave were only implemented in 2010, they are already utilized to some extent. In 2012, 12 % of all benefit recipients in that year were using one of the two short-time alternatives (12 + 2), another 4 % used the 15 + 3 alternative and 22 % used the 20 + 4 alternative. This still leaves a majority of recipients using the longest period of benefit receipt (30 + 6). But their proportion is decreasing. According to recent statistics, about 50 % of current applicants go for this option. This suggests that the policy reform contributed to some extent in preventing mothers from exiting the labour market for an extended period of 3 years or more. The overall proportion of fathers among those on parental leave in 2012 (about 4 %) has not increased significantly since 2008. However, a growing number of fathers get involved in the parental leave programme, most importantly in the 15 + 3 and the 12 + 2 options, but predominantly for very short periods of just 1–3 months.

In addition to reforming childcare benefit, Austria has made progress in increasing the number of and attendance in childcare facilities, thereby opening up employment opportunities for mothers. For example, in 2005, only 10 % of all children aged between 0 and 2 attended such a facility. In 2012, this proportion rose

to 21 %. However, there are considerable differences across federal provinces in Austria—which are responsible for providing these facilities. For example, in Vienna, 35 % of children between 0 and 2 years attend childcare facilities. In Styria the relevant proportion only amounts to 11 % (Statistik Austria 2013c: 85). Variations between the provinces also occur regarding daily opening hours or annual closing days (Statistik Austria 2013c: 69). Despite these differences between the nine provinces, since 2010 all children are obliged by the government to attend at least 1 year of kindergarten. The current coalition government plans to extend this obligation to another year, albeit only for those “who need it”, i.e. mostly children with no or low German language skills.

Further changes in family policy in recent years were more closely linked to the economic crisis: This is the case of the family benefit (*Familienbeihilfe*) scheme, a cash transfer granted to families with children. Whereas from July 2014 onwards the benefit level has been increased slightly (amounting to a monthly payment of € 109.70 for each child under the age of 3 years, up to € 158.90 for a child aged 19 or above), the maximum payment period was reduced from 26 years to 24 years in 2011 (provided the child is still in full-time education). In 2008, and as a result of a larger policy package implemented shortly before the national elections, an extra (thirteenth) month of family benefit was paid. In 2011, this extra benefit was abolished again due to tight budgets, and substituted through an extra annual bonus of € 100 for children aged between 6 and 15. Blum et al. (2014) in their analysis of family policies during the crisis conclude that the crisis only had a limited effect on the pathways of Austrian family policies. The familialistic orientation is still dominant even though there is growing emphasis on the social investment character of family policies.

4.7 Poverty and Social Exclusion

The at-risk-of poverty rate in Austria amounted to 14.4 % in 2012. It affects 1.2 million people in this country and compares to an EU-28 average of 17 %. In 2008, the rate amounted to 13.4 %, implying an increase of the at-risk-of poverty rate of 1 % point within 4 years. What has not changed, though, is the composition of the income poor: It particularly affects people living in households with at least one member with a non-Austrian citizenship (31 %), people in households with a (long-term) unemployed member (40 %), single women without pension income (29 %) as well as with pension income (24 %), people living in single-parent households (30 %) or in households with three or more dependent children (25 %) (Statistik Austria 2013a).

Whereas the at-risk-of poverty rate in Austria remains below the EU-average rate, social organizations supporting the poor observed that the type of assistance they grant has changed. Welfare state benefits traditionally covered fundamental needs, such as rent or heating. Nowadays, these expenditures are often financed by private relief organizations, such as the Caritas. However, this observation had already been made before the economic crisis had hit Austria (Dawid 2014).

Concerning the Europe-2020 target on people at-risk-of poverty and social exclusion, which in addition to people-at-risk of poverty also includes those with low employment intensity and those deprived according to various indicators, the EU-28 average amounted to 24.8 % in 2012. This compares to a rate of 18.5 % in Austria. The country is thus among the member states with the lowest proportions of people at-risk-of poverty and social exclusion. Compared to 2008, when the rate amounted to 19.7 %, some progress has been made, even though this has not been consistent (2009:18.3 %; 2010: 18.2 %; 2011: 19.2 %; Statistik Austria 2014d). Whereas the at-risk-of poverty rate increased between 2008 and 2012, it is particularly the indicator on material deprivation that has decreased considerably in Austria (2008: 6.4 %; 2012: 4.0 %) (Statistik Austria 2014d).

The major policy shift concerning benefits for the poor in recent years refers to social assistance. In 2010 and 2011, the nine federal provinces of Austria introduced a minimum income scheme (*Bedarfsorientierte Mindestsicherung, BMS*), which in large parts replaced the social assistance scheme that had been in place since the 1970s. The implementation of this new benefit marked the end of a process that had started long before the economic crisis hit Europe or Austria. It is, however, important to note that the reform passed the parliament and was implemented in the time of the economic crisis despite the fact that additional public funding was involved.

One of the main changes concerning the new benefit refers to a harmonized benefit level for Austria. Benefits of the social assistance scheme have differed profoundly between the provinces, which are still in charge of BMS payments, though. In 2014, the harmonized benefit level amounts to € 813.99 for a single person (including a housing benefit of € 203.50). In addition to the harmonization of benefit levels (which, by discretion, may be raised by the provinces but not lowered), some further aspects have been changed as compared to the old social assistance scheme: Most notably, recipients of the BMS are now integrated in the Austrian sickness insurance, which is an important improvement for the recipients. A further change refers to a stronger commitment to activate recipients of working age to (re)enter the workforce (Bergmann et al. 2012). Therefore, the collaboration between social welfare offices and the employment centres of the Austrian labour market service (AMS) has been intensified. For example, it is now possible to file applications for the minimum income benefits directly at the AMS centres (even though these applications are then not dealt with in these offices but forwarded to the social administrations of the provinces). The renewed emphasis on an activation of recipients of the BMS not least has led to the fact that this scheme is mentioned in the European Commission's Social Investment Package as a case study regarding examples of policies attempting to actively include people excluded from the labour market (European Commission 2013: 46f).

Regarding the number of recipients, in 2012 more than 220,000 people received benefits from the BMS scheme, which is an increase of 14.5 % as compared to 2011. However, despite improvements, this new benefit is also criticised—in part harshly—by commentators on the Austrian welfare state (e.g. Dimmel and Pratscher 2014), as well as from representatives of NGOs engaged in assisting the

poor and excluded in Austria (e.g. Die Armutskonferenz 2011). One aspect of this critique refers to still large variations between the provinces concerning the number of recipients. For example, in Vienna, more than 126,000 people received benefits from the BMS in 2012. This compares to 19,000 persons in Lower Austria, a province whose population size is about the same (Statistik Austria 2014e). This suggests that there is still quite some discretion in granting this benefit across the nine provinces—and that non-take up continues to be a problem (Dimmel and Fuchs 2014).

5 Pathways of the Austrian Welfare System

5.1 How Sustainable Is the Austrian Welfare State?

According to an analysis of the EU-SILC 2009 wave for Austria, 7 % of adults were completely satisfied with the current political system. They did not see any need for change. 72 % were satisfied but suggested revisions in some respects. 21 % were noted to be dissatisfied with the political system and required a complete reform (Statistik Austria 2013d). Also, according to EU-SILC, a large proportion of adults in Austria remain very satisfied or satisfied with their life even during the years of the economic crisis (2007: 77.5 %; 2009: 79 %, 2011: 78.7 %) (Statistik Austria 2013d). These results indicate that the political system in Austria is still supported by the vast majority of the population—legitimacy thus is not put into question. Not least, the results suggest that the Austrian population remains satisfied with the welfare system. This is also confirmed by surveys more specifically focusing on welfare state issues. With regard to the health system, for example, 82 % of the population value the system as very good or good, a level reached by no other EU country (European Commission 2010).

Against the background of the economic and the fiscal crisis, the population appears to accept that reducing the deficit has to be a key concern of contemporary politics. Nonetheless, there also is a strong feeling that public expenditures have mainly been directed at the Austrian banking sector and the ESM, whereas those particularly hit by the crisis nationally (*KrisenverliererInnen*) have not profited yet. This, but also findings on, for example, large inequalities in the distribution of wealth in Austria as suggested by a recent study (OeNB 2012), has intensified debates on distributional justice. A large part of the population feels that distribution is unequal in this country—and requires reforms. Several actors, e.g. the social democratic party (SPÖ) or the Austrian chamber of labour (*Arbeiterkammer*), and civil society movements (such as attac) insist on reintroducing national taxes on wealth (most notably on income deriving from capital), and to reintroduce inheritance tax, which was abolished in 2008 due to a verdict by the Austrian constitutional court. The people's party (ÖVP) so far impedes such policies. Despite demands for a more just distribution of income and wealth, social peace in Austria appears to be solid. The global movement of the “we are the 99 %”, for example, has not been very prominent in this country. Even though there have been

demonstrations—such as one in March 2009 under the slogan “*Wir zahlen nicht für eure Krise*” (“we will not pay for your crisis”)—the effects of the protests have not been sustainable—despite intensifying the debate on redistribution.

If the financial sustainability of the welfare state is questioned, this is mostly with a reference to the pension scheme, and, to a lesser extent, the health sector. Together, the two sectors account for about three quarters of total social expenditure. With regard to the pension system, sustainability concerns are mostly raised with reference to the demographic changes. In a broader sense, however, issues of sustainability are also brought into the debate when discussing structural deficiencies. This is the case in the health sector, where the current complexity of actor relationships and a lack of integration between inpatient and outpatient care is seen as a major cause for increasing health care costs. Similarly, in family policies it is argued that financial means could be invested more effectively. Moreover, it is distributional concerns that are driving current debates in family policies. Many, therefore, argue for more fundamental reforms in the Austrian welfare system. In their view, incremental policy changes prevalent in Austria might threaten the (financial) sustainability of the welfare system in the long run. Others—given that the system proves to be very robust and not prone to radical changes—argue that incremental policy changes enhance the trust of the population in the system, in itself a major root for sustainability.

In early 2014, the Austrian population has received clear signs that the fiscal and economic crisis is not over. Seasonal unemployment rates have seen sharp increases compared to the last winter season. And, payments for the support of one of the nationalized banks are further increasing. It is expected that it will cost up to € 19 billion to stabilize the Hypo-Alpe Adria bank, a development that might require an additional austerity programme. The feeling of dissatisfaction, therefore, might increase in this country and intensify debates about the distribution of the burdens.

5.2 What Future for the Austrian Welfare System?

The development of the Austrian welfare system in the past two decades is characterised by continuity and gradual changes rather than paradigmatic transformation. Since 2007, with the financial, economic and fiscal crisis, this development has not fundamentally changed. The crisis had an impact on facilitating reforms, including changes that meant a cut-back of benefits. But that period has also seen expansionary measures in specific policy fields. And, social policies had a strong stabilising effect, both in terms of the effects on GDP and employment, and in terms of the expectations of the population (Leoni et al. 2011).

Concepts that moved to the centre of welfare debates in many other countries, such as a stronger workfare orientation or the social investment state, had some impact in this country, but to a smaller extent. An example of the former is passive labour market policy (see Sect. 4.2). Whereas the number of sanctions concerning the receipt of unemployment benefit and unemployment assistance have increased (which suggests a strengthening of the workfare orientation), the system largely has remained unchanged—as compared to the Hartz reforms in Germany. Social

investment also appears to become a more relevant concept for the Austrian welfare state (even though this is hardly ever referred to in the policy discourse as being “social investment”) (Bock-Schappelwein et al. 2009). The speed of change is slow, though. For example, the extension of childcare facilities in this country is often not followed by respective extensions regarding opening hours or closing days of these facilities.

Welfare retrenchment played a weaker role in this country. This is a consequence of multiple factors including a comparatively favourable economic development, a relatively strong consensus orientation in the Austrian political system (and the population), or the complex mix of national and provincial roles in social policy making. But these circumstances tend to also limit room for more innovative or even path-breaking changes to a system. And, this characterisation of gradual rather than fundamental changes, at least so far, has not been changed for the times of the crisis. This, of course, is also the result of the fact that Austria was hit much less by the economic crisis and that unemployment is still on comparatively moderate levels. As a consequence, the discussion in this country is not about the end of the welfare state, but about the amendments needed to make it sustainable. And, despite very distinct views in specific policy areas about the necessary changes, there still seems relatively broad agreement among the main political actors that the welfare system is sustainable.

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