

Historical-sociological research AUSTRIA

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The dawn of the welfare state (1850 - 1880)

The first Austrian social policy measures were taken in the period between 1860 and 1880, as a tepid and defensive response to the deteriorating social situation prevailing among the population in the wake of industrialisation. A growing rural exodus and migration to the urban industrial regions accelerated the dissolution of the "House" which had been a guarantor of minimum social protection for much of the rural population. The Reichsgemeindengesetz of 1862 and the Reichsheimatgesetz of 1863 for the first time imposed upon the municipality the obligation to provide poor relief to people in distress, although the intention behind this act was to prevent revolts rather than fight poverty.

The welfare state takes off: developments up to the end of World War I (1880-1918)

Towards the conclusion of the 19th century several pivotal steps were undertaken towards the establishment of Austria as a welfare state and thus those years are often referred to as the „take-off phase“ of the welfare state. The first milestones were the introduction of accident insurance (1887) and obligatory health insurance (1888), initially limited to wage earners, a group that was constantly growing in numbers. Comparable measures for the self-employed and farmers were not yet taken. Similarly, this phase did not include any measure to make provision for old age and unemployment. What's more, the newly introduced benefits originally applied only to workers in factories, iron and steel works, shipyards and quarries, and were thus of limited range only. Claims were, furthermore, limited to the worker and did not extend to family members. Thus, the relief was only partial; family and kin resources continued in their central importance to coping with social risks such as unemployment and old-age provision.

First expansion of the welfare state (1918-1933)

After the end of World War I and in the 1920s, welfare benefits expanded at a rapid pace and we can speak of the „First expansion of the welfare state“ for this time period. These expansions were driven by the need to re-establish, stabilise and increase labour productivity. With the new political institutions and within a system of parliamentary democracy this could be done under new prerequisites. The towering position of the Social Democratic Party after the war and its ability to integrate revolutionary currents greatly benefited the expansion of welfare measures in Austria.

Sociopolitical measures during Austrofascism and National Socialism (1933-1945)

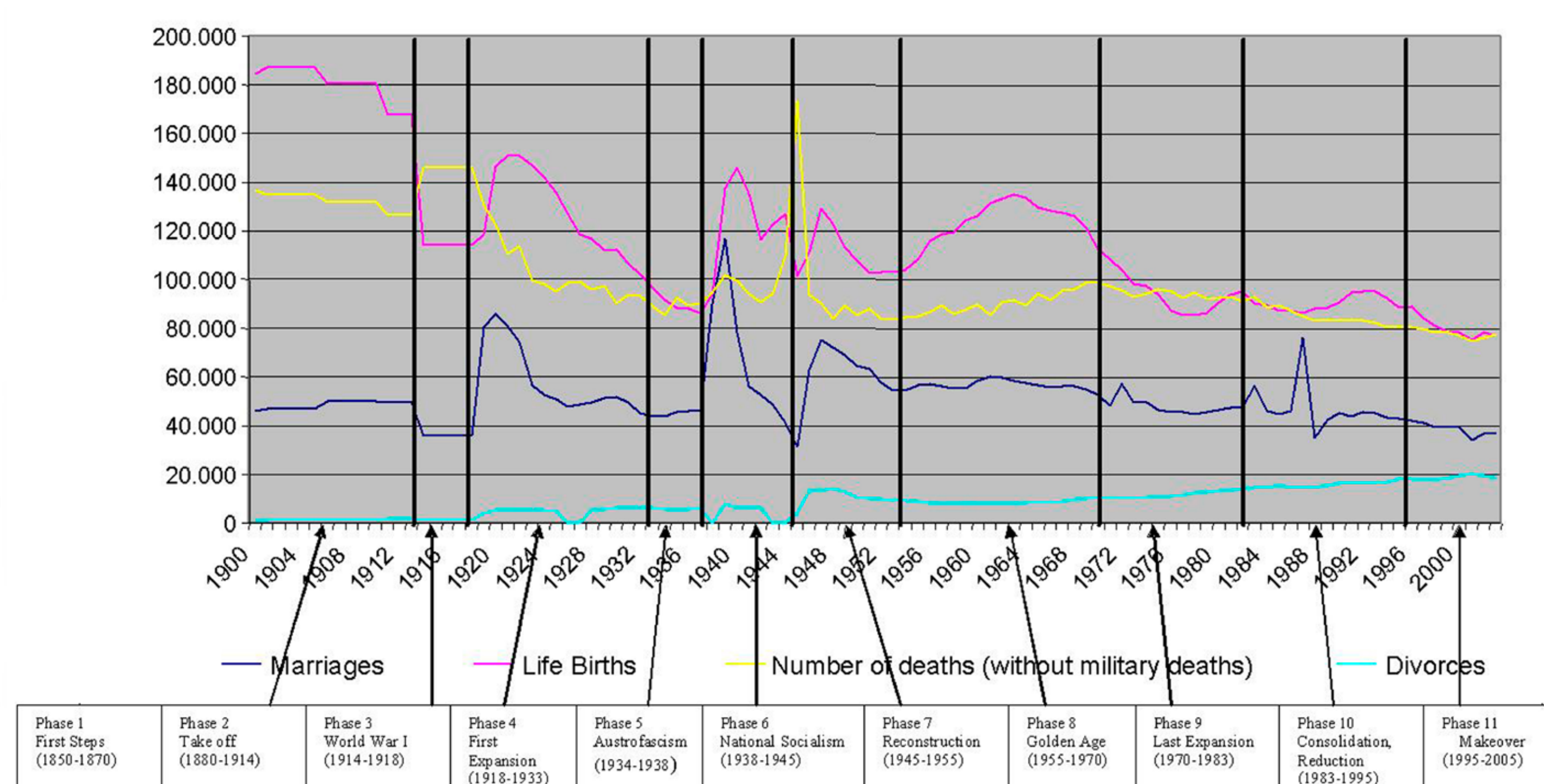
In the late 1920s, the social security system began to slide into a crisis, due to rising unemployment in the wake of the deteriorating economy. This caused the authoritarian Austrofascist regime that had come into power in the 1930s to massively cut benefits. As a result, many people were forced to resort to family and kin resources and subsistence traditions to cope with their distressed situation.



Poverty in the 1930s (Foto: Magazine „Der Kuckuck - 12th January 1930)

Family and kin once again stepped in to fill the gap left by the withdrawal of the state from already established benefits. Upon taking over in 1938, the National Socialists aimed to improve these reproductive conditions by targeted economic and social policy measures. Mostly, benefits that had been curtailed during the Austrofascist period were extended. The aim was to mobilise urgently needed labour to boost the productivity of the armament industry.

Demographical Trends and Development of Social Security Policy (1900-2004)
(Source: Statistik Austria, 2005, Statistisches Jahrbuch Österreichs)



The after-war reconstruction, golden age and last expansion of the welfare state (1945-1983)

The years between 1955-1970 can be characterized as the „golden age“ of the welfare state. Measures to expand the welfare state gained in weight, helped by the favourable economic development. Enlargement and expansion characterised all relevant sectors of social policy, and especially the social insurance system which obtained its growth momentum from the General Social Insurance Act adopted in 1955 and constantly expanded in the years and decades after. A key factor was the steady expansion of compulsory insurance coverage in all its sectors, which aimed to encompass all gainfully employed persons – not just the dependently employed, but also the self-employed, farmers and freelance professions.

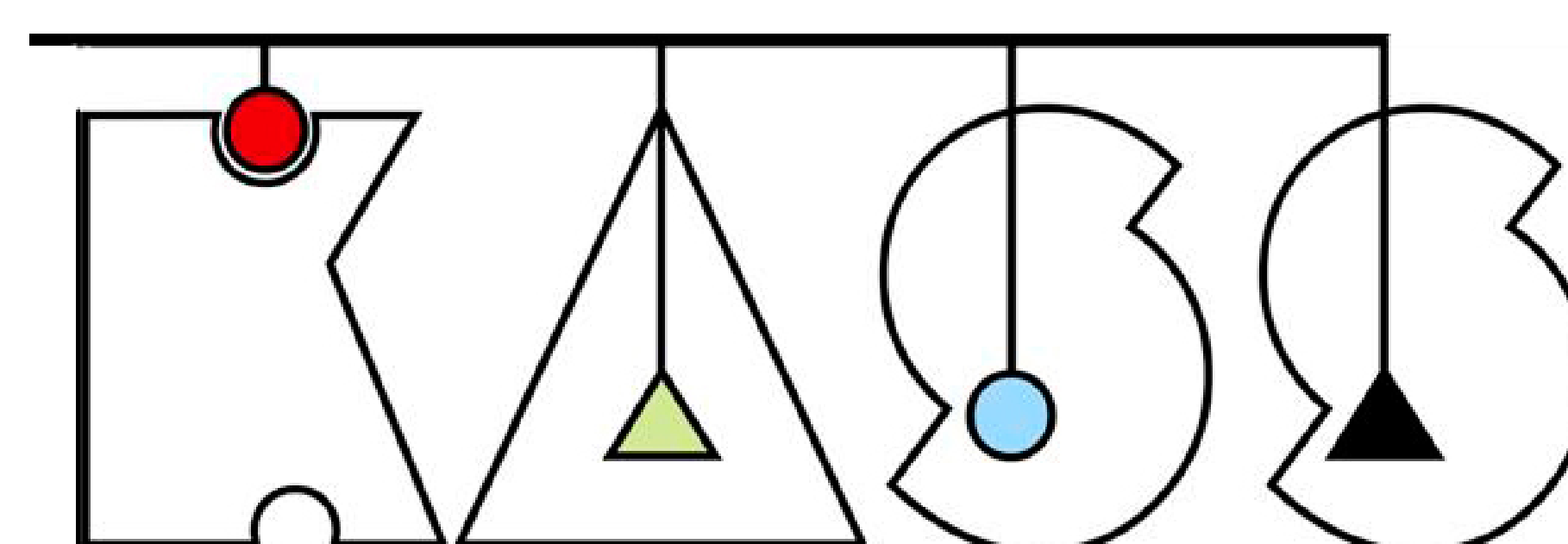


Golden Age of Welfare and Social Change in the 1970s (Foto: Sieder et al. 1995, Österreich 1945-1955)

In a slow process extending to the 1970s, it was possible to draw all these groups into the health, accident and old-age pension insurance system. With this, the objective of extending social security to all gainfully employed people was thus mostly achieved.

Consolidation of the welfare state (1945-1983)

In the course of the 1980s, the economic setting of the welfare state gradually but noticeably underwent a change away from conditions prevailing in the post-war decades. A prolonged cyclical downturn drove up unemployment and eroded standard job types. The attendant shortfall in contributors and growing number of retirees generated financing problems in the social insurance system, especially in its old-age pension sector. As a result, benefits were cut for the first time since World War II. The only field excepted from this contraction was long-term care where a tax-financed benefit was introduced. The trend accelerated in the 1990s, fuelled by globalisation and increased competitive pressure. The welfare state was confronted with the stark dilemma of having to cope with growing problems with declining resources. The gap between revenues from contributions and expenditures widened, and financing problems cropped up not just in old-age pension insurance but also in health insurance. In social policy, the response was to step up adjustments. Since 2000, all social policy sectors have been swept by a swift wave of change, against the stiff resistance of parts of the public. Pension, unemployment and health insurance experienced (in part massive) cuts in benefits.



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