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**Taking Stock of the Austrian Accession to the EU :
With Regard to the Arguments of its
Referendum Campaign in 1994**

Mémoire présenté pour l'obtention du
Master en études européennes
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Introduction

With the fourth enlargement of the European Union¹ (EU), the EU increased to 15 member states², thus, gaining more in importance and weight. The new members Austria, as well as Sweden and Finland, were all deeply rooted democracies and had highly developed economies. They came to the conclusion that in order to have a say and to profit from all the rights and of course the included duties, it was time to join the EU.

In 1994, the opinion in Austria concerning the accession to the EU was divided. On the one hand, there were those who saw it as a way to guarantee a prosperous future for Austria and on the other hand, those who saw in such a membership the representation of evil. This is very well represented in the statements of two important political leaders from Austria. Thomas Klestil, the Austrian President at the time, declared on June 10, 1994 that: *“Ich werde am Sonntag mit ‘ja’ stimmen – das entspricht meiner persönlichen Überzeugung, meiner Lebenserfahrung und meiner Verantwortung, Österreich vor Schaden zu bewahren und die Zukunft zu sichern”*³. Mister Jörg Haider, the leader of the Austrian Freedom Party (FPÖ) at that time, stated that: *“Ich sage euch, wenn Österreich der EU beitrete, wird dieses Land fremdbestimmt”* and *“Maastricht sei die Fortsetzung von Versailles ohne Krieg”*⁴. Now, 14 years later, it is time to take stock of the Austrian accession to the EU.

With this dissertation, I intend to contribute to the contemporary literature existing on the subject of EU enlargement. I will emphasise on political, economic, social, geopolitical and cultural aspects that have influenced Austria's entry into the EU and I aim at giving answer to the following research question: *“Were the delineated scenarios of the supporters and opponents of EU accession during the Austrian referendum campaign in 1994, seen from today's perspective, only of a polemical nature or in the contrary, were those arguments well founded?”* To answer this question, I will base my paper on articles and books I have found in the library of the European Institute of the University of Geneva, the United Nations library in Geneva, the library of the Graduate Institute of International and Development Studies in Geneva, as well as on Internet sources.

In order to take stock of the Austrian accession to the EU, several disciplines of social science will be applied. Without such an interdisciplinary analysis, one could hardly understand the economic and political reasons that pushed Austria to enter the EU. An interdisciplinary approach becomes therefore fundamental in order to contextualise Austria's complex path towards the EU.

Therefore, I divided this dissertation into three parts. In the first part, I will write about the European Free Trade Area (EFTA) and its evolution since its founding in 1960. This will be followed by an analysis of the European Economic Area (EEA) and its role in closer co-operation between the EU and EFTA, as well as a review of the origins of and motivations for the fourth EU enlargement. After that, there will be a study of the Austrian decision making process to apply for EU membership, with emphasis on the Austrian Government, the Austrian political parties and the Corporatist interest groups and their view on European Integration. This first part will then be completed with a look at the membership negotiations between the EU and the EFTANs, and an analysis of the Austrian referendum in 1994. In the second part, I will elaborate the debate of the key issues during the referendum campaign in Austria. For this purpose, I will look at the Austrian identity, the Austrian neutrality, the Austrian economy, including the agricultural sector and conclude the second part with the discussion around the transport issue. In the

¹ For reasons of simplicity, I will use the term *European Union* (EU) throughout this dissertation. Knowing that the expression *European Union* has been used legally only since November 1, 1993, the date in which the Maastricht Treaty came into force. Prior to that date it was known as the European Communities (EC), including the European Economic Community (EEC), the European Coal and Steel Community and the European Atomic Energy Community.

² The EU 15 consists of the following member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

³ *“I am going to vote yes on Sunday - this corresponds to my personal conviction, to my life experience and to my responsibility to preserve Austria from harm and to safeguard its future”*. In the televised declaration from June 10, 1994, on <http://www.ena.lu/mce.cfm>, consulted February 15, 2008.

⁴ *“I tell you, this country is going to be under foreign influence when Austria joins the EU”* and *“Maastricht is the continuation of Versailles without war”*. *Der Standard*, “Haider zu Maastricht”, 09.06.1994.

third part, I will conduct an in-depth analysis of Austria's evolution after 13 years of EU membership. Consequently, the key issues covered in the second part recur once again but will be extended by a look at Austrian adaptations and Europeanisation that will complete the third part. Thereafter, the conclusion of this dissertation will follow.

With regards to the methodology of this dissertation, besides books and articles, official documents and opinion polls will be used that will help to provide answer to the research question posed above. As quantitative methods, public opinion polls of *Standard Eurobarometer* will be applied in such a way, that they reflect the long-term evolution of the Austrian citizens' opinion regarding their EU membership, as well as their sense of being European. Finally, quotations of different Austrian newspapers will round off this dissertation.

Der Standard (liberal/left), *Die Presse* (conservative/centre-right) and the *Kurier* (liberal/centre-right) can be considered as nationwide quality newspapers. They are characterised by a detailed and extensive national and international news coverage. These newspapers express opinions and are politically independent, even though they often represent a political view. On the other hand, the *Neue Kronen Zeitung* and *täglich Alles* can be considered as tabloid press, which is characterised by less detailed news coverage (often limited to national and local news) but with big headlines and huge pictures, a colloquial language, sensational and gossip stories, scandals, celebrity journalism and oversimplification.

With the chosen approach, the interested reader will be able to visualise the changes that such an accession to the EU can have on a small country.

As a result, in the case of Austria, I will argue that the supporters, as well as the opponents of an Austrian entry into the EU have used willingly or unwillingly polemic arguments and half-truths to influence the referendum outcome in their favour.

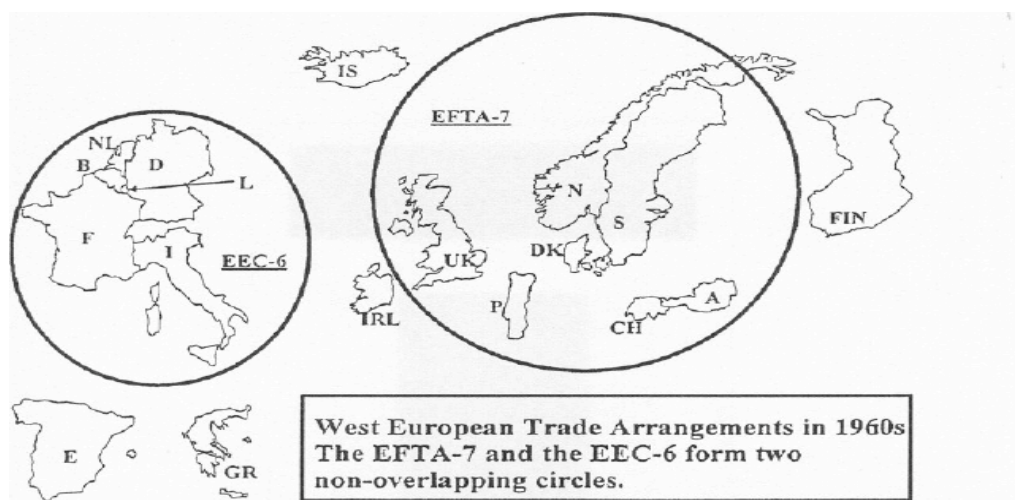
I. Part

The Integration of EFTA in the EU

1. From EFTA to the Application for EU Membership

The founding of the EU in 1957, with the set up of supranational institutions, was an important step towards European economic integration. The EU's intention to remove all trade barriers inside the Community, as well as the adoption of a *common external tariff* lead to the creation of a *second bloc* in Western Europe: The EFTA.

Figure 1: Europe of 2 non-overlapping circles



Source: BALDWIN Richard Edward (*et. al.*), "The Economics of European Integration", in NEVEN Damien, *Introduction to European Economic Integration*, Polycopie HEI, Geneva, 2005.

Note: B=Belgium, NL= Netherlands, D=Germany, L=Luxembourg, F=France, I=Italy, E=Spain, GR=Greece, IS=Iceland, IRL=Ireland, UK=United Kingdom, P=Portugal, N=Norway, DK=Denmark, S=Sweden, CH=Switzerland, A=Austria, FIN=Finland.

1.1. EFTA

EFTA was founded in 1960 through the establishment of the *Stockholm Convention*. The founding states were the United Kingdom (UK), Denmark, Austria, Norway, Portugal, Sweden and Switzerland (Finland joined in 1961 as an associate member). Its main objective was free trade among its members. Unlike the EU, it was not EFTA's objective to form a customs union and agricultural products were excluded from the liberalisation steps among its members. EFTAns were also looking critically at the arising supranational integration in the EU. "To them, European integration should take the form of closer cooperation – especially closer economic cooperation – conducted strictly on an intergovernmental basis, [...]"⁵. Thus it can be said that EFTA pursued solely economic goals.

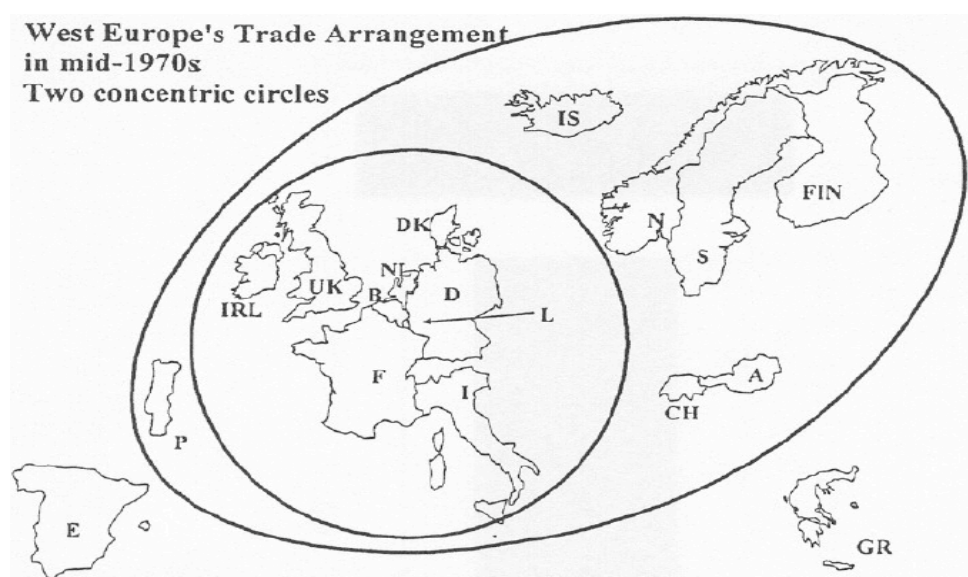
As tariff barriers started to fall inside the *two blocs*, discriminatory effects appeared rapidly. Due to the larger economic weight of the EU, membership in the EU became more and more attractive to EFTAns, too. After an initial attempt to join the EU in the 1960s (vetoed by French President de Gaulle),

⁵ BALDWIN Richard; WYPLOSZ Charles, *The Economics of European Integration*, McGraw-Hill Education, Berkshire, 2004, p. 8.

membership was granted finally in 1973 to the UK, Ireland, Denmark and Norway. However, in the case of Norway, membership was rejected in a national referendum. Earlier, in 1970, Iceland joined EFTA. “The other EFTAs did not apply for political reasons such as neutrality (Austria, Finland, Sweden and Switzerland), or lack of democracy (Portugal), or because they were not heavily dependent on the EEC market (Iceland)”⁶.

As a consequence of the withdrawal of the UK, Ireland and Denmark from EFTA and their accession to the EU, the remaining EFTA members feared an economic disadvantage, as their markets were relatively small in comparison to the EU markets. Thus, a series of bilateral free trade agreements between EFTAs and the EU were signed in the 1970s linking these two free trade areas, as a consequence of their high degree of economic dependence. But the EU was already much more integrated than EFTA in the mid-1970s. “For instance, EEC members had duty-free trade in all products (including agricultural goods), a common external tariff, many common sectoral policies (coal, steel, etc.) and a common labour market”⁷.

Figure 2: Europe of 2 concentric circles



Source: BALDWIN Richard Edward (*et. al.*), “The Economics of European Integration”, in NEVEN Damien, *Introduction to European Economic Integration*, Polycopie HEI, Geneva, 2005.

Note: See previous Figure for abbreviations.

In 1986, Portugal withdrew from EFTA and became a member in the EU. The same year, Finland joined EFTA as a full member, followed by the accession of Liechtenstein to EFTA in 1991. After the withdrawal of Austria, Finland and Sweden from EFTA in 1995 and their accession to the EU, the remaining EFTA members included Norway, Iceland, Liechtenstein and Switzerland. As a result of intensified EFTA-EU cooperation, the EEA was established in 1994.

1.2. EEA

The creation of the European internal market (an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured) accelerated rapidly in the second half of the 1980s and made a reaction of the EFTAs unavoidable. In the late 1980s, they sought a more equal participation in the European market. At the same time, some were considering applying for EU membership. Commission President Jacques Delors proposed the EEA⁸ agreement as a way to avoid

⁶ *Ibid.*, p. 15.

⁷ *Ibid.*, p. 16.

⁸ At first, EEA was called European Economic Space.

EU enlargement in January 1989⁹. “Delors’ proposal came as quite a surprise to those of us who considered ourselves professionals in the field. We had gotten wind of a new initiative being planned at top levels in the Commission, but we had come to the conclusion that such plans had been abandoned”¹⁰. In July 1989, 4 months before the fall of the Berlin Wall, Austria applied for membership in the EU. In July 1990, the formal EEA negotiations started between EFTAs and the EU. “The final version of this agreement is highly complex, but, for our purposes, it can be thought of as extending the Single Market to EFTA economies, apart from agriculture and the common external tariff”¹¹. Consultations turned out to be difficult and not satisfactory as an alternative to full membership in the EU. “Indeed, it has been argued that the EEA provides the worst of all worlds for the EFTA countries and that their exclusion from the EC decisionmaking process is ‘forcing them to lose more independence if they stay outside the Community than if they join it’”¹². EFTAs would be obliged to accept future EU legislation concerning the Single Market without being entitled to have a say in the formation of these new laws. The EEA agreement was signed in Porto in May 1992 and entered into force in January 1994. It included the 12 EU members as well as Austria, Finland, Sweden, Norway, Iceland, Liechtenstein from the EFTA side. Switzerland voted against EEA membership in a national referendum in December 1992.

As the EEA seemed to be an unsatisfactory substitute to the EU, more and more of the EFTAs viewed it solely as a transitional arrangement on the road to full EU membership. “[...], the elites realized that their increasing dependence on the EC and the toll of globalization weakened the effectiveness of their national policies, whereas unilateral adaptation to EC rules safeguarded their ‘independence’ only in name”¹³. Consequently, besides Austria, Sweden (1991), Finland, Norway and Switzerland (1992) handed over their EU membership applications. The Swiss bid to accession was frozen though in the light of the negative referendum to the EEA.

1.3. Origins of and Motivations for the EU Enlargement in 1995

The question arises regarding the reasons behind this sudden rush to EU membership. It is astonishing that the EFTAs suddenly seemed to accept the supranational approach of the EU. Reasons for this change of mind can be found inside the EU, in Europe (but outside the EU) and on a global level.

The process of European integration in the EU was revitalized with the creation of the Single Market and the Treaty of the European Union (Maastricht Treaty). It had the following effects:

- The *Eurosclerosis* of the 1980s was forgotten. The EU regained its dynamism and its position as the embodiment of *Europe* while EFTA lost in importance and attractiveness.
- The EU was evolving quickly. EFTAs feared to become outsiders, not being able to benefit in economic terms (Single Market) and in fields such as politics and security (Treaty of the European Union). Thus, the costs of non-membership had become higher than the reservations against joining the EU.

Other reasons are to be found in the changes in the Central and Eastern European Countries (CEECs). With the fall of Eastern European communist rule, the whole economic, political and strategic balance of the European continent had changed. On the one side, for the EFTA neutrals a relaxation on the security constraint of the Cold War era could be observed. On the other side, membership in the EU of CEECs became ever more attractive.

Another reason can be found on a global level with the Uruguay Round within the General Agreement on Tariffs and Trade (GATT), the predecessor of the World Trade Organisation (WTO). This trade

⁹ BREUSS Fritz, *Austria’s Approach towards the European Union*, Wirtschaftsuniversität Wien, Wien, 1996, p. 6, on http://epub.wu-wien.ac.at/dyn/virlib/wp/eng/mediate/epub-wu-01_2aa.pdf?ID=epub-wu-01_2aa, consulted January 12, 2008.

¹⁰ KUOSMANEN Antti, *Finland’s Journey to the European Union*, European Institute of Public Administration, Maastricht, 2001, pp. 5-6.

¹¹ BALDWIN Richard; WYPLOSZ Charles, *op. cit.*, p. 21.

¹² REDMOND John, “The Wider Europe: Extending the Membership of the EEC”, in *The State of the European Community*, Lynne Rienner Publishers, Boulder, 1993, p. 214.

¹³ GSTÖHL Sieglinde, *Reluctant Europeans: Norway, Sweden, and Switzerland in the Process of Integration*, Lynne Rienner Publishers, London, 2002, p. 200.

negotiations established significant reforms of the world's trading system and gave two signals to non-members of the EU:

- The Uruguay Round was mainly a deliberation between the two main players in the world: the United States of America (USA) and the EU.
- The danger of a failure of the Uruguay round awoke fears that the world might degenerate into two (protectionist) trade blocs. The North American Free Trade Area (NAFTA) led by the USA and the EU. In that case, an EU membership would become essential for EFTAs¹⁴.

2. Decision Making Process to Apply for Membership in the EU

Trade relations between EFTA and the EU have always been very important for both sides. After the acceleration of events in Europe in the late 1980s and early 1990s, a boom of membership applications of EFTA members to the EU could be observed. Austria was the first one to apply for full membership in the EU in 1989. This move was followed by the other three neutral EFTAs Sweden, Finland and Switzerland. However, this happened only in 1991 and 1992 due to their concerns about their neutrality status. Finally, Norway also applied for EU membership in autumn 1992.

After World War II, Austria regained its independence only in 1955 when the State Treaty was signed with the occupying powers (USA, France, UK and the Soviet Union) and Austria. Negotiations had been long and difficult. One of the key aspects was Austria's permanent neutrality which was written into the Constitution as a basic element of national identity. This move made the withdrawal of the occupying powers from the Austrian territory possible and Austria regained its sovereignty.

In the following years, membership in the European Coal and Steel Community (ECSC)¹⁵ was thought of to be an option for the Austrian government. This was criticized heavily by the Soviets. To them, in a Europe divided by the Cold War, every move towards the EU was regarded as a violation of Austria's neutrality. However, the Soviet Union could not prevent Austria to become a founding member of EFTA in 1960. Only one year later, however, the first EFTAs stepped out of line. Denmark and the UK applied for EU membership. The reaction of Austria, Switzerland and Sweden, all three neutral EFTAs, was to ask for association negotiations with the EU in late 1961. For them, it was clear that an EU membership was incompatible with their neutral status. As French President de Gaulle vetoed the UK's bid for negotiations in early 1963, Austria was the only EFTAn left to pursue aspirations for a close association with the EU. In diplomatic circles this came to be known as the *Alleingang Österreichs* (The *going it alone* by Austria). But in 1967, negotiations found a sudden end due to Italy's veto because of the bomb terror in South Tyrol¹⁶. Nonetheless, Austria and the other EFTAs managed to sign free trade agreements with the EU in the 1970s. This time, the critical statements of the Soviet Union were much softer. In the 1980s, the economic problems of Austria seemed to increase (particularly in the sector of its nationalised industry) and a debate to closer cooperation with the EU intensified. Especially business organizations pushed for EU membership, as over 60 % of Austria's exports went to the EU area. A bid for EU membership would also push Austria to undertake long overdue internal market reforms. Furthermore, the international law department in the Foreign Ministry came to the conclusion that Austria's neutrality was compatible with EU membership with a reservation on grounds of neutrality. In the end, the main political parties in Austria had a positive stand towards the EU. As a result, on June 29, 1989, the Austrian National Assembly voted with a majority of 175 against 7 (the Social Democrats, the People's Party and the Freedom Party against the Greens) to give the government a mandate¹⁷ to apply for membership in the EU. On July 17, 1989, the formal application letter with a reference to neutrality was handed over to

¹⁴ CROFT Stuart (*et. al.*), *The Enlargement of Europe*, Manchester University Press, Manchester, 1999, pp. 62-63.

¹⁵ This would have led to membership in the European Economic Community (EEC).

¹⁶ BREUSS Fritz, "Österreich auf Umwegen in die EU", in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (*eds.*), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 73.

¹⁷ Österreichisches Parlament, *Entschliessung*, on http://www.parlinkom.gv.at/LI/ZUSDATEIEN/Entschl_NR_19890629.pdf, consulted April 1, 2008.

the president of the European Council¹⁸. Consequently, Austria opted for the second time for the *Alleingang nach Brüssel*.

2.1. The Austrian Government and European Integration

On January 8, 1988, during a meeting at *Maria Plain*, the Austrian People's Party (ÖVP, *Österreichische Volkspartei*) adopted a resolution to lead Austria into the EU¹⁹. Austria's economy had seen rising problems in recent years, particularly in the sector of nationalised industries. Additionally, the Social Democratic Party of Austria (SPÖ, *Sozialdemokratische Partei Österreichs*) had moderated its scepticism towards the EU after the election of a former banker, Franz Vranitzky, as party chairman²⁰.

In the late 1980s, the grand coalition between the ÖVP and the SPÖ tried a *global approach* which meant that Austria should take part in as many domains as possible within the EU. Austria was of course especially keen on taking part in the European Single Market which was being created. However, the Austrian government's hopes were dampened as Minister of Foreign Affairs, Alois Mock, (ÖVP) visited the Commission in October 1988. There, it was made clear to him that all the advantages of the Single Market could be exploited only by EU members. In the Commission's eyes, a *Europe à la carte* (to pick and choose) would question the future of the European integration process²¹. In an ÖVP/SPÖ government declaration in the Austrian National Assembly (*Nationalrat*), the government emphasised the need and priority of an Austrian participation in the further development of European integration, insisting on the need of full participation in the European Single Market²². Subsequently, "[...] *the path was prepared: a government's report recommended membership under the conditions of upholding neutrality, federalism, the Austrian social system, an offensive environmental protection policy, a small-unit peasant agriculture and of solving the problem of transit through the Alpine regions*"²³. After having found a consensus with the social partners (social partners, see point 2.3. below), the ÖVP/SPÖ coalition government was ready to bring Austria into the EU.

2.2. The Austrian Parties and European Integration

In 1994, the decisive year of Austria's EU bid, the grand coalition between ÖVP and SPÖ endorsed such an EU membership. From the other three main parties, only the Liberal Forum (LF, *Liberales Forum*) favoured Austria's entry into the EU. The Green Alternative (GA, *Grüne Alternative*), as well as the Freedom Party of Austria (FPÖ, *Freiheitliche Partei Österreich*) were opposed to an EU membership of Austria.

2.2.1. The Social Democratic Party of Austria

For a long time, the SPÖ had been against an EU membership, due to the country's neutrality. In 1986, however, the sentiments of the SPÖ towards a possible accession to the EU started to warm up.

Just after WWII, there was an influential wing of *free traders* within the SPÖ. In 1957, however, the party position changed due to the takeover of the party chairmanship by Bruno Pittermann. In his eyes, the EU was nothing more than a *project of cartel capitalism*. Bruno Kreisky, acting minister of foreign affairs under the grand SPÖ/ÖVP coalition pursued a restrictive neutrality policy²⁴. "[...] *Kreisky stated on 19 May 1961*

¹⁸ FALLEND Franz, *Opposing Europe: Euro-scepticism of Political Parties in Austria*, Salzburg, 2002, pp. 4-5, on <http://www.essex.ac.uk/ecpr/events/jointsessions/paperarchive/turin/ws25/FALLEND.pdf>, consulted March 16, 2008.

¹⁹ TÁLOS Emmerich, "Interessenverbände und EU-Beitritt", in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 242.

²⁰ FALLEND Franz, *op. cit.*, p. 4.

²¹ LAHODYNSKY Otmar, LAHODYNSKY Otmar, "Die Kurvenreiche Strasse nach Brüssel", in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 117.

²² Österreichisches Parlament, *Chronologie der Beziehungen Österreichs mit der EWG/EU*, on http://www.parlinkom.gv.at/PE/CHRONO/Chronologie_Portal.shtml, consulted April 1, 2008.

²³ FALLEND Franz, *op. cit.*, pp. 4-5.

²⁴ *Ibid.*, p. 6.

that EC membership was not compatible with Austrian neutrality, but that an association seemed possible”²⁵. Yet, the Austrian neutrality, together with a protectionist tendency of parts of the party, hindered an aperture of the SPÖ towards Europe in the 1960s. In 1972, things started to move slowly but surely with the signing of a free trade agreement with the EU under a SPÖ government. Still, the party’s Euroscepticism was only overcome when a modernisation wing under party chairman and Federal Chancellor Franz Vranitzky gained influence within the SPÖ in the 1980s. “Like their counterparts in Finland and Sweden, the Austrian Social Democrats, who still in the 1980s were deeply opposed to EC membership, became strong supporters of deeper European integration in the 1990s”²⁶.

2.2.2. The Austrian People’s Party

The ÖVP reasoned mainly on economic grounds for an entry into the EU (participation in the European Single Market) and followed their line of thought they held since the 1960s.

In the years after WWII, the ÖVP followed a prudent course regarding an Austrian integration into Europe, due to Austria’s permanent neutrality. While the protectionist interests within the ÖVP prevailed in the early 1960s, the party started to launch a new image as being the *European party* in the Austrian political landscape. “[...] the 1972 free trade agreement with the EC was only regarded as a first step towards more integration”²⁷. In the late 1980s, the leaders of the ÖVP lead the way, regarding European integration, in comparison to the SPÖ. While Mock followed persistently the integration course of the ÖVP, Vranitzky had to act more moderately and reserved, due to a more delicate situation within the SPÖ²⁸. “Important parts of business and then the ÖVP wanted a ‘modernization’ and ‘liberalization’ of the Austrian economy and society”²⁹.

2.2.3. The Austrian Freedom Party

The FPÖ had a positive attitude towards EU membership since its foundation in 1956. In 1989, it favoured the application for membership in the EU. However, in the early 1990s, the FPÖ became a virulent critic of the EU and objected Austrian membership.

The FPÖ is the successor of the League of Independents (*Verband der Unabhängigen*) which was dominated by German-Nationals that saw an Austrian European integration as a form of compensation for the impossible *Anschluss* with Germany. While the League of Independents opposed the Austrian neutrality declaration in 1955, the FPÖ continued to follow this path with opposing an Austrian EFTA membership in 1960. “From 1957 onwards, the FPÖ constantly argued in favour of EC membership”³⁰. In 1990/91, this underwent a fundamental change with the FPÖ starting to use populist tactics. “[...] le FPÖ s’orienta vers une critique radicale du système, le développement d’un ressentiment à l’égard de la politique, et ‘un appel aux peurs diffuses, particulièrement dans les groupes sociaux très faibles’”³¹. From that time onwards, problems with foreigners, criminality and a virulent anti-EU rhetoric became the party’s favourite subjects. In April 1994, just weeks before the national referendum took place, a huge majority of 85.5 % of party delegates of the FPÖ decided to vote against an Austrian EU membership at a party congress. “Following the congress, the FPÖ engaged in a vigorous campaign (against ‘70,000 additional unemployed’, ‘voting rights for foreigners’, ‘unlimited criminality’, the ‘transit hell’ and the like), not hesitating to use increasingly unserious arguments (e.g., Haider warned of lice in Spanish yogurts)”³².

²⁵ FALKNER Gerda, *The Europeanisation of Austria: Misfit, Adaptation and controversies*, p. 2, on <http://eiop.or.at/eiop/texte/2001-013a.htm>, consulted March 15, 2008.

²⁶ FALLEND Franz, *op. cit.*, pp. 6-8.

²⁷ *Ibid.*, p. 7.

²⁸ GEHLER Michael, *Der lange Weg nach Europa, Österreich vom Ende der Monarchie bis zur EU*, Studien Verlag, Innsbruck-Wien-München-Bozen, 2002, pp. 276-277.

²⁹ LUIF Paul, *On the Road to Brussels: The Political Dimension of Austria’s, Finland’s and Sweden’s Accession to the European Union*, Wilhelm Braumüller, Wien 1995, p. 192.

³⁰ FALLEND Franz, *op. cit.*, p. 8.

³¹ HUBERT Laurence, *Jörg Haider, le successeur?*, Éditions du Félin, Paris, 2000, p. 99.

³² FALLEND Franz, *op. cit.*, pp. 8-9.

2.2.4. The Liberal Forum

The LF has been working continuously for an Austrian EU membership since its foundation in 1993.

The LF seceded from the FPÖ due to the virulent anti-EU position of the FPÖ leadership under Jörg Haider. Of all opposition parties, the LF was the only one to advocate a *yes* vote in the 1994 referendum. “Also in the following years, the LF was the only party that took an almost undifferentiated stance in favour of the EU”³³.

2.2.5. The Green Alternative

The GA was against an EU membership due to reasons of neutrality, environmental questions and a lack of democracy within the EU. Still, after the positive accession vote of the Austrian voters in 1994, the GA became principally pro-European with a critical attitude.

Of all the main parties in Austrian politics, the GA was the only one to oppose EU membership from the beginning. In May 1994, just one month before the deciding referendum took place, a huge majority of 87 % of the delegates recommended a *no* at a party congress. “They argued against the ‘fortress Europe’, the dominance of agricultural industry, ‘dirty growth’ and the like, and regarded the treaty as ‘treason’ of Austrian interests”³⁴. The GA’s hostility towards the EU came also from a perceived lack of democratic institutions in the EU that did not guarantee the respect of the will of the European population. “Le mouvement écologique des Verts, [...] n’hésitera pas à exploiter à fond les aspects émotionnels du mythe de la neutralité dans la campagne précédant le référendum”³⁵. Yet, two-thirds of Austrians voted in favour of an EU entry. “Confronted with the overwhelming pro-EU vote of 66.6 percent, the party demonstrated a remarkable reaction and the party’s executive board immediately committed its parliamentary party group to agree to the accession treaty to show respect for the clear will of the people”³⁶.

2.3. The Corporatist interest groups and European Integration

In regard to Austria’s aspiration for an EU membership, corporatist interest groups played an important role in the decision making process. “Together, the corporatist actors came to constitute a sort of shadow government and were granted a significant role in policy implementation”³⁷. In 1994, all presidents of the 5 corporatist interest groups advised electors to vote *yes* during the hot phase of the referendum campaign which decided Austria’s ambition to accede or not to the EU. However, the insistence of an EU commitment, the timing and strategies were different from each other.

The first corporatist interest group that declared a full EU membership as an aim was the Union of Austrian Industrialists (VÖI, *Vereinigung Österreichischer Industrieller*). As early as 1987, advocates of EU membership prevailed within the VÖI. This was encouraged with the VÖI’s move to commission an expert opinion of two international law Professors: Waldemar Hummer and Michael Schweitzer. Their conclusion was that entering the EU cannot be considered in conflict with Austria’s neutrality status³⁸. This study³⁹ had a considerable influence not only on the political discussions on Austria’s integration course but also on the attitude on senior public servants in the federal administration⁴⁰. According to these findings, the VÖI’s reaction was to comment their view on the Austrian European integration in a brochure with the title *Europa – unsere Zukunft* (Europe – our future) in May 1987⁴¹. Consequently, the

³³ *Ibid.*, p. 9.

³⁴ *Ibid.*, p. 10.

³⁵ BARYLI Waltraud, “Un référendum à hauts risques”, in *Le Monde*, 04.10.1993.

³⁶ FALLEND Franz, *op. cit.*, p. 10.

³⁷ LUTHER Kurt Richard, “From Accommodation to Competition: The ‘Normalization’ of the Second Republic’s Party System?”, in LUTHER Kurt Richard; PULZER Peter, (eds.), *Austria 1945-95: Fifty Years of the Second Republic*, Ashgate Publishing Company, Brookfield, 1998, p. 130.

³⁸ HUMMER Waldemar, *Paradigmenwechsel im Europarecht zur Jahrtausendwende: Ansichten österreichischer Integrationsexperten zu aktuellen Problemlagen, Forschung und Lehre im Europarecht in Österreich*. SpringerWienNewYork, Wien, 2004, p. 404.

³⁹ HUMMER Waldemar; SCHWEITZER Michael, *Österreich und die EWG, Neutralitätsrechtliche Beurteilung der Möglichkeiten der Dynamisierung des Verhältnisses zu EWG*, Signum-Verlag, Wien, 1987.

⁴⁰ GEHLER Michael, *op. cit.*, p. 273.

⁴¹ Stellungnahme der Vereinigung Österreichischer Industrieller, *Europa - unsere Zukunft*, on http://zis.uibk.ac.at/quellen/oe-eu/kap3/dokumente.html#Europa_15.5.1987, consulted March 20, 2008.

VÖI tried to influence the formation of a favourable public opinion as well as the decision-making process with an intensive media and information campaign. In June 1994, the VÖI stated that: *“Intensive Öffentlichkeitsarbeit und massiver politischer Lobbyismus seitens der Industrie halfen mit, dass rund zwei Jahre später, im Juli 1989, das Beitrittsansuchen der Bundesregierung in Brüssel deponiert werden konnte”*⁴². The VÖI organised a number of events before the referendum took place with around 1,200 businesses taking part in the campaign *Wir stimmen für Europa* (We vote for Europe). Amongst other things, 500,000 brochures and 140,000 stick pins were distributed⁴³.

The Austrian Federal Economic Chamber (WKÖ, *Wirtschaftskammer Österreich*) represents the entire Austrian business community and worked similarly as the VÖI. Sometimes, a close collaboration between the WKÖ and VÖI took place to lobby for the accession to the EU. The WKÖ's lobbying included information campaigns, meetings, lectures, seminars as well as brochures⁴⁴.

The third corporatist interest group, the Austrian Federation of Trade Unions (ÖGB, *Österreichischer Gewerkschaftsbund*) needed more time to make up its mind on Austria's European integration. The ÖGB, representing the interests of employees, reacted with a time lag, as well as with considerable caution in comparison to the business representatives VÖI and WKÖ. *“The trade unions were split – the workers and employees of the modern, competitive sectors opted for EC membership whereas the trade unions of the inward-oriented sheltered sectors were against joining the EC”*⁴⁵. In July 1988, Mr. Ettl, the chairperson of the committee for integration of the ÖGB stated unhappily in the *Wiener Zeitung* that the ÖGB's mood regarding EU membership was not good. Reasons for this were numerous question marks concerning the co-determination of the ÖGB which was highly developed within the framework of social partnership. Fears of the ÖGB were that this co-determination would be replaced with an indirect form via government representatives in the EU which means the ÖGB would lose on influence. Yet, in the same month, the President of the ÖGB, Mr. Verzetnitsch sees Austria's participation in the internal market as a necessity and therefore views an Austrian entry into the EU under certain conditions as a possibility⁴⁶. The federal government intended to decide on the future integration policy which made the ÖGB to publish their basic orientation on that question beforehand. In the December 1988 *Europa-Memorandum*⁴⁷, the ÖGB set among others the following principles:

- All future integration moves have to occur with full reserve of the permanent neutrality.
- Advanced growth as well as advantages of the integration process has to be used to raise income, employment as well as welfare.
- Acknowledgement of full employment as a priority.
- The welfare policy has to stay in principle in the national sphere of competence.
- No national policy of cutting back social standards in order to gain a competitive advantage.
- Widespread involvement of employees and unions in the political decision-making as well as negotiations.

Thus, the attitude of the ÖGB towards the EU has experienced a considerable improvement over time.

Finally, the fourth corporatist interest group, the Chamber of Labour (AK, *Arbeiterkammer*) also needed some time for an EU rapprochement. In the AK, EU specialists could be found in the different competent departments. The coordination of EU activities within the AK took place within the department of foreign trade and integration. Additionally, an integration task force met monthly with participation of exponents of the ÖGB, economic advisors of the *Länderkammer* (States chamber) and of *Fachgewerkschaften* (Unions solely responsible for a designated professional group). The AK lobbying included the production of information brochures, seminars, events in enterprises and the publishing of

⁴² *“Intensive public relations and a massif political lobbying on the part of the industry helped that only two years later, in July 1989, the application for membership could be deposited in Brussels by the Federal government”*.

⁴³ TÁLOS Emmerich, *op. cit.*, pp. 237-238.

⁴⁴ *Ibid.*, p. 239.

⁴⁵ LUIF Paul, *op. cit.*, pp. 192-193.

⁴⁶ *Ibid.*, pp. 239-240.

⁴⁷ Österreichischer Gewerkschaftsbund, *Europa-Memorandum*, on <http://www.ena.lu/europa-memorandum-osterreichischen-gewerkschaftsbundes-dezember-1988-030006925.html>, consulted April 12, 2008.

over 500 articles thematising the EU in union journals. In collaboration with the ÖGB and the State Secretariat for Integration Policy, they produced an *EU information box* for employee representatives⁴⁸.

The *Landwirtschaftskammern* (LK) which represents the interests of the farmers, needed the most time to make up its mind. While they were sceptical and opposed to an EU membership in 1987, a turnaround was observed after the ÖVP adopted a resolution for an EU membership in January 1988. The ÖVP tempted the LK with the *Europa-Vertrag* in which they assured farmers assistance regarding expansion of direct payments, agricultural funds etc. Consequently, by 1989 this lobby supported an entry of Austria into the EU, too. However, their euphoria of expected advantages was rather limited⁴⁹.

Industrial relations or social partnership “[...] is the corporatist co-operation of the centralised peak associations of labour and management with the state in shaping public policies”⁵⁰. The classic social partners in Austria are the WKÖ, ÖGB, AK and LK. In March 1989, they published a common statement in which they underlined the necessity of an Austrian participation in the European integration process in order to safeguard Austria’s economic and social achievements. In their opinion, co-determination and co-decision were only open to Austria with an entry into the EU⁵¹. The President of the European Commission, Jacques Delors, met with the four Presidents of WKÖ, ÖGB, AK and LK and was impressed regarding their unity towards an EU membership of Austria⁵².

3. Membership Negotiations and the Referendum in Austria

Austria, as well as the other EFTAs, were not considered problematic candidates for the EU. They were all wealthy, socially advanced democracies and had no need for Community subsidies. Nevertheless, there were reasons why the enlargement of the EU to the EFTA applicants could have been delayed from the EU’s point of view:

- The internal market programme of the EU was not yet completed at the time of the EFTAs’ applications and this made accession negotiations difficult. Problematic was also that the EU’s resources were tied to the completion of the internal market programme.
- The reform of the Treaties with the objective to create the Economic and Monetary Union and the Treaty on European Union made an enlargement difficult at that stage.
- Institutional reform was again on the agenda. The increase from six to sixteen members would have negative effects on the Community’s capacity to function properly⁵³.

Just a few days after the reception of the official membership application of Austria, the European Commission was mandated to elaborate a preliminary statement, the so-called *Avis* by the European Council on July 28, 1989. However, Austria had to wait two years until the accession negotiations could start. The *Avis* was delayed due to internal developments within the EU. Nonetheless, on July 31, 1991, the European Commission supported the start of negotiations with Austria regarding its membership in the EU⁵⁴. “The commission applauded Austria’s overall economic performance. Measured by the data of 1991 Austria would have fulfilled the so-called Maastricht convergence criteria! In a comparison of the most relevant macroeconomic indicators (GDP growth, inflation rate, unemployment rate, current account position and net lending) Austria’s performance was better than that of EC-12”⁵⁵. After the opinion of the Commission was positive for Austria (and the other applicants) and had been accepted by the European Council in Lisbon on June 26/27, 1992, negotiations could finally start on February 1, 1993.

⁴⁸ TÁLOS Emmerich, *op. cit.*, p. 241.

⁴⁹ *Ibid.*, pp. 241-247.

⁵⁰ FALKNER Gerda, *op. cit.*, p. 4.

⁵¹ Sozialpartner WKÖ, ÖGB, AK and LK, *Gemeinsame Sozialpartnerstellungnahme, Österreich und die Europäische Integration*, on http://www.ena.lu/gemeinsame_sozialpartnerstellungnahme_oesterreich_europaische_integration_marz_1989-030006924.html, consulted April 6, 2008.

⁵² WOSCHNAGG Gregor, “Die Phasen der Integration Österreichs”, in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 120.

⁵³ KUOSMANEN Antti, *op. cit.*, p. 16.

⁵⁴ LAHODYNSKY Otmar, *op. cit.*, pp. 130-131.

⁵⁵ BREUSS Fritz, *Austria’s Approach towards the European Union*, *op. cit.*, pp. 10-11.

3.1. Membership Negotiations

Unlike earlier enlargements, which had taken place by virtue of Article 98 of the ECSC Treaty, Article 237 of the EEC Treaty and Article 205 of the Euratom Treaty, the enlargement in 1995 took place based on Article O of the Treaty of the European Union. The enlargement negotiations implied that the candidate countries had to accept the traditional *Acquis Communautaire*⁵⁶ but also the extensions provided for in the Single European Act (creation of the single market) and the Treaty on European Union. New applicants had therefore to accept the *Acquis* in their whole entirety:

- *Free circulation of goods, persons and capital, freedom to provide services and freedom of establishment.*
- *Common Community rules and standards concerning harmonization, fair competition and monopolies, indirect taxation, veterinary and plant health etc.*
- *Common Community policies, from the Common Agricultural Policy and the Customs Union to the Development Policy, via Regional Policy, etc.*
- *Economic and Monetary Union as a further stage of the European Monetary System.*
- *The so-called new 'pillars' of Maastricht: Common Foreign and Security Policy; Co-operation in the fields of Justice and Home Affairs; Citizenship of the Union.*

The negotiations between the EU and the four applicants were set up in parallel but they were held separately for each of the applicants. The negotiations had the form of an intergovernmental conference between the *Twelve* and the candidate countries conducted by the Council of Ministers, helped by the European Commission and an Enlargement Task Force. Accession negotiations were facilitated by the fact that several subjects were already negotiated in depth for the Treaty of the EEA, entering into force on January 1, 1994. Sometimes, finding a common negotiation position of the *Twelve* towards the four applicants was harder to find than the actual negotiations between them.

Among other things, negotiations included topics such as:

- *Customs Union and External Relations:* As EFTA members, the four applicants enjoyed free trade with the EU in industrial and some processed agricultural products. With EU accession, the applicants were required to accept the common commercial policy and their tariffs had to be adapted to the Common Customs Tariff level.
- *Environmental, Health and Safety Standards:* The applicants desired to keep their higher national standards in several areas from that of the EU. The *third option alternative* allowed them to keep their stricter rules for a period of four years. During that time, the Directives in question were to be reviewed and the outcome would be binding for all member states. Other solutions envisaged short transitional periods, etc.
- *Agricultural Policy and Regional Policy:* Unlike earlier enlargements, this one took place in the framework of a single market which excluded border controls as from the date of accession. Therefore, the domestic markets had to be opened immediately for agricultural products. As agricultural products had higher prices in the four applicant countries, difficult discussions took place as the *Four* hoped to maintain the protectionist approach towards their agricultural sector.
- *State Monopolies:* This concerns monopolies, *based on health and social policy considerations* for the production, import, export, wholesale and retailing of alcoholic beverages and in the case of Austria also for tobacco. In the end, these monopolies had been examined in the light of EU rules which the four applicants had accepted for the purpose of the EEA agreement.
- *Fiscality:* The applicant countries were obliged to apply the Value Added Tax system of the EU.
- *Fisheries:* The discussions in this area proved to be difficult with the three Nordic applicants as it covered access to waters, access to resources, management of resources and market access for fish.
- *Budgetary Provisions:* This implied that the applicant countries would have to pay their full contributions to the EEC, ECSC budgets and to the European Development Fund.

⁵⁶ This is the body of rules and regulations the EU has introduced so far.

- *Other Specific Questions*: Aside from the general questions above, others such as the transit traffic of heavy trucks (Austria), protocols on special rights for the Sami people (Sweden and Finland), etc. had to be negotiated.
- *The Maastricht Non-issues*: There were concerns about the full acceptance of the EU *Acquis* by the four applicant countries. However, they were accepted in full and without debate. Nonetheless, this does not prejudice the possible position these countries might have on potential future developments of the EU on these issues.

After the negotiations ended and the final texts concerning the accession of the four applicants to the EU were accepted, the Commission gave a positive opinion on April 19, 1994 and the European Parliament made its positive assents (Legislative Resolution) on May 4, 1994 after a six hour debate. In the case of Austria, 374 members of the European Parliament voted in favour of an Austrian entry into the EU, 24 voted against and 61 abstained from voting. Following the positive decision of the Council of the European Union on May 16, 1994, the only thing left to do was the ratification in the current 12 EU member states' parliaments, as well as to get a positive approval to these Accession Treaties in popular referendum held in the four applicant countries in accordance to promises given by their respective governments⁵⁷.

The vast majority of the media in Austria celebrated the outcome of the negotiations as a great success for Austria. Alois Mock, the Minister of Foreign Affairs, was the hero of the hour. The ÖVP, SPÖ and the LF applauded massively as Mr. Mock, as head of the delegation, presented the negotiation outcome in parliament on March 1, 1994. For the ÖVP, SPÖ, LF, the social partners as well as the VÖI, the outcome of the negotiations with the EU was seen as a victory for Austria's interests. Criticism came mainly from the ÖVP governor in Tyrol, Mr. Weingartner, due to the subject of transit. Finally also he recommended a *yes* vote after Tyrol was promised an extension of the railways network in that state. For Jörg Haider, the leader of the FPÖ, the outcome of the negotiations with the EU was a *Verrat* (betrayal) on Austria's interests. The federal executive board of the GA was equally very unhappy with the outcome and rejected it unanimously⁵⁸. The GA politician Mr. Johannes Voggenhuber spoke of a "*Taumel des selbstinszenierten Sieges unter den Claqueuren der EU-fanatischen Medien*"⁵⁹ and saw it as an *Unterwerfungsvertrag* (subservientness treaty). The GA and the FPÖ demanded from the coalition government renegotiations with the EU, as in their opinion, the actual outcome of the negotiations was disfavouring the totality of Austrian interests.

On May 5, 1994, the Austrian National Assembly accepted the *Bundesverfassungsgesetz* (law of the Federal Constitution) for an Austrian entry into the EU with 140 against 35 votes. Besides the favourable votes of the ÖVP, the SPÖ and the LF, also one member of the GA, Ms. Monika Langthaler voted in favour. The rest of the GA and the FPÖ dissented. Two days later, on May 7, 1994, the Federal Council (*Bundesrat*) passed the bill with 51 against 11 votes⁶⁰.

3.2. Referendum in Austria

Austria was the first of the four applicant countries where a referendum regarding accession to the EU took place. This move was necessary as the Austrian Federal Constitution had to undergo a so-called *basic revision*. In such a case, a referendum is required by law. The accession to a community of states with supranational characteristics has been regarded as such a *basic revision*. In fact, the national referendum from June 12, 1994, would be the first obligatory and only the second referendum in the history of the Austrian Republic⁶¹. The attitude of the Austrian population towards a possible EU membership was positive for most of the time from 1987 on up to the referendum in 1994. (See Figure 3 below). Although, in the first months of 1989, the *for* camp had seen a drop with a large increase of undecided citizens, thereafter, the *for* camp regained strength. During the second half of 1993, the *for* and *against* camps were

⁵⁷ GRANELL Francisco, "The European Union's Enlargement Negotiations with Austria, Finland, Norway and Sweden", in *Journal of Common Market Studies*, Blackwell Publishers Ltd., Oxford, 1995, pp. 117-132.

⁵⁸ GREIDERER Sylvia; PELINKA Anton, "Das Referendum des 12. Juni", in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 146.

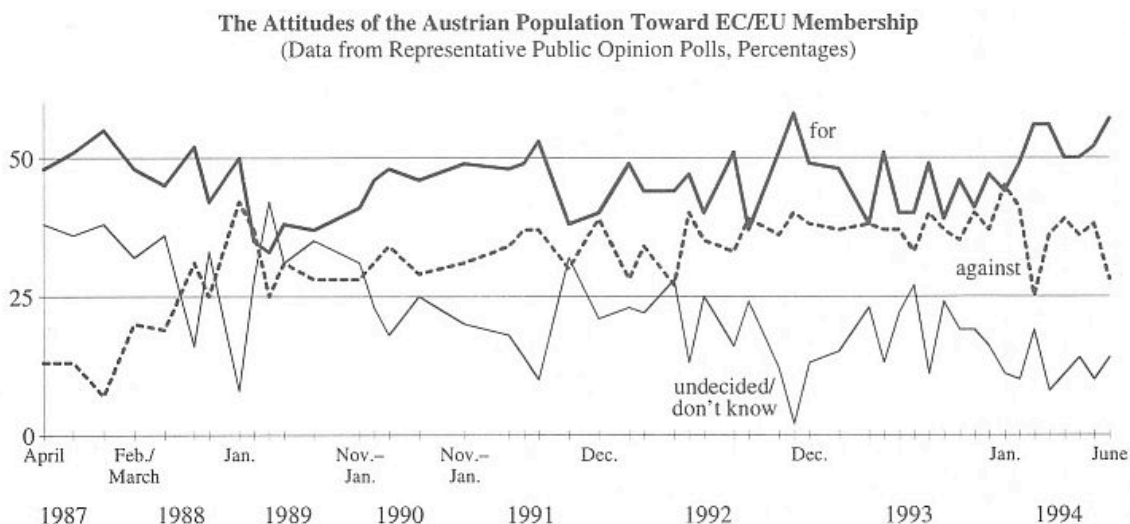
⁵⁹ "*Dizziness of the self-staged victory amid the claqueurs of the EU-fanatic media*". GEHLER Michael, *op. cit.*, p. 322.

⁶⁰ *Ibid.*, p. 324.

⁶¹ GREIDERER Sylvia, PELINKA Anton, *op. cit.*, p. 144.

about equally strong. “Le gouvernement milite activement pour combattre l’euroscépticisme répandu, mais les sondages ne cessent pour l’instant de déceler entre 33 et 42 % de ‘non’ à l’adhésion et un groupe important, de 11 à 27 %, d’indécis. Le nombre de ‘oui’ oscille entre 40 et 49 %”⁶².

Figure 3: Public opinion toward EU membership in Austria between 1987 and 1994



Note: Since information on public opinion polls has been difficult to get in Austria, the publicly available results from various polling institutes were used. Because of variances in the wording of the questions and in the methods of collecting data, the lines are somewhat more jagged than had only polls from one and the same institute been used.

Sources: Paul Luif, Die österreichische Integrationspolitik, in: Hanspeter Neuhold/Paul Luif (eds.), Das außenpolitische Bewusstsein der Österreicher. Aktuelle internationale Probleme im Spiegel der Meinungsforschung, Vienna: Braumüller, 1992 (= Laxenburger Internationale Studien, Volume 4), p. 71, and additional representative polls.

Source: LUIF Paul, *On the Road to Brussels: The Political Dimension of Austria's, Finland's and Sweden's Accession to the European Union*, Wilhelm Braumüller, Wien 1995, p. 195.

Six months before the referendum, a campaign of leaders, political parties, professional organisations, intellectuals and even the church started trying to win the undecided voters. The *for* camp had to fight arguments such as the fear of a new *Anschluss* with Germany, the loss of Austrian identity regarding its abandonment of strict neutrality and adherence to a system of collective security in creation, transfer of sovereignty, Brussels's bureaucracy, pollution through transit traffic, menace of its agricultural sector and preoccupations provoked regarding utilisation of nuclear energy⁶³.

On June 12, 1994, Austrians voted in favour of full EU membership, with a margin of 66.6 % *yes* and a turnout of 82.3 %. “The analysis of voting patterns shows that the pro-EU parties managed more successfully than the anti-EU parties to unite their supporters behind the official party line”⁶⁴. The fluctuation of voters from *yes* to *no* and from *no* to *yes* can be regarded as low. Over the 18 months period prior to the referendum, two-thirds of Austrians did not change their opinion regarding EU membership. Yet, a change of attitude did take place by one quarter of Austrians over the last 18 months before the referendum question was asked⁶⁵. “The result seemed open for a long time, but during the final phase the promoters (first of all, the government which spent approximately 10 Million Euro) gained in momentum by relying on professional marketing campaigns and the most widely

⁶² BARYLI Waltraud, *op. cit.*

⁶³ SCHULZ Patrick (*et. al.*), “L’Autriche et l’Union Européenne: Technique et Pratique du Référendum”, *Revue du Marché Commun et de l’Union Européenne*, in Les Éditions Techniques et Économiques, Paris, 1994, p. 639.

⁶⁴ KAISER Wolfram, “Austria in the European Union”, in *Journal of Common Market Studies*, Blackwell Publishers Ltd., Oxford, 1995, p. 414.

⁶⁵ OGRIS Günther, “Österreichs Ja zur Europäischen Union”, in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 161.

spread tabloid *Kronenzeitung*”⁶⁶. Additionally, promises of economic growth and fears of being isolated politically and suffering economic disadvantages when staying outside the EU were factors that lead to the clear vote.

All in all, 5,790,578 Austrians were eligible to cast a vote, with 82.4 % actually taking part in the ballot. Austria is divided into 9 *Bundesländer* (states). In all of them, a majority of voters opted for an Austrian entry into the EU. Two *Bundesländer*, however, diverged from the Austrian average of 66.6 % *yes*. Those are Tyrol, with a *yes* rate of only 56.7 % and the Burgenland, with a *yes* rate of 74.7 % that is well above the Austrian average. This can be explained by Tyrol’s fears over an intensification of the transit traffic caused by trucks over the Brenner Pass. For the Burgenland, another reason can be found, as it was granted the status as an Objective 1 area. This way, the Burgenland would become eligible for spending from the EU’s Cohesion Fund for less developed areas. This may also explain why the participation in the referendum was the highest in Burgenland with 93.4 %. Vienna on the other hand saw the lowest participation with 71.5 %⁶⁷. (See Table 1 below). The Governor of the Burgenland, Mr. Karl Stix, stated that the status as an Objective 1 area was one of the main arguments in the Burgenland in favour of a possible EU membership. He sees it as an historic chance that was secured by its citizens. *“Es freut mich unendlich, dass Sachlichkeit und Redlichkeit und Engagement in der politischen Diskussion zählen. Und nicht das Spiel mit der Angst”*⁶⁸. His vice deputy, Mr. Gerhard Jellasitz added regarding the FPÖ’s anti EU campaign and specifically to one of Mr. Haider’s remarks that: *“Ich empfinde persönliche Genugtuung darüber, dass die Burgenländer und Österreicher nicht den Läusesuchern auf den Leim geganne sind”*⁶⁹.

Table 1: Voting participation and voting patterns according to state

	poll participation	yes	no
Austria as a whole	82.4 %	66.6 %	33.4 %
Wien (Vienna)	71.5 %	66.2 %	33.8 %
Niederösterreich (Lower Austria)	89.6 %	67.9 %	32.1 %
Burgenland (Burgenland)	93.4 %	74.7 %	25.3 %
Steiermark (Styria)	79.6 %	68.9 %	31.1 %
Kärnten (Carinthia)	80.7 %	68.2 %	31.8 %
Oberösterreich (Upper Austria)	84.5 %	65.5 %	34.5 %
Salzburg (Salzburg)	81.2 %	65.1 %	34.9 %
Tirol (Tyrol)	76.5 %	56.7 %	43.3 %
Vorarlberg (Vorarlberg)	79.2 %	66.6 %	33.4 %

Source: SCHALLER Christian (*et. al.*), “Die österreichische EG/EU-Diskussion in den Ländern”, in ROTHACHER Albrecht, ZEMANEK Markus, HARGASSNER Wolfgang, (*eds.*), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 220.

Even though, two thirds of Austrians voted for their entry into the EU and in all the *Bundesländer* a clear majority for this move was obtained. Nonetheless, there were considerable differences according to population groups. Depending on the occupational category, sex, age or party preference a voter belongs to, significant differences can be observed. In the occupational category, it was the group of the farmers that had the lowest *yes* vote ratio with only 34 %. Followed by blue-collar workers (49 %), students (52 %), professionally inactive housewives (52 %). The highest approval rate came from white-collar workers (59 %), retirees (59 %) and self-employed people (54 %). According to sex, it was the men that rather voted with *yes* while women voted relatively more with *no*. Looking at the age, the following observation can be made. The chance that a young person (18-29 years old) voted *no* was higher than that of an older person (over 50 years old). Finally, sympathizers of the LF adhered the strictest to the party line with 84 %

⁶⁶ FALKNER Gerda, *op. cit.*, p. 4.

⁶⁷ SCHALLER Christian (*et. al.*), “Die österreichische EG/EU-Diskussion in den Ländern”, in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (*eds.*), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, pp. 219-220.

⁶⁸ “I am very glad that objectivity and honesty and dedication in the political discussions count. And not the anxiety game”. SITAR Peter; MENTZEL Gabriele, “Angst um Läuse glatt weggefegt”, in *Kurier*, 13.06.1994, p. 11.

⁶⁹ “I feel a personal satisfaction that the Burgenlander and Austrians did not fall for the tricks of the ‘lice seekers’”. *Ibid.*

saying to vote *yes*. Male sympathizers of the SPÖ and ÖVP followed more unanimously the *yes* recommendation of their relevant parties with a 74 %, respectively 73 % *yes* vote. The *yes* ratio among female voters of the SPÖ and the ÖVP was considerably lower with 62 % and 55 % respectively. For the FPÖ sympathizers, the opposite trend took place with women voting rather according to the party line that had recommended a *no* vote. Here, only 21 % of the women said to have voted *yes* in comparison to 28 % of the male FPÖ sympathizers that declared to do so⁷⁰.

Federal Chancellor Franz Vranitzky welcomed the clear vote for an Austrian entry into the EU during a press conference on June 12, 1994. He stated that Austrians had shown with this vote that they were ready, willing and determined to take their future in their own hands. He continued saying that this clear vote was a rejection of isolation and in favour of a future-oriented project⁷¹. Brussels also gave a positive statement: “*Le président de la Commission européenne, Jacques Delors, a ‘salué’, dans une interview à la télévision, comme ‘un grand encouragement pour l’Europe’ les résultats du référendum*”⁷². After the outcomes of the referenda in Sweden and Finland were positive as well, (Norway refused for a second time its entry into the EU), the Accession Treaty was signed in Corfu on June 24, 1994 by the Federal Chancellor Franz Vranitzky and Minister of Foreign Affairs Alois Mock during a European Council meeting. Jacques Delors highlighted Austria’s role in assuring strong and invisible links between the west and the east of the great Europe while Austrian President Thomas Klestil emphasised Austria’s several centuries-old tradition of an active co-determination in European politics⁷³.

On November 11, 1994, the Austrian National Assembly decided to ratify the Accession Treaty with 141 against 40 votes. This move was followed by the Austrian Federal Council on November 17, 1994 with 51 against 8 votes. Finally, on November 24, 1994, the ratification document was deposited in Rome⁷⁴.

With the accession of Austria, Finland and Sweden on January 1, 1995, the EU was enlarged to 15 member states and has become a different body in economic, demographic, linguistic and geographic terms. (See Annex 1). This enlargement increased the EU’s territory by one third and gave it for the first time a common border of 2,700 kilometres with Russia. Two more languages were added to the official languages of the EU and the population of the EU increased by around 6 % to 370 million inhabitants with a GDP increase of approximately 7 %⁷⁵. “*The 1995 enlargement was more symbolic than important as an EU event, due to the high level of compatibility between the Twelve and the new member states*”⁷⁶.

The EU institutions grew larger as well. Along with 21 Austrians, the European Parliament also welcomed 22 Swedish and 16 Finish Members into the Parliament. In the Council, Austria and Sweden got 4 votes each, while Finland got 3 votes for the qualified majority voting (QMV). The qualified majority passed to 62 out of 87, while the blocking minority was at 26 votes. Finally, each of the newcomers also got a commissioner’s post in the European Commission.

⁷⁰ OGRIS Günther, *op. cit.*, pp. 172-176.

⁷¹ Federal Chancellor Franz Vranitzki on June 12, 1994, *Press conference of Franz Vranitzki after the referendum of an Austrian entry into the EU*, on <http://www.ena.lu/>, consulted April 28, 2008.

⁷² BARYLI Waltraud, “L’Autriche s’est prononcée massivement pour son entrée dans l’Union européenne”, in *Le Monde*, 14.06.1994, p. 56.

⁷³ European Council in Corfu on June 24, 1994, *Celebration of Austria’s entry into the EU*, on <http://www.ena.lu/>, consulted April 28, 2008.

⁷⁴ WOSCHNAGG Gregor, *op. cit.*, p. 120.

⁷⁵ PETERSON John (*et. al.*), “Northern Elargement and EU Decisionmaking”, in *The State of the European Community*, Lynne Rienner Publishers, London, 1998, p. 43.

⁷⁶ MILES Lee, *The European Union and the Nordic Countries*, Routledge, London, 1996, p. 278.

II. Part

The Austrian Referendum Campaign in 1994

4. The Debate about the Key Issues during the Referendum Campaign

One key aspect of the success of the *yes* vote was that nearly all major political and social groups supported an Austrian entry into the EU. Benita Ferrero-Waldner⁷⁷ stated that: “*Nabezu alle wesentlichen politischen und sozialen Kräfte – die Regierungsparteien, die Gewerkschaften, die Wirtschaftstreibenden, die Bauern, die Kirche etc. – befürworteten einen Beitritt Österreichs zur EU. Es bestand also ein breiter Konsens in dieser Frage, nabezu alle wesentlichen Kräfte der Gesellschaft zogen ‘an einem Strang’*”⁷⁸. Also the most important Austrian newspapers with a wide circulation, such as *Die Presse*, *Der Standard* and the *Neue Kronenzeitung* were on the side of the grand coalition in this question and therefore for an Austrian entry into the EU. “[...] *vor allem Boulevardblätter wie ‘Kronenzeitung’ und ‘täglich Alles’ versuchten mit emotionalisierten Informationsstrategien pro bzw. contra zu mobilisieren*”⁷⁹. (See Annex 2). In the aftermath of the referendum, this left many Austrians with the feeling that they were less convinced, but rather persuaded to join the EU.

Among the opponents of an Austrian membership in the EU, the following political and social groups can be mentioned: GA, FPÖ, women and large parts of the farmers’ community. “*Parmi les groups hostiles à l’intégration – les Verts, la droite et les femmes – figurant notamment les paysans, dont 43 % rejettent catégoriquement l’adhésion, craignant une détérioration de leur niveau de vie déjà modeste*”⁸⁰.

During the referendum campaign, the SPÖ/ÖVP governing coalition pushed its *Wir sind Europa* (We are Europe) information campaign. While the SPÖ worked with content-related arguments such as jobs, export opportunities, security and environment, the ÖVP preferred a personalized campaign with photos of Foreign Minister Alois Mock, the *hero of Brussels*. The SPÖ established even a *Europa-Telefon* (Europe telephone) where individuals could ask questions regarding Austria and consequences of an EU membership. Additionally, the LF was the only opposition party that ran a pro EU campaign. Besides the political parties mentioned above, the social partners had their own information campaigns with roadshows, brochures and advertisements focusing on their specific members. On the *no* side, FPÖ and the GA were the main actors. The GA emphasised at any given opportunity its distance to the FPÖ information campaign. The FPÖ’s slogan was *Österreich zuerst* (Austria first) completed with a portrait of Mr. Haider or *on June 12*. The FPÖ focused on alleged disadvantages of an Austrian EU membership such as an increase of unemployment, an increase of criminality, the loss of the Austrian currency the *Schilling*, etc. One of the FPÖ’s key arguments to vote *no* was *NEIN ... heißt Ja zu Neuverhandlungen* (NO... means yes to renegotiations). The GA used the slogan *EU – So nicht* (EU – not like that) completed with an *EU agony telephone number*. There were also some smaller anti EU campaigns which were marked by a lack of financial resources, low media presentation and a limited action scope⁸¹.

EU critics and opponents of an Austrian EU membership had to have extreme positions in order to get any media attention. During a presentation of the initiative *Zukunft Österreich* (future Austria), the historian,

⁷⁷ Ms. Ferrero-Waldner was undersecretary in the Austrian government from 1995-2000, then became Austrian Minister of Foreign Affairs in the year 2000 and succeeded Franz Fischler as Austria’s European Commissioner in 2004, where she actually holds the post as Commissioner for External Relations and European Neighbourhood Policy.

⁷⁸ “*Nearly all essential political and social forces, the governing parties, trade unions, corporations, farmers, the church, etc., support an entry of Austria into the EU. There existed a broad agreement on this question and practically all essential forces of the society acted ‘in concert’*”. Bundesministerium für auswärtige Angelegenheiten, *Die österreichische Informationskampagne zum EU-Beitritt*, Bundesministerium für auswärtige Angelegenheiten, Wien, p. 5.

⁷⁹ “*Especially tabloid newspapers such as ‘Kronenzeitung’ and ‘täglich Alles’ tried to mobilize with emotionally charged information strategies pro and contra, respectively*”. GREIDERER Sylvia; PELINKA Anton, *op. cit.*, pp. 147-148.

⁸⁰ BARYLI Waltraud, “*Un référendum à hauts risques*”, *op. cit.*

⁸¹ GREIDERER Sylvia; PELINKA Anton, *op. cit.*, pp. 148-150.

Professor Gerhard Jagschitz argued that: “[...] *nur Wahnsinnige oder Selbstmörder besteigen ein leckes Schiff*”⁸². Moreover, Mr. Jagschitz compared the vote in the Austrian parliament for the *Bundesverfassungsgesetz* (law of the Federal Constitution) for an Austrian entry into the EU with the *Ermächtigungsgesetz* (Enabling Act of 1933) by which the National Socialists in Germany seized power. On March 30, 1994, the most read newspaper in Austria, the *Neue Kronen Zeitung* raised the question: “*Wird jeder niedergemacht, der beim ‘EU-Nein ohne Wenn und Aber’ nicht mittut*”⁸³? This came as a reaction to an offending article in an *Anti-EU-Hetzblatt* (Anti EU hate sheet), as the *Neue Kronen Zeitung* called it, due to the Austrian bishops’ open view for an entry into the EU.

Supporters as well as opponents fought with no holds barred especially in the last few weeks before the decisive referendum took place. “*BefürworterInnen wie GegnerInnen erschöpften sich bald darin, einander Lügenpropaganda vorzuwerfen und den Untergang Österreichs zu beschwören, sollte die Abstimmung das jeweils nicht erwünschte Ergebnis bringen*”⁸⁴. On May 30, 1994, Austrian President Thomas Klestil admonished all actors not to lose the sense of the *grandeur of the moment*. He stated that “*Dies ist keine Zeit der Parteipolitik und der persönlichen Profilierung auf Kosten der Europapolitik. Dies ist kein Probegalopp für Nationalratswahlen. Dies ist keine Stunde der vielzitierten ‘Denkzettel’*”⁸⁵. Mr. Klestil’s criticism was directed towards Jörg Haider, the FPÖ leader, who stated just a few days earlier that the EU referendum was a good chance to give the SPÖ/ÖVP government a warning that they would not forget.

On June 9, 1994, Mr. Haider stated that “*Maastricht sei die Fortsetzung von Versailles ohne Krieg*”⁸⁶. He also added that the greatest danger for Austria would come from the south (referring to the southern EU members), as it is according to him, the home of corruption and criminality. Just one day later, Mr. Haider had to comment on an EU friendly citation that he had made in 1988 and which was used by the pro EU campaign. In his view however, the basic difference between 1988 and 1994 was the conclusion of the Maastricht treaty which had been denied stoutly by the FPÖ. Mr. Haider said that he had become wiser and more focused on Austria since then, concluding that: “*Wir wollen kein zentralistisches, bürokratisches Funktions-Europa, wo die Bürger nicht mehr das Sagen haben*”⁸⁷. During this press conference he reminded Austrians that Federal Chancellor Vranitzky’s opinion regarding a full EU membership had been negative in 1987, due to the EU’s political integration goals. Also, Vice-Chancellor Busek from the ÖVP stated in an interview of 1990 that the EU should be abolished.

The FPÖ leader Mr. Haider held his last press conference⁸⁸ on June 10, 1994, just two days before the referendum, affirming that Austrian patriots say *yes* to Austria but *no* to the EU. He criticised massively the attitude and arguments of the *EU fanatics* in the grand coalition and the media. The latter being described by Mr. Haider as *mediale Gleichschaltung*⁸⁹. According to him, it was months long fight *David against Goliath*. While the FPÖ, so Mr. Haider, only used true arguments during their information campaign, it was the governing coalition of SPÖ and ÖVP, as well as the media that attacked and defamed EU critics most shamefully. Mr. Haider concluded his press conference with several essential reasons as to why Austrians should vote *no* on June 12, 1994. These reasons, in slightly simplified form, are given below:

⁸² “*Only maniacs and suicidal persons would step on a leaking ship*”. GEHLER Michael, *op. cit.*, p. 324.

⁸³ “*Is everybody being degraded that does not take part in the unconditional ‘EU no’*”? GNAM Peter, “Teufel an der Wand”, in *Neue Kronen Zeitung*, 30.03.1994, p. 3.

⁸⁴ “*Supporters, as well as opponents amounted to nothing more than accusing the other to tell propaganda lies. Both conjured the ruin of Austria in case that the referendum would not bring the desired result*”. GMEINER Manfred, “EU-Opposition in Österreich”, in ROTHACHER Albrecht; ZEMANEK Markus; HARGASSNER Wolfgang, (eds.), *Österreichs europäische Zukunft: Analysen und Perspektiven*, Signum Verlag, Wien, 1996, p. 277.

⁸⁵ “*This is not the time for party politics or personal profiling on the expenses of European policy. This is not a test for the election to the National Assembly. This is not the hour of the much-cited ‘warnings’*”. Austrian President Thomas Klestil, “Klestil mahnt FPÖ Chef Haider: ‘EU-Abstimmung kein Denkzettel’”, in *Presse*, 31.05.1994, p. 1.

⁸⁶ “*Maastricht is the continuation of Versailles without war*”. *Der Standard*, “Haider zu Maastricht”, 09.06.1994.

⁸⁷ “*We do not want a centralistic, bureaucratic and functionary Europe*”. Press conference of the FPÖ, “Haider zu Haider-Inseratenkampagne”, in *Austria Presse Agentur*, 10.06.1994.

⁸⁸ Press conference of the FPÖ, “Haider: Österreich-Patrioten sagen Ja zu Österreich und Nein zur EU!”, in *Austria Presse Agentur*, 10.06.1994.

⁸⁹ Meaning literally *an equal switching of the media*, or *bringing into line of the media*. *Gleichschaltung* was a term used in the National Socialistic Germany.

1. Austria would be the main net-payer just after Germany. Billions would be transferred to the EU and beneficiaries would be the industry, as well as the nuclear energy lobbies.
2. A massive loss of democracy. No more national referenda would be possible.
3. A loss of domestic order. Poorer regulations would have to be applied in environmental protection for example.
4. More unemployed people. Approximately 70,000 in the first 5 to 6 years of EU membership.
5. Disadvantages for the Austrian farmers. Approximately 30,000-40,000 farmers would have to quit.
6. Market share losses in the food industry due to increased competition. Large parts of the 40,000 in that industry would become unemployed.
7. Cheap labour (from the East). Therefore, the current wage structure would be destroyed.
8. The right to vote for foreigners in Austria.
9. An Europeanisation of the criticized Austrian *Kammerstruktur*. A revaluation of Austrian functionaries/bureaucracy in a centralistic and bureaucratic Maastricht EU.
10. The *Schilling* (Austrian currency) would be abandoned in favour of the Euro.
11. A substantial rise in living costs.
12. The right of disposal of water would be in Brussels, according to article 130 of the Maastricht treaty.
13. The neutrality status would be abolished without Austria being integrated into another security policy model.

Besides the FPÖ, also the GA held a final press conference repeating its stand against an Austrian entry into the EU due to the known fears that Austria would lose its neutrality status, the environment would be destroyed and finally, the lack of democracy on the part of the EU. The SPÖ federal party whip, Mr. Josef Cap, defined the conclusive press conferences of the FPÖ and GA as a *blau-grünes EU-Märchenfinish* (blue-green EU-fairy-tale finish). Mr. Cap described Mr. Haider's utterances as being insolent while the GA spokesmen Mr. Peter Pilz and Mr. Voggenhuber were portrayed as being *EU-Paranoiker* (EU paranoids) by him. In the opinion of Mr. Cap, the GA was telling the Austrian population horror stories because they were lacking solid arguments. He characterised the standpoint of the *Green Ayatollah*, as he called Mr. Voggenhuber, as absolutely absurd that an Austrian *no* in the referendum would be a chance for a renegotiation of the Maastricht treaty. Regarding the referendum debate, Mr. Cap concluded with saying that the GA were on the same *lousy* level as the FPÖ⁹⁰.

For the Austrian newspaper *Kurier*, the pool-taker *Integral* conducted a survey regarding the referendum question just 72 hours before the national referendum took place. The survey showed that the economy and the neutrality were the main issues the voters were concerned about in the final phase of the referendum campaign. “[...], die Hitparade der Motive für oder gegen einen Beitritt, steht nach dieser KURIER-Umfrage auch fest: Wirtschaftswachstum auf der Ja- und Gefährdung der Neutralität in der EU auf der Nein-Seite”⁹¹. Furthermore, the same survey demonstrated that only half of the voters would make their choice after a mature deliberation but that the other half would make their choice according to their *feelings*. “Die Entscheidung für oder gegen Europa werden die Wähler nicht nur mit dem Hirn, sondern in fast noch größerem Ausmaß mit dem Herz treffen. Fast jeder zweite, (45 Prozent) erklärte, er würde “gefühlsmäßig” wählen, nur 44 Prozent kündigten

⁹⁰ Press conference of the SPÖ, “EU-Beitritt: Cap kritisiert ‘blau-grünes EU-Märchenfinish’”, in *Austria Presse Agentur*, 10.06.1994.

⁹¹ “[...] the hit parade of the motives in favour or disfavour of accession is clear after this KURIER survey: economic growth on the ‘yes’ side and endangerment of neutrality in the EU on the ‘no’ side”. FISCHER Johannes, “Die Motive der Österreicher: Wachstum gegen Neutralität”, in *Kurier*, 12.06.1994, p. 4.

an, sie würden erst nach reiflicher Überlegung ihr Kreuz am Stimmzettel machen”⁹². Accordingly, Mr. Horwitz from *Die Presse* stated just one day before the referendum that: “Und weil’s morgen keinen Kreis für ein ‘Ja’ am Stimmzettel gibt, und weil ein ‘Nein’ noch mehr Risiken birgt als ein ‘Ja’, sollte die Entscheidung klar sein”⁹³.

For Grete Schurz, women’s representative in the Styrian provincial capital Graz, the first reaction just after the referendum outcome announced, was the following one: “Die Regierungspropaganda hat offenbar doch gewirkt. Sie war – wie auch die mancher Gegner – überzogen und unredlich”⁹⁴. However, more importantly in her eyes, was the dedication of political, economic, cultural, church and journalistic personalities that pushed for the *yes* vote. Ms. Schurz concluded with saying that Austrians still were trusting authority. FPÖ leader, Mr. Haider, interpreted the clear *yes* vote as a consequence of the dishonest government propaganda. In contradiction to Mr. Haider’s view, the Austrian Chancellor Mr. Vranitzky declared the massive *yes* vote as a refusal of [...] *diffusen Angstparolen, Abschottungs- und Isolierungsaufrufen* (hazy fear slogans and isolation appeals). For the Austrian President Klestil, the outcome of the referendum was a *setting of course* for the Austrian future with Austria having passed the test⁹⁵.

Years after the Austrian referendum took place, Ms. Benita Ferrero-Waldner declared self-critically that mistakes had been made. Even though the government campaign relating to the EU referendum was intended to inform in an objective manner, some facts were described too positively. The biggest mistake in her eyes, however, was that the information campaign of the federal government ended on June 12, 1994. The government missed out on the chance to inform the Austrian public on European issues, as well as on the most important developments in the EU after that date⁹⁶.

4.1. The Austrian Identity

Essential to the Austrian EU integration was its early, principled alignment to the West after the Second World War. In 1947, Austria took part in the Marshall Plan which provided essential support for the process of democratic and economic reconstruction in Austria and Western Europe. One year later, in 1948, Austria joined the Organization for European Economic Cooperation (OEEC). The accession to the United Nations Organisation (UNO) followed in 1955, the participation within the Council of Europe since 1956 and the accession to EFTA in 1960. However, this Western integration was limited to fundamental political questions such as a democratic system and a community of values. Economic questions played also a major role. On the other hand, no military component had ever been included.

The entry into force of the State Treaty in July 1955 with which Austria regained its sovereignty and the declaration of the perpetual neutrality by the Austrian National Assembly in October 1955, are two important elements of Austrian identity. The concluded State Treaty, as well as the neutrality status helped Austrians considerably to identify themselves with their state. Andreas Kohl, former leader of the ÖVP’s parliamentary group, described the *mystification* of the Austrian permanent neutrality status in the following way: “Dans cette réorientation de la politique étrangère après 1945, nous avons pu ériger un Etat qui pouvait s’accepter soi-même, nous avons désormais une identité autrichienne bien établie et nous ne sommes plus l’Etat dont personne ne veut. Notre pays est économiquement stable et très performant”⁹⁷.

Furthermore, part of the Austrian identity is the widely accepted democracy. Austria’s democracy is the consequence of the intervention of victorious powers after the two World Wars. While the First Republic after World War I was not accepted by the majority of the Austrian population, this was different for the Second Republic after World War II. The Second Republic possessed what the First Republic lacked: stability. In the Second Republic, the party system, as well as the Constitution, have seen continuity,

⁹² “The voters will not take the decision ‘for’ or ‘against’ Europe only with their brains, but even more so with their hearts. Nearly every second (45 per cent) voter declared to vote ‘by instinct’, while only 44 per cent announced to mark the ballot paper with a cross after a careful consideration”. *Ibid.*

⁹³ “And because there is no circle for a ‘yes and no’ on the ballot paper tomorrow, and because a ‘no’ contains more risks than a ‘yes’, the decision should be clear”. HORWITZ Kurt, “Das Ja, das aus dem Bauch kommt”, in *Die Presse*, 11.06.1994, p. 2.

⁹⁴ “The propaganda of the government seems to have worked. Their propaganda was excessive and dishonest, as was the propaganda of many opponents”. SCHURZ Grete, “Neutralität hielt gerade nur vier Jahrzehnte”, in *Der Standard*, 13.06.1994, p. 11.

⁹⁵ GEHLER Michael, *op. cit.*, p. 326.

⁹⁶ Bundesministerium für auswärtige Angelegenheiten, *op. cit.*, p. 6.

⁹⁷ LANGE Miriam, *L’Autriche: Un Etat neutre dans l’Union européenne*, L’Harmattan, Paris, 2006, p. 98.

having their foundation in the First Republic. “[...] *the Second Republic immediately opted for the traditions of the First, whose Constitution and state symbols, such as the flag and coat of arms, were immediately adopted, albeit with minor variations. This is all the more surprising in view of the fact that the First Republic was hardly regarded as a success story*”⁹⁸. Additionally, the Second Republic sees a tendency of forming grand coalitions between SPÖ and ÖVP, as well as a distinct social partnership that supplements the traditional political system. Especially the latter one can be seen as a special achievement of the Second Republic⁹⁹.

The Austrian landscape and culture are also part of the Austrian identity. “*Da man – anders als in anderen Ländern – aufgrund der in der jüngeren Geschichte zahlreichen verlorenen Kriegen nicht auf „Nationalhelden“ verweisen konnte, wurde die österreichische Landschaft und das kulturelle Erbe zum Zentrum des Nationalbewusstseins, das sich mit dem Staatsvertrag stabilisierte und mit der weiteren Erfolgsgeschichte der Zweiten Republik, die den Leuten Wohlstand brachte, weiter verankerte*”¹⁰⁰.

In 1998, Mr. Haider, the leader of the FPÖ, described Austria as an *ideologische Missgeburt* (congenital ideological abnormality). The big majority of Austrians see it differently however. The development of an Austrian national identity has seen a considerable change over the last decades. While in 1964, only 47 % of Austrians felt to live in a nation, this increased to 80 % in 1993¹⁰¹. (See Table 2 below). Therefore, the question regarding the existence of an Austrian national identity can be answered positively. The overwhelming majority of Austrians feel as Austrians and have a considerable national consciousness and national pride.

Table 2 : The development of Austrian national identity, 1964-93

in %	1964	1970	1977	1980	1987	1989	1990	1992	1993
Austrians are a nation	47	66	62	67	75	79	74	78	80
Austrians are slowly beginning to feel like a nation	23	16	16	19	16	15	20	15	12
Austrians are not a nation	15	8	11	11	5	4	5	5	6
No response	14	10	12	3	3	3	1	2	2

Source: BRUCKMÜLLER Ernst, “The development of Austrian national identity”, in LUTHER Kurt Richard; PULZER Peter, (eds.), *Austria 1945-95: Fifty Years of the Second Republic*, Ashgate Publishing Company, Brookfield, 1998, p. 93.

4.2. The Austrian Neutrality

According to *Integral*, the main reason to vote *no* in the referendum was due to fears of endangering Austrian neutrality in case of an entry into the EU. “*Bei den Gegnern eines Beitritts kristallisierte sich die Gefährdung der österreichischen Neutralität auf Platz eins der Motive heraus, dicht gefolgt vom Argument, Österreich müsse zuviel Geld nach Brüssel überweisen, und der Angst um die Bauern, die in der Europäischen Union nicht überleben könnten*”¹⁰².

The majority of Austrians and especially women were not ready to give up their neutrality status. “*Pour la majorité des Autrichiens, et les femmes avant tout, l’abandon du statut de neutralité au profit d’une conception vague d’un*

⁹⁸ BRUCKMÜLLER Ernst, “The development of Austrian national identity”, in LUTHER Kurt Richard; PULZER Peter, (eds.), *Austria 1945-95: Fifty Years of the Second Republic*, Ashgate Publishing Company, Brookfield, 1998, p. 85.

⁹⁹ GÄCHER Martin, *Österreichische Identität und Charakteristika der Zweiten Republik*, Leopold-Franzens-Universität Innsbruck, Innsbruck, 2006, p. 15, on http://www.gaechter.cc/uploads/media/abschlussarbeit_oep.pdf, consulted April 20, 2008.

¹⁰⁰ “*In contrast to other countries, due to the many lost wars in recent history, Austria has no ‘national heroes’. As a consequence, the landscape and culture became central to the national consciousness which was stabilised with the State Treaty and enshrined with the success story of the Second Republic that brought the people prosperity*”. *Ibid.*, pp. 5-10.

¹⁰¹ BRUCKMÜLLER Ernst, *op. cit.*, p. 93.

¹⁰² “*Among the opponents of an accession, the main motives emerged with the endangerment of the Austrian neutrality in the first place, followed by the argument that Austria would have to transfer too much money to Brussels, and the fear that farmers could not survive in the European Union*”. FISCHER Johannes, *op. cit.*, p. 4.

*système de sécurité collective européenne est violemment rejeté*¹⁰³. Austrian policymakers worked very hard to form a political opinion in which permanent neutrality is seen as a basic element of national identity. “*Depuis 1955, l’Autriche vivait dans l’illusion que la neutralité – conçue comme un verrou entre l’OTAN et le pacte de Varsovie – avait redonné au pays sa réputation internationale, garanti son essor économique et forgé son identité nationale*”¹⁰⁴. EU membership had been seen as incompatible with Austria’s neutrality status for over 30 years. After the concept of strict neutrality had lost its strategic legitimacy in 1989, it was difficult to explain to some political and social groups why EU membership and neutrality were suddenly compatible. “*Now, the elites had to undo the belief they had worked so long and hard to install in the Austrian people: the belief in neutrality*”¹⁰⁵.

As early as 1992, months before the actual accession talks with the EU even started, some political groups such as the Austrian Communist Party (KPÖ, *Kommunistische Partei Österreichs*) gave doomsday scenarios in the case of Austria becoming a member of the EU. (See Annex 3). The KPÖ asked: “*Sicherheit durch EG-Beitritt*”¹⁰⁶? Giving the answer in a terrifying-vision. “*Die Neutralität bleibt auf der Strecke. Und Deutschland schluckt uns wieder. Doch darüber redet die Regierung nicht*”¹⁰⁷. Other leftist groups, such as the Austrian Movement Against War (*Österreichische Bewegung gegen den Krieg*) took the same line. (See Annex 4). In their eyes, EU membership signified the end of Austrian neutrality. “*EG-Beitritt bedeutet ‘gemeinsame Außen- und Sicherheitspolitik’ mit Deutschland, Frankreich, England und den anderen europäischen NATO-Staaten! Das ist mit der Neutralität absolut unvereinbar*”¹⁰⁸. In case of an accession to the EU, the Movement Against War feared a danger for Austria’s security interests. “*Die EG-Staaten streiten untereinander. Im Jugoslawienkrieg stehen sie auf verschiedenen Seiten. Ein EG-Österreich wird in den Machtkampf zwischen EG, Amerika und Japan hineingezogen*”¹⁰⁹. According to them, an Austrian membership in the EU means in the end also having to join the Western European Union (WEU) and the North Atlantic Treaty Organisation (NATO). “*Mitgegangen, mitgefangen: Wer zur EG Ja sagt, muss am Ende auch zur WEU und NATO Ja sagen – und dorthin marschieren, wohin uns die Herren in Bonn, Paris und Brüssel schicken*”¹¹⁰. Finally, also the GA saw an entry into the EU as incompatible with the Austrian neutrality status. It can therefore be said that for the left, and especially the far-left in general, an EU membership meant the end of the Austrian neutrality status. Furthermore, their prediction included that Austria would be dominated by Germany (*Anschluss*) and that a *yes* for EU membership would signify also a *yes* for WEU and NATO membership. Thus, an Austrian membership in the EU had no justification in their world view.

The security chapter had been closed surprisingly fast during the membership negotiations in 1993/94. The EU was concerned due to the Austrian reservation concerning their permanent neutrality status and the future development of a Common Foreign and Security Policy (CFSP) within the EU. The Austrian negotiators declared, however, the willingness of Austria to participate fully and actively in the future evolution of the CFSP. Finally, a reinterpretation of the Austrian neutrality concept took place. “*In the membership negotiations, the concept of neutrality was reduced to its military core – not participating militarily in wars, not entering military alliances and not allowing military bases of foreign countries in Austria*”¹¹¹.

On the other side, the FPÖ had seen a completely different problem regarding the Austrian neutrality and an EU membership, respectively. Mr. Haider believed that with an EU membership, the neutrality status would be given up, without Austria being integrated into another model relating to security policy. “*Die*

¹⁰³ BARYLI Waltraud, *op. cit.*

¹⁰⁴ *Ibid.*

¹⁰⁵ PELINKA Anton, *Austria: Out of the Shadow of the Past*, Westview Press Inc., Boulder/Colorado, 1998, p. 172.

¹⁰⁶ “*Security through EU accession*”, *Kommunistische Partei Österreichs, Sicherheit durch EG-Beitritt*, 1992, on <http://zis.uibk.ac.at/quellen/oe-eu/kap3/karikaturen/85.gif>, consulted May 1, 2008.

¹⁰⁷ “*Neutrality falls on the ‘wayside’. And Germany swallows us again. But the government does not talk about it*”. *Ibid.*

¹⁰⁸ “*EU accession signifies a Common Foreign and Security Policy with Germany, France and England and all the other European NATO states! That is absolutely incompatible with neutrality*”. *Österreichische Bewegung gegen den Krieg, EG-Betrug!*, 1993, on <http://zis.uibk.ac.at/quellen/oe-eu/kap3/karikaturen.html#EG-Betrug!>, consulted May 1, 2008.

¹⁰⁹ “*The EU states quarrel among themselves. In the Yugoslavian war they stand on different sides. An EU- Austria would be dragged in this power struggle between the EU, America and Japan*”. *Ibid.*

¹¹⁰ “*If one goes along [with some perhaps bad apples], one may as well be caught and banged along with the others: The one who says yes to the EU, has also to say yes to the WEU and NATO in the end and has to march, where the Sirs in Bonn, Paris and Brussels us order to*”. *Ibid.*

¹¹¹ FALLEND Franz, *op. cit.*, p. 14.

*Neutralität werde aufgehoben, aber Österreich werde in kein anderes Sicherheitsmodell integriert*¹¹². This, as the FPÖ had been standing up for decades for an abandoning of the Austrian neutrality status in favour of a NATO membership.

4.3. The Austrian Economy

For the majority of the supporters of an Austrian EU membership, the anticipated economic growth had been the main reason to vote *yes* in the referendum. *“Bei den Befürwortern lag das Wirtschaftswachstum in der EU unangefochten auf Platz eins, dicht gefolgt vom Argument, man könne nur in der EU selber mitbestimmen. Gleich danach, auf Platz drei, wurde die erhöhte Sicherheit Österreichs im Falle einer internationalen Krise genannt”*¹¹³.

The SPÖ/ÖVP governing coalition stressed the manifold economic advantages for Austria if being part in the European Single Market. Politicians promised an additional economic growth of 2 % and an employment increase of 1 % with 30,000 additional jobs. However, there were also some warnings that politicians did not like listening to. Professor Fritz Breuss, of the Vienna University of Economics and Business Administration, who always has had a traditional favourable view towards EU integration, declared in a subcommittee of the Austrian Parliament in April 1994 that EU membership would trouble the Austrian Federal budget, which would lead to an unavoidable tax increase. Government representatives were not amused and dismissed Mr. Breuss’s view as a *Privatmeinung* (*private opinion*). Federal Chancellor Vranitzky was then quick to exclude any tax increase due to an Austrian accession to the EU¹¹⁴.

The overall optimism of the supporters of an EU membership was based above all on economic studies, due to the fact that the majority of economists predicted considerable advantages for the Austrian economy through the membership in the EU. In 1988, Paolo Cecchini conducted a study for the European Commission in which he analysed the effects of removing the internal market barriers in the EU 12. Mr. Cecchini estimated the GDP increase of the EU 12 within 5 years at approximately 4.5 %. At the same time, around 1.2 to 2.3 million new jobs would be created, government budgets would be exonerated at 1.5 to 3.0 percentage points, while prices would be reduced noticeably at a level between 4.5 to 7.7 %¹¹⁵. This report had also a considerable influence on Austria’s decision makers. Figure 4 below shows the calculated effects of the Cecchini report (EC 12), as well as the effects of a study of Fritz Breuss and Fritz Schebeck for the Austrian Federal Ministry of Finance. The two Austrian economists calculated the effects of completing the EU’s internal market in line with Mr. Cecchini’s report. The result showed that Austria would profit from the integration process in the EU even when staying outside. The gains of staying outside the EU would be on a lower scale, however, in comparison to being a member. The study of Mr. Breuss and Mr. Schebeck indicated, in the case of an Austrian entry into the EU, an increase of GDP growth of 3.5 % which would be considerably higher than in the case if Austria stayed outside the EU with a GDP growth of only 1.6 %. Prices would also be considerably reduced by 5.2 % and employment would increase at 1.5 % when joining the EU. In the case that Austria stayed outside the EU, prices would only be reduced at a level of 1.6 % and employment would increase at 0.7 % only. On the negative side of an Austrian EU membership, the study shows a deficit of the budgetary balance at a level of 1.1 % of GDP and a worsening in the external balance in the amount of 1.3 % of GDP. In case of staying outside the EU, the budgetary balance would see a surplus of 0.4 % of GDP while the external balance would ameliorate at 0.8 % of GDP. Already in 1989, Mr. Breuss and his colleague stated that Austria would profit considerably when it joins the EU but that it also would come at a cost. This point, however, was too often forgotten by many supporters of an Austrian EU membership during the referendum campaign.

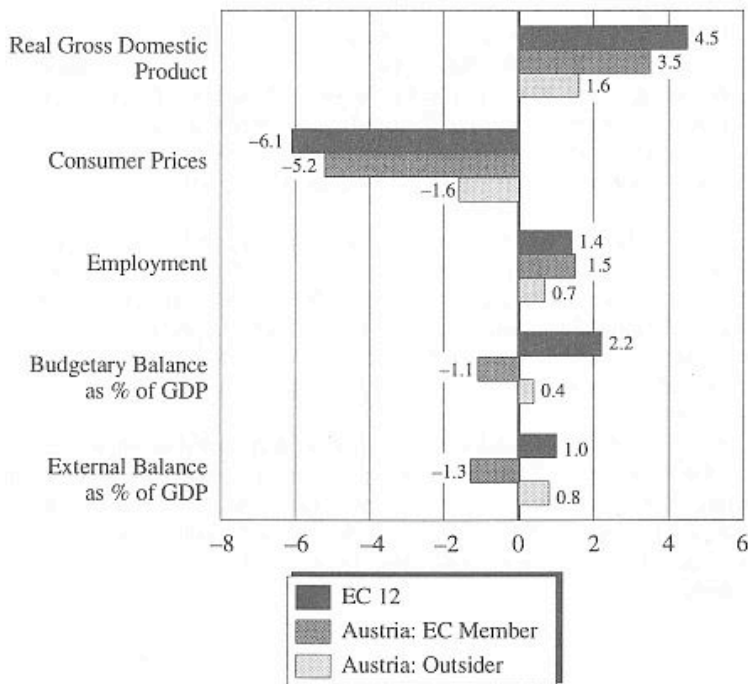
¹¹² *“Neutrality will be repealed but Austria will not be integrated into another security policy model”*. Press conference of the FPÖ, *op. cit.*

¹¹³ *“Supporters mention economic growth uncontested in the first place, followed by the argument that one has a say only in the EU. Next to that, in third place, an increased security of Austria in case of an international crisis was mentioned”*. FISCHER Johannes, *op. cit.*, p. 4.

¹¹⁴ GEHLER Michael, *op. cit.*, p. 325.

¹¹⁵ STOCKHAMMER Engelbert, *“Makroökonomische Effekte der EU-Integration auf Österreich”*, in *Wirtschafts- und Sozialpolitische Zeitschrift*, Institut für Sozial- und Wirtschaftswissenschaften, Linz, 3/2006, p. 92.

Figure 4 : Macroeconomic Consequences of Austria's EU Membership as Compared to the Results of the Cecchini Report



Source: LUIF Paul, *On the Road to Brussels: The Political Dimension of Austria's, Finland's and Sweden's Accession to the European Union*, Wilhelm Braumüller, Wien 1995, p. 193

While the majority of the corporatist interest groups were convinced at an early stage of an Austrian entry into the EU due to the expected modernisation and liberalisation effects, it was particularly the ÖGB that was influenced by studies such as the ones above. "One of the reasons for the positive attitude of the trade unions were studies by economists that predicted improved economic development for Austria inside the EC"¹¹⁶. The GA on the other hand was, for known reasons, such as *dirty growth*, against an Austrian EU membership, while the FPÖ argued amongst other things that an EU membership brought economic disadvantages for Austria. These disadvantages specifically concerned employment, cheap foreign labour and Austria's position as a net contributor in the eyes of the FPÖ leader, Mr. Haider. Nonetheless, in the public discussions that took place prior to the Austrian referendum, the advantages of an Austrian EU membership, for most of the people, outweighed by far the disadvantages.

4.3.1. Austria's Agricultural Sector

Due to the Alpine republic's topography, Austria aimed at derogations in the agricultural chapter during the accession negotiations. The adduced reason for the Austrian government was the unfavourable natural conditions Austrian farmers had to cope with, and consequently, a loss in competitive ability in case of an instant market opening after joining the EU. "Since domestic price levels were up to 20 per cent higher than in the EU, Austrian farmers would have lost too much of their income, too sudden"¹¹⁷. However, Austria's request was not heard in Brussels, and the only concession Austria got, were digressive payments for Austrian farmers during the first four years of EU membership. In return, Austrian farmers would have to cope with an immediate market liberalisation for agricultural goods, as well as an adaptation of the agricultural prices to the lower EU price level as of the first day of Austrian membership¹¹⁸.

¹¹⁶ LUIF Paul, *op. cit.*, p. 194.

¹¹⁷ FALKNER Gerda, *op. cit.*, p. 9.

¹¹⁸ GEHLER Michael, *op. cit.*, p. 322.

A majority of the Austrian farmers feared not being able to assure a livelihood after joining the EU, and were therefore extremely critical regarding an Austrian membership. For Mr. Haider, approximately 30,000-40,000 farmers would have to quit their profession, as the transitional payments of the EU cannot be considered more as an assisted dying¹¹⁹. If he had to choose between the Austrian farmers and the EU, he would choose the farmers and consequently not the EU. It is needless to say, that also the GA believed that the EU would bring a quick death to the Austrian agricultural sector. This, as in the view of the GA, the EU has been dominated by the agricultural industry. Finally, even EU supporters saw Austrian farming as the most endangered sector, in the case that an entry into the EU would take place¹²⁰.

However, there were also opposite views. The newspaper *Der Standard* claimed that without EU membership, Austrian farmers would *die* faster. The ongoing negotiations within GATT was stated by *Der Standard* as the reason (as Austria has been a GATT member) for this point of view. Those negotiations that took place at the time intended to cut state assisted exports of agricultural goods at a level of 21 % in the next 6 years, a reduction of agricultural sponsoring in the amount of 36 % and an opening up of the home market for foreign suppliers. Direct aid would be coupled with the preservation of the countryside along with a cutback of production. The GATT regulations would also apply in the case that Austria became an EU member, with the difference however, that supply to the single market would not be considered as exports. The Austrian agricultural department calculated that Austrian farmers would lose around 8 billion *Schilling* (approximately 582 million Euro)¹²¹ in the case that Austria was only in GATT but not in the EU. On the other hand, deficiency in receipts for Austrian farmers would come at about the same amount in case of an EU membership, due to the lower price level in the EU. Yet, the difference lied in the fact that in the first case, the Austrian taxpayers had to come up with the 8 billion *Schilling*, while in the latter case the 8 billion Schillings are confronted with export revenues. Therefore, Austrian farmers will have to face difficult years but without an Austrian entry into the EU, these years would be even more difficult according to *Der Standard*¹²². Nevertheless, discussions in Austria focused mainly on the comparison between accession to the EU or the non-existent alternative of maintaining the *status quo*¹²³.

4.4. The Transport Issue

Owing to Austria's geographical location, some of the European main road axis pass through Austria. It is a very important transit country for the east-west, as well as the north-south traffic. Due to the increasing road transport of goods, accompanied by an increase of environmental problems, particularly in the ecological fragile alpine valleys, transport has become an important question for the Austrian population. This is especially true for Tyrol, as one main artery of European trans-Alpine traffic roads connects Germany with Italy via the Brenner pass. "*Das große Reizthema 'Transit', das in Westösterreich fast zum Hauptkriterium eines Ja oder Nein zum EU-Beitritt geworden ist, hat in rechtlicher und technischer Hinsicht freilich viel Facetten*"¹²⁴.

The question regarding the *transit problem* had already been an issue during the EEA negotiations between Austria and the EU 12. During those negotiations, Austria had been able to gain some concessions which can be found in the 1992 *Agreement between the European Economic Community and the Republic of Austria on the transit of goods by road and rail*¹²⁵ which came into effect on January 1, 1993. Article 15 stated to reduce

¹¹⁹ Press conference of the FPÖ, *op. cit.*

¹²⁰ *Der Standard*, "Ohne EU sterben Bauern schneller", 11.02.1994, p. 31.

¹²¹ Currency exchange rate of 1 ATS=0.072726 EUR from February 11, 1994, consulted on <http://fxtop.com/de/cnvhisto.php?A=8000000000&C1=ATS&C2=EUR&DD=11&MM=02&YYYY=1994&B=1&P=&I=1&btnOK=Go>, consulted May 15, 2008.

¹²² *Der Standard*, "Ohne EU sterben Bauern schneller", *op. cit.*, p. 31.

¹²³ HOFREITHER Markus F., "Anpassungsprozesse der österreichischen Landwirtschaft als Folge des EU-Beitritts" in *Die Volkswirtschaft*, Zollikofer AG, St. Gallen, 9/2006, p. 24.

¹²⁴ "The great emotive subject 'transit', which has become in Western Austria almost the main criteria for a yes or no in respect to an entry into the EU, has many facets regarding legal and technical aspects". HUMMER Waldemar, "Alles über den Transitverkehr", in *Salzburger Nachrichten*, 23.02.1994, p. 8.

¹²⁵ European Union, *Agreement between the European Economic Community and the Republic of Austria on the transit of goods by road and rail*, Official Journal L 373, December 21, 1992, on <http://eur->

pollution by an *eco points system* in the interests of environmental protection and public health. The parties agreed to reduce the emissions and noise generated by heavy goods vehicles that cross Austria in transit. Those reductions ought to be achieved by cutting NOx¹²⁶ emissions. Total NOx emissions from heavy goods vehicles with a laden weight over 7,5 tonnes, registered in one of the EU member states and crossing Austria in transit, ought to, starting in 1992, be reduced by 60 % in the twelve-year period until the end of 2003. The agreed reductions in total NOx emissions from these heavy goods vehicles were to be administered according to an eco points system. Additionally, article 4 stated the parties' commitment to aim at shifting of freight from road to rail. With this agreement, the EU departed from their ideal of a fully liberalised transport market and free road transit. The outcome of this agreement between Austria and the EU was nonetheless criticised by the GA and the KPÖ. While the KPÖ called it a con outcome that was achieved under pressures in order to finalise the EEA agreement¹²⁷, the GA demanded in the National Assembly a motion of no-confidence against the Federal Chancellor, Mr. Vranitzky, on May 12, 1992¹²⁸.

Yet, the success of this agreement depended on the implementation of the 1992 agreement in the future EU accession treaty between Austria and the EU. *“Zum Leidwesen der rührigen Tiroler Bürgerinitiativen und der betroffenen Anrainer von Transitrouten blieb die Realisierung fraglich”*¹²⁹. Politicians on the local level, as well as in the Federal government described the outcome as irrevocable and a victory for Austria. The governor of Tyrol, Mr. Alois Partl, from the ÖVP, spoke of it as his *greatest success* during his term of office, while the Minister of economic affairs, Mr. Schüssel, also from the ÖVP described the transit agreement as an unalterable element of integration for the next 12 years¹³⁰. For the SPÖ/ÖVP coalition government, the agreement was praised, not surprisingly, as a success. The successor of Mr. Partl, Mr. Weingartner, who became governor of Tyrol in 1993, was not favourable to this agreement and was disciplined by his party, the ÖVP, and finally agreed to it. *“The Greens, in particular after it had become known that in the first year of its validity (1993) only 70 percent of the distributed eco-points were actually needed, accused them (the coalition government) of having agreed to a bad agreement and claimed re-negotiations”*¹³¹.

However, having said that, the European Commission made it clear as early as 1991, in their *Avis*, regarding the *Commission's opinion on Austria's application for membership*, that any agreement incompatible with the *Acquis Communautaire* would be provisional. *“So as a member of the Community Austria would have to drop its restrictive policy against intra-Community road transit and apply the acquis communautaire. Even if an agreement (on the level of pollution permitted by the Austrian Government) were to be concluded at the end of the aforementioned negotiations it would be incompatible with the acquis communautaire and could only be provisional”*¹³².

Consequently, the transit problem had to be re-discussed during the EU membership negotiations. Austria had a very hard stand during the accession talks and the specific question of the transit traffic of heavy trucks was extremely difficult to solve. *“The negotiations were extremely tough, and the Austrian goal to upholding the transit agreement was not reached. Concessions had to be made regarding both the length of the agreement's duration, and the maximum weight of lorries”*¹³³. The final agreement specifying the transit problem was formulated as transitional conditions which can be found in the separate Protocol 9¹³⁴ of the actual Accession Treaty. While Austria could maintain the eco points system for the time being (article 11 § 2 (b)), the transitional

lex.europa.eu/Notice.do?val=185332:cs&lang=en&list=185332:cs,&pos=1&page=1&nb1=1&pgs=10&hwords=&c hecktexte=checkbox&visu=#texte, consulted May 16, 2008.

¹²⁶ NOx is a collective term for all nitrous gases.

¹²⁷ GEHLER Michael, *op. cit.*, p. 309.

¹²⁸ Austrian National Assembly, *Protest der österreichischen Grünen gegen das Transitabkommen zwischen Österreich und der EU*, on <http://www.ena.lu?lang=3&doc=22812>, consulted May 12, 2008.

¹²⁹ *“To the sorrow of the active citizens' groups in Tyrol and the concerned residents of the transit routes, the realisation remained questionable”*. GEHLER Michael, *op. cit.*, p. 309.

¹³⁰ *Ibid.*, p. 309.

¹³¹ FALLEND Franz, *op. cit.*, p. 13.

¹³² European Commission, *The challenge of enlargement: Commission opinion on Austria's application for membership*, Bulletin of the European Communities, Supplement 4/92, on http://aei.pitt.edu/1574/01/Austria_opinion.pdf, consulted May 14, 2008, p. 14.

¹³³ FALKNER Gerda, *op. cit.*, p. 8.

¹³⁴ European Union, *Documents concerning the accession of the Republic of Austria, the Kingdom of Sweden, the Republic of Finland and the Kingdom of Norway to the European Union*, Official Journal C 241, August 29, 1994, on <http://eur-lex.europa.eu/en/treaties/dat/11994N/htm/11994N.html#0361010039>, consulted May 16, 2008.

period was limited to the end of 2003 the latest (article 11 § 4), after which the *Acquis Communautaire* in its entirety should be applied (article 11 § 5).

Tyrol is the state that is most affected by the trans-alpine traffic. Its population had also been the most critical regarding an Austrian entry into the EU, with the lowest *yes* vote share of only 56.7 % of all 9 Austrian states . This is 10 % points lower than the national average of 66.6 % and reflects the fears and scepticism of the population of that alpine state regarding the question of the transit issue. The GA and the FPÖ profited from this issue. While the FPÖ spoke of a *transit hell* during the referendum campaign, the GA was, as a matter of principle, against trans-alpine traffic which harms the ecological system.

III. Part

Austria as an EU Member in 2008 : Taking Stock

5. Austria's Evolution after 13 years of EU Membership

Today, Austria is not situated at the periphery of the EU anymore but in the heart of the European Union which has increased to 27 member states. The world and Austria have seen huge changes since the formal application letter for the Austrian membership was handed over in 1989. Austrians have had many hopes and at least as many fears regarding their entry into the EU. However, 13 years later, it seems that their visions and dreams were short-lived. For Professor Paul Luif, from the Austrian Institute for International Affairs in Salzburg, Austria is a EU member without *best friends* that plays a rather marginal role within the EU. This arises out of the fact that Germany and Italy *play in another league*, due to their size. The neighbours in the east, the Czech Republic, Hungary, Slovakia and Poland are members in the Visegrád Group which is an alliance for the purposes of cooperation and furthering their European integration. For Austria, this makes it difficult to form stable and strong partnerships and consequently, it is not easy for Austria to be heard within the EU¹³⁵.

In retrospect, it can be said that the advocates of an Austrian entry into the EU (particularly the governing coalition of SPÖ and ÖVP), as well as the opponents of a possible Austrian EU membership (the GA, but especially the FPÖ) depended heavily on propaganda in order to influence the outcome of the referendum in 1994.

From today's point of view, it can be said that Mr. Haider and his FPÖ argued in large parts in a populist manner and used a polemic style in order to make their point clear during the referendum campaign in 1994. However, the FPÖ's arguments were often not founded or were based on half-truths as the following examples show below.

"Austria would be the greatest net-payer just after Germany. Billions would be transferred to the EU and beneficiaries would be the industry, as well as the nuclear energy lobbies" : This reasoning is only true to a limited extent. Yes, Austria has always been and still is a net contributor to the EU budget. However, Mr. Haider overexaggerated the amount of the transfer payments to Brussels. Furthermore, Austria's net contributor position has seen a quite favourable development (for Austria) over the years as Table 3 shows. Additionally, around 80 % of the EU budget is used for the Common Agricultural Policy (CAP) and Cohesion spending. The rest is spent on Pre-accession Aid, External actions, other internal policies and administration¹³⁶. This proves that Mr. Haider's accusations are unfounded in regard to the beneficiaries of the EU budget.

Table 3 : Relations with EU budget (in Million Euro)

1995	1996	1997	1998	1999	2000	2001	2002	2003
Net operative budget balance: negative sign = net contributor to EU budget								
-788.0	-264.5	-779.8	-629.2	-628.8	-447.8	-536.4	-223.5	-336.2
in % of GDP								
-0.44	-0.15	-0.43	-0.34	-0.32	-0.22	-0.26	-0.10	-0.15

Source: BREUSS Fritz, *Austria, Finland and Sweden after 10 Years in the EU: Expected and Achieved Integration Effects*, p. 24.

¹³⁵ Interview with Professor Paul Luif, "Österreich hat keine besten Freunde" in *Kurier*, 15.11.2007.

¹³⁶ BALDWIN Richard; WYPLSZ Charles, *op. cit.*, p. 61.

“A massive loss of democracy. No more national referendum would be possible” : This claim is also only true partially. National referenda are still possible, even as an EU member. Problems might arise in a case where the outcome of a national referendum would contradict with EU law for example. One has also to take into account that Austria has no tradition of national referenda. During the whole period of the Second Republic, only two national referenda took place.

“A loss of domestic order. Poorer regulations would have to be applied in environmental protection for example” : This is true in some aspects. Taking the example of environmental protection, the following observation can be made. Some countries had environmental standards (this is true especially for the 1995 enlargement) that were higher prior to EU accession, than the ones applied in the EU. After joining the EU, those countries were forced to lower their standards in order to have uniformity. This was necessary in order to have the same rules for every EU member and thereby to abolish non tariff barriers, even though those stricter regulations were not intended as a discriminatory tool.

“More unemployed people. Approximately 70,000 in the first 5 to 6 years of EU membership” : This argument is partially right. However, the number of 70,000 was highly exaggerated. The unemployment rate stayed at a rate of 3.8 % in 1994, it increased in the first years of EU membership until it reached a level of 4.5 % in 1998. From 1999 to 2001 a decrease of the unemployment rate took place with a low of 3.6 % in 2001. Afterwards, the unemployment rate increased again and reached a high of 5.2 % in 2005. In the year 2006, Austria’s unemployment rate was at a level of 4.8 % which is 1 % higher than the rate of 3.8 %, one year before Austria’s accession to the EU in 1994.

In comparison to the EU 15, Austria’s unemployment rate was always considerably lower during the observed period. However, while Austria’s unemployment rate increased from 3.8 % in 1994 to 4.8 % in 2006, the EU 15 was able to lower its unemployment rate from 10.4 % in 1994 to 7.4 % in 2006. *“In Austria during the first year many jobs were lost in the food processing industry as well as in the freight forwarding sector for which customs clearance was a big part of turnover”*¹³⁷.

Yet, the unemployment rate per se is not such a good indicator. It is more accurate to use the employment rate as an indicator. (See point 5.3.3. below)

Table 4 : Unemployment rate for the period 1994 to 2006, (in percent)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Austria	3.8	3.9	4.3	4.4	4.5	3.9	3.6	3.6	4.2	4.3	4.8	5.2	4.8
EU 15	10.4	10.0	10.1	9.8	9.2	8.5	7.6	7.2	7.6	7.9	8.0	7.9	7.4

Source: OECD

“Disadvantages for Austrian farmers. Approximately 30,000-40,000 farmers would have to quit” : (This point will be elaborated more in-depth in Point 5.3.10. below).

“Market share losses in the food industry due to increased competition. Large parts of the 40,000 in that industry would become unemployed” : Taken by itself, this claim may be right to some extent. Nonetheless, while some sectors lost shares, other sectors gained shares in the overall industry of Austria. (See Annex 5). While the food and tobacco, textile and leather, glass and ceramic sectors lost shares, others won shares, such as car manufacturing, machine construction and metal production. These shifts may explain some of the additional unemployment in Austria. The reason being a number of people from the declining sectors that were not qualified to work in the sectors in expansion.

“Cheap labour (from the East). Therefore, the current wage structure would be destroyed” : This argument is discounted as the last 13 years of Austrian EU membership have shown. Migration questions are a controversial issue also in Austria. There is a fear that large numbers of people from the CEECs would seek work in the old EU countries for smaller remunerations than is common in their host country. However, even after the

¹³⁷ MANDL Christian, *The effects of Austria’s integration into the EU*, on http://aws.neuemedien.at/pdf/mp_eu/the_effects.pdf, consulted March 8, 2008.

2004 Eastern enlargement of the EU, workers' migration did not take place in the amount expected. In the case of Austria, there are temporary provisions that prevent a massive inflow of migrant workers from these newcomers. A problem, however, rises with falsely designated self-employed people that profit from the freedom to establish residence in other member states of the EU¹³⁸.

Nonetheless, while productivity in Austria has increased by 17.8 %, the average gross salary has increased only by 3.3 %, while the real wages after deduction of taxes and inflation have increased by only 0.5 % since 1995. What has taken place in Austria is an increasing reallocation from earned income to capital income or, in other words, a reallocation from low income to high income groups¹³⁹.

“The right to vote for foreigners in Austria” : This claim of Mr. Haider is not true as it implies that all foreigners can vote on the composition of the Austrian Parliament. First of all, active and passive voting rights are only granted to citizens of the EU. Secondly, those voting rights are restrained to municipal elections and to the European Parliament.

“An Europeanisation of the criticised Austrian Kammerstruktur. A revaluation of Austrian functionaries/bureaucracy in a centralistic and bureaucratic Maastricht EU” : This accusation is unfair. 27,000 people work for the European Commission while the city of Vienna alone accounts for 65,000 employees¹⁴⁰. Surely, red tape can and should also be reduced in the EU, it is however hilarious to blame one's own bureaucracy on the EU.

“The Schilling (Austrian currency) would be abandoned in favour of the Euro” : This is true as Austria had agreed to the provisions of the Maastricht Treaty regarding the monetary union when it joined the EU. After fulfilling all the Maastricht convergence criteria, Austria became one of the founding members of the Eurozone that came into existence on January 1, 1999.

“A substantial rise in living costs” : This argument is not true. The inflation rate below shows the consumer price index (CPI), which measures the change in prices of all goods and services purchased by Austrian households and the Euro Area in comparison. While some categories such as food, services and energy have seen price increases, other categories, such as electronic goods, have seen a price decrease.

Since its accession to the EU in 1995, price stability in Austria was quite constant. While the inflation rate in 1992 stayed at a level of 3.5 %, the inflation rate has diminished constantly to a low of 0.5 % in 1999. *“Die Inflationsrate betrug zwischen 1995 und 2001 1,45 % im Jahresdurchschnitt, in den 7 Jahren vor dem Beitritt 2,88 %”*¹⁴¹. Since the year 2000 however, Austria has seen a moderate increase in the inflation rate which stayed at a level of 1.7 % in 2006. Remarkably, Austria's inflation rate has been below the Euro Area during the period from 1992 to 2006. *“Economic scientists in Austria estimate that the inflation rate would have been 1 % higher without EU-membership due to higher competition in the Internal Market”*¹⁴².

¹³⁸ SCHLEMBACH Sebastian, Arbeitsmigration aus Mittel- und Osteuropa, on <http://www.unet.univie.ac.at/~a0603410/>, consulted May 5, 2008.

¹³⁹ Arbeiterkammer Österreich, *Höhere Löhne und Gehälter bringen Wachstum und Beschäftigung: Daten zur aktuellen Einkommensverteilung in Österreich*, September 2005, pp. 5-13, on http://www.arbeiterkammer.com/pictures/d33/Broschuere_Einkommen.pdf, consulted May 15, 2008.

¹⁴⁰ MILBORN Corinna; PÜHRINGER Markus, “Die Anti-EU Märchen”, in *Format*, 20, 2008.

¹⁴¹ *“The inflation rate came to an annual average of 1.45 % between 1995 and 2001, in the 7 years before the accession to 2.88 %”*. MIKULITSCH Werner, “Die Bilanz - 10 Jahre EU-Mitgliedschaft“, in *Leadership*, 1 / 2, 2005, p. 7.

¹⁴² MANDL Christian, *op. cit.*

Table 5: Consumer Price Indices for the period 1992 to 2006, (percentage change)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Austria	3.5	3.2	2.7	1.6	1.8	1.2	0.8	0.5	2.0	2.3	1.7	1.3	2.0	2.1	1.7
Euro Area ¹⁴³	3.8	3.4	2.8	2.6	2.3	1.6	1.1	1.1	2.1	2.3	2.2	2.1	2.1	2.2	2.2

Source: OeNB

“The right of disposal of water would be in Brussels according to article 130 of the Maastricht treaty” : This claim is false. The European Commission has strong sympathies to liberalise network industries such as water. Nonetheless, Austria cannot be forced to do it in the case of water as it is a service of general economic interest on which the public authorities impose specific public-service obligations. The Treaty of Amsterdam acknowledges in its article 16 (*ex Article 7d*) the place occupied by services of general economic interest in the shared values of the Union and their role in promoting social and territorial cohesion¹⁴⁴. The Directive 2006/123/EC of the European Parliament and of the Council from December 2006¹⁴⁵ mentions water as a derogation from the freedom to provide services. This is apparent from Article 17 § 1 (d) of this Directive. It is therefore up to the individual member states of the EU whether or not they want to liberalise the disposal of water.

“The neutrality status would be abolished without Austria being integrated into another security policy model” : This is not true as the Austrian neutrality concept still applies. (This point will be elaborated more in depth in point 5.2. below).

On the other side of the political spectra, the GA argued against an Austrian entry into the EU due to environmental questions, the alleged dominance of the agricultural industry within the CAP and finally, a lack of democracy in the EU. In comparison to the FPÖ, the GA’s arguments seem to be more founded and also more comprehensible.

“A lowering of environmental standards in Austria” : The GA has a point here as in several cases Austria had to adopt lower environmental standards with its entry into the EU. As we have seen above, the reasons for this were to have an uniformity of standards among the EU members. This is in order to abolish non tariff barriers.

“Austria’s neutrality” : (This point will be elaborated in point 5.2. below).

“The dominance of the agricultural industry in the EU” : This claim of the GA corresponds with reality to a large extent, especially at the time of the Austrian referendum. However, in the last few years the EU started Greening the CAP. *“Originally, the primary concern in the EU was to increase productivity and farm income, stabilize markets, achieve food security, and permit the free movement of goods among Member States”*¹⁴⁶. In the first decades of the existence of the CAP, little concern was given to environmental issues or animal welfare. *“Intensification of land-use has created environmental problems through the increased use of fertilizers, pesticides, water resources, equipment, and additional feeds of livestock”*¹⁴⁷. The MacSharry reforms of 1992 can be seen as a turning point away from the *old CAP policy* to a *new CAP policy*. Those reforms were continued with the Agenda 2000 reform package that intended to bring prices for agricultural products in the EU towards world prices while

¹⁴³ The Euro Area consists of 13 member states. Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. Slovenia takes part in the Euro Area since January 1, 2007. However, Slovenia will not be taken into consideration in the calculations as an Euro Area member.

¹⁴⁴ European Union, *Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and related acts*, Official Journal C 340, November 10, 1997, on <http://eur-lex.europa.eu/en/treaties/dat/11997E/htm/11997E.html#0001010001>, consulted May 12, 2008.

¹⁴⁵ European Union, *Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006*, on <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:376:0036:0068:EN:PDF>, consulted May 15, 2008, p. 23.

¹⁴⁶ JOSLING Tim; BABINARD Julie, *The Future of CAP and Prospects for Change: The Policy Environment for Agri-food Competitiveness*, on <http://iis-db.stanford.edu/pubs/11377/CAPPrev.pdf>, consulted March 10, 2008, p. 17.

¹⁴⁷ *Ibid.*, p. 18.

compensating farm owners with direct payments. In this way, the reformed CAP has reduced the artificial incentive to farm intensively. This environmental improvement of the CAP had been facilitated due to the negotiations within GATT. Furthermore, the issue of animal welfare has been addressed with a number of rules to forbid some of the worst practices. “*Environmental groups and political parties continue to criticize the reformed CAP for its negative impact on EU landscape, water quality and bio-diversity*”¹⁴⁸. Although, incorporating green concerns into the CAP is still in the early stages of development, there is an indication of “*the beginning of a process of transforming itself from essentially an agri-food policy to a rural environment and rural development policy*”¹⁴⁹.

“*A lack of democracy within the EU*” : The GA’s argument is well-founded as the EU is suffering from a structural democratic deficit. The European Parliament takes part in the drafting of Community legislation to varying degrees. Over the years, it has progressed from a purely advisory role to co-decision on an equal footing with the Council in many issues. Additionally, the Maastricht Treaty has given the European Parliament the right of legislative initiative, but this is limited to asking the Commission only to put forward a proposal¹⁵⁰. On the other hand, the European Commission has the monopoly on the initiative in Community decision-making¹⁵¹. Yet, in most cases, decisions are taken by the Council behind closed doors in the end. Therefore, if the EU wants to have full democratic legitimacy, the powers of the European Parliament need to be increased significantly, as it is the institution that represents the European citizens. Moreover it is the only institution in the EU where its members are elected directly by the European citizens. A first improvement consists in the Citizens’ Initiative proposed in the Treaty of Lisbon that gives a stronger voice for EU citizens. “[...] *thanks to the Citizens’ Initiative, one million citizens from a number of Member States will have the possibility to call on the Commission to bring forward new policy proposals*”¹⁵². Also the powers of the European Parliament would see a strengthening in the Treaty of Lisbon. “*In particular, the increase of co-decision procedure in policy-making will ensure the European Parliament is placed on an equal footing with the Council, representing Member States, for the vast bulk of EU legislation*”¹⁵³.

After having elaborated the argumentation of the opponents of an Austrian EU membership, it is now time to analyse the arguments of the supporters of such a membership. The governing coalition of SPÖ and ÖVP, the LF, as well as the corporatist interest groups (VÖI, WKÖ, ÖGB, AK and LK) appeared to be quite dewy-eyed regarding the economic advantages for Austria. Jobs were not created in the amount predicted and also price-cuts did not take place as estimated. Surprisingly, even trade with the other EU members only increased in absolute terms but decreased in relative terms in comparison to trade with the world. Yet, due to Austrian EU membership, inflation was brought down and foreign direct investment has increased to hitherto unknown levels. Therefore, the economic outcome for Austria can be considered as mixed. (The Austrian economic evolution will be elaborated in-depth in chapter 5.3. below). Warnings, as such of Professor Breuss and his colleague Mr. Schebeck, that an entry into the EU would be advantageous in economic terms for Austria, but at a cost, were too often skipped by the supporters.

Exactly two-thirds of Austrian citizens voted in favour of an Austrian entry into the EU in the 1994 referendum campaign. The majority of Austrians voted *yes* due to promised economic advantages as well as expected security gains in being an EU member. “*In addition to economic advantages – first and foremost, lower prices and lower inflation rates, additional foreign investment, increased exports, the creation of new jobs and higher economic growth – Austrians also expected security gains from joining the Union*”¹⁵⁴. Also the believe that one has only a say when being a full EU member and not only a member of the EEA facilitated that the *yes* vote prevailed in Austria. Due to Austria’s entry into the EU it has lost some of its formal sovereignty but it gained in

¹⁴⁸ BALDWIN Richard; WYPLOSZ Charles, *op. cit.*, p. 236.

¹⁴⁹ JOSLING Tim; BABINARD Julie, *op. cit.*, p. 18.

¹⁵⁰ European Parliament Fact Sheets, *The European Parliament: powers*, on http://www.europarl.europa.eu/facts/1_3_2_en.htm, consulted May 15, 2008.

¹⁵¹ European Parliament Fact Sheets, *The Commission*, on http://www.europarl.europa.eu/facts/1_3_8_en.htm, consulted May 15, 2008.

¹⁵² European Union, *Treaty of Lisbon: Taking Europe into the 21st century*, on http://europa.eu/lisbon_treaty/glance/index_en.htm, consulted May 18, 2008.

¹⁵³ *Ibid.*

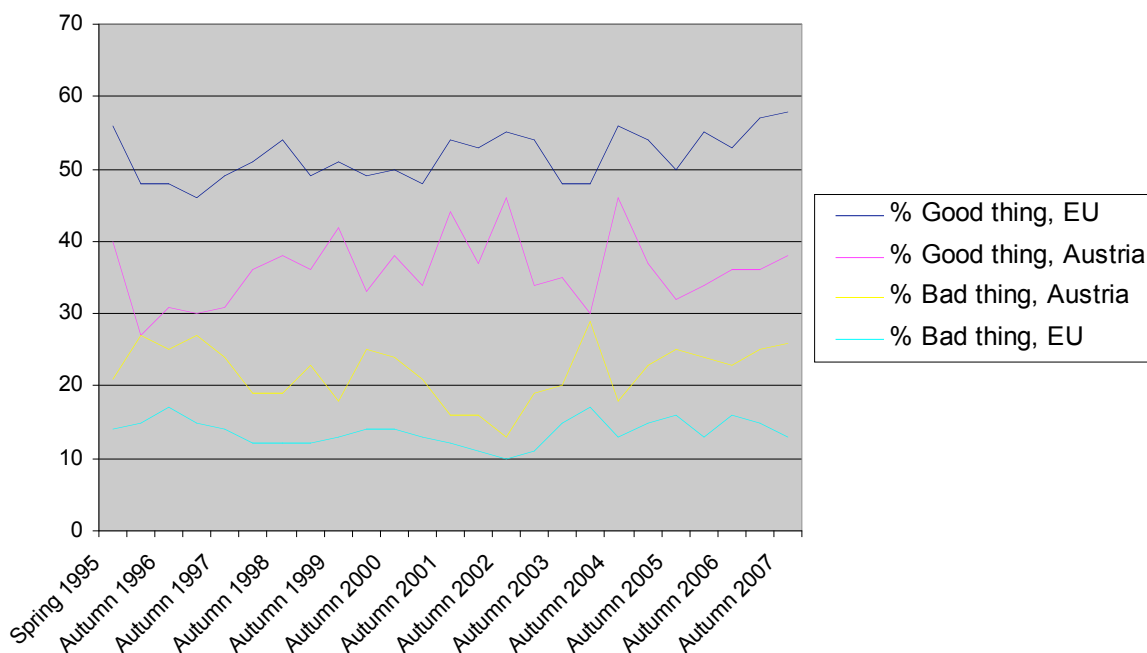
¹⁵⁴ NEUHOLD Hanspeter, “Austria in Search of its Place in a Changing World: From Between the Blocs to Full Western Integration?”, in LUTHER Kurt Richard; PULZER Peter, (eds.), *Austria 1945-95: Fifty Years of the Second Republic*, Ashgate Publishing Company, Brookfield, 1998, p. 211.

material sovereignty as it can now take part in the EU decision-making process as an equal¹⁵⁵. However, Austria has quickly become one of the most sceptical nations within the EU when asked if their own membership in the EU is a *good thing*.

Standard Eurobarometer asks twice a year the following question to citizens of the EU member states: “*Is the membership in the EU in general (a) a good thing, (b) a bad thing, (c) neither good nor bad, (d) do not know*”. Figure 5 shows the support of Austrians for their EU membership. It has experienced a considerable drop after Austria’s accession to the EU in 1995. In spring 1996, Austria has seen the lowest approval rate ever with only 27 % seeing in their EU membership a *good thing*. This equals the disapproval rate which was also at 27 % in that year. Only once more, in spring 2004, did the number of Austrians seeing in the EU membership a *good thing* (30 %) or a *bad thing* (29 %) come so close together. The number of Austrians seeing in their membership a *bad thing* has therefore never been higher than the one seeing it as a *good thing*.

During the whole observed period, the approval rate for EU membership was considerably below the EU average while the disapproval of EU membership has been above the EU average. Furthermore, according to *Eurobarometer*, Austria experienced several times the lowest number of supporters that see their own EU membership as a *good thing*.

Figure 5 : Approval and disapproval of EU membership in Austria and the total EU member states in comparison



Source: Standard Eurobarometer 43, 45-68, own compilation. The question asked was : “*Is the membership of Austria in the EU in general (a) a good thing, (b) a bad thing, (c) neither good nor bad, (d) do not know*”.

Swings of approval or disapproval of Austrian participation in the EU have been considerable during the last 12 years. In 2000, support of their own EU membership decreased since *sanctions* against the Austrian government by the other 14 EU member states were put in place due to the formation of an Austrian coalition government of the ÖVP and the populist and nationalist FPÖ. In 2004, shortly before the Eastern enlargement of the EU, the approval of Austrians to their EU membership has seen another significant low. This can be explained by the fact that Austrians disapproved of the 2004 EU Eastern enlargement considerably stronger than did the EU average.

¹⁵⁵ Norway on the other hand decided not to join the EU and stayed only in the EEA. Therefore, they could apparently safeguard their formal sovereignty but suffered a loss in material sovereignty instead. As a member of the EEA, the *Acquis Communautaire* applies also to Norway. Yet, in contrast to an EU member, co-decision is extremely limited, as Norway cannot participate as an equal with other EU members.

Saurwein (*et al.*) see the media as a possible source of the distinctive criticism of Austrians towards the EU. Television is the main information source of EU politics for the Austrian population with 66 % (EU 25 = 66 %), followed by daily newspapers with 58 % (EU 25 = 42 %). The media can play a central role for EU scepticism in Austria due to media populism which is a consequence of the increasing *tabloidism* of large parts of the Austrian print, radio and television media in recent years. In this respect, the Austrian tabloid *Neue Kronen Zeitung*¹⁵⁶, plays a dominant role¹⁵⁷. The daily readership of this newspaper corresponds to 42.2 % of all newspaper readers. As a result, it is currently the most influential newspaper in Austria¹⁵⁸.

However, the long term evolution of Austrian public opinion towards their EU membership does not change dramatically. Even though Austrians are relatively critical of their EU membership, there were always periods where the approval rate of seeing their own membership as a *good thing* increased.

In a long term survey¹⁵⁹, the Austrian Society for European Politics asked Austrians the following question: “*Sollte Österreich, Ihrer Meinung nach, Mitglied der Europäischen Union bleiben oder wieder austreten*”¹⁶⁰? Figure 6 below shows the somewhat surprising result: Austrians seem much less critical towards the EU when being asked in this way rather than leave the option of *neither good nor bad* as in the case of the *Eurobarometer*.

Approval of their EU membership was at a low shortly after their accession with 60 % in June 1995. Highest approval of their membership was reached in November 1999 with 82 % and June/July 2002 with 80 %. The latest available data from June 2005 shows that 66 % of Austrians want to stay in the EU. This comes close to the 66.6 % from June 1994 as Austrians voted for full EU membership. During the observed period, approval of EU membership is on average at 70.85 %. The disapproval rate of Austrian EU membership has been most of the time in the 20 % range. Remarkable are two lows of disapproval in November 1999 and in June/July 2002 with 13 % and 14 % respectively. The disapproval average stays at 22.44 % during the observed period.

¹⁵⁶ While the *Neue Kronen Zeitung* had been on the pro EU accession side during the referendum campaign in 1994, this started to change after the actual EU accession took place. Today, the *Neue Kronen Zeitung* is a fierce critic of Austrian EU membership.

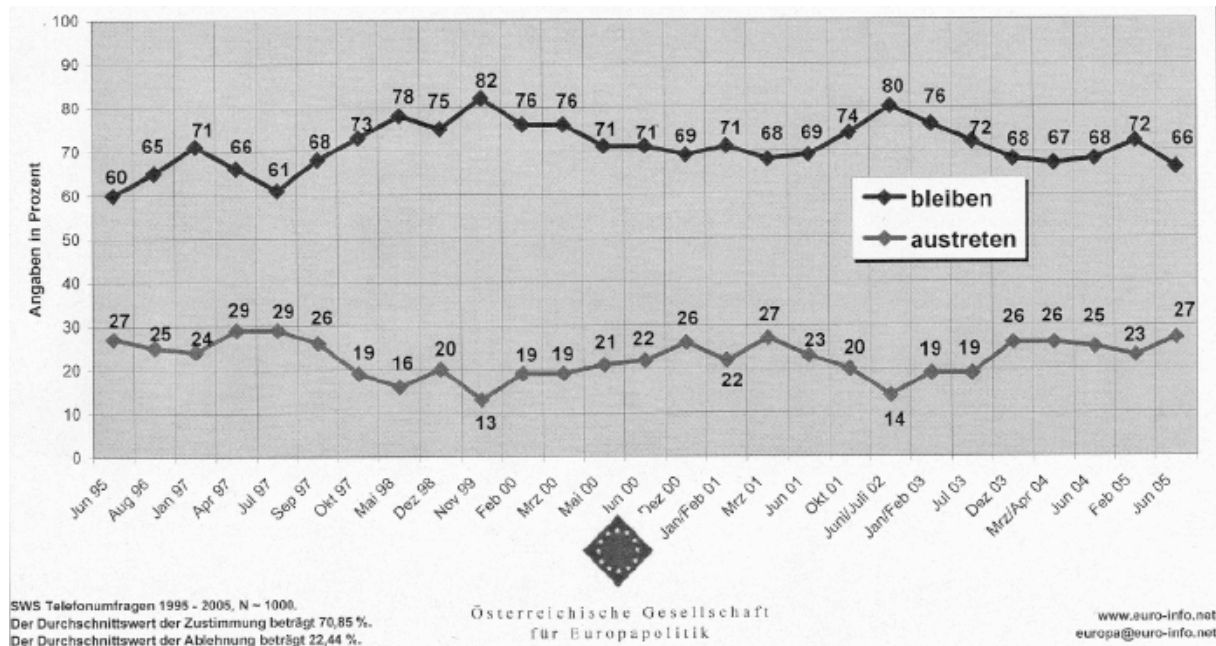
¹⁵⁷ SAURWEIN Florian (*et. al.*), *Europäisierung der Österreichischen Öffentlichkeit: Mediale Aufmerksamkeit für EU Politik und der veröffentlichte Diskurs über die EU-Erweiterung*, Universität Wien, Wien, 2006, p. 37-39, on <http://www.univie.ac.at/Publizistik/Europaprojekt/datei/pub/europaeisierung-final-rep.pdf>, consulted March 10, 2008.

¹⁵⁸ KommAustria, *Ergebnis der Erhebung der Reichweiten und Versorgungsgrade gemäß § 11 PrTV-G*, Kommunikationsbehörde Austria, Wien, March 28, 2008, p. 1, on http://www.rtr.at/de/rf/ReichweitenVeroeff/Reichweitenerhebung_M%C3%A4rz_2008.pdf, consulted May 28, 2008.

¹⁵⁹ Österreichische Gesellschaft für Europapolitik, *Österreicher wollen in der EU bleiben*, Wien, 2005, pp. 1-13, on http://cms.euro-info.net/received/_3299_Studie.pdf, consulted March 9, 2008.

¹⁶⁰ “*Should Austria, in your opinion, stay a member of the European Union or rather leave*”?

Figure 6 : Should Austria, in your opinion, stay (bleiben) a member of the European Union or rather leave (austreten) ?



Source: Österreichische Gesellschaft für Europapolitik, on http://cms.euro-info.net/received/_3299_Studie.pdf.

According to the evolution of public opinion in Figure 6, there is an increase of support for EU membership over the years which leaves Austrians less EU critical than generally assumed. It seems that public opinion is more favourable to EU membership when the option *neither good nor bad* is not given and people have to choose between staying or leaving.

Furthermore, according to party affiliation, the survey shows that a huge majority of 88 % of the GA sympathisers approve of Austria's EU membership while 74 % of the ÖVP and 67 % of the SPÖ favour the EU membership of their country. Austrians that are politically unaffiliated seem to be more critical towards the EU, as only 54 % approve of their membership. The number of sympathisers of the FPÖ was too small for a relevant prediction in this study. However, earlier surveys showed that only every second sympathiser of the FPÖ advocated for staying in the EU.

In addition, the survey from the Austrian Society for European Politics reveals that young Austrians below the age of 25 highly appreciate their EU membership. This acceptance decreases however, with the more advanced age of the interviewee. In addition to this, men tend to have traditionally a more positive attitude of Austria's EU membership than women do. This has never changed since Austrians have been asked this question for the first time in 1995.

5.1. Adaptations and Europeanisation

With the Austrian entry into the EU, a legal and institutional Europeanisation took place in Austria. While Austria took its seats in the EU institutions, the relevant EU law became applicable in its entirety on the Austrian territory.

The concept of Europeanisation looks at the impact of the European Union on states, on societies, on companies and on individuals¹⁶¹. However, up to now, no shared definition has emerged from this concept. One early conceptualisation of this term is by Robert Ladrech who defined Europeanisation as: "[...] an incremental process of re-orienting the direction and shape of politics to the extent that EC political and economic

¹⁶¹ SCHWOK René, *Théories de l'intégration européenne*, Montchrestien, Paris, 2005, p. 16.

dynamics become part of the organizational logic of national politics and policy making”¹⁶². Drawing upon Ladrech’s definition, Claudio M. Radaelli argued that the concept of Europeanisation would refer to: “Processes of (a) construction, (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigm, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies”¹⁶³. Yet, generally speaking, Europeanisation can be referred to as *domestic change caused by European integration*¹⁶⁴.

While Austria’s economy had been Europeanised highly before its short transitional period in the EEA and its successive entry into the EU, the effects of the *Acquis Communautaire* and consequently the process of convergence can be considered as intense. The *Acquis Communautaire* relates mainly to the Single Market and the four freedoms inherent in it which are freedom of movement for goods, persons, capital and services, the common policies such as agriculture, trade, competition, transport and others, and finally also includes the measures to support the least favoured regions and categories of the people¹⁶⁵.

The Single Market was established as from January 1, 1993. It is a good example to illustrate that the adjustments to EU law and its transformation into national law requires time and could be carried out only gradually¹⁶⁶. By November 1, 1997, no less than 359 Directives were not implemented by all EU member states. As a consequence, more than 25 % of all Single Market measures were not applied in all 15 member states. The overall rate of non-transposition varied from 3.2 % in the case of Denmark, up to 10.1 % in the case of Austria¹⁶⁷. By April 15, 2002, progress has been made and 7 of the 15 EU member states were in compliance within the 1.5 % transposition deficit target. All in all, 1,497 Directives and 299 Regulations were related to the Single Market at that time. Austria had reduced its backlog considerable with 2.1 % outstanding Directives and shared the 9th place together with Portugal. In the case, when EU Directives are implemented only incompletely or not at all, the European Commission will initiate an infringement procedure. By the end of February 2002, the European Commission had to deal with 1,508 cases of non-conformity or incorrect application of Internal Market law. With 80 open cases against Austria, the Alpine republic was in the midfield¹⁶⁸. By November 10, 2007, 22 of the 27 member states met the 1.5 % transposition deficit target, while 5 member states still lagged behind. 1,630 Directives were related to the Single Market and Austria had reached its best result with its 0.9 % transposition deficit. This equals 14 Directives that were overdue, with the result that Austria can be classified together with Germany on the 9th position regarding transposition of Directives. On first place, Slovakia can be found with 9 directives overdue while the last place is held at the moment by the Czech Republic with 55 directives overdue. Finally, there were 59 infringements proceedings open against Austria by November 1, 2007. This is considerably above the EU 27 average of 49 infringements proceedings¹⁶⁹. However, what can be said in general is that Austria, and the EU as a whole, have improved considerably the transposition and application of the Single Market rules over the last decade. Having said that, improvements still need to be done but they require time.

Legal adjustments also took place in the Austrian Federal Constitution due to its EU membership. “At least four of the six basic principles of the Austrian constitution had to be changed (democratic principle, separation of powers,

¹⁶² LADRECH Robert, “Europeanization of Domestic Politics and Institutions: The case of France”, in *Journal of Common Market Studies*, Blackwell Publishers Ltd., Oxford, 1994, pp. 69-70.

¹⁶³ RADAELLI Claudio M., *Whither Europeanization? Concept stretching and substantive change*, p. 4, on <http://eiop.or.at/eiop/pdf/2000-008.pdf>, consulted May 25, 2008.

¹⁶⁴ VINK Maarten, *What is Europeanization? And Other Questions on a New Research Agenda*, on http://www.rosalux.de/cms/fileadmin/rls_uploads/pdfs/rls-papers-Heilig.pdf, consulted March 10, 2008.

¹⁶⁵ JORGENSEN Knud Erik, *The Social Construction of the Acquis Communautaire: A Cornerstone of the European Edifice*, p. 3, on <http://eiop.or.at/eiop/pdf/1999-005.pdf>, consulted May 23, 2008.

¹⁶⁶ BREUSS Fritz, *Austria, Finland and Sweden after 10 Years in the EU: Expected and Achieved Integration Effects*, Europainstitut: Wirtschaftsuniversität Wien, Wien, 2005, pp. 20-21, on http://epub.wu-wien.ac.at/dyn/virlib/wp/eng/mediate/epub-wu-01_806.pdf?ID=epub-wu-01_806, consulted May 5, 2008.

¹⁶⁷ European Commission, *Internal Market Scoreboard*, Edition 1 from November 19, 1997, p. 2, on http://ec.europa.eu/internal_market/score/docs/score01/score_en.pdf, consulted May 25, 2008.

¹⁶⁸ European Commission, *Internal Market Scoreboard*, Edition 10 from May 16, 2002, pp. 5-6, on http://ec.europa.eu/internal_market/score/docs/score10/score10_en.pdf, consulted May 25, 2008.

¹⁶⁹ European Commission, *Internal Market Scoreboard*, Edition 16 bis from February 14, 2008, pp. 7-21, on http://ec.europa.eu/internal_market/score/docs/score16bis/score16bis_en.pdf, consulted May 25, 2008.

federal principle, rule of law)¹⁷⁰. As a consequence, the Austrian Constitution was changed by 6 new articles that were introduced under the new heading *European Union*¹⁷¹. Article 23a comprises the elections to the European Parliament. Article 23b specifies additional conditions for members of the European Parliament. Article 23c specifies the conditions for the appointment of members in the EU institutions. Article 23d defines the information duty of the federal government of all projects within the framework of the EU that affect the autonomous sphere of the *Länder*. Article 23e deals with the rules for the participation of the Austrian parliament in the decision making process of the Austrian ministers in the Council of ministers. Finally, article 23f specifies Austria's participation in the CFSP and the Police and Judicial Co-operation in Criminal Matters.

There were fears in Austria that the Austrian government could gain more power with EU membership as it would gain a privileged access to EU decision making. The government could take part in package deals on the give-and-take basis which then would be outside the control of national actors. *"The Austrian parliament by contrast would not only lose its monopoly on passing 'Austrian' legislation because of regulative competencies being shifted to the EU level"*¹⁷². Article 23e of the Austrian Federal Constitution was introduced in order to control the government in EU affairs. Article 23e § 2 states that: *"Is the competent member of the Federal Government in possession of an opinion by the National Council about a project within the framework of the European Union which shall be passed into Federal law or which bears upon the issue of a directly applicable juridical act concerning matter which would need to be settled by Federal legislation, then the member is bound by this opinion during European Union negotiations and voting. Deviation is only admissible for imperative foreign and integrative policy reasons"*¹⁷³. Therefore, the Austrian National Assembly can issue an opinion which will be binding to the Austrian members of government in EU-level negotiations and votes. This is most notable in projects that lead to mandatory law i.e. new EU Directives or Regulations. However, the control of the Austrian parliament over its government has not been a success story so far. Furthermore, Austria has made its *bad experiences* as the case of an EU Directive, concerning animal transport,t has illustrated. Austria was outvoted and it became clear that in cases of majority voting in the EU, the national parliaments do not have direct control over the EU decision making in such cases. *"Experiencing this, after having lost approximately 70 % of their law-making powers to the EU, was a harsh lesson for many Austrian members of parliament – despite the fact that they had known about it in theory long before accession"*¹⁷⁴. The Treaty of Lisbon proposes now a greater involvement of the National parliaments. *"[...] national parliaments will have greater opportunities to be involved in the work of the EU, in particular thanks to a new mechanism to monitor that the Union only acts where results can be better attained at EU level (subsidiarity)"*¹⁷⁵.

After Austria's entry into the EU, also the *Länder's* and municipality's rights of participation in the domestic decision-making process regarding EU issues had to be defined in the Austrian constitutional law¹⁷⁶.

Austria is a Federal state with 9 *Länder*. *"Although the legislative powers of the Austrian Länder were already quite limited before 1994, EEA and subsequently EU membership eroded them even more"*¹⁷⁷. The *Länder* traditionally possessed competences in the following matters: planning and building laws, communal law, hunting rights, nature protection, local police, etc.. With accession to the EU, the *Länder* were affected by sovereignty constraints and a shift of competences from the subnational to the supranational body took place in some cases. This concerns the regulation of property markets, planning and building laws, hunting, parts of air pollution control, waste management, public welfare law, nature and animal protection, etc.¹⁷⁸.

¹⁷⁰ BREUSS Fritz, *Austria's Approach towards the European Union*, *op. cit.*, p. 14.

¹⁷¹ Bundeskanzleramt Österreich, *Federal Constitutional Law of Austria*, pp. 15-18, on http://www.ris.bka.gv.at/erv/erv_1930_1.pdf, consulted May 25, 2008.

¹⁷² FALKNER Gerda, *op. cit.*, p. 4.

¹⁷³ Bundeskanzleramt Österreich, *op. cit.*, p. 17.

¹⁷⁴ FALKNER Gerda, *op. cit.*, p. 5.

¹⁷⁵ European Union, *op. cit.*

¹⁷⁶ TSCHIRF Matthias, "Der Bundesstaat und die Europäische Integration", in SCHAMBECK Herbert (ed.), *Bundesstaat und Bundesrat in Österreich*, Verlag Österreich, Wien, 1997, p. 229.

¹⁷⁷ FALKNER Gerda, *op. cit.*, p. 6.

¹⁷⁸ TSCHIRF Matthias, *op. cit.*, pp. 223-226.

There were demands for a new distribution of competences between the central government level and the *Länder* level. “*That the planned reform of the Bundesstaat, which was intended to counterbalance losses of the Länder in the multi-level political system of the EU, was never adopted, is a significant setback for Austrian federalism*”¹⁷⁹. However, in May 2008, no solution regarding reforms of the Federal State is within sight. The governors of the *Länder* have dismissed the draft regarding the reform of the Federal state, saying that such a reform must not be carried out on the expenses of the *Länder*¹⁸⁰.

The participation of the *Länder* in European integration affairs on the other hand is regulated in article 23d of the Austrian Federal Constitution. Article 23d § 1 regulates the following: “*The Federation must inform the Laender without delay regarding all projects within the framework of the European Union which affect the Laender’s autonomous sphere of competence or could otherwise be of interest to them and it must allow them opportunity to present their views within a reasonable interval to be fixed by the Federation. [...]*”¹⁸¹. However, while this procedure is similar to the procedure of the Austrian National Assembly in article 23e, the *Länder*’s rights go not as far as the ones of the National Assembly. “*The procedure resembles the participation of the Nationalrat in the same field, but the provinces have less far-reaching rights*”¹⁸².

5.2. Austria’s Neutrality

An Austrian EU membership has been considered impossible for several decades due to reasons of foreign and security policy, i.e. the Austrian neutrality. Today, as it has always been for the last 50 years, the Austrian population seems to like its Neutrality status as much as their Lipizzan horses, waltzes or the famous *Mozartkugeln*. Austria’s neutrality status is highly renowned by its citizens and it is therefore interesting to see the Austrian public opinion regarding a common European Army before looking at the opinion of the Austrian politicians in this matter.

For this purpose, the Austrian Society for European Politics (*Österreichische Gesellschaft für Europapolitik*) conducted a study¹⁸³ with some interesting results in 2002, a time, when EU membership was highly acknowledged in Austria. (See Figure 6 above). One of the questions asked was: “*In einigen Jahren wird die Europäische Union wahrscheinlich 25 Mitgliedstaaten haben. Sollte es dann, Ihrer Meinung nach, innerhalb der EU 25 verschiedene Armeen geben oder sollte eine gemeinsame Europäische Armee geschaffen werden*”¹⁸⁴? 17 % responded that there should be 25 separate armed forces, 10 % did not know or had no answer and the huge majority of 73 % consented to a Combined European Force. The acceptance for the creation of a Combined European Force was high across all political lines in Austria. Over 75 % of the supporters of the ÖVP, the SPÖ, the FPÖ and the GA considered it favourably. The most critical were the politically unaffiliated interviewees with still approximately 66 % in favour.

The questioning continued: “*Nehmen wir an, es kommt zur Bildung einer gemeinsamen Europäischen Armee. Sollte Österreich Ihrer Meinung nach daran teilnehmen*”¹⁸⁵? Here, 63 % responded that yes, Austria should take part in a Combined European Force. 33 % were against such a participation and 4 % did not know or had no answer. Supporters of the ÖVP favour Austrian participation with 80 %. Followed by the SPÖ with 64 %, the GA with 63 % and the Supporters of the FPÖ with 57 %. Again the lowest support comes from the politically unaffiliated with 54 %.

The most interesting question was: “*Sollte Österreich nach Schaffung einer gemeinsamen Europäischen Armee seine Neutralität aufgeben*”¹⁸⁶? Here, 28 % responded with yes, 3 % did not know or had no answer but a majority

¹⁷⁹ FALKNER Gerda, *op. cit.*, p. 7.

¹⁸⁰ Press conference of the governors of the “*Länder*”, “*Landeshauptleute lehnen Entwurf zu Bundesstaatsreform ab*”, in *Der Standard*, 07.05.2008.

¹⁸¹ Bundeskanzleramt Österreich, *op. cit.*, p. 16.

¹⁸² FALKNER Gerda, *op. cit.*, p. 7.

¹⁸³ Österreichische Gesellschaft für Europapolitik, *25 Armeen oder eine? Die Einstellung der Österreicher zu einer gemeinsamen Europäischen Armee*, Wien, 2003, pp. 1-16, on http://cms.euro-info.net/received/_1965_Studie1.pdf, consulted March 11, 2008.

¹⁸⁴ “*In a few years the European Union will most likely comprise 25 member states. Should there, in your opinion be 25 separate armed forces within the European Union or just one common European Armed Force*”? *Ibid.*, p. 3.

¹⁸⁵ “*Assuming that a common European Armed Forces is established, do you think that Austria should participate*”? *Ibid.*, p. 5.

¹⁸⁶ “*Should Austria relinquish its neutrality if a common European Armed Forces is established*”? *Ibid.*, p. 15.

of 69 % wanted that Austria keeps its neutrality status. According to party support we see that sympathizers of the ÖVP with 44 % and the GA with 35 % are the most willing to give up Austria's neutrality in case of the creation of a common European Armed Force with Austrian participation. Only 20 % of FPÖ supporters, 18 % of the politically unaffiliated and 17 % of the SPÖ affiliates would be ready for such a move.

However, the somewhat paradoxical outcome of this survey is that a majority of 63 % of Austrians are in favour of Austrian participation in a Combined European Force while at the same time only 28 % of the people questioned want to see Austria's neutrality status being given up. Therefore, one must consider what is understood by a security and defence policy. For those that are in favour of an Austrian participation in a Combined European Force, this means that Austria should appropriate medical corps (96 %), civil defence units (90 %), mountain troops (69 %), but only a minority of them declared wanting to appropriate ground troops (46 %) or just to contribute financially (16 %)¹⁸⁷.

Even though Austrians are fond of their neutrality status, they are not generally opposed to the idea of a European armed force within the EU according to this survey. During a press conference, Heinz Kienzl, vice-president of the Austrian Society for European Politics commented the conclusions of the survey above the following way: *“Die Neutralität ist für die Österreicher so, wie ein alter BMW: er springt schlecht an und ist reparaturanfällig”*¹⁸⁸. He described the relation of Austrians towards their neutrality status as a *very emotional issue*. Mr. Kienzl referred to an earlier survey where a clear majority of 68 % of Austrians have seen neutrality as an absolutely essential element of the Austrian state. According to him: *“Man möchte das Nicht-mehr-up-to-date-Sein der Neutralität nicht gerne zur Kenntnis nehmen”*¹⁸⁹. Austrians seem ready to contribute for a common European defence. The initiators of the survey recognise the Austrians' willingness not to be *free riders* or *parasites* in the question of a common European defence. The Austrian population wants to maintain and secure peace, and therefore wants to participate actively in peacekeeping and the prevention of war. However, a majority of 77 % of interviewees declared that such a common European Armed Force should be deployed in peacekeeping missions only and not for peace enforcement missions¹⁹⁰.

In contradiction to the quite constant view the Austrian citizens have regarding the Austrian neutrality status, their politicians seem to have a considerably wider range of opinions regarding this question. Their spectrum ranges from demands of abrogation of the neutrality status or even an Austrian NATO membership on the one side, to a clear avowal of Austrian Neutrality on the other. *“Die Bezeichnungen differieren von ‘Lebenslüge’ über ‘Mythos’ bis hin zum ‘Symbol für die Sicherheit Österreichs’”*¹⁹¹. What becomes evident since the fall of the Berlin Wall is that the acknowledgement of the Austrian politicians regarding their neutrality status has not been stable, with opinions being revised occasionally.

A good example is the former Federal Chancellor and ÖVP leader, Mr. Schüssel who stated during his time as Foreign Minister in 1995 that the Austrian Neutrality was not obsolete. Yet, in January 1996, he declared that he was not against an Austrian WEU membership. Just two months later he added that Neutrality was in many aspects *totes Recht* (dead law) and that solidarity would precede neutrality in case of an Austrian participation in a European security policy concept. In autumn 1996, Mr. Schüssel saw a possible NATO membership compatible with the Austrian Neutrality status but two years later, in 1998, the end of the *traditional* Neutrality had come for him. This rejection of the Neutrality on part of the ÖVP was observed until 2004, when the ÖVP was bound anew to the avowal of the Neutrality concept¹⁹², with Mr. Schüssel stating in 2005 that the core of the Austrian Neutrality concept will stay¹⁹³. Consequently, in

¹⁸⁷ *Ibid.*, p. 7.

¹⁸⁸ *“For Austrians, neutrality is like an old BMW: it starts reluctantly and is prone to breaking down”*. Press Conference of the Austrian Society for European Politics, *Studie “25 Armeen oder eine?”*, on http://www.bmlv.gv.at/pdf_pool/publikationen/bericht-25_armeen.pdf, consulted April 20, 2008.

¹⁸⁹ *“One does not easily want to acknowledge that Neutrality is out of date”*. *Ibid.*

¹⁹⁰ *Ibid.*

¹⁹¹ *“The characterization vary from ‘life-lie’, to ‘myth’ right up to ‘symbol for the Austrian security’*. *DiePresse.com*, *“Neutralität so beliebt wie Mozartkugeln”*, 28.08.2007, on <http://diepresse.com/home/politik/innenpolitik/326155/index.do>, consulted June 4, 2008.

¹⁹² *Ibid.*

¹⁹³ *Der Standard*, *“Kern dieser Neutralität bleibt”*, 27.10.2005.

their election manifesto of 2006, the ÖVP revealed that: *“Wir bekennen uns daher zu einer umfassenden Friedenspolitik, bei der die österreichische Neutralität eine spezifische und wichtige Rolle spielt”*¹⁹⁴.

The FPÖ has had a tradition of disapproving of the Austrian Neutrality status since its establishment in the 1950s. This was even more true under the leadership of Mr. Jörg Haider. In the previous party manifesto, the FPÖ articulated this disapproval in the following way: *“Die Neutralität hat als dominierende Handlungsmaxime der österreichischen Außenpolitik ihre Funktion mit dem Zusammenbruch des Ostblockes und dem Ende des ‚Kalten Krieges‘ verloren. Sie wurde, beginnend mit dem UNO-Beitritt 1955, schrittweise aufgegeben und letztlich durch den EU-Beitritt 1995 obsolet. Gleichermassen ist auch der Staatsvertrag von Wien 1955 gegenstandslos [...]”*¹⁹⁵. However, a miraculous change of heart occurred within the FPÖ after the secession of Mr. Haider and parts of the FPÖ in 2005. Since then, the FPÖ not only approves of the Austrian Neutrality status but even accuses other Austrian parties of having undermined it. *“Die Neutralität hat sich als dominierende Handlungsmaxime der österreichischen Außenpolitik seit 1955 bewährt und wirkt identitätsstiftend für die 2. Republik. Mit dem EU Beitritt 1995 wurde die Neutralität in Österreich zunehmend weiter ausgehöhlt und droht innenpolitisch als bloßes Alibi missbraucht zu werden”*¹⁹⁶. In their Election manifesto of 2006, the FPÖ demanded now even the preservation of perpetual Neutrality. *“Die FPÖ fordert die Aufrechterhaltung der Souveränität Österreichs in einem Europa der Vaterländer unter Beibehaltung der Immervährenden Neutralität”*¹⁹⁷.

After the retirement of Mr. Haider from the FPÖ, he participated in the formation of a new right-wing political party, the *Bündnis Zukunft Österreich* (Alliance for the Future of Austria) or BZÖ. During his time as BZÖ leader, Mr. Haider demanded a national referendum on the Neutrality issue. In the mean time however, even in the BZÖ voices were raised, represented by the party’s general secretary Mr. Gerald Grosz, that describe the abolishment of the Austrian Neutrality status as absurd¹⁹⁸.

Also the GA never has had a clear line regarding the Austrian Neutrality status. Officially, the avowal regarding the Neutrality status was defended most of the time. In 2005 however, the GA adopted a resolution that a European army under the command of a European Minister of Defence should supersede the individual national armies within the EU. The GA spokesman for security questions, Mr. Peter Pilz, sees a timeframe of around 10 years until the Austrian population could manifest their opinion regarding this question in a national referendum¹⁹⁹. Yet, in their election manifesto of 2006, the GA repeated their widely known position regarding Austrian Neutrality. *“Wir Grüne treten auch dafür ein, dass Österreichs Neutralität weiterhin bedeutet: keine Teilnahme an Kriegen, keine Stationierung fremder Truppen, kein Beitritt zu einem Militärblock”*²⁰⁰. The GA considers the EU as a *Friedensgemeinschaft* (peace community) and wants to see the three pillars of Austria’s Neutrality being adopted also in the EU²⁰¹.

¹⁹⁴ *“Therefore, we confess to a broad policy of peace in which the Austrian Neutrality plays a specific and important role”*. Election manifesto of the ÖVP 2006, *Kursbuch Zukunft*, ÖVP Bundespartei, Wien, 2006, p. 92, on http://www.oevp.at/download/Kursbuch_lang_web.pdf, consulted June 6, 2008.

¹⁹⁵ *“Neutrality has lost its role as the dominant management principle of Austrian foreign policy after the collapse of the Eastern bloc and the end of the Cold War. Neutrality was, starting with the UNO accession in 1955, gradually abandoned and ultimately became obsolete with the EU accession in 1995. In equal measure, also the ‘State Treaty’ of Vienna of 1955 is obsolete [...]”*. *Wiener Zeitung*, “Positionen und Zitate zum Thema Neutralität”, 2001, on <http://www.wienerzeitung.at/aktuell/2001/neutral/positionen.htm>, consulted June 5, 2008.

¹⁹⁶ *“Neutrality has proved itself reliable as the dominant management principle of Austrian foreign policy since 1955 and acts as identity-establishing for the 2nd Republic. With the accession to the EU in 1995, Neutrality has been undermined increasingly and is threatened to be abused on the domestic front as a mere alibi”*. Party manifesto of the FPÖ 2005, *Das Parteiprogramm der Freiheitlichen Partei Österreichs*, p. 10, on http://www.fpoe.at/fileadmin/Contentpool/Portal/PDFs/Parteiprogramme/Parteiprogramm_dt.pdf, consulted June 6, 2008.

¹⁹⁷ *“The FPÖ demands the upholding of Austrian sovereignty in a Europe of fatherlands among the preservation of perpetual Neutrality”*. Election manifesto of the FPÖ 2006, *Wahlprogramm der Freiheitlichen Partei Österreichs*, p. 10, on http://www.fpoe.at/fileadmin/Contentpool/Portal/PDFs/Dokumente/FP_-Wahlprogramm_NR-Wahl_2006.pdf, consulted June 6, 2008.

¹⁹⁸ *DiePresse.com, op. cit.*

¹⁹⁹ *Ibid.*

²⁰⁰ *“We, the Greens, continue to stand in for a Neutrality meaning: no participation in wars, no stationing of foreign troops, no accession to a military bloc”*. Election manifesto of the GA 2006, *Zeit für Grün: Das Grüne Programm*, p. 25, on http://www.gruene.at/uploads/media/GruenesWahlprogramm2006_04.pdf, consulted June 6, 2008.

²⁰¹ *Ibid.*, p. 25.

Of all important political parties in Austria, the SPÖ upholds Austria's Neutrality status the most. But also in this political party, this status is scrutinised at times. Several years ago, the Austrian SPÖ member of the European Parliament, Mr. Hannes Swoboda, suggested an Austrian national referendum regarding the upholding of Neutrality before the end of this decade. He suggested that Austrian Neutrality could be replaced by a European defence union. However, the Federal Chancellor and SPÖ leader, Mr. Alfred Gusenbauer stated recently that the government had no intention to determine Austria's Neutrality status²⁰². What the SPÖ is seeking, is a common, peace oriented European foreign and security policy which is stated in the current party programme. *“So wenig es heute für Österreich einen plausiblen Grund gibt, einem Militärbündnis beizutreten und auf die österreichische Neutralität zu verzichten, wäre doch ein solches europäisches Sicherheitsystem und eine neue Kultur bei der Bewältigung von Konflikten ein Friedensmodell, dem sich kein europäischer Staat entziehen sollte”*²⁰³.

Finally, the KPÖ, that has sunk into insignificance over the last decades stands for a: *“Aktive Neutralitätspolitik statt Beteiligung an Euroarmee und Battle Groups”*²⁰⁴²⁰⁵. The same fate as the KPÖ has befallen the LF in recent years. The LF did not take part in the 2006 general election and currently only holds one seat in the National Assembly that the party got from the SPÖ list. Regarding Austrian Neutrality, the LF sees it out of date and still demands an Austrian WEU membership as it did over a decade ago²⁰⁶.

After having studied the opinion of Austrian citizens and their politicians, it is now time to analyse Austrian Neutrality from a different angle. With the fall of the Berlin Wall in 1989 and the end of the East-West divide on the European Continent, important effects on the concept, as well as on the practice of Austrian Neutrality could be observed. The events of the Iraqi invasion of Kuwait in 1990 have triggered a *reinterpretation* of the perpetual Neutrality status. *“Concrètement, la reconnaissance d'un devoir de solidarité lors de la guerre du Golfe s'est finalement traduite par une révision, en 1991, du paragraphe 320 du code pénal, qui sanctionne les actions violant la neutralité, ainsi que de la loi fédérale sur l'importation, l'exportation et le transit de matériel de guerre [...] afin de pouvoir autoriser les survols des avions participant à l'opération Desert Shield en Irak”*²⁰⁷. The Austrian decision makers proceeded from the premise that the actions under Chapter VII of the UN Charter were steps taken against an aggressor under the international system of collective security. *“They did not constitute a war within the meaning of the term in international law, and for that reason did not call for the application of neutrality law”*²⁰⁸.

With EU accession, the Austrian Neutrality status has been reduced to the military core of the old concept (not participating militarily in wars, not entering military alliances and not allowing military bases of foreign countries in Austria). *“This excludes a number of economic and political duties that had formerly been a generally accepted part of ‘permanent neutrality’”*²⁰⁹. Furthermore, Austria had to give, together with Sweden and Finland, a joint declaration on Common Foreign and Security Policy stating that: *“The new Member States will, from the time of their accession, be ready and able to participate fully and actively in the Common Foreign and Security Policy as defined in the Treaty on European Union”*²¹⁰. As a consequence, Austria had to adapt its Federal Constitution with article 23f which was later modified repeatedly and states that: *“Austria takes part in the Common Foreign and Security Policy of the European Union by reason of Title V of the Treaty on European Union, as amended by the Treaty of Nice. [...]”*²¹¹. Consequently, the Austrian Neutrality concept had been adapted

²⁰² Die Presse.com, *op. cit.*

²⁰³ *“As much as there is no feasible reason today for Austria to join a military alliance and to abandon Austrian Neutrality, such a European security system with a new culture in the overcoming of conflicts would be a peace model, which no European State should elude itself from”*. Party manifesto of the SPÖ, *SPÖ: Das Grundsatzprogramm*, SPÖ-Bundesgeschäftsstelle, Wien, p. 27, on http://www.spoe.at/bilder/d251/spoe_partei_programm.pdf, consulted June 6, 2008.

²⁰⁴ European Union Battlegroups are military forces under the direct control of the European Council.

²⁰⁵ *“Active Neutrality instead of a participation in a Euro-army and Battlegroups”*. Election manifesto of the KPÖ 2006, *Es gibt eine Alternative*, on <http://alte.kpoe.at/bund/NRW/Wahlplattform.htm>, consulted June 6, 2008.

²⁰⁶ Party manifesto of the LF, *LIF-Programm*, p. 121, on http://alexzach.at/media/alexzach/de_at/PDF/LIF-Programm.pdf, consulted June 6, 2008.

²⁰⁷ LANGE Miriam, *op. cit.*, p. 34.

²⁰⁸ LUIF Paul, *op. cit.*, pp. 144-145.

²⁰⁹ FALKNER Gerda, *op. cit.*, p. 10.

²¹⁰ European Union, *Documents concerning the accession of the Republic of Austria, the Kingdom of Sweden, the Republic of Finland and the Kingdom of Norway to the European Union*, *op. cit.*

²¹¹ Bundeskanzleramt Österreich, *op. cit.*

formally to the new conditions. For the Austrian law professor Mr. Theo Öhliner, Austrian Neutrality is according to article 23f of the Austrian Federal Constitution “*juristisch kein zutreffendes Etikett der Stellung Österreichs in der Staatengemeinschaft mehr*”²¹². Jurists also question Austria’s neutrality status because of the incorporation of the Petersberg tasks that cover a great range of possible military missions, ranging from simple to robust military intervention within the European Defence and Security Policy. “[...] *consacrent le principe de la participation de l’Autriche aux missions prévues par l’article 17, paragraphe 2, TUE (missions de Petersberg) qui soulèvent évidemment des interrogations liées à sa neutralité*”²¹³.

Austrian Neutrality has been *reduced* also linguistically. A group of experts considered in a report for the Austrian ÖVP/FPÖ government in the year 2000 that: “*Eine wesentliche Weiterentwicklung der Neutralität hat mit dem Beitritt Österreichs zur Europäischen Union stattgefunden. Österreich ist so wie Finnland und Schweden bündnisfrei*”²¹⁴.

Mr. Erich Leitner, appointee for strategic studies at the Federal Ministry of Defence, pointed out that internationally nobody believes in the Austrian perpetual neutrality any longer but that within Austria the law of the Federal Constitution counts which has to be obeyed, or else changed²¹⁵. Austrian politicians embrace afresh the Neutrality status as the last couple of years have shown. Keeping in mind the international and the Austrian changes that have occurred over the last two decades, one can say that Austrians do not necessarily see their Neutrality status with a rational but rather an emotional eye.

5.3. The Austrian Economy

The EU (seen as one) is Austria’s main trading partner. The majority of people that voted *yes* in the referendum from April 12, 1994, did so due to expected economic advantages of being integrated in the larger EU market. In the short run however, these expectations were disappointed. In 1996, Professor Fritz Breuss stated that: “*The reason for the frustration of Austria’s population about EU membership one and a half year after EU accession may be found in the mismatch between government propaganda and scientific estimations of integration effects*”²¹⁶.

Mr. Breuss has undertaken many studies regarding the macroeconomic effects of Austrian EU membership. Table 6 below shows his calculations of the welfare effects of the EU membership for Austria for the period 1995 to 1999 with an overall effect that amounts to approximately 1.9 % of GDP²¹⁷.

²¹² “*legally no more an accurate label of the Austrian position in the community of states*”. LUIF Paul, “Die Teilnahme an der Außen-, Sicherheits- und Verteidigungspolitik der EU” in LUIF Paul (ed.), *Österreich, Schweden, Finnland: Zehn Jahre Mitgliedschaft in der Europäischen Union*, Böhlau, Wien, 2007, p. 226.

²¹³ RIDEAU Joël, *Droit Institutionnel de l’Union et des Communautés européennes*, EJA, Paris, 2006, pp. 1039-1042.

²¹⁴ “*A crucial advancement of Neutrality has occurred with the Austrian accession to the European Union. Austria is as Finland and Sweden non-aligned*”. Bericht an den Nationalrat, *Sicherheits- und Verteidigungsdoktrin: Analyse-Teil*, January 2001, p. 67, on <http://www.austria.gv.at/DocView.axd?CobId=795>, consulted June 12, 2008.

²¹⁵ SEIDL Conrad, “Für Österreich öffnet sich ein ‘Window of Opportunity’ [...]”, in *Der Standard*, 10.12.2003, p. 7.

²¹⁶ BREUSS Fritz, *op. cit.*, p. 15.

²¹⁷ BREUSS Fritz, “An Evaluation of the Economic Effects of Austria’s EU membership”, in *Austrian Economic Quarterly*, Wien, 4/2000, p. 191.

Table 6 : Welfare effects of EU membership for Austria: 1995-1999

	as % of GDP, cumulative
<i>Net payment position of Austria as it is a net contributor</i>	- 0.42
<i>Transaction costs in foreign trade, positive due to the abolition of border controls</i>	+ 0.20
<i>General government</i>	+ 0.55
Participation in the CAP, Austria needs to spend less on agriculture	+ 0.78
Customs duties, loses in revenue	- 0.23
<i>Consumer's surplus</i>	+ 1.79
Food price reduction due to participation in the CAP which were passed forward however only on a limited scale	+ 0.06
Tariff reduction vis-à-vis third countries due to entrance in the EU customs union	+ 0.23
Overall effects of trade creation and trade diversion	+ 1.50
<i>Producer's surplus</i>	- 0.21
Agriculture income losses	- 0.59
Agrarian distribution gains, as price advantages due to CAP were passed forward only incompletely to consumers	+ 0.38
<i>Total welfare effects</i>	+ 1.91

Source: BREUSS Fritz, "An Evaluation of the Economic Effects of Austria's EU membership", *Austrian Economic Quarterly*, p. 191.

Most studies, as well as the wide-spread perception in the media and political circles, see a predominantly positive evaluation of Austria's economy due to its EU membership. One example is Christian Mandl, Head of the European Policy Co-ordination Department at the Federal Economic Chamber in Vienna, who is of the opinion that Austrian exports have doubled and Austrian imports have increased in the amount of 75 % due to Austria's accession to the EU between 1994 and 2001. "Der Beitritt zur Europäischen Union hat – [...] – unbestrittene Effekte auf die Intensivierung des Handels"²¹⁸.

In contradiction to that, Adjunct Professor Engelbert Stockhammer of the Vienna University of Economics and Business Administration takes a level-headed assessment in stating that the expected growth spurt due to the Single Market was not reflected in the statistics. Due to the lack of proof of the positive macroeconomic effects of Austria's EU membership, there is a tendency to compensate this with an euphoric assessment. Mr. Stockhammer sees the basis for this positive appraisal in studies such as the ones of Professor Breuss. What is most irritating in his view, is that the results of those studies were treated in current discussions as actual facts. For Mr. Stockhammer however, those studies cannot be seen more than a result of serious scientific simulations which are influenced by both the employed models and the simulation inputs. The *Arbeiterkammer Wien* asked Mr. Stockhammer to conduct a study regarding the EU integration effects on Austria. This simulation can also be regarded no more than an approximation of the reality. In his model, he tried to take into account the supply side effects that materialise due to the liberalisation of the Single Market, as well as the effects on the demand side that result from the restrictive Stability and Growth Pact.

The simulation showed the following effects on Austria due to its EU integration: Since the accession to the EU, economic growth has decreased by approximately 0.2 % per year while inflation has decreased at the same time by 0.8 % per year. As opposed to other studies, Mr. Stockhammer has taken the negative effects on the demand side into account, which result from the Stability and Growth Pact. The expected positive effects of the Single Market could therefore not be realised due to the lack of consumption on the demand side²¹⁹.

²¹⁸ "Accession to the European Union has uncontested effects on the intensification of trade". MANDL Christian, *10 Jahre EU-Volksabstimmung – eine richtige Entscheidung?*, on www.idm.at/index.php?download=108.doc, consulted April 8, 2008.

²¹⁹ STOCKHAMMER Engelbert, *op. cit.*, pp. 90-102.

The contradicting views from above strongly demand a closer analysis of the evolution of Austria's most relevant economic indicators such as GDP growth, employment rate, trade, foreign direct investments and the inflation rate more closely.

5.3.1. Austria's Competitiveness and Economic Freedom

Since its accession to the EU, Austria has seen many changes. For the Institute for Management Development (IMD), Austria has lost in competitiveness in the first few years after its accession. Whereas Austria was ranked 11th in 1995, it was ranked only 24th in 1998. However, from 1999 to 2007, Austria's competitiveness increased again and stayed on the 11th place according to IMD in the year 2007. The Fraser Institute has seen Austria in the 1990s ranked in the high twenties regarding economic freedom. From 1999 onwards, Austria's economic freedom index has improved noticeably and it was ranked on 18th place in 2005. (See Table 7 below).

After the year 2000, Austria has thus seen an increase in competitiveness and economic freedom according to IMD and the Fraser Institute. Taking into consideration the last figures available, we see Austria ranked 18th, respectively 11th.

Even though Austria belongs to the most competitive countries in the world, its competitiveness did not improve significantly over the last years. In 2007, Austria held, as it did in 1995, with the 11th place its best ranking in the world competitiveness scoreboard of IDM. Fritz Breuss sees the overall result of Austria's competition achievements since its EU accession as disappointing. For the majority of Austrian companies, competitive pressures and as a consequence of this, adaptations existed already under the Free Trade Agreements of the 1970s and the participation in the EEA. *"Only those sectors which were protected before (food, energy, telecommunication and other formerly state-owned industries) were exposed to a strong competitive pressure after EU accession"*²²⁰.

Table 7 : Austria's benchmark rankings according to IMD and the Fraser institute

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
World Competitiveness Scoreboard (IMD)	11	16	20	24	18	15	14	13	14	13	17	13	11
Economic Freedom of the World (Fraser Institute)	28	X	25	26	15	16	14	15	15	13	18	X	X

Source: IMD and Fraser Institute, own compilation. Note: X = not available

5.3.2. Austria's GDP

Table 8 below shows the real gross domestic product at market prices. This is the result of the production activity of the nation's resident population. It can be defined as the value of all goods and services produced minus the value of any goods and services that were used in their making.

Austria has seen at all times a positive evolution of its GDP for the period 1992 to 2006. In the years 1998 to 2000 and in 2006, Austria's growth was above 3 % while in the years 1993 and from 2001 to 2002 growth stayed below 1 %. In the EU 15, growth of GDP has been above 3 % in the years 1999 to 2000. Only once has EU 15 growth been below 1 %. This was the year 1993 with a GDP growth of -0.4 %. Since its accession in 1995, Austria has seen with an 2.24 % annual average GDP growth almost the same figure as the EU 15 with an annual average GDP growth of 2.27 % during the same period.

²²⁰ BREUSS Fritz, *Austria, Finland and Sweden after 10 Years in the EU: Expected and Achieved Integration Effects*, op. cit., pp. 22-23.

**Table 8 : Real Gross Domestic Product for the period 1992 to 2006,
(percentage change)**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Austria	2.4	0.3	2.7	1.9	2.6	1.8	3.6	3.3	3.4	0.8	0.9	1.1	2.4	2.0	3.1
EU 15	1.3	-0.4	2.8	2.6	1.7	2.6	2.9	3.0	3.9	1.9	1.1	1.1	2.3	1.5	2.7

Source: OeNB, own compilation

5.3.3. Austria's Employment Rate

Austria's employment rate has decreased after its accession to the EU. From 1996 to 1998, the employment rate was at a constant level of 67.7 %. Afterwards, the employment rate increased slowly with two interruptions in 2001 and 2004. In 2005, Austria reached an employment rate of 68.6 % which equals the level Austria had during its accession year to the EU in 1995. (See Table 9 below).

Austria's employment rate was higher than the employment rate of the EU 15 during the whole period. However, while Austria's employment rate was at times stable or even decreased, the EU 15 area employment rate increased at a constant level and could close the gap considerably with Austria. Consequently, the total average annual growth of the employment rate has been faster in the EU 15 in comparison to Austria.

**Table 9 : Share of persons in working age population (15 to 64 years)
employed for the period 1994 to 2005, (in percent)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Austria	68.3	68.6	67.7	67.7	67.7	68.2	68.2	68.0	68.5	68.7	67.8	68.6
EU 15	59.9	60.3	60.5	60.8	61.7	62.5	63.5	64.1	64.2	64.3	64.8	65.2

Source: OECD, own compilation

5.3.4. Austria's Foreign Trade

Austria has a long history of trade deficits going back to the 1950s. Exports as well as imports have increased steadily since the 1950s until today. However, imports have increased at a faster speed for the period from 1955 to 1994 in comparison to exports. This left Austria with a trade deficit. After Austria's accession to the EU in 1995, this gap between exports and imports has been significantly reduced.

Austria's trade balance has always been negative since 1955 and reached a record level in 1994 with -8,456 million Euros. After its accession to the EU, those numbers were reduced considerably. In 2002, Austria's Foreign trade for the first time materialized a surplus of 296 million Euros. The last figures available predict a second trade surplus of 394 million Euros for the year 2007. This, however, does not prove that Austria trades more with its EU partners. It only shows that Austria's economy has become more internationalised/globalised over the years. (See Table 10 below).

**Table 10 : Exports, Imports and Balance for the period 1996 to 2006,
(in Million Euro)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Exports	44,490	51,962	56,302	60,266	69,692	74,251	77,400	78,903	89,848	94,705	103,742
Imports	51,798	57,430	61,200	65,316	74,935	78,692	77,104	80,993	91,094	96,499	104,201
Balance	-7,309	-5,468	-4,897	-5,050	-5,243	-4,400	296	-2,091	-1,247	-1,793	-459

Source: OeNB, own compilation

Mr. Mandl stated for the period 1994 to 2003 that: *“During the last 10 years our exports increased by 110 % whereas our import figures increased by 80 %. [...] The reason for this boom was not only the intensification of trade relations within the internal Market but the opening up of Central and Eastern European countries after 1989”*²²¹.

Table 11 shows the evolution of exports for the period 1995 to 2006. The evolution of world trade confirms the statement of Mr. Mandl. However, looking closer at the numbers, we see that the proportion of trade with the EU 15, as well as the EU 25²²² has decreased in comparison to total exports. While in 1995 approximately 65.9 % of total exports went to the EU 15, this shrank to 56.8 % in 2006. A similar picture shows total exports to the EU 25 with 76.5 % in 1995 and 69.9 % in 2006. Over the last 12 years, exports to the world increased by 146 %, exports to the EU 15 increased by 112 % and exports to the EU 25 increased by 124 %. Austrian exports to the EU 25 and especially to the EU 15 have increased in absolute terms but have decreased in relative terms to exports to the world.

Integration in an existing trade block generally leads to more trade and a diversion of trade from the *old* trade partners to the *new* trade partners. Fritz Breuss came to the conclusion that: *“The expected theoretical generation of trade through EU accession did not occur”*²²³. Mr. Breuss stated that there were no easy explanations for this trade paradox. According to him, a further improvement was nearly impossible due to Austria’s strong integration into the EU via the Free Trade Agreements of the 1970s, as well as its participation in the EEA since 1994. Furthermore, the weak overall economic development in the EU dampened demand for imports from Austria and the effects of abolition of border controls might have been considerably lower than expected. Finally, the demand of Eastern Europe might have had considerably stronger trade creating effects than the actual EU integration. *“The opening-up of Eastern Europe in 1989 – accompanied by the asymmetric tariff liberalization with the Europe Agreements (EAs) – created new ‘emerging markets’ in the neighborhood”*²²⁴.

**Table 11 : Exports for the period 1995 to 2006,
(in Billion Euro)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
World	42.15	44.49	51.96	56.30	60.27	69.69	74.25	77.40	78.90	89.85	94.71	103.74
EU 15	27.77	28.53	32.24	36.00	37.84	42.57	45.15	46.52	47.17	53.09	55.45	58.90
EU 25	32.23	33.60	38.92	43.05	45.34	51.31	54.30	56.21	57.16	64.52	67.41	72.50

Source: Statistik Austria, own compilation

²²¹ MANDL Christian, *op. cit.*

²²² For the observed period, I analysed the 10 new member states that joined the EU in 2004 which are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, Cyprus and Malta.

²²³ BREUSS Fritz, *Österreich, Finnland und Schweden in der EU – Wirtschaftliche Auswirkungen*, Österreichisches Institut für Wirtschaftsforschung, Wien, 2003, pp. 10-12, on http://www.wifo.ac.at/wwa/servlet/wwa.upload.DownloadServlet/bdoc/WP_200.PDF, consulted March 10, 2008.

²²⁴ BREUSS Fritz, *Austria, Finland and Sweden after 10 Years in the EU: Expected and Achieved Integration Effects*, *op. cit.*, p. 18.

Imports have grown with a slower pace in comparison to exports. However, we see the same picture as with exports above. While imports from the EU 15 and EU 25 have increased in absolute terms, they have decreased in relative terms to imports from the world. While imports from the world increased at 114 %, imports from the EU 25 increased at 101 % and imports from the EU 15 only increased at 89 %. (See Table 12)

**Table 12 : Imports for the period 1995 to 2006,
(in Billion Euro)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
World	48.55	51.80	57.43	61.20	65.32	74.94	78.69	77.10	80.99	91.09	96.50	104.20
EU 15	35.04	36.68	39.61	42.58	44.93	49.57	51.45	50.68	52.83	60.59	62.55	66.31
EU 25	38.14	40.48	44.31	47.89	50.75	56.69	59.16	58.46	61.46	70.27	72.40	76.80

Source: Statistik Austria, own compilation

5.3.5. Austria's Foreign Direct Investment

The Table below shows FDI made by Austrian investors in the EU 15, the Central and Eastern European Countries²²⁵ (CEECs) and the total FDI flow abroad in a given year. Whereas a minus (-) indicates a net investment abroad, a plus (+) results from a reduction in outward FDI.

Since Austria's accession to the EU, Austria's outward FDI has increased rapidly. In comparison to the year 1994, total FDI has increased 8 times in the year 2005, from -1,043 million Euros to -8,060 million Euros. Furthermore, the figures show that the EU 15 and CEECs are the favourite places for Austrian investors. While in the first years a more or less equal amount flowed to the EU 15 and the CEECs, the flow to the CEECs has increased considerably in their favour since the year 2001. Comparing the figures for the period 2001 to 2005, they show that Austria invested -6,239 million Euros in the EU 15 and -18,962 million Euros in the CEECs. Noticeably, Austria has seen a reduction in outward FDI in the EU 15 area in the amount of 855 million Euros in the year 2001.

Austria's direct investment, as well as the foreign direct investment in Austria (See Tables 14 and 15) are powerful indicators that Austria's economy has become strongly internationalised since its accession to the EU in 1995. The prospects of several CEECs joining the EU in 2004²²⁶ and 2007²²⁷ highlighted the change of investment flows to that region. Christian Mandl stated that: *"Our country today is the largest investor in Slovenia, Croatia, Romania and in Bosnia-Herzegovina; No. 3 in Slovakia, Czech Republic and Hungary and No. 5 in Bulgaria"*²²⁸.

²²⁵ The Following 19 countries will be considered as CEECs. Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Rumania, Russia, Serbia-Montenegro, Slovak Republic, Slovenia, Ukraine.

²²⁶ Several CEECs joined the EU May 1, 2004. Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia.

²²⁷ Two other CEECs joined the EU on January 1, 2007. Bulgaria and Rumania.

²²⁸ MANDL Christian, *The effects of Austria's integration into the EU, op. cit.*

**Table 13 : Austrian Direct Investment Abroad for the period 1994 to 2005,
(Transactions in Million Euro)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU 15	-364	-312	-487	-817	-1,338	-1,013	-3,068	855	-868	-1,990	-1,320	-2,816
CEEC 19	-370	-401	-416	-942	-777	-1,035	-2,522	-3,075	-4,388	-3,642	-4,124	-3,733
Total FDI	-1,043	-828	-1,488	-1,762	-2,469	-3,098	-6,230	-3,506	-6,170	-6,323	-6,685	-8,060

Source: OeNB, own compilation

Table 14 below shows the stocks of FDI at the end of a given year by Austrian investors in the EU 15, the CEECs and the total capital of FDI abroad.

The figures from the total capital of FDI abroad confirm the findings from above. The EU 15 and the CEECs are the favourite places for Austrian investors. However, while Austria's total FDI stock has increased 4 times in the EU 15, from 4,009 million Euros in 1995 to 16,308 in the year 2004, at the same time total FDI stock has increased nearly 8 times in the CEECs, from 2,425 million Euros to 18,878 million Euros! Since 2003, the CEECs have become the most important place for Austrian investors. The aspects of several CEECs joining the EU and with it the acceptance of the *Acquis Communautaire* may be an explanation for this huge increase of FDI stock in that region. René Dell'mour from the Austrian National Bank stated that: "*The most striking feature of Austrian direct investment abroad is again the overwhelming share accounted for by Europe, 90 % of Austrian shareholdings are located within Europe. Austrian FDI has a clear focus on Central, Eastern and Southeastern Europe, [...]*"²²⁹. A reduction of importance of Austrian direct investment in the EU 15 (in relation to the CEEC 19) can be observed in Table 14. While in 1995 about 50 % of Austria's total FDI capital was invested in the EU 15, this declined to one-third in the year 2004.

**Table 14 : Austrian Direct Investment Abroad for the period 1995 to 2004,
(Total capital in Million Euro)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU 15	4,009	4,724	5,273	6,808	8,463	11,257	12,360	15,124	15,278	16,308
CEEC 19	2,425	3,017	4,033	4,333	5,483	8,026	11,548	14,745	16,295	18,878
Total	8,674	10,396	12,863	14,912	19,039	26,674	32,351	40,512	44,308	49,765

Source: OeNB, own compilation

5.3.6. Foreign Direct Investment in Austria

One important argument in favour of EU membership involved Austria as a business location. FDI made by non-resident investors in Austria by the EU 15, the CEECs and the total FDI flow into Austria is shown on Table 15. Whereas a plus (+) indicates a net investment in Austria, a minus (-) results from a decrease in inward FDI.

The EU 15 has been by far the major investor of FDI in Austria during the period from 1994 to 2005. While comparing the figures of 1994 and 2005, it becomes evident that the EU 15 has gained in importance as an investor. While the share of the EU 15 FDI in Austria was at a level of 59.7 % of total FDI in the year 1994, this share increased to 84.8 % in the year 2005. The CEECs however are quite

²²⁹ DELL'MOUR René, *Trends in Foreign Direct Investment – the Austrian Perspective*, on http://www.oenb.at/de/img/dellmour_tcm14-49019.pdf, consulted March 9, 2008.

negligible as investors in Austria with an annual average of 69.5 million Euros, compared to the EU 15 with an annual average of 3,200 million Euros during the observed period.

**Table 15 : Foreign Direct Investment in Austria for the period 1994 to 2005,
(Transactions in Million Euro)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU 15	1,042	804	2,948	1,492	4,372	2,093	7,747	5,706	-252	4,033	2,287	6,132
CEEC 19	3	10	12	37	65	266	-2	1	-35	110	146	221
Total FDI	1,745	1,395	3,405	2,354	4,078	2,792	9,595	6,615	379	6,330	3,133	7,273

Source: OeNB, own compilation

While there is a certain reciprocity of the amount of FDI investment between the EU 15 and Austria, this cannot be said at all between the CEECs and Austria.

The Table below shows the stock of FDI in Austria by non-resident investors from the EU 15, the CEECs and the total capital of FDI in Austria.

The figures from the total capital FDI in Austria confirm the findings from above. The EU 15 is by far the major investor in Austria. For the year 2004 it can be said that: *“A closer look at the details identifies Germany as the main investor in Austria. While German investors account for roughly 9 % of worldwide FDI according to UNCTAD²³⁰, their direct investment share in Austria is 38 %. Only a few years ago this share peaked at approximately 47 %”²³¹*. The share of EU 15 FDI was at a level of 71.3 % of total FDI in Austria in the year 2004. In comparison to that, in the same year, the part of CEECs was at only 1.69 % of total FDI in Austria. FDI inflow has increased significantly since Austria’s accession to the EU in 1995. The total FDI has increased 3.1 times during this period, from a total of 14,458 million Euros in 1995 to 45,765 million Euros in 2004. Inflows of foreign capital in such a high proportion can be interpreted as an increase in international competitiveness of the Austrian economy. The part of the EU 15 has increased 3.4 times from 9,722 million Euros in 1995 to 32,647 million Euros in 2004. Austria’s integration and connection with its EU 15 partners have increased further during the above mentioned period. (See Table 16 below).

**Table 16 : Foreign Direct Investment in Austria for the period 1995 to 2004,
(Total capital in Million Euro)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU 15	9,722	10,551	12,540	14,572	16,673	25,389	30,352	30,240	30,803	32,647
CEEC 19	207	252	328	350	89	362	506	546	651	774
Total	14,458	15,626	17,922	20,117	23,364	32,704	38,952	41,488	42,632	45,765

Source: OeNB, own compilation

5.3.7. Trade Relations between Austria and the CEECs

Austria has seen an enormous boost in exports since its accession to the EU. Austria’s exports have increased constantly to the EU 15, the 10 new EU members, as well as to the rest of the world. Exports to the EU 15 have increased from 24.1 billion Euros in 1994 to 52.5 billion Euros in 2004. That is a huge success. While exports to the rest of the world have increased from 9.3 billion Euros in 1994 to 26.6 billion Euros in 2004, exports to the 10 new EU members have increased from 3,8 billion Euros in

²³⁰ United Nations Conference on Trade and Development.

²³¹ DELL’MOUR René, *op. cit.*

1994 to 11.3 billion Euros in 2004. This implies that the success story lies with the export increase to the EU 15. Does it really?

Table 17: Trade development between Austria, the 10 new EU members and the rest of the world for the period 1994 to 2004, (in Billion Euro)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU 15	24.1	27.8	28.5	32.2	36.0	37.8	42.6	45.1	46.5	47.1	52.5
10 new EU members	3.8	4.5	5.1	6.7	7.0	7.5	8.7	9.2	9.7	10.0	11.3
Rest of the world	9.3	9.9	10.9	13.0	13.3	14.9	18.4	20.0	21.2	21.6	26.6

Source: Statistik Austria, own compilation

However, Austria has had a trade deficit with the EU 15 in the last years. The evolution of trade relations with the 10 new²³² EU members that joined May 1, 2004, shows that Austria's trade balance turned positive only in 2002 (See Table 10) because of the intensified trade between Austria and those newcomers. During the whole period from 1995 to 2005, Austria could profit from a considerable trade surplus with those new EU member states which is confirmed below. Hence, the improvement of the Austrian trade balance comes mainly from the trade with those CEECs (+ Cyprus and Malta) and the increase of trade with the rest of the world but not from the intensified trade with the other EU 15. (This confirms our findings from point 5.3.4. Austria's Foreign Trade).

Table 18: Trade development between Austria and the 10 new EU members, for the period 1995 to 2005, (in Billion Euro)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Export	4.5	5.1	6.7	7.0	7.5	8.7	9.2	9.7	10.0	11.4	11.7
Import	3.1	3.8	4.7	5.3	5.8	7.1	7.7	7.8	8.6	9.7	9.7

Source: Statistik Austria

5.3.8. Outward and Inward FDI Flows of Austria and the CEECs in Comparison

Table 19 shows the stocks of FDI at the end of a given year by Austrian investors in the CEECs. Also shown is the stock of FDI in Austria by non-resident investors from the CEECs in comparison.

What is striking, is the inequality of the figures between the FDI invested by Austria in the CEECs and the investment by the CEECs in Austria. While Austria's total FDI stock has increased nearly 8 times in the CEECs, from 2,425 million Euros to 18,878 million Euros, the CEECs investment in Austria has increased only 4 times, from 207 million Euros to 774 million Euros during the period from 1995 to 2004. Obviously, Austria sees the CEECs as a great place to invest. René Dell'mour sees a correlation between FDI in the CEECs and accession perspective to the EU. *"While in the case of Hungary and the Czech Republic investments were strongest even before the two countries applied for EU membership, one can assume a correlation with the accession perspective in the case of these new member states"*²³³. (Estonia, Latvia, Lithuania, Poland Slovakia, Slovenia). Austria, as a high income country, tends to have a positive outward balance. Contrary to that, the CEECs are transition countries and have, in general, a negative outward balance. This explains the enormous inequality between Austria and the CEECs regarding their reciprocal FDI investments.

²³² See footnote 22. Cyprus and Malta too, joined May 1, 2004. However, the economies of Cyprus and Malta are so tiny that they don't really change the outcomes of the impact of Central & Eastern European Countries on Austria's trade balance

²³³ DELL'MOUR René, *op. cit.*

Table 19 : Austrian investment in CEEC-19 and CEEC-19 investment in Austria for the period 1995 to 2004, (Total capital in Million Euro)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
In the CEEC 19	2,425	3,017	4,033	4,333	5,483	8,026	11,548	14,745	16,295	18,878
In Austria	207	252	328	350	89	362	506	546	651	774

Source: OeNB, own compilation

5.3.9. Austria's structural reforms

Austria has undertaken many internal structural reforms in the light of the EU membership and in the context of globalisation that increased in speed in the 1990s. Even without an EU membership, Austria had to undertake internal reforms. However, the will of the Austrian government to undertake internal reforms has increased considerably because of Austria's accession prospect to the EU prior to 1995 and because of its membership thereafter. 3 points will be considered briefly.

Some of Austria's key network industries have been liberalised completely such as telecommunications (1998), electric power supply (2001), gas supply (2002) and air traffic (1997). Liberalisation of rail traffic and postal service is underway. However, a liberalisation of water supply is not planned²³⁴.

Recently, efforts have begun to increase the employment rate of elderly people (55 to 64 years). In this age range, Austria has an employment rate of only 29 %, which is one of the lowest in the world. However, those reforms seem to have only a slow effect on the employment rate of older people.

Efforts were also undertaken to improve Austria's attractiveness for national and foreign investors. Measures such as cutting red tape and shortening the authorization process for projects are intended to optimize Austria's location for direct investments.

5.3.10. Austria's agricultural sector

Agriculture is highly europeanised in the CAP, which is one of the EU's main economic policies. *"Agricultural policy is proposed by a supranational authority — the European Commission, agreed to or amended by agricultural ministers of EU member nations, and reviewed by the European Parliament"*²³⁵. It is therefore essential to give some general information on the CAP before analysing the evolution of Austria's agricultural sector since its accession to the EU.

The CAP is a problematic example of one of the EU's economic policies. The CAP was founded in the late 1950s with price support as its main policy instrument. One of the objectives was to raise the income of the EU farmers that were lagging behind the incomes in other economic sectors and to have stable prices. The European Commission at the time was critical concerning the use of price support as its main instrument only. In the Commission's eyes, price support had to be combined with a structural policy. The latter however was in the responsibility of the national governments. Voices were raised that this policy would create a multitude of problems for the EU in the future²³⁶.

As the CAP was an output oriented policy for many decades, most farmers switched to more intensive farming, using chemical fertilizers, pesticides and farm machines and thus increased their output

²³⁴ LIEBSCHER Karl, *Die EU und WWU-Mitgliedschaft Österreichs: 1995 bis 2004*, on http://www.nationalbank.at/de/img/foienset_10_jahre_eumitgliedschaft_oesterreich_tcm14-28600.pdf, consulted March 28, 2008.

²³⁵ United States Department of Agriculture, *European Union: Policy*, on <http://www.ers.usda.gov/Briefing/EuropeanUnion/PolicyCommon.htm>, consulted March 21, 2008

²³⁶ ZOBBE Henrik, *The Economic and Historical Foundation of the Common Agricultural Policy in Europe*, The Royal and Veterinary and Agricultural University, Frederiksberg, 2001, pp. 6-7, on <http://www.foi.life.ku.dk/upload/foi/docs/publikationer/working%20papers/unit%20of%20economics/2001/hz-wp%202001%20nr.%2012.pdf>, consulted May 21, 2008.

considerably. However, the “[...] EU political leaders did not want EU farmers to see the price of their output fall, so they set EU food prices above the world price”²³⁷. The EU was becoming a large buyer of agricultural goods and food mountains grew higher rapidly. The trouble for the EU consisted therefore in getting rid of the surplus of foodstuffs and in the question of how to finance this policy that was getting more and more expensive. Supporting agriculture has had a considerable negative impact on the EU’s budget as soon as the EU started to be the *buyer of last resort*. “Because outlays were tied to agricultural production and exports, and both production and exports were increasing, outlays rose rapidly and strained EU resources”²³⁸. Regardless of the billions of Euro spent for the CAP, farmers have not seen a rise in their average income to the same level as EU citizens working in other sectors.

The CAP has seen some reforms since it came into existence in 1962. However, they were not able to solve the *farm problem*. Due to the WTO negotiations (Uruguay Round), the EU was under pressure to reduce price support as this support was seen as a distortion to trade. The MacSharry reforms of 1992 can be seen as a turning point away from the *old CAP policy* to a *new CAP policy*. The MacSharry reforms “[...] aimed at (i) further reducing guaranteed prices for beef and cereals and compensating them by direct payments to farmers; and (ii) extension of supply control beyond sugar and milk to beef, sheep, cereals and oilseed crops. The direct aid consisted of premium paid per head of livestock, or ‘area aid’ payments per hectare”²³⁹. The Agenda 2000 reform package can be seen as a continuation of the reforms that started in 1992 to move prices for agricultural products in the EU towards world prices by compensating farm owners with direct payments. While direct payments made up only 9.3 % of the total CAP budget in 1990, this rose to 60 % after the MacSharry reforms in 1996 and to 70 % in 2006²⁴⁰. This means a solution to tackle some of the problems concerning environment, supply and animal welfare. The third major reform of the CAP started in 2003 and 2004 as a mid-term review of the Agenda 2000 reform package. “The latest reforms represent a degree of *renationalization of farm policy*, as each member state will have discretion over the timing (from 2005-07) and method of implementation. The 2003 reforms allow for *decoupled payments*—payments that do not affect production decisions—that vary by commodity. Called *single farm payments (SFP)*, these decoupled payments will be based on 2000-02 historical payments and replace the compensation payments begun by the 1992 reform”²⁴¹. The last decades have shown one thing: That “[...], the context of external pressure has stimulated CAP reform more effectively than even extreme internal crises, ranging from enlargement to a budgetary crunch”²⁴².

This brings us back to the evolution of the Austrian agricultural sector since its entry into the EU. Even though this sector is marked by small and middle-sized structures, the highly expected disaster did not occur.

As a consequence of the immediate market liberalisation for agricultural goods after accession to the EU, an adaptation shock took place that reflected the competitive weakness of the Austrian agricultural sector. A price cut of 21 % on average occurred on agricultural products²⁴³. Yet, not all branches of the agricultural sector were hit in the same way. For some agricultural products, price cuts were substantial, as for milk -33 %, for cereals -50 %, or for pork meat -20 %. Special product branches, such as fruits and vegetables however, could keep prices while in the case of viticulture the added value was increased due to a consequent application of quality strategies²⁴⁴. Nevertheless, farmers have not seen a breach of their agricultural income due to digressive and direct payments that have increased farming income over the long-term trend. “Als Folge der Abwanderung von 2.4 % ergab sich im ersten Jahr der EU-Mitgliedschaft sogar eine

²³⁷ BALDWIN Richard; WYPLOSZ Charles, *op. cit.*, p. 221.

²³⁸ United States Department of Agriculture, *op. cit.*

²³⁹ *Elaboration of the concept of ecological debt*, Ghent University, Ghent, 2004, p. 165, on http://cdonet.ugent.be/noordzuid/onderzoek/ecological_debt/ecodebt_report_4_agriculture.pdf, consulted May 21, 2008.

²⁴⁰ *Ibid.*, p. 165.

²⁴¹ United States Department of Agriculture, *op. cit.*

²⁴² LENSCHOW Andrea, *Global Competition and EU Environmental Policy: The World Trade Dimension of ‘Greening’ the EC’s Common Agricultural Policy*, European University Institute, Florence, 1998, p. 26.

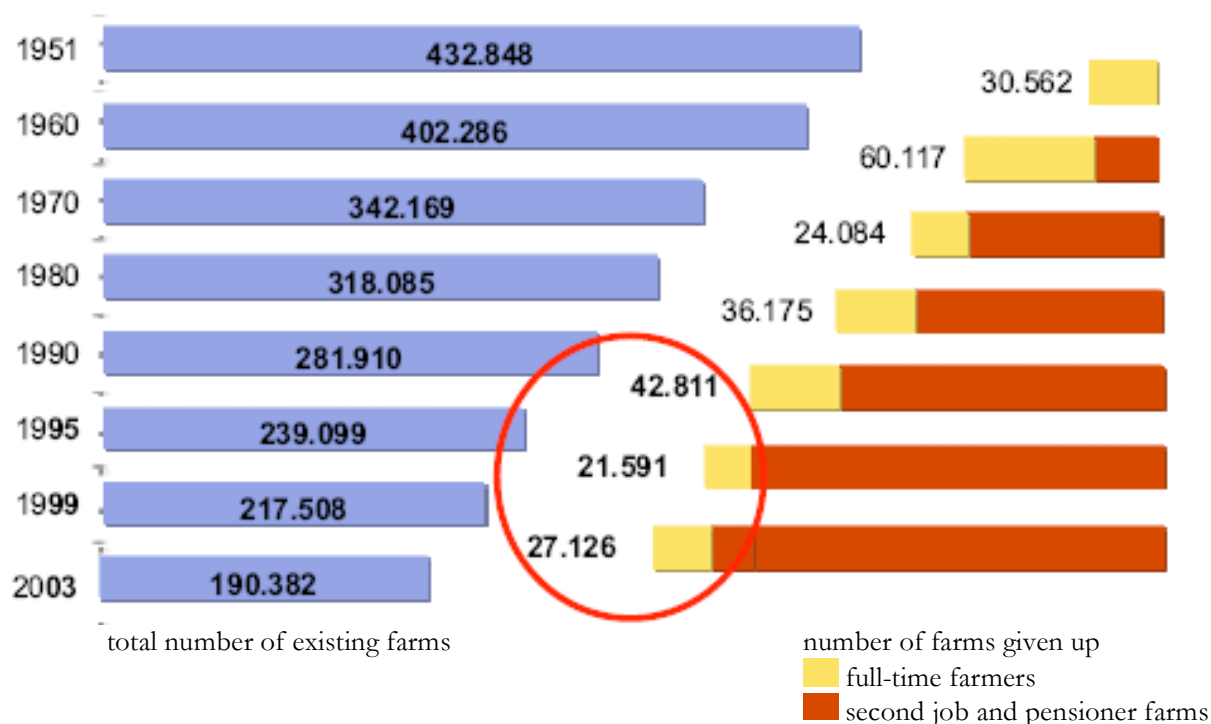
²⁴³ HOFREITHER Markus F., *op. cit.*, p. 25.

²⁴⁴ HOPPICHLER Josef, *Was brachte der EU-Beitritt der österreichischen Landwirtschaft*, Bundesanstalt für Bergbauernfragen, Wien, 2007, p. 19.

*Steigerung der Pro-Kopf-Einkommen um 5 %*²⁴⁵. An interesting observation is that at the present time, only around 18 % of the Austrian farmers' income actually results from a productive activity, while the rest mainly comes from direct payments²⁴⁶. For the Austrian consumer, on the other hand, no significant change occurred. Foodstuff and beverages have seen price-cuts of around 2.5 % between October 1994 and March 1995. This was considerably below the anticipated price-cuts. The ambitious expectations of the consumers were not fulfilled. Consequently, reduction in cost was passed on only to a limited extent to the consumers²⁴⁷.

During the referendum campaign of 1994, Mr. Haider predicted disadvantages for the Austrian farmers with approximately 30,000-40,000 of them that would have to quit the agricultural sector. Facts show that between 1995 and 2003 nearly 49,000 farms were given up. However, this is a structural change in farming that started already in the 1950s. What can be observed is a certain acceleration of farms being given up since 1990 and presumably parts of this was due to Austria's entry into the EU. (See Figure 7 below). Reasons for this have been a certain increase of bureaucracy with which a certain number of farmers did not want to cope with. Furthermore, as the Austrian agricultural sector prior to EU accession was little intensified and specialised, productivity growth gave another blow to Austria's small farmers. *"Viele Nebenerwerbs- und Rentnerbetriebe zogen einfach aufgrund des zusätzlichen Anpassungs- und Innovationsstress ihre Entscheidung vor, und entschieden sich für ein früheres Ausscheiden. Dagegen konnten sich die Haupterwerbsbetriebe, nicht zuletzt aufgrund der umfangreichen Programme, relativ gut behaupten"*²⁴⁸. Therefore, the statement of Mr. Haider cannot be considered more than a half-truth.

Figure 7 : Structural change of farming in Austria



Source: HOPPICHLER Josef, *Was brachte der EU-Beitritt der österreichischen Landwirtschaft*, Bundesanstalt für Bergbauernfragen, Wien, 2007, p. 16.

²⁴⁵ "As a consequence of an outflow of people from the agricultural sector in the amount of 2.4 % in the first year of EU membership, there was even an increase of the per capita income in the amount of around 5 %". HOPFREITHER Markus F., *op. cit.*, p. 25.

²⁴⁶ HOPPICHLER Josef, *op. cit.*, p. 20.

²⁴⁷ HOPFREITHER Markus F., *op. cit.*, p. 25.

²⁴⁸ "Many second job and pensioner farms preferred an antecedent retirement due to additional adaptation and innovation stress. In contrast, full-time farms could hold up relatively well, not least due to the extensive programmes". HOPPICHLER Josef, *op. cit.*, p. 31.

At a first glance, the Austrian trade balance for agricultural goods has seen a positive but quite radical change since accession to the EU. With the end of the agro-political accompanying measures in 1998, Austrian farmers were confronted with living under the reality of EU conditions. Their adaptation seemed to be successful and a success story so far. *“Zwischen 1995 und 2004 stiegen die Exporte von Agrarwaren um etwa 200 %, die Importe jedoch lediglich um etwa 80 %, womit sich das agrarische Außenhandelsdefizit von etwa 1.1 Mrd. Euro im Beitrittsjahr auf eine negative Null reduzierte”*²⁴⁹. However, when the Austrian trade balance for agricultural goods is analysed more in detail, a reason for this positive evolution can be found in the expanding beverage industry with the production of the energy drink *Red Bull* and an increasing fruit juice production. Without the *Red Bull effect* the Austrian trade balance has not changed significantly since 1990 as Table 20 shows below.

Table 20 : The evolution of the trade balance for agricultural goods with and without the beverage balance, (in Million Euro)

Year	1990	2000	2006
Total trade balance deficit for agricultural goods	-1,183	-1.042	-82
Balance without beverages	-1,203	-1,459	-1,333
Balance of beverages (the Red Bull effect)	+19	+416	+1,251

Source: HOPPICHLER Josef, *Was brachte der EU-Beitritt der österreichischen Landwirtschaft*, Bundesanstalt für Bergbauernfragen, Wien, 2007, p. 29.

Nevertheless, the Austrian agricultural sector has presented itself relatively stable in the more dynamic European Single Market during its first 13 years of EU membership. It is uncertain however, what the future will hold for Austrian farmers with an eventual revival of the Doha Round within the WTO. Also the CAP, a complicated and imperfect EU policy, will have to be reformed constantly. This becomes evident with the European Commission’s proposal in the first half-year of 2008, to cut direct assistance to large sized EU farms and to a lesser extend to smaller farms also.

5.4. The Transport Issue

The events in the aftermath of Austria’s entry into the EU showed that Austria has faced difficult times to withstand the joint interests of the EU in the transport question. For the Austrian political scientist Emmerich Tálos, the controversial issues around the transit question and the regulations of the eco points system have become one of the great emotive subjects in the relations between Vienna and Brussels²⁵⁰.

Austria was confronted with an ever increasing transit traffic and finally decided to breach EU law by its decision to increase transit fees and the establishing of a Brenner road toll. This was seen by the European Commission as a discrimination of non-Austrians and took the case to the European Court of Justice (ECJ). As a result, Austria was condemned due to a failure to fulfil its obligations under European Community Law on September 26, 2000²⁵¹. In turn, Austria was able to challenge a Council Regulation with regard to the distribution of eco points for heavy goods vehicles transiting through Austria on February 23, 2001²⁵². However, this issue was not settled with this order and in the following years several other eco points processes were held before the ECJ. Yet, time was running low for Austria as the

²⁴⁹ *“Between 1995 and 2004, exports of agricultural products increased by about 200 %, yet, imports increased merely by about 80 %. Therewith, the trade balance for agricultural goods was reduced from 1.1 billion Euro in the accession year to a negative zero”*. HOFREITHER Markus F., *op. cit.*, p. 26.

²⁵⁰ PRANTNER Christoph; SZIGETVARI András, “Pompöser EU-Festakt mit verhaltener Kritik”, in *Der Standard*, 16.02.2005, p. 4.

²⁵¹ European Court of Justice, *Judgement of the Court in the case C-205/98 on September 26, 2000*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁵² European Court of Justice, *Order of the President of the Court in the case C-445/00 R on February 23, 2001*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

transitional agreement of the eco points regulation would end by December 31, 2003. Tough negotiations between the EU and Austria were looming consequently.

On June 12, 2003 the ECJ ruled that the freedom of expression and freedom of assembly, which are part of the fundamental rights, take priority over the free movement of goods. This decision came as an exoneration of Austria that was accused by an individual of not having prohibited a 30 hours blockade of the Brenner transit route by an environmental organisation in 1998²⁵³. Shortly after, the leader of the *Transitforum* warned of new blockades of the Brenner in case that no subsequent regulation, including quantitative restrictions will be implemented to supersede the expiring eco points regulation²⁵⁴.

Additionally, in summer 2003, two decrees of the governor of Tyrol, Mr. Herwig van Staa, were planned to become effective. One decree concerned a ban on night-time driving of heavy trucks. The second decree concerned a sectoral driving ban for heavy trucks that transport cereals, wood, metal, gravel or other vehicles on parts of the *Inntalautobahn*. Exceptions were made in a manner that Tyrol's hauliers were not concerned by this second decree²⁵⁵. This unilateral move has brought the European Commission to the scene. The Commission saw in the second decree a breach of European Community Law and consequently appealed to the ECJ. On July 30, 2003, two days before the commencement of the act, the ECJ ordered the suspension of just this act, as it is at least indirectly discriminatory and breaches the guaranteed free movement of goods and services. "*The Republic of Austria shall suspend the sectoral ban on driving provided for in the Verordnung des Landeshauptmanns von Tirol of 27 May 2003 limiting use of the A 12 motorway in the Inn valley pending delivery of the order terminating the present proceedings for interim relief*"²⁵⁶. The reaction in Austria and especially Tyrol was furious. Tyrol's governor spoke of a "*Schlag ins Gesicht der Rechtsstaatlichkeit, ein unerhörter Justizskandal*"²⁵⁷.

Finally, but in the end too late, the ECJ supported Austria in the quarrel over the Brenner transit route on September 11, 2003. Several Council decisions were declared invalid. This, as they were intended to soften up the protocol 9 of the Accession Treaty from 1994²⁵⁸. In reality however, this had no real consequences, as the transitional agreement would end anyway a couple of months later. The same is true for the ECJ dismissal of the Austrian application regarding the refusal by the European Commission to reduce the number of eco points for 2001²⁵⁹.

Austria's sovereignty loss becomes evident in the negotiations for an effective renewal of the transit agreement. Against the Austrian vote, the other EU members voted for a model that would bring almost a green light for all lorries in transit through Austria. Starting from January 1, 2004 until the end of 2006, lorries with the cleanest emission would therefore be able to transit Austria in unlimited numbers. The dirtiest emission class lorries would be banned while lorries with *middle* emission classes had to pay with eco points that were increased in number. Therefore, in practice, no restriction of the transit traffic would take place after January 1, 2004²⁶⁰. As a consequence, the governor of Carinthia, Mr. Jörg Haider, threatened that the Austrian Parliament had not yet given a green light for the Eastern enlargement. According to him, the dictate of the EU hits the elementary *interests of life* ²⁶¹. As always, truth is in the eye of the beholder. EU transport Commissioner, Mrs. Loyola de Palacio, stated that: "*Pässe gibt es auch in*

²⁵³ European Court of Justice, *Judgement of the Court in the case C-112/00 on June 12, 2003*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁵⁴ WOJAHN Jörg; STROBL Günther, "Brennerblockade zulässig", in *Der Standard*, 12.07.2002, p. 18.

²⁵⁵ SCHLOSSER Hannes; WOJAHN Jörg, "Brüssel prüft sektorale Fahrverbote in Tirol", in *Der Standard*, 25.06.2003, p. 16.

²⁵⁶ European Court of Justice, *Order of the President of the Court in the case C-320/03 R on July 30, 2003*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁵⁷ "*A slap in the face of the rule of law, an outrageous legal scandal*". *Der Standard*, "Tirols sektorale Fahrverbote gestoppt", 31.07.2003, p. 15.

²⁵⁸ European Court of Justice, *Judgement of the Court in the case C-445/00 on September 11, 2003*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁵⁹ European Court of Justice, *Judgement of the Court in the case C-356/01 on November 20, 2003*, on <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁶⁰ WOJAHN Jörg, "Die Transitmartyrer und ihre letzten Privilegien", in *Der Standard*, 27.11.2003, p. 3.

²⁶¹ *Der Standard*, "Transit: Jörg Haider warnt die EU", 03.11.2003, p. 1.

*anderen Alpenländern und den Pyrenäen, aber eben ohne Transitregelung*²⁶². From the German Ministry of transport came the following comment: *“Die Österreicher wollten von Anfang an Märtyrer sein”*²⁶³. The governing coalition between ÖVP/FPÖ was as much disappointed as the SPÖ. The SPÖ party whip stated that the government with its *Schlawinerpolitik* (wangler policy) had failed. While the FPÖ declared scandalised that the EU was still not a Union for people but rather a Union for bureaucrats and lobbyists. For Mr. Rack, ÖVP deputy, the worst case scenario has unfortunately happened for Austria²⁶⁴.

In September 2004, the GA deputy of the European Parliament, Mrs. Eva Lichtenberger, criticised the governmental policy over the last 9 months as extremely half-hearted, this in respect to the actions taken against transit domestically. Lorry controls were being described by her as *toothless* due to a lack of personnel²⁶⁵.

Finally, also new *misfortune* seemed to announce itself with the European Commission’s unhappiness regarding the extent of the Austrian *special* tolls²⁶⁶. However, after discussions that lasted over several years, a directive was agreed on the EU level regarding tolls, or in the words of the EU *“the charging of heavy goods vehicles for the use of certain infrastructure”*²⁶⁷. As a result, the EU transport Commissioner, Mr. Jacques Barrot held out the prospect of not taking the case of the Austrian *special* tolls to the ECJ²⁶⁸.

Having said that, there was another *transit defeat* on November 15, 2005 as the ECJ condemned Austria due to failure of its obligation as a Member State. This case takes reference to the decree of the governor of Tyrol, Mr. Herwig van Staa, concerning a sectoral driving ban for heavy trucks on parts of the *Inntalautobahn*, which was suspended by the ECJ in 2003. The court stated now that the right of free movement of goods, i.e. transit, was obstructed by Austria: *“Clearly, by prohibiting heavy vehicles of more than 7.5 tonnes carrying certain categories of goods from travelling along a road section of paramount importance, constituting one of the main routes of land communication between southern Germany and northern Italy, the contested regulation obstructs the free movement of goods and, in particular, their free transit”*²⁶⁹. However, the ECJ also declared that the free movement of goods can be obstructed due to environmental protection, but that such a move had to be proportionate to the aim pursued. *“It is settled case-law that national measures capable of obstructing intra-Community trade may be justified by overriding requirements relating to protection of the environment provided that the measures in question are proportionate to the aim pursued”*²⁷⁰. Consequently, the right of free movement of goods can be restraint for reasons of environmental protection. Nevertheless, Austria lost this case due to the lack of proportionality with their introduction of a sectoral driving ban for heavy trucks in Tyrol.

This recent defeat before the ECJ is somewhat characteristic for Austria’s unhandy strategy on the EU level at times. Austria has missed the chance to find partners or sympathy for their matters. This, especially in the light of the failed reduction of the total NOx emissions in the amount of 60 % that was agreed on in the Protocol 9 of the Accession Treaty²⁷¹.

In July 2007, for the second time, a sectoral driving ban for heavy trucks that transport rubbish, stones or other vehicles on parts of the *Inntalautobahn* was announced. This, in order to prevent the transit of 200,000 lorries in a given year. The European Commission did not go immediately to the ECJ to ask for a suspension order this time. Also the Environment Directorate General seemed to be more involved in the European Commission’s decision-making this time, as a directive envisages a reduction of pollutants by 2010. The compliance with those limits will become mandatory by 2010 and in the light of a persistent

²⁶² *“There are other alpine passes in other Alpine countries and the Pyrenees, but without any transit regulations”*. WOJAHN Jörg, *op. cit.*, p. 3.

²⁶³ *“Austrians wanted to be martyrs from the beginning”*. *Ibid.*, p. 3.

²⁶⁴ *Der Standard*, “Blockieren, blockieren, blockieren”, 27.11.2003, p. 2.

²⁶⁵ *Der Standard*, “Transitgipfel bei Gorbach wegen Maut Themen Brenner-Maut”, 24.09.2004, p. 21.

²⁶⁶ *Ibid.*, p. 21.

²⁶⁷ European Union, *Directive 2006/38/EC of the European Parliament and of the Council of May 17, 2006*, on <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:157:0008:0023:EN:PDF>, consulted May 25, 2008, p. 1.

²⁶⁸ *Der Standard*, “Transit wird nicht gebremst, Brennermaut kann bleiben”, 22.04.05, p. 1.

²⁶⁹ European Court of Justice, *Judgement of the Court in the case C-320/03 on November 15, 2005*, on <http://curia.europa.eu/juris/cgi-bin/form.pl?lang=en>, consulted, May 25, 2008.

²⁷⁰ *Ibid.*

²⁷¹ SAUER Benedikt, “Ringgen um Lkw-Fahrverbot”, in *Der Standard*, 21.07.2007, p. 11.

exceeding of pollutants of up to 90 % along the Brenner axis in the last 5 years, Austrians have started to have hopes that this time the sectoral driving ban can be enforced. For the Chairman of the *Transitforum*, Mr. Gurgiser, it is the fundamental right of health that stands over the political principle of the fundamental freedom of free movements of goods. Yet, he also knows that the ECJ will decide in this issue in the end²⁷². As recent developments show, he seems to be right. On May 2, 2008, the sectoral driving ban for heavy trucks on parts of the *Inntalautobahn* came into force. Just a few days later, Austria got the second letter from the European Commission demanding to cancel the sectoral driving ban for heavy trucks, as it is an obstruction to the free movement of goods. The European Commission particularly criticized that the sectoral driving ban takes only into consideration the cargo that is transported but that the actual emissions of a lorry are not taken into account. Therefore, the ban does not correspond to the costs-by-cause principle on which all emission decreasing measures should be based on accord to the European Commission²⁷³. As a result, the ECJ will be dealing with this issue again sooner or later.

The transit question is a never-ending issue between Austria and the EU. Lorry transit in Austria has increased with 81 % considerably over the last 14 years. The railway friendly Austrian motoring organisation (VCÖ) unveiled that the number of lorries that crossed Austrian Alpine passes has increased from 3.6 million in 1994 to 6.52 million in 2007²⁷⁴. As a consequence, the EU has lost a lot of goodwill in the Austrian population due to the quarrels that occur at regular intervals regarding the transit issue.

5.5. *The Austrian Identity: 13 Years after its Accession to the EU*

From today's point of view, the Austrian identity has not changed considerably since accession to the EU in 1995. However, what became evident shortly after Austria's accession was that the *Wir sind Europa* (We are Europe) information campaign of the Austrian government did not really leave a lasting impression on the Austrian population. On the other hand, it seems that the FPÖ's slogan *Österreich zuerst* (Austria first) has apparently sunk much deeper into the memory of the Austrian citizens.

Over the last few years, *Standard Eurobarometer* several times asked the following question to EU citizens: "In the near future do you see yourself as (nationality) only, as (nationality) and European, as European and (nationality), or as European only?" The results for Austria are shown in Figure 8 below. What the evolution of the time trend analysis shows is that this issue seems to be quite static over time. The proportion of Austrians that identify themselves solely with Europe has been low during the observed time period. However, the proportion of Austrians that feel to some extent European seems to have increased slightly.

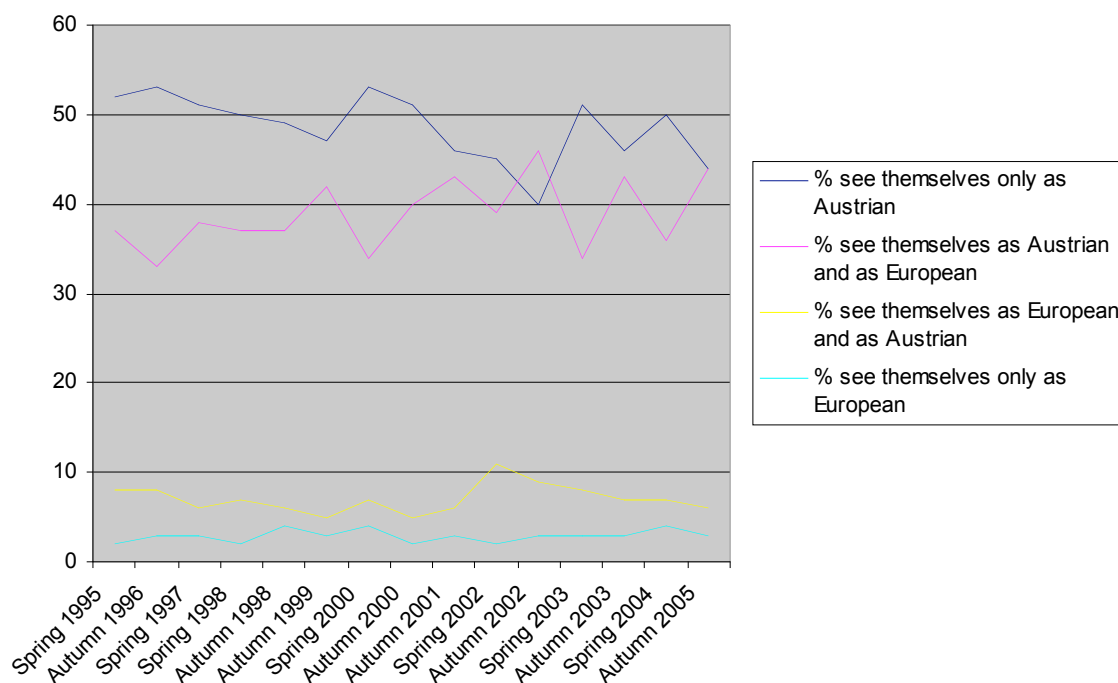
The measurement of people that see themselves only as European, as European and then as Austrian and finally as Austrian and then as European has increased. Today, Austrians are therefore a bit less likely to identify themselves exclusively with their own nationality. This is confirmed by the measurement of Austrians that see themselves solely as Austrian which has decreased to some extent over the last decade.

²⁷² *Ibid.*, p. 11.

²⁷³ *Der Standard*, "Tiroler Fahrverbote: Brüssel droht mit EuGH-Klage", 07.05.2008, p. 24.

²⁷⁴ In comparison, Switzerland has seen an increase of 29 % only. While in 1994 around 980,000 lorries crossed the Swiss Alpine passes, this has increased to 1.26 million in 2007. *Der Standard*, "Personal-Theater schadet mehr als die Maut", 22.04.2008, p. 19.

Figure 8 : The evolution of the Austrian European identity



Source: Standard Eurobarometer 43, 46-47, 49-50, 52-54, 56-61 and 64, own compilation. The question asked was : “In the near future do you see yourself as Austrian only, as Austrian and European, as European and Austrian, or as European only”? Note: Percentage of ‘do not know’ is not shown.

Austrians that identify themselves only as European or as European and then as Austrian can be found more frequently among young people and the higher educated classes. Those groups have generally seen also a more positive attitude towards the EU²⁷⁵.

What is also evident, is that among the EU members strong national differences can be detected regarding their identification with Europe and their own nationality. One observation that can be made is that on EU average, the percentage of people that identify themselves only with their own nationality is lower than in Austria. Even though erratic fluctuations can be observed, it is in the six founding members of the EU and Spain where citizens rather feel European only or have a mixed identity feeling. On the other hand, the latecomers in the EU seem to have higher proportions of people where the sentiment of their own nationality is prevailing with a lower mixed identity feeling accordingly²⁷⁶.

One can have a certain sympathy for the Austrian fears regarding a European identity. The Austrian Republic is quite a young nation, which may explain a certain anxiousness of its citizens regarding their identity. Austrians had only slowly developed a national identity, which makes it all the more difficult now to develop a supranational, a *European identity*. “After all, European integration promises a constant preoccupation not only with one’s own worries – large or small – but also with all those which the European Union will have to face [...]”²⁷⁷. As we have seen once again with the Irish *No* to the Lisbon Treaty on June 12, 2008.

²⁷⁵ European Commission, *Standard Eurobarometer 61; National report for Austria*, p. 15, on http://ec.europa.eu/public_opinion/archives/eb/eb61/nat_austria.pdf, consulted May 1, 2008.

²⁷⁶ European Commission, *Standard Eurobarometer 57; National report for Austria*, p. 1, on http://ec.europa.eu/public_opinion/archives/eb/eb57/eb57_austria.pdf, consulted May 1, 2008.

²⁷⁷ BRUCKMÜLLER Ernst, *op. cit.*, p. 105.

Conclusion

The principal aim of this dissertation consists in establishing if the supporters and opponents of an Austrian accession to the EU used polemic arguments in order to influence the 1994 Austrian referendum outcome in their favour. Therefore, I wanted to answer the question: *“Were the delineated scenarios of the supporters and opponents of EU accession during the Austrian referendum campaign in 1994, seen from today’s perspective, only of a polemical nature or in the contrary, were those arguments well founded”?*

The EU was able to make some important steps on the path toward European integration since the mid 1980s. The creation of the European Single Market and the Treaty of the European Union put pressure on the few small countries left in EFTA, the second Western European economic bloc. Austria and the other EFTAns showed themselves for a long time resistant to joining an EU that had since its early days supranational aspects. The fact that the majority of EFTA countries had a neutral status created an important obstacle until the end of the Cold War and the dissolution of communism in the early 1990s against joining the EU. The CEECs made soon clear however, that they aspired membership in the EU. This, and the fact that the EU, as well as the USA play a major role within GATT, put additional pressure on EFTAns to join the EU. The enlargement of the EU in 1995 can therefore be seen in the light of economic and political necessities for the EFTA countries Austria, Finland and Sweden to undertake this decisive step.

In Austria, it was the ÖVP/SPÖ governing coalition that emphasised the need and priority of an Austrian participation in the further development of European integration and full participation in the European Single Market. Besides the two largest Austrian parties, the LF and the corporatist interest groups VÖI, WKÖ, ÖGB, AK and LK were in favour of an Austrian entry into the EU. The FPÖ and GA on the other hand opposed an Austrian EU accession. Consequently, nearly all major political and social groups (including the majority of the print media) supported an Austrian EU membership.

Accession negotiations between the EU and the applicants were facilitated by the fact that EFTAns were relatively rich and socially advanced democracies and that several subjects had been negotiated in depth for the Treaty of the EEA. The citizens were asked to give their consent to EU accession in national referenda in all of the four applicant countries. In Austria, Finland and Sweden, these referenda were positive while in Norway, there was a negative outcome.

In the case of Austria, the *yes* camp promised considerable economic advantages in case that Austria joined the EU. Their main arguments were based on economic studies and included economic growth, employment increase, lower prices and lower inflation. At the same time however, they had to fight arguments such as the fear of a new *Anschluss* with Germany, the loss of Austrian identity regarding its abandonment of strict neutrality, transfer of sovereignty, Brussels’s bureaucracy, pollution through transit traffic, menace of its agricultural sector, as well as other arguments from the *no* side. EU critics and opponents of an Austrian EU membership had to assume extreme positions in order to get any media attention. Still, on June 12, 1994, Austrians voted in favour of full EU membership, with a clear margin of 66.6 % yes and a turnout of 82.3 %, but many Austrians were left with the feeling, that they were less convinced, but rather persuaded to join the EU.

From today’s perspective, it can be said that the economic benefits promised by the pro EU accession camp were overestimated. This left many Austrians frustrated due to the mismatch between government propaganda and scientific estimations. There were warnings that Austria would profit considerably when it joins the EU but that it would also come at a cost. This point, however, was ignored by many supporters of an Austrian EU membership during the referendum campaign. Economic growth and new jobs were not created in the amount expected while Austrian consumers have seen only modest price cuts since EU accession. Nevertheless, Austria’s foreign trade has more than doubled since accession to the EU. Even though, a generation of trade with the EU through their accession should have taken place in theory, this did not occur. Trade with the EU has increased in absolute terms, while in relative terms, trade has decreased compared to Austrian trade with the world. This is true for exports as well as imports. On the other hand, Austria’s direct investments are highly concentrated in Europe. While in the first years of EU

membership, Austrian FDI was directed more or less equally to the EU 15 and the CEEC 19, this changed after the possible prospects that several CEECs would become EU members. The consequence was a reduction of the importance of Austria's FDI in the EU 15 in comparison to the CEEC 19. Additionally, the huge majority of FDI in Austria comes mainly from the EU 15 with Germany as the major investor. Yet, in regard to price stability in Austria, its EU membership has been favourable so far. Since accession to the EU in 1995, the Austrian inflation rate has diminished and can be considered as constant and considerably lower than before its entry into the EU.

Many people expected a disaster for the Austrian agricultural sector in case of an Austrian entry into the EU. This sector was characterised by small and middle-sized structures and it was believed by opponents that the transitional payments after EU accession could not be considered more than assisted dying. An immediate market liberalisation of this sector to EU standards took place after Austria entered the EU. While many second job and pensioner farms quit this sector, the remaining full-time farms could hold up relatively well to the new reality within the EU. Furthermore, the Austrian trade balance for agricultural goods has seen a considerable amelioration since EU accession. This is seen as a great success. The deficit of the trade balance for agricultural goods has been reduced from 1.1 billion Euro in the accession year to a negative zero. However, this positive evolution is due to the beverage industry with the production of the energy drink *Red Bull* and an increasing fruit juice production. The nightmare scenario for the Austrian agricultural sector did not occur and this sector has presented itself relatively stable in the more dynamic European Single Market.

Opponents of an Austrian EU membership accused supporters of abandoning the Austrian Neutrality status. While the KPÖ fears went into the direction of being *swallowed* by Germany, the GA was convinced that an EU membership would also mean a *yes* for WEU and NATO membership. The FPÖ on the other hand criticized a possible entry of Austria into the EU by highlighting the eventual abandon of the neutrality status without being integrated into NATO. Yet, a reinterpretation of Neutrality was already taking place after the fall of the Berlin Wall in 1989 and the end of the East-West divide on the European Continent. With the Austrian entry into the EU, its Neutrality status has been reduced to the military core of the old concept (not participating militarily in wars, not entering military alliances and not allowing military bases of foreign countries in Austria). Nowadays, some jurists question Austria's neutrality status but for the majority of Austrians, the Neutrality status is rather an emotional than a rational issue.

The *transit problem* seems to have become a never-ending issue between Austria and the EU. During the referendum campaign in 1994, the FPÖ spoke of a *transit hell*, while the GA was, due to their principles, against trans-alpine traffic which harms the ecological system. Confronted with an ever increasing transit traffic, Austria was not able to withstand the joint interests of the EU in this question. Austria's sovereignty loss became evident in the negotiations for an effective renewal of the transit agreement that was terminated by the end of 2003. Against the Austrian vote, the other EU members voted for a model that would bring almost a green light for all lorries in transit through Austria. The concerned people along the transit route have become more and more impatient while the ECJ had to deal regularly with the transit issue. Finally, the whole transport issue will come down to the question of which fundamental principle is being preferred. The fundamental right of health, or the political principle of the fundamental freedom of free movements of goods within the EU. All parties involved in Austria were at unease about the ongoing situation, and the fears of the opponents of an Austrian entry into the EU seemed to be proven right regarding this question.

Consequently, I argue that both sides, the supporters, as well as the opponents of an Austrian entry into the EU have used at times willingly or unwillingly polemic arguments and half-truths to influence the referendum outcome in their favour. In the case of the supporters, only positive statements were accepted, while warnings were ignored. For the opponents on the other hand, extreme positions had to be adopted in order to get media attention. Especially the FPÖ attracted attention with their hurtful propaganda. In the end, Austria joined the EU and the Austrian population had to find out that in the EU *not all is gold that glitters*. As a consequence, Austrians show themselves relatively critical regarding their EU membership as the surveys of *Standard Eurobarometer* frequently demonstrate.

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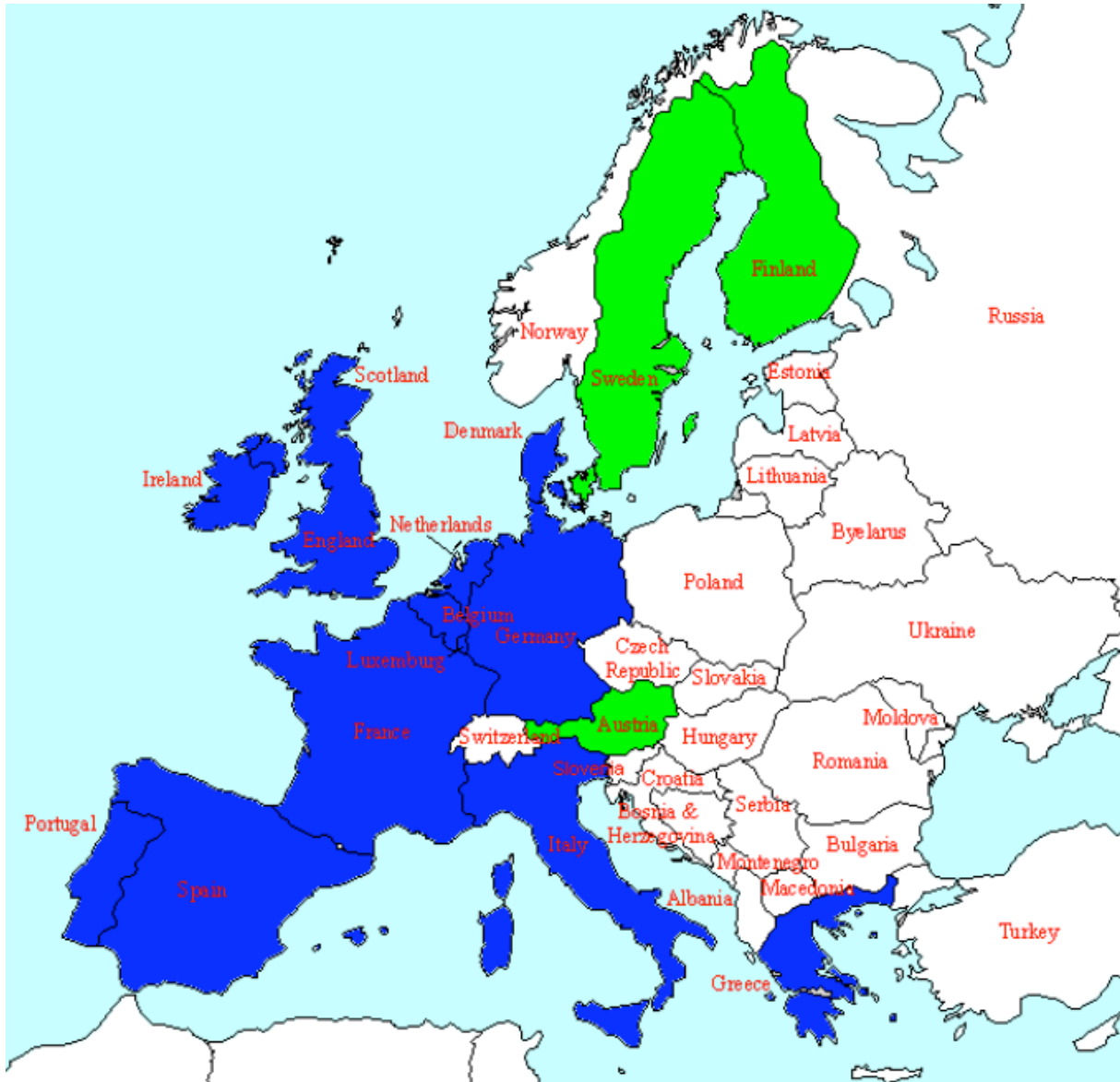
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Annexes

Annex 1

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Source: The University of North Carolina at Chapel Hill, *Fourth Enlargement*, on <http://www.unc.edu/depts/europe/conferences/eu/Cfsp/4fourth.pdf>, consulted March 12, 2008.

Annex 2

Neue Kronen Zeitung

JA oder NEIN: Heute geht es um unsere Zukunft
(YES or NO: Today, it is about our future)



Source: Titelseite Neue Kronen Zeitung, "JA oder NEIN: Heute geht es um unsere Zukunft", *Neue Kronen Zeitung*, 12.06.1994.

Austrian Communist Party
Sicherheit durch EG-Beitritt?
(Security through EU accession?)



Source: Kommunistische Partei Österreichs, *Sicherheit durch EG-Beitritt*, 1992, on <http://zis.uibk.ac.at/quellen/oe-eu/kap3/karikaturen/85.gif>, consulted May 1, 2008.

Österreichische Bewegung gegen den Krieg
EG-Betrug!
(EU fraud!)

EG-BETRUG!

EG-BEITRITT - ENDE DER NEUTRALITÄT

EG-Beitritt bedeutet "gemeinsame Außen- und Sicherheitspolitik" mit Deutschland, Frankreich, England und den anderen europäischen NATO-Staaten! Das ist mit Neutralität absolut unvereinbar.
Die Regierung erwähnt in Brüssel die Neutralität nicht mehr. Uns in Österreich aber will sie einreden, daß Neutralität und EG-Beitritt kein Widerspruch sind. Lassen wir uns nicht für blöd verkaufen!

EG-BEITRITT - EINE GEFAHR FÜR UNSERE SICHERHEIT

Die EG-Staaten streiten untereinander. Im Jugoslawienkrieg stehen sie auf verschiedenen Seiten. Ein EG-Österreich wird in den Machtkampf zwischen EG, Amerika und Japan hineingezogen.
Mitgegangen, mitgefangen: Wer zur EG Ja sagt, muß am Ende auch zu WEU und NATO Ja sagen - und dorthin marschieren, wohin uns die Herren in Bonn, Paris und Brüssel schicken.

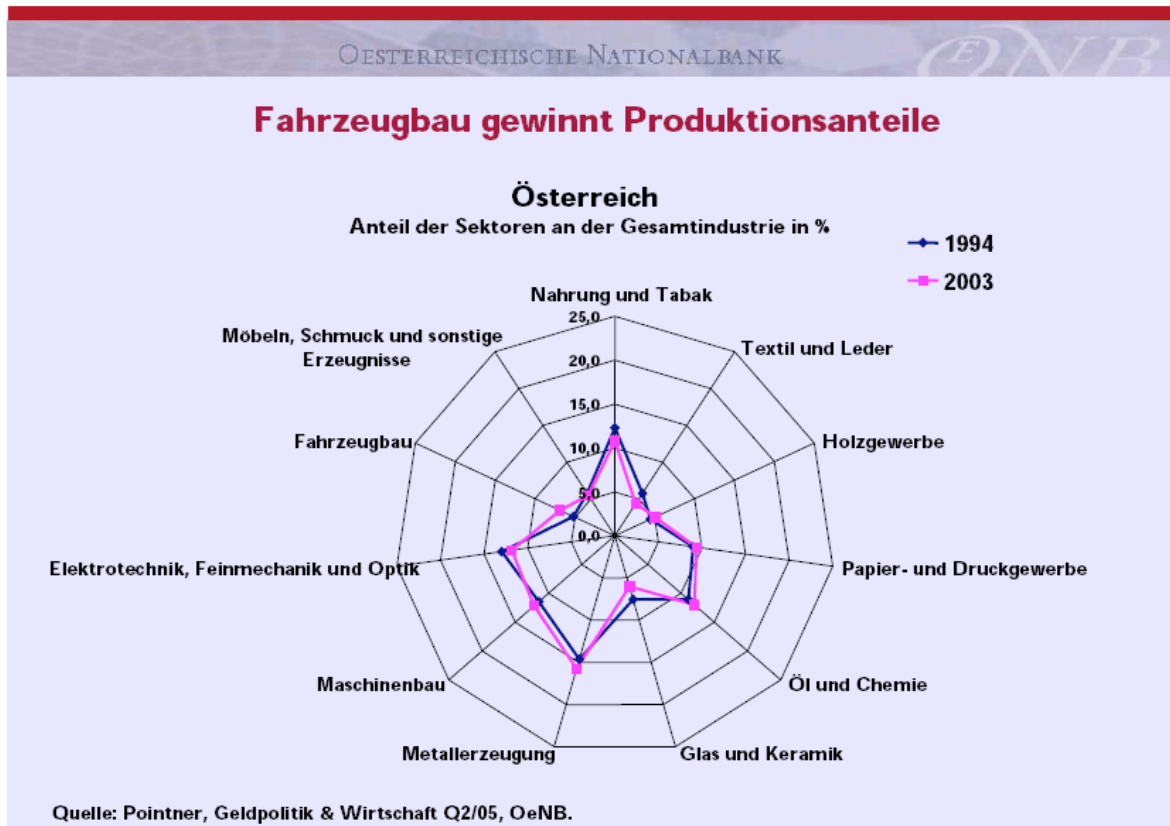
**SICHERHEIT
DURCH NEUTRALITÄT!**

**EG? NEIN!
DANKE!**

Österreichische Bewegung gegen den Krieg
1080 Wien, Josefstädterstraße 29

Source : Österreichische Bewegung gegen den Krieg, *EG-Betrug!*, 1993, on <http://zis.uibk.ac.at/quellen/oe-eu/kap3/karikaturen.html#EG-Betrug!>, consulted May 1, 2008.

Österreichische Nationalbank
Austria: Share of sectors in the overall industry in percentage



Source: LIEBSCHER Klaus; Christl Josef, *Die EU und WWU-Mitgliedschaft Österreichs: 1995 bis 2004*, on http://www.oenb.at/de/img/foiensset_10_jahre_eumitgliedschaft_oesterreich_tcm14-28600.pdf, consulted March 28. 2008, p. 19.

- Nahrung und Tabak = food and tobacco
- Textil und Leder = textil and leather
- Holzgewerbe = timber industry
- Papier- und Druckgewerbe = paper and printing industry
- Öl und Chemie = oil and chemical industry
- Glas und Keramik = glass and ceramic
- Metallerzeugung = metal production
- Maschinenbau = machine construction
- Elektrotechnik, Feinmechanik und Optik = electrical engineering, precision engineering and optics
- Fahrzeugbau = car manufacturing
- Möbel, Schmuck und andere Erzeugnisse = furniture, jewellery and other products