

Abstract WIFO-study

Today Austria is a European success story. Over a decade every year we have the same or better developments than in the Euro area, a high current account surplus, the lowest unemployment and after Luxembourg the highest per capita income. This success has many fathers and certainly also a mother: the Austrian social partnership. In difficult situations it has enabled complex twin-track strategies, while other countries had to abruptly change their economic policy. Austria always strived for a set of objectives and the social partners used the Economic Research as a compass to derive the appropriate measures.

WIFO-study “social partnership and macroeconomic performance”:

The study investigates the effects of social partnership structures on different aspects of the overall economic performance (economic growth, employment, unemployment, income distribution). The macroeconomic performance of 16 European countries is going to be compared; in the period from 1990 to 2012.

Conclusions of the study:

In all researched categories the “social partnership group” shows better outcomes than countries with minor importance of social partnership structures. Furthermore in the social partnership group there is no country, which is currently dependent on the aid programmes of the EU and the IMF.

- **Economic growth**
 - In the long-term trend (1990 - 2007) the growth of the gross domestic product was the highest in the group with intensive social partnership.
 - 2008/12 the growth was +0,3% in the group with intensive social partnership, in the group with low influence of the social partners it was -0,8%. Since the beginning of the financial crisis the growth bonus of an intensive social partnership is more than a percentage point. In the group with low influence of the social partners the economic performance 2012 is cumulative 4% below the pre-crisis output.
- **Unemployment and employment**
 - Countries in the group of social partners show the lowest average unemployment rate in a long-term comparison. From 1990 to 2007 it amounted to 5.7%.
 - 2008/2012 the unemployment rate in the group of countries with an intensive social partnership was 5.4%, compared to 7.8% in the group with low influence of social partners.
 - The difference is major when it comes to youth unemployment. However, the discrepancy is even greater when the share of young people who are neither employed nor in training is taken into account: the percentage amounts to 8.6% in countries with intensive social partnership and 17.8% in countries with low involvement of social partners.

- Generally, countries with relatively low youth unemployment (especially in the years during the crisis) additionally stand out due to their dual vocational training system that enjoys a wide acceptance in society. The dual vocational training system combines learning in the company with theoretical tuition at a vocational school. The development of such a system requires a strong presence of employees' and employers' organisations cooperating closely with each other.
- **Income inequality**
 - In the group of social partnerships the distribution of income is more even than in other groups (measured by the relative income quintiles). With intensive social partnership the top 20 percent of income earners have a 3.8 times higher income than low income earners. In the group with low influence of social partners the income is 5.3 times higher.
- There are also less positive results. Despite intensive social partnership the low-pay sector in Germany is high and employment of elderly people in Austria and Belgium is low.

To sum up, in the last 50 years the social partners made a major contribution to Austria reaching its today's position. It is up to you - the social partners - to continue this path of success. We, as the Austrian Institute of Economic Research, offer to support these efforts.