
AUSTRIA: RUSSIA'S TROJAN HORSE?

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Europe should be worried about the new Austrian governments proximity to Russia, not Hungary.

Austria-Hungary is back again was the wry comment of the deputy head of the Social Democratic faction of the Austrian parliament on the new government formed between the conservative Peoples Party of Austria (ÖVP) and the nationalist Freedom Party (FPÖ). The fear that Austria might now join the ranks of right-wing populist countries embracing illiberal democracy and challenging the EUs core norms is widespread. But the direct comparison with Hungary is misleading.

There is a common denominator in central and eastern Europe, that is, scepticism towards taking in more migrants. But apart from that, interests and political systems differ, and the new coalition government might soon be trapped in typical Austrian-style gridlock rather than Orban-style authoritarianism.

New Chancellor Sebastian Kurzs hope for the coalition is that it will overcome the old impasses with the Social Democrats on social welfare spending, taxation, deregulation, and administrative reforms to make the country more competitive and business-friendly. This was the same motivation Wolfgang Schüssel had in 2000, when striking a coalition with the FPÖ then led by Jörg Haider. But the FPÖ of 2017 is not the FPÖ of the year 2000.

Back then, the Freedom Party was a very heterogeneous mix of groups □ including pro-EU and pro-NATO liberals - dissatisfied with years of grand-coalition stalemate and nepotism. Schüssel struck a selective deal with the liberal-economic wing of that party, concentrating on the economic, fiscal, and pension reforms in his agenda, while trying to sit-out the fights with the other wings of the party. It worked for him, as the FPÖ soon was consumed with infighting and Schüssel capitalised on their demise in the 2002 election.

However since then the FPÖ has gone through several internal crises and splits, consolidating around the German-national core of the party. The party Kurz is faced with is much more homogeneous, disciplined, and consolidated than the FPÖ of Jörg Haider. In terms of economic policy the FPÖ is much more socialist than the conservatives may think, and Kurzs reform agenda is not very well received. Pension-increases and support for low-income workers is very high on the FPÖs list of priorities □ and quite incompatible with the ÖVPs focus on fiscal discipline and limiting welfare spending.

Current FPÖ leader Heinz-Christian Straches insistence on the expansion of direct democracy

already hints towards the clashes on the horizon: the FPÖ might well try to use referenda to oppose social reforms and tax-cuts. If so, the new Austrian parliament will end up much like the previous one – divided and unable to move forward in any direction.

For now, the two parties embrace education reform and limiting migration as the main issues for cooperation. The planned education reform has some benefits, but it will not sustain a government for five years. Migration is the big issue. But there are limits to what they can do.

The last SPÖ-ÖVP government already put in place several legal instruments to restrict migration to an absolute minimum. There is little left for this government to do. Further steps discussed during the election campaign – like adopting the Australian model of detaining all asylum seekers in external camps, or preventing EU citizens from accessing national welfare benefits – would not be allowed by the European Court of Human Rights. Nor would they be allowed by European or Austrian constitutional law. The government lacks a sufficiently large majority to amend constitutional law, further limiting its freedom of manoeuvre.

On foreign policy, too, change will likely be rather marginal and confined to the usual isolationist-nationalist rhetoric on neutrality. While the FPÖ is known for being an anti-Western party with a negative attitude towards the EU and sympathy for Russia, many people overlook that the Social Democrats are not that dissimilar. Since 2006 they have often used anti-European populism to improve their ratings, and they are inclined towards pro-Russian positions, though not to the same extent as the FPÖ.

Some international observers fear that the new government will head towards a collision with Germany, join the Orbanist camp in Central Europe, and even veto EU sanctions on Russia. But this seems unlikely. First, because EU affairs are to be disconnected from the foreign ministry (now held by an FPÖ appointee) and moved to the chancellery.

Second, although there are also strong voices to cease sanctions within the ÖVP, Kurz cannot confront Merkel directly: he needs her cooperation on fiscal and common market-policies to push his economic reform agenda at home. Just as Strache could (and probably will) weaponise referenda against the pro-business reforms envisioned by the ÖVP, Kurz might retaliate by mobilising the EU against the social and welfare policies envisioned by the FPÖ. Hence he will likely be rather cooperative with Berlin and other capitals, so as not to scare off possible allies.

While Russia sanctions will likely remain unchallenged by Austria, the close contacts between the FPÖ and the Kremlin are deeply worrying. In 2014 an Austrian counter-intelligence officer made the very unusual step of alerting the media of Russian attempts to cultivate the very upper echelons of the political systems. FPÖ officials are widely believed to have been targets of this effort.

The FPÖ is one of few parties in Europe that has an official contract of cooperation with Putin's United Russia party. Since the mid 2000s the FPÖ, and particularly Strache's inner circle, has cultivated close ties to ultraconservative Russian intellectuals and oligarchs. The FPÖ and Russian cultural organisations are in close contact to organise balls, business events, and political congresses. Since the demise of the Communist Party of Austria (KPÖ) no other party has been as deeply and comprehensively tied to the Kremlin. It is to be expected that the Kremlin will make use of its allies joining government.

In the new government the FPÖ controls both the Ministry of Interior and the Ministry of Defence.

Hence both civilian and military counterintelligence services are in their hand, and they will have the power to choose which cases to investigate and which to drop. They can divert resources away from one department (Russia) and divert them to others. Few would object to strengthening surveillance of Islamic extremists, for example, while equally few would notice that this will come at the expense of other portfolios.

In the past, the Golowatow-affair already painfully demonstrated this problem. The then ÖVP Minister for Justice Beatrix-Karl ordered the release of Michael Golowatow – a former KGB officer wanted for manslaughter in Lithuania by an European arrest warrant – after a conversation with the Russian ambassador. Her legal service found a minor formalistic mistake by the Lithuanian authorities to justify the move. While back then this behaviour was seen as a misstep, now it may become a norm.

Hence, for the EU, the fear is not that Austria will remove itself from European integration projects, such as those on defence integration and intelligence cooperation. The fear is that Austria will be part of them, using neutrality to avoid making any meaningful contribution, while passing notes to the Kremlin.

How should Europe react? First, the EU needs to wait and see what the Austrian government actually does. In 2000, sanctions on Austria were put in place with no objective reasons to do so. Unlike Orbans Hungary or Kaczynskis Poland, the then government had not reformed the judiciary, curtailed press-freedoms, or did away constitutional checks and balances. As a result, the sanctions increased the popularity of the FPÖ rather than damaging it.

Europe must therefore recognise that the FPÖ has a democratic right to have different political views to mainstream Europe. Second, European governments - and particularly intelligence services - need to pay close attention onto what is happening in Vienna. The UN and OSCE provide ample excuse to accredit many "diplomats" that are actually Russian spies, who will seek to leverage their contacts in the FPÖ.

But the EU has leverage in Vienna, too. As noted above, Sebastian Kurz will depend heavily on coalitions at EU level to progress his domestic agenda. That provides an opening to ensure that he keeps the FPÖs subversive foreign relations under control.

Kaynak/Source: