Table 2

Shares of industry and manufacturing in Austrian GDP

<table>
<thead>
<tr>
<th></th>
<th>Industry current prices</th>
<th>Industry constant prices&lt;sup&gt;1)&lt;/sup&gt;</th>
<th>Manufacturing current prices</th>
<th>Manufacturing constant prices&lt;sup&gt;1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>20,5</td>
<td>21,8</td>
<td>26,8</td>
<td>28,8</td>
</tr>
<tr>
<td>1988</td>
<td>20,8</td>
<td>20,2</td>
<td>27,4</td>
<td>26,6</td>
</tr>
</tbody>
</table>

<sup>1)</sup>constant prices 1983

This divergence between nominal and real income accounts suggests that economic growth still significantly depends on the growth of industrial output. This conclusion is strongly supported by the most recent developments. If economic growth in Austria has significantly accelerated in 1988 and 1989 (more than 4 % each year, compared to less than 2 % p.a. from 1979/87), this was largely due to higher growth of manufacturing industry. In 1988 and 1989 real manufacturing output grew at a rate of more than 6 % p.a., compared to less than 2 % p.a. in the period of 1979/87.

1.3. Ownership in Austrian industry

It is a common stereotype in Austria that due to the smallness of the country her industry is dominated by small and medium sized enterprises and industrial plants. This is true in the sense that the overwhelming majority of plants belongs to the category of less than 500 employees. However, if we measure by employment shares, plants with more than 1000 employees account for almost 30 per cent of the industrial labour force,
with another 15 per cent in the category between 500 and 1000 employees. Hence, if the small and medium sized (below 500) accounted for 98 per cent of all establishments, the corresponding share in total industrial employment is only 55 per cent. (3) The average size of industrial enterprise in Austria appears not to differ greatly from that of most European countries except Germany. (4)

This is all the more remarkable if one takes into consideration the structure of ownership in Austrian manufacturing industry. Like in other western European countries, a sizable part of the industrial labour force is employed by multinational enterprises. But unlike other small European countries such as Switzerland, the Netherlands or Sweden, Austria does not have big multinational enterprises of its own. Thus Austria is a case of "passive multi-nationalization", and the share of these enterprises has increased steadily over the postwar period. In 1978, 22.5 per cent of the industrial labour force was employed by subsidiaries of foreign companies, up from 18.8 per cent in 1969. (5) Meanwhile, the share of foreign owned companies has increased to more than one third in 1985.

At the same time, a large part of the industrial labour force is working in enterprises which are directly or indirectly state owned: almost 28 per cent in 1978, up from 26 per cent in 1969. In the last years, however, employment in state owned enterprises declined substantially.

Looked at from the viewpoint of ownership in enterprises, if there is a "mixed economy" in the true sense of the word in Western Europe, this controversial term applies to Austria's industry. Only in France the share of nationalized industry came anywhere near the Austrian figure when it
reached its peak at 18.6 per cent in 1982 immediately after a wave of nationalization measures which have been largely taken back since. In Finland, the corresponding share was 13.7 per cent in 1987, in Italy 13 per cent in 1978; for other European countries between 0 and 10 per cent.

(6)

Turning back to Austria, the residual employment share of some 50 per cent is accounted for by private Austrian ownership. These private Austrian enterprises make up the bulk of small and medium sized firms. Only 3 of them can be found in the list of the biggest 20 industrial enterprises which are predominantly either state owned or subsidiaries of foreign multinationals.

Thus the Austrian economy represents a specific type of state influence on the economy (7): whereas according to indicators such as tax share or public consumption's share in GDP Austria occupies a middle position among European countries, the involvement of the government in running enterprises is comparatively high. I will return to this aspect later.

1.4. Structure of industry

Traditionally the structure of Austrian industry has been characterized by a high share of heavy industries, of iron and steel production in particular. The strong position of the steel industry is the main cause of the high share of steel processing industries such as machinery, equipment and structural metal products, metal products, and in part at least also electrical engineering.