

## ■ FLAGGING BUSINESS ACTIVITY

*Results from the WIFO business survey have shown a tentative upward trend since early this year, interrupted by occasional reversals. In the fourth quarter, confidence has improved in the manufacturing sector. All indicators currently point to a slow recovery, but not to a proper upturn.*

Business activity remains subdued both in the euro area and in Austria. While demand and output have recovered last spring, the momentum has been very weak since, with no real upswing setting in. The main reasons are that investment and consumer demand is still sluggish and the US economy has not resumed its role as an engine of growth. The wealth losses of private households associated with the steep fall in stock market values bode ill for consumers' spending mood in the near future. An uncertain business outlook, the imponderables of the Iraq conflict and excess capacity in the information technology sector have all led to a slump in private investment.

The WIFO business survey mirrors the ups and downs of general sentiment in the course of this year. Exaggerated hopes for an upswing in the first six months were followed by growing scepticism in the third quarter and a slight improvement in the fourth period. The confidence expressed in the surveys of the first semester was hardly reflected in output figures, as it was more related to the outlook for the near future than to the current situation.

Real GDP in Austria grew by ½ percent year-on-year in the first six months; slightly higher rates may be expected for the latter part of the year. To what extent activity will gather pace depends on the external environment, but also on the liveliness of pre-Christmas sales. Latest available data for the summer months indicate sluggish manufacturing output and a tentative rise in exports from the year-earlier level.

For the first time since 1992, the Austrian current account recorded a surplus in the first semester, and even the merchandise trade account, usually with a sizeable deficit, swung to a positive balance. The main reason lies in the marked fall in the demand components exhibiting a high import intensity, notably investment goods and motor cars. Moreover, price competitiveness as measured by relative unit labour costs is on a favourable course, improving by 2 to 3 percent in manufacturing vis-à-vis the trading partners.

Inflation has abated further since the beginning of the year. In September, the annual rate stood at 1.6 percent, down by ½ percentage point from January. The downward trend is having a dampening effect on the latest wage round. For most sectors, contractual wages have been raised by 2 to 2¼ percent,

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Report.

thereby compensating for current inflation and awarding  $\frac{1}{2}$  percentage point of productivity gains.

A turnaround on the labour market may only be expected once the recovery is firmly in place. In October, the total number of jobs fell by 21,700 from the previous year, a decline of similar magnitude as in the months before. The rise in unemployment decelerated in the autumn, mainly owing to an expansion of job training activities. Austria is among the EU countries record-

ing the strongest increase in the number of jobless people.

The cyclical weakness may drive the general government deficit up to a ratio of 1.5 percent of GDP this year. The exact figure will eventually depend on economic developments in the last months of the year. In any case, the deficit in Austria will remain far below the 3 percent of GDP ceiling, unlike in Portugal, Germany, France or Italy.

Cut-off date: 7 November 2002.

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## ■ MÖGLICHKEITEN EINER SENKUNG DER LOHNNEBENKOSTEN

Unter dem Druck der Globalisierung hat sich die Steuer- und Abgabenlast in den meisten Ländern vom mobilen Kapital zur immobilen Arbeit verschoben. Die EU-Kommission und die OECD empfehlen deshalb eine Senkung der Abgabenbelastung des Faktors Arbeit, durch die vor allem die Nachfrage nach weniger qualifizierten Beschäftigten verstärkt werden kann.

In Österreich ist die Abgabenbelastung der Arbeit (ohne Einkommensteuern) mit 17,5% des BIP um 4 Prozentpunkte höher als im EU-Durchschnitt. Vor allem zwei Argumente legen eine Senkung der Lohnnebenkosten nahe: die Verbesserung der Standortattraktivität Österreichs und zu erwartende positive Auswirkungen auf die Beschäftigung.

Die Studie untersucht verschiedene Ansätze zur Realisierung einer solchen Entlastung des Faktors Arbeit und schätzt mit dem makroökonomischen Modell des WIFO deren mögliche Effekte auf die Gesamtwirtschaft.

- *Hohe Lohnnebenkosten*
- *Lohnstückkosten und Wettbewerbsfähigkeit*
- *Einfluss der hohen Abgabenbelastung des Faktors Arbeit auf die Beschäftigung*
- *Regierungsprogramm: Senkung der Lohnnebenkosten*
- *Möglichkeiten und Spielräume zur Verringerung der Lohnnebenkosten*  
Insolvenz-Entgeltsicherung – Unfallversicherung –  
Arbeitslosenversicherung
- *Modellsimulationen einer Senkung der Lohnnebenkosten*
- *Politische Aspekte einer Senkung der Lohnnebenkosten*
- *Realisierbarkeit und budgetärer Spielraum einer Lohnnebenkostensenkung*

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