OVERVIEW
Austria’s performance across the Prosperity Index has remained strong over the past decade, keeping the country in the global top 15 for prosperity.

Austria has the 15th largest prosperity surplus in the world and performs strongly across all the sub-indices of the Prosperity Index. It scores above both the OECD and EU averages across the Index, ranking in the top 25 of all sub-indices: its best performance comes in Safety & Security (9th) and its worst comes in Health (25th). Despite an overall improvement in its delivery of prosperity in the past decade, there have been some notable downward trends in Economic Quality, Governance, and Social Capital. Personal Freedom, meanwhile, has improved over the same time period. These economic and social changes do have implications for Austria’s further prosperity as it sees a resurgence of the far-right, perhaps as a reaction to these changes. This populist rise could, in turn, have a negative effect on Governance, Personal Freedom, and even Economic Quality.
The ‘Prosperity Gap’ takes a country’s GDP and uses it as the yardstick to measure a nation’s expected Prosperity Index ranking.

Sub-Index Rankings
In the Prosperity Sub-Index rankings, Austria performs best on Safety & Security and Economic Quality and scores lowest on the Health sub-index.

Visit our Rankings table to see how Austria compares to other countries.

Austria has the 15th biggest prosperity surplus in the world and has consistently maintained this surplus over the past decade. However, negative trends in Governance and Social Capital threaten to shrink Austria’s prosperity surplus going forward.
COMMENTARY

Austria’s overall performance over the past ten years in the Prosperity Index is representative of overall Western European trends during this period: prosperity has improved overall, but Governance and Economic Quality have declined, while Personal Freedom, Safety & Security, and Natural Environment have risen. Likewise, there was modest progress made in Business Environment, Education, and Health. Notably, Austria’s Personal Freedom score increased more rapidly than the Western European average. Social Capital, by contrast, declined considerably in Austria since 2007, while it has stagnated and declined more gradually in much of Western Europe.

Austria’s performance across the Prosperity Index follows West European trends – but drops considerably in Social Capital.

In the Economic Quality sub-index Austria ranks 11th. 88% of those polled are satisfied with their living standards and poverty affects only a small percentage of the population: 5% live below the national poverty line. Unemployment is low compared to many other European countries, but has risen in recent years: in September 2016, it had risen to 8.3%, the highest since the 1950s.

Despite overall strong economic performance, there is an underlying malaise, which is reflected in the Prosperity Index. In 2011 and 2012, Austria ranked 3rd in Economic Quality, eight ranks higher than in 2016. Trade barriers have increased, while anti-monopoly policies have become less effective, especially after 2012. Economic growth has been sluggish, partly because exports to its important trading partner, Germany, have decreased. Faster-growing Eastern European countries are seeing greater regional investment and are beginning to compete with Austria in the car-parts manufacturing industry. Austria faces long-term structural changes and should pursue the diversification of export markets to boost economic prosperity. Investment in Research and Development would also be beneficial to increase innovation and help Austria’s business compete. This economic discontent is partly the reason for popularity of the far-right populist Freedom Party.
Economic Quality (score) in Austria since 2007.
Austria’s Economic Quality slumped after 2010.

Decline in Economic Quality could also be a result of (or reason for) Austria’s declining performance in Governance: it has fallen three ranks to 15th since 2007, with a notably downward shift coming after 2010. Meanwhile, Germany and the UK’s performance in Governance has improved over this period, while their Economic Quality did not decrease to the same extent. The Prosperity Index shows that the government has become less efficient in challenging regulation and less transparent, perhaps hampering efforts to improve economic performance. There are, indeed, signs of political instability and discontent in the country: neither of the mainstream governing parties advanced to the second round of Austria’s 2016 presidential elections. As a result, there was an extremely tight run-off between the far-right Freedom Party candidate and the Independent candidate, a member of the Greens. The election went very narrowly in favour of the Greens, but has to be re-run (set for December 2016) after the Freedom Party won an appeal that some votes had been miscounted.

Personal Freedom, by contrast, has risen rapidly in Austria and at a faster rate than its Western European peers: it rose seven ranks from 30th to 23rd over the past decade. Tolerance for immigrants and ethnic minorities increased substantially: 22% more people thought their area was a good place for immigrants to settle in, while 30% more thought it was a good place for ethnic minorities. Meanwhile, 34% more people thought Austria was a positive place for the LGBT community. This is one reason the rise of the far-right Freedom Party in Austria is so jarring: the divisive, nationalist rhetoric of the Freedom Party stands in sharp contrast to this increased openness and acceptance of differences of culture and social norms. But, perhaps, it is not surprising: the far-right exploits fear of these changing values, a backlash, as it were, against what is perceived as ‘too much personal freedom.’ This trend can be seen elsewhere in Europe such as in France and Germany. Along with
Austria, they remain some of the most economically prosperous in the world, despite the crisis, so the rise of far-right populism cannot be limited to economic discontent alone.

Personal Freedom soars in Austria

Personal Freedom rose rapidly in Austria, sparking a backlash against social change represented by the surge in popularity for right-wing populists.

Ways to make a change
Click on the Tweets to help make a change in your nation.

1. Austria: populist backlash against rising Personal Freedom and tolerance?  
2. Austria finds it more difficult to export: diversify exports to protect economy from globalisation pressures.  
3. Austria’s declining economic opportunity: mainstream parties must reach those who feel left behind if prosperity is to grow!