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PUBLIC ECONOMICS IN EDUCATION AND RESEARCH IN AUSTRIA

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Workshop 2 – Education and Training

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1 - INTRODUCTION

The paper gives an overview of the inclusion of public economy issues in accepted doctrine and research in Austria from an economics viewpoint. The account turns mainly around the contribution of universities or university-level educational establishments to the subject of the Public Economy. The courses offered by other institutions are referred to only occasionally.

The report that follows does not pretend to be exhaustive. For one thing, the courses taught and research work on the public economy in the schools of economics is very diverse, and sometimes elude the panoramic view. For another, the relevant courses have changed quite considerably in recent years. Major determinants in this development were, and still are, wide-ranging reforms in the education sector (reform of the teaching programmes, organizational reform of the universities, establishment and extension of technical colleges, etc.) and, on the other hand, the change that can be observed in the practice of the public economy. The deregulation, harmonization, liberalization and privatization processes set in motion by European Union policies have also contributed to these essential changes.

The section that follows gives an overview of the tertiary education system in Austria. The report then goes on to outline the public economy as a subject in the teaching of economics and as a subject of university courses. This is followed by references to the contribution of scientific research in economics in Austria to issues of the public economy. The report then closes with a summary and a number of conclusions.

2 - OVERVIEW OF TERTIARY EDUCATION IN AUSTRIA

Austria has a broad spectrum of tertiary educational and cultural institutions. Besides (scientific) universities, universities for the arts and humanities, polytechnics and colleges, there are also academies for various forms of vocational training (teacher training colleges, social work, health professions).

Some of the state universities have been in existence for several hundred years; the University of Vienna is the oldest, and was founded in 1365. Development of the college sector did not begin until 1994. The colleges are supposed to provide vocational training on a scientific basis. Private universities have been authorized since 1999.

The state universities have a variety of legally determined tasks, especially in teaching, research and development and training in the arts.

In Austria there are twelve universities for the exact sciences and six universities for the arts and humanities, plus a university centre for postgraduate further education. In 1999 ten different degree courses were legally established for Social Sciences and Economics. These courses are offered at seven universities - the Universities of Vienna, Graz, Innsbruck, Linz and Klagenfurt, at the Vienna University of Economics and at the Vienna Technical University.

In the 2000/2001 academic year, approximately 231 000 Austrian citizens studied in the tertiary education sector, 193 649 of them at universities, 4 770 at universities for the arts and humanities, and 11 333 at technical colleges.

Austrian students in full-time tertiary education, academic year 2000/01

Universities	193 649
Universities for the Arts	4 770
Technical colleges	11 333
Other	21 896
Total	231 648

Source: BMBWK, Statistisches Taschenbuch 2001, Tab 1.6

Of approximately 14 800 graduations in 1999/00, 2 829 went to social science and economics courses. Around 2 000 of that number concerned business management and commercial studies. Some 1 200 graduates a year complete their studies at the Vienna University of Economics alone, the biggest educational institution for economics in Austria - with a further 80 to 100 of them going on to take a PhD (BMBWK, Folder Statistische Daten).

The Austrian universities are currently in the throes of a radical reform process that has already done much to change the contours of the educational landscape. The development of the college sector has also brought about far-reaching changes.

All the universities have reworked their course contents on the basis of the University Studies Law of 1997. The universities can map out their own teaching programmes and develop their own academic profiles, without state dirigism and regulation as regards the detail, and largely independently one from the other.

The University Studies Law of July 2002 brought a root-and-branch reorganization of Austria's universities. They are now separated out of the federal budget, receiving in return greater autonomy, and will have to compete more purposefully for resources and students in future.

The process of reform and change is still under way, and will leave a lasting mark on higher and further education in Austria in the years ahead.

3 - PUBLIC ECONOMY AND UNIVERSITY COURSES IN AUSTRIA

3.1 Degree courses

The subject Public Economy may be taken as part of a regular economics and sociology course (degree studies, bachelor's and master's degree), either by way of a specialism as a special (particular) economics course, or on a complementary basis as a consolidation or optional subject.

Until a few years ago, "Public Economy and Administration" could be taken in Austria as a special branch of business management studies. However, only few students chose to tread that path, and the total number of graduates was admittedly small.

A number of chairs (professorships) were instituted at the time in order to represent the special economics subject "Public Economy". The universities of Linz, Vienna and, more recently, Klagenfurt have professorships for business management. The Vienna University of Economics has a chair dedicated to financial science and public economy set in the broader context of national, or political, economy.

The *Institut für Betriebswirtschaftslehre der gemeinwirtschaftlichen Unternehmen* of the University of Linz (Univ. Prof. Schauer) has been operating since 1970, providing ever since a comprehensive business-management education within the framework of its own philosophy of business management. The students may opt for “Public Utility Management and Non-Profit Management” as a specialism or course-credit subject. The specialism course - which spans 16 hours of term week-hours at any one time - is designed to give a general grounding in the principles of business management and non-profit management. The 8-hour course-credit option imparts the basics of both fields (Public Management and Non-Profit Management).

The *Institut für Betriebswirtschaftslehre* at the University of Vienna has instituted a chair for Public Economy and Financial Services (Univ. Prof. Finsinger). The new study programme features the core option “Public Utility Management” (20 hours). With a spread of interlocking - and, to some extent, optional - modules (4 hours each), the students are prepared for the tasks and particularities of the management of public utilities.

In the year 2000, the University of Klagenfurt institutes its Public Utility Management Faculty, with the focus on Public, Non-Profit and Health Management (Univ. Prof. Rondo-Brovetto). The study courses are organized around these centres of gravity.

The University of Vienna *Institut für Finanzwissenschaft* has had a professorship for Finance and Public Economy (Univ. Prof. Obermann) since 1990. The focal-point programme “Public Economy” is offered as a priority course component towards the political (national) economics degree course. Viewed from the angle of incidence of a political economy of the public sector, the evolution of public entrepreneurship in the longer-term is considered in the wake of European integration. The programme currently pivots around questions of the organization of the provision of services by public and private enterprises. The study of co-operative themes in teaching and research and the co-operation with the *Verband der Öffentlichen Wirtschaft und Gemeinwirtschaft* in Austria (VÖWG) enjoys a decades-long tradition at this Institute, founded by the former board of governors (Univ. Prof. Schöpf).

The new study programmes at the University of Economics further develop the courses offered on the public economy. The Institute will, in future, offer course components on the public economy as part of the National (Political) Economy degree course. In addition, the optional subject “Infrastructure Economy and Public Economy” has now been introduced and can be taken by students from all lines of study. It allows a more advanced specialization in the field of (public-supplier and private-supplier) provision of general-interest services.

Over and above the economics teaching programmes addressing the discipline as such - and the whole gamut of the public economy - many Austrian universities also offer special courses that focus on selected areas of the public economy and of the general economic interest institutions. The students thus have the choice, during their degree courses, of preparing intensively for particular tasks and areas of service (e.g., public management, health and hospital management, social services, non-profit-organizations, public utilities).

3.2 NPO focal areas in degree courses

The broad, differentiated offer of degree courses specifically directed towards the non-profit organizations (NPOs) may be cited as a good example of such laying of emphases. A concise account recently drafted by Prof. Schauer (University of Linz) shows the diversity of the courses now on offer both inside and outside universities in Austria (Schauer 2002).

An NPO-specific education may be acquired within the broader context of the political economy degree course through the choice of a special political economy theory course as the major. Linz offers a course on “Public Administration Management and Non-Profit Management”, the University of Economics offers “Public Management - Business Management Theory of Public Organizations” and “Business Management of the Co-operatives”, Klagenfurt offers “Theory of Public Administration - Public Management”, Innsbruck offers “Administration Management”. The duration of these special political economics courses is 16 hours.

The University of Economics offers an option for specialist studies in “Management in the NPO Sector”, with a duration of 22 hours, at both basic and consolidation course level. For the rest, the Department of Economics and Social Policy has been offering the optional subject “Social Policy” for some considerable time now.

NPO-specific course-contents are also taught in the optional subject “Co-operatives” at the University of Economics and at the University of Vienna. Linz also offers the choice of studies in “Social Economy”, which has strong connections with the relevant course-contents.

3.3 NPO-specific university degree courses and equivalent courses

The academic programmes of university degree courses (individual universities) and equivalent-standard degree courses offered by other carriers from extra-university circles are geared to the practical needs of non-profit organizations.

In accordance with the legal regulations, students completing these courses obtain the academic degree of “Master of Advanced Studies” (MAS) or - if political economy course components predominate - “Master of Business Administration” (MBA). These degrees are accepted in practice as the seal of quality of the education received.

Fourteen such two- to four-semester courses were previously in place in Austria (Schauer 2002). Additional courses are now being developed.

Social management courses (e.g., the ISMOS course at the University of Vienna, the IPO Social Management course, Linz) are also important; other courses are directed towards Hospital Management, Health, Culture and Arts Management, Regional Management and Public Management.

3.4 Non-university NPO courses

Special courses are offered by technical colleges and by other carriers from extra-university circles.

The NPO-specific range of technical college courses in Austria is currently limited to three courses (Sport, Culture and Events Management, Municipal Management, Health Management and Public Management) and is still under construction.

The - mostly highly specialized - higher and further education courses given by other carriers concern *inter alia* social and hospital management missions (e.g., Caritas, communities run by religious orders) or art/culture management (ICCM, Salzburg).

3.5 Public Economy in the degree courses at the University of Economics

The possibilities that a given university has for mapping out areas of special interest related to the public economy may be shown by the example of the courses offered at the University of Economics. It should be noted, however, that the University of Economics is the biggest educational institution for economics in Austria.

Students at the University of Economics may choose the aforementioned special subjects Public Management and Co-operatives and Management and special field of competence NPO Organizations within the framework of their degree course in political economy. Combined with certain optional subjects and consolidation courses more or less related to the public economy (e.g., Infrastructure Economy and Public Economy, Social Policy, Transport Economy, European Commercial Law), prior knowledge and skills can thus be acquired for specific professional tasks.

The duration of the teaching programmes is between 6 hours for optional subjects and 22 hours for a field of special competence.

Besides the business management and political economy courses, the University of Economics also teaches courses relevant to other disciplines and specialisms. This applies more particularly in respect of the legal science subjects, which have, for example, increasingly come to concern themselves in recent years with constitutional and commercial law issues of the provision of general-interest services and economic activity - especially in the EU context. These contents likewise flow into the range of courses on offer. Close co-operations with economics subjects exist in some cases.

4. PUBLIC ECONOMY AND SCIENTIFIC RESEARCH IN ECONOMICS

Scientific research in economics in Austria is directed towards numerous theoretical and empirical questions around public and co-operative enterprises and institutions.

The university facilities (institutes, departments) mentioned in connection with the offered courses naturally played a key part in the numerous research contributions in the specialist field of Public Economy. Their contribution results not least from the efforts of the scientific representatives and of the universities to teach the students a research-driven subject. The width of the spectrum of research themes is also reflected in the range of available courses.

Here is not the place to give an overview of completed and current research projects. Reference should be made instead to the relevant research documentation or to the websites of the individual institutes and departments. Topics range from research of fundamental principles via applied research through to current issues. All of these institutes will also provide relevant doctoral theses and dissertations. The results find expression in scientific monographs, in books and in newspaper articles.

Practically all university institutions maintain intensive contacts with the practitioners through jointly organized events, cooperation and advisory projects. In Austria, major contributions to research on topical problems concerning the public economy are also made outside the universities. Particular mention may be made here of the economic research institutes (WIFO, INS), which regularly publish empirical studies and scientific treatises, and of the various institutions that research and advise the public administration (KDZ).

Relevant scientific and economic policy contributions on matters of public economy can also be found in the specialist journals of interest groups and associations - such as, e.g., *Zeitschrift für Gemeinwirtschaft*, *Wirtschaftspolitische Blätter*, *Wirtschaft und Gesellschaft*, *Das Öffentliche Haushaltswesen in Österreich*.

The representatives of the interests of the public economy - that is, at national level, the *Verband der Öffentlichen Wirtschaft und Gemeinwirtschaft* (VÖWG) and, at international level, the CEEP - have a special position. As a scientific institution, IFIG/CIRIEC makes a significant contribution towards international cooperation between scientific representatives, and towards the promotion of national research activities in many areas of the public economy and the Third Sector.

The events and publications of the *Verband der Öffentlichen Wirtschaft und Gemeinwirtschaft* in Austria constantly encourage consideration of special themes in the public economy.

In recent years, the Scientific Council of the *Verband der Öffentlichen Wirtschaft und Gemeinwirtschaft* has initiated, or has published, a number of standard works on questions of the public enterprise sector and its missions in Austria. What is more, the *Verband der Öffentlichen Wirtschaft und Gemeinwirtschaft* promotes relevant scientific publications (doctoral theses and dissertations) through its award of the K.W. Rothschild Prize.

The scientific activities of IFIG/CIRIEC are international in their orientation. The considerable publishing activities of both scientific commissions (“Public Enterprises” and “Social and Co-operative Economy”), in which Austrian experts are also involved, and the sterling reputation of the *Annals of Public and Co-operative Economy* among the international scientific community are sufficiently well known in these circles.

5. SUMMARY AND PROSPECTS

Doctrine

The teaching programmes for the subject Public Economy show that priority at the Austrian universities is accorded to the training of generalists. There are, however, clear signs of a shift of emphasis, allowing students, at an early stage of their studies, to acquire specialist knowledge for particular task and fields of professional activity.

Regarding public economy missions and professional fields allied to public and co-operative enterprises and institutions, future executives will require - besides basic legal and institutional knowledge - a good understanding of commercial activity and political economics.

The increase in special teaching programmes observed in recent years allows the conclusion that the academic representatives and university leaders have recognized the growing importance of the study of the problems of providing general-interest

services, and the efficient organization of the public economy for the professional practice of the graduates, and now see a corresponding educational requirement.

There is the basic expectation that these - partially new - courses offered will be used by students, and that public and private employers will want to recruit graduates who are qualified in these areas. The diversity of courses offered in connection with the public economy gives reason to suspect that, although the education market may not yet be saturated, there has also been no regularization of the market.

The autonomy accorded by recent legal reform to the universities to structure their courses under their own liability, now makes it possible to anticipate and react more rapidly to social and economic education needs. Practically all universities are working towards developing specific educational packages - for the public sector included - towards creating distinctive images for themselves in the European education market.

Now as ever, future demand for well-trained graduates looks promising. Even if - indeed, precisely because - the government must make economies in many areas for budgetary reasons, there will always be a need for graduates who are groomed for executive missions in the public sector. In addition, the now-significant Third Sector can also expect a considerable growth potential; this applies in particular to missions in state and private NPOs in the health and welfare sectors.

New fields of activity are opening up outside the traditional sectors of the public and co-operative systems. For example, via assignments in private enterprises active in the infrastructure sector and the provision of public services (services in the general economic interest, universal services). A solidly-based, thorough knowledge of the public economy will prove to be a valuable competitive advantage on the employment market for these kinds of missions too.

Seen thus, Public Economy is a subject with good future prospects as regards university education.

Research

Turning now to research, it is gratifying to note a flourishing, multilateral publication activity. However, many research findings are not (explicitly) to be found under the heading "Public Economy".

Research is coming to concentrate on a number of important topical trends and developments - more particularly, the management and performance of NPOs, organization of the supply of public utilities, infrastructure and regulation issues, New Public Management, the reform of public administration.

In the scientific investigation of public economy issues - in the broader sense - there are two discernible trends that may fairly be evaluated as being positive.

Regarding the first trend: the interdisciplinary study of public economy topics is now more widespread than once it was - and also more readily perceptible than in certain other areas of scientific research into economics.

Examples of this include NPO research and discussions of issues in connection with the supply of welfare services.

An example: a long-term interdisciplinary focal point, "Function and Management of Non-Profit Organizations", was set up several years ago, bringing together more than twenty-five experts from various disciplines (management experts, economists, sociologists, legal experts, information technologists, etc.). The establishment of this network and the research findings of the individual projects are documented in many and various publications.

Questions as to the effectiveness and efficiency of the organization of the supply of welfare services have only become a central area of research since the more recent endeavours of the EU policy-makers. The scientific and socio-political consequences of EU policy with regard to the provision of general-interest service to the citizen has long been the subject of in-depth investigation - this mainly in the light of economic and legal considerations.

However, genuine interdisciplinary approaches to research by no means exceptional - interdisciplinarity is, in many cases, limited to co-operation with the technical representatives from different disciplines. Bearing in mind the complexity of the subject of research that is the Public Economy, an interdisciplinary approach to the institutional, legal and economic sides of the equation now promises to be especially productive. All initiatives in this direction would be most welcome.

Regarding the second trend: public economy are today not (or no longer) accorded a high priority among national aspects; the international dimension is now discussed in explicit terms. The European viewpoint has become taken for granted. International co-operations and comparative analyses have, in fact, borne abundant fruit.

This is particularly the case as regards the scientific exploration of the problems, strategies and consequences of the liberalization and regulation of the infrastructure markets and, more recently, for the investigation of the phenomenon, of the shift from producer state, providing public welfare services on its own account, to the state that accepts responsibility for ensuring the availability of these services, 'period'.

Despite this generally quite encouraging picture of the situation in Austria, it has to be said, on a more critical note, that - considering the heroic challenges and labours

entailed by the ongoing evolution and modernization of the public sector and the public economy, more personal and material resources will have to be invested in the relevant research and in classroom instruction. “Even” in Austria. Appropriate endowment is the precondition for a firm anchoring of Public Economy as a subject in research and study and, at the same time, an important legacy for the next generation of scientific researchers.

Sources

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BMBWK, Folder Statistische Daten 2001

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Austrian Universities offering Social Sciences and Economic Studies

Universität Wien	http://www.univie.ac.at/ .
Universität Graz	http://www.kfunigraz.ac.at/
Universität Innsbruck	http://www.uibk.ac.at
Universität Linz	http://www.uni-linz.ac.at:80/
Universität Klagenfurt	http://www.uni-klu.ac.at
Wirtschaftsuniversität Wien	http://www.wu-wien.ac.at/
Technische Universität Wien	http://info.tuwien.ac.at/