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# Introduction

Austria (in German, Цsterreich), officially Republic of Austria, republic in central Europe, bordered on the north by the Czech Republic; on the north-east by Slovakia; on the east by Hungary; on the south by Slovenia, Italy, and Switzerland; and on the west by Liechtenstein, Switzerland, and Germany.

Austria is about 580 km (360 mi) long and has an area of 83,859 sq km (32,378 sq mi). Vienna is the country's capital and largest city.

During the past 10 centuries, the term Austria has designated a variety of geographic and political concepts. In its narrowest sense Austria has included only the present-day provinces of Upper and Lower Austria, including Vienna; in its widest meaning the term has covered the far-flung domains of the imperial house of Hapsburg. Its present connotation — German-speaking Austria — dates only from 1918. This article deals mainly with the history of German-speaking Austria. For wider historical background, see Holy Roman Empire; Hapsburg; Austro-Hungarian Monarchy; Hungary; Bohemia; and Netherlands, Austrian and Spanish.

Visits to Austria mostly include trips to Vienna with its Cathedral, its "Heurigenschenken" (wine pubs) and romantic Waltz music flair. Worth a visit are Salzburg, birthplace of Mozart, Innsbruck, capital of Tyrol, surrounded by the Alps and Danube valley with its vineyards, for example the Wachau, which is between Melk und Krems. In the western part of the country Austria reaches Lake Constance, in the eastern part Neusiedler See. Austria also is famous for its skiing and hiking resorts in the Alps and for its lakes.

# 1. Austria

## 

## 1.1 The Rise of Austria

Austria is located at the crossroads of Europe; Vienna is at the gate of the Danubian plain, and the Brenner Pass in W Austria links Germany and Italy. From earliest times Austrian territory has been a thoroughfare, a battleground, and a border area. It was occupied by Celts and Suebi when the Romans conquered (15 B.C.–A.D. 10) and divided it among the provinces of Rhaetia, Noricum, and Upper Pannonia. After the 5th cent. A.D., Huns, Ostrogoths, Lombards, and Bavarians overran and devastated the provinces. By c.600, Slavs from the east had occupied all of modern Styria, Lower Austria, and Carinthia.

In 788, Charlemagne conquered the area and set up the first Austrian (i.e., Eastern) March in the present Upper and Lower Austria, to halt the inroads of the Avars. Colonization was encouraged, and Christianity (which had been introduced under the Romans) was again spread energetically. After Charlemagne's death (814) the march soon fell to the Moravians and later to the Magyars, from whom it was taken (955) by Emperor Otto I. Otto reconstituted the march and attached it to Bavaria, but, in 976, Otto II bestowed it as a separate fief on Leopold of Babenberg, founder of the first Austrian dynasty. Emperor Frederick I raised (1156) Austria to a duchy, and, in 1192, Styria also passed under Babenberg rule.

The 11th and 12th cent. saw the height of Austrian feudalism and also witnessed the marked development of towns as the Danube was converted to a great trade route. After the death (1246) of the last Babenberg, King Ottocar II of Bohemia acquired (1251–69) Austria, Styria, Carinthia, and Carniola. Fearing his power, the German princes elected (1273) Rudolf of Hapsburg German king. Rudolf I asserted (1282) his royal prerogative to reclaim the four duchies from Ottocar and incorporate them in his domains. After the murder (1308) of Rudolf's son, Albert I, the German princes balked at electing another member of the ambitious family.

Albert's ducal successors enlarged the Hapsburg holdings by acquiring Tyrol (1363) and Trieste (1382) and extended their influence over the ecclesiastic states of Salzburg, Trent, and Brixen (see Bressanone), which, however, remained independent until 1803. Marriage allowed Albert II to be elected German king in 1438. Beginning with Albert II, the rulers of the Holy Roman Empire were always chosen from the Hapsburg dynasty. Despite their vast imperial preoccupations, the emperors always considered German Austria the prized core of their dominions. During the long reign of Frederick III (1440–93), the protracted Hapsburg wars with France began. In 1526, Austria, Bohemia, and Hungary were united under one crown (see Ferdinand I, emperor). In the same year Vienna was besieged for two weeks by troops of the Ottoman Empire under Sulayman the Magnificent, who had made a forceful advance into Europe. The Turkish threat to Austria ebbed and then climaxed again in the second siege of Vienna in 1683.

The patterns of medievalism were weakening in Austria, especially as the money economy spread, and in the 16th cent. the commercial revolution diminished the importance of Austrian trade routes and of the ancient gold and silver mines of Tyrol and Carinthia. Economic and political instability in the 16th cent. precipitated the spread of the Protestant Reformation, which the Hapsburg rulers attempted to counter by nurturing the Counter Reformation. The alliance then formed between church and state continued throughout the history of the monarchy.

The Austrian peasantry, especially in Tyrol, had gained some advantages in the Peasants' War of 1524–26; in general, however, the rising, backed by some Protestants but not by Luther, was defeated. Suppression of Protestantism was at first impossible, and, under Maximilian II, Lutheran nobles were granted considerable toleration. Rudolph II and Matthias pursued policies of partial Catholicization, and, under Ferdinand II, anti-Protestant vigor helped to precipitate the Thirty Years War (1618–48). Protestant Bohemia and Moravia, defeated by the Austrians at the White Mt. (1620), became virtual Austrian provinces. Austria proper remained relatively unscathed in the long holocaust; after the Peace of Westphalia the Hapsburg lands emerged as a distinct empire, whereas the Holy Roman Empire drifted into a mere shadow existence.

## 1.2 The Austrian Empire

The monarchy, although repressive of free speech and worship, was far from absolute; taxation and other powers rested with the provincial estates for a further century. Emperor Charles VI (1711–40), whose dynastic wars had drained the state, secured the succession to the Hapsburg lands for his daughter, Maria Theresa, by means of the pragmatic sanction. Maria Theresa's struggle with Frederick II of Prussia in the War of the Austrian Succession (see Austrian Succession, War of the) and the Seven Years War opened a long struggle for dominance in the German lands.

Except for the loss of Silesia, Maria Theresa held her own. The provincial estates were reduced in power, and an efficient centralized bureaucracy was created; as the nobles were attracted to bureaucratic service their power as a class was weakened. Maria Theresa's husband, Francis I, became Holy Roman emperor in 1745, but his position was largely titular. The major event of Maria Theresa's later reign was the first partition of Poland (1772; see Poland, partitions of); in that transaction and in the third partition (1795) Austria renewed its eastward expansion.

Joseph II, who succeeded her, impetuously carried forward the reforms which his mother had cautiously begun. His attempts to further centralize and Germanize his scattered and disparate dominions met stubborn resistance; his project to consolidate his state by exchanging the Austrian Netherlands for Bavaria was balked by Frederick II. An exemplar of “benevolent despotism” and a disciple of the Enlightenment, Joseph also decreed a series of revolutionary agrarian, fiscal, religious, and judicial reforms; however, opposition, especially from among the clergy and the landowners, forced his successor, Leopold II, to rescind many of them. In Joseph's reign the Austrian bourgeoisie began to emerge as a social and cultural force. Music and architecture (see Vienna) flourished in 18th-century Austria, and modern Austrian literature (see German literature) emerged early in the 19th cent.

In the reign of Francis II, Austria was drawn (1792) into war with revolutionary France (see French Revolutionary Wars) and with Napoleon I. The treaties of Campo Formio (1797) and Lunéville (1801) preluded the dissolution (1806) of the Holy Roman Empire, and in 1804, Francis II took the title “Francis I, emperor of Austria.” His rout at Austerlitz (1805) led to the severe Treaty of Pressburg (see Pressburg, Treaty of).

An upsurge of patriotism resulted in the renewal of war with Napoleon in 1809; Austria's defeat at Wagram led to the even more humiliating Peace of Schönbrunn (see under Schönbrunn). Austria was forced to side with Napoleon in the Russian campaign of 1812, but in 1813 it again joined the coalition against Napoleon; an Austrian, Prince Karl Philipp von Schwarzenberg, headed the allied forces. The Congress of Vienna (1814–15; see Vienna, Congress of) did not restore to Austria its former possessions in the Netherlands and in Baden but awarded it Lombardy, Venetia, Istria, and Dalmatia.

As the leading power of both the German Confederation and the Holy Alliance, Austria under the ministry of Metternich dominated European politics. Conservatism and the repression of nationalistic strivings characterized the age. Nevertheless, the Metternich period was one of great cultural achievement, particularly in music and literature.

The revolutions of 1848 shook the Hapsburg empire but ultimately failed because of the conflicting economic goals of the middle and lower classes and because of the conflicting nationalist aspirations that set the revolutionary movements of Germans, Slavs, Hungarians, and Italians against each other. Revolts were at first successful throughout the empire (see Risorgimento; Galicia; Bohemia; Hungary); in Vienna the revolutionists drove out Metternich (Mar., 1848). Emperor Ferdinand granted (April) a liberal constitution, which a constituent assembly replaced (July) with a more democratic one. After a new outbreak Vienna was bombarded, and the revolutionists were punished by troops under General Windischgrätz. Prince Felix zu Schwarzenberg became premier and engineered the abdication of Ferdinand in favor of Francis Joseph.

The military and political weakness of the empire was demonstrated by the Austrian loss of Lombardy in the Italian War of 1859. Attempts to solve the nationalities problem—the “October Diploma” (1860), which created a central legislature and gave increased powers to the provincial assemblies of nobles, and the “February Patent,” which transferred many of these powers to the central legislature—failed. Prussia seized the opportunity to drive Austria out of Germany. After involving Austria in the war over Schleswig-Holstein in 1864, Bismarck found an easy pretext for attacking. Overwhelmingly defeated by Prussia at Sadová (Sadowa) in 1866 (see Austro-Prussian War), Austria was forced to cede Venetia to Italy. With this debacle Austria's political role in Germany came to an end.

A reorganization of the government of the empire became inevitable, and in 1867 a compromise (Ger. Ausgleich) with Hungarian moderate nationalists established a dual state, the Austro-Hungarian Monarchy. But the realm, a land of diverse peoples ruled by a German-Magyar minority, increasingly became an anachronism in a nationalistic age. Failure to provide a satisfactory status for the other nationalities, notably the Slavs, played a major role in bringing about World War I. Important developments in Austrian society during this period were the continued irresponsibility of the nobility and the backwardness of the peasantry, the growth of a socialist working class, widespread anti-Semitism stimulated by the large-scale movement to Austria of poor Jews from the eastern provinces, and extraordinary cultural creativity in Vienna.

The disastrous course of the war led to the breakup of the monarchy in 1918. Charles I renounced power; after a peaceful revolution staged by the Socialist and Pan-German parties, German Austria was proclaimed (Nov. 12) a republic and a part of Greater Germany.

## 1.3 Modern Austria

The Treaty of Saint-Germain (1919) fixed the present Austrian borders and forbade (as did the Treaty of Versailles) any political or economic union (Ger. Anschluss) with Germany. This left Austria a small country with some 7 million inhabitants, one third of whom lived in a single large city (Vienna) that had been geared to be the financial and industrial hub of a large state. The Dual Monarchy had been virtually self-sufficient economically; its breakup and the consequent erection of tariff walls deprived Austria of raw materials, food, and markets. In the postwar period, starvation and influenza exacted a heavy toll, especially in Vienna. These ills were followed by currency inflation, ended only in 1924 by means of League of Nations aid, following upon chronic unemployment, financial scandals and crises, and growing political unrest.

“Red” Vienna, under the moderate socialist government of Karl Seitz, became increasingly opposed by the “Black” (i.e., clericalist) rural faction, which won the elections of 1921. The cabinet of Social Democrat Karl Renner was succeeded by Christian Socialist and Pan-German coalitions under Schober, Seipel, and others. Unrest culminated, in 1927, in violent riots in Vienna; two rival private militias—the Heimwehr of the monarchist leader E. R. von Starhemberg and the Schutzbund of the socialists—posed a threat to the authority of the state. Economic crisis loomed again in the late 1920s. National Socialism, feeding in part on anti-Semitism, gained rapidly and soon absorbed the Pan-German party.

Engelbert Dollfuss, who became chancellor in 1932, though irreconcilably opposed to Anschluss and to National Socialism, tended increasingly toward corporative fascism and relied heavily on Italian support. His stern suppression of the socialists precipitated a serious revolt (1934), which was bloodily suppressed by the army. Soon afterward a totalitarian state was set up, and all independent political parties were outlawed. In July, 1934, the National Socialists assassinated Dollfuss but failed to seize the government.

Kurt von Schuschnigg succeeded Dollfuss. German pressure on Austria increased; Schuschnigg was forced to legalize the operations of the National Socialists and to appoint members of that party to cabinet posts. Schuschnigg planned a last-minute effort to avoid Anschluss by holding a plebiscite, but Hitler forced him to resign. In Mar., 1938, Austria was occupied by German troops and became part of the Reich. Arthur Seyss-Inquart became the Nazi governor.

In 1943, the Allies agreed to reestablish an independent Austria at the end of World War II. In 1945, Austria was conquered by Soviet and American troops, and a provisional government was set up under Karl Renner. The pre-Dollfuss constitution was restored with revisions; the country was divided into separate occupation zones, each controlled by an Allied power.

Economic recovery was hindered by the decline of trade between Western and Eastern Europe and by the division into zones. Austria was formally recognized by the Western powers in 1946, but because of Soviet disagreement with the West over reparations, the occupation continued. On May 15, 1955, a formal treaty between Great Britain, France, the United States, the USSR, and Austria restored full sovereignty to the country. The treaty prohibited the possession of major offensive weapons and required Austria to pay heavy reparations to the USSR. Austria proclaimed its perpetual neutrality. In 1955 it was admitted to the United Nations.

By the 1960s unprecedented prosperity had been attained. Austria had joined the European Free Trade Association in 1959, but association with the European Economic Community (Common Market) was held back by Soviet opposition. Politically, a nearly equal balance of power between the conservative People's party and the Socialist party resulted in successive coalition cabinets until 1966, when the People's party won a clear majority. They were ousted by the Socialists in the 1970 elections, and Bruno Kreisky became chancellor. A long-standing dispute with Italy over the German-speaking population of the Trentino–Alto Adige region of Italy was dealt with in a treaty ratified in 1971.

In 1983 the Socialist government fell, and Socialists were forced to form a coalition with the far-right Freedom party. In 1986 the Socialists (now the Social Democrats) and the People's party again joined together in a “grand coalition” that retained control of the government through the 1990s. Social Democrat Franz Vranitzky was chancellor from 1986 to 1997, when he resigned and was replaced by Viktor Klima. In the Oct., 1999, elections, the People's party placed third, just barely behind the far-right Freedom party, whose leader, Jörg Haider, has been critized as demagogic. The results complicated the formation of a new government, which still was not achieved by Dec., 1999, when Klima sought to re-form the Social Democratic–People's party coalition.

Austria captured world attention in 1986 when former United Nations Secretary-General Kurt Waldheim was elected president despite allegations that he had been involved in atrocities as a German army staff officer in the Balkans during World War II. Waldheim was succeeded in 1992 by Thomas Klestil, the candidate of the People's party. Austria began a partial privatization of state-owned industries in the late 1980s and entered the European Union in 1995.

# 2. The tourism industry as a part of the Austrian economy

The majestic Alps, plentiful forests, 88 lakes and a considerable network of rivers all add to Austria’s natural beauty and vibrant countryside. As a popular holiday destination in Central Europe, Austria plays host to visitors from all over the world. Thus, tourism plays an important role in the Austrian economy.

## 2.1 The Organizational Structure

According to a federal principle of the Austrian constitution, each of the 9 Austrian Federal Provinces is responsible for its own tourism. At the provincial level, tourist boards and a special division of the provincial governments conduct tourism.

Although the constitution itself allocates responsibility for tourism to the federal provinces, the Federal Government is held accountable for the general economic policy, public transport, financing instruments and subsidies - all questions which are directly or indirectly related to tourism.

The marketing activities in Austria’s tourism industry are provided by the "Austrian National Tourist Office"(ANTO). The Austrian Federal Government, the local governments of the 9 provinces, and the Austrian Economic Chamber are affiliated to the ANTO.

With a budget of around 44,743 mio. in 2001, the Austrian National Tourist Office strives to promote Austrian tourism on both the domestic and the international levels. To this end, it maintains 24 representative offices in all major incoming-tourist countries of the world, 4 marketing offices and several representatives/tourism managers and honorary representatives in a number of other countries (approximately 80 representatives in total).

## 2.2 Economic Significance

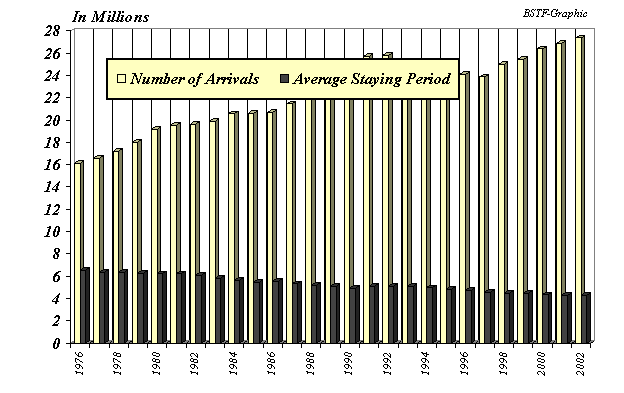
Austria's tourism and leisure industry plays a vital role in the Austrian economy. In 2002, the total foreign currency earnings from tourism amounted to approximately 14,13 million € (+5.5% compared with 2001). Thus, tourism accounts for 18,6% of Austria's total export earnings, for some 6,5% of the GDP and employs some 500,000 people. In terms of the per capita income in foreign currency from tourism, Austria is at the reign with annually approximately 1,400 €.

The number of beds and the number of overnight stays are the most important statistical indicators to measure the performance of tourism. The Austrian registration system ensures accurate statistical data. In 2002, approximately 1.151 million guest beds were registered.

In the same year, the number of overnight stays amounted to 116,8 million. Visitors from abroad accounted for about 85,79 million and domestic guests for about 31,01 million (comparison to 2001: +1,5% in total). Thus, foreign visitors represented 73.4% of the total overnight stays in 2002. Austria is again among the top tourist destinations.

Another important statistical indicator is the number of arrivals: In 2002 they amounted to 27,36 million (resulting in a plus of 1.7% compared to 2001 or approximately 465,882 more than the previous year). The guests stayed an average period of 4.27 days, which resulted in a 26.6% occupancy rate of guest beds.

Number of Arrivals and Average Staying Period (1976-2002)

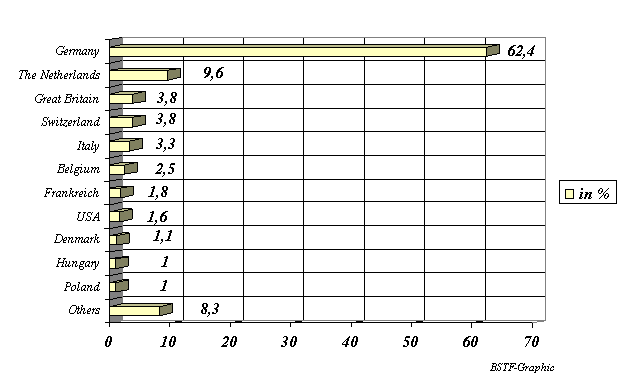


Foreign currency receipts amounted to about 14,13 million € in 2002, which, with + 25.3% (the 10,97 million € the Austrians spent abroad already deducted resulted in no trade balance deficit in 2002. Thus, the tourism industry, for once, completely balanced Austria's traditional trade deficit and resulted in a surplus of 170 million €.

Traditionally, the vast majority of tourists come from Germany - in 2002 they accounted for approx. 53,52 million overnight-stays (around 62.4% of the total and +/- 2% var.):

|  |  |
| --- | --- |
| Germany  The Netherlands  Great Britain  Switzerland  Italy  Belgium  France  USA  Denmark  Hungary  Poland | 62.4%    9.6%    3.8%    3.8%    3.3%    2.5%    1.8%    1.6%    1.1%    1.0%    1.0% |

Countries of Origin: Share in Bednights 2002



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## 2.3 Trends in Austrian Tourism

In an industry of constant change, Austrian tourism must always remain flexible in its reaction to new tourist trends.

Perhaps one of the most remarkable trends is the increased influx of visitors from outside the German-speaking countries.

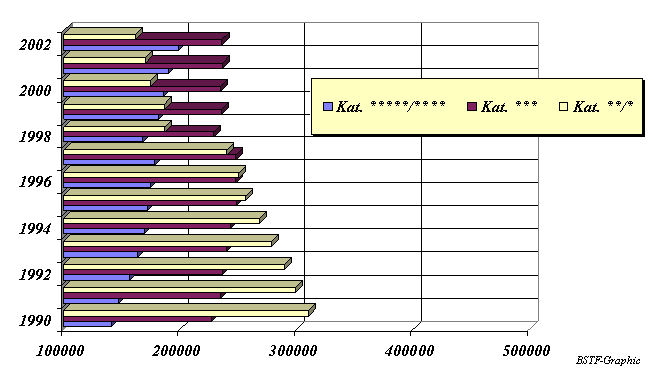
Other trends include an increase in shorter holidays each year, demands for higher quality accommodation and city tourism.

Warmly welcomed by the Austrian tourism industry, these trends fit perfectly into the planned policy which seeks to improve quality standards and to diversify the incoming tourist country of origin.

Less welcome trends such as the strong move from summer season holidays towards winter season holidays, pose real problems for enterprises which depend on only one season for business - mainly the summer season. While winter tourism accounted for only 33.7% of total overnight stays 23 years ago (1979/1980), 2001/2002 showed a shift in favour of winter with 56.3% of total overnight stays.

The trend toward higher quality accommodation makes things more difficult and creates problems for a large number of lower category hotels and private accomodation.

Number of Beds in One to Five Star Hotels 1990-2002 1 to 5 Star Hotels



In terms of long-term development, the experts speak of a normalizing effect since 1973: the preceding period brought yearly touristic growth rates of 6 to 10%, with top rates at almost 15%-rates, which could not have been maintained for any length at time without a harmful impact on the environment. Since then, the growth rates have decreased and were even negative on a few occasions. Nevertheless, a modest increase was on average maintained and should continue in the foreseeable future.

Austria’s official tourism policy goes under the motto "Quality before Quantity". This means, for example, that public financial subsidies to touristic enterprises are only granted if the planned investment promises to improve quality standards instead of enlargening the quantitative capacity.

Many efforts have been made in recent years to provide a wider range of tourism facilities in order to attract new target groups (i.e. groups in search of entertainment, amusement and leisure activities). Since the number of tourists seeking minimal activity during vacation is declining, Austria now offers 900 indoor swimming-pools, 22,000 kms of prepared alpine ski-slopes, 16,000 kms of cross-country ski trails, 60 wild-life parks - to mention only a few examples.

To sustain its success in a changing Europe, Austria must open up new markets for prospective tourists from overseas and from Eastern European countries.

The tendency towards "quality tourism", which increasingly demands highly qualified personnel, will continue.

## 2.4 The tourism labour market

Demand for highly qualified personnel in tourism is still very high. Taking labour market statistics as an indicator for the demand for specialized qualified personnel in this field, it appears that there is still an above-average demand for jobs in tourism.

Between 1986 and 2002 the number of employees increased by approximately 31,9% from 131,649 to 173,643 (data referring to July). Some 28% of the total work force in tourism are foreign workers.

A characteristic of the tourism labour market is high mobility. Seasonal workers tend to change their employers regularly.

Labour Market: Seasonal Changes in 2002

|  |  |  |
| --- | --- | --- |
|  | total number of employed persons | total number of unemployed persons in the tourism sector |
| Jan-02 | 162,272 | 28,362 |
| Feb-02 | 164,228 | 28,258 |
| Mar-02 | 159,157 | 29,060 |
| Apr-02 | 133,576 | 43,611 |
| May-02 | 144,015 | 35,591 |
| Jun-02 | 159,677 | 26,462 |
| Jul-02 | 173,643 | 21,995 |
| Aug-02 | 170,679 | 23,088 |
| Sep-02 | 155,854 | 27,940 |
| Okt-02 | 134,125 | 41,121 |
| Nov-02 | 127,711 | 49,703 |
| Dec-02 | 153,031 | 28,078 |
| Jahres-durchschnitt | 153,164 | 31,940 |

Female employees account for over 60 per cent of the tourism labour market.

Professions in tourism are extraordinarily attractive for young adults: among the ten most popular apprenticeship trades with young females, four are to be found in the tourist sector (double apprenticeship "restaurant specialist - service/cook", and the single apprenticeships "restaurant specialist - service", "cook", "hotel and restaurant trade commercial assistant"). Among young males, the occupation of "cook" counts among the most popular qualifications - this is all the more significant as 80% of female and 55% of male apprentices decide for a total of only ten apprenticeship trades.

During and after apprenticeship training, there is a wide variety of vocational and further education and training opportunities open to them - technical schools, higher technical and vocational schools (BHS), special programmes, post-secondary courses, special academies, study courses at Fachhochschule (i.e. non-university institutions in 3rd level education), university study programmes and courses -, all of which fulfill the needs of modern, high quality tourism and, at the same time, make it possible for the participants in the training process to obtain almost any formal qualification and any conceivable position on the career ladder due to the high degree of transparency in the educational system.

# Conclusion

Austria is located at the crossroads of Europe; Vienna is at the gate of the Danubian plain, and the Brenner Pass in W Austria links Germany and Italy. From earliest times Austrian territory has been a thoroughfare, a battleground, and a border area.

Austria's climate is generally moderate and mild but varies from the Alpine region to the eastern plain. Summer can be hot and long with average summer temperatures that range from 20°C to 30°C. The average winter temperatures are around 0°. Snow on the mountains in spring and autumn is not uncommon. In Vienna itself you can enjoy the very mild climate, a gentle breeze, fresh air produced by the surrounding Wienerwald.

Tourism is one of Austria's major industries, contributing an estimated 10% of the GDP. There are about 70,000 businesses with a turnover that has recently stabilised at about ATS 180,000 million. Employment is about 142,000 on annual average, or roughly 5% of the national total. In the peak season, in mid-summer, the industry employs about 160,000 people. Neither employment figure includes the employers themselves, who are an important part of the workforce in the industry.

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