

175 years of the Ministry of Economy

1848 – 2023



Imprint

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Preface

Dear Readers,

The history of the Ministry of Economy started 175 years ago, during the turbulent times of the Revolution of 1848. Amidst the political turmoil and the dawn of a new era for Austria's public administration, the foundations were laid for a Ministry which has made vital contributions to our country's economic development ever since then.

From its inception in the 19th century through to our modern day and age, the Federal Ministry of Labour and Economy has become a cornerstone of Austrian economic policy. With the Trade Act of 1859, commercial law was standardised for the first time and supplemented with labour protection aspects in later amendments. In the 19th century, the Ministry's many responsibilities also included the development of infrastructure for shipping and railways, as well as the postal and telegraph services.

One of the most important parts of its work was and continues to be foreign trade, which has long played a major role in the globalised world. Promoting the export sector and managing international trade relations are vital aspects of our mission. Since the beginning of the 19th century, the Ministry has also been responsible for the development of tourism, as more and more people became able to travel for pleasure and recreation.

The range of our work has steadily expanded in recent decades. From protecting competition to promoting innovation and managing global economic issues, our Ministry has risen to meet the many challenges and delivered solutions.



Federal Minister Martin Kocher
(©BMAW/Holey)

To mark this jubilee anniversary, this historical review presents the exciting and multi-faceted story of our Ministry, allowing readers to learn more about the milestones and developments that defined our work and meet the people behind the decisions that have shaped Austria's economic landscape.

I hope you find these insights into the history of Austria's public administration both informative and inspiring!

A handwritten signature in black ink, appearing to read 'M. Kocher', written in a cursive style.

Martin Kocher
Federal Minister

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Early History

In the Habsburg monarchy, central administration only began to develop gradually during the early modern period. The first court authorities were created in the late 15th century, but these cannot be compared with modern-day government ministries. There was no clear division of responsibilities and economic policy decisions were based on the proposals of court councillors in the bodies advising the sovereign.



Historical office scene (©Wien Museum)

The merchant Johann Becher played a key role in the early history of economic policy developments in the 17th century. In 1666, he was able to convince Emperor Leopold I that it was necessary to establish a specialised authority responsible for handling economic matters. This was a period when economic activity in the Habsburg Empire was expanding and growing more complex, creating the need for targeted administration.

The idea was to found a “commercial board” which would coordinate and promote economic affairs. Unfortunately, this initiative was short-lived, as it failed after just one decade due to resistance in the imperial court and the opposition of influential wholesale traders in Vienna.

Decades passed again before the General Commercial Directorate was founded in 1746 under the reign of Empress Maria Theresa. This institution can be viewed as the predecessor of the later Ministry of Trade. Maria Theresa’s administrative reforms were an important step forward in the development of economic management in the Habsburg Empire.

One of the administrative problems in the pre-modern state, which was also seen during this period, was the monarch’s absolute right, which meant that the final decision was always in the hands of the sovereign. Even under Maria Theresa, who had a cabinet of advisors, this body often had more of a consultative function.

The problem became particularly acute under the reign of Emperor Franz I, as almost all decisions were made directly by the imperial court. This resulted in delays and inefficient administration, as many tasks simply languished on the Emperor’s desk. Even under the weaker monarch Ferdinand I the work of government was controlled by a small group of advisors headed by Chancellor Metternich, in an arrangement which became increasingly unsuitable in light of the mounting complexity of the issues.

Founded in turbulent times

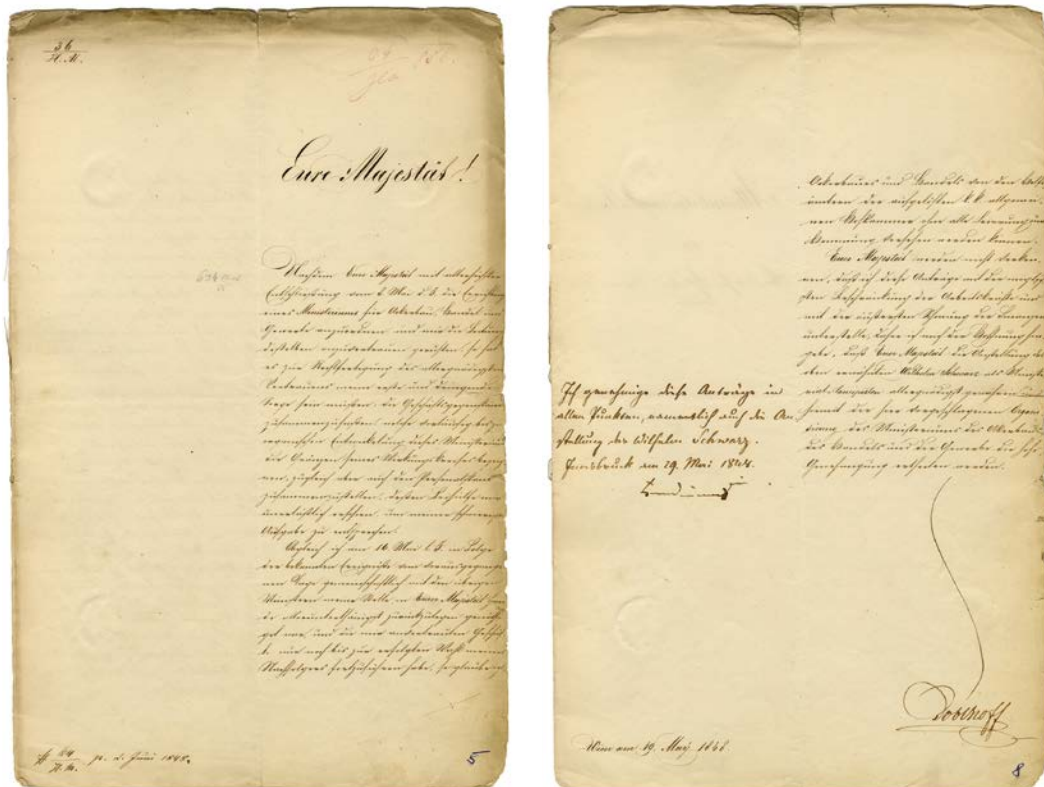
The Revolution of 1848 was the spark that finally triggered the establishment of a ministry for economic affairs. Three years prior to this, tensions in the economy already were running high, when a crisis in sales was compounded by poor harvests and a financial crisis. The situation finally boiled over in March 1848 with the outbreak of revolution. Faced with calls for change, the monarchy saw no other option than to create independent ministries, and at the same time the concept of ministerial responsibility was introduced.



Panorama of Vienna, from the "Spinnerin am Kreuz", during the siege of October 1848
(©Franz Werner/Wien Museum)

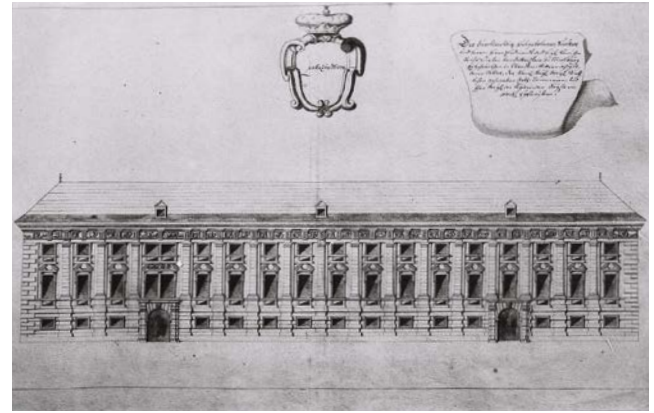
The Ministry of Trade was established by imperial decree on 8 May 1848.

In the beginning, the Ministry's responsibilities were vast, including agriculture and forestry, horse breeding, water rights and waste management, agricultural associations, inland and marine shipping, trade and industry federations, consular and harbour matters, factory and domestic trade issues, savings banks and insurance companies, crafts and peddling, road and sewer construction, economic statistics, technical training institutions, and the regulation of weights and measures.



"Most humble proposal of the Minister of Agriculture, Trade and Commerce requesting supreme approval of the organisation of the Ministry of Agriculture, Trade and Commerce", 19 May 1848
(©Austrian State Archives)

The Ministry initially had its offices in the Modena Palace in the Herrengasse. From 1843/44, this building had previously housed the Court Police and Censorship Office. After this body was abolished during the Revolution, it was also used for other ministries of the fledgling Austrian administration, in addition to the Ministry of Agriculture, Trade and Commerce. These included the Imperial and Royal Ministry of the Interior, which was also founded in 1848 and is still headquartered there today as the Federal Ministry of the Interior.



Modena Palace (©Photo archive – Federal Monuments Office)

Economist Anton Freiherr von Doblhoff-Dier was appointed as the first Trade Minister. He was considered a follower of the Lower Austrian Estate Party, which sympathised with the liberal middle class. During the Revolution, Doblhoff unsuccessfully tried to act as a mediator between the Imperial Court and the revolutionaries.



Liberation of Minister Doblhoff on 13 September 1848 in Vienna (©Wien Museum)

After having handled all government affairs alone together with Finance Minister Krauß, he took on the position of head of government on 18 July, but then withdrew from politics on 12 October 1848 following a nervous breakdown.



Anton Freiherr v. Doblhoff (©Wien Museum)



Theodor Ritter von
Hornbostel (©Wien Museum)

His successor as trade minister was Theodor Hornbostel. During Hornbostel's also short tenure, the Ministry also took over responsibility for job creation for the first time, establishing a connection that was repeated frequently thereafter. The first law on the creation of chambers of commerce was also adopted under Hornbostel.

After the Revolution was defeated in late October 1848, Karl Ludwig Freiherr von Bruck took over as Minister, heading the organisation now named "Ministry of Trade, Commerce and Public Buildings", which had also been given responsibility for construction and all administrative statistics. In the following year, the Ministry's portfolio was further expanded to include railways, and postal and telegraph services. The Ministry of Public Buildings was dissolved.



Karl Ludwig
Freiherr von Bruck
(©Wien Museum)

As of 13 October 1849, the Ministry's work was structured into Directorate I (foreign and internal trade, maritime shipping, industry, legislative affairs), Directorate II (construction) and Directorate III (communications).

In the early years, the Ministry of Trade was very successful, in particular during the short tenure of Minister Bruck, who abandoned the earlier policy of economic protectionism and was able to spur economic growth by abolishing the Hungarian internal customs barrier and transitioning from prohibitive customs to a system of protective customs.

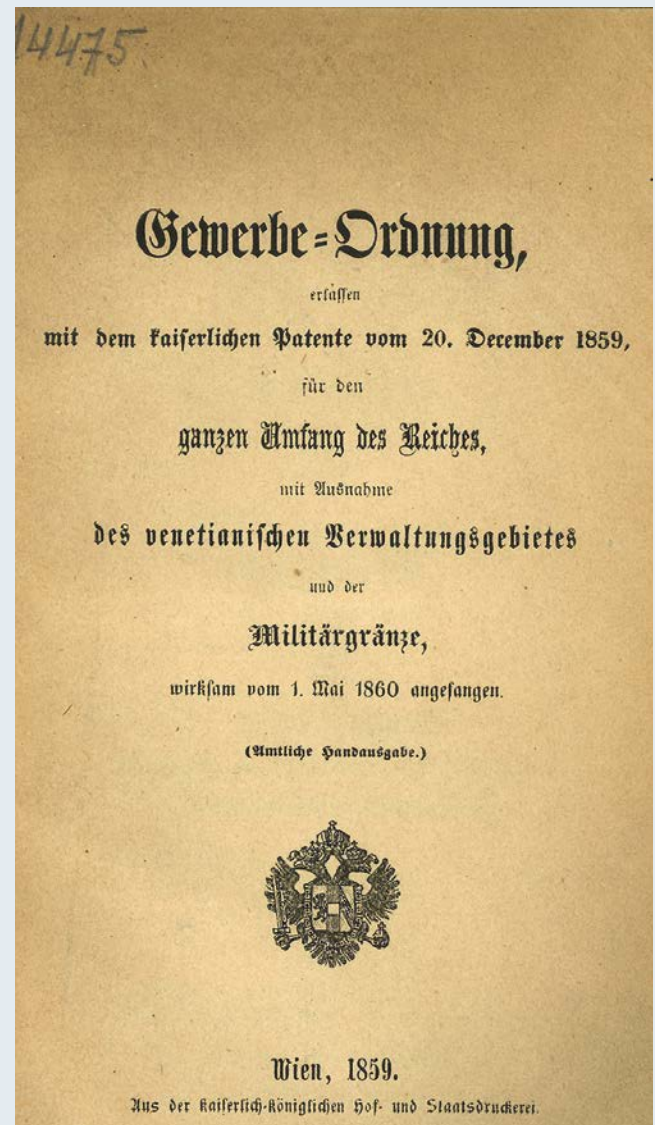
He also promoted public investment in road construction and shipping. Bruck even advocated for a large free trade zone in Central Europe, but his efforts failed due to resistance from Brandenburg-Prussia.

During his time in office, the first Trade Act was also adopted in 1859.

Historical development of trade law

The history of Austrian trade law reaches back more than 500 years. As early as the 14th and 15th centuries, only members of craft guilds were allowed to open and run trade businesses. Practising a trade was also governed by guild regulations. In 1527, Emperor Ferdinand I proclaimed a new police and handicrafts ordinance, which stripped the guilds of much of their power. As the guilds gradually grew stronger again, the state's regulation of trades was re-established with the imperial handicrafts ordinance of Emperor Karl IV in 1732, which made the guilds subject to special monitoring by the authorities. Nevertheless, trade law developed into a highly fragmented legal field, whose regulations increasingly hindered the creation of new businesses and business activities.

In 1834, Emperor Franz I commissioned the General Court Chamber to draft a new trade law incorporating the previous reforms. Achieving this legal uniformity was a difficult process, which ultimately took 25 years. After 1848, it was mainly the Trade Ministry that pressed on with this project. Promulgated on 20 December 1859, the Trade Act established uniform trade regulations for the entire Empire and was founded on the principle of freedom of trade. This fundamental principle was limited in certain cases, in particular for concession trades, such as construction or the hospitality and bar business.



Trade Act of 20 December 1859 (©BMAW/Clusterbibliothek)

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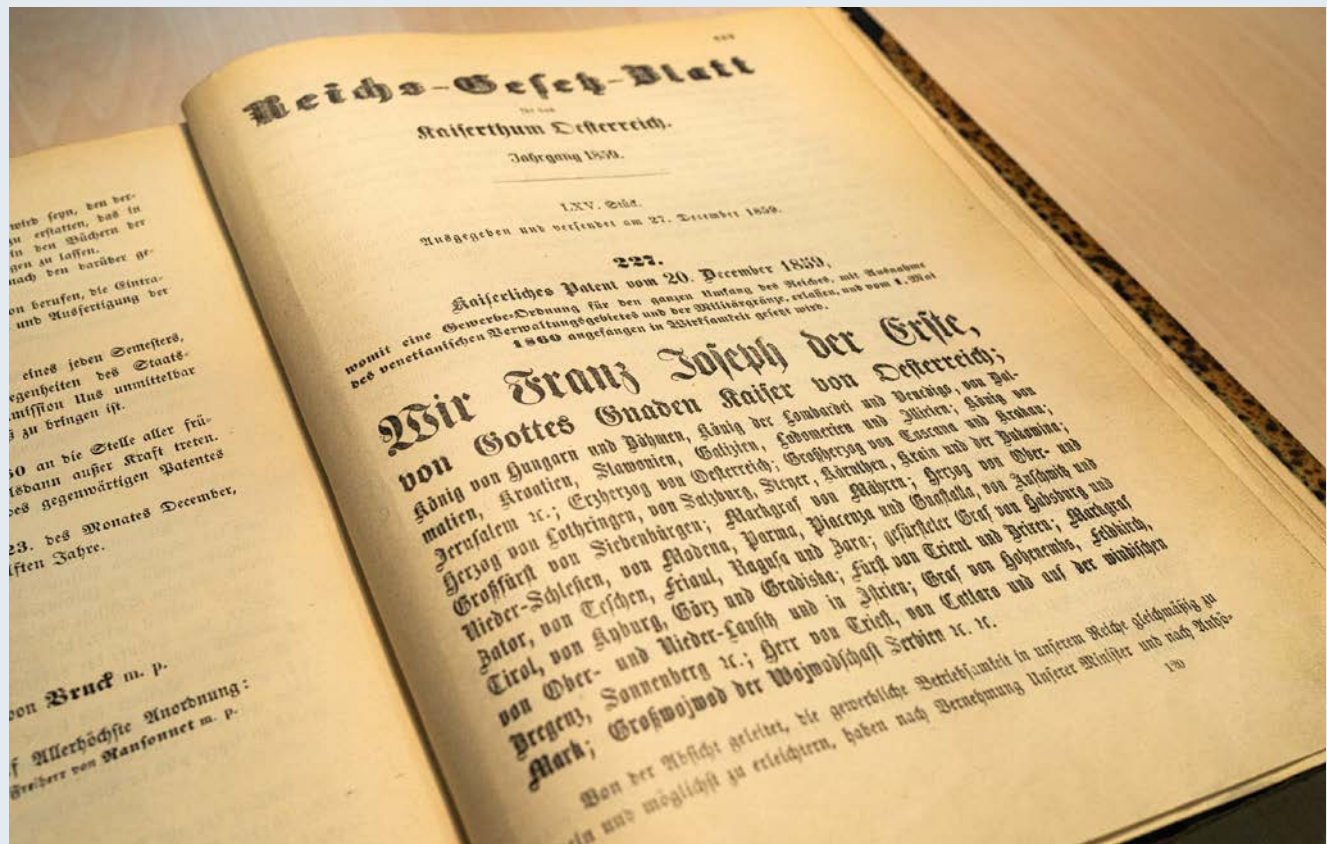
However, even just shortly after entering into force, the Trade Act was widely seen as being in need of reform. Consequently, after additional work, amendments of the Trade Act were published in 1883 and 1885. One particularly important aspect of these was the introduction of a new form of registration for craft trades, which was intended to ensure the quality of practitioners by way of a qualifying certificate.

Additionally, the legal framework for cooperatives was restructured and workers were afforded labour protections. In the following years, a myriad of special acts were adopted, as well as further amendments around the turn of the century in relation to the system of apprenticeships, cooperatives, etc.

The trade reform of 1907 introduced the mandatory testing of journeymen and an elective master's examination. Changes due to political and economic circumstances in the wake of the First World War were reflected in the trade act amendments passed in the years 1933 to 1935. Following the "Anschluss" in 1938, a number of Nazi German regulations were introduced in the field of trade law in Austria. After 1945, legislative efforts were made to replace these with Austrian regulations.

Repeated amendments of the Trade Act of 1907 made it difficult to understand the prevailing rules, and the decision was thus made to establish a new framework. In a long process involving representatives of the relevant scientific fields, interest representation groups, administrators and public representatives, the new ordinance was drafted and finally unanimously passed by the National Council on 29 November 1973.

The principle of freedom of trade increasingly came to the fore in the Trade Act of 1859. For example, in revising the lists of individual trades enumerated in the law many trades were removed from list of trades requiring a concession. Additionally, a large number of craft trades were not included in the new list of trades. Many trades were also removed from the list of regulated trades. Since then, certain aspects of trade law have been further adjusted by amendments.



Promulgation of the Trade Act in the "Imperial Gazette for the Austrian Empire": "Imperial Patent of 20 December 1859 establishing a trade act for the entire territory of the Empire, with the exception of the Venetian administrative area and the military borders, to enter into force from 1 May 1860" (©BMAW/Clusterbibliothek)

Neo-absolutism and dissolution of the Ministry



Emperor Franz Joseph I (©Wien Museum)

In the wake of the Revolution, the young Emperor Franz Joseph I governed autocratically until 1860. Based on the New Year's Eve Patent of 31 December 1851, the ministries were responsible exclusively to the monarch, and the Imperial Council only played an advisory role.

The Emperor mainly relied on his Chancellor, Karl Friedrich von Kübeck, who attempted to have the Trade Ministry integrated into the Finance Ministry. This failed, however, due to concerns that getting rid of the Trade Ministry would have a negative impact on public opinion, in particular among industrialists.

Up until the defeat at Solferino in 1859 the Trade Ministry remained unchanged, with its wide range of responsibilities and significant staff. However, the financial collapse of the monarchy resulting from the war in northern Italy meant that austerity measures were necessary, leading to the dissolution of the Trade Ministry by imperial letter dated 21 August 1859.



The Battle of Solferino on 24 June 1859 (©Wien Museum)

The Ministry's responsibilities in the fields of construction and trade matters were transferred to the Ministry of the Interior, consular affairs went to the Ministry of Foreign Affairs, and commercial and railways affairs were taken over by the Ministry of Finance.

New foundation and development in the constitutional state

While the savings envisaged in central administration did not really materialise, Emperor Franz Joseph I did not want to see the old Trade Ministry, which he viewed as oversized, be resurrected. Ultimately, however, the idea prevailed that an independent ministry responsible for economic affairs was absolutely necessary. Shortly thereafter, the Trade Ministry was founded again, in a period marked by a departure from neo-absolutism and a shift towards federalism and liberalism. On 4 February 1861, Matthias Constantin Capello-Wickenburg was appointed Trade Minister without portfolio.



Matthias Constantin Capello
Graf von Wickenburg
(©Wien Museum)

The new Ministry of Trade and Economy was responsible for preparatory negotiations for trade in relation to foreign agreements, high level management of commercial matters, the affairs of the chambers of commerce, and numerous other areas related to economic activities (weights and measures, brand and design protection, industrial fairs, etc.) and took up residence in offices at Postgasse 10.

At Wickenburg's proposal, directorates were formed for commercial matters, trade affairs, railways, shipping, mining and forestry, and agriculture. Staffing fell significantly, dropping from around 400 in the old Ministry to 110 in the new organisation. Despite strong resistance from the Minister, a Ministry of Maritime Affairs was created (which did not last very long) resulting in the loss of this portfolio, but the new Trade Ministry regained postal and telegraph services in compensation. When Wickenburg's idea of holding a world exhibition in Vienna failed, he resigned on 20 October 1863.



Postgasse in the 1st District in Vienna (©Wien Museum)

Due to disputes over competencies, foundation of the new Ministry in 1861 proved to be difficult. Mandatory cooperation with other ministries from the Cisleithanian part of the Empire and the many regional authorities in the Crown Lands of the Habsburg Monarchy significantly hindered the Ministry's ability to take effective action.

The Compromise of 1867 with Hungary and the related separation into two autonomous halves of the Empire limited the jurisdiction of the Ministry to the Cisleithanian areas and did manage to resolve the problem of the laborious cooperation with the Hungarian central authorities. The work of the Trade Ministry that pertained to the Dual Monarchy was transferred to the Foreign Ministry, which was responsible for the Empire as a whole. Additionally, the Ministry of Agriculture was spun off on 30 December 1867.



Cisleithania (yellow) within Austria-Hungary, the other parts being Transleithania (pink) and the Condominium of Bosnia and Herzegovina (purple) (©Wikipedia)


However, after this there were essentially no other fundamental changes in the responsibilities of the Imperial Trade Ministry up until the end of the monarchy. The Ministry was structured into directorates for commerce, trade, and shipping and railways, as well as a directorate for postal and telegraph services, headed by a postmaster general. In 1874, a separate directorate was created for railways.

3 561
H. M.

Allergnädigster Herr!

Eure Majestät haben
 in dem k. k. Allerhöchsten
 Befehl abgefallen von Hofrath
 dem R. d. M. mein allergnädig-
 stes Aufsehen gerufen,
 und mit dem Minister
 Keller von Lasser in Bezug auf
 den demnächst vorzulegenden
 Wirkungsbericht für das Min-
 isterium für Handel und
 Volkswirtschaft mein
 sehr freundliches Ver-
 mögen und diejenigen Ge-
 genstände anzufragen,

24



Ich genehmige die vorliegende
 den Antrag des R. d. M. für einen im Gegenstand
 folgenden Wirkungsbericht des k. k. Ministeriums
 Ministerium Ministerium für Handel und
 Volkswirtschaft, und die in demselben
 enthaltenen Organisations- und Verwaltungs-
 Verhältnisse anzufragen, und die
 Resultate anzufragen.

Wien den 10. April 1861.

J. M. Schönerberger

J. M. Schönerberger
 Hofrath
 Ministerium für Handel und
 Volkswirtschaft

Wien, am 15. März 1861.

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Proposal of the Minister of Trade and Economy for restructuring of the Ministry (©Austrian State Archives)

Foreign trade grows more important

After the 1860s, and in particular thanks to the Vienna World Exhibition in 1873, which was a superlative event with its 194 exhibition pavilions, 35 participating countries and 53,000 participating companies, foreign trade became increasingly important in the Ministry's activities, with Austria's traditional European partners, but also with the East Asian region.



Prater, Rotunde: Central pavilion of the Vienna World Exhibition, 1873 (©Wien Museum)

The Austrian Trade Museum founded in 1874 developed more and more into one of the most important venues for foreign trade promotion. After 1918, its responsibilities were taken over by the foreign trade offices of the chambers. Within the Ministry, the increased importance of foreign trade was underlined by the creation of the Trade Statistics Service in 1890 and the establishment of a directorate for international trade and customs policy in 1896.

Expansion of infrastructure

The end of the 19th century was marked by a major change in Austrian railway policy. State railways were expanded and the scope of privately-owned railway companies was reduced. As a result of this, the responsibilities of the railway directorate also expanded and an internal office for local railways was created within the Trade Ministry in 1894.

This was followed in 1896 by the foundation of an independent Ministry of Railways. In return, the Trade Ministry was made responsible for the Patent Office in 1899 and created its own directorate for commercial and industrial policy, and shipping in 1905.



Jelacic Bridge near Maglaj, Bosnia-Herzegovina, 1880 (©Austrian National Library)



Georg-Coch-Platz in the 1st District in Vienna - View of the Austrian Postal Savings Bank building from the Ringstraße (©Wien Museum)

The Trade Ministry also played a key role in the founding of the Austrian Postal Savings Office in 1883, which was intended to enable low-income earners to open savings accounts. Thanks to the postal check service, this institution also turned out to be very innovative in terms of introducing new financial technologies.

The major infrastructure programme initiated under the government of Ernest von Koerber after the turn of the century resulted in the creation of a directorate for waterways in the Trade Ministry. However, due to the increasing conflicts between nationalities in the Empire, the plans to expand inland waterways were only realised to a very limited degree. On 22 September 1905, the Trade Ministry was finally able to take responsibility for the issuance and scope of trade and commercial licenses, and penalties for infringements from the Ministry of the Interior which had stubbornly guarded this competency.

Amendments to the Trade Act and social protections



Stock market crash of 1873 (©Austrian National Library)

The stock market crash of 1873 and ensuing economic crisis led to legislative reforms in the 1880s and the creation of a rudimentary system of social insurance. Amendments to the Trade Act in 1883 and 1885 implemented protections for labourers, and accident insurance for industrial workers was introduced in 1887, followed by health insurance in 1888.

The Trade Ministry was responsible for the trade inspectorates that were created to monitor these reforms. The creation of a labour statistics office in 1898 also represented another step forward in the

Ministry's social policy activities. Within the Ministry, this office was subordinate to trade statistics, while the trade inspectorates were assigned to the commerce directorate.

After the turn of the century, there was mounting political pressure to establish a social policy directorate within the Ministry, which then occurred under Viktor Mataja in 1908. This directorate consisted of the trade inspectorate, the labour statistics office and trade statistics. The massive social disruption caused by the First World War ultimately led to the establishment of a Ministry of Social Welfare in 1917.

Competency disputes before and during the First World War

The Ministry of Public Buildings created in 1908 took over some important competencies from the Ministry of Trade.

Among other things, its responsibilities included administrative and technical construction matters, civil engineering, road and bridge works, trade promotion, electricity, weights and measures, brand and design protection, technical testing, vocational training and the promotion of tourism.

The new Trade Ministry was also embroiled in a number of competency disputes with other ministries and subordinated authorities, which were not resolved before the outbreak of the First World War.

During the war, there was also a conflict between military and civil competencies, as well as state and private entities. In 1916, the Trade Ministry had to cede some tasks to the newly created Office for Public Food Supply but retained a right of consultation. The Trade Minister also had principal responsibility for managing the privately-run “war headquarters” that were in charge of supply. A general commission for the wartime and transition economy was intended to pool the work of the Ministry’s trade policy and industrial directorates, but it never actually began operating as the war came to an end.



WWI food ration coupon from Lower Austria (©Wien Museum)

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Tourism

Up until the 19th century, most people could not afford to travel. With the advent of a more prosperous, educated society, strong population growth and better living and working conditions, modern tourism slowly began to take shape.

Strong momentum for investments in infrastructure was generated by the 1873 World Exhibition in Vienna, which was a major challenge for Austria's tourism industry, as 7.25 million visitors came to the Exhibition in Vienna during its six months. Along with urban tourism, Alpine and skiing tourism also saw rapid development. Consequently, tourism had already grown to become a significant economic factor in the period prior to 1914.

Austrian tourism was then interrupted by the First World War. After the war, guests were unable and unwilling to travel, and Austria – transformed after the war from a huge country into a small republic – lost many of its important touristic regions. To counter these developments, a great deal was invested in transportation infrastructure, such as the railway and road network, cableways and aviation. Additionally, the Austrian National Tourism Office was founded in 1923. The economic crisis that erupted in 1929 was the next major obstacle for Austrian tourism.

Under the dictatorial Dollfuß-Schuschnigg regime, tourism was declared a federal responsibility. The main goal of the newly-created Austrian National Tourism Office was to counter the Third Reich's so-called “thousand-mark ban”, which sharply reduced the flow of tourists from Germany.



Historical poster of the Austrian National Tourism Office (©Austrian National Tourism Office)

Furthermore, eight million schillings was provided to the hotel industry, and advertising for tourism in other source markets was intensified.

After the “Anschluss” in 1938, Austria’s tourism economy was integrated into the German system, and all associations, interest representations and working groups were dissolved as of end-June 1938. Tourism collapsed almost completely during the Second World War and was increasingly dominated by politics.

By the end of the war in 1945 much of Austria’s infrastructure and tourism infrastructure had been destroyed. During the reconstruction efforts, there was a keen awareness of tourism’s important role for the country. Consequently, in 1946 the “Office for the Reconstruction of Austrian Tourism” was created within the Federal Ministry of Trade and Reconstruction, which launched various campaigns. Among other things, the goal was to support the recovery of foreign tourism with the “tourism card”. Furthermore, the “Austrian Travel Fund” was created for Austrians who could not afford to go on holiday. Starting from the 1950s, the economic upswing also began to be reflected in Austrian tourism as well.

In the following decades, the trend towards increasing globalisation resulted in stronger competitive pressures. On the other hand, Austrian tourism also benefited to a large degree from the easing of travel restrictions after the fall of the Iron Curtain, membership in the European Union and the eastern expansion of the EU.

Clearly, the biggest challenge faced by tourism in recent years was the coronavirus pandemic, which made it plain to see how vulnerable globalised tourism can be. During these years, tourism policy was focused on measures to support enterprises in the field of tourism as effectively as possible. Figures for overnight stays are now returning to pre-pandemic levels, and Austria once again numbers among the most tourism-intensive countries in the world in terms of international travel.

First Republic



Johann Zerdik
(©Austrian National Library)

Upon disintegration of the Austro-Hungarian Empire and creation of the Republic of German-Austria, the first official gazette established government offices which assumed the responsibilities of the imperial ministries in the territory of German-Austria. In line with this, a State Office of Trade and Industry was created, briefly headed by Karl Urban, who had already held this office in 1916–1917.

While a state office of public buildings was not explicitly established, this organisation ultimately did start its work under the leadership of Johann Zerdik. Together, these two ministries had 13 directorates with 125 departments, which was far too large for the much-reduced country.

After the elections to the constituent assembly in 1919, the State Office of Trade, Industry and Construction was merged with the State Office of Public Buildings on 14 March. It was now headed by Zerdik, with Wilhelm Ellenbogen as Undersecretary.

This new organisation once again had responsibility for trade issues as a whole. However, it also lost control over many areas: for example shipping, telegraph and telephone services, tourism and civil aviation were all transferred to the State Office of Transport.

The period immediately following the First World War was marked by severe deprivation and shortages, which were exacerbated by the isolationist policies of the Empire's successor states. The significant foreign trade deficit, which was mainly caused by the need for massive food imports, was a key problem for economic policy throughout the entire interwar period. Zerdik also had the idea of establishing the Vienna Trade Fair, which was realised by his successor Eduard Heigl in 1921 and became an important factor in Austrian business life. All in all, Heigl headed the trade office six times.



Liechtensteinstraße in the 9th District in Vienna – Fürstenhof, previously the Imperial and Royal Ministry of Public Buildings (©Wien Museum)

Pursuant to the Federal Constitution Act of 1 October 1920, the State Office was designated as a Federal Ministry. Initially housed in Liechtensteinstraße, in 1924 the Ministry moved to its current location in the previous War Ministry offices at the Stubenring together with other ministries. After the form of the state was changed, the Ministry also assumed responsibility for previously court-owned properties which were now owned by the state as well as the agency that managed the court's movable property.



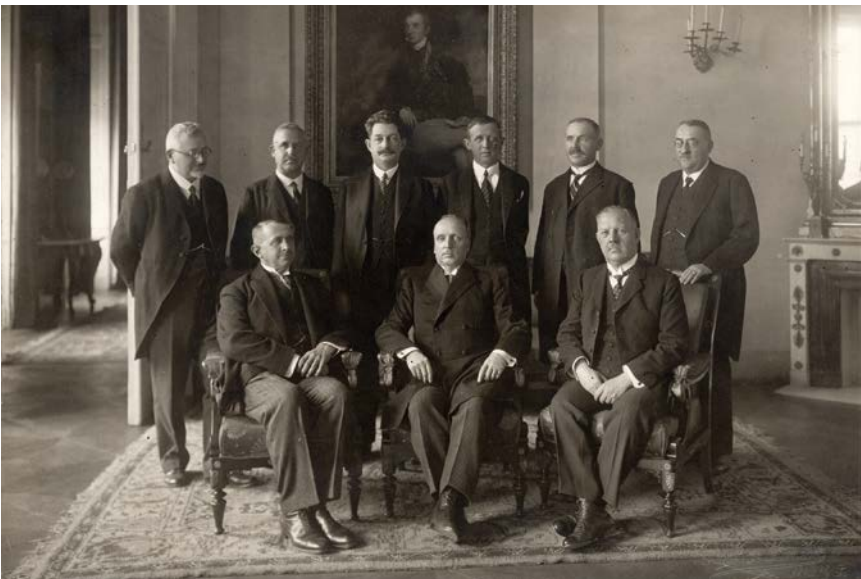
Stubenring in the 1st District in Vienna – Ministry of War, postcard (©Wien Museum)

Federal Ministry of Trade und Transport

In 1922, the Protocol for the reconstruction of Austria stabilised the Austrian crown, which was in freefall, with an international bond, but also required drastic cuts in the state budget. As a consequence, the Ministry of Transport was dissolved and transferred to the Trade Ministry, which was then called the Ministry of Trade and Transport. The Austrian Railways were spun off as a state enterprise and the mining offices were dissolved. In 1925, the number of directorates was cut from seven to four and the number of departments from 50 to 22. With the constitutional amendment of 1925, which completed Austria's

transformation into a federal state, the Ministry was also assigned responsibility for the electricity sector and the traffic police. Other areas of work were transferred to the Ministry of Education, the Ministry of Finance and the Ministry of Agriculture.

Hans Schürff, who was in charge from 1923 to 1929, was a key figure for the Ministry in the interwar period. During his tenure, many trade agreements were concluded with Austria's major trade partners, the railway administration was reorganised and special attention was paid to promoting the country's underdeveloped



Streeruwitz Government: Seated, left to right: Streeruwitz, Miklas, Vaugoin. Standing, left to right: Mittelberger, Slama, Trade Minister Schürff, Czermak, Födermayer, Resch. (©Austrian National Library)

tourism. Small business policy was essentially taken over by autonomous agencies operating in the individual Länder.

Under the Dollfuß-Schuschnigg regime, Ministers Fritz Stockinger and Wilhelm Taucher pursued a small business policy with a protectionist orientation. During the Great Depression, attempts were made to preserve businesses with restrictive ordinances, but this met with little success. There was also a strong focus on tourism, as Germany used this sector as an economic weapon with its “thousand-mark ban”, which required German citizens to pay a fee of 1,000 Reichsmarks before travelling to Austria.

Julius Raab was appointed Federal Minister of Trade and Transport on 16 February 1938. Thanks to his strong involvement in business affairs during the interwar period, he seemed almost predestined for this office. Nevertheless, his tenure as Minister ended after just three weeks with Schuschnigg’s resignation.

Immediately prior to the Anschluss in 1938, the Federal Ministry of Trade and Transport had the following directorates: I. Technical Directorate (Federal Construction Service); II. Trade and Industrial Policy; III. Legal Affairs and Trade Directorate; and IV. Transport Directorate. In addition, the Ministry was also home to the Supreme Mining Authority, the Federal Property Management Office and a few specialised agencies. With road traffic poised to expand strongly, there were plans to reconstitute the Ministry of Transport, but this did not occur before March 1938.

The Nazi Period



Nazi soldiers in front of the former Austrian Ministry of War at the Stubenring (©Austrian National Library)

With the Anschluss, Austria ceased to exist as an independent state for seven years. While the Nazi leadership did everything it could to cancel Austria's legal standing as a country as quickly as possible, it actually took until 31 March 1940 for Austria to be fully integrated into the bureaucracy of the Third Reich.

The Austrian government ministries were dissolved in several steps as part of this process. In the short-lived Seyß-Inquart Government headed by Artur Seyß-Inquart, the post of Minister for Trade and Transport was held by Hans Fischböck, who had previously been appointed as "representative of the state council" on 18 February 1938 and was thus responsible for economic relations with Nazi Germany. After the Anschluss, the "Government of the Province of Austria" continued on in a much smaller form.

On 15 May 1938, the Ministry of Trade and Transport was merged with the Ministry of Social Administration to create the Ministry of Economy and Labour. Fischböck also served as Finance Minister in the reduced Cabinet. However, by 1 May at the latest, actual power was in the hands of Josef Bürckel, the "Reich Commissar for the Reunification of Austria".

Fischböck did play a significant role, however, as he developed the idea of “Aryanising” retail businesses, which resulted in the confiscation of all assets of Jewish business owners in Austria starting from November 1938.

While the “Government of the Province of Austria” was still responsible for legislation until the “Ostmarkgesetz” of 1 May 1939, its powers were constantly reduced. Just a few weeks after the Anschluss, ministries in Berlin took over the ministerial work in trade policy and aviation. The transport directorate at the Trade Ministry handled the integration of the Austrian railways into the Nazi system. The Nazi Ministry of Transport took over transportation-related work.

A branch of the Reich Economic Office in Vienna took on the staff from the ministry, insofar as employees were not immediately fired on the basis of political or racial grounds. In essence, only the Supreme Mining Authority and the Office of Metrology and Surveying remained, operating under other names. Vocational training was transferred to the Ministry of Education.

Civilian government offices remained in the government building at the Stubenring until October 1938, but were later replaced by the Nazi’s XVII military district headquarters. War returned to the Stubenring, as the Nazi regime formulated and carried out its plans for aggression from the Ministry of War.



Colonel General Fedor von Bock in front of the Ministry of War of Vienna as the Nazi war flag is hoisted
(©Austrian National Library)

Reconstruction and integration into the West

After the end of the Second World War and proclamation of the Second Republic, the provisional national government created a State Office of Industry, Trade and Transport, and a State Office of Buildings, Transition Economy and Reconstruction. Following the elections in November 1945, from 20 December 1945 the responsibilities were divided between the Ministry of Trade and Reconstruction, the Ministry of Property Control and Economic Planning and an independent Ministry of Transport.

After the resignation of Eugen Fleischhacker, the first Trade Minister of the Second Republic, for health reasons in May 1946, the Ministry was headed by Eduard Heigl until 1948. Heigl worked on concluding trade agreements, reconstructing Austrian patent law and

increasing the production of construction materials. Reconstruction continued to be the main focus in the Ministry's activities under his immediate successors. The Trade Ministry was temporarily housed at Schwarzenbergplatz 8 from 1945 to 1952 and only relocated to the Stubenring in 1954, as the government building there had been severely damaged in bombing raids at the end of the war.



Schwarzenbergplatz 8 in the 3rd District in Vienna (©Photo archive - Federal Monuments Office)

However, the Ministry of Property Control and Economic Planning also did the work of an economics ministry from 1945 to 1949, as it was responsible for issues such as the administration of “German” assets, which were transferred in trust to Austria in the Allied zones of control, as well as restoring businesses.

With the completion of reconstruction and the economic upswing that started from 1953, the focus of the Trade Ministry shifted to opening up Austrian’s economy to the world market. Important contributions were made by Fritz Bock, initially as state secretary and then as Minister from 1956 to 1968. His activities concentrated on the residential reconstruction fund and the beginning of motorway construction. Additionally, the Hofburg in Vienna and the military academy in Wiener Neustadt were renovated at the end of the 1950s and the offices of the Ministry of Finance were expanded.

In the field of foreign trade, establishment of the European Economic Community, which entered into force as a customs union from 1 January 1958, was a great challenge for Austrian trade policy. Bock attempted to counter this by working on the foundation of EFTA in



Signing the Treaty of Rome on 25 March 1957 in Rome (©APA)

1959. However, despite a small increase in trade with the EFTA countries, most of Austria’s foreign trade continued to be with the EEC and thus Austria approached Brussels on its own during the tenure of Minister Bock, with the goal of concluding a close association agreement.



Fritz Bock
(©Austrian Parliament)



Reconstruction of the roof of the government building at the Stubenring after the Second World War (©Austrian National Library)

Nevertheless, these attempts failed, in part because the EEC itself was still going through a period of consolidation.

Under the one-party government of Chancellor Josef Klaus (1966–1970), who had a tense relationship with Bock, the construction sector was removed from the Trade Ministry and an independent Ministry of Buildings was established. Bock finally stepped down as Minister in 1968. He was followed by Otto Mitterer as Federal Minister of Trade and Industry.



Government building at the Stubenring in its current form (©BHÖ/Grüssl)

From the Kreisky era to the turn of the millennium

In the minority government led by Bruno Kreisky, Josef Staribacher held the office of Minister of Trade and Industry and was also a member of all four of Kreisky's administrations from 1970 to 1983. In addition to the economic policy agendas, the emerging field of environmental protection was also handled by the Ministry. External offices with EFTA and the European Communities were maintained in Geneva and Brussels.

In the public, the Staribacher era is especially remembered for promoting the modernisation of tourism businesses and advertising for summer tourism.



Josef Staribacher
(©Austrian Parliament)

Structural changes in the industrial landscape

Even at the beginning of the 1970s, the structural changes in industry were already an important issue for economic policy, despite the booming economic conditions. Within the Ministry, a distinction was made between functional, sectoral, regional and industrial policy measures. Functional industrial policy involved promoting cooperation between domestic and foreign firms and concluding international agreements. The “Work Programme for Regional Industrial Policy” formulated in 1971 mainly focused on the problematic areas near Bavaria and the East bloc countries, which were seeing an exodus of companies.

Negotiations with the EEC

The Ministry was deeply involved in the negotiations on a free trade agreement between Austria and the EEC and the European Coal and Steel Community, which were successfully completed in 1972. The free trade agreement paved the way for the complete removal of customs and trade barriers for commercial and industrial goods and represented an important step towards the “letter to Brussels” – Austria’s application for membership in the EU – sent in 1989 and Austria’s subsequent membership of the EEA and EU.

In the 1970s, the Ministry was also confronted with the energy crisis triggered by the oil price shock in 1973. One of the measures taken was the moderately successful campaign



Brussels, 28 February 1994 – Austrian delegation at the EU accession negotiations in Brussels (©APA)

for a “car-free day” in 1974. However, various amendments were also made to the Trade Act and there was a support programme for small and medium-sized companies.

In 1977, the Ministry launched a campaign called “Promoting business start-ups and takeovers” with the main goal of improving local supply conditions in regions at risk of outward migration. Additionally, consumer protection became one of the Ministry’s new areas of activity.

After Ministers Norbert Steger and Robert Graf in the 1980s, Wolfgang Schüssel took over at the helm of the Ministry of Economic Affairs in April 1989. Accession to the EEA and the EU was already on the horizon. The EEA Agreement, which the Ministry was instrumental in preparing, was signed on 2 May 1992 in Oporto. During the subsequent accession to the EU, the Ministry also played a central role in the final negotiations in 1994, under the leadership of Finance Minister Ferdinand Lacina and Economics Minister Wolfgang Schüssel.

In 1989, Directorate-General I at the Ministry was in charge of multilateral issues in foreign trade, while Directorate-General II handled bilateral affairs. Other directorates were responsible for trade, industry, construction, federal roadways, energy, technology, innovation, economic coordination and the Supreme Mining Authority. As part of EU accession, Directorate-General I was given the name “European Integration Agreement and Multilateral Foreign Trade Policy”.



The EU flag has flown in front of the government offices at the Stubenring since Austria’s EU accession (©BHÖ/Grüssl)



Wolfgang Schüssel
(©Austrian Parliament/WILKE)

Amendment of trade regulations and the merger of promotion agencies



Johannes Ditz
(©Nora Schuster)

The amendment of trade regulations in 1992 aimed to liberalise and modernise this field in order to reduce overregulation. Schüssel's successors, Johannes Ditz and Johann Farnleitner, also moved ahead with steps towards liberalisation.

The 1997 amendment of the Trade Act also eased requirements in relation to qualifying certifications. Additionally, the number of craft trades declined again for the first time since 1973 as a number of these trades were reclassified as unrestricted trades.

In order to pool the federal-level support programmes, the campaigns handled by the ministry were outsourced to existing business promotion agencies. The Ministry's bureau for business promotion, which was part of the existing innovation office, took over responsibility for coordinating the activities of these agencies and EU co-financing issues.



Johann Farnleitner
(©BMAW)

The 1998 mining disaster in Lassing that occurred while Mr Farnleitner was Federal Minister led to reforms in mining policy in the years thereafter. The local mining offices were abolished, and their competencies were transferred to the Supreme Mining Authority, which was part of the Directorate-General Energy and Mining at the Federal Ministry of Economy.

Economics and labour

After the elections in the autumn of 1999, the “grand coalition” collapsed and the portfolios for economic policy and labour were once again merged into a single ministry, which was headed by Martin Bartenstein from February 2000 to December 2008.

The Ministry of Economy, now supplemented with responsibility for labour market affairs, transferred road construction and railway policy to the Ministry of Transport, Innovation and Technology, while water management activities went to the Ministry of Agriculture, Forestry, Environment and Water Management. The Economics Ministry’s ten directorates and centers were now in charge of economic policy, foreign trade policy and European integration, trade, engineering and the mining authorities, industry, technology and innovation, federal construction, economic and social policy (in particular employment policy), tourism, energy, labour law, and general social policy. The central labour inspectorate constituted its own directorate. The Ministry also maintained permanent representations with the European Union in Brussels and the WTO in Geneva.

With Austria’s EU accession in 1995 and its participation in the Economic and Currency Union in 1999, the Ministry’s responsibilities in the field of foreign trade policy changed considerably. Central coordination of the Austrian position in issues related to EU foreign trade policy was anchored in the Center for Foreign Trade Policy and European Integration, which handled tasks involving foreign trade administration, promotion, policy, law, the internal market, and the WTO.



Martin Bartenstein
(©BMAW/Jungwirth)

The period after the turn of the millennium was mainly dominated by the new framework of the common European market. In terms of industrial policy, this resulted in a gradual shift away from subsidising investments via low interest rates, guaranties and tax concessions towards the support of domestic research and the formation of competency centres and industrial clusters in the face of mounting global competition.



Negotiations in the Council of the European Union have been handled by the Federal Ministers since EU accession in 1995 (©BMAW/Holey)

Linking the economy to new responsibilities

In addition to its economic policy work, the Ministry temporarily added responsibility for family and youth affairs under Minister Reinhold Mitterlehner up until the creation of an independent Ministry of Family and Youth following the elections in September 2013. In return for this, the Ministry of Economy was able to add the areas of science and research to its core activities. Mitterlehner also served as Vice-Chancellor of the Republic of Austria from 1 September 2014 until 17 May 2017. At the same time, a state secretariat was formed within the Ministry of Economy, with Harald Mahrer as State Secretary.

During this period, Austria's R&D policy focused on promoting fundamental research via packages of funding measures. The allocation of a "billion for research" allowed for an increase in the funding of the Austrian Science Fund (FWF) and the National Foundation for Research, Technology and Development.

After Mitterlehner's resignation, Harald Mahrer was Federal Minister of Science, Research and Economy from 17 May until 18 December 2017.

Starting from 2018, the Ministry conducted its activities under the name "Federal Ministry of Digital and Economic Affairs". Modernisation of digital administration made great progress under Federal Minister Margarete Schramböck. For example, using the Website www.oesterreich.gv.at and the "Digitales Amt" app, citizens can skip making a trip to government offices and apply for important documents online for themselves and their children, or change their main address. The Business Service Portal and Electronic Delivery have also helped to reduce the number of required contacts with the authorities for companies.



Reinhold Mitterlehner
(©BMAW/Ringhofer)



Harald Mahrer
(©BMAW/Marek Knopp)



Margarete Schramböck
(©BMAW/Hartberger)

After 1998 and 2006, Austria held the presidency of the Council of the European Union for the third time in the latter half of 2018. The Ministry of Economy's focus was on the expansion of the EU internal market, reinforcing competition and Europe as an industrial location, and promoting innovation. At the same time, the goal was for Austria to advance into the group of European innovation and digitalisation leaders.



Challenges, opportunities and the public perception of EU trade policy were discussed at the Informal Meeting of Trade Ministers in Innsbruck under the motto "Trade. Jobs. Future." (©BKA/Martin Votava)



Elisabeth Udolf-Strobl
(©BMAW/Wenzel)

In May 2019, Federal Minister Elisabeth Udolf-Strobl took charge of the Ministry of Digital and Economic Affairs in the interim government headed by Brigitte Bierlein. Following the elections in the autumn of 2019, Margarete Schramböck returned as Minister. The COVID-19 pandemic that started in March 2020 required a strong focus on support measures for companies. Thanks to the Investment Premium, it was possible to prevent a decline in corporate investment during the pandemic. Based on more than 240,000 approved applications from companies, investments totalling 17 billion euros were launched.

Federal Ministry of Labour and Economy

On 18 July 2022, Martin Kocher – who had already held the post of Labour Minister since January 2021 – was appointed Federal Minister of Labour and Economy. With this, the portfolios of labour and economy were merged once again, as they had been under Minister Hornbostel in 1848.

During the COVID-19 pandemic, it was possible to save many jobs and preserve labour market stability thanks to rapid action to allow short-time work. In the first half of 2022, unemployment figures fell back below the pre-coronavirus levels from 2019, thanks to the economic upswing. More problems subsequently arose for companies with the Russian war of aggression against Ukraine and the resulting steep increases in energy prices. The energy cost subsidy was created as a support measure to soften the impact of higher costs and help companies remain competitive.

One major challenge is the acute lack of skilled workers. Various sets of measures have been launched to address this issue. Within the framework of dual vocational training programmes, highly qualified workers are trained directly in Austrian companies. The “Dual Academy” and tertiary-level vocational education open up opportunities for advanced training following the completion of an apprenticeship. Since September 2023, young people can also now start learning healthcare professions earlier, thanks to the nursing apprenticeship.



Federal President Alexander van der Bellen, State Secretary Susanne Kraus-Winkler, Federal Minister Martin Kocher and Federal Chancellor Karl Nehammer after the appointment ceremony on 18 July 2022 (©BMAW/Holey)

The success of the Austrian dual vocational education and training (VET) system is demonstrated by Austria's young professionals time and time again at the WorldSkills and EuroSkills competitions, the Championships for Young Professionals. This year, Austria's young professionals won 18 medals in various disciplines at the EuroSkills Competition in Gdańsk, making them the European Champions. International agreements on apprenticeships and VET, for example with the USA and Indonesia, also underline the success of the Austrian vocational education system.

Expansion of the list of shortage occupations and reform of the Red-White-Red Card have improved the measures to attract qualified professionals from abroad. The programme "Invest in Austria" assists international companies with their efforts to set up business in Austria. The FISA+ programme offers incentives to boost international film and series production in Austria, creating jobs and investment in the process.

As an export-oriented country, global economic cooperation continues to play a crucial role for Austria. Our efforts in this area concentrate on continuously improving the conditions for Austrian companies to engage in international trade, through bilateral agreements and trade agreements concluded at the EU level. Participation in EXPOs, such as EXPO 2020 Dubai and EXPO 2025 Osaka in Japan, provide excellent opportunities to showcase Austrian know-how to an international audience of millions.

With the amendment of the Act on Federal Ministries, tourism is now once again part of the Ministry of Economy, along with a State Secretary for Tourism. Following the extremely difficult conditions for the tourism sector during the COVID-19 pandemic, State Secretary for Tourism Susanne Kraus-Winkler is now working to strengthen sustainable tourism in Austria by establishing the best business conditions for tourism enterprises, which are also in harmony with the needs and desires of Austria's inhabitants and the sustainable use of natural resources.