

## Austrian Chancellor Kurz resigns to prevent a fully-fledged government crisis

On Saturday, right on time for prime time, Austria's Chancellor Sebastian Kurz announced his resignation. The move came in response to allegations of bribery and corruption.



Austrian Chancellor  
Sebastian Kurz

Source: Shutterstock

### The steps to step down

Sebastian Kurz and his Austrian People's Party (ÖVP) have repeatedly been the focus of investigations by the Austrian Economic and Corruption Prosecution Authority (WKStA) since 2019. In the context of the so-called 'Ibiza affair', messages between Chancellor Kurz and then-Secretary General Thomas Schmid were revealed, which ultimately led to both a 'no confidence' vote on Sebastian Kurz in parliament and his impeachment in May 2019. In September 2019, he ran again as the ÖVP's top candidate, won the election, and formed a government with the Greens.

In recent days, new accusations were made against Austria's chancellor. The WKStA found indications that taxpayers' money had been used to finance positive media coverage of Kurz and his ÖVP. In particular, the manipulation of poll results in 2016, when Kurz, who at that time was Foreign Minister of Austria, began to strive for party leadership and the position of chancellor. Once again, it was chat messages between Kurz and his allies that brought to light suspicions of bribery

and corruption. Even though most of the messages that have surfaced may not have any criminal relevance, they cast an unflattering light on Kurz.

On October 6, three days before Kurz announced his resignation, investigators raided the ÖVP headquarters in Vienna. In addition, the Federal Chancellery and offices in the Ministry of Finance were searched. While his own party stood firmly behind Kurz and pledged loyalty to him, calls from the opposition, especially from the right-wing FPÖ, grew louder for Kurz to resign from office. As in 2019, a vote of no confidence against Kurz was called for this Tuesday. The fact that the coalition partner, the Greens, also called for an "irreproachable" person to replace Kurz as chancellor in order to continue the government work with the ÖVP was probably the game-changer, pushing Kurz to announce his resignation.

Without Kurz' resignation, Austria would have faced a genuine government crisis and probably new elections. Now, the current government can stay on, even if it remains to be seen whether new information emerge from the investigations which eventually could still lead to a fall of the government.

## Where do things go from here?

The investigation against Kurz may well drag on into next year, only then will it be clear whether he will face any charges. The move to step down as chancellor and to become the Austrian People's Party head of the parliamentary group gives Kurz immunity against possible charges. As Kurz will also stay on as party leader, he retains both continued strong political influence and the possibility of becoming Austria's chancellor again. For the moment, however, Kurz himself has proposed Foreign Minister Alexander Schallenberg as his successor as chancellor, and the coalition partner has already signalled approval for this choice.

In the short run, Austria seems to have avoided a political crisis. However, risks are high that the country will see snap elections before the officially scheduled next national elections in 2024.

## Author

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central

Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).