

to the administration and business enterprises of the Municipality. It must report directly to the Burgomaster and the Municipal Council.

The above account will make it clear that the Municipal administration enjoys a wide degree of independence. It appoints its organs of management freely and independently. In pre-war times, the elected burgomaster, who then also required the Imperial sanction, was at the same time the Lord Lieutenant, that is the chief of the lowest grade of State administration in the province of Vienna. The duties of this office are now carried out by the municipal authorities, but the administrative Aldermen have no powers in this sphere.

### *Vienna a Province.*

Since then, the federal constitution of the Republic has conferred on Vienna the status of a province. The City detached itself from the old province of Lower Austria, and became an independent constituent State of the Republic.

The Vienna Municipal Council is a Diet at the same time. The meetings of the Diet are held separately from those of the Municipal Council, although composed of the same members, under the chairmanship of its own president. The Burgomaster is also the provincial governor, that is, the chief of the provincial government, which is constituted by the Aldermen. The Municipality has taken over the duties of the former independent provincial administration, which chiefly related to welfare questions.

Vienna is thus a municipality, a political district, and a province at the same time. This is important because the Vienna Municipal Council as a Diet possesses the same rights as all the other Diets, above all the right to legislate, so far as this right is not reserved to the national Parliament. The Vienna taxes are also determined and imposed by the Municipal Council as a Diet. The State government exercises a limited veto, just as it does in the case of all the other provincial Diets.

The achievement of this comprehensive freedom and independence of Vienna is one of the greatest successes of Austrian Labour policy during the revolutionary years. It alone has made possible a Socialist municipal policy, and above all a new financial policy.

### FINANCIAL POLICY.

Before the war, Vienna, in common with all the great municipalities of Austria, derived its revenue mainly from a supplement to the State House Duty. This share of the House Duty amounted to one half of the revenue of Vienna. Taxes for the State, the province, and the municipality comprised 40 per cent. of all the rents

paid in pre-war times. In addition, food taxes upon meat, alcohol, &c., supplied the Municipality with one-tenth of its revenue.

The Municipality then derived a fifth part of its revenue from the profits on the municipal enterprises, the gas works, the electricity works, and the trams, as well as from the management of the water supply. By the side of this revenue, the supplement to other State taxes played but a slight part.

### *Socialist Achievement.*

The great achievement of the Socialist financial administration consists in the fact that it abolished this entire system. The old House Duty supplement, which dwindled to nothing in consequence of the currency depreciation, was eventually abolished, and the same thing happened to the food taxes. The municipal enterprises have been operated in such a way that, while they cover their working expenses and provide money for their own most urgent improvements at a time when loans have been out of the question, they do not bring any profits to the municipal coffers. With certain quite unimportant exceptions, the supplement to State taxes has been prohibited by State legislation.

### *New System of Taxation.*

Consequently, the Socialist municipality had to organise an entirely new system of taxation. This task was rendered all the more difficult as their predecessors, the Christian Social Party, had left an empty treasury which scarcely contained sufficient for current salaries. Expenditure had rapidly increased in consequence of the currency depreciation, while the revenue, on the basis of the old system, could not keep pace with it, and the previous rulers, for electoral reasons, would not impose increased taxation. Instead of this, they even proposed to convert the Gas Works into a joint stock company, and to hand over 40 per cent. of the shares to the banks.

The problem therefore consisted in replacing the old taxes by new taxes which would automatically increase in their yield with the progress of currency depreciation, without being an oppressive burden on the masses of the people, and which could be easily assessed and collected within short periods. For social reasons alone, every kind of luxury had to be taxed, as far as this was practicable, so that in a time of impoverishment for hundreds of thousands, the small number of the new rich who led a luxurious life should at least be compelled to pay a tribute to the community.

The following municipal taxes are at present in force in Vienna.

#### A. LUXURY TAXES.

1. *The Entertainment Tax.*—This is either fixed as a certain percentage of the admission fees, or compounded. Exempt from taxation are those institutions whose entire net proceeds are devoted

to a benevolent object of a general character, provided the sum yielded is double what the tax would amount to, and also performances given for school-children. Scientific and educational entertainments may from time to time be exempted. The amount of the tax fluctuates between 10 per cent. and 50 per cent., which is imposed for horse racing, boxing and wrestling matches. Operetta theatres pay 30 per cent., cinematograph theatres 40 per cent. During the summer the Aldermen may grant abatements. The rates of taxation are reckoned in hundreds, so that the real incidence amounts to between one-eleventh and one-third of the admission fee. For separate performances the tax may be compounded for a sum which might amount to 20 millions of kronen (£60) for an evening. Underpayments are punished by a fine amounting to fifteen times the sum withheld, and in the worse cases a maximum sentence of four weeks imprisonment. The 1925 yield from this tax is estimated at 120 milliards kronen (£360,000).

2. *Tax on Restaurant Meals and Drinks.*—This is imposed on the serving of prepared meals and drinks in profit-making establishments which are deemed to be luxury businesses by reason of the prices charged, the class of customers, the appointments, and the degree of comfort proffered. The existence of one of these qualities is sufficient to render the business liable. The municipal authorities decide as to the permanent or temporary liability of any establishment. Night restaurants, concert cafés, and establishments which serve food or drinks during a performance subject to the entertainment tax, are liable to pay this tax. The tax amounts to 15 per cent. of the bill. The 1925 yield of this tax is also estimated at 120 milliards kronen (£360,000).

3. *The Motor Car Tax.*—This is imposed on all vehicles that are garaged within the Vienna municipal area. The tax is calculated according to horse-power, and amounts to 1½ millions kronen (£4 10s.) annually for each horse-power in the case of private motor cars with internal combustion engines, but only to 18,000 kronen (1s.) in the case of commercial motors. A Ford car (16/22 h.p.) pays 16.5 millions kronen (£50), a Daimler (32 h.p.) 21 millions kronen (£63), a small Pearl car (3/10 h.p.) 4.5 millions kronen (£13 10s) annually. For electric cars the tax is fixed at 6 millions kronen (£18) for private cars and 240,000 kronen (15s.) for commercial cars, irrespective of the horse-power. A yearly tax of 720,000 kronen (£2 3s.) is payable for taxicabs plying for public hire and for charabancs. The tax is payable in quarterly instalments. Manufacturers, dealers, and repairing shops receive tax badges for driving and testing purposes, in return for the monthly payment of 500,000 kronen (£1 10s.). The 1925 yield from the Motor Car Tax is estimated at 47 milliards kronen (£141,000).

4. *The Servants Tax.*—All persons employing two or more servants for the performance of domestic duties are liable to pay

this tax. The first servant is therefore exempt from taxation, and liability commences with the second servant. In the case of female servants, an annual tax of 500,000 kronen (£1 10s.) must be paid for the second servant, and in the case of every additional servant, 2.5 millions kronen (£7 10s.) more must be paid. Thus for the third servant 3 millions of kronen (£9); for the fourth 5.5 millions kronen (£16 10s.); for four servants together 9 millions kronen (£27) have to be paid. For purposes of taxation, the male staff is counted last in the list, and is taxed twice as high. The Viennese most severely hit by this tax is the head of the house of Rothschild, who paid 5,019 millions kronen (£15,057) for the year 1924. At the end of 1924 7,778 households were liable to taxation. The law also applies to clubs which minister to the social needs of their members. The 1925 yield of the tax is estimated at 28 milliards kronen (£84,000).

5. *The Horse Tax.*—An annual tax of 2½ milliards kronen (£7 10s.) must be paid in respect of every horse that is used as a carriage or riding horse for private purposes. Horses employed in carriages plying for public hire are liable to an annual tax of 400,000 kronen (£1 4s.) and each license issued covers two horses. The 1925 yield of this tax is estimated at 570 millions kronen (£1,710).

6. *The Dog Tax.*—This is 100,000 kronen (6s.) annually for each dog. It is only designed to cover the cost of registration and a small contribution towards the cost of cleansing the streets. The attempt to graduate this tax in accordance with the breeds of dogs was abandoned after a year. The 1925 yield from this tax is estimated at 7 milliards kronen (£21,000).

A 12 per cent. tax on articles of luxury was abandoned when the State introduced the general turnover tax.

In addition to luxury taxes proper, other taxes must be mentioned, which, although not conceived as luxury taxes, are framed in such a way that they achieve the same objects as the luxury taxes, in addition to their proper purposes. This applies, by reason of their graduation, to the Hotel Tax and the Housing Tax.

## B. BUSINESS AND TRAFFIC TAXES.

1. *The Welfare Tax.*—This amounts at the present time to 4-1/16 per cent. (in the case of banks to 8½ per cent.) of the sums paid out for wages and salaries, and is imposed upon employers in respect of all their employees. The tax is payable every month. The tax is imposed whether the undertaking yields a profit or not. It may not be passed on to the employees. It is called the welfare tax because it was introduced at a period of great distress in order to maintain the welfare activity of the Municipality. The name also serves to distinguish the tax from the income tax imposed by the State. As wages rose with the currency depreciation, this

tax automatically yielded increasing amounts. It has therefore been the backbone of the municipal budget. It must be admitted that its incidence weighs differently upon the various branches of production, according to the amount of their wages bill. This tax has also been introduced in all the other provinces of the Republic, where its proceeds are divided between the province and the municipalities. Its 1925 yield is estimated at 600 milliards kronen (£1,800,000) for Vienna. In addition to the welfare tax there is a series of taxes which only apply to particular businesses. They are as follows :

2. *The Concession Tax.*—In Austria so-called concession businesses exist. These are such as require for their legal conduct a special licence from the authorities, in addition to the conditions that are generally in force. The granting of this licence depends upon the trustworthiness of the applicant and other circumstances. Printing-presses, book-shops, and inns are examples of concession businesses. The holders of such concessions have a certain privilege. The possibilities of competition are to some extent restricted in their trade. Now the Vienna Municipality imposes a special tax upon these concessions. The undertakings in question are divided into six classes, according to the amount of the commercial profits tax or corporation tax which they have to pay to the State. The tax varies between 25,000 kronen (1s. 6d.) and a million kronen (£3) annually. If a business liable to taxation is transferred to another proprietor, which usually involves a certain profit, a transfer duty has to be paid which amounts to four times the usual concession tax for which the business is liable. The 1925 yield of this tax is estimated at 1.5 milliards (£4,500).

3. *The Hotel Tax.*—This amounts to 30 per cent. It is assessed upon the receipts from the professional letting of rooms, less 5 per cent. For luxurious establishments and certain hotels an extra tax up to 30 per cent. may be imposed, so the tax may reach a maximum of 60 per cent. in all. In actual fact the extreme limit is 45 per cent. at the present time. During the summer months the tax is generally abated by one-fifth. As the tax is calculated in hundreds, the incidence is three-thirteenths to three-eighths of the basis of assessment. The 1925 yield of this tax, which continually encounters strong opposition, is estimated at 45 milliards (£135,000).

4. *The Posters Tax* is payable in respect of all public announcements, which the law defines as announcements in writing or by means of pictures affixed or exhibited in public streets and squares or in public places. This applies specially to illuminated signs. Public places also include the public means of transit. Only election placards, announcements of political meetings, name plates and other inscriptions on rolling stock pertaining to the conduct of a business are exempt from taxation. Announcements relating to

scientific or educational objects may be exempted from the tax. The tax usually amounts to 30 per cent. of the receipts. In the case of announcements which are made by means of luminous effects, painting, heavy type or in any other way by means of mechanical or chemical enlargement, 15 kronen monthly per square metre must be paid. The tax may be passed on. It must be settled monthly by the advertising agencies. Its yield for 1925 is estimated at 6 milliards (£18,000).

5. *The Advertisement Tax.*—This is levied upon paid insertions in newspapers or books, irrespective of whether they are published conspicuously as such or in the shape of articles. Only official announcements in official journals are exempt from taxation. The newspaper concerns and advertisement agencies are responsible for this tax, which may be transferred. The tax starts with 10 per cent. upon the first 200 millions (£600) of the monthly advertisements receipts of an agency, and proceeds to 15 per cent. upon the next 200 millions; to 20 per cent. upon the next 200 millions; 25 per cent. upon the next 200 millions; 30 per cent. upon the next 200 millions; and 35 per cent. upon all the monthly advertisement receipts exceeding the sum of one milliard (£3,000). Advertisements which contain only requests for positions or work are not included in the above calculation, a rate of only 5 per cent. applies to them. Commissions and rebates are to be taken into account when assessing the tax. When advertisement pages are sublet, the newspaper pays a tax upon the rent it receives, and the advertising agency pays a tax on its revenue, less the amount of rent. The tax is settled monthly. It is estimated to yield 25 milliards (£75,000) for 1925.

6. *Tax on Auctions.*—An auction is deemed to be every public sale which is publicly announced, or which follows upon an offer to several persons simultaneously present. Auctions of pledges by pawnbroking establishments for the satisfaction of their claims are excepted. The tax is generally 7 per cent. of the proceeds. The 1925 yield is estimated at 4.3 milliards kronen (£12,900).

7. *Registration and Inspection Taxes.*—The cost of the stamps varies between 1,000 kronen ( $\frac{3}{4}$ d.) and 100,000 (6s.). The yield from these stamp duties is estimated at 3.6 milliards kronen (£10,800) for the year 1925.

8. *Fire Brigade Contribution.*—Any person within the area of the Vienna Municipality who is assured against fire has to pay a contribution towards the cost of fire protection, which amount to one-third of his premium. For transport insurances, which also cover risk of fire, a tax is only payable if the period of storage amounts to more than two weeks and only in respect of the period of insurance over and above this time. The yield of the tax is estimated at 19 milliards (£57,000) for 1925. The net expenditure

of the Municipality for fire protection is estimated at 46.3 milliards kronen (£138,900) for 1925.

9. *Water-Power Tax.*—As already mentioned, the Municipality conducts its enterprises on the principle that, whilst they must pay their way, they should not yield any profits for the municipal treasury, as this would amount to an indirect tax upon the consumers of gas and electricity and the users of the trams. Only very moderate taxes are imposed upon the consumption of gas and electric current. These were introduced in the autumn of 1922, when, at the time the Austrian krone reached its lowest ebb, the great banks refused any further credits for the water-power undertakings which they were constructing in conjunction with the Municipality, in consequence of which the work would have had to be abandoned. The Municipality continued to finance it by these taxes. The tax amounts to  $1\frac{1}{2}$  per cent. of the charges for gas and 4 per cent. of the charges for electricity consumed. It is defined as a tax ear-marked for the organisation of the supply of water-power. Its duration is limited, and at present is estimated to last until 1932. The 1925 yield of this tax is estimated at 26 milliards kronen (£78,000).

### C. LAND AND HOUSE TAXES.

1. *The Land Tax.*—Until the end of 1922 this was a State tax, but it is now transferred to the provinces and the municipalities. It is imposed upon all vacant, *i.e.*, unoccupied, land. Houses and their appurtenances are therefore not affected. It is above all a tax upon agricultural property. The Municipality has not yet reformed this tax, which has remained essentially unaltered for decades, but is content to multiply the tax imposed by the State for 1922, with the result that the not inconsiderable agricultural land in Vienna is taxed more lightly than is the case in most of the other Austrian provinces. The land tax is fixed at 32 kronen per square metre upon land used for garden city and allotment purposes. The 1925 yield of this tax is estimated at 5.6 milliards kronen (£16,800).

The land value tax, imposed in the first years of the Socialist administration, is no longer in force. It was introduced in respect of all occupied and vacant land, and the basis of assessment was the common ground value, or the value which the land has for anybody in the event of a sale. The valuation period was three years. The tax amounted to 0.5 per cent., and could not be passed on. It was abolished because it proved incapable of development, owing to the decay in the value of land which resulted from the rent restrictions.

2. *The Increment Value Tax.*—This tax has attained great importance, apart from its financial and political significance. It is payable by the transferor in the case of a conveyance of land.

The State, the municipalities, and various institutions, are exempt. Conveyances between family members (on account of death) or from parents to children, or between married or betrothed couples are also exempt. The value increment is deemed to be the difference between what was originally paid for the land and what it is now sold for. In ascertaining the original value, the 1st January, 1903, is fixed as the limit. The tax amounts at present to 10 per cent. of the ascertained increment value if the previous and decisive conveyance took place before the 1st January, 1920. The duty is doubled if the decisive conveyance took place in the year 1920; trebled if in the year 1921; multiplied by four and half if in the year 1922, and multiplied by six, that is, increased to 60 per cent., if the date was after the 1st January, 1923. To a great extent the tax hits what are fictitious profits, as it places gold kronen on a level with paper kronen. Yet it is not unjust, as house owners have repaid their mortgages in gold kronen from the pre-war period in paper kronen, and have thus profited from the currency depreciation. To prevent fraud, the law reserves to the Municipality the right to take the place of the purchaser in the contract, if there are any grounds for suspecting that any information has been withheld. The 1925 yield of this tax is estimated at 60 milliards (£180,000).

3. *The Housing Tax.*—This tax is payable by everybody who inhabits rooms in any dwelling house within the municipal area. The house owners are obliged to collect the tax every month with the rents, for which they receive a commission amounting to 10 per cent. of the sum collected, reaching a monthly maximum of 200,000 kronen (12s.). The tax is based on the rent payable on the 1st August, 1914. In the case of premises which were built subsequently, the authorities determine the basis of assessment.

The tax is graduated, and the following scale has been in force for dwellings and business premises since the 1st November, 1924:—

For the first 600 kronen	the tax amounts to	300 fold
„ next 600	„ „	400 „
„ „ 600	„ „	500 „
„ „ 600	„ „	600 „
„ „ 600	„ „	700 „
„ „ 1000	„ „	1200 „
„ „ 1000	„ „	1500 „
„ „ 1000	„ „	1800 „

the pre-war rent (expressed in paper-kronen at the present rate of roughly 14,400 to 1 pre-war krone).

For premises of which the pre-war rent was more than 6,000 gold kronen (£250), that is for luxurious dwellings and great business premises, the tax is more stiffly graduated, but separate scales are in force for dwellings and business premises. In the case of dwellings it rises to 6,000 fold when the pre-war annual rent was more than 30,000 gold kronen. For business premises of which the annual pre-war rent was more than 6,000

gold kronen, a scale is in force which extends from 900 to 2,000 fold. The great business premises in Vienna are therefore taxed more lightly than dwellings with an equally high pre-war rent. A special lower scale, which varies between 300 and 2,000 fold is generally in force for the premises subject to the Hotel Tax.

The incidence of the Housing Tax will be best realised by taking a few typical cases.

Annual pre-war rent in gold kronen.	Type of House.	Annual amount of tax In paper kronen.	Percentage of pre-war rent.
360	Working-class dwelling ..	108,000 (6s. 8d.)	2.083
600	Lower middle-class dwelling	180,000 (11s.)	2.083
1,200	Middle-class dwelling ..	420,000 (£1.5)	2.43
1,800	Good middle-class dwelling, according to situation and size .. .. .	720,000 (£2.4)	2.7
2,400		1,080,000 (£3.5)	3.125
3,000		1,500,000 (£4.10)	3.47
5,000	Luxurious dwellings ..	4,200,000 (£12.12)	5.83
10,000		16,200,000 (£48.12)	11.25
50,000		227,700,000 (£683)	31.625
100,000		527,700,000 (£1,563)	36.64

The scale is therefore so devised that the taxation of small dwellings is insignificant, whilst the luxurious houses are taxed extraordinarily high. The special scale for workplaces shows essentially lighter taxation for large premises. The incidence is 7.29 per cent. for a pre-war rent of 10,000 kronen; 12.15 per cent. for 50,000 kronen, and 13.02 per cent. for 100,000 kronen. The total yield from this tax for 1925 is estimated at 326 milliards of kronen (£978,000). This is only one-sixth of the total proceeds of the Vienna rates for 1913. The tax is earmarked and may only be expended for housing purposes. Its proceeds are devoted to the redemption of the municipal housing loans, to the construction of dwelling houses, and the promotion of the garden suburb movement. The house tax is the only impost which burdens the Vienna dwellings and workplaces. There is no taxation of dwellings and business premises for *general* municipal purposes or for the State. A lodgings tax which used to be in force, together with other rent taxes, was abolished.

### *Enforcement of Fiscal Laws.*

The Vienna fiscal system has naturally enough aroused vigorous opposition among the possessing classes, which grows all the more clamorous in the degree that the Municipality organises its machinery to procure a rigid enforcement of the law. It is well known that the taxation *morale* has never been very great in Austria, and during the inflation period it sank to an extraordinarily low level. Consequently, the Municipality had to resort to drastic measures to enforce its laws. It did this by exercising the right to inspect books granted by most of the fiscal laws. All fiscal laws prescribe heavy penalties for their infraction, generally amounting to a

maximum of fifty times the amount of taxation in question and in some cases a period of imprisonment. The person who does not pay the whole of his taxes within five days of the specified period must pay a supplement of 25 per cent. of the arrears.

### *Main Sources of Revenue.*

According to the 1925 estimate, the municipal taxes yield a total of 1,444.57 milliards kronen (£4,333,720). The second largest item of revenue is the share which Vienna receives as province and municipality from the State taxes collected in Vienna. It is entitled to 80 per cent. of the stamp duties payable in case of conveyances of land ; 50 per cent. of the commercial profits tax, the corporation tax, and the income tax ; 40 per cent. of the turnover tax ; 80 per cent. of the sparkling wine tax ; 30 per cent. of the other alcohol taxes ; the supplements to the succession duty, and a fraction of the export tax, which the Austrian State levies on the export of wood. The total amount assigned by the State to Vienna is estimated for 1925 at 709.2 milliards kronen (£2,127,600). It is thus about one half of the proper municipal taxes. In addition, the Municipality receives a commission of 3 per cent. on the amount of taxes which it collects on behalf of the State. This allowance is estimated at 35.1 milliards (£105,300) for 1925.

The Municipality's third source of revenue, which, however, is of small importance, is formed by the municipal supplements to the State taxes. The 1925 estimate is 15.1 milliards (£45,300).

Up to recently the State contribution to the staff expenditure of the Municipality formed a considerable item. Sometimes it amounted to 70 per cent. of this expenditure. These contributions have been abolished since the 1st January, 1925.

### *A Financial Surplus.*

The municipal accounts have shown a surplus since the 1st July, 1921 ; thus, during the period of worst inflation, which lasted until October, 1922, it has been possible to wipe out the deficit, and the Municipality now has considerable cash resources. The interest which they yield is estimated at 90 milliards (£270,000) for 1925.\* Its command of ready money enables the Municipality to provide for its enormous needs in the cheapest and most economical way. As a large buyer, which can offer the most favourable conditions of payment, the Municipality is the most sought-after customer in the country.

The annual municipal taxation of 150.5 millions gold kronen (£6,250,000) represents a burden upon the population of Vienna which is more than 7 millions gold kronen (£290,000) less than in the year 1913. To which it must be added that the charges made

\*It must not be forgotten that the rate of interest in Austria, owing to the shortage of capital, is very high.

by the municipal enterprises (gas, electricity, trams, water) are much lower than before the war. Compared with pre-war prices, they represent a lighter burden on the population to the extent of 76 millions gold kronen (£3,200,000).

#### *Municipal Investments in Industry.*

The socialisation legislation passed in the Revolutionary years enabled the Municipality to take part in a number of great industrial undertakings. Clause 37 of the law which regulates jointly-controlled undertakings entitles the State or other public bodies to claim one-half of the capital of any companies which are founded or whose capital is increased, upon the most favourable conditions that are offered. The Vienna Municipality has repeatedly exercised its right to take shares on favourable terms when companies have increased their capital. Thus to-day it has an interest in 71 undertakings, most of which belong to the building and engineering industries. In some its holding is unimportant; in others it holds one-half or more of the shares. A number of undertakings have been wholly acquired, but they are still carried on as private enterprises.

#### *Municipal Directors.*

In consequence of its holding in various undertakings, the Municipality sends numerous officials to the directorates of companies. Strict measures are taken to prevent any irregularities from arising. Municipal delegates who do no more than attend meetings must pay to the municipal treasury whatever fees they may receive, and for these meetings they are entitled to no more than the usual attendance money for the ordinary meetings of the Municipal Council, amounting to the trifling sum of 15,000 kronen (11d.). They may, however, retain the remuneration received for performing actual duties in these undertakings, such as the functions of chairman. But the total amount receivable by any individual, even if he be active in several undertakings, may not exceed the salary of a member of Parliament. The Aldermen may make exceptions to this rule.

#### *Fees go to Municipal Treasury.*

To the Burgomaster and the administrative aldermen the rule is even more strictly applied: they are obliged to pay to the municipal treasury all the fees received from the undertakings to which they may be sent, whatever duties they may perform. If they are also members of Parliament, their salaries from that source are deducted from their municipal salaries, which is somewhat lower than that of a State minister, and amounts to 17 millions kronen (£51) per month.

In estimating the financial position of the Municipality, municipal debt must also be taken into account. At the present time this

is quite insignificant. So far as they were debts incurred in Austria, the pre-war debts have already been repaid, in consequence of the currency depreciation. The debts incurred since the beginning of the war are inconsiderable. They consist mainly of 186 milliards (£558,000) for housing loans and State loans to the amount of 152 milliards (£456,000) which originated in the period of inflation.

Serious expense is only incurred in paying the interest on that portion of pre-war debt which is foreign debt and which must be converted on the basis of various agreements. As the State is obliged to co-operate in this matter, the total debt service of the Municipality, taking into account the fact that the interest on housing loans is met from the proceeds of earmarked taxes, amounts to a net expenditure of 20.9 milliards (£62,700) for 1925.

The municipal budget for 1925 foreshadows a total expenditure of 4,281.3 milliards (£12,843,900) and a revenue of 3,287.8 milliards (£9,863,400). In addition to the taxes previously enumerated, the revenue includes contributions towards the costs of maintenance in institutions and receipts from the baths, &c. The deficit is therefore 993.5 milliards (£2,980,500). In this budget the municipal business undertakings only figure on the revenue side with the profits of the brewery and of the advertising agency, whilst the expenditure side includes a sum of 402.4 milliards (£1,207,200) for expenditure on technical improvements of a capital or semi-capital nature. In addition to these capital commitments for the business undertakings, the budget contains an item of 1,137.1 milliards (£3,411,300) for capital expenditure on improvements of all kinds. If we deduct these items, which in normal times would be met by loans, the budget shows a good surplus. The capital expenditure on behalf of the business undertakings will be covered by the balance of the cash resources and bank loans. This method enables the enormous capital expenditure which is envisaged to be met without having recourse to an ordinary loan.

### THE MUNICIPAL EMPLOYEES.

On the 1st December, 1924, the City of Vienna had 18,670 employees and 7,067 teachers in its service. There were also 8,564 pensioners. The employees and the workers of the municipal business concerns are not included in these figures, and their number is about as large.

To solve the problem of handling such a large number of variously organised employees a proper staff department was created. Immediately after its entry into office the Socialist administration passed a resolution that vacancies caused by death and retirement should not be filled.

In view of the great increase in work through the creation of a new fiscal system, the extension of welfare activity, the establishment of a housing department, and the raising of Vienna to the