

the independent jurisdiction of the Municipality constitute a court of appeal against the decisions of the authorities.

Vienna is thus a municipality, a political district, and a province, at the same time. This is important because the Vienna Municipal Council possesses the same rights as all the other Diets, including the right to legislate so far as this right is not reserved to the national Parliament. Thus taxation is imposed by the Municipal Council sitting as a Diet. The State government has a right of veto, as in the case of the other Diets.

The achievement of this comprehensive freedom and independence for Vienna stands out as one of the greatest successes of Austrian Socialist policy during the revolutionary years. It made possible a Socialist municipal policy, and above all a new fiscal policy.

Fiscal Policy.

Before the War, Vienna, in common with all the great municipalities of Austria, derived its revenue mainly from a supplement to the House Duty levied by the State. This share of the House Duty amounted to one half of the revenue of Vienna. Taxation for the State, the province, and the municipality amounted to 40 per cent of all rents paid in pre-war times. In addition, duties on meat, alcohol, etc. supplied the Municipality with one-tenth of its revenue.

One-fifth of the pre-war revenue of the Municipality was derived from profits on working the municipal enterprises, the Gas Works, the Electricity Works, and the Trams, as also from the management of the Water Supply. Compared with this revenue, the supplement to other State taxes was insignificant.

Socialist Achievement.

The great achievement of the Socialist fiscal administration consists in the abolition of the old system. The old House Duty supplement, which dwindled to nothing in consequence of the currency depreciation, was eventually abolished, and the same fate overtook the food taxes. The municipal enterprises have been operated, as a matter of principle, upon such lines that while they have covered their expenses and provided funds for their own most urgent improvements at a period when loans have been out of the question, they do not bring any surplus to the municipal coffers. With certain quite unimportant exceptions, such as the betting tax, the supplement to national taxation has now been abolished by law.

New System of Taxation.

Consequently, the Socialist municipality were compelled to devise an entirely new system of taxation. This task was rendered all the more difficult as its predecessors, the Christian Social Party, had in May 1919 left behind them an empty treasury, which contained scarcely sufficient for current salaries. Expenditure had

increased rapidly owing to the currency depreciation, while revenue, on the basis of the old system, could not keep pace with it. For electoral reasons, the previous rulers would not impose any additional taxation. They preferred making a proposal to convert the Gas Works into a joint stock company, 40 per cent of the shares of which were to be handed over to the banks.

The problem therefore consisted in replacing the old taxes by new taxes which would automatically increase in their yield if the currency should continue to depreciate, 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, it was imperative to tax every kind of luxury as far as practicable, to ensure that at a time of dire want for hundreds of thousands, the small number of the new rich leading a life of luxury should at least be compelled to pay a tribute to the community.

At the beginning of 1928 the following taxes were imposed by the Municipality of Vienna.

A. Luxury Taxes.

1. The Entertainment Tax.—This may either be fixed at a certain percentage of admission charges or else compounded. Institutions whose entire net proceeds are devoted to a benevolent object are exempt from taxation, provided the sum yielded is double the amount of the tax liable to be paid, and this provision also applies to performances given to school children, for educational purposes. Scientific and educational exhibitions may from time to time secure exemption. The amount of the tax varies between 5 per cent (for theatrical and operatic performances), 7 per cent (for concerts and magic lantern shows) and $33\frac{1}{3}$ per cent (for horse racing, boxing and wrestling matches). For operettas and revues the tax amounts to 10, for dances, circuses and variety performances, 23, for sporting entertainments 26, for the cinema and the ballet $28\frac{1}{2}$ per cent. In deserving cases, the Aldermen may grant abatements up to 10 per cent in the case of cinemas, and 15 per cent for circuses and variety performances. Sporting functions pay only a 10 per cent tax in cases where the gross receipts amount to a maximum of 100 shillings. The rates of taxation are reckoned in hundreds. If, for instance, the price of a theatre ticket is 10 shillings, the tax amounts to 50 groschen. If theatre tickets are sold with an increment to the full price, a quarter of the increment, apart from the normal duty, is liable to be paid as tax. If tickets are sold below their price or given away, they are liable to duty according to their full price. Popular dramatic societies, which are subsidised by the Municipality, enjoy a tax abatement in respect of the tickets issued by them.

The tax is compounded usually in the case of isolated functions, such as balls, festivals and the like. The highest yield of the tax in this case amounted to 10,000 shillings (£300) for one evening. More than 20,000 of such functions are held every year. Under-payments of tax are punished by a fine amounting to fifteen times the sum

withheld, and in the worst cases defaulters are liable to four weeks imprisonment. The yield of this tax is estimated at 14.5 million shillings for 1928 (£430,000).

2. Tax on Restaurant Meals and Drinks.—This is imposed on meals and drinks prepared 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 offered to patrons. The presence of only one of these characteristics is sufficient to render the business liable. One third at the most of all Viennese businesses of the same class are liable to taxation at any given time. The municipal authorities decide upon the permanent or temporary liability of any establishment. Night restaurants, concert cafés, and buffets attached to entertainments are liable to pay this tax. The tax may not exceed 15 per cent of the bill and is graded according to the character of the taxable features of the establishment. The amount of the tax is decided by the municipal authorities. Night restaurants, concert cafés and the like, as well as buffets attached to establishments liable to the entertainment tax, are liable to the present tax to the extent of at least 15 per cent. The tax is calculated in hundreds; it is payable fortnightly and in the case of isolated functions within eight days. The yield of the tax is estimated at £390,000 for 1928.

That the tax under discussion is not, as is often asserted, a general tax is best shown by the fact that according to the position in the middle of April 1928, apart from the night restaurants, bars, and concert cafés, the businesses liable to taxation comprised only a small fraction of the total number of enterprises concerned and those liable to the maximum of 15 per cent were again only a small part of this fraction.

Here is a table of the enterprises liable to taxation, excluding the night restaurants and concert cafés which have to pay 15 per cent:—

	Number of existing establishments	Number of establishments liable to taxation	Number of those liable to pay 15%
Taverns	3,623	616	6
Coffee houses	1,154	282	3
Confectioners	876	216	2
Spirit Retailers	50,000	258	—
Delikatessen shops	2,500	481	—
Pork butchers	860	163	—

3. Beer Tax.—At the end of 1926, an obligation was laid on the Diets to provide one third of the cost of maintenance for the unemployed, and at the same time powers were conferred on them to raise this contribution by imposing a tax on the consumption of beer. The Vienna Diet has made use of these powers, like all the other Diets of the Republic. By consumption of beer is understood the sale of beer to persons within the area of the federal capital of Vienna, who consume the beer themselves or supply it in bottles. All breweries within the federal area, independent stores which sell

beer for consumption within Vienna, and importers of beer from other Diets or from abroad are liable to pay this tax. The tax amounts to 6 shillings per hectolitre (22 gallons). It becomes payable in the case of inland breweries and stores when beer is sent out for consumption, in the case of imported beer, when the beer is actually imported. The assessment is governed by special regulations. Inland breweries and independent beer stores must pay the tax due for each month by the 25th of the following month, and they may claim a rebate of $\frac{1}{2}$ per cent for the work which the tax imposes upon them. Consumers who receive beer from other Diets must declare the quantity within one week after receipt and pay the tax at the same time; the tax upon beer imported from abroad is collected by the Customs at the same time as the excise duty. A rebate is provided for in the case of beer already taxed in Vienna which is sent to another province where it again becomes liable to the tax, and also in the case of bad beer and beer which is re-exported. The yield of the tax for 1928 is estimated at £300,000.

4. The Motor Car Tax.—This is imposed on all vehicles which are regularly garaged within the Vienna municipal district. The tax is calculated according to horse-power, and amounts to £4.10 for each horse-power in the case of private motor cars with internal combustion engines. On the 1st September 1927 the tax was reduced by one third for the first six horse-powers. A Ford car (16/22 h. p.) pays £40, a Daimler (9/32 h. p.) £34, a small Pearl car (3/10 h. p.) £9. The tax is fixed at £18 for private electric cars, irrespective of horse-power. An annual tax of £2.3 is payable for taxicabs plying for public hire and for charabancs. The tax is payable in quarterly instalments. Manufacturers, dealers, and repairing shops receive badges for driving and testing purposes, in return for a monthly payment of £1.10. The yield from the Motor Car Tax for 1928 is estimated at £111,500. Commercial motors and motor cycles are exempt from taxation.

5. The Servant Tax.—All persons employing two or more servants for the performance of domestic duties are liable to pay this tax. The first servant is thus exempt from taxation, and liability starts with the second servant. In the case of female servants, an annual tax of £1.10 must be paid for the second servant, and for every additional servant a further £7.10 must be paid. Thus for the third servant £9; for the fourth £16.10; for four servants together £27 must be paid. For fiscal purposes, the male staff is counted last in the list and is taxed twice as high. The citizen most severely affected by this tax paid £9,310 in respect of 38 persons in the year 1927. At the end of 1927, 6820 households were liable to pay this tax. The tax also applies to clubs which minister to the social needs of their members. The yield of the tax for 1928 is estimated at £73,000.

6. The Horse Tax.—An annual tax of £7.10 must be paid for each horse that is used as a carriage or riding horse for private pur-

poses. Horses employed in carriages plying for public hire are liable to an annual tax of £1.4 and each license issued is valid for two horses. The yield of this tax for 1928 is estimated at £1,330.

7. The Dog Tax.—This amounts to 6s. annually for each dog. It is only designed to cover the cost of registration and to be a small contribution towards the cost of cleansing the streets. An attempt to graduate this tax according to the breed of dogs was abandoned after a year. The yield of this tax for the year 1928 is estimated at £30,900.

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 projected as luxury taxes, are framed in such a way that they achieve the same objects as luxury taxes, besides their proper purposes. These include, by virtue of their graduation, the Hotel Tax and the Housing Tax.

B. Miscellaneous Taxes.

1. The Welfare Tax.—This amounts at the present time to 4 per cent (in the case of banks to 8½ per cent) of the sums expended for wages and salaries, and is imposed upon employers in respect of all their employees. The tax is payable monthly, and 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 time of great distress in order to maintain the welfare activities of the Municipality. The name also serves to distinguish the tax from the income tax which is imposed by the State. As wages rose during the currency depreciation, so 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 the wages bill. This tax has also been introduced into the other provinces of the Republic, where its proceeds are divided between the province and the municipalities. Its yield for 1928 in respect of Vienna is estimated at £2,029,000.

2. The Concession Tax.—In Austria there exist so-called concession businesses, which require for their legal conduct a special license from the authorities, apart from the general conditions which govern them. The granting of this license 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 enjoy certain privileges. The operation of competition is to some extent restricted in their trade. Now the Vienna Municipality imposes a special tax on these concessions. The undertakings in question are divided into six classes, according to the amount of the profits tax or corporation tax which they have to pay to the State. The tax varies between 3s. 6d. and £7 per annum. If a business liable to taxation is transferred to another proprietor, which usually brings with it 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 yield of this tax for 1928 is estimated at £13,200.

3. The Hotel Tax.—This amounts to 10 per cent for hotels and 8 per cent for sanatoria. It is assessed upon the total amount received for the letting of rooms. Establishments which, by virtue of charging higher prices or being better equipped, or offering superior comfort, or catering for a better class of guests, are better situated than their rivals, are liable to an additional tax up to 10 per cent of the assessment at the discretion of the authorities. This actually happens in the case of one half of the hotels. The maximum, however, is only applied in three cases. If board as well as lodging is provided, the assessment amounts to one third of the receipts, and this applies to sanatoria. For the years 1927 to 1929 a 40 to 50 per cent reduction in the tax may be conceded as a condition for making certain improvements and renovations. Nearly every hotel has taken advantage of this concession, and thus a sum of £440,000 has been expended in home industries. The yield of the tax for 1928 is estimated at £88,000.

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 include the means of public transit. Election posters, announcements of political meetings, name plates and other inscriptions on rolling stock pertaining to the conduct of a business are exempt from this tax. Announcements of a scientific or educational character may be exempted from the tax. The tax usually amounts to 30 per cent of the receipts. A trifling monthly sum per square yard must be paid for announcements made by means of luminous effects, painting, heavy type, or any other methods of mechanical or chemical enlargement. The tax may be passed on, and is settled each month by the advertising agencies. Its yield for 1928 is estimated at £26,500.

5. The Advertisement Tax.—This is imposed in respect of paid insertions in newspapers or books, whether published as advertisements proper or in the shape of articles. Official announcements in official journals only are exempt from the tax. The newspaper proprietors and advertisement agencies are responsible for this tax, which may be passed on to their clients. The tax starts with an assessment of 10 per cent upon the first £600 of the monthly receipts of an agency or newspaper and increases to 15 per cent upon the second £600; to 20 per cent upon the third £600; to 25 per cent upon the fourth £600; 30 per cent upon the fifth £600, and 35 per cent upon all sums exceeding £3000. Advertisements inserted by persons applying for work are not included in the above calculation, and are liable only to a 5 per cent tax. Commissions and rebates are taken into account in assessing the tax. If advertising pages are let, the newspaper pays a tax upon the rent

it receives and the agency pays a tax upon its revenue, less the rent paid. The tax is collected monthly, and its proceeds for 1928 is estimated at £132,000.

6. Auctions Tax.—An auction is deemed to be any public sale which is publicly announced or which follows an offer to several persons simultaneously present. Auctions of pledges by pawn-broking establishments are excepted. The tax amounts to a percentage of the proceeds of auctions of foodstuffs, raw materials, crude products, as well as of partly-manufactured goods, so far as the latter are goods in transit, and also of auctions of a wholesale nature held on the premises of an Exchange, and conducted by a broker. All other kinds of auctions have to pay 7 per cent of the proceeds, but this may be reduced to 5 per cent. The yield for 1928 is estimated at £7,300.

7. Registration Stamps and Police Rate.—Stamp duties, sanctioned by the law of the Republic, are payable in respect of transactions which require legal validity, and vary between 9d. and £3. 10 per cent and a percentage of all fines imposed by the Courts is payable to the Municipality as a police rate. The yield from both sources is estimated for 1928 at £19,000.

8. Fire Brigade Rate.—Any person living in the municipal area who is insured against fire is liable to pay one third of his premium by way of a fire brigade rate. This rate is payable by the insurer to the Municipality. If the insurance company has neither office nor agency in Vienna, the policy holder must pay the tax himself to the Municipality. In respect of transport insurances, which also cover risk of fire, a tax is only payable if the period of storage extends to more than two weeks and then only for the period of insurance beyond this time. The yield of the tax for 1928 is estimated at £88,000. The nett expenditure of the Municipality on the fire brigade during 1928 is estimated at £267,000.

9. Water Power Tax.—As already mentioned, the Municipality runs its enterprises on the principle that they must pay their way, whilst not making any profits for the municipal treasury, as such profits would amount to an indirect tax upon the consumers of gas and electricity and the passengers in the trams. In contrast to the other provinces, the Municipality imposes very modest taxes upon the consumers of gas and electric current. They were introduced in the autumn of 1922, when the Austrian krone had reached its lowest level and when 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 it looked as if these works would have to be abandoned. The Municipality continued to finance them by means of the above taxes. The tax is 1½ per cent of the charges for gas and 4 per cent of the charges for electricity consumed. The tax is ear-marked for purposes of water supply construction. Its operation is therefore limited, and is fixed at present until the end of 1932. The yield of the tax for 1928 is estimated at £110,000.

C. Land and House Taxes.

1. **The Land Tax.**—This used to be a State tax, but at the end of 1922 it was transferred to the provinces and the municipalities. It is levied upon all 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 unaltered for decades, but has been content to multiply the State assessment for 1922, with the result that the not inconsiderable agricultural land about Vienna is taxed more lightly than is the case in most of the other provinces of Austria. The yield of this tax for 1928 is estimated at £14,100.

The land values tax, imposed in the first years of the socialist administration, is no longer in force. It was imposed upon all occupied and vacant land, and the basis of assessment was the common ground value, or the value of the land 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 to the occupier. The tax was abolished because the drastic rent restrictions prevented the development of real property.

2. **The Increment Value Tax.**—This tax has become extremely important, apart from its fiscal and political significance. It is payable by the Vendor on conveyances of land. In default of collection from the Vendor, the Purchaser becomes liable. The State, municipalities and various institutions are exempt, as are also transactions between members of a family (on account of death) or between parents and children, or married or betrothed couples. Nor does the tax apply to land compulsorily acquired for improvements or building. The value increment is deemed to be the difference between what was originally paid for the land and what it is subsequently sold for. In ascertaining the original value, the 1st January 1903 is fixed as the limit. The tax amounts at present to 6 per cent of the ascertained increment provided the previous and effective conveyance was made before the 1st January 1920; 15 per cent. if the effective conveyance was made during the period between the 1st January 1920 and the 30th September 1922 (on which date the Austrian currency was stabilised), 25 per cent. if the effective conveyance was made after the 30th September 1922. To a large extent the tax hits what are fictitious profits, as it places pre-war values on the same footing as post-war currency. Yet it is not unjust, inasmuch as house owners have redeemed their mortgages, advanced in gold kronen, by payments in paper kronen, thus profiting from the currency depreciation. In 1913 houses in Vienna were mortgaged to the extent of two thirds of their value. To prevent fraud, the Municipality may intervene in any transaction in the place of the purchaser, if there are grounds for suspecting that a bona fide sale has not taken place. This right of intervention is governed by comprehensive legal provisions. The yield of the tax for 1928 is estimated at £191,000.

3. The House Duty.—This tax is payable by everybody who occupies rooms in dwellinghouses within the municipal area. House holders are obliged to collect this tax every month with their rents, for which they receive a commission amounting to 10 per cent, reaching a monthly maximum of 12s. 0d. The tax is assessed on the rent payable on the 1st August 1914. In the case of premises built or let subsequently, the assessment is determined by the authorities.

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

For the first	600 kronen	the tax amounts to	300 fold
" "	next 600	" " " "	400 "
" "	" 600	" " " "	500 "
" "	" 600	" " " "	600 "
" "	" 600	" " " "	700 "
" "	" 1,000	" " " "	1,200 "
" "	" 1,000	" " " "	1,500 "
" "	" 1,000	" " " "	1,800 "

The tax is graduated more sharply for premises of which the pre-war rent was more than 6,000 gold kronen (£250), that is for luxurious houses and great business premises, but separate scales are in force for private houses and business premises. In some cases, it rises to 6,000 fold, but here the pre-war annual rent would be more than 30,000 gold kronen. In respect of business premises of which the pre-war rent was over 6,000 gold kronen per annum, the scale in force ranges between 900 and 2,000 fold. Thus the great Vienna business premises are taxed more lightly than private houses with the same pre-war rent. A specially low scale, between 300 and 2,000 fold, is usually in force for premises which pay the Hotel Tax.

The incidence of the House Duty will be best appreciated 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		4,200,000 (£12.12)	5.83
10,000	Luxurious dwellings . . .	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 tax weighs lightly upon small houses, whilst it falls most heavily upon luxurious dwelling places. The special scale for business places shows a markedly lighter rate for large premises. The incidence works out at 7.29 per cent upon a pre-war rent of 10,000 kronen; 12.15 per

cent in the case of 50,000 kronen, and 13.02 per cent in the case of 100,000 kronen.

The operation of this scale may be gathered from the following table, which shows the position at the end of December 1927.

Scale of pre-war rents	D = dwelling houses B = business premises	Property			Average monthly yield of House Tax		
		No.	Percentage of whole		In shillings	Percentage of whole	
1—1200	D	461.661	72.952	82.078	566.810.55	19.147	22.332
	B	57.752	9.126		94.275.13	3.185	
1201—3000	D	45.463	7.184	10.303	268.452.62	9.069	13.464
	B	19.737	3.119		130.116.—	4.395	
3001—5000	D	5.298	0.837	1.662	110.883.75	3.746	7.570
	B	5.221	0.825		113.192.50	3.824	
5001—10.000	D	1.916	0.303	0.911	122.533.75	4.139	11.546
	B	3.849	0.608		219.268.51	7.407	
10.001—100.000 and over	D	482	0.076	0.541	196.370.84	6.634	45.088
	B	2.944	0.465		1,138.329.01	38.454	
Tax free	D Householder	25.667	4.056	4.056			
	D Tax free	1.154	0.183	0.183			
	Premises not used as a dwelling house	1.686	0.266	0.266			
Total	D	541.641	85.591	100.—	1,265.051.61	42.735	100.—
	B	91.189	14.409		1,695.181.15	57.265	
		632.830			2,960.232.76		

Thus it will be seen that the 519,413 cheapest dwellinghouses and business premises, which form 82.078 per cent of all the property liable to this tax, only pay 22.332 per cent of the tax, whereas the 3,426 dearest properties (0.541 per cent of the whole) have to pay 45.088 per cent of the tax, which is more than double. The 89 most highly valued properties in Vienna (rented at over 100,000 kronen on a pre-war basis) pay annually £122,760 in house tax, which is as much as the 350,000 dwellinghouses of workers and employees, having a yearly rent of 600 gold kronen or less. The tax is ear-marked and may only be used for housing purposes. Its proceeds are devoted to the redemption of the municipal housing loans, to the building of houses, and the promotion of the garden suburb movement. The house tax is the only impost which is levied on the houses and business premises of Vienna. The yield of the tax for 1928 is estimated at £1,053,000. This is hardly one fifth of the pre-war House Duty and only about 6 per cent of the whole of pre-war rent in Vienna, calculated in gold. No tax is imposed on dwellings and business premises for general municipal purposes or for State objects. A lodgings duty which used to be in force, together with other rent taxes, was abolished.

D. Enforcement of Fiscal Legislation.

Naturally enough the Vienna fiscal system aroused vigorous opposition among the possessing classes, which grows the more clamorous in the degree that the Municipality perfects its machinery to enforce the law. It is well known that the conscience of the taxpayer has never been very robust in Austria, and during the inflation period it became extraordinarily feeble. The Municipality was therefore obliged to have recourse to drastic measures to enforce the law. It did this by a constant exercise of the right to inspect books which is granted by most of the fiscal laws. All fiscal laws prescribe heavy penalties for their infraction, which usually amounts to a fine reaching a maximum of fifty times the amount of taxation in question and in some cases a period of imprisonment. The taxpayer who fails to pay the whole of his taxes within five days of the specified period must pay a supplement amounting to 25 per cent of the arrears.

E. Other Sources of Revenue.

According to the 1928 estimate, the Municipal taxes will yield a total revenue of £5,101,000. The second largest item of revenue is the share which Vienna receives as province and municipality of the State taxes collected in Vienna. It is entitled to 80 per cent of the stamp duties payable on 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 champagne 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. In the case of all taxes which cannot be apportioned according to their source, the apportionment between the various provinces and municipalities is made according to arbitrary rules, which form a subject of constant disputes and political struggles. The law as it now stands is by no means an advantage for Vienna, as is often asserted, but rather a drawback. The total amount assigned by the federal government to Vienna for 1928 is estimated at £3,296,000. In addition, the Municipality receives a commission of 3 per cent for collecting a number of federal taxes, which it is estimated will amount to £155,000 for 1928.

The third source of revenue of the Municipality, which, however, is somewhat insignificant, is the Municipal supplement to such federal taxes as stamp duties on conveyances and betting taxes. These supplements figure in the 1928 budget at £68,700.

The State contribution to the municipal expenditure in respect of staff used to be fairly considerable, and at times amounted to 70 per cent of this outlay, but these contributions were abolished as from the 1st January 1925.

Since the 1st July 1921 the municipal accounts have shown a surplus. During the worst period of currency depreciation, which lasted until October 1922, the Municipality succeeded in wiping

out the deficit, and it now has considerable cash resources. The interest to be derived from these cash resources, which include sums outstanding on loan, is estimated to amount to £388,000 for 1928. Its command of ready money enables the Municipality to provide for its enormous requirements in the cheapest and most economical manner. As a large buyer, offering the most favourable conditions for payment, the Municipality is the most sought-after customer in the country. In the granting of contracts, firms which have made collective agreements with the trade unions to which their employees belong enjoy a preference over other firms, other things being equal.

F. The Incidence of Taxation.

The taxation of the population of Vienna is now no higher than in 1913, although after a disastrous war increases in taxation would have been nothing unusual. In 1913 the provincial and municipal taxes amounted to £4.5 per head of the population. In 1926, since when conditions have not essentially altered, the tax per head, under the completely changed fiscal system, amounted to £2.15 and including the municipal share of the federal taxes, £4.13.4. As a set off against the 10 per cent increase in the burden of taxation, it must be remembered that the sum total of rents paid in Vienna in 1913 amounted to 360 millions of gold kronen, whereas the equivalent item for 1926 would amount to no more than one tenth of this sum. Putting taxes and rents together, which may justifiably be done inasmuch as the Municipality spends a considerable part of its revenue on building and a portion of the taxes therefore serves to maintain rent protection, it is obvious that there is a considerable easing of the tax burden on the population as compared with pre-war times.

Municipal Investments in Industry.

The socialisation legislation passed during the revolutionary years permitted the Municipality to become a shareholder in a number of large industrial undertakings. Clause 37 of the Act which governs the operation of jointly-conducted enterprises entitles the State or other public bodies to subscribe for one half of the capital of any companies formed, under the most favourable terms that are offered. The Vienna Municipality has frequently exercised this right when companies have increased their capital, and to-day it is interested in 66 enterprises, chiefly of the building and engineering type. Its share in some of these enterprises is insignificant, whilst in others it participates up to one half of the capital. It has completely acquired a number of enterprises, but continues to operate them in their previous legal form.

By virtue of its holding in various enterprises, the Municipality appoints numerous officials to the directorates of companies, and strict measures are adopted to prevent any irregularities from taking place at the outset. These measures are reinforced by the

legal provisions which govern the participation in private enterprise of a member of the Vienna Court of Aldermen or of the Vienna Municipality sitting as the Diet. This law prescribes that members of the Vienna Diet or of the Court of Aldermen, who are appointed to administrative positions in various undertakings, must announce the fact within one month of their election. A committee of the Diet decides as to the eligibility of any candidate for these positions.

This procedure is only observed in the case of enterprises of which more than half the controlling interest belongs to the Vienna Municipality and to which the Mayor has the right to appoint directors. Moreover, delegates from the Municipality who attend meetings must pay in to the municipal coffers whatever emoluments they may receive under this head, and receive for each meeting they attend the usual fee paid for attending the meetings of the Council which amounts to the small sum of 2 schillings. If they occupy such posts as chairmen of the public services, they are allowed to retain the directors' fees, but the total remuneration for each person, however many directorates he may belong to, must not exceed the current salary of a member of Parliament. Exceptions to this rule have to be sanctioned by the Aldermen. The Mayor and the administrative aldermen are subject to the special rule that they may not retain any fees whatever which they may receive from the public services to which they are appointed by the Council, but must pay all of such emoluments into the municipal coffers. If they belong to the local or national parliament, the salary received in respect of such office is deducted from the municipal salary, which is somewhat lower than the salary of a minister, and amounts to £60 per month.

Municipal Encouragement of Industry.

Two lines of action of the Municipality of Vienna fall within the scope of this exposition, as they mean financial responsibility for the Municipality and were only made possible because of the successful results of the civic fiscal policy: the granting of guarantees in respect of exports of Viennese industry to the Union of Socialist Soviet Republics and credit facilities for Viennese industry.

In order to assist Viennese industry in the fight for new markets, the Municipality resolved to encourage Russian business. On the 21st October 1927 the Council passed a resolution which guaranteed the payment of 70 per cent of the amount of any contract concluded with the Socialist Soviet Republics by any manufacturer whose office or factory was situated in Vienna. The maximum amount of such export credits has been fixed at £3,000,000. So as not to limit this policy to the area of Vienna, measures were adopted to make this guarantee available for firms which manufactured outside Vienna, while having their office within the city, but the assumption of such a firm's liability is con-

ditional upon the province in which the works are situated furnishing the Vienna Municipality with a corresponding guarantee.

The Municipality has a savings bank conducted as an independent undertaking, which is administered by a committee elected by the Council, and for which the Municipality assumes liability to the extent of its resources. At the end of December 1913, the deposits in this bank amounted to 389.7 millions of gold kronen. It testifies to the great confidence shown by the people in the financial policy of the Municipality that the deposits of this Savings Bank reached a total of 340 millions of schillings at the end of April 1928, which are equivalent to 60 per cent of the pre-war deposits, whereas all the other banks and savings institutions in Austria at this time possessed at the most but 25 per cent of the total amount of pre-war deposits.

The Municipal Savings Bank employs a great part of its money for loans to municipalities, for loans for the purpose of the upkeep of Viennese houses, and £1,500,000 by way of loans to Viennese manufacturers and merchants. For these loans the rate of interest has been fixed at 6 per cent from April 1927 until the end of 1929. If conditions on the money market render necessary an increase in the rate of interest, the Municipality becomes responsible for the difference. The value of this facility may be inferred from the fact that during the same period industry is obliged to pay the banks 13 per cent for accommodation.

Assistance for Small Bondholders.

Small bondholders are aided by special measures. In Austria there was no readjustment of values at the end of the inflation period, and in consequence of the shrinkage in the value of money to a 14,400th part of the gold krone, holders of bank deposits and State loans lost their property. This inflicted great hardship upon old people who had lived upon a small property, and many who once belonged to the Middle Class are completely impoverished. The federal government has hitherto confined its aid to making small temporary grants to such persons.

The Municipality therefore decided to devote a maximum annual sum of £30,000 to the provision of assistance within its area. Grants are made by way of supplement to the interest on State loans to persons who are Austrian citizens, provided they acquired their stock before the 1st November 1918 and receive a maximum income of about £100. In the case of needy persons who require the constant service of another person, the maximum income is £150. The grant is graduated according to the amount of interest, and varies between 3,000 times the amount of a coupon of the value of 800 kronen or less to 1,000 times the value of a 2,400 kronen coupon.

Claims are decided by a committee on which the small bondholders are represented.

Municipal Debt.

In appraising 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 municipal debt has been incurred among Austrian citizens, the pre-war indebtedness has already been repaid, in consequence of the currency depreciation. The debt incurred since the beginning of the war is inconsiderable and consists mainly of £558,000, raised for housing purposes.

Serious expense is only incurred in paying the interest of that portion of pre-war debt which is foreign debt and which must be converted on the basis of various agreements. The State is obliged by law to contribute towards the fulfilment of these engagements.

In the year 1927, a loan amounting to 30 millions of dollars was concluded on very favourable terms through the National City Company and the National City Bank of New York. The loan bears 6 per cent interest and is for a period of 25 years. The Municipality is at liberty to redeem the loan, wholly or partially, on any date when interest is payable. The loan was issued at 90½. As the entire proceeds of the loan were devoted to improving the equipment of municipal enterprises, these enterprises have to set aside the necessary sums to enable the Municipality to meet the loan service.

In view of this fact and also taking into account the circumstances that the service of the housing loan is provided by the yield of the special tax and that the State makes a contribution towards the old foreign obligations, the net expenditure for 1928 to meet the service of municipal debt only amounts to £22,800.

The municipal budget for 1928 foreshadows total requirements amounting to £14,087,000 and an income of £13,040,000. In addition to the taxes previously enumerated, the revenue includes contributions towards the cost of maintenance in institutions and receipts from the baths, etc. The budget contains items amounting to £3,012,900 for technical improvements of all kinds. Deducting this productive expenditure, the budget shows a good surplus. The loss arising from the renovations is covered by the cash resources. Excluding the city enterprises, the Municipality has been able to expend £15,000,000 on technical improvements during the years 1923 to 1927.

The municipal enterprises only figure on the revenue side of this budget so far as concerns the profits of the Brewery and the Advertising Agency. No provision is made on the expenditure side in respect of the enterprises generally, as they are run on a self-supporting basis. Occasional advances from the banks have been resorted to up to the end of 1927 to cover the cost of technical improvements which they have been unable to pay for out of their working capital. In the 1928 budget the requirements in respect of such improvements as are not covered in this way are assigned to the proceeds of the 30 million dollar loan.