

## VIENNA AND ITS TENEMENT HOUSES

### Another Side to the Picture

The advocates of house-building "for the working classes" by means of subsidies out of taxation affect the warmest admiration of what has been done in this way in Vienna. The scheme, it appears, has been carried out so brilliantly that it should be held up as an example for any and every municipality to emulate. The descriptions and illustrations of the vast blocks of dwellings have featured in many a "housing reform" article to tell the world how Vienna has solved the problem. Even the Prime Minister, Mr Ramsay MacDonald, has been persuaded by so much display and parade that this is so, commending the Vienna achievements in the House of Commons debate on 12th February.

It is well to look further into it. We have before us the criticism by our Vienna correspondent, Mr Pavlos Giannelia, of a typically impressionist article written by Mr W. Wilson Midgley in the *Star* (London) of 19th September last. According to Mr Midgley, "life has been made worth living for the working woman of Vienna; over one-tenth of them live in houses that are as near to the ideal as we are likely to see in our generation." The rents are also ideal. A flat with two rooms and kitchen "costs the astonishingly low sum of seven Austrian shillings (4s. 1d.) a week," although in some cases where furniture has been built in or bathrooms provided, the rent is higher. Since 1920 "over 45,000\* of these new homes at this bargain price" have been built and they are situated "in some of the best places in Vienna." The houses are built out of taxation levied on every building in the city. It begins at about three-halfpence a week on the smallest apartment and is steeply graded. All the expense of interest, sinking funds, interest on sinking funds and mortgage is abolished. The rent covers only the cost of upkeep, repairs and oversight. "Nothing has happened yet to suggest any flaw in this financial scheme." Among the various communal services provided are kindergarten; but the kindergarten are not alone for the children, since they have "enabled many mothers to go out to work during the hard times that have followed the financial collapse in Austria."

This picture is filled in by Mr Pavlos Giannelia in his communication to us. It is true enough, he says, that the children's sandpits and bathing pools, the kindergarten, the communal laundries, the rotary driers and so on are fine arrangements. The city builds houses with the money it collects and then "forgets all about the finance," says Mr Midgley; but has he not asked himself how it was that Austria suffered that "financial collapse"? As Frederic Bastiat would put it: When the public authority subsidizes house building, the people see what is built but they do not see how much building is prevented by the tax burdens imposed to pay for such schemes.

It is said that the rents (4s. 1d. a week, or £5 12s. 4d. a year) are low. This is true. The rents are altogether uneconomic since the average cost of construction for each flat has been £500, the average accommodation being 388 square feet. But low as the rents are, they

\*According to our authority, Mr Giannelia, 25,000 flats have been provided which house 50,000 persons. The largest block of flats is the "Fuchsenheldenhof," which has 1,800 flats. The total taxation per head in Vienna (including City, local and State taxes and profits of public monopolies) is at present 530 Austrian schilling, which corresponds to 74.60 dollars or £15 16s.

are nothing like so low as the rents of the non-municipal dwellings occupied by quite 95 per cent of the working people. By virtue of the drastic Rent Restriction Act (stabilizing rents before the inflation of the Austrian money) the tenants of privately owned dwellings are paying 2s. to 3s. a week. The Rent Restriction Act has cancelled all return from house property save barely enough to make necessary repairs. The result is that private building of new houses has altogether stopped and unemployment steadily increases.

What makes matters worse is that the City Council has been taking toll of the taxpayers to the tune of 3 to 3½ millions of pounds each year (since 1925) to spend on its municipal house-building schemes. The end is not yet; the expenditure continues at this rate and makes a fourth of the total City Budget. The tax on houses contributes only a small part (37 million Austrian shillings) of this burden, *pace* Mr Midgley, who asserts it suffices to finance the building costs. And it is a tax so levied (being "steeply graded") that just where good buildings might be built to give even a little net return, no one would think of investing his capital—the "tariff" on building is prohibitive. The opportunities to provide work for the unemployed are closed down.

The rest of the revenue required for the municipal dwellings (and incidentally to find work that private building cannot provide) is obtained, to the extent of 80 million Austrian shillings, from other taxes and mainly from the tax on wages. It is significant that this most unsocial of all taxes—this tax on wages—is called the "welfare contribution," whereby it is made to sound less odious; and its nature is further hidden under the mode of collection. It is not taken directly from the worker, and he may not think it comes out of his pocket. It is paid by the employer, the tax being levied weekly or monthly as a lump sum in proportion to the total of wages and salaries. There is no denying the fact that this tax, equally with the tax on sales which is imposed by the Federal Government, is added to the costs of production and raises prices. Like indirect taxes it falls with far more weight, in proportion to income, upon the poor and the workless than upon the rich.

In Austria, 65 per cent of the prices of commodities are made up of taxation. The number of the unemployed who are supported out of public funds make up 7 per cent of the population, while the number of the unemployed and the part-employed who get no "dole" is even greater.

It has been contended that these colossal municipal tenements (one of them has a frontage of half a mile) are built "in some of the best places in Vienna." This is not the fact. They are situated in the outskirts. There they have been raised, five to eight storeys high, with no lifts, with no allotment gardens attached and often at a distance from the tramway lines. Yet in Vienna there are something like 44,480 acres of vacant building land, of which about 17,000 acres belong to the municipality. The population of Vienna is 1,860,000. The municipal houses have been built, at all this expense, for no more than 60,000 persons.

The truth is, Mr Giannelia contends, that these "luxury flats," housing not more than 3 per cent of the citizens, may enable the political party responsible for them to preen itself on its achievements; but they have proved a very costly adventure that has made conditions materially worse for the rest of the working people.

A. W. M.

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