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Note.

In accordance with Article 10 of Annex III of the Austrian Protocol of July 15th, 1932, and the Council resolution of September 25th, 1936, contact is to be maintained between the Austrian Government and the Financial Organisation of the League of Nations by the preparation and publication of periodical statements on Austrian public finances by the Financial Organisation of the League of Nations, for which purpose it has been arranged that an official of that organisation will visit Vienna from time to time.

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II. ECONOMIC AND FINANCIAL

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I. INTRODUCTION.

1. By a resolution adopted on September 25th, 1936, the Council of the League of Nations decided that the posts of the Representative of the League of Nations in Austria and of the Adviser to the National Bank were to be terminated as from November 1st, 1936.

2. On November 3rd, 1936, the composition of the Austrian Federal Government was modified. On this occasion, Dr. Neumayer, the financial administrator of the City of Vienna, succeeded to Dr. Draxler as Federal Minister of Finance.

3. When, in October last, the Austrian Government decided to maintain the present gold value of the Schilling, it started an action to bring down prices.

4. Owing to the favourable flow of receipts, it will probably be possible practically to balance the 1936 Ordinary Budget.

5. The Treasury is in an easy situation. With the exception of 5 millions issued in October for investments, no Treasury bills have been issued since June, nor is any issue expected until the end of the year.

6. The 1937 draft Budget Estimates show a deficit of 40 millions in the Ordinary Budget to be covered by economies in expenditure and of 17 millions for Investments to be covered by credit operations.

7. The weekly statements of the National Bank show a considerable increase in the foreign exchange holdings during the summer followed by an outflow during the autumn.

8. Foreign trade is larger than last year, as regards both imports and exports. The month of October showed better results than were expected. An agreement was concluded with Italy under which it is expected that exports to Italy will be maintained notwithstanding the devaluation of the lira.

9. Most economic indices are more favourable than last year, with the exception of unemployment, which is at a slightly higher level.

2. STATE FINANCES.

(a) GENERAL BUDGET TENDENCIES.

The Closed Accounts for 1935 and the draft Budget Estimates for 1937 have been published. Moreover, it is possible, on the basis of the results of the first nine months and estimates for the later months, to make an approximate calculation of the probable results for 1936. The detailed figures for these three years are shown in Appendix II.

The general tendencies of State receipts and expenditure since the first reconstruction period can be seen from the following graph (for detailed figures, see Appendix I) :



Development of the Austrian Budget, 1925-1937.

(b) 1935 CLOSED ACCOUNTS.

The Closed Accounts for 1935 were published by the Federal Audit Court on September 8th, 1936. They show the following results :

	Closed Accounts		Estimates	Difference between the Closed Accounts (Budget Accounts) and the Estimates
	Cash Account	Budget Account		
	Gross			
	In millions of Schillings			
<i>Ordinary Budget.</i>				
Expenditure :				
Personnel	—	701.1	697.8	+ 3.3
Material	—	1,247.4	1,202.1	+ 45.3
Total	1,948.8	1,948.5	1,899.9	+ 48.6
Receipts	1,894.7	1,894.7	1,846.6	+ 48.1
Deficit	54.1	53.8	53.3	+ 0.5
<i>Extraordinary Budget.</i>				
Expenditure	102.5	103.0	130.3	— 27.3
Total deficit	156.6	156.8	183.6	— 26.8

The difference between the Closed Accounts and the Estimates is due to :

		Millions of Schillings
1.	<i>Higher Expenditure</i> , chiefly on :	
(a)	Interest on State debt	14.7
(b)	Pensions	4.3
(c)	" Heimatdienst "	3.9
(d)	Children's Holiday Action	4.0
(e)	Federal Police	2.5
(f)	Voluntary Corps	4.9
(g)	Agriculture	16.1
(h)	Army	6.3
(i)	Post and Telegraph Administration	13.6
2.	<i>Lower Expenditure</i> , chiefly on :	
(a)	Stream regulation	8.3
(b)	Amortisation of State debt to National Bank	12.1
3.	<i>Higher Receipts</i> , chiefly :	
(a)	Direct taxes	31.2
(b)	Customs	15.0
(c)	Excise duties (including turnover tax)	22.4
(d)	Federal Police	2.6
(e)	Seignorage	8.2
(f)	Treasury	5.3
(g)	Agriculture	6.2
(h)	State lotteries	3.5
4.	<i>Lower Receipts</i> , chiefly :	
(a)	Tobacco Monopoly	20.5
(b)	Contribution from city of Vienna	8.0

The lower receipts and higher expenditure were covered, apart from the deficit, by higher receipts on account of most direct and indirect taxes due to the improvement in the economic situation and to the postponement of the expenditure on stream regulation, and of the amortisation of the State debt to the National Bank. The Extraordinary Budget Estimates contained 100 million Schillings expenditure for 1935. Moreover, Budget credits of 30.3 millions which had not been incurred during 1934 were transferred to 1935, making a total of 130.3 million Schillings. As only 103.0 millions were expended, a saving of 27.3 millions was effected, of which 21.2 millions were transferred to 1936, during which year they could still be spent.

The total deficit of 156.8 million Schillings was covered by :

		Millions of Schillings
<i>Loan monies :</i>		
	Remainder of the 1933 Lottery Loan	11.8
	Part of the 1935 Internal Loan (<i>Arbeitsanleihe</i>)	65.7
	Treasury bills	33.0
		<hr/>
		110.5
<i>Monies which became available through the conversion of the 1923-1943 Guaranteed Loan :</i>		
	Amounts earmarked for the service of the 1923-1943 Guaranteed Loan	40.8
	Liberation of part of the reserve in the hands of the Trustees	0.7
		<hr/>
		41.5
	<i>Cash holdings</i>	4.8
		<hr/>
		156.8

This corresponds to the Treasury Cash Statements, which show that the Budget deficit (156.8 millions) together with the unfavourable balance of the Current Account (30.2 millions)—*i.e.*, together 186.9 millions—were covered by receipts from loan operations amounting to 101.3 millions, free cash balances of 4.8 millions and earmarked cash balances of 80.8 millions (together 186.9 millions).¹

(c) 1936 PROBABLE RESULTS.

Provisional results are available for the first nine months of 1936. They show a small surplus in the Ordinary Budget owing to the favourable flow of receipts. They compare as follows with nine-twelfths of the 1936 Budget Estimates and with the provisional results for the same period of last year :

Ordinary Budget :	Provisional results Jan.-Sept. 1936	Difference as against	
		Nine-twelfths of 1936 Estimates	Provisional results Jan.-Sept. 1935
Expenditure :		In millions of Schillings	
Personnel	530.5	+ 6.3	+ 5.6
Material	939.2	+ 36.6	— 38.9
Total	1,469.7	+ 42.9	— 33.3
Receipts	1,474.1	+ 63.1	+ 74.3
Balance	+ 4.4	+ 20.2	+ 107.6
Investments	22.8	— 4.6	— 14.4
Total balance	— 18.4	+ 24.8	+ 122.0

The increase in expenditure of 42.9 millions over nine-twelfths of the Budget Estimates is due chiefly to increases in the following items :

	Millions of Schillings
Pensions	+ 3.2
Federal Chancery (Winter-aid, Children's Holiday Action, "Heimatsdienst")	+ 4.2
Social Administration	+ 1.2
Agriculture and Forests	+ 5.6
Commerce and Traffic	+ 2.7
Defence	+ 15.2
Post and Telegraph	+ 8.4

As against this, the service of the State debt required 11 millions less. The receipts show the following results as compared to nine-twelfths of the Estimates and the receipts obtained during the same period last year :

Receipts January-September 1936.

	As against	
	Nine-twelfths of the 1936 Estimates	The provisional results January- September 1935
	In millions of Schillings	
Direct taxes	+ 41.9	+ 38.3
Customs	— 4.7	— 1.4
Tax on cattle fodder	+ 3.7	+ 8.4
Excise duties	— 5.9	+ 5.0
Turnover tax	+ 4.3	— 5.3
Emergency surtax on turnover tax	+ 4.8	+ 15.8
Taxes on transactions, legal fees, etc.	+ 3.2	+ 20.8
Other receipts	+ 0.3	— 0.1
Total taxes	+ 47.6	+ 81.5
Deduct: Shares of Local Authorities	+ 12.7	+ 11.4
Net receipts, State taxation	+ 34.9	+ 70.1

¹ Owing to the different methods of accounting, the Budget Account and the Treasury Cash Statements cannot be compared in their details.

During October 1936, receipts have again come in well, net receipts from State taxation bringing in 8 millions more than was estimated in the monthly Budget (for details, see Appendix III).

On the basis of the provisional monthly results for the first nine months of 1936, it is possible to make a fairly reliable estimate of the probable results for the whole year 1936. For the last three months of the year, there are available the provisional receipts during October, the monthly budgets approved for October and November and a preliminary estimate for December.

Together, these various figures give the following picture :

		1936 Budget.	
Ordinary Budget:		Estimates	Probable results
Expenditure :		In millions of Schillings	
Personnel		698.9 ¹	707.1
Material		1,216.6 ¹	1,267.0
Total		1,915.5	1,974.1
Receipts		1,881.4	1,969.8
Deficit		34.1	4.3
Investments		44.8 ¹	36.3
Total deficit		78.9	40.6

Thanks to the excellent flow of receipts in the course of 1936, it would seem possible for the first time for several years practically to balance the Ordinary Budget.

(d) 1937 BUDGET ESTIMATES.

The 1937 draft Budget Estimates were submitted by the Federal Government to the "Bundestag" on October 22nd, 1936—i.e., within the period prescribed by the Constitution. They show the following main figures :

	1936 Estimates	1936 Probable results	1937 Estimates	Difference as against	
				1936 Estimates	1936 Probable results
	Gross : in millions of Schillings				
<i>Ordinary Budget :</i>					
Expenditure :					
Personnel	698.9 ²	707.1	726.6	+ 27.7	+ 19.5
Material	1,216.6 ²	1,267.0	1,253.6	+ 37.0	— 13.4
Total	1,915.5	1,974.1	1,980.2	+ 64.7	+ 6.1
Receipts	1,881.4	1,969.8	1,940.0	+ 58.6	— 29.8
Deficit	34.1	4.3	40.2	+ 6.1	+ 35.9
<i>Investments</i>	44.8 ²	36.3	17.5	— 27.3	— 18.8
Total deficit	78.9	40.6	57.7	+ 21.2	+ 17.1

¹ Including the expenditure foreseen in the Extraordinary Budget Estimates of 1935 which was not incurred during that year and transferred to 1936 ("Kreditreste"). The 1936 Estimates were thus increased by :

	Millions of Schillings
Transferred to the Ordinary Budget	13.0
Transferred to Investments	8.2
Total	21.2

It should further be remembered that, in the spring of 1936, the Austrian Government voted new expenditure amounting to 45 million Schillings in total. (See Nineteenth Quarterly Report of M. Rost van Tonningen, [Continuation of footnotes on following page.]

The Budget is divided in the same way as the Budget for 1936 (and contrary to the Budgets from 1933 to 1935) into " Ordinary Budget " and " Investments ". This division is based on the consideration that " the issue of new loans should be limited in future to cover capital expenditure for productive investments of the Monopolies, Federal Enterprises and Federal Railways, the interest and amortisation of which can be met out of future surplus revenues obtained through these investments. It is justified to cover such investments by borrowing operations ".³ Consequently, the draft Budget Law lays down (Article II) that the deficit of the Ordinary Budget (40.2 million Schillings) has to be met by economies in the ordinary expenditure—in so far as it cannot be covered by higher receipts—whilst only the investments may be covered by borrowing.

The main characteristic of the 1937 Budget is the increase of the expenditure for National Defence from 126.4 millions in the 1936 Budget to 210.1 millions in the 1937 Budget—*i.e.*, an increase of 83.7 millions. The Austrian Government has decided not to borrow for rearmament purposes, but to meet the necessary expenditure from current receipts. This necessitates a curtailment of expenditure for other purposes.

A comparison with 1931, when the level of expenditure was at its maximum, shows that, since that year, the expenditure of the Ordinary Budget was brought down from 2,232.2 millions (1931 Closed Accounts) to 1,980.2 (1937 Estimates)—*i.e.*, by 252 millions. As since 1931, expenditure for the State Railways has increased by 78.6 millions and for defence by 107.6 millions, together 186.2 millions; expenditure for the other branches of the Administration—apart from Railways and defence—has been reduced by 438.2 millions (*i.e.*, by roughly 20%) since 1931. In view of the devaluation of the Schilling during the same period, the gold level of expenditure was reduced considerably more than is indicated by that figure.

The principal differences in expenditure between the 1936 and 1937 Budgets are :

	Increase	Decrease
	In millions of Schillings	
State debt	+ 8.0	
Pensions	+ 3.6	
Defence	+ 83.7	
Social Administration		— 14.5
Agriculture and Forests	+ 8.4	
Commerce and Traffic		— 3.6
Post and Telegraph (net)	+ 7.0	
Federal Railways		— 22.3
Investments		— 29.3
Including—Tobacco Monopoly		— 1.4
Post and Telegraph Administration		— 7.6
Federal Railways.. .. .		— 18.5

The increase in the service of the State debt is chiefly due to the commencement of amortisation payments on the Creditanstalt bonds in foreign currencies (6 millions) and of interest payments on the 4% Creditanstalt bonds in Schillings (3.5 millions). The reduction of the service of the foreign debt resulting from the devaluation of certain foreign currencies in the autumn of 1936 has not been taken into account in the Estimates. In the course of the Budget debates (see below), these profits have been earmarked for other purposes.

The expenditure for pensions has been estimated more prudently than for 1936. The number of pensioners is estimated to increase from 51,491 to 51,825 persons.

Representative of the League of Nations in Austria, page 31.) As this decision did not receive the character of a formal modification of the Estimates, it was not taken into account in the above table.

² Including the " Kreditreste " (see previous footnote). The 1937 Budget has broken with the practice of allowing the transfer of " Kreditreste ". This signifies a clarification of the accounting system as well as an economy in expenditure.

³ See " Erläuterungen zum Bundesfinanzgesetz ", 1937, page 3.

The increase of expenditure for defence purposes during recent years is shown in the following table:

Expenditure.

	Personnel	Material		Total	Receipts
		Recurrent	Non-recurrent		
	In millions of Schillings				
1934 Closed Accounts ..	52.4	52.1	—	104.5	2.4
1935 Closed Accounts ..	51.7	52.2	18.4	122.3	2.5
1936 Estimates	47.5	55.4	23.5	126.4	2.2
Provisional results ..	.	.	.	165.7	.
1937 Estimates.. ..	50.8	88.1	71.2	210.1	2.2

The reduced estimates for social administration are based on an average number of 245,000 unemployed in receipt of benefit during 1937 as against 260,000 in the 1936 Budget. If unemployment does not show more than the seasonal increase during the last two months of the present year, the average number for 1936 will work out at just about that figure (260,000).

The new expenditure for Agriculture and Forests includes 8.1 millions for promoting these two branches of economic activity. In the course of the Budget debates (see below), modifications of these items were effected.

The increase in the estimates for the Post and Telegraph is due to better budgeting, the deficit for 1936 having been higher than had been estimated.

The reduction in the deficit of the Railways (which has to be met by the State) from 107.3 millions in the 1936 Estimates (100 millions in the 1936 probable results) to 85 millions in the 1937 Estimates has been obtained chiefly by estimating the receipts of the Railways during 1937 at 3.6 millions more than in 1936 and the material expenditure—other than purchase of coal—at 10.5 millions less. The latter deduction implies postponing certain renewals. In this way, the prospective Railways deficit is reduced to 86.5 millions. It will have to be further reduced in the course of the year by economies in expenditure of 1.5 millions to reach the level of the State subsidy of 85 millions included in the Estimates. The investments to be undertaken by the Railways have been reduced by 18.4 millions (including the "Kreditreste").

Investments in general have been heavily curtailed, not only directly but also by the abolition of the practice of allowing unspent "Kreditreste" to be transferred to the following year. This implies that investments which were budgeted for in 1936 but not completely paid during that year (12.5 millions) will have to be paid from the 1937 Budget, which automatically reduces the amounts available for new investments during 1937. A reduction of economic activity is not feared on this account, owing to the non-recurrent expenditure for the national defence. It is the intention of the Government to effect such expenditure as far as possible within the country.

The revenue Estimates for 1937 are based on the actual receipts obtained during the first nine months of the present year (see table on next page).

In connection with this method of estimating, it should be observed that the last quarter of the year produces higher revenues than the average of the first three quarters.

To secure that part of the burden of financing rearmament should be borne by the Local Authorities, it was decided to limit their share in the public taxes in the 1937 Estimates to the amounts which had been included in the 1936 Estimates. As the total receipts in the 1937 Estimates are higher than in the 1936 Estimates, this implies a reduction in the estimated shares of the Local Authorities from 201.2 to 187 millions.

	1937		Results January- September 1936
	Estimates	Three-quarters of Estimates	
	In millions of Schillings		
<i>Public taxes.</i>			
Direct taxes	320.6	240.5	258.7
Customs	176.2	132.2	130.4
Import duty on cattle fodder, etc.	38.5	28.9	30.0
Excise duties	194.4	145.8	138.6
Turnover tax	143.1	107.2	106.1
Emergency surtax on turnover tax	138.0	103.5	102.6
Taxes on transactions	120.6	90.4	93.2
Other receipts	3.2	2.4	2.4
Total	1,134.5	850.9	862.0
<i>Net receipts from Monopolies.</i>			
Tobacco	180.6	135.5	130.6
Salt	14.0	10.5	10.6
State lotteries	19.1	14.3	16.8
Gunpowder.. .. .	1.9	1.4	1.5
Total	215.6	161.7	159.5

In the course of the discussion of the draft Estimates in the Financial Commission of the "Bundestag", the Minister of Finance proposed certain changes in the Estimates which will be embodied in the final text :

(a) The savings in the service of the foreign debt (8 to 9 million Schillings) resulting from the devaluation of foreign currencies will be employed for the indemnification of part of the losses resulting for Austrian exporters from the devaluation in foreign countries.

(b) As part of the general scheme to lower prices, the Government has decided to bring down the price of polenta by reducing the "Lizenz-Gebühr" on maize. This implies a loss of revenue estimated at 800,000 Schillings, of which half will be covered by a reduction in the expenditure for the stimulation of agriculture and the remainder by higher receipts from the tax on cattle fodder.

(c) Gold mortgages on the basis of which gold-mortgage bonds are issued will be converted into mortgages in ordinary Schillings on the basis of one gold Schilling to one ordinary Schilling. In order to indemnify the holders of gold-mortgage bonds which will similarly be converted into bonds expressed in ordinary Schillings, the Government has decided to give these holders additional Government bonds bearing the same rate of interest as the mortgage bonds and amounting to 25% of the nominal capital of the latter. As the total amount of gold-mortgage bonds is estimated at about 240 million gold Schillings, this signifies the creation of Government bonds for some 60 million Schillings, the annual service of which will probably demand 3.4 million Schillings (1.6 millions in 1937). This increase in expenditure will be met for one-half by a diminution of the expenditure for the stimulation of agriculture and for the other by economies on other expenditure.

(e) TREASURY POSITION.

Owing to the favourable development of taxation receipts, the situation of the Treasury has been easy. During the second half of the present year, no Treasury bills were issued with the exception of 5 million Schillings in October for the financing of investments. No issue of Treasury bills is expected

during November and, if any issue would have to be made during December, the amount would be relatively small. In view of the liquidity of the Austrian money market, the renewal of Treasury bills is not causing any difficulty.

Since the beginning of the year, the short-term debt (Treasury bills and loan from the Postal Savings Bank) increased from 132 millions to 175.1 millions—*i.e.*, by 43.1 millions. From this sum about 21 millions were utilised for the repurchase of bonds of the Italian *tranche* of the Austrian 1930 7% International Loan. The remainder of the increase is smaller than the amount which will probably be spent for investments in the course of the present year (36.3 million Schillings). The Treasury situation thus confirms the expectations concerning the probable results of the 1936 Budget: namely, that it will be possible practically to balance the Ordinary Budget—in any case to meet without borrowing all Budget expenditure apart from investments.

Amongst the Treasury bills outstanding, 28 millions represent the countervalue of the reserve which is still in the hands of the Trustees of the 1923-1943 Guaranteed Loan. Although this loan was converted in 1934, certain legal difficulties have prevented the Trustees from taking a decision with reference to this considerable *reliquat* of 28 million Schillings: nor is it yet apparent what solution of this long-standing problem can be found.

(f) THE STATE RAILWAYS.

During the summer, the receipts of the Railways have been at about the same level as last year:

Railway Receipts.

	Goods traffic		Passenger traffic		Total	
	1935	1936	1935	1936	1935	1936
	In millions of Schillings					
January-May ..	105.0	102.0	47.6	48.1	152.6	150.1
June	20.1	20.6	13.5	12.6	33.6	33.2
July	22.4	22.4	17.2	17.6	39.6	40.0
August	22.5	22.6	17.4	17.7	39.9	40.3
September ..	23.9	24.6	13.8	13.0	37.7	37.6
October	28.4	27.6	10.2	9.2	38.6	36.8

Expectations as regards the last months of the year are uncertain. Experience will have to show what effect the monetary devaluation in other countries will have on Austrian exports and on the tourist traffic. Transit traffic is not expected to suffer, as the countries which have devalued may obtain an increase in their foreign trade.

The second cause of uncertainty is the expiration at the end of September 1936 of the Decree issued on June 26th, 1933, for the regulation of the competition between road traffic and railways.¹ This will no doubt cause a certain loss to the Railways. As, however, a new regulation is expected in the not-distant future,² it is believed that the temporary establishment of complete freedom of competition will not lead to heavy investments in motor vehicles and that the loss to the Railways will not be excessive.

¹ See Nineteenth Report of M. Rost van Tonningen, Representative of the League of Nations in Austria, pages 6 and 7.

² Since this report was written, the old Decree was again put into force temporarily until July 1st, 1937. In the meantime, the Government will make an enquiry into the whole subject with a view to laying down definite regulations.

In any case, it is believed that it will be possible to maintain the total deficit of the Railways during the present year—and consequently the subsidy from the State—at about 100 millions as against 107 millions, which had been foreseen in the 1936 Estimates.

As to next year, as is explained above in the section of the 1937 Budget Estimates, it is hoped to limit the Railways deficit to 85 millions.

3. THE MONETARY SITUATION.

(a) GENERAL.

After examining the situation resulting from the monetary devaluation measures taken in various countries at the end of September and the beginning of October, the Austrian Government decided not to change the gold value of the Austrian Schilling. The reasons for this decision were explained in public declarations by the Minister of Finance, Dr. Draxler, and the President of the National Bank, Dr. Kienböck, on October 8th, 1936. In view of their importance, the principal passages of these declarations are given here in full.

Dr. Draxler declared, *inter alia* :

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“ There are imperative reasons for the Federal Government’s decision to maintain the existing gold parity of the Schilling. Austria, as a country largely dependent on the import of all kinds of commodities, cannot risk the price revolution which would be the direct sequel of currency depreciation. The average standard of life of the Austrian population is still, as a result of the country’s sufferings since the war, so very low that to lower it still further by devaluation would inevitably cause serious social disturbances and could not therefore be justified. Austria has not the capital reserves which other countries possess to meet the first effects of the shock of devaluation. In our country, capital is only beginning to be reconstituted and this process should not be disturbed by any further blows to confidence.

“ We consider it to be the obvious duty of the Government to do everything that lies within the scope of State economic policy to restrict to the utmost degree possible the undeniable difficulties with which the present situation confronts us. In this connection, I consider it extremely important that, in spite of the certain rises in world-market prices which have recently occurred, the general price level in Austria should in no circumstances be further raised. As certain price movements of essential foreign raw materials cannot be influenced by us, it will be necessary to aim at lowering other prices on the fixing of which we can exert an influence. If our export industry is still to be in a position to compete in foreign markets, we must, wherever possible, assist it by reducing its manufacturing costs.

“ On my suggestion, the Federal Government has to-day decided to introduce a systematic supervision of price movements in Austria, and we are firmly determined also, so far as this seems possible and necessary, to draw the appropriate inferences from the results of such price supervision.

“ We can count on being helped by the development of prices on the world market and in countries which have depreciated their currencies, but we must realise that the initial difficulties will be considerable and that the Federal Government and the various economic organisations will have to set aside their special interests and do their best to see that Austrian production remains a competitive factor in foreign markets.”

These arguments were further developed by the President of the National Bank, Dr. Kienböck :

“ The disastrous currency depreciation of post-war years resulted in wholesale losses of capital and unprecedented destruction of values. We all have burning memories of those experiences. It was an inexpressibly laborious and difficult process to reorganise Austrian finances and recover a firm foothold with the Schilling. Since the violent movements of 1931, we have again been gradually allowing the currency to depreciate, so that 128 present Schillings correspond to 100 old Schillings. Since then it has been possible, at the cost of great sacrifices on the part of the population, again to build up the budget, restore confidence in the currency and reconstruct the system of credit. At the same time, Austria’s financial policy has been a reasonable one as regards both her own people and foreign nations. We have learnt how hard it is for a country

which has suffered so much adversity as Austria to win confidence both at home and abroad. We feel it now to be our double duty to maintain this confidence and strengthen it still further. This confidence is necessary if frugality and thrift are to be preserved and increased.

.

"We have also very dispassionately considered what another currency depreciation in Austria would mean to us. Our conclusion is as follows. As regards raw materials and other commodities which we import from oversea countries, a depreciation of the Schilling would in almost every case mean an equivalent increase in prices expressed in Schillings. As a great many of these commodities are imported free of duty, there can be no question here of reductions in Customs charges. We are not such large consumers of these commodities that we can hope, by our importance as consumers, to exert any pressure on prices. The same applies to goods whose international price is fixed by world markets and decisively controlled by them so far as we too are concerned. We could do nothing to avert such rises in prices at a time when the tendency in any case is upward. In the case of essential foodstuffs and forage materials, we buy from countries farther to the east, but the articles which we thus import have also eligible purchasers elsewhere. We cannot expect to be able to import these goods more cheaply in terms of gold than at present. We must therefore also reckon on the prices of these goods rising, and this, we should remember, would soon raise the cost of living in Austria. It would be unjustifiable to expose the consumer to such increases, or by unavoidable wage increases to endanger again the capacity of our industry to compete with countries where wages are on a low level.

"Nor can reductions of Customs duties be regarded as an effective means of preventing a rise in the prices of foodstuffs. Our agricultural population could only agree to the prices of their produce, as expressed in depreciated Schillings, remaining unchanged if the prices of the goods which they buy are not increased. That, however, we could not promise. There are so many important commodities which we must buy abroad that there would be at least a gradual rise in the prices of the goods which farmers have to buy. We cannot expose agriculture to the action of such 'price scissors'. It is thus impossible to prevent a rise in food prices by a general reduction of agricultural duties.

"Economic logic, therefore, categorically forbids us to devalue the Schilling. I declare again, therefore, that Austria refuses to adopt devaluation. I have felt it my duty to lay these urgent considerations before the public. From what has recently happened in other countries, some observers might infer that no reliance can be placed even on the explicit assurances of Governments that they will not devalue their currencies. In Austria, however, such an assumption would be wrong. It is not a theoretical preference for one or other method of treating the currency problem which is at present decisive for Austria, but the hard and incontestable facts of the situation. These facts must be appreciated by every thoughtful observer. They lead to the conclusion that Austria must and will adhere to her present policy.

"In following this policy, we shall not, of course, avoid every difficulty. But the difficulties must not be exaggerated. In our business relations with Western countries, which are on the whole the countries with no currency restrictions, the effect of foreign currency depreciation will depend on how price movements develop in these countries. This effect cannot so far be foreseen. As regards the debts service, we shall do everything in our power to go on discharging our obligations provided nothing unfair is demanded of us. Trade with countries which exercise strict currency control will, as hitherto, be regulated by special agreements. I have no reason to believe that our trade with Hungary, Yugoslavia, Roumania, Poland, Bulgaria, Greece or Turkey will encounter greater difficulties than hitherto. I even hope for an improvement. Similarly, I am expecting that economic relations with Germany will not only be maintained at their present volume, but will, as is the Government's wish, be extended. So far as the Italian market is concerned, the Italian Government has already indicated very emphatically that, on the basis of the Rome Protocols, it proposes to follow the policy of not only maintaining trade with Austria but of developing it further. The favourable experiences which we have had since the conclusion of the Rome Protocols justify the belief that really effective expression will be given to the spirit of those Protocols. The details will have to be given concrete shape in the course of the negotiations which are already being energetically conducted. I trust that a favourable solution will also be found in the case of Czechoslovakia, which is so important to us and with which in the changed circumstances negotiations will also be opened. I am fortified in this belief by the knowledge that this neighbouring country, as its Government freely admits, also attaches extreme importance to its economic relations with Austria. In all these directions there is much to be done. The Government will keep a close watch on price movements at home. If our manufactures meet with keener competition abroad, we must be all the more intent on producing cheaply and eliminating everything that tends to increase prices unjustifiably. The Government is giving its earnest attention to this task."

The new Minister of Finance, Dr. Neumayer, declared in his budget speech on November 11th that he fully shared the view expressed by Dr. Draxler and Dr. Kienböck that the stability of the Schilling should not be touched.

In order to maintain the capacity of Austrian industry to compete abroad, the Government decided on October 8th to start an action for bringing down domestic prices. To this end, an Inter-Ministerial Commission was formed at the Federal Chancery, composed of representatives of the various Ministries and of the President of the National Bank, which is to submit detailed proposals to the Government. Under the auspices of this Commission, the current supervision of price movements in Austria was entrusted to the Austrian "Institut für Konjunkturforschung".

As a first measure, the Government has decided to reduce the "Lizenz-Gebühr" on maize sufficiently to bring down by 13% the price of polenta, which is an important foodstuff in certain mountain regions. Further measures are expected in the near future.

(b) THE AUSTRIAN NATIONAL BANK.

Situation of the Austrian National Bank.¹



The development of the situation of the Austrian National Bank during recent years can be seen from the graph opposite, which clearly shows the profound changes which followed after the collapse of the Creditanstalt, and the reconstruction of the Austrian banking system.

The weekly balance-sheets of the Austrian National Bank do not show any important movements during the third quarter of 1936. The banknote circulation is at a somewhat lower level than last year. Sight liabilities of some 300 millions are an indication of the liquidity of the money market. Owing to the excellent tourist traffic during the summer season, the gold and foreign exchange reserve rose to 377 millions on September 7th, the highest amount reached during the year, whence it fell to 347 millions on November 15th. The portfolio has been going down regularly from 221 millions in the middle of July to 208 millions on November 7th. The bank-rate was not modified during the period under review and has stood at 3½% since the middle of 1935. Since the end of September, the uncleared balances ("Spitze") in favour of Austria under the clearing agreements have been substantially reduced.

¹ Figures for end of month.

4. THE ECONOMIC SITUATION.

Many of the indices available concerning the economic life of the country continued to be at a more favourable level during the third quarter of 1936 than a year ago.

This is notably the case as regards *tourist traffic*. The summer season in 1936 was particularly good. The month of September was also better than last year, both in Vienna and the provinces. For October, figures are available for Vienna, which again are higher than a year ago.

Tourist Traffic (in thousands of persons).

	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
1935 :				
July	316	85	37	28
August	382	134	48	40
September	190	45	49	35
October	81	13	33	22
1936 :				
July	341	126	44	36
August	421	163	58	50
September	208	70	57	45
October	—	—	37	25

The development of the winter-sports season will show in how far Austria will be able to maintain its foreign tourist traffic under the new conditions of competition created by the devaluation in other countries. Quite recently, an agreement was concluded with Germany under which it is expected German tourists, who have been absent for several seasons, will again be able to come to Austria.

The index of *production*, which went down after April, has been going up again since June and was one point higher in October than in October of the previous year. The total quantity of exports is also larger than last year (as nearly half of the finished products produced in Austria is exported, the quantity of the exports shows a fairly close relation to the productive activity of the country). On the other hand, the total number of unemployed in receipt of benefit is at a slightly higher level than last year. The amount of unemployment remains a heavy burden on the country.

With regard to the growth of the number of unemployed in receipt of relief, the Austrian "Institut für Konjunkturforschung" suggests¹ that the increase beyond the figure for last year may be due partly to the fact that the increase in employment in the earlier part of the year led to the re-employment of workmen who no longer were in receipt of unemployed benefit, the period during which unemployment relief is payable having expired in their case. With the seasonal decline of employment, a number of such persons must have been discharged, who, through their temporary employment, have again become entitled to the benefits of unemployment insurance.

Production and Unemployment.

¹ See *Monatsberichte des Oesterreichischen Institutes für Konjunkturforschung*, 1936, page 222.

Labour Market (Middle of month).

	Insured against illness (Millions of persons)	Unemployed in receipt of benefit	
		Austria	Vienna
		(Thousands of persons)	
1935			
July	1.36	228	108
August	1.36	215	102
September	1.36	206	96
October	1.35	205	94
November	1.31	227	98
1936			
July	1.36	224	100
August	1.36	219	99
September	—	216	96
October	—	221	94
November		243	100

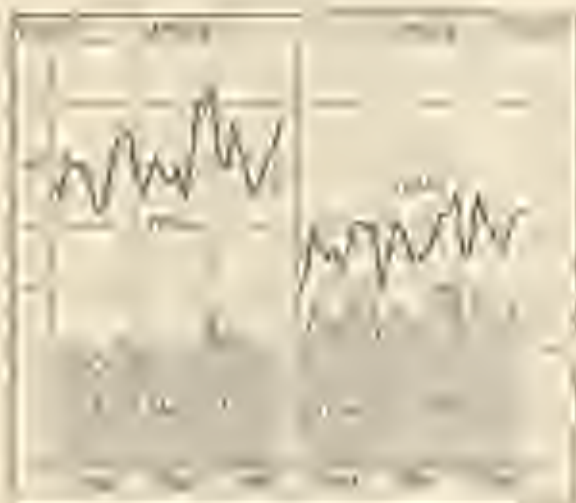
Foreign trade has remained favourable. The figures for October are better than was expected. The quarterly import quotas in Italy terminated on September 30th, and as a result exports to Italy were high in September, traders being anxious to utilise the old quota as fully as possible. The new trade agreement with Italy is expected to maintain the export to that country notwithstanding the devaluation of the lira.

The importance of the Italian market is shown by the following table :

	Exports to Italy		Imports from Italy
	In millions of Schillings	Percentage of total exports	In millions of Schillings
1933.. .. .	86.8	10.1	51.4
1934.. .. .	91.3	10.4	49.6
1935.. .. .	127.3	14.0	57.4
1935 January-September	91.7	14.2	45.2
1936 January-September	105.4	15.0	42.3

Foreign Trade.

	Imports		Exports		Import surplus
	Total	Raw ¹ materials	Total	Finished products	
In millions of Schillings					
1935					
July	99	38	69	46	30
August	88	35	73	50	15
September ..	101	37	78	57	23
October	122	49	84	62	39
1936					
July	94	37	71	46	22
August	101	35	76	50	25
September ..	105	37	85	59	20
October	117	46	85	59	32
January-October					
1935	976	376	732	499	244
1936	1,018	399	788	520	230

Foreign Trade.

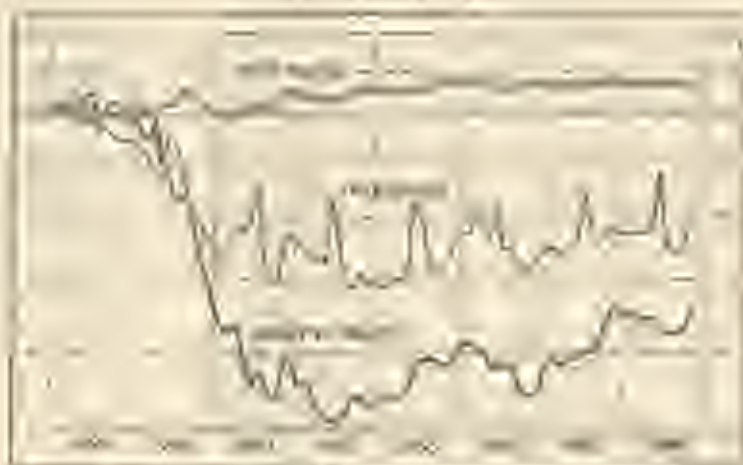
The development of foreign trade during the last years can be seen from the graph opposite.

Prices have remained stable with a slightly rising tendency, no doubt due to the rise of prices on the world market. Any examination of the price level in Austria shows the considerable divergence between free and fixed prices. Whilst the former have fallen to some 77% of the pre-crisis average, the latter are being kept steadily above that average.

This shows the importance and the possibilities of the action started by the Government to bring down prices.

The *cost of living* remained stable during the third quarter of 1936. It has gone down

but little since 1929, much less in fact than the index for whole-sale prices. The reason is shown by the accompanying graph published by the Austrian "Institut für Konjunkturforschung"¹—namely, that the steep rise in the cost of housing accompanied by rises in the cost of heating, lighting and "Genussmittel" has practically offset the fall in the prices of foodstuffs and clothing. This fact is of particular importance, as rents are bound to show a rising tendency, the major part of them still being kept artificially low.

*Cost of Living in Austria.*

Clearings are at a higher level than last year.

Clearings.

				Austrian National Bank	Postal Savings Bank
				In millions of Schillings	
1935					
July	..	..	..	2,004	2,085
August	..	..	..	1,940	2,019
September	..	..	..	1,930	1,991
October	..	..	..	2,311	2,173
1936					
July	..	..	..	2,242	2,119
August	..	..	..	2,148	2,002
September	..	..	..	2,260	2,075
October	..	..	..	2,551	2,318

¹ See *Monatsbericht*, 1936, page 226.

Vienna Stock Exchange.*Value of Industrial Shares and Bonds.*

(1929 = 100.)



The *Stock Exchange* also shows a rising tendency. In October 1936, the value of the Austrian shares admitted to the Stock Exchange exceeded the nominal value of the capital. Except during the temporary boom in April of the present year, this had not happened since 1930. The movement continued and was accentuated during November.

The monthly receipts from the Stock Exchange turnover tax show in how far the public participated in the market. These receipts are at a higher level than last year. The index for the value of thirty-four industrial shares also rose to a level which had not been reached since 1930. This development was not peculiar to Austria; there was a similar rise on the stock exchanges abroad. The rise was biggest in electricity and gas shares, in view of the obligations in Swiss francs and lire of some of the enterprises in this section, and in mining shares. It was smallest in the building industry.

The value of bonds has also risen substantially since September. The yield of bonds is consequently dropping and the considerable margin between that yield and the interest payable on deposits is gradually diminishing.

The general impression is therefore that Austria has been improving economically since last year. But it should not be forgotten that the country is working its way up out of a tragic situation and has still a long way to go.

Appendix I.

TOTAL BUDGET FIGURES (1925-1937).

In Schillings (000,000's).

Year		BUDGET ACCOUNT (Gross)				
		Receipts	Expenditure			Balance
			Ordinary	Investments *	Total	
		1	2	3	4 (2 + 3)	5 (1 - 4)
1925	{ Estimates	1,220.1	1,199.7	94.0	1,293.7	— 73.6
	{ Closed Accounts ..	1,486.9	1,319.8	90.6	1,410.4	+ 76.5
1926	{ Estimates	1,346.4	1,310.5	157.7	1,468.2	— 121.8
	{ Closed Accounts ..	1,589.0	1,485.8	135.6	1,621.4	— 32.4
1927	{ Estimates	1,572.2	1,583.0	201.4	1,784.4	— 212.2
	{ Closed Accounts ..	1,771.4	1,660.7	195.7	1,856.4	— 85.0
1928	{ Estimates	1,679.9	1,646.0	206.0	1,852.0	— 172.1
	{ Closed Accounts ..	1,892.4	1,764.0	212.5	1,976.5	— 84.1
1929	{ Estimates	1,828.3	1,793.8	224.6	2,018.4	— 190.1
	{ Closed Accounts ..	2,010.0	1,843.1	147.2	1,990.3	+ 19.7
1930	{ Estimates	1,980.8	1,948.9	266.0	2,214.9	— 234.1
	{ Closed Accounts ..	2,027.0	2,040.1	248.4	2,288.5	— 261.5
1931	{ Estimates	2,172.5	2,236.8	188.6	2,425.4	— 252.9
	{ Closed Accounts ..	2,008.5	2,232.2	98.4	2,330.6	— 322.1
1932	{ Estimates	1,964.1	1,953.3	13.4	1,966.7	— 2.6
	{ Closed Accounts ..	1,909.0	1,913.1	10.9	1,924.0	— 15.0
1933	{ Estimates	1,928.2	1,928.2	177.6	2,105.8	— 177.6
	{ Closed Accounts ..	1,847.8	1,929.6	159.7	2,089.3	— 241.5
1934	{ Estimates	1,913.0	1,914.9	119.9	2,034.8	— 121.8
	{ Closed Accounts ..	1,948.0	2,064.4	109.6	2,174.0	— 226.0
1935	{ Estimates	1,846.6	1,899.9	130.3	2,030.2	— 183.6
	{ Closed Accounts ..	1,894.7	1,948.5	103.0	2,051.5	— 156.8
1936	{ Estimates	1,881.4	1,915.5	44.8	1,960.3	— 78.9
	{ Probable results ..	1,969.8	1,974.1	36.3	2,010.4	— 40.6
1937	Estimates	1,940.0	1,980.2	17.5	1,997.7	— 57.7

* From 1933 to 1935 : "Extraordinary Budget".

Appendix II.

ANALYSIS OF ANNUAL BUDGETS.

RECEIPTS (Gross)	1935		1936		1937
	Closed accounts		Estimates	Probable results ¹	Draft estimates
ORDINARY BUDGET.					
In millions of Schillings					
<i>A. Administration :</i>					
Direct taxes	300.2	289.2	346.3	320.6	
Customs	178.0	180.2	178.9	176.2	
Tax on cattle fodder, etc.	32.8	35.0	39.0	38.5	
Excise duties	182.2	192.6	191.5	194.4	
Turnover tax	153.9	135.0	146.2	143.0	
Turnover tax, emergency surtax	123.9	131.0	140.6	138.0	
Taxes on transactions, legal fees, etc.	100.7	120.1	125.9	120.6	
Other receipts	3.5	2.7	3.3	3.2	
Total taxes	1,075.2	1,085.8	1,171.7	1,134.5	
Deduct : Shares of Local Authorities	194.0	183.2	210.8	187.0	
Remaining State taxation receipts	881.2	902.6	960.9	947.5	
Receipts of Social Administration	197.9	196.3	203.0	199.5	
Administration of Public Debt	80.5	77.8	77.9	80.0	
Other administrative receipts	108.2	75.6	100.8	81.1	
Total receipts of the Administration	1,267.8	1,252.3	1,342.6	1,308.1	
<i>B. Monopolies :</i>					
Tobacco	292.6	294.2	291.2	294.0	
Salt	28.2	28.9	28.9	30.8	
Lotteries	52.5	50.2	55.2	53.9	
Gunpowder	7.6	6.9	7.5	7.3	
Total Monopolies	380.9	380.2	382.8	386.0	
<i>C. Public Undertakings :</i>					
Post and Telegraphs	213.4	216.5	212.1	214.1	
Forests	10.4	10.1	10.3	9.4	
Other undertakings	22.2	22.3	22.0	22.4	
Total Public Undertakings	246.0	248.9	244.4	245.9	
<i>D. Railways :</i>					
Federal Railways	0.0	0.0	0.0	0.0	
Other railways	0.0	0.0	0.0	0.0	
Total Railways	0.0	0.0	0.0	0.0	
<i>Total Ordinary Receipts</i>	1,894.7	1,881.4	1,969.8	1,940.0	

¹ *Probable Results, 1936.* — Provisional results January to September; monthly estimates October, November; provisional receipts October; preliminary estimate December.

² *Closed Accounts, 1935.* — For the sake of comparison, the Extraordinary Budget expenditure (*excluding Investments*) has been added to the expenditure of the Ordinary Budget—namely, under :

Millions of Schillings.		
Other Social Administration	4.5	for extra-urban small holdings,
Agriculture	24.9	for stream regulation,
Commerce and Traffic	31.3	for roads and buildings.
Defence	0.1	
Total	60.8	

³ *Estimates, 1936.* — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (*excluding Investments*)—namely, under :

Millions of Schillings		
Other Social Administration	1.5	for extra-urban small holdings,
Agriculture	2.0	for stream regulation,
Commerce and Traffic	9.5	for building.
Total	13.0	

⁴ *Estimates, 1936.* — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (*Investments*)—namely, under :

Millions of Schillings		
Post and Telegraph	3.5	
Federal Railways	4.7	
Total	8.2	

Appendix II (concluded).

ANALYSIS OF ANNUAL BUDGETS.

EXPENDITURE (Gross)	1935	1936		1937
	Closed accounts	Estimates	Probable results ¹	Draft estimates
I. ORDINARY BUDGET.				
	In millions of Schillings			
A. Administration :				
Supreme State Organs	2.9	3.0	3.0	3.0
Debt Service	179.4	188.3	172.3	196.3
Payments to Local Authorities and Municipality of Vienna	23.4	24.2	24.0	24.2
Pensions	217.6	214.6	218.0	218.2
Federal Chancellor's Office and Foreign Affairs	29.9	19.2	23.8	19.0
Police	70.5	65.7	66.8	65.4
Gendarmerie	37.9	37.7	37.8	37.5
Auxiliary Defence Corps	16.0	5.0	3.9	1.0
Justice	50.2	49.1	49.6	49.8
Education, Science, Church	72.0	70.6	70.5	72.6
Unemployment and Old-age Pensioners	292.0	275.3	279.7	266.6
Social Administration, other	112.0 ²	100.9 ³	102.9	98.9
Financial Administration	50.5	48.4	48.9	49.9
Public Taxes	2.7	2.3	2.2	2.4
Treasury	11.7	5.2	16.8	6.0
Agriculture	80.0 ²	43.3 ³	50.8	49.7
Commerce and Traffic	96.4 ²	77.9 ³	76.2	64.9
Defence	122.3 ²	126.4	165.7	210.1
Other Administration	8.7	8.0	7.2	4.8
Total Administration	1,476.1 ²	1,365.1 ³	1,420.1	1,440.3
B. Monopolies :				
Tobacco	109.5	110.2	113.9	113.4
Salt	15.0	14.9	14.7	16.8
Lotteries	33.3	33.7	35.5	34.8
Gunpowder	7.1	6.0	5.8	5.4
Total Monopolies	164.9	164.8	169.9	170.4
C. Undertakings :				
Post and Telegraphs	227.1	217.0	221.2	221.6
Forests	20.6	19.7	19.7	20.7
Other undertakings	26.3	25.1	26.2	26.3
Total Undertakings	274.0	261.8	267.1	268.6
D. Railways :				
Federal Railways	77.6	107.3	100.8	85.0
Charges under the Südbahn Convention	13.4	13.4	13.1	13.4
Other railways	3.3	3.1	3.1	2.5
Total Railways	94.3	123.8	117.0	100.9
Total Ordinary Expenditure	2,009.3 ²	1,915.5 ³	1,974.1	1,980.2
Total Ordinary Receipts	1,894.7	1,881.4 ³	1,969.8	1,940.0
Ordinary Budget Deficit	114.6 ²	34.1 ³	4.3	40.2
II. INVESTMENTS.				
Tobacco	5.5	4.9	4.9	3.5
Salt	0.4	0.3	0.3	0.4
Post and Telegraphs	8.3	12.5	9.5	4.9
Other Undertakings	1.5	0.7	0.7	0.8
Federal Railways	26.5	26.4	20.9	7.9
Total Investments	42.2	44.8 ⁴	36.3	17.5
Total Budget Deficit	156.8	78.9	40.6	57.7

¹ to ⁴ See footnotes on the preceding page.

MONTHLY ESTIMATES AND PROVISIONAL

RECEIPTS (Gross)	July			August			Sep
	1935	1936		1935	1936		1935
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results
In millions of Schillings							
ORDINARY BUDGET.							
A. Administration :							
Direct taxes	28.11	28.00	30.63	19.45	21.50	22.54	25.50
Customs	18.26	16.50	13.69	11.82	13.50	15.89	12.28
Tax on cattle fodder, etc. ..	2.98	3.00	3.34	2.24	2.90	3.42	2.40
Excise duties	17.05	16.57	17.59	18.61	17.79	18.82	16.75
Turnover tax	13.45	11.60	12.15	11.30	11.30	12.11	11.52
Turnover tax, emergency surtax	9.70	11.30	11.47	11.04	11.00	11.18	11.36
Taxes on transactions, legal fees,							
etc.	10.08	10.80	12.67	6.59	8.70	9.60	6.82
Other receipts	0.26	0.27	0.27	0.28	0.27	0.24	0.27
Total taxes	99.89	98.04	101.81	81.33	86.96	93.80	86.90
Deduct : Shares of Local Authorities	16.83	15.82	14.22	15.67	15.76	15.82	19.17
Remaining State taxation receipts	83.06	82.22	87.59	65.66	71.20	77.98	67.73
Receipts of Social Administration	14.60	16.13	15.77	18.26	16.12	18.45	16.80
Administration of Public Debt ..	6.71	6.54	6.56	6.27	6.46	6.42	6.43
Other administrative receipts ..	8.42	8.27	20.97	5.55	3.21	4.05	6.69
Total receipts of the Adminis-							
tration	112.79	113.16	130.89	95.74	96.99	106.90	97.65
B. Monopolies :							
Tobacco	28.48	27.53	27.29	24.92	24.86	25.90	24.56
Salt	2.17	2.17	2.07	2.22	2.40	2.46	2.11
Lotteries	4.76	5.09	4.96	4.53	4.94	4.86	4.35
Gunpowder	0.66	0.54	0.73	1.07	0.55	0.64	0.66
Total Monopolies	36.07	35.33	35.05	32.74	32.75	33.86	31.68
C. Public Undertakings :							
Post and Telegraphs	19.04	18.61	19.05	16.82	16.60	16.08	18.89
Forests	0.81	0.80	0.76	0.77	0.80	0.89	0.97
Other	1.70	1.50	1.61	1.25	1.38	1.14	1.94
Total Public Undertakings	21.55	20.91	21.42	18.84	18.78	18.11	21.80
D. Railways :							
Federal Railways	—	—	—	—	—	—	—
Other railways	—	—	—	—	—	—	—
Total Railways	—	—	—	—	—	—	—
Total Ordinary Receipts ..	170.41	169.40	187.36	147.32	148.52	158.87	151.13

¹ For previous months, see the Quarterly Reports by M. Rost van Tonningen, Representative of the League of Nations in Austria.

III.

RESULTS 1936 (JULY TO NOVEMBER).¹

September		October				November		RECEIPTS (Gross)
1936		1935	1936			1935	1936	
Estimates	Provisional results	Provisional results	Estimates	Provisional results		Provisional results	Estimates	
In millions of Schillings								ORDINARY BUDGET.
27.50	29.61	26.79	29.00	30.79	22.14	25.00		A. Administration :
14.50	15.36	15.78	15.00	17.09	14.04	15.50		Direct taxes.
3.00	3.35	3.40	3.00	2.91	3.84	3.00		Customs.
18.78	16.77	18.22	18.81	18.63	16.36	18.68		Tax on cattle fodder, etc.
11.75	11.93	13.63	12.44	13.94	13.33	12.55		Excise duties.
11.45	12.01	12.44	11.65	13.49	12.85	11.85		Turnover tax.
								Turnover tax, emergency surtax.
9.30	8.82	9.89	11.14	12.88	8.63	9.84		Taxes on transactions, legal fees, etc.
0.27	0.27	0.35	0.27	0.33	0.33	0.27		Other receipts.
96.55	98.12	100.50	101.31	110.06	91.52	96.69		Total taxes.
19.87	19.85	15.16	16.14	16.91	20.21	20.89		Deduct : Shares of Local Authorities.
76.68	78.27	85.34	85.17	93.15	71.31	75.80		Remaining State taxation receipts.
16.81	15.73	17.29	16.51		19.14	18.10		Receipts of Social Administration.
6.44	6.47	6.13	6.45		6.44	6.50		Administration of Public Debt.
8.65	9.52	5.75	3.76		7.32	3.88		Other administrative receipts.
108.58	109.99	114.51	111.89		104.21	104.28		Total receipts of the Administration.
24.38	24.48	25.22	25.19	24.32	22.42	22.40		B. Monopolies :
2.20	2.20	2.31	2.45	2.45	2.38	2.37		Tobacco.
4.80	5.00	4.58	4.88	5.29	2.43	2.29		Salt.
0.55	0.62	0.76	0.60	0.65	0.62	0.61		Lotteries.
31.93	32.30	32.87	33.12	32.71	27.85	27.67		Gunpowder.
								Total Monopolies.
18.87	19.38	18.72	18.60		16.02	15.94		C. Public Undertakings :
0.80	0.84	0.93	0.80		0.82	0.80		Post and Telegraphs.
1.88	2.06	1.93	2.02		2.00	1.91		Forests.
21.55	22.28	21.58	21.42		18.84	18.65		Other.
								Total Public Undertakings.
—	—	—	—		—	—		D. Railways :
—	—	—	—		0.01	—		Federal Railways.
—	—	—	—		0.01	—		Other railways.
162.06	164.57	168.96	166.43		150.91	150.60		Total Railways.
								Total Ordinary Receipts.



MONTHLY ESTIMATES AND PROVISIONAL

EXPENDITURE (Gross)	July			August			Sep
	1935	1936		1935	1936		1935
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results
In millions of Schillings							
ORDINARY BUDGET.							
A. Administration :							
Supreme State Organs	0.36	0.37	0.35	0.29	0.34	0.33	0.27
Debt Service	14.82	16.56	22.94	11.33	10.64	10.25	11.59
Payments to Local Authorities and Municipality of Vienna ..	1.86	1.89	2.01	1.84	1.89	1.86	1.84
Pensions	18.07	18.10	17.99	18.11	18.14	18.11	18.18
Federal Chancellor's Office and Foreign Affairs	4.00	2.30	2.29	2.97	2.29	2.29	2.95
Police	5.87	5.52	5.49	5.73	5.56	5.52	5.96
Gendarmerie	3.28	3.05	3.11	3.29	3.11	3.08	3.16
Auxiliary Defence Corps .. .	1.29	0.26	0.27	0.93	0.25	0.28	1.06
Justice	4.13	4.12	4.11	3.92	3.99	3.85	4.45
Education, Science, Church ..	5.51	5.63	5.61	5.44	5.39	5.35	6.70
Unemployment and Old-age Pensioners	21.68	20.47	21.24	22.32	19.55	19.86	20.33
Social Administration, other ..	7.34	6.61	6.45	7.35	8.74	8.40	12.05
Financial Administration .. .	4.05	4.06	4.00	3.91	4.09	3.98	4.22
Public Taxes	0.15	0.15	0.15	0.15	0.15	0.16	0.25
Treasury	0.35	0.36	10.93	1.88	0.29	0.32	2.32
Agriculture	4.29	4.13	4.09	3.86	4.14	4.12	5.07
Commerce and Traffic	6.10	8.60	7.06	6.41	6.78	7.15	6.17
Defence	8.69	8.79	9.73	8.67	8.81	9.18	8.26
Army equipment	1.50	4.18	3.04	1.78	6.18	6.07	1.85
Other Administration	0.79	0.34	0.33	0.40	0.37	0.37	0.61
Total Administration	114.13	115.49	131.19	110.58	110.70	110.53	117.29
B. Monopolies :							
Tobacco	11.19	14.54	12.65	9.29	8.14	8.27	9.56
Salt	1.28	1.25	1.22	1.26	1.26	1.21	1.20
Lotteries	1.24	1.81	1.78	1.42	1.89	1.45	4.34
Gunpowder	0.56	0.42	0.50	0.93	0.41	0.42	0.57
Total Monopolies	14.27	18.02	16.15	12.90	11.70	11.35	15.67
C. Undertakings :							
Post and Telegraphs	19.74	19.86	19.80	18.48	18.37	18.35	18.41
Forests	1.74	1.64	1.62	1.79	1.64	1.69	1.63
Other undertakings	2.22	2.32	2.40	1.82	1.88	1.82	2.12
Total Undertakings	23.70	23.82	23.82	22.09	21.89	21.86	22.16
D. Railways :							
Federal Railways	6.35	8.94	8.94	6.35	7.58	7.58	6.35
Charges under the Südbahn Convention	—	0.78	0.78	0.88	—	—	3.09
Other Railways	0.16	0.23	0.22	0.18	0.26	0.26	0.17
Total Railways	6.51	9.95	9.94	7.41	7.84	7.84	9.61
Total Ordinary Expenditure .. .	158.61	167.28	181.10	152.98	152.13	151.58	164.73
Total Ordinary Receipts	170.41	169.40	187.36	147.32	148.52	158.87	151.13
Ordinary Budget Balance	+ 11.80	+ 2.12	+ 6.26	— 5.66	— 3.61	+ 7.29	— 13.60
INVESTMENTS.*							
Extra-urban small holdings ** ..	—	—	—	1.00	—	—	2.00
Commerce and Traffic **	3.59	—	—	4.35	—	—	3.35
Agriculture **	2.82	—	—	2.98	—	—	2.00
Tobacco	0.46	0.24	1.18	0.45	0.11	0.22	0.46
Salt	0.03	0.03	0.03	0.03	0.02	0.03	0.03
Post and Telegraphs	0.45	0.59	0.49	0.91	0.95	0.86	1.28
Other Undertakings	0.11	0.02	0.02	0.11	0.16	—	0.10
Railways	3.21	1.00	1.00	3.90	0.60	0.60	2.30
Total Investments	10.67	1.88	2.72	13.73	1.84	1.71	11.52
Total Budget Balance	+ 1.13	+ 0.24	+ 3.54	— 19.39	— 5.45	+ 5.58	— 25.12

* In 1935, "Extraordinary Budget".

** Expenditure under these headings, in 1935 accounted for in the "Extraordinary Budget", has been included in 1936 in the "Ordinary Budget".

RESULTS 1936 (JULY TO NOVEMBER).

September		October			November		EXPENDITURE (Gross)
1936		1935	1936		1935	1936	
Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	
In millions of Schillings							ORDINARY BUDGET.
0.27	0.27	0.25	0.28		0.20	0.22	A. Administration :
10.28	9.88	16.49	16.65		15.03	14.79	Supreme State Organs
							Debt Service
1.90	1.84	1.86	2.00		1.92	2.27	Payments to Local Authorities
18.20	18.28	18.25	18.19		18.14	18.22	and Municipality of Vienna
							Pensions
1.82	1.81	1.50	1.34		2.45	1.92	Federal Chancellor's Office and
5.59	5.51	5.61	5.51		5.88	5.69	Foreign Affairs
3.18	3.17	2.90	3.08		2.85	3.08	Police
0.18	0.10	1.14	0.10		0.90	—	Gendarmerie
4.37	4.35	4.17	4.09		3.94	3.90	Auxiliary Defence Corps
6.76	6.54	5.57	5.40		5.63	5.46	Justice
							Education, Science, Church
19.54	20.13	21.99	20.79		22.43	21.60	Unemployment and Old-age Pen-
10.90	10.54	7.94	8.13		8.83	8.19	sioners
4.32	4.23	4.23	4.12		3.88	3.98	Social Administration, other
0.15	0.17	0.22	0.16	0.17	0.34	0.19	Financial Administration
0.42	1.44	0.47	0.34		0.43	0.27	Public Taxes
4.09	4.06	4.38	4.17		4.96	3.77	Treasury
7.33	7.22	5.17	7.15		5.37	7.24	Agriculture
8.62	8.31	8.72	9.21		8.40	9.08	Commerce and Traffic
8.50	8.39	1.79	13.06		2.40	7.25	Defence
0.34	0.31	0.63	0.62		0.43	0.64	Army equipment
116.76	116.55	113.28	124.39		114.41	117.76	Other Administration
							Total Administration
9.20	9.18	10.01	10.19	10.26	9.61	9.15	B. Monopolies :
1.25	1.19	1.20	1.23	1.21	1.21	1.20	Tobacco
4.51	4.83	6.27	6.69	7.02	1.33	1.19	Salt
0.40	0.36	0.67	0.42	0.43	0.68	0.41	Lotteries
15.36	15.56	18.15	18.53	18.92	12.83	11.95	Gunpowder
							Total Monopolies
18.25	18.24	18.44	18.48		18.32	18.31	C. Undertakings :
1.64	1.56	1.68	1.63		1.71	1.61	Post and Telegraphs
2.07	2.05	2.22	2.19		2.33	2.11	Forests
21.96	21.85	22.34	22.30		22.36	22.03	Other undertakings
							Total Undertakings
					6.35	4.94	D. Railways :
7.30	7.30	6.35	7.44				Federal Railways
3.10	3.07	—	—		—	—	Charges under the Südbahn Con-
0.22	0.22	0.21	0.22		0.16	0.35	vention
10.62	10.59	6.56	7.66		6.51	5.29	Other Railways
							Total Railways
164.70	164.55	160.33	172.88		156.11	157.03	Total Ordinary Expenditure
162.06	164.57	168.96	166.43		150.91	150.60	Total Ordinary Receipts
— 2.64	+ 0.02	+ 8.63	— 6.45		— 5.20	— 6.43	Ordinary Budget Balance
—	—	0.60	—		0.50	—	INVESTMENTS.*
—	—	4.15	—		3.16	—	Extra-urban small holdings **
—	—	2.93	—		1.86	—	Commerce and Traffic **
0.81	0.16	0.58	0.14		0.60	0.14	Agriculture **
0.03	0.02	0.05	0.02		0.03	0.03	Tobacco
0.78	0.69	0.70	1.25		0.61	0.86	Salt
0.03	0.01	0.05	0.03		0.03	0.18	Post and Telegraphs
1.90	1.90	—	1.40		—	3.02	Other Undertakings
							Railways
3.55	2.78	9.06	2.84		6.79	4.23	Total Investments
— 6.19	— 2.76	— 0.43	— 9.29		— 11.99	— 10.66	Total Budget Balance

Appendix IV. — ECONOMIC DATA.

	National Bank (middle of month)					
	Note circulation	Sight liabilities	Gold and foreign exchange ¹	Bills discounted	State debt	Bank rate
	In millions of Schillings					Per cent
*1929	934	110	725	206	109	7.33
*1930	916	130	814	123	101	5.75
*1931	994	171	628	434	96	7.04
*1932	915	190	215	726	663	6.83
*1933	853	196	193	252	624	5.23
*1934	910	209	256	261	624	4.71
*1935	885	282	324	233	624	3.80
1935 VII	888	290	330	233	624	3½
VIII	903	291	349	233	624	3½
IX	907	312	372	230	624	3½
X	906	314	379	230	624	3½
XI	893	316	372	229	624	3½
XII	945	251	360	228	624	3½
1936 I	876	314	352	225	624	3½
II	865	292	317	223	624	3½
III	878	284	323	219	624	3½
IV	883	277	323	219	624	3½
V	897	263	324	218	624	3½
VI	885	289	331	220	624	3½
VII	886	286	330	221	624	3½
VIII	897	300	358	219	624	3½
IX	880	334	376	216	624	3½
X	891	279	359	213	624	3½
XI	861	300	348	209	624	3½

	Stock Exchange (middle of month)				
	Value of 34 industrial shares	Value of bonds	Austrian shares admitted to the Stock Exchange ² :		Turnover tax on Stock Exchange transactions (monthly receipts)
			Total nominal value	Total Stock Exchange value	
	1923-1932 = 100	*1927 = 100	In millions of Schillings		In thousands of Schillings
*1929	98.8	99.8	810	1,070	55
*1930	80.5	99.9	819	893	39
*1931	60.9	98.7	807	654	33
*1932	51.7	86.8	808	570	15
*1933	43.0	90.3	807	478	14
*1934	47.9	98.5	784	462	15
*1935	63.6	107.4	762	557	20
1935 VII	62.9	103.6	759	538	27
VIII	64.5	104.0	756	548	14
IX	67.0	102.2	756	568	11
X	64.5	100.2	753	549	15
XI	67.1	103.4	751	569	20
XII	70.3	104.3	751	588	21
1936 I	71.6	103.7	739	602	20
II	75.9	106.9	739	645	24
III	76.8	106.4	738	672	28
IV	83.9	106.8	738	747	39
V	77.2	105.9	734	683	38
VI	76.9	106.6	730	673	19
VII	76.4	106.6	728	675	21
VIII	79.7	106.9	727	699	19
IX	81.1	108.2	724	702	17
X	86.0	117.0	725	758	31
XI	91.7	116.6	725	803	

* Average.

¹ In May 1934, the gold and foreign exchange reserve was revalued.

² Shares of banks excluded.

Appendix IV. — ECONOMIC DATA (*continued*).

		Total Savings Deposits (end of month)	Clearings	
			Austrian National Bank	Austrian Postal Savings Bank
			In millions of Schillings	
* 1929	.. ..	2,119	4,149	2,069
* 1930	.. ..	2,419	4,093	2,173
* 1931	.. ..	2,025	4,140	2,080
* 1932	.. ..	1,959	3,431	1,878
* 1933	.. ..	2,015	3,066	1,786
* 1934	.. ..	2,087	2,227	1,895
* 1935	.. ..	2,249	2,057	2,005
1935	VII ..	2,244	2,004	2,085
	VIII ..	2,256	1,940	2,019
	IX ..	2,255	1,930	1,991
	X ..	2,244	2,311	2,173
	XI ..	2,257	2,223	2,106
	XII ..	2,236	2,477	2,227
1936	I ..	2,328	2,251	2,057
	II ..	2,347	2,184	1,875
	III ..	2,352	2,141	1,872
	IV ..	2,337	2,244	1,983
	V ..	2,327	2,129	1,913
	VI ..	2,331	2,077	1,883
	VII ..	2,338	2,242	2,119
	VIII ..	2,347	2,148	2,002
	IX ..	2,336	2,260	2,075
	X ..	2,295	2,551	2,318
	XI ..			

		Prices (middle of month)				
		Wholesale	Cost of living	Sensitive	Free	Fixed
		First half-year 1914 = 100	VII, 1914 = 100	1923-1931 = 100		
* 1929	.. ..	130	111	104	100	98
* 1930	.. ..	117	111	87	87	100
* 1931	.. ..	109	106	60	76	100
* 1932	.. ..	112	108	56	73	103
* 1933	.. ..	108	105	60	73	104
* 1934	.. ..	110	105	61	76	105
* 1935	.. ..	110	105	63	76	105
1935	VII ..	112	105	62	84	105
	VIII ..	111	105	62	77	105
	IX ..	110	105	63	75	105
	X ..	109	106	67	77	106
	XI ..	109	106	69	78	106
	XII ..	109	105	68	77	106
1936	I ..	108	106	68	77	105
	II ..	107	105	68	77	105
	III ..	107	104	67	77	105
	IV ..	108	104	67	77	105
	V ..	108	104	67	77	105
	VI ..	109	106	65	88	105
	VII ..	110	104	64	76	105
	VIII ..	109	105	64	74	105
	IX ..	110	105	64	74	105
	X ..	111	105	66	77	105
	XI ..	111	105	68	79	105

* Average.

Appendix IV. — ECONOMIC DATA (continued).

	Turnover			
	Consumption goods ¹	Production goods ¹	Consumption of sugar	Receipts from turnover tax
	1923-1931 = 100		In hundreds of tons	In millions of Schillings
*1929	119	119	180	21
*1930	117	96	161	21
*1931	112	76	169	18
*1932	94	68	152	15
*1933	83	67	148	11
*1934	80	75	143	12
*1935	84	83	144	12
1935 VII	85	85	165	13
VIII	84	88	160	11
IX	79	86	191	12
X	86	89	180	14
XI	100	90	135	13
XII	83	89	151	15
1936 I	78	85	118	13
II	81	90	116	12
III	82	88	129	11
IV	82	87	125	12
V	78	87	124	11
VI	79	84	142	11
VII	81	85	180	12
VIII	79	85	146	12
IX	78	87	200	12
X			188	
XI				

	Tourist Traffic			
	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
	In thousands of persons			
*1929 .. .. .	.	.	53	35
*1930 .. .. .	.	.	55	37
*1931 .. .. .	.	.	46	30
*1932 .. .. .	.	.	36	24
*1933 .. .. .	.	.	34	22
*1934	119	25	29	19
*1935	142	36	32	22
1935 VII	316	85	37	28
VIII	382	134	48	40
IX	190	45	49	35
X	81	13	33	22
XI	64	7	26	16
XII	81	20	26	15
1936 I	72	17	24	14
II	92	28	22	14
III	90	23	32	20
IV	91	18	30	20
V	120	21	32	22
VI	186	47	35	27
VII	341	126	44	36
VIII	421	163	58	50
IX	208	70	57	45
X			37	25
XI				

* Average.

¹ Seasonally corrected index.^a

Appendix IV.—ECONOMIC DATA (*concluded*).

				Production		
				General production index ¹	Labour market	
					Insured against illness	Unemployed receiving benefit in Austria
* 1929	122	.	164	
* 1930	104	.	207	
* 1931	91	.	253	
* 1932	79	.	309	
* 1933	81	1.38	329	
* 1934	88	1.28	288	
* 1935	97	1.30	262	
1935	VII	..	97	1.36	228	
	VIII	..	104	1.36	215	
	IX	..	99	1.36	206	
	X	..	102	1.35	205	
	XI	..	108	1.31	227	
	XII	..	109	1.23	262	
1936	I	..	108	1.21	305	
	II	..	107	1.21	322	
	III	..	101	1.25	314	
	IV	..	104	1.29	282	
	V	..	98	1.33	254	
	VI	..	96	1.34	236	
	VII	..	97	1.36	224	
	VIII	..	98	1.36	219	
	IX	..	100		216	
	X	..			221	
	XI	..			243	

Foreign Trade						
Imports			Exports			
Total value ¹	Raw-material value ¹		Total value ¹	Finished products value ¹	Total quantity	
1929-1930 = 100					In millions of metric quintals	
* 1929	..	107	106	114	122	3.42
* 1930	..	92	82	97	102	2.93
* 1931	..	72	67	70	75	2.11
* 1932	..	47	48	42	43	1.56
* 1933	..	39	46	42	42	1.75
* 1934	..	38	49	45	45	2.15
* 1935	..	40	51	47	46	2.25
1935	VII	..	41	52	45	2.44
	VIII	..	36	48	45	2.50
	IX	..	39	50	44	1.87
	X	..	46	64	48	2.06
	XI	..	43	59	49	2.28
	XII	..	40	53	50	2.55
1936	I	..	44	56	50	1.77
	II	..	41	54	48	1.85
	III	..	46	59	55	2.20
	IV	..	42	55	51	2.25
	V	..	40	53	51	2.30
	VI	..	36	44	47	2.49
	VII	..	39	51	47	2.46
	VIII	..	41	49	48	2.58
	IX	..	41	51	48	2.57
	X	..	44	61	49	2.24
	XI	..				

* Average.

¹ Seasonally corrected index.

