



# BANK OF FINLAND

## MONTHLY BULLETIN

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### THE FINNISH MARKET REVIEW.

#### THE MONEY MARKET.

The stiff money market of the first months of the current year is keeping on without any sign of easing. On the contrary, during the last two months the situation has considerably declined. The credit institutions continually record a slow influx of money, although purchasing power has flowed into the hands of the public all through the spring, in the form of lumbering wages of thousands of millions, and various payments of the Treasury. Partly the money is of course circulating in a normal way, but apparently the public, out of fear for an increasing inflation, retain large sums which they do not need at the moment.

The present strain on the money market is so much the more difficult as it is caused by two simultaneously active factors, i.e. the weak saving and the growing demand for credits. An examination of the statements of the *Commercial Banks* for April shows that deposit accounts increased only by 31 million marks. Cheque accounts, on the other hand, increased surprisingly much, by 1,265 millions, but this was due to incidental circumstances which did not influence the money market in May any more. Cheque accounts were reduced by 207 million marks in May, and as deposits proper increased by 78 millions only, total deposits in the Commercial Banks were reduced by 129 millions. The collection of the first part of the second Capital Levy

in May influenced the depository movement in April and May. In January—May the deterioration of the cheque accounts somewhat exceeded the increase in deposits proper, so that the total deposits in the Commercial Banks were reduced by 68 million marks, whereas there was an increase by 820 millions during the same period of the previous year. Deposits in other credit institutions have been slightly more favourable, their deposit accounts due to the public increasing by about 1,700 million marks in January—May.

The demand for credit has not shrunk this spring. On the contrary it has been unusually lively, for reasons that are presented in the survey on the money market in this Bulletin (p. 25). Along with the growing demand for credit, the conditions for borrowing have been further tightened and restricted, and credit granting has been regulated still more than before. Credit could not, however, be refused for indispensable purposes of general importance. Even these loans have swelled out, those granted by the Commercial Banks alone increasing by 6,207 million marks. The comparative figure for 1945 was only 1,711 millions. In spite of the great volume of credits granted, deficiency of money is beginning to be felt in widening circles, hampering business above all. But also the State has experienced the results of the stringency on the market, because the Commercial Banks have been forced to call in or refuse

to renew State loans in order to supply business with necessary credits, which is their prime task. This task they would not have been able to fulfil even to the present extent, without recurring to the Central Bank in an ever increasing degree.

The support of other credit institutions has become increasingly important to the *Bank of Finland* in April—May. Since the end of March, the time referred to in the preceding market review, rediscounted bills have increased very much. As a matter of fact no great changes occurred in April, but from the very beginning of May a sudden rise was recorded which up to the second week in June had raised the rediscounted bills to 3,034 million marks or more than ever before. Since then a decline has been recorded. After a reduction at the beginning of the year, the total credits granted by the Bank of Finland have increased because of the growing need of the State and business for credit. On June 15th total credits amounted to 31,784 million marks as against 22,397 millions at the end of 1945. The most rapid increase was recorded in May when it was more than 4,000 million marks, 3,800 millions of which was new State credit occasioned by the transfer of German claims to the Soviet Union. The expanding credit granting of the Bank of Finland and the great need for cash in this season has caused a steady increase in the notes in circulation all through the spring, although the increase was smaller in April—May than earlier. During the first two weeks of June notes in circulation slightly fell off. The foreign currency reserve of the Bank of Finland has been decreasing month by month since March. In the second week of June it was 770 million marks.

#### PRICES.

Prices calmed down at the end of last year, and this development has continued as displayed by official indices. Indeed, the cost of living index (August 1938—July 1939 = 100) has risen every month, but the rise has been slight. In May the index was 437. The wholesale price index (1935 = 100) rose considerably in April,

by 57 points, but decreased in May by 3 points, to 687. The rise in April is chiefly to be attributed to dearer imports. Nevertheless the tendency of prices is distressing, partly because of the serious move in favour of higher wages in April and May, partly because of the constant lack of balance in State finances. In order to check the incessant rise of prices, the Government is planning special measures, but the preparations for them are not finished as yet.

#### TRADE AND INDUSTRY.

Figures referring to the development of industry in the first quarter of the current year indicate a considerable increase in production. Industrial activity has benefited by the improved situation in regard to raw materials. Imports of raw materials and certain industrial requisites have increased in recent months, and the supply of the most important domestic raw material, timber, has improved in consequence of the satisfactory fellings of the past season. The result is already being felt in the woodworking industry. The various branches show rising figures of production and exports in comparison with last year. The improvement in Finnish industrial production is best brought into view by the volume index of industrial production (1935 = 100) according to which the quantity of production was 81 points in the first quarter of the current year as against 63 points in the same quarter of 1945, a rise by more than 25 %.

Foreign trade has been obviously recovering this year, as was pointed out in the previous review for January—February. In May trade was particularly lively, exports as well as imports being about twice as great as the average for the preceding months. In January—May imports amounted to 6,546 million marks and exports to 5,417 millions, resulting in a surplus of imports of 1,129 millions. Thus, imports have still exceeded exports, as was to be expected. Reparation and restitution deliveries to the Soviet Union amounted to 3,089 million marks in January—May. For the same months of 1945 this figure was 2,890 millions.

## CONTENTS OF THE TABLES.

### I. MONEY MARKET.

#### *Bank of Finland:*

1. Statement.
2. Note issue.
3. Notes in circulation and foreign correspondents.
4. Right to issue notes, note reserve, and home loans.
5. Treasury bills and balances of current accounts.
6. Rates of exchange.

#### *Commercial Banks:*

7. Home deposits.
8. Home loans.
9. Position towards foreign countries.
10. Foreign Payment Position of all Banks.
11. Deposits in Post Office Savings Bank.
12. Deposits in the Savings Banks.
13. Deposits in Co-operative Credit Societies and Consumers' Co-operative Societies.
14. Deposits in all Credit Institutions.
15. Insurances in life assurance companies.
16. Changes in number and capital of limited companies.
17. Bankruptcies.
18. Stock Exchange.
19. Stock Exchange index.

### II. STATE FINANCES.

20. Public Debt.
21. State Revenue and Expenditure.
22. Collection of Customs and Excise dues.

### III. TRADE AND INDUSTRY.

23. Value of imports and exports.
24. Value of imports and exports in different classes of goods.
25. Imports of the most important articles.
26. Exports of the most important articles.
27. Foreign trade with various countries.
28. Value index of imports and exports.
29. Total sales of some wholesale firms.
30. Index of industrial production.
31. Building activity.

### IV. TRAFFIC.

32. Foreign shipping.
33. State Railways.

### V. LEVEL OF PRICES.

34. Wholesale price index.
35. Cost of living index.
36. Bank of Finland building cost index.

## STATISTICS.

## 1. — STATEMENT OF THE BANK OF FINLAND.

	1945	1945	1946				
	Mill. mk	Mill. mk	Mill. mk				
	31/5	31/12	31/1	28/2	31/3	30/4	31/5
<b>ASSETS.</b>							
I. Gold Reserve .....	171	387	387	387	152	1	1
Foreign Correspondents .....	339	1 283	1 611	1 883	1 216	1 038	604
II. Foreign Bills .....	26	72	71	72	89	92	93
Foreign Bank Notes and Coupons .....	3	10	9	9	9	9	9
Inland Bills .....	20 916	22 282	21 824	21 181	23 836	25 919	30 176
III. Loans on Security .....	19	38	38	160	175	175	175
Advances on Cash Credit .....	115	77	289	453	423	336	375
Bonds in Finnish Currency .....	404	336	333	330	326	324	322
» » Foreign » .....	177	273	264	243	243	243	243
Shares .....	111	0	0	0	0	0	0
Bank Premises and Furniture .....	33	32	32	32	32	32	33
Sundry Assets .....	716	435	865	507	302	506	599
<b>Total</b>	<b>23 030</b>	<b>25 225</b>	<b>25 723</b>	<b>25 257</b>	<b>26 803</b>	<b>28 675</b>	<b>32 630</b>
<b>LIABILITIES.</b>							
Notes in circulation .....	17 055	13 598	15 580	15 631	17 323	18 534	18 442
Other Liabilities payable on demand:							
Balance of Current Accounts due to the Treasury	—	149	—	—	69	94	—
» » » » Others .....	876	2 685	888	743	654	1 068	1 047
Bank-Post-Bills .....	45	87	418	405	107	114	73
Foreign Correspondents .....	76	141	128	126	192	157	164
Foreign Clearing Accounts .....	992	2 803	2 707	2 342	2 345	2 336	6 798
Foreign Commercial Debt .....	—	—	—	—	—	—	43
Sundry Accounts .....	360	1 079	1 330	1 449	1 455	1 545	1 203
Capital .....	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Reserve Fund .....	1 123	1 154	1 272	1 272	1 272	1 272	1 272
Bank Premises and Furniture .....	32	32	32	32	32	32	32
Earnings less Expenses .....	139	237	69	96	137	174	210
Undisposed profits .....	—	—	118	18	18	18	18
Sundry Liabilities .....	1 082	2 010	1 931	1 893	1 949	2 081	2 078
<b>Total</b>	<b>23 030</b>	<b>25 225</b>	<b>25 723</b>	<b>25 257</b>	<b>26 803</b>	<b>28 675</b>	<b>32 630</b>

<sup>1)</sup> Booked values changed according to new rates of exchange.

## 2. — NOTE ISSUE OF THE BANK OF FINLAND.

	1945	1945	1946				
	Mill. mk	Mill. mk	Mill. mk				
	31/5	31/12	31/1	28/2	31/3	30/4	31/5
<b>RIGHT TO ISSUE NOTES.</b>							
Gold Reserve and Foreign Correspondents .....	510	1 670	1 998	2 270	1 368	1 039	605
According to Law of Dec. 13, 1939 <sup>1)</sup> .....	20 945	22 364	21 904	21 262	23 934	26 020	30 278
Additional Right of Issue .....	1 800	1 800	1 800	1 800	1 800	1 800	1 800
<b>Total</b>	<b>23 255</b>	<b>25 834</b>	<b>25 702</b>	<b>25 332</b>	<b>27 102</b>	<b>28 859</b>	<b>32 683</b>
<b>USED AMOUNT OF ISSUE.</b>							
Notes in circulation .....	17 055	13 598	15 580	15 631	17 323	18 534	18 442
Other Liabilities payable on demand .....	2 349	6 944	5 471	5 065	4 822	5 314	9 328
Undrawn Amount of Advances on Cash Credit .....	175	274	272	175	226	324	312
<b>Total</b>	<b>19 579</b>	<b>20 816</b>	<b>21 323</b>	<b>20 871</b>	<b>22 371</b>	<b>24 172</b>	<b>28 082</b>
<b>NOTE RESERVE</b> .....	<b>3 676</b>	<b>5 018</b>	<b>4 379</b>	<b>4 461</b>	<b>4 731</b>	<b>4 687</b>	<b>4 601</b>
<b>Grand total</b>	<b>23 255</b>	<b>25 834</b>	<b>25 702</b>	<b>25 332</b>	<b>27 102</b>	<b>28 859</b>	<b>32 683</b>

<sup>1)</sup> Bills payable abroad in foreign currency, foreign bonds listed on foreign Stock Exchanges, interest coupons in foreign currency which have fallen due for payment, foreign bank notes, and inland bills falling due not later than within three months' time.

**Bank Rate since December 3, 1934, 4 0/0**

**3. — BANK OF FINLAND. NOTES IN CIRCULATION AND FOREIGN CORRESPONDENTS.**

End of Month	Notes in circulation Mill. mk					Foreign Correspondents <sup>1)</sup> Mill. mk					End of Month		
	1943	1944	1945	1946	Monthly Movement	1943	1944	1945	1946	Monthly Movement			
	Jan.	[9 617]	9 442	10 533	15 027	15 580	+ 1 982	[495]	491	205		349	1 611
Febr.	9 796	11 033	15 255	15 631	17 323	+ 51	451	197	324	1 883	+ 272	Febr.	
March	10 206	11 905	16 146	17 323	17 323	+ 1 692	408	207	337	1 216	— 667	March	
April	10 335	12 111	16 768	18 534	18 534	+ 1 211	376	223	338	1 038	— 178	April	
May	9 618	11 977	17 055	18 442	18 442	— 92	350	269	339	604	— 434	May	
June	9 087	12 590	16 971	17 657	17 657	— 785	327	258	334	848	+ 244	June	
July	9 060	13 141	17 688				289	242	270			July	
Aug.	9 301	13 495	18 872				267	247	309			Aug.	
Sept.	9 945	14 308	18 113				235	245	346			Sept.	
Oct.	10 426	14 636	17 259				227	227	430			Oct.	
Nov.	10 430	15 425	17 414				217	324	193			Nov.	
Dec.	10 425	15 657	13 598				215	350	<sup>2)</sup> 1 283			Dec.	

<sup>1)</sup> Credit balances with foreign correspondents. — <sup>2)</sup> Booked values changed according to new rates of exchange.

**4. — BANK OF FINLAND. RIGHT TO ISSUE NOTES, NOTE RESERVE AND HOME LOANS.**

End of Month	Right to Issue Notes Percentage of Liabilities payable on demand				Note Reserve Mill. mk				Home Loans <sup>1)</sup> Mill. mk				End of Month			
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement				
	Jan.	[105.46]	104.09	112.81	112.10	— 3.36	[2 710]	2 464	4 011	4 379	— 639	[17 314]		16 631	19 023	22 151
Febr.	104.89	111.71	112.75	112.75	+ 0.65	2 608	3 852	4 461	4 461	+ 82	17 127	19 160	21 794	— 357	Febr.	
March	101.66	110.54	113.10	113.10	+ 0.35	2 084	3 768	4 731	4 731	+ 270	17 159	20 213	24 433	+ 2 639	March	
April	99.80	110.71	111.95	111.95	— 1.15	1 765	3 846	4 687	4 687	— 44	16 919	20 710	26 429	+ 1 996	April	
May	97.31	109.58	109.97	109.97	— 1.98	1 323	3 676	4 601	4 601	— 86	16 877	21 050	30 726	+ 4 297	May	
June	91.88	110.74	109.73	109.73	— 0.24	320	3 893	4 685	4 685	+ 84	16 426	21 183	32 283	+ 1 557	June	
July	92.80	112.43				426	4 335				17 398	22 585			July	
Aug.	92.44	107.71				280	3 465				18 222	22 852			Aug.	
Sept.	94.37	111.15				636	4 248				19 165	23 966			Sept.	
Oct.	93.30	109.92				396	3 946				19 216	23 229			Oct.	
Nov.	93.51	107.75				392	3 569				19 833	24 270			Nov.	
Dec.	99.40	115.46				1 677	5 018				19 976	22 397			Dec.	

<sup>1)</sup> Inland bills, loans on security and advances on cash credit.

**5. — BANK OF FINLAND. TREASURY BILLS AND BALANCES OF CURRENT ACCOUNTS.**

End of Month	Treasury Bills (Included in Home Loans) Mill. mk				Balance of Current Accounts due to the Treasury Mill. mk				Balance of Current Accounts due to others than the Treasury Mill. mk				End of Month			
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement				
	Jan.	[15 950]	15 250	16 500	17 950	— 650	[26]	— 381	— 75	— 213	— 362	[711]		853	635	888
Febr.	15 650	16 500	16 450	16 450	— 1 500	— 272	— 319	— 69	— 144	+ 144	917	605	743	— 145	Febr.	
March	15 650	17 700	18 150	18 150	+ 1 700	— 727	— 343	69	+ 138	+ 138	1 092	722	654	— 89	March	
April	15 350	17 700	19 550	19 550	+ 1 400	— 396	— 295	94	+ 25	+ 25	927	655	1 068	+ 414	April	
May	15 350	17 700	21 750	21 750	+ 2 200	— 409	— 541	— 139	— 233	— 233	1 275	876	1 047	— 21	May	
June	14 850	17 700	22 500	22 500	+ 750	— 786	— 419	64	+ 203	+ 203	1 105	851	860	— 187	June	
July	15 850	19 000				— 297	— 14				1 214	687			July	
Aug.	16 750	19 000				— 202	— 759				1 625	382			Aug.	
Sept.	17 750	20 100				138	143				1 246	1 034			Sept.	
Oct.	17 750	19 400				— 264	— 125				1 371	1 218			Oct.	
Nov.	18 250	20 500				— 251	— 416				1 055	1 368			Nov.	
Dec.	17 750	18 600				222	149				721	2 685			Dec.	

The figures in brackets [ ] indicate the position at the end of the previous year.

## 6. — RATES OF EXCHANGE QUOTED BY THE BANK OF FINLAND.

	1939	1940	1941	1942-1944	1945	1946	1946	1946
	31/12	31/12	31/12	31/12	31/12; 1946 31/1	28/2-30/4	31/5	30/6
New York	49: 35	49: 35	49: 35	49: 35	136: —	136: —	136: —	136: —
London	197: —	1) 191: —	1) 196: —	1) 196: —	547: —	547: —	547: —	547: —
Stockholm	1 171: —	1 171: —	1 171: —	1 171: —	3 230: —	3 230: —	3 230: —	3 230: —
Berlin	1 982: —	1 974: 35	1 974: 35	1 974: 35	—	—	—	—
Paris	113: 50	1) 107: —	1) 107: —	1) 107: —	115: —	114: —	114: —	114: —
Brussels	886: —	1) 830: —	1) 789: 75	1) 789: 75	310: —	310: —	310: —	310: —
Amsterdam	2 650: —	1) 2 620: —	1) 2 620: —	1) 2 620: —	—	—	—	5 120: —
Basle	1 123: —	1 156: —	1 158: —	1 158: —	3 175: —	3 175: —	3 175: —	3 175: —
Oslo	1 127: —	1) 1 127: —	1) 1 127: —	1) 1 127: —	2 750: —	2 750: —	2 745: —	2 745: —
Copenhagen	954: —	954: —	954: —	1) 1 035: —	2 830: —	2 830: —	2 830: —	2 830: —
Prague	—	—	—	—	—	—	—	275: —
Rome	260: —	260: —	265: —	265: —	—	—	—	—
Madrid	1) 540: —	1) 540: —	1) 540: —	1) 540: —	—	—	—	—
Montreal	45: 25	45: 25	45: 25	1) 45: 25	124: —	124: —	124: —	124: —
Lisbon	—	—	—	2) 212: —	560: —	560: —	560: —	560: —
Rio de Janeiro	—	—	—	—	760: —	760: —	760: —	760: —

1) Nominal rate. — 2) Only end of 1942 and 1943; end of 1944 mk 205: —.

## 7. — HOME DEPOSITS IN THE COMMERCIAL BANKS.

End of Month	Due to the Public				Due to other credit institutions		Total			Monthly Movement		End of Month
	Cheque accounts		Deposits		Mill. mk		Mill. mk					
	Mill. mk	Mill. mk	Mill. mk	Mill. mk	1945	1946	1944	1945	1946	1945	1946	
	[8 733]		[13 068]			[4 669]			[21 681]			
Jan.	8 281	10 246	13 407	16 508	4 953	6 977	21 342	26 641	33 731	+ 171	-1 577	Jan.
Febr.	8 378	9 911	13 528	16 593	4 889	7 126	21 521	26 795	33 630	+ 154	- 101	Febr.
March	8 583	9 951	13 755	16 938	4 812	7 496	23 278	27 150	34 385	+ 355	+ 755	March
April	8 576	11 216	13 784	16 969	4 652	6 957	23 274	27 012	35 142	- 138	+ 757	April
May	8 520	11 009	14 101	17 047	4 859	8 288	23 964	27 480	36 344	+ 468	+1 202	May
June	8 915	11 173	14 376	17 271	5 015	8 389	24 998	28 306	36 833	+ 826	+ 489	June
July	8 485		14 435		5 424		25 550	28 344		+ 38		July
Aug.	8 371		14 442		5 222		26 615	28 035		- 309		Aug.
Sept.	9 606		15 058		6 175		27 136	30 839		+ 2 804		Sept.
Oct.	10 301		15 332		6 515		27 605	32 148		+1 309		Oct.
Nov.	10 891		15 373		6 198		27 881	32 462		+ 314		Nov.
Dec.	11 566		16 558		7 184		26 470	35 308		+2 846		Dec.

Tables 7-9 according to Finnish Official Statistics VII, D, Bank Statistics. Mortgage banks are not included.

## 8. — HOME LOANS GRANTED BY THE COMMERCIAL BANKS.

End of Month	To the Public				To other credit institutions		Total			Monthly Movement		End of Month
	Inland Bills		Other credits		Mill. mk		Mill. mk					
	Mill. mk	Mill. mk	Mill. mk	Mill. mk	1945	1946	1944	1945	1946	1945	1946	
	[5 976]		[10 482]			[364]			[14 987]			
Jan.	5 869	8 122	10 750	15 330	332	979	14 986	16 951	24 431	+ 129	+2 138	Jan.
Febr.	5 813	7 839	10 952	15 992	355	873	14 780	17 120	24 704	+ 169	+ 273	Febr.
March	5 836	8 435	11 381	16 676	425	904	15 262	17 642	26 015	+ 522	+1 311	March
April	5 695	9 009	12 059	17 194	394	972	15 669	18 148	27 175	+ 506	+1 160	April
May	5 767	9 834	12 402	17 702	505	1 040	15 873	18 674	28 576	+ 526	+1 401	May
June	5 871	10 113	12 816	18 007	447	939	16 095	19 134	29 059	+ 460	+ 483	June
July	6 221		13 444		902		16 642	20 567		+1 433		July
Aug.	5 902		13 821		680		16 745	20 403		- 164		Aug.
Sept.	6 731		13 897		1 003		16 911	21 631		+1 228		Sept.
Oct.	7 675		14 205		1 055		17 162	22 935		+1 304		Oct.
Nov.	7 504		14 257		839		16 994	22 600		- 335		Nov.
Dec.	7 248		14 081		964		16 822	22 293		- 307		Dec.

The figures in brackets [ ] indicate the position at the end of the previous year

## 9. — POSITION OF THE COMMERCIAL BANKS TOWARDS FOREIGN COUNTRIES.

End of Month	Claims <sup>1)</sup> Mill. mk				Indebtedness <sup>2)</sup> Mill. mk				Net Claims (+) and Net Indebtedness (-) Mill. mk				Monthly Movement of net Claims		End of Month
	1943	1944	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	1945	1946	
Jan.	[128] 125	141	125	342	[445] 506	373	251	355	[-317] -381	-232	-126	-13	-4	-46	Jan.
Febr.	114	134	103	473	434	390	255	357	-320	-256	-152	+116	-26	+129	Febr.
March	119	128	84	662	371	320	263	720	-252	-192	-179	-58	-27	-174	March
April	116	131	86	696	413	324	276	819	-297	-193	-190	-123	-11	-65	April
May	113	133	91	781	247	356	274	982	-134	-223	-183	-201	+7	-78	May
June	113	133	95	796	256	385	283	999	-143	-252	-188	-203	-5	-2	June
July	118	137	86		255	518	296		-137	-381	-210		-22		July
Aug.	133	127	98		372	461	292		-239	-334	-194		+16		Aug.
Sept.	134	125	104		273	425	301		-139	-300	-197		-3		Sept.
Oct.	148	124	176		211	438	313		-63	-314	-137		+60		Oct.
Nov.	149	123	232		209	247	317		-60	-124	-85		+52		Nov.
Dec.	140	125	385		352	247	352		-212	-122	+33		+118		Dec.

<sup>1)</sup> Credit balances with foreign correspondents and foreign bills. — <sup>2)</sup> Due to foreign correspondents.

10. — FOREIGN PAYMENT POSITION OF ALL BANKS.<sup>1)</sup>11. — DEPOSITS IN POST OFFICE SAVINGS BANK.<sup>2)</sup>

End of Month	Net Claims (+) and Net Indebtedness (-) Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
Jan.	[-3 179] -3 966	-3 488	-822	-1 166	-9	+390
Febr.	-4 057	-3 273	-875	-398	-53	+768
March	-4 485	-2 624	-991	-1 289	-116	-891
April	-4 535	-2 162	-951	-1 487	+40	-193
May	-4 187	-1 715	-887	-6 509	+64	-5 022
June	-4 316	-1 206	-929	-8 486	-42	-1 977
July	-3 996	-1 107	-1 332		-403	
Aug.	-3 950	-967	-1 379		-47	
Sept.	-3 844	-982	-1 507		-128	
Oct.	-3 667	-1 095	-1 624		-117	
Nov.	-3 602	-814	-2 543		-919	
Dec.	-3 700	-813	-1 556		+987	

End of Month	Deposits Mill. mk				Monthly Movement		End of Month
	1943	1944	1945	1946	1945	1946	
Jan.	[1 036] 1 087	2 103	3 355	5 319	+185	-98	Jan.
Febr.	1 131	2 173	3 337	5 370	-18	+51	Febr.
March	1 182	2 305	3 342	5 589	+5	+219	March
April	1 230	2 472	3 413	5 712	+71	+123	April
May	1 332	2 552	3 749	5 784	+336	+72	May
June	1 450	2 589	4 112		+363		June
July	1 524	2 661	4 139		+27		July
Aug.	1 637	2 735	4 130		-9		Aug.
Sept.	1 689	2 777	4 494		+364		Sept.
Oct.	1 841	2 878	4 681		+187		Oct.
Nov.	1 875	2 857	4 784		+103		Nov.
Dec.	1 949	3 170	5 417		+633		Dec.

<sup>1)</sup> For the Bank of Finland the net result of the debit and credit accounts with foreign correspondents, foreign clearing transactions and foreign commercial debt as well as foreign bills are taken into account, and for the Commercial Banks their net position is taken into account according to table 9 above.

<sup>2)</sup> According to Finnish Official Statistics VII, D, Bank Statistics.

## 12. — DEPOSITS IN THE SAVINGS BANKS.

End of Month	Savings Accounts Mill. mk			Current Accounts Mill. mk			Total Mill. mk				Monthly Movement		End of Month
	1944	1945	1946	1944	1945	1946	1943	1944	1945	1946	1945	1946	
Jan.	[10 923] 11 150	13 258	17 465*	[587] 537	746	916*	[9 374] 9 550	11 687	14 004	18 381*	+307	-449*	Jan.
Febr.	11 293	13 455	17 603*	546	761	923*	9 689	11 839	14 216	18 526*	+212	+145*	Febr.
March	11 483	13 532	17 770*	585	779	981*	9 904	12 068	14 311	18 751*	+95	+225*	March
April	11 620	13 577	17 896*	565	757	1 050*	10 116	12 185	14 334	18 946*	+23	+195*	April
May	11 806	13 753	17 884*	629	800	1 156*	10 335	12 435	14 553	19 040*	+219	+94*	May
June	12 078	14 160		636	844		10 710	12 714	15 004		+451		June
July	12 207	14 318		673	868		10 854	12 880	15 186		+182		July
Aug.	12 419	14 456		750	945		11 053	13 169	15 401		+215		Aug.
Sept.	12 549	15 277		803	1 017		11 186	13 352	16 294		+893		Sept.
Oct.	12 725	15 807		844	1 024		11 366	13 569	16 831		+537		Oct.
Nov.	12 826	16 167		875	1 034		11 405	13 701	17 201		+370		Nov.
Dec.	12 928	17 533		769	1 247		11 510	13 697	18 830		+1 629		Dec.

According to figures supplied by the Central Statistical Office.

The figures in brackets [ ] indicate the position at the end of the previous year.

<sup>\*)</sup> Preliminary figures subject to minor alterations.

### 13. — DEPOSITS IN CO-OPERATIVE CREDIT SOCIETIES AND CONSUMERS' CO-OPERATIVE SOCIETIES.

End of Month	Deposits in Co-operative Credit Societies <sup>1)</sup> Mill. mk				Monthly Movement		Deposits in Consumers' Co-operative Societies <sup>2)</sup> Mill. mk				Monthly Movement		End of Month
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1945	1946	
	[2 428]						[776]						
Jan.	2 488	3 482	4 602	6 757	+ 95	-155	806	1 087	1 318	2 031	+ 50	- 5	Jan.
Febr.	2 545	3 583	4 661	6 838	+ 59	+ 81	824	1 108	1 341	2 053	+ 23	+ 22	Febr.
March	2 641	3 781	4 804	7 118	+143	+280	848	1 132	1 354	2 085	+ 13	+ 32	March
April	2 707	3 888	4 842	7 304	+ 38	+186	874	1 151	1 363	2 112	+ 9	+ 27	April
May	2 801	4 005	4 978	7 405	+136	+101	896	1 171	1 388	2 112	+ 25	- 0	May
June	2 934	4 110	5 150		+172		931	1 188	1 429		+ 41		June
July	3 013	4 187	5 246		+ 96		950	1 193	1 447		+ 18		July
Aug.	3 101	4 310	5 332		+ 86		965	1 209	1 465		+ 18		Aug.
Sept.	3 188	4 374	5 657		+325		979	1 216	1 599		+134		Sept.
Oct.	3 274	4 447	5 901		+244		995	1 232	1 690		+ 91		Oct.
Nov.	3 338	4 453	6 061		+160		1 007	1 244	1 755		+ 65		Nov.
Dec.	3 434	4 507	6 912		+851		1 039	1 268	2 036		+281		Dec.

<sup>1)</sup> Figures supplied by the Central Bank for Co-operative Credit Societies. — <sup>2)</sup> According to data supplied by the Finnish Co-operative Wholesale Society and the Co-operative Wholesale Association.

### 14. — DEPOSITS IN ALL CREDIT INSTITUTIONS.<sup>1)</sup>

End of Month	Total Deposits due to the Public Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
	[29 526]					
Jan.	30 311	36 741	45 061	59 332*	+ 526	-2 071
Febr.	30 712	37 155	45 586	59 378*	+ 525	+ 46
March	31 792	39 065	46 263	60 517*	+ 677	+1 139
April	32 290	39 579	46 420	62 351*	+ 157	+1 834
May	33 120	40 596	47 396	62 475*	+ 976	+ 124
June	34 550	41 924	49 098		+1 702	
July	34 955	42 539	49 067		- 31	
Aug.	35 532	43 883	49 285		+ 218	
Sept.	36 360	44 452	52 835		+3 550	
Oct.	36 824	45 266	54 874		+2 039	
Nov.	36 606	45 535	56 186		+1 312	
Dec.	36 569	44 535	61 403		+5 217	

<sup>1)</sup> Commercial Banks, Post Office Savings Bank, Savings Banks, Co-operative Credit Societies, Central Bank for Co-operative Credit Societies, Consumers' Co-operative Credit Societies, and Mortgage Banks.

### 15. — INSURANCES IN LIFE ASSURANCE COMPANIES.

End of Month	New risks accepted <sup>1)</sup>			
	1945		1946	
	Number	Amount Mill. mk	Number	Amount Mill. mk
	14 460	397	14 935*	689*
	17 853	510	17 956*	848*
	17 945	533	19 586*	919*
	17 546	541	18 286*	881*
	16 408	525	18 047*	926*
	15 960	534		
	12 392	433		
	12 949	476		
	14 861	635		
	18 096	868		
	20 058	871		
	20 084	936		
	198 612	7 249		
	84 212	2 506	88 810*	4 263*
				Jan. — May

<sup>1)</sup> According to information supplied by the Finnish Life Assurance Companies.

### 16. — CHANGES IN NUMBER AND CAPITAL OF LIMITED COMPANIES.

Year and Quarter	Companies founded		Increase of capital		Companies liquidated		Companies with reduced capital		Net increase (+) or reduction (-)		Year and Quarter
	Num-ber	Capital Mill. mk	Num-ber	Mill. mk	Num-ber	Capital Mill. mk	Num-ber	Reduction of capital Mill. mk	Num-ber	Capital Mill. mk	
1942	720	492	578	864	506	240	10	5	+ 214	+1 111	1942
1943	866	573	541	1 250	193	134	6	9	+ 673	+1 680	1943
1944	523	238	316	633	176	128	2	1	+ 347	+ 742	1944
1945	1 485	797	428	511	120	111	4	34	+1 365	+1 163	1945
1945											1945
Jan.—March	315	168	86	51	30	61	2	28	+ 285	+ 130	Jan.—March
April—June	424	170	104	155	36	34	1	1	+ 388	+ 290	April—June
July—Sept.	316	296	97	170	21	4	—	—	+ 295	+ 462	July—Sept.
Oct.—Dec.	430	163	141	135	33	12	1	5	+ 397	+ 281	Oct.—Dec.
1946											1946
Jan.—March	392	195	150	183	36	13	3	1	+ 356	+ 364	Jan.—March

Figures supplied by the Central Statistical Office. The figures in brackets [ ] indicate the position at the end of the previous year.

\* Preliminary figures subject to minor alterations.



## 17. — BANKRUPTCIES.

Month	Bankruptcies <sup>1)</sup> Number					
	1941	1942	1943	1944	1945	1946
January	11	12	15	7	10	12
February	18	6	8	10	7	8
March	22	13	8	4	6	11
April	19	10	10	12	3	
May	29	7	13	6	7	
June	7	6	9	2	12	
July	3	9	11	9	3	
August	9	7	4	12	8	
September	2	17	1	15	2	
October	15	9	7	10	11	
November	17	7	12	10	2	
December	28	14	11	8	8	
Total	180	117	109	105	79	
Jan.—March	51	31	31	21	23	31

<sup>1)</sup> Preliminary figures compiled by the Central Statistical Office from the reports sent in by the various Courts including all bankruptcy petitions, of which only about half will lead in due course to actual bankruptcy.

## 18. — STOCK EXCHANGE.

Month	Turnover of Stock Exchange <sup>1)</sup> Mill. mk					
	1941	1942	1943	1944	1945	1946
January	31	40	24	30	29	54
February	33	51	26	38	41	75
March	37	88	29	44	117	65
April	78	75	34	27	108	57
May	57	75	48	41	81	144
June	31	20	30	49	129	87
July	40	19	28	31	114	
August	24	19	24	44	132	
September	20	28	59	51	219	
October	58	40	37	33	157	
November	38	29	40	53	94	
December	54	38	46	47	109	
Total	501	522	425	488	1 330	
Jan.—June	267	349	191	229	505	482

<sup>1)</sup> According to data supplied by the Stock Exchange Committee.

## 19. — STOCK EXCHANGE INDEX. 1935=100.

Month	Share prices												Month
	All kinds				Bank shares				Industrial shares				
	1943	1944	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	
January	256	244	218	414	129	131	111	143	306	282	262	536	January
February	255	240	214	324	131	126	109	130	301	277	258	407	February
March	258	249	260	293	134	128	122	121	303	289	322	364	March
April	262	255	305	324	138	128	134	124	306	301	383	405	April
May	268	257	352	396	142	127	147	130	313	304	451	519	May
June	270	245	458	436	139	123	160	129	319	287	611	528	June
July	264	239	651		131	120	205		312	280	878		July
August	263	256	691		132	122	206		311	303	916		August
September	250	248	499		121	120	167		296	294	661		September
October	229	235	497		121	117	162		264	282	648		October
November	210	202	417		117	108	148		239	239	541		November
December	219	209	416		120	108	140		250	250	545		December
Whole year	250	240	415		129	121	134		293	282	540		Whole year

\*Unitas\* index based on the prices quoted for the shares of 3 banks and 10 industrial firms.

## 20. — PUBLIC DEBT.

End of Year and Month	Funded Debt			Short-term Credit			Total Public Debt			End of Year and Month
	Foreign	Internal	Total	Foreign	Internal	Total	Foreign	Internal	Total	
	Mill. mk									
1941	3 631	8 744	12 375	674	14 444	15 118	4 305	23 188	27 493	1941
1942	3 931	12 550	16 481	1 034	19 330	20 364	4 965	31 880	36 845	1942
1943	4 144	23 561	27 705	1 248	22 669	23 917	5 392	46 230	51 622	1943
1944	4 332	35 777	40 609	1 266	25 447	26 713	6 098	61 224	67 322	1944
1945	16 425	38 612	55 037	3 522	26 947	30 469	19 947	65 559	85 506	1945
1946										1946
January	17 724	38 728	56 452	3 528	26 586	30 114	21 252	65 314	86 566	January
February	18 401	39 007	57 408	3 529	25 500	29 029	21 930	64 507	86 437	February
March	18 435	38 763	57 198	3 529	27 005	30 534	21 964	65 768	87 732	March
April	18 624	39 207	57 831	3 537	27 974	31 511	22 161	67 181	89 342	April
May	19 169	39 758	58 927	3 550	30 181	33 731	22 719	69 939	92 658	May

According to data supplied by the Treasury. Internal loans are given at their nominal value and foreign loans in Finnish currency according to current rates of exchange.

## 21. — STATE REVENUE AND EXPENDITURE.

Year and Month	Total revenue	Current revenue <sup>1)</sup> derived from							Capital revenue	Expenditure			Year and Month
		Income and Property tax <sup>2)</sup>	Excise on spirits, wines, etc.	Stamp duty	Sales tax	Interest and Dividends	Railways, Posts, Telegraphs <sup>3)</sup>	State Forests <sup>4)</sup>		Total	Current	Capital	
Mill. mk											Mill. mk		
1945													1945
Jan.-March	2 974	1 169	34	175	37	14	13	-141	1 394	6 834	4 945	1 889	Jan.-March
Whole year	42 897	13 759	334	857	6 872	2 533	-601	113	9 163	42 755	33 754	9 001	Whole year
1946													1946
Jan.-March	6 760	1 730	69	329	160	12	-95	-457	880	9 650	8 380	1 270	Jan.-March
1946													1946
Budget	55 529	12 250	268	800	5 750	4 091	1 775	435	12 580	55 526	41 200	14 326	Budget

Tables 21—22 according to preliminary monthly accounts kept by the Treasury, the Customs and the Board of Excise Revenue.

<sup>1)</sup> The current revenue derived from Customs duty, and some other State receipts are specified in table 22 below. —  
<sup>2)</sup> Including special and supplementary taxes on income and property but not the Capital Levy nor the surplus income tax and inheritance tax. — <sup>3)</sup> The figures given refer to net revenue.

## 22. — COLLECTION OF CUSTOMS AND EXCISE DUES.

Year and Month	Total Customs Receipts	Customs duty on		Fines, Light Dues, etc.	Total Excise Dues	Excise on				Year and Month	
		Imported goods incl. storage charges	Exported goods			Tobacco	Spirits	Beer	Matches		
Mill. mk					Mill. mk						
1945											1945
Jan.—May	131	127	0	4	585	425	51	20	50	Jan.—April	
Whole year	436	416	0	20	2 266	1 579	171	162	205	Whole year	
1946										1946	
May	374	370	0	4	586	511	14	21	22	April	
Jan.—May	951	935	0	16	1 415	1 129	64	73	97	Jan.—April	
1946										1946	
Budget	1 901	1 860	1	40	3 766	3 100	128	140	240	Budget	

## 23. — VALUE OF IMPORTS AND EXPORTS.

Month	Imports (c. i. l.) Mill. mk			Exports (f. o. b., free exports) Mill. mk			Surplus of Imports (—) or Exports (+) Mill. mk			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	963	391	944*	769	31	957*	— 194	— 360	+ 13*	January
February	718	339	884*	749	15	672*	+ 31	— 324	— 212*	February
March	1 174	332	1 330*	796	31	1 013*	— 378	— 301	— 317*	March
April	855	368	1 388*	787	46	1 067*	— 68	— 322	— 321*	April
May	914	429	2 000*	783	67	1 708*	— 131	— 362	— 292*	May
June	837	349		685	127		— 152	— 222		June
July	903	311		809	248		— 94	— 63		July
August	1 036	662		596	550		— 440	— 112		August
September	713	512		186	730		— 527	+ 218		September
October	177	685		39	1 055		— 138	+ 370		October
November	179	812		71	988		— 108	+ 176		November
December	450	1 631		62	1 340		— 388	— 291		December
Total	8 919	6 821		6 332	5 228		— 2 587	— 1 593		Total
Jan.—May	4 624	1 859	6 546*	3 884	190	5 417*	— 740	— 1 669	— 1 129*	Jan.—May

Tables 23—23 according to Finnish Official Statistics I, A, Foreign Trade of Finland, Monthly Reports.

The term *imports* covers all imported goods which are placed on the market either immediately after importation or after storage. *Exports* covers all goods exported from the open market, including re-exports. Goods are declared to the Customs by their owner, who must at the same time state the value of the goods as calculated at the frontiers of the country.

\* Preliminary figures subject to minor alterations.

## 24. — VALUE OF IMPORTS AND EXPORTS IN DIFFERENT CLASSES OF GOODS.

Classes of Goods	Imports (c. i. f.) Mill. mk					Exports (f. o. b.) Mill. mk				
	Whole year		Jan.—May			Whole year		Jan.—May		
	1944	1945	1944	1945	1946*	1944	1945	1944	1945	1946*
Dairy produce, eggs, honey	416	274	186	1	34	0	57	—	8	35
Other animal products, live animals .....	57	264	23	38	144	4	18	2	0	20
Vegetables .....	52	78	41	38	4	3	—	2	—	—
Eatable fruit .....	22	4	20	0	2	0	0	0	—	0
Coffee, tee, spices .....	1	13	1	0	91	0	—	0	—	—
Cereals, milling products ..	1 194	1 365	440	453	783	0	0	0	0	—
Certain seeds and fruit, plants for industrial purposes ..	89	46	78	22	113	124	2	123	1	20
Raw materials for tanning and dyeing .....	16	3	9	1	17	—	0	—	—	—
Animal and vegetable fats ..	88	269	36	99	146	—	—	—	—	0
Meat and fish products ...	35	81	19	3	18	—	—	—	—	—
Sugar, sweets .....	371	272	199	94	277	—	—	—	—	—
Beverages, vinegars .....	126	0	48	0	26	13	—	12	—	1
Fodder .....	27	2	6	2	102	2	0	2	—	0
Tobacco .....	209	195	103	58	180	—	—	—	—	—
Minerals, ore .....	139	207	56	35	278	544	85	225	42	20
Mineral fuel and oils .....	1 398	531	768	128	989	5	2	2	0	0
Chemical and pharmaceutical products .....	365	274	214	81	342	53	20	32	8	6
Tanning and dyeing extracts, varnishes .....	115	73	67	21	98	0	1	0	0	0
Caseine, albumine, glues ..	37	116	23	4	59	—	—	—	—	1
Fertilizers .....	195	157	105	66	163	—	0	—	—	—
Hides, skins, leather and furs; manufactures of these materials .....	144	45	51	24	62	162	0	130	0	5
Rubber and rubber articles	122	77	69	10	145	0	2	0	2	0
Wood and wooden goods ..	7	3	2	0	4	2 087	1 908	1 176	13	1 264
Woodpulp .....	—	4	—	4	1	846	1 217	609	—	1 437
Cardboard and paper; their applications .....	24	6	15	2	18	1 504	1 312	1 012	11	2 122
Textile materials, textile goods .....	732	567	409	175	432	210	206	119	30	196
Footwear .....	31	40	9	18	21	32	0	19	0	—
Articles of stone and of other mineral material, glass ..	97	48	58	11	65	68	62	37	11	71
Base metals; articles made therefrom .....	1 111	1 092	632	358	988	201	120	128	22	111
Machinery, apparatus .....	584	364	355	37	406	8	88	3	8	16
Electrical machinery and apparatus .....	357	123	198	15	161	12	23	8	4	15
Transport material .....	228	52	109	10	224	280	3	147	1	1
Instruments, clocks and watches, musical instruments .....	88	31	53	8	29	4	1	3	0	2
All others .....	442	145	222	43	124	170	101	93	30	74
<b>Total free exports</b>	<b>8 919</b>	<b>6 821</b>	<b>4 624</b>	<b>1 859</b>	<b>6 546</b>	<b>6 332</b>	<b>5 228</b>	<b>3 884</b>	<b>191</b>	<b>5 417</b>
Reparation deliveries .....						265	7 062*	—	2 890	2 434
Restitution goods .....						—	—	—	—	655

\* Preliminary figures subject to minor alterations.

## 25. — IMPORTS OF THE MOST IMPORTANT ARTICLES.

Month	Wheat Tons			Rye Tons			Sugar Refined and Unrefined Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	2 720	11 133	5 242*	25 452	12 764	22 724*	3 355	2 278	1 659*	January
February	1 481	7 326	4 764*	10 297	5 839	2 403*	2 769	1 679	2 276*	February
March	14 378	11 378	3 953*	—	12 887	14 924*	2 794	1 563	2 161*	March
April	165	3 384	4 434*	500	12 994	1 048*	3 252	1 305	2 020*	April
May	196	2 221	0*	—	25 967	9 459*	3 037	538	1 963*	May
June	4 239	45	—	0	16 632	—	1 750	997	—	June
July	—	1 270	—	18 591	12 732	—	1 232	1 910	—	July
August	—	—	—	37 273	19 175	—	2 659	1 355	—	August
September	—	3 450	—	33 923	5 748	—	2 765	795	—	September
October	—	6 645	—	6 421	2 200	—	2 380	1 361	—	October
November	14 093	6 370	—	9 485	5 910	—	1 251	389	—	November
December	15 212	16 504	—	18 565	17 015	—	2 462	1 992	—	December
Total	52 484	69 726	—	160 507	149 863	—	29 706	16 162	—	Total
Jan.—May	18 940	35 442	18 393*	36 249	70 451	50 558*	15 207	7 363	10 079*	Jan.—May

Month	Raw Tobacco Tons			Coal and Coke Tons			Petrol Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	200	119	167*	120 394	36 322	19 422*	3 110	113	—	January
February	165	108	142*	71 346	6 726	23 868*	395	177	191*	February
March	189	96	152*	118 070	3 012	46 747*	266	88	36*	March
April	167	93	166*	96 137	—	73 911*	274	228	386*	April
May	153	60	197*	124 816	—	88 959*	3 028	196	1 201*	May
June	110	96	—	113 080	—	—	5 215	208	—	June
July	152	91	—	87 913	—	—	255	259	—	July
August	142	203	—	78 229	—	—	5 242	386	—	August
September	154	128	—	61 068	—	—	264	525	—	September
October	121	157	—	300	20 123	—	1 203	316	—	October
November	112	159	—	—	32 948	—	274	419	—	November
December	73	89	—	33 690	12 167	—	2 525	1 720	—	December
Total	1 738	1 399	824*	905 043	111 298	—	22 051	4 635	—	Total
Jan.—May	874	476	824*	530 763	46 060	252 907*	7 073	802	1 814*	Jan.—May

Month	Raw Cotton Tons			Pig Iron Tons			Bar Iron and Bar Steel Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	—	908	1 137*	770	—	101*	4 065	116	654*	January
February	3	692	441*	—	—	—	3 361	826	1 825*	February
March	2	196	276*	—	—	150*	4 531	3 291	2 124*	March
April	—	314	1 402*	—	—	660*	9 234	3 201	2 694*	April
May	—	286	423*	150	—	150*	4 054	2 414	4 467*	May
June	—	836	—	—	—	—	3 859	1 586	—	June
July	—	257	—	—	150	—	2 837	691	—	July
August	—	278	—	222	99	—	3 085	1 169	—	August
September	—	367	—	—	125	—	1 746	1 156	—	September
October	—	646	—	—	—	—	887	1 295	—	October
November	2	556	—	—	227	—	350	952	—	November
December	48	543	—	—	100	—	329	605	—	December
Total	55	5 879	3 679*	1 142	701	—	38 338	17 302	—	Total
Jan.—May	5	2 396	3 679*	920	—	1 061*	25 245	9 848	11 764*	Jan.—May

\*) Preliminary figures subject to minor alterations.

26. — EXPORTS OF THE MOST IMPORTANT ARTICLES.<sup>1)</sup>

Month	Copper Ore Tons			Round Timber (All kinds excl. fuel) 1 000 m <sup>3</sup>			Sawn Timber All kinds 1 000 standards			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	1 130	3 150	—	2	1	24*	12	—	2*	January
February	3 512	69	—	3	—	8*	4	0	0*	February
March	2 345	129	—	5	—	15*	3	—	0*	March
April	2 543	3 367	—	2	0	26*	7	—	0*	April
May	2 320	100	—	7	0	74*	11	0	6*	May
June	3 757	97	—	40	1	—	14	1	—	June
July	1 505	153	—	71	1	—	34	3	—	July
August	4 915	45	—	60	14	—	25	6	—	August
September	1 290	54	—	27	35	—	5	14	—	September
October	3 175	158	—	—	138	—	0	34	—	October
November	17 314	118	—	0	63	—	—	16	—	November
December	7 063	249	—	2	26	—	0	22	—	December
Total	50 869	7 689	—	219	279	—	115	96	—	Total
Jan.—May	11 850	6 815	—	19	1	147*	37	0	8*	Jan.—May

1 standard sawn timber = 4.672 m<sup>3</sup>.

Month	Matches Tons			Plywood 1 000 m <sup>3</sup>			Bobbins (Spools) Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	72	—	24*	6	0	2*	78	—	41*	January
February	125	—	78*	4	0	2*	296	—	65*	February
March	353	—	53*	7	1	10*	270	—	256*	March
April	106	—	301*	8	0	9*	150	—	108*	April
May	138	—	126*	8	1	16*	135	—	212*	May
June	95	—	—	7	1	—	181	9	—	June
July	46	—	—	7	1	—	142	—	—	July
August	116	—	—	5	2	—	161	—	—	August
September	—	89	—	1	5	—	10	—	—	September
October	—	116	—	0	7	—	—	3	—	October
November	—	72	—	0	5	—	—	45	—	November
December	—	72	—	0	6	—	—	55	—	December
Total	1 051	349	—	53	29	—	1 473	112	—	Total
Jan.—May	794	—	582*	33	2	39*	979	—	682*	Jan.—May

Month	Mechanical Pulp <sup>2)</sup> Tons			Sulphite Cellulose <sup>2)</sup> Tons			Sulphate Cellulose <sup>2)</sup> Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	3 400	—	4 838*	11 039	—	14 419*	8 402	—	10 154*	January
February	3 012	—	1 697*	7 470	—	7 816*	8 170	—	7 785*	February
March	2 890	—	1 448*	19 459	—	11 082*	12 785	—	8 170*	March
April	1 024	—	1 037*	14 700	—	15 897*	14 612	—	11 546*	April
May	5 177	—	7 221*	12 075	—	27 990*	8 493	—	24 109*	May
June	6 358	—	—	11 071	178	—	2 885	949	—	June
July	4 849	4 017	—	10 932	7 412	—	2 092	6 125	—	July
August	4 663	9 674	—	6 222	9 721	—	3 410	9 684	—	August
September	94	2 759	—	—	3 209	—	—	9 121	—	September
October	—	2 062	—	—	9 275	—	—	5 930	—	October
November	—	4 742	—	121	18 699	—	—	18 735	—	November
December	—	15 611	—	248	16 242	—	—	9 633	—	December
Total	31 467	38 845	—	93 337	64 736	—	60 849	60 177	—	Total
Jan.—May	15 503	—	16 241*	64 743	—	77 204*	52 462	—	61 764*	Jan.—May

<sup>1)</sup> Free exports. — <sup>2)</sup> Dry weight.

\* Preliminary figures subject to minor alterations

## 26. — EXPORTS OF THE MOST IMPORTANT ARTICLES. — Continued.

Month	Cardboard All Kinds Tons			Paper All Kinds Tons			Newsprint (Included in previous column) Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	9 690	—	5 834*	19 545	42	23 867*	7 837	—	16 551*	January
February	9 869	—	3 761*	13 371	40	14 376*	4 871	—	7 588*	February
March	10 202	—	9 870*	19 307	79	20 378*	8 390	—	13 321*	March
April	11 224	29	9 486*	17 431	65	20 783*	6 003	—	13 354*	April
May	7 553	—	7 056*	17 614	57	26 621*	6 724	—	16 496*	May
June	9 303	119	—	15 443	5 360	—	5 540	3 631	—	June
July	8 431	486	—	11 857	7 467	—	2 525	6 280	—	July
August	6 111	2 833	—	8 655	13 022	—	1 333	7 879	—	August
September	549	2 212	—	856	15 055	—	321	10 610	—	September
October	—	4 613	—	21	12 814	—	—	7 769	—	October
November	—	3 863	—	36	11 236	—	—	6 999	—	November
December	—	11 393	—	148	17 304	—	—	12 422	—	December
Total	72 932	25 548	—	124 284	82 541	—	43 544	55 590	—	Total
Jan.—May	48 538	29	36 007*	87 268	283	106 025*	33 825	—	67 310*	Jan.—May

## 27. — FOREIGN TRADE WITH VARIOUS COUNTRIES.

Country	Imports (c. i. f.)					Exports (f. o. b., free exports)				
	Whole year		Jan.—May			Whole year		Jan.—May		
	1944	1945	1945	1946*	1944	1945	1945	1946*		
	%	%	%	Mill. mk	%	%	%	%	Mill. mk	%
Europe:										
Belgium .....	0.8	0.3	0.1	498	7.6	1.3	1.6	—	480	8.9
Bulgaria .....	1.1	0.6	1.2	16	0.2	1.0	—	—	—	—
Denmark .....	9.3	15.2	0.2	661	10.1	12.0	10.9	0.0	541	10.0
France .....	2.0	0.0	0.0	45	0.7	1.3	0.3	—	71	1.3
Germany .....	72.5	1.6	1.9	6	0.1	67.5	—	—	—	—
Great Britain .....	0.0	10.7	—	1 297	19.8	—	35.2	—	1 264	23.3
Holland .....	0.5	0.2	0.0	63	1.0	3.1	0.5	—	71	1.3
Hungary .....	2.8	0.0	0.0	0	0.0	3.0	—	—	—	—
Italy .....	0.4	0.0	0.1	0	0.0	0.0	0.0	0.2	1	0.0
Norway .....	0.7	0.3	—	329	5.0	1.1	0.2	5.1	172	3.2
Rumania .....	0.7	0.2	0.4	5	0.1	0.6	—	—	—	—
Soviet Union .....	0.0	19.0	6.4	1 779	27.2	—	29.6	18.7	1 567	28.9
Sweden .....	8.0	51.3	88.9	1 162	17.8	7.0	15.9	76.0	593	11.0
Switzerland .....	0.3	0.0	0.0	31	0.5	0.5	0.2	—	33	0.6
Spain .....	0.3	—	—	2	0.0	0.3	—	—	—	—
Other European countries .	0.6	0.6	0.8	23	0.3	1.3	0.9	—	40	0.7
Total Europe	100.0	100.0	100.0	5 917	90.4	100.0	95.3	100.0	4 833	89.2
Asia .....	—	0.0	—	0	0.0	—	—	—	93	1.7
Africa .....	—	0.0	—	0	0.0	—	0.1	—	95	1.8
United States .....	0.0	0.0	0.0	325	5.0	0.0	1.9	0.0	259	4.8
Other States of North America .....	—	—	—	1	0.0	—	0.1	—	4	0.1
South America .....	0.0	0.0	—	303	4.6	—	2.6	—	127	2.3
Australia .....	—	—	—	0	0.0	—	—	—	6	0.1
Grand Total	100.0	100.0	100.0	6 546	100.0	100.0	100.0	100.0	5 417	100.0

The country of import indicates the land in which goods were purchased, the country of export the land to which goods were sold.

\* Preliminary figures subject to minor alterations.

## 28. — VALUE INDEX OF IMPORTS AND EXPORTS. 1935-100.

Year and Month	Total Imports	Groups of Imported Goods				Total Exports	Principal Exported Goods				Year and Month
		Raw materials	Machinery	Food-stuffs	Other consumption goods		Sawn timber	Mechanical pulp	Dry cellulose	Paper	
1942	333	379	279	338	271	244	234	215	254	214	1942
1943	420	457	346	486	324	304	277	271	320	311	1943
1944	457	468	360	560	400	323	292	309	337	314	1944
1945	709	729	798	713	447	452	433	597	436	445	1945
1945 Jan.—May	478	453	525	547	327	305	311	—	303	307	1945 Jan.—May
1946 January	865	894	637	1 091	664	662	677	660	624	647	1946 January
Jan.—Febr.	904	821	972	1 143	681	686	685	665	645	646	1946 Jan.—Febr.
Jan.—March	882	795	916	1 036	840	691	729	710	650	662	1946 Jan.—March
Jan.—April	847	795	772	994	850	686	714	504	648	658	1946 Jan.—April
Jan.—May	832	806	715	967	873	690	685	612	643	661	1946 Jan.—May

Calculated by the Statistical Dept. of the Board of Customs. For details concerning the calculation of the indices see article in this Bulletin No. 4, 1939.

## 29. — TOTAL SALES OF WHOLESALE FIRMS.

Month	Total sales Mill. mk						Month
	1941	1942	1943	1944	1945	1946	
January	1 038	677	981	1 046	1 412	2 840	January
February	849	821	1 078	1 206	1 482	2 957	February
March	1 035	923	1 306	1 360	1 585	3 470	March
April	1 076	914	1 266	1 246	1 626	3 680	April
May	1 253	1 007	1 329	1 411	1 848		May
June	867	1 138	1 099	1 043	1 759		June
July	891	1 186	1 106	948	1 400		July
August	914	1 072	1 167	1 229	1 847		August
September	906	1 125	1 308	1 023	2 420		September
October	957	1 098	1 337	1 077	2 954		October
November	875	1 076	1 302	1 191	3 186		November
December	967	1 188	1 429	1 419	3 267		December
Total Jan.—April	11 628 3 998	12 225 3 335	14 703 4 626	14 199 4 858	24 786 6 105	12 947	Total Jan.—April

Calculated by the «Unsi Suomi». The figures represent approximately 95% of the turnover of all wholesalers in Finland.

## 30. — INDEX OF INDUSTRIAL PRODUCTION. 1935-100.

Month	Home industries										Exporting industries					Month
	Value index					Volume index					Volume index					
	1942	1943	1944	1945	1946	1942	1943	1944	1945	1946	1942	1943	1944	1945	1946	
January	192	204	244	221	530	98	97	97	76	94	38	48	47	40	55	January
February	216	257	288	264	607						36	49	48	38	55	February
March	201	237	265	220	548						37	50	51	40	57	March
April	169	203	211	220	95	89	76	69	70	94	38	54	53	44	April	
May	176	208	222	220							37	52	51	47	May	
June	203	201	199	239							43	40	40	50	June	
July	217	226	239	213	81	77	78	69	56	94	46	42	31	47	July	
August	159	194	235	309							49	45	33	48	August	
September	196	184	199	341							72	48	32	52	September	
October	166	179	195	390	76	75	72	76	72	94	48	50	32	56	October	
November	190	205	230	484							43	49	32	54	November	
December	196	221	221	470							42	46	38	51	December	
Whole year	189	208	225	303	83	82	80	76	76	94	43	48	40	47	Whole year	

\*Unitas index based on seasonally adjusted monthly figures.

## 81. — BUILDING ACTIVITY.

Month	Consumption of cement in Finland <sup>1)</sup>						Plans approved in the Capital <sup>2)</sup>						Month
	1 000 tons						All buildings, 1 000 m <sup>3</sup>						
	1941	1942	1943	1944	1945	1946	1941	1942	1943	1944	1945	1946	
January	25	23	28	31	46	27	56.5	92.2	7.1	0.6	64.7	105.6	January
February	25						228.8	88.3	18.3	0.3	35.5	91.8	February
March	29						65.8	3.9	—	25.6	71.9	39.2	March
April	34	76	73	60	89	89	28.8	12.1	4.8	2.9	116.8	97.1	April
May	57						179.2	72.4	196.6	8.1	229.7	54.5	May
June	36						97.6	35.1	19.9	70.2	101.7	June	
July	23	96	79	52	83	83	71.8	8.5	82.7	1.5	126.5	July	
August	15						—	8.9	11.5	6.9	42.5	August	
September	8						32.8	1.5	1.2	0.0	12.6	September	
October	8	53	46	44	63	63	26.8	12.1	12.7	1.7	47.7	October	
November	8						—	9.9	2.0	40.6	150.9	November	
December	8						0.5	9.3	0.5	42.0	36.1	December	
Total	276	248	226	187	281	27	788.6	354.2	357.3	200.4	1 036.6	Total	
Jan.—March	79	23	28	31	46	27	559.1	268.9	226.8	37.5	518.6	388.2	Jan.—May

<sup>1)</sup> Comprising the total quantity of cement delivered by the country's 2 cement factories and including the quantity imported which is, however, only a negligible part of the total consumption. — <sup>2)</sup> According to data compiled by the Municipal Building Surveyor's Office in Helsinki.

## 82. — FOREIGN SHIPPING.

Year and Month	Arrivals				Sailings				Year and Month
	Number of vessels		Net reg. tons		Number of vessels		Net reg. tons		
	Total	of which Finnish	Total	of which with Cargo	Total	of which Finnish	Total	of which with Cargo	
1943	2 586	1 421	2 060 082	1 540 712	2 623	1 455	2 068 203	1 480 299	1943
1944	1 659	1 053	1 272 138	937 883	1 639	1 038	1 268 918	979 070	1944
1945	1 360	768	930 358	384 412	1 412	810	973 256	823 805	1945
1945									1945
Jan.—May	264	146	181 294	116 286	257	132	176 885	97 460	Jan.—May
1946									1946
January	99	75	68 986	47 993	101	75	75 816	59 276	January
February	87	69	71 651	60 618	61	44	49 544	31 712	February
March	89	60	78 267	69 356	84	57	71 014	47 337	March
April	121	66	98 608	83 553	126	84	99 307	69 141	April
May	233	126	176 727	135 676	240	142	168 318	125 000	May
Jan.—May	629	396	494 239	397 196	612	402	463 999	332 466	Jan.—May

Figures supplied by the Statistical Office of the Shipping Board.

## 83. — STATE RAILWAYS.

Month	Weight of Goods Transported				Axle-kilometres of Goods trucks		Revenue				Regular Expenditure				Month
	1 000 Tons				Mill. km		(less Re-imburements) Mill. mk				Mill. mk				
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	
Jan.	728	714	752	995*	53	63	118	136	189	414*	131	178	197	495	Jan.
Febr.	703	673	703	848*	49	56	116	134	162	370*	165	209	230	509	Febr.
March	1 006	807	886	1 052*	55	68	158	169	203	459*	167	209	218	479	March
April	1 197	1 091	947	1 073*	67	70	230	284	224		174	209	237		April
May	1 397	1 354	988		70		291	274	236		180	224	367		May
June	955	580	1 046		67		188	158	279		170	213	314		June
July	1 210	1 428	996		66		251	411	294		161	242	284		July
Aug.	1 111	1 150	1 079		68		249	236	377		162	210	376		Aug.
Sept.	1 207	666	971		63		249	232	331		164	211	548		Sept.
Oct.	1 390	2 139	986		65		315	290	347		171	202	488		Oct.
Nov.	1 204	671	1 036		65		240	210	333		223	213	538		Nov.
Dec.	1 863	878	1 212		61		454	470	492		213	368	696		Dec.
Total	13 971	12 151	11 602		749		3 070	3 054	3 467		2 174	2 688	4 493		Total
Jan.—April	3 634	3 285	3 288	3 968*	224	257	392	439	554	1 243*	463	596	645	1 483	Jan.—March

According to Monthly Statistics of the Finnish State Railways.

<sup>1)</sup> Including a certain group of incomes, the monthly distribution of which is not known.

\* Preliminary figures subject to minor alterations.



**34. — WHOLESALE PRICE INDEX. 1935-100.**

Month	Index for goods in Finnish wholesale trade																Month	
	Total index						Finnish goods								Imported goods			
							Total		Products of agri-culture		Products of forestry		Products of industry					
1940	1941	1942	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946		
Jan.	142	177	218	263	293	322	614	303	615	267	616	370	771	292	565	371	595	Jan.
Febr.	146	187	221	263	295	326	619	306	621	269	629	370	775	297	568	378	597	Febr.
March	150	189	228	264	303	331	633	311	637	272	661	376	775	302	585	386	602	March
April	153	193	233	268	304	343	690	323	645	273	663	405	775	313	598	391	803	April
May	157	193	237	272	304	348	687	330	645	274	627	424	802	317	599	394	791	May
June	162	194	240	274	304	383	695	374	656	392	652	438	832	348	600	398	791	June
July	164	199	244	275	306	421		421		435		520		385		405		July
Aug.	165	203	253	282	308	489		499		489		661		450		436		Aug.
Sept.	166	204	259	284	309	515		531		497		733		475		446		Sept.
Oct.	170	206	260	286	309	577		578		604		746		514		562		Oct.
Nov.	174	209	261	290	310	596		599		631		746		541		573		Nov.
Dec.	176	209	261	291	314	607		609		639		746		555		582		Dec.
Whole year	161	197	243	276	305	438	432		420		545		399		443		Whole year	

Calculated by the Central Statistical Office. For details concerning the calculation of the index see article in this Bulletin No. 4, 1939.

**35. — COST OF LIVING INDEX.**

Month	1935 = 100																Month		
	Aug. 1938 - July 1939 = 100		Total index						Foodstuffs		Rent		Fuel and light		Clothing			Taxes	
	1944	1945	1946	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945		1946	
Jan.	199	204	423	200	216	222	461	215	505	136	144	381	855	294	479	182	652	Jan.	
Febr.	199	204	423	201	217	222	460	216	499	136	144	383	856	292	497	182	652	Febr.	
March	199	205	431	202	217	223	470	216	515	136	144	384	856	293	505	182	652	March	
April	200	207	434	202	218	225	473	216	513	144	144	399	858	294	514	182	680	April	
May	200	210	437	203	218	228	476	216	517	144	144	424	859	305	523	182	680	May	
June	200	243	450	203	218	264	490	288	541	144	144	453	901	309	530	182	680	June	
July	201	281		204	219	306		331		144		488		330		317		July	
Aug.	202	313		207	219	341		384		144		534		348		317		Aug.	
Sept.	202	325		213	220	354		386		144		768		369		317		Sept.	
Oct.	203	387		214	221	422		503		144		828		388		402		Oct.	
Nov.	203	398		214	221	434		517		144		834		405		402		Nov.	
Dec.	203	404		215	221	440		518		144		842		435		402		Dec.	
Whole year	201	282		207	219	307		334		142		560		339		271		Whole year	

Calculated by the Research Office of the Ministry for Social Affairs according to monthly reports from 32 different centres. For details concerning the calculation of the cost of living index see article in this Bulletin No. 6, 1937.

**36. — BANK OF FINLAND BUILDING COST INDEX. 1935-100.**

Year	Total index					Index of the contractor					Index of overhead costs					Year
	I	II	III	IV	Aver.	I	II	III	IV	Aver.	I	II	III	IV	Aver.	
1936	.	.	.	.	106	.	.	.	.	106	.	.	.	.	105	1936
1937	.	.	.	.	120	.	.	.	.	120	.	.	.	.	115	1937
1938	.	.	.	.	127	.	.	.	.	127	.	.	.	.	121	1938
1939	129	130	134	141	134	130	130	134	141	134	124	124	128	134	128	1939
1940	151	157	165	172	161	152	158	165	173	162	141	147	154	157	150	1940
1941	180	189	195	199	191	181	191	196	201	192	164	173	178	182	174	1941
1942	212	226	231	243	228	213	227	233	245	230	193	206	204	215	205	1942
1943	244	252	259	264	255	246	254	261	266	257	216	223	230	233	226	1943
1944	267	271	272	283	273	269	273	274	286	276	236	240	241	245	241	1944
1945	299	396	503	529	432	302	399	507 <sup>1)</sup>	534	436	259	342	435	457 <sup>1)</sup>	373 <sup>1)</sup>	1945
1946	564	613			570	619					489	530				1946

Quarterly indices and yearly averages of them. For details concerning the calculation of the index see p. 35 in this issue.  
<sup>1)</sup> Revised figure.

## CERTAIN PARTICULARS ABOUT FINLAND.

### 1. FORM OF GOVERNMENT.

Finland formed a part of the kingdom of Sweden from 1154 to 1809; from 1809 it was an autonomous Grand Duchy connected with Russia up to December 6, 1917, when Finland declared its independence, which was acknowledged by all the Powers including Soviet Russia. It became a republic in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President chosen for a period of 6 years. The present President Juho Kusti Paasikivi is elected for the term March 11, 1946, to March 1st, 1952.

The Diet, composed of 200 members, is elected by universal suffrage. The proportions of the different parties in the Diet elected in 1945 are as follows:

	Number
Social-Democratic party .....	50
Democratic League .....	49
Agrarian party .....	48
Unionist party .....	29
Swedish party .....	14
Progressive party .....	9
Swedish Left .....	1

### 2. LAND.

THE AREA is 337 113 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 310 000 sq. km). Of the total area 9.4 % are inland waters. On an average 13.5 % of the land in the South of Finland is cultivated, 1.8 % in the North, 7.8 % of the whole land. Of the land area 21.7 mill. ha (53.5 mill. acres) or 70.9 % are covered by forests.

### 3. POPULATION.

NUMBER OF INHABITANTS (1944): 3.9 millions (of whom 0.2 million emigrants). Sweden (1944) 6.6, Switzerland (1942) 4.3, Denmark (1944) 4.0 and Norway (1941) 3.0 millions.

DENSITY OF POPULATION (1944): In South Finland 22.4, in North Finland 3.2 and in the whole country an average of 12.9 inhabitants to the square kilometre.

DISTRIBUTION (1944): 78.3 % of the population inhabit the country, 23.7 % the towns and urban districts. The largest towns are: (1944): Helsinki (Helsingfors), the capital, 331 192 inhabitants, Tampere (Tammerfors) 85 168, Turku (Åbo) 78 492.

OCCUPATION (1940): agriculture 51.5 %, industry and manual labour 21.0 %, commerce 5.1 %, transport 4.6 %, other occupations 17.8 %.

LANGUAGE (1940): Finnish speaking 90.0 %, Swedish speaking 9.6 %, others 0.4 %.

RELIGION (1943): Lutheran 96.0 %, Greek-Orthodox 1.8 %, others 2.2 %.

EDUCATION (1945): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 7 colleges of university standard.

INCREASE OF POPULATION (1944): Births 20.2 ‰, deaths 17.3 ‰, of whom civil mortality 12.9 ‰ and deaths in war 4.4 ‰ (deaths in France in 1943 16.4 ‰ and in England in 1943 12.1 ‰), natural increase 2.9 ‰.

### 4. TRADE AND COMMUNICATIONS.

FOREST RESOURCES (1945): The growing stock of the forests is 1 370 million cub. m (48 379 million cub. feet). The stock of standing timber measuring 6 in. at a height of 18 ft. amounts to 1 031 million trees. Of this number pine is represented by 63.6 %, spruce by 30.1 %, the conifers thus constituting 93.7 % or 966 million trees; leaf-trees mostly birch,

6.3 % or 65 million trees. The annual increment is 40.3 million cub. m (1 441 million cub. ft.). The annual fellings in 1944/45 were 28 million m<sup>3</sup> (985 million cub. ft.).

AGRICULTURE (1945): Cultivated land 2.3 million hectares, divided as follows: area under cultivation under 10 hectares 33.1 %, 10—50 ha 54.4 %, 50—100 ha 7.2 %, over 100 ha 5.3 %. Cultivated land is divided between the different kinds of crops as follows: 56.3 % hay, 13.2 % oats, 6.2 % rye, 6.1 % wheat, 5.9 % barley, 3.0 % potatoes, 9.4 % other. The number of dairies in 1944 amounted to 512.

OWNERSHIP OF LAND (1941): The land area is distributed among different classes of owners approximately as follows: private 49.3 %, State 41.6 %, Joint Stock Companies etc. 7.1 %, communities 2.1 %.

INDUSTRY (1943): Number of industrial concerns 4 590, workpeople 186 946, gross value of products of industry 38 477 million marks.

LENGTH OF RAILWAYS (1944): 4 469 km, of which 4 219 km State railways and 250 km private. The gauge is in general 1,524 m.

MERCHANT FLEET (1945): Steamships 309 (281 751 gross reg. tons), motor vessels 32 (6 585 gross reg. tons), sailing ships with auxiliary engine 119 (11 564 gross reg. tons), other sailing ships 18 (11 023 gross reg. tons). Total 478 (260 923 gross reg. tons).

### 5. FINANCE AND BANKING.

CURRENCY. Since 1860 Finland has its own monetary system. From 1877 up to 1914 the currency maintained its stable gold value, and after the disturbances caused by the war a gold standard was again introduced from January 1st, 1926. The unit of currency is the mark (Finnish 'markka' = 100 pennä). According to the monetary law of December 21, 1925, a gold coin of 100 marks' value shall contain 3<sup>11</sup>/<sub>16</sub> grams of fine gold. Since October 12, 1931, the redemption of bank notes in gold is, however, suspended.

STATE FINANCES. According to the finance accounts for 1944 the State revenue was 37 499.3 million marks of which 21 639.6 million marks were current revenue, and State expenditure 43 903.5 million marks, of which 37 526.4 million marks were current expenditure. The principal sources of revenue were as follows: direct taxes 8 770.4, indirect taxes 2 532.3, sales tax 4 019.4, interest and dividends, etc. 2 790.6, State property and undertakings (net) 1 068.9, and capital revenue 15 859.8. For Public Debt see table 20 in this issue.

MUNICIPAL FINANCES. According to the finance accounts for 1942 expenditure amounted to 3 985.5 million marks. Income from taxation was 1 728.2 million marks, taxed income 22 159.3 million marks. The municipal income tax (non-progressive) averaged 7.8 % of the ratepayers' income.

THE BANK OF ISSUE. The Bank of Finland (founded in 1811) is a State Bank. Its head office is in Helsinki (Helsingfors) with branches in Turku (Åbo), Pori (Björneborg), Vaasa (Vasa), Oulu (Uleåborg), Kuopio, Joensuu, Mikkeli (St Michel), Tampere (Tammerfors), Hämeenlinna (Tavastehus), Jyväskylä, Kotka and Lahti (Lahtis).

THE COMMERCIAL BANKS (1945): Number 7, possess 454 offices, where all kinds of banking business is transacted. There is one banking establishment per 8 095 inhabitants.

The largest banks are: Kansallis-Osake-Pankki, Oy. Pohjoismaiden Yhdyspankki — Ab. Nordiska Föreningsbanken and Helsingin Osakepankki — Helsingfors Aktiebank, all with head offices in the capital.

OTHER BANKS (1945): Mortgage banks 5, Savings banks 470, Co-operative Credit Societies 927 and a Central Bank for the latter.

## FINLAND'S FOREIGN TRADE IN 1940—1945.

BY

T. G. MATHELIN, M. A.

HEAD OF THE STATISTICAL DEPARTMENT OF THE BOARD OF CUSTOMS.

Owing to the Great War that began in September 1939 and the blockade measures connected with it, Finland's foreign trade began to decline already during the last months of the same year. Before long, the sea connections were completely broken across the Baltic, and after that they could be maintained only through the small harbour of Petsamo on the shore of the Arctic Ocean. Except for an interruption of about five months caused by the so-called Winter War (1939 to 1940) between Finland and Soviet Russia, the harbour of Petsamo was used until nearly the end of the June of 1941, when a new war broke out between Finland and Soviet Russia. From the middle of 1941 until the months following the end of the war in Europe in 1945 Finland's foreign trade was restricted to the countries of the European continent.

Before the war the majority, over four fifths, of the commercial transactions of Finland had been made with the European countries. As, however, Great Britain had taken well over two fifths, sometimes even a half of the total exports of Finland and sent over one fifth of the total imports, only about two fifths of the total exports and not quite three fifths of the total imports were accounted for by the continent of Europe. It is evident that commercial transactions when carried on only with the countries of the continent of Europe could not reach the same level as before the war. As the possibility of the European continent of satisfying Finland's need for various import articles had been restricted already before the war, the chances of foreign trade were poor in this respect too. During the war the situation became a still more critical one for the reason that, as a result of the wars waged against Soviet Russia and the cession of areas of land

following them, the country's own production fell off considerably, thus diminishing the possibilities of export. At the same time, the food situation became more difficult, and compelled the country to increase imports even of such commodities as had previously been exported by it.

In the following review, the year 1939 has, on the whole, been considered as peacetime, for the sake of comparison with the war years 1940—1945, as far as foreign trade is concerned. This results both from statistical and technical reasons, and from the fact that the volume of foreign trade in that year corresponds better to peacetime commercial transactions than that of the last real year of peace, 1938, which represents a peak in the development of Finland's foreign trade. Nevertheless, the beginning of the war did have some influence on the composition of the imports and exports of 1939.

### THE FOREIGN TRADE OF THE WAR YEARS 1940 TO 1944.

The war years 1940 to 1944 form a period of their own in Finland's foreign trade, and this is why that period has been dealt with separately in this review. The development of the value of foreign trade is made clear by the following figures (mill. mk):

Year	Total Trade	Imports	Exports	Excess of Imports over Exports
1939	15,283	7,573	7,710	— 137
1940	12,039	9,164	2,875	6,289
1941	14,523	10,201	4,322	5,879
1942	17,722	11,731	5,991	5,740
1943	21,593	12,880	8,713	4,167
1944	15,251	8,919	6,332	2,587

Already in 1940 there was, in fact, a sudden drop in exports. The value of

imports was, however, even greater than that of 1939. The balance of trade showed a big excess of imports, and the case was the same also in all the following years, although the figures for those years otherwise suggested that the commercial transactions had become more lively. But owing to the rise of prices that had been taking place ever since the autumn of 1939, the figures do not give a correct picture of the real extent of the commercial transactions in different years. To make the development more clear, the corresponding figures are given below according to the price level <sup>1)</sup> in the first eight months of 1939:

Year	Total Trade	Imports	Exports	Excess of Imports over Exports
1939	15,005	7,377	7,628	— 251
1940	7,821	5,567	2,254	3,313
1941	7,610	4,638	2,972	1,666
1942	6,831	3,947	2,884	1,063
1943	6,871	3,612	3,259	353
1944	4,385	2,252	2,133	119

These figures show that the total trade continually decreased until the year 1943, when a minor increase took place as compared to the preceding year. And in fact, the years 1942 and 1943 in a way represent a period of stabilisation in war-time commercial transactions. The volume of the total trade in these years had dropped respectively to 45.5 and 45.8 per cent of the total trade of 1939. Then, in 1944, rock bottom was reached, and the volume of the total trade fell to only 29.2 per cent of the trade in 1939. This resulted chiefly from the armistice made in September 1944 after the war between Finland and Soviet Russia, one result of which was the breaking of relations with Germany among others.

By calculating what percentage of the corresponding figures for 1939 are the above-mentioned figures for imports and exports for 1939—1944, we get the following volume indices:

Year	Imports	Exports
1939 .....	100.0	100.0
1940 .....	75.5	29.6
1941 .....	62.9	39.1
1942 .....	53.5	37.8
1943 .....	49.0	42.7
1944 .....	30.5	28.0

Thus, the imports have decreased year after year, being in 1944 hardly one third of the imports in 1939. The exports were proportionally smaller still in 1940; the next year they increased considerably, to decrease once more and then to rise to a new, but it is true, modest peak in 1943, and then to drop finally in 1944 even lower than the level of 1940.

The war-time exports, when they were the greatest in 1941 to 1943, represented nearly the level of the exports to the European continent before the war. But even in these years the demand for Finnish export articles, under the changed conditions caused by the war, was considerably greater than the actual exports. The loss of areas of land that Finland suffered in the Winter War, 1939 to 1940, together with the economic difficulties caused by it, and the new war against Soviet Russia that began in the middle of 1941 and ended in September 1944, had, however, such a paralyzing effect also upon the industry of export articles that exports could not improve. The development must be considered to be even more deplorable, because the country's situation as regards food and supplies, while the war continued, became more and more difficult so as to necessitate an increase in the import of cereals and other foodstuffs. The losses of land alone, and the lack of man-power, fertilizers and fodder resulted in the fact that Finland — who before the war had been practically self-supporting as to cereals and had even carried on a considerable export of butter, cheese, pork, eggs, and other foodstuffs — before long became dependent on foreign imports of foodstuffs for the population.

It was, naturally, necessary to reduce imports in other spheres even for the reason that several important products needed by Finland were not to be obtained from the countries with which Finland could carry on an exchange of goods. In many spheres it was necessary to resort to the imports of substitutes, and these were not confined to consumption goods only but included also many raw materials and necessities for industry. It is evident, however, that im-

<sup>1)</sup> According to a special index of prices calculated in the Statistical Department of the Board of Customs by a method which cannot be explained in the frame of this review.

ports would have become both greater and somewhat more varied if it had been possible to finance them on a larger scale by means of exports.

The war-time foreign exchange of goods was based almost exclusively on trade agreements with different countries, and accompanying agreements as to payment on a clearing basis. Agreements like this were made practically speaking with all the European countries. With Sweden, however, no clearing agreement was achieved, but the goods bought from there had to be paid for with liquid assets, or with the credit money granted by Sweden herself.

Owing to the rise in the prices of goods, the figures showing the exchange of goods with different countries do not give a clear picture of the importance of each country in different years. Therefore, in the two following tables the shares of different countries are expressed as percentages of the total imports and exports.

IMPORTS FROM THE MOST IMPORTANT COUNTRIES IN 1939—1944 (PERCENTAGE OF TOTAL IMPORTS).

Country	1939	1940	1941	1942	1943	1944
<i>European Continent</i> . . . . .	66.7	75.7	90.5	99.8	100.0	100.0
Great Britain	19.1	6.8	0.3	0.0	0.0	0.0
Germany	22.0	20.6	54.9	73.8	76.5	72.5
Sweden	15.9	24.4	18.2	8.3	5.3	8.0
U.S.A.	10.1	13.7	6.0	0.2	0.0	0.0
Belgium—						
(Luxemb.)	6.2	4.2	1.4	0.6	0.8	0.8
Netherlands	4.0	0.9	0.7	0.6	0.4	0.5
Denmark	3.9	3.5	7.0	8.2	7.5	9.3
France	2.6	9.8	0.3	1.1	0.9	2.0
Brazil	1.6	1.1	0.5	0.0	0.0	0.0
Argentina	1.2	2.4	1.8	0.0	—	—
Italy	1.2	3.4	2.4	2.5	3.1	0.5
Soviet Russia	0.8	2.1	1.3	0.0	0.0	0.0

As the official statistics for imports notify the goods imported into the country only after they have been put on the market, they may — especially where goods taken from the stores of the customs are concerned — be out-of-date. This must be taken into consideration also when examining the ratios given above. And in fact, the imports from the countries outside the European continent, in most cases, stopped earlier than is shown by the figures in the table.

EXPORTS TO THE MOST IMPORTANT COUNTRIES IN 1939—1944 (PERCENTAGE OF TOTAL EXPORTS).

Country	1939	1940	1941	1942	1943	1944
<i>European Continent</i> . . . . .	50.0	87.9	94.7	99.0	100.0	100.0
Great Britain	36.2	3.0	—	—	—	—
Germany	16.6	54.1	54.2	66.5	68.6	64.8
Sweden	6.3	9.5	8.7	4.4	2.4	6.7
U.S.A.	12.8	5.2	1.0	0.0	0.0	0.0
Belgium—						
(Luxemb.)	3.4	0.4	2.3	2.4	2.4	1.2
Netherlands	6.2	3.7	4.7	3.3	3.6	3.0
Denmark	4.0	11.6	9.5	11.0	9.7	11.5
France	1.8	0.5	1.7	1.7	1.3	1.2
Brazil	0.4	0.5	1.7	0.9	—	—
Argentina	1.7	2.4	1.5	—	—	—
Italy	1.5	2.6	5.7	4.3	4.1	0.0
Soviet Russia	0.4	0.3	1.3	—	—	4.0

It can, however, be shown even on the basis of these figures, that after 1941 the countries outside the European continent were completely without importance as regards imports to Finland. The imports from Great Britain had ceased already in 1940. The share of Germany was even smaller than that of Sweden in the year mentioned, but after that Germany held quite a dominating position. The imports from there were proportionally the greatest in 1943, when over three fourths of the goods imported into the country were bought in Germany, and still in 1944 Germany represented 72.5 per cent of the total imports. After Germany Sweden was, until the end of 1942, the most important country as regards imports, while in 1943 she was replaced by Denmark, from where the imports had been very considerable ever since 1941. The United States, which have always held a considerable position among Finland's countries of import, lost their importance in 1941, i. e., later than Great Britain, after the transatlantic connections had been finally cut off. In 1943, when war-time foreign trade had, in some degree, become stabilized, Germany, Denmark and Sweden together represented 89.3 per cent of the total imports of Finland. Practically speaking, however, also all the other countries of the European continent were represented in the imports of Finland.

Just as for imports, it can be said also about the exports that the countries situated outside Europe did not have any importance after 1941. To Great Britain there was just a semblance of exports in

1940 compared with the exports in the year preceding the war. Germany took a dominating position in the exports already in 1940, and when the exports to that country were the greatest in 1943, the share of Germany was 68.6 per cent of the total exports. Still in 1944 the exports to Germany comprised almost 65 per cent of the total exports. During all the years of war Denmark has been the second among the export countries of Finland, and Sweden has been the third in all the other years except 1943, when the shares of both Italy and the Netherlands were greater, and that of Belgium as great as that of Sweden. In the last-mentioned year the three most important export countries represented, put together, 80.7 per cent of the total exports. Almost all the countries of the European continent were, however, represented in the export trade of Finland during the years of war 1940 to 1944. As for the countries outside Europe, attention should be drawn to the fact that a considerable export was carried on to the United States, Brazil and Argentine still in 1941.

The years of war have left their mark upon the foreign trade of Finland, not only as a general reduction in the exchange of goods, but also in the marked changes noticeable in the composition of both the exports and imports. Among exports, foodstuffs and luxuries lost their importance already after 1940 since when certain foodstuffs, for instance, oats, cheese, game etc., have been exported only occasionally in exchange for other foodstuffs. The share of both wooden goods and paper products

in exports has somewhat decreased, but on the other hand the importance of the metal and mineral industries, which were expanding already before the war, has continually increased. Thus the share of the wooden goods and the products of the paper industry in the total exports decreased from 82.6 per cent in 1938 to 75.0 per cent in 1943 and further to 71.7 per cent in 1944. The share of the metal and mineral industries, which in 1939 was 5.4 per cent of the total exports, rose to 16.7 per cent in 1942, being in 1943 and 1944 respectively 14.3 and 15.4 per cent of the total exports. This resulted from the sharp increase which occurred in the exports of copper, and copper and other ores, and also of tugboats and other vessels. In addition to this the considerable exports of certain substitute articles is characteristic of the war-time exports. Such goods were paper mattresses, sleeping bags and sanitary transport bags for the sick made of paper, which in 1943 and 1944 were exported to Germany to the total value of more than 200 million marks, and wooden soles and heels for shoes, which in the years mentioned above were exported to different countries to the value of almost 200 million marks, and further paper for spinning, paper string, paper cloth, shoes with wooden soles, shopping bags made of paper cloth, etc. A new class of export articles also were the pre-fabricated wooden houses and huts, which e.g. in 1943 and 1944 were exported for almost 750 million marks in all. — The exports of certain important articles is shown in the following table.

EXPORTS OF CERTAIN IMPORTANT ARTICLES IN 1939—1945 (1,000 kg).

	1939	1940	1941	1942	1943	1944	1945
Bacon .....	1,355	—	—	—	—	—	—
Cheese .....	5,821	864	96	—	—	0	533
Butter .....	14,005	1	—	—	—	—	—
Copper ore .....	326	14,422	30,503	32,228	36,192	50,869	7,689
Matches .....	1,682	543	349	886	1,616	1,051	349
Square timber 1) .....	109	4	20	7	16	7	18
Timber, sawn 2) .....	702	195	219	228	236	115	96
Plywood 1) .....	214	86	82	82	72	53	29
Bobbins .....	4,953	3,086	2,839	2,620	2,297	1,473	112
Wooden houses and huts ....	—	4,930	10,917	47,175	64,739	44,123	37,950
Wood-pulp 3) .....	205,360	12,818	27,521	46,124	66,532	31,467	38,845
Cellulose 3) .....	1,093,025	253,078	489,079	234,775	206,752	154,187	117,859
Cardboard and pasteboard ...	113,385	39,065	71,911	87,126	98,012	72,925	25,548
Newsprint .....	422,420	61,155	50,982	53,457	103,160	43,544	55,590
Copper, unrefined .....	11,989	13,119	5,118	6,725	6,229	2,198	1,073

1) Quantity 1,000 m<sup>3</sup>. — 2) Quantity 1,000 stds. — 3) Dry weight.

Besides the lack and shortage of goods prevailing in the countries of the European continent because of the war, the changes that had taken place in Finland's own needs of import articles, in the first place the lack of foodstuffs, influenced the composition of her imports, in addition to which the equipment of the army naturally set forth certain requirements also as regards imports. Under these conditions the proportional share of foodstuffs and luxuries in the total imports increased at the expense of other groups of goods. At the same time, marked changes took place in the composition of the group mentioned above: the import of fruit, spices, coffee, etc. ceased completely or was reduced almost to non-existence, at the same time as the import of sugar, tobacco and alcoholic drinks was also markedly reduced, while, on the other hand, cereals were imported on a pretty large scale, and considerable quantities of butter, eggs, meat, tinned meat and other foodstuffs were also imported into the country — articles that were not, on the whole, imported from foreign countries at all before the war.

The proportional increase in the imports of foodstuffs did not, however, mean that in this class of goods imports amounted to more than before the war. This is shown by the table in the next column. The import values of the four principal classes are presented according to the price level prevailing during the first eight months of 1939 (mill. mk):

Year	Raw materials and semi-manufactured goods	Machinery, means of transport	Industrial products	Food and luxuries
1939	2,792.3	1,857.9	1,791.3	935.4
1940	1,703.5	830.1	2,315.4	717.8
1941	1,622.8	1,139.3	1,023.4	852.9
1942	1,241.9	933.8	899.1	872.5
1943	1,247.7	912.5	725.0	726.3
1944	701.5	465.3	381.0	663.9

With the exception of the increase caused in 1940 by the equipment of the army in the group of finished industrial products suitable for consumption, an absolute decrease of imports is noticeable in all classes since 1939. The decrease has, however, been the smallest in the food and luxuries group, and the greatest as regards finished consumption articles, which, in the first place, is due to the decrease in the import of textile articles. The decrease in the import of machines etc. to about a half in 1943 and further to only one fourth in 1944 as compared to 1939 may be ascribed, in the first place, to the reduction in the import of motor cars. In 1943 the import of raw materials had decreased to less than a half, and in 1944 it was only about one fourth of imports in 1939. This development has, among other things, been caused by the reduction in the import of coal, coke, fuel-oils, lubricating oils, phosphate fertilizers, and that of most raw materials and semi-manufactured products used in industry. — Certain particulars about these imports are shown in the following table.

IMPORTS OF CERTAIN IMPORTANT GOODS IN 1939—1945 (1,000 kg).

	1939	1940	1941	1942	1943	1944	1945
Butter .....	0	2,781	2,921	9,770	6,392	6,662	2,101
Coffee .....	26,472	13,850	6,425	249	111	6	200
Wheat .....	22,014	62,330	51,113	51,450	14,011	52,484	69,726
Rye .....	14,741	57,890	96,496	124,702	188,132	160,507	149,863
Sugar .....	99,023	53,016	60,708	46,591	32,257	29,706	16,162
Tobacco, raw .....	3,860	3,456	4,214	2,672	2,173	1,738	1,399
Kitchen salt .....	130,356	109,299	66,021	122,388	161,250	53,002	44,589
Coal and coke .....	1,416,594	689,225	1,064,303	901,255	1,304,820	904,207	111,297
Petrol .....	148,019	75,753	64,158	58,826	59,275	22,051	4,635
Glauber's salt .....	37,301	27,328	21,968	20,888	46,962	19,009	6,292
Nitrate fertilizers .....	47,275	48,955	65,437	64,712	75,794	38,330	11,201
Phosphate fertilizers .....	99,800	14,810	4,497	7,779	2,427	2,933	33,314
Potash fertilizers .....	40,985 <sup>4)</sup>	65,300	42,621	70,615	68,816	53,112	4,977
Wool .....	2,272	1,920	974	70	182	202	1,087
Woolen cloth 1) .....	1,254	459	748	629	419	301	123
Cotton .....	12,176	10,028	4,150	158	27	55	5,879
Cotton cloth 2) .....	2,415	540	1,305	872	498	125	3
Pig iron .....	40,927	13,377	17,124	15,671	14,804	1,142	701
Bar iron and bar steel .....	73,255	91,761	94,195	84,514	91,760	38,338	17,302
Iron and steel plates .....	47,026	27,969	43,650	32,586	32,656	19,285	17,633
Motor cars and chassis 3) .....	8,250	2,400	3,892	1,685	808	452	53
Hides .....	7,271	5,535	958	10	2,571	899	223

1) Including wool-like fibro articles. — 2) Including cotton-like fibro articles. — 3) Numerical quantity. — 4) The 1938 figure.

According to the figures given above the production goods represented 63.0 per cent of the total imports in 1939, and the consumption goods 37.0 per cent. As the ratio of production goods e.g. in 1943 was smaller, 59.8 per cent, but of consumption goods greater, 40.2 per cent, imports have thus developed, not only as regards quantity but also as regards composition, in an unfavourable direction during the years of war. This is the case especially when one takes into consideration that raw materials and machines, as well as finished industrial products, have been imported in considerable quantities for the army and thus used for unprofitable purposes.

#### FOREIGN TRADE IN 1945.

Just as the outbreak of the second Great War in the autumn of 1939 checked Finland's exchange of goods with foreign countries, so also the end of the war between Finland and Soviet Russia resulted in a sharp decrease in foreign trade during the last months of 1944. After September there was exchange of goods practically speaking only with Sweden, because about that time Denmark also became isolated as a result of war operations.

The dead-lock into which Finland's foreign trade thus fell, lasted until the latter half of 1945, when the connections which had been broken by the war, among others with Great Britain, were re-established. Already at the beginning of the year, however, commercial transactions had begun with Soviet Russia. By the end of the year Soviet Russia was the second in order of all the countries with which there were commercial transactions. This is shown by the following table (mill. mk):

Country	Total Trade	Imports	Exports
Sweden .....	4,332.	3,501	832
Soviet Russia ...	2,838	1,293	1,546
Great Britain ...	2,566	727	1,839
Denmark .....	1,607	1,036	571
Other countries ..	705	263	440
Total	12,048	6,820	5,228

The four countries mentioned above separately, represented together 94 per cent of the total commercial transactions. The exchange of goods, however, reopened not only with several European countries, but also with many countries overseas. In most

cases Finland has taken the initiative by sending her own export articles to the countries concerned. The results of this activity have begun to be noticeable in the form of imports on the whole only in 1946.

The reparation deliveries and restitution of goods to Soviet Russia according to the armistice agreement have not been included in the export figures given above. To show the injurious influence of these deliveries on the development of commercial transactions it can be mentioned that in 1944 of the exports in question 265 million marks, and in 1945 apparently at least 6,500 million marks, were such goods — mainly wooden goods, products of the paper industry, machines and copper — that otherwise could have been used for free exports and thus for the financing of imports.

According to the prices of the first eight months of 1939 the value of the imports of 1945 was only 1,166 million marks, or a little more than a half of the imports of 1944. Calculated in the same way the value of the exports was likewise only somewhat over a half of the exports of 1944. The volume (1939 = 100) of imports was only 15.8, while that of exports was only 14.6. Thus, the total commercial transactions of 1945 were not quite one sixth of those of 1939. Taking into consideration the need for imports, Finland's foreign trade has scarcely ever in any year during the whole present century been proportionally so small as in 1945.

According to the prices of the first eight months of 1939 the share of the products of the paper industry in the total exports of 1945 was 41.8 per cent, and that of wooden goods was about the same, 41.7 per cent. The third biggest export group was, as in the recent war years, the products of the metal and mineral industries.<sup>1)</sup> The foodstuffs formed the most important import group (41.0 per cent of the total imports). In the second place were the raw materials and semi-manufactured articles (37.6 per cent) for the reparations industry and for agriculture, in the third place machines and means of transport, while the share of finished products ready for consumption remained extremely low (8.0 per cent).<sup>2)</sup>

1) See table on page 22. — 2) See table on page 23.



Towards the end of 1945 and further during the current year, a considerable amount of foreign credit has been received. Also the possibility of enlarging exports has improved, because the restitution of goods has ceased and because of the fact that in the future wooden goods and the products of the paper industry will be less used for reparation deliveries, and above all, because the situation as to raw materials is better than for years thanks to very successful lumbering. Therefore it is

evident that already during the current year imports to Finland can rise from the trough into which they had fallen at the end of the second Great War. And it is the revival of imports that is the condition vital to Finland under the present circumstances. It is rendered necessary by the general shortage of goods prevailing in the country, but above all by the lack of raw materials and machines for the reparation and other industries, and also by the shortage of foodstuffs.

## THE RECENT DEVELOPMENT ON THE FINNISH MONEY MARKET.

BY

K. O. ALHO, PH. D.

Until the outbreak of war the Finnish money market developed very satisfactorily, mainly thanks to the powerful boom of the 1930's. Rapidly expanding capitalization made it possible to pursue the active investment policy which was characteristic of the last pre-war years. Certain years the supply of money even exceeded the demand for it. This allowed the country, despite the brisk home demand for capital, to clear off most of its foreign debts, and in consequence hereof Finland's foreign payment position was very satisfactory at the end of the era of peace.

With the exception of a few short periods of strain, the money market remained easy throughout the war, the supply of money being greater than the demand during the whole of this period. War expenditure highly increased liquid purchasing power of which a substantial part flowed into the credit institutions. The liquidation of commercial stocks also promoted the influx of currency, and business houses had to deposit their liquid assets in the banks. Eventually, the progressing inflation further increased the deposit figures of the credit institutions.

### DEPOSITS.

The increase of capital during the last few years is best reflected in the development of the depository movement in credit insti-

tutions. The following table shows the public's deposits in all such institutions.

End of year	Mill. mk
1938 .....	19,938
1939 .....	19,770
1940 .....	23,297
1941 .....	25,066
1942 .....	29,526
1943 .....	36,569
1944 .....	44,535
1945 .....	61,403

The nominal increase of deposits in credit institutions, these being the most important source of fresh capital, has thus been very large since pre-war times. By the end of 1945 deposits had advanced more than three times since 1938. The rise was steepest in 1945 when the public's deposits increased by nearly 17,000 millions. Partly caused by an exceptional influx of currency in consequence of the impending exchange of notes, this phenomenon was nevertheless mainly a sign of the powerful inflating tendency which prevailed in Finland during the said year, the price level rising to about the double in a short space of time. For this reason the increase of savings during the war, and after it, is merely illusory; it is actually a proof of the fall in the value of the mark. To illustrate this, the above figures for the public's deposits have been converted into marks of unaltered value fixed according to the cost of living

index (August 1938 — July 1939 = 100). The following figures are thus obtained:

End of year	Mill. mk
1938 .....	19,900
1939 .....	18,500
1940 .....	17,800
1941 .....	16,700
1942 .....	16,300
1943 .....	18,600
1944 .....	21,900
1945 .....	15,200

It can be seen that the deposits accumulating in credit institutions do not represent the purchasing power one might expect judging by the nominal values. By the end of last year their real value had actually fallen below the pre-war level, and for this reason saved-up capital at the disposal of the business world is actually smaller now than it was in 1938 and 1939. The deteriorating effect of inflation on capital was apparent especially in 1945 when the purchasing value of deposits fell by 7,000 million marks, the nominal increase of deposits being 17,000 million marks.

The years 1943 and 1944, however, were exceptions in this respect, as the purchasing value of saved-up capital also increased alongside with its nominal value. This was due above all to the firm policy for the maintenance of a steady money value which was pursued at that time, but partly it was a result of saving propaganda and tax policy. As a high influx of deposits during the war was of the utmost importance to the State — the foremost borrower on the money market, the Government in 1943 began to encourage saving by means of substantial tax reductions for depositors. By virtue of a law of August 6th, 1943, tax-payers were granted exemption from taxes for all income from interests on deposits, cheque accounts excluded, and from Government bonds up to 4,000 marks, and for half the corresponding income in excess hereof up to a limit of 100,000 marks. With regard to property tax, deposits proper and bonds were declared free of taxes up to a limit of 100,000 marks, half of the excess up to two million marks being also free of taxes. These provisions are in force until the end of 1947, but as they have lost much of their purport in consequence of the great deterioration of

money value, the lower limit is proposed to be increased to 10,000 marks for income and 300,000 marks for deposits and bonds.

The structure of the money market, as indicated above, has undergone some noteworthy changes during the past years. With regard to deposits in credit institutions the most outstanding feature, especially during the first years of the war, was the comparatively much steeper rise of cheque accounts as compared with the increase of deposit accounts proper. The cheque accounts of the Commercial Banks thus rose from 1,944 million marks at the end of 1938 to 11,566 million marks on December 31st, 1945, an increase of roughly six times. On the other hand deposits proper were only doubled during the same period rising from 7,549 millions to 16,558 millions. In consequence hereof the ratio between deposits proper and cheque accounts underwent a substantial change during the war. At the end of 1938 cheque accounts represented 20.5 per cent of all deposits made by the public, but at the end of last year this ratio was 41.1 per cent. Several circumstances have effected the rapid increase of cheque accounts. The most important one was a general feeling of insecurity caused by the war. Later, considerable liquid assets were deposited on cheque accounts by business and industry pending new investments in goods, repairs, etc. Another cause was the insecurity deriving from inflation, depositors giving preference to cheque accounts from which money could be drawn more easily than from deposit accounts proper. This development was contrary to the Government's monetary and financial policy, and it furthermore compelled the banks to be very careful in granting long-term credits, in order to preserve their liquidity. On the other hand the State has profited from the increased cheque deposits as the banks, thanks to such large holdings of cheap money, were able to discount Treasury bills at conditions comparatively favourable to the State.

#### CREDITS AND CREDIT CONTROL.

In the past years and especially during the war, State borrowing has dominated the Finnish credit market. The money needed

to finance the war was obtained, apart from taxation, by borrowing in the first place straight from the public and on the money market — foremostly from the Commercial Banks — and only in the last place from the Bank of Finland, when the funds raised elsewhere proved insufficient. The Winter War was financed practically by means of credits granted by the Bank of Finland only, but as early as in 1940 the State more and more began to fall back on the assistance of the credit institutions, mainly the Commercial Banks. When expenditure went on rising during the war the State obtained much of the credits it needed from the Bank of Finland. At the end of 1945 the Central Bank held Treasury bills for 18,600 million marks, as against 600 million marks in 1939 and 3,900 million marks in 1940, but State loans from the Commercial Banks also reached large sums. The Commercial Banks, same as other credit institutions, especially savings banks, have discounted Treasury bills, besides which they have bought Government bonds and tax payment certificates. The following table shows the values of credits granted by the Commercial Banks, including Treasury bills.

End of year	Credits Mill. mk	Treasury bills discounted	
		Total Mill. mk	Per cent of all credits
1939 .....	9,637	115	1.2
1940 .....	11,021	2,528	22.9
1941 .....	10,651	1,215	11.4
1942 .....	11,794	1,850	15.7
1943 .....	14,627	3,100	21.2
1944 .....	16,459	4,266	25.9
1945 .....	21,329	4,185	19.6

Before the war the Government resorted to the Commercial Banks for credit in exceptional cases only, and this form of borrowing was therefore of no practical consequence. But during the war it played an important part in financing the State's current expenditure, and even after the war the Government was compelled to recur to the Commercial Banks for this purpose. The role of State borrowing on the money market is illustrated by the fact that the ratio of Treasury bills discounted by the Commercial Banks reached a top figure of 80 per cent of these institutions' total bill credits granted. Furthermore, during the past years the credit institutions have granted considerable cre-

dit to the State in purchasing Government bonds and tax payment certificates. In the Commercial Banks these values reached their peak in December 1944, with a nominal total of more than 10,400 million marks. At the end of 1944 more than sixty per cent of all credits granted by the Commercial Banks consisted of credit to the State, this being a good example of the structural change of the Finnish money market in consequence of the State's wartime need of money for war financing and other purposes. Other credit institutions have also lent money to the State, but the amounts lent were not, as mentioned above, comparable to those granted by the Commercial Banks.

During the war a voluntary credit control system was introduced on the original initiative of the Bank of Finland, mainly with a view of making it possible to grant priority to State borrowing, but also for reasons of production and money policy. This control operated according to instructions from the Bank of Finland to the credit institutions, indicating the purposes for which credits may be granted, and also the purposes for which credits should be declined under the prevailing circumstances. In regard to large and very large credits the Bank of Finland also supervised how these instructions were being followed. This system worked successfully during the war and it is still in force.

#### RATE OF INTEREST.

In January, 1941, the credit institutions agreed upon a voluntary control of interest rates. They engaged themselves not to raise their rates of interest without the consent of a committee specially instituted for this purpose. This measure had become necessary in the first place because the rates of interest which had remained unchanged for many years, had shown a tendency to rise in and after the autumn of 1939, first in consequence of the stringency on the money market, and later on account of the highly-growing demand for credit after the Winter War. It was feared, on the other hand, that a higher rate of interest would affect reconstruction. It is true that upward tendencies appeared from time to time later too, but nevertheless, no special

efforts were required, mainly owing to the easy money market, for maintaining the level of interest rates more or less unaltered. A good proof of the steadiness of interest rates can be found in the fact that the Bank of Finland's lowest discount rate, which was reduced to 4 per cent in 1934, has remained unchanged ever since. The strain recorded last year and this year on the money market has not, up to now, brought about any change in the interest policy hitherto followed. Finnish interest policy consequently works on lines identical to those adopted in most other countries and known under the name of easy money policy.

#### FOREIGN PAYMENT POSITION.

In this connection attention should briefly be turned to the aspect of the money market as expressed by the foreign payment position of the credit institutions. It has been mentioned earlier in this survey that Finland's foreign payment position was very satisfactory on the eve of war, the credit institutions showing up at that time net foreign claims to a total of roughly 2,500 million marks. In consequence of Finland's strongly passive trade balance, and accordingly passive balance of payments since 1940, the credit institutions' foreign accounts recorded a very unsatisfactory development which soon resulted in the net foreign claim being replaced by a net indebtedness. During the war and up to December, 1945, the foreign payment position of the credit institutions fell back by more than 4,000 million marks, besides which Finland's total payment position deteriorated by the effect of the increasing short and consolidated foreign indebtedness of the State and the weakened foreign accounts of the import and export firms. The net Finnish foreign short and long term indebtedness, being furthermore increased owing to the falling value of the mark abroad, amounted to 24,100 million marks at the end of last year, against only 400 million marks in 1938.

#### THE TIGHTENING OF THE MONEY MARKET IN 1945 AND 1946.

The easiness and quietness which characterized the money market during

the war and during the first post-war period has been referred to earlier. The year 1945, and still more the first months of the current year, mark the beginning of a new phase in Finnish money conditions. The first signs of a commencing strain could be seen in December 1944, the strain being due not only to sluggish saving, but foremostly to the business world's greatly rising demand for credit. A most serious crisis would no doubt have resulted in the autumn of 1945 if it had not been postponed by the turn called forth by the impending exchange of notes.

This new phase began in autumn 1945 and it was characterized by a strong influx of money to the banks. The peak of this trend was reached in December, particularly during the last days of the month. The magnitude of this rush to the banks can be seen in the fact that the public's deposits proper in all credit institutions rose by 4,347 million marks in December, the corresponding figure for December, 1944, being only 563 million marks. The banks were now able materially to improve their position. Their liquidity, which had deteriorated noticeably earlier in the year after having been on the whole very good during the war, was temporarily excellent again at the close of the year.

As could be expected, a change for the worse has again taken place this year, as the increase of deposits had been only a temporary occurrence called forth by the exchange of notes. At present we seem to be involved in a serious money crisis, perhaps the most serious one for many years. The shortage of liquid means of payment has been great, in business and among the general public alike, and it has led to considerable withdrawals of money, especially from cheque accounts. These deposits, heavily reduced in January—February, started rising again later, but without reaching the level recorded at the end of the preceding year. The movement of deposits proper was also sluggish and their rise remained quite insignificant. Such a weak supply of money could not be without badly affecting the position of the credit institutions. But in fact, the liquidity of the latter was still more strained by the great expansion of credit-granting. In January—April the Commercial Banks

increased their total lending by nearly 5,000 million marks, a sum only 1,000 million short of the figure for the whole preceding year. Less depositing and more lending have thus considerably deteriorated the liquidity of the credit institutions. This weakening of their position has already forced them to recur to the Bank of Finland for assistance to enable them to satisfy the steadily growing demand for credits. In January there were as yet no rediscounts, but from February onwards the Bank of Finland has had to rediscount bills of other banks.

The tightening of the Finnish money market during the past months is to a certain extent the result of temporary contingencies. On the whole this phenomenon

must nevertheless be seen as something more permanent, caused as it is on the one hand by the Finnish business world's present shortage of liquid capital as compared with pre-war times, and on the other hand by the precipitous rise in the demand for credits for reconstruction, war reparations production and other expanding investment needs, as well as for the fulfilment of the settlement programme, for the renewal of stocks, etc. The capital needed for these purposes is so great that the Finnish money market will not be able to raise it, at least not in the near future. There is therefore reason to believe that the present strain on the money market will last, perhaps even for a long time ahead.

## STRUCTURAL CHANGES IN FINNISH PRICES.

BY

KLAUS WARIS, PH. D.

HEAD OF THE ECONOMIC DEPARTMENT OF THE MINISTRY OF FINANCE.

### WAR-TIME PRICE TENDENCIES.

For the country involved in it, war nearly always means inflation, the extent of which depends on the one hand of the supply situation and the comparative burden of the war effort, and on the other hand of the measures taken to counteract it and of the political contingencies allowing a firm economic policy. However, even the best theories for financing war without deteriorating the value of money seldom come true.

Finland was not prepared for war in 1939 — she had no stocks of raw materials or finished goods and even lacked enough war materials to equip a fully mobilized army. Industry had to concentrate on producing munitions, and the output of civil goods was abruptly reduced. Normal trading stocks were soon depleted and a real shortage of many commodities began to be felt, this trend being further accentuated by the steep fall, and at times total cessation, of imports. Finnish farming has

always been highly dependent of imported fertilizers and rich fodder, and when these failed output rapidly lessened. Soon the industry producing consumers' goods also suffered from lack of imported raw materials. Thus it became imperative to introduce rationing and price control soon after the outbreak of war. These measures were first, in autumn 1939, applied to such general imported consumers' goods as sugar and coffee; in the following year they were extended to grain and cereal products, edible fats, textiles, etc.

The tightening of the supply situation and the fear of steadily reduced chances of obtaining goods were as such enough to animate demand. Another powerful incentive for buying arose partly out of the higher wages ensuing from shortage of labour, and partly out of the income deriving from rising production for the needs of the Army and the rapid increase of wages and day-pay in the services, whilst taxation, in the beginning, could not keep

pace with the rising level of State expenditure. The inexperienced control and rationing machinery was not up to checking effectively the arising pressure on prices. But foremostly, the level of prices was affected by the steep rise in the prices of imported goods (vide diagram) and the necessity of replacing, by expensive domestic substitutes, the commodities of foreign origin needed by industry and transports (i. a. the manufacture of lubricating oil from tar).

In 1942 the decline in production could be stopped; the crop was better than the year before and industry began to accommodate itself to the new war-time conditions. State revenue at that time was brought into better congruity with the greatly increased expenditure. In 1940 less than one third of State expenditure could be covered by ordinary revenue, in 1942—43 more than two thirds. By autumn 1942 the control of wages and prices, and also of production and distribution, had become comparatively efficient. A remarkable stabilization of prices began to take place, and became still more marked after the new revision of prices in autumn 1943. It is worth mentioning that the revision did not, on the whole, affect the prices of farming products, as a system of premiums was introduced simultaneously.

#### SITUATION AFTER THE ARMISTICE.

The comparative stability of the indices during the last years of the war may not be interpreted as a sign of an existing state of balance between the price-forming elements. New internal conflicts which steadily became more difficult to solve appeared on the wage-front, and wages were pressed up by the accumulation of unsatisfied consumers' needs. The same symptoms of increased tenseness could of course be seen also on the producers' side. Immediately after armistice had been concluded between Finland and Soviet Russia in September 1944, the control system was again put on a hard test, the situation being further aggravated by the sudden turn for the worse with regard to supply.

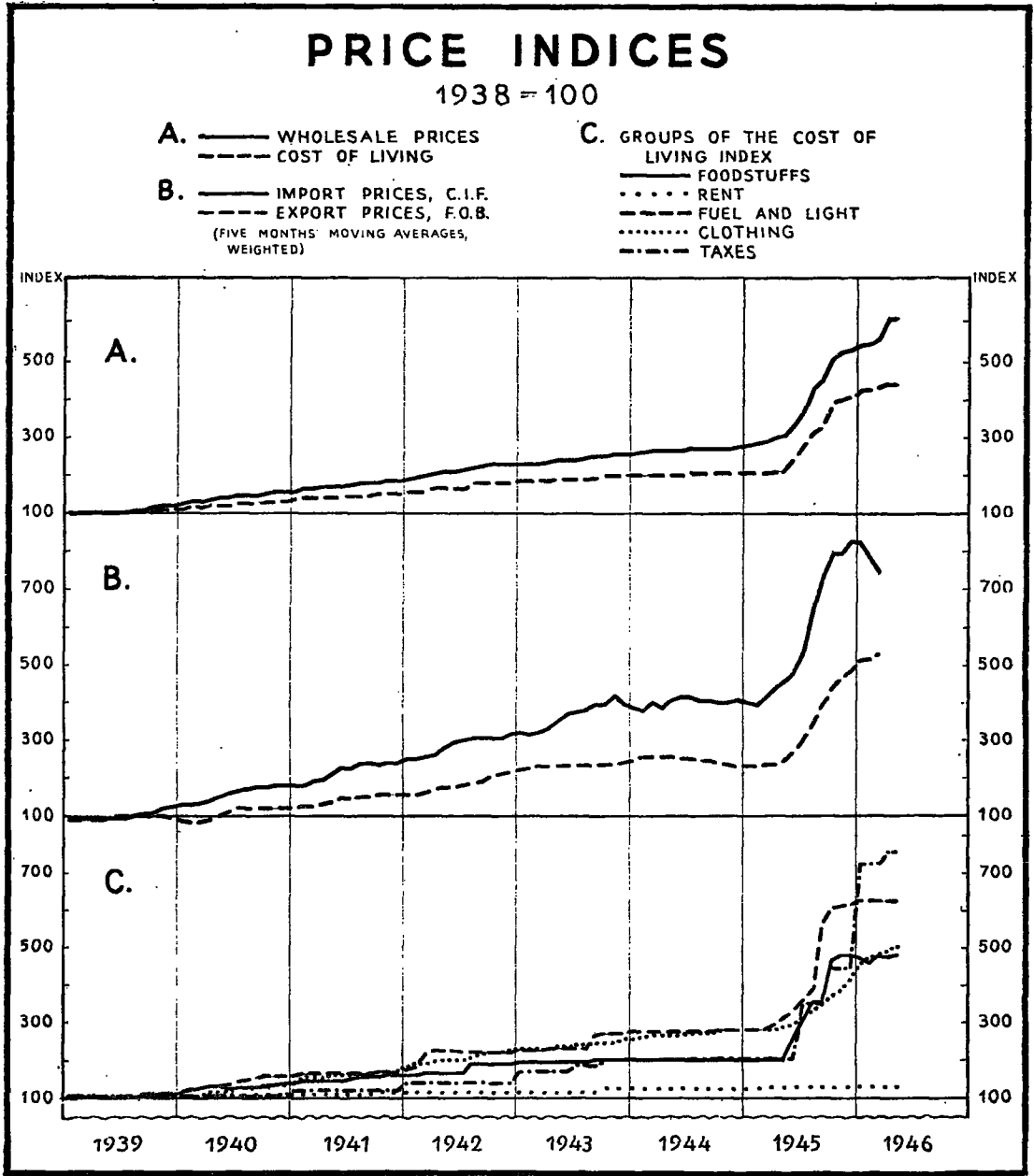
Obviously the control of wages and of

the right freely to choose employment belonged to the war-time measures which aroused the greatest resentment among workers, quite apart from the fact that the political parties representing the latter more than before shared in the responsibility of government. The Labour Control Act was accordingly abrogated as early as in autumn 1944. This alone was enough to make it difficult to keep up a strict control of wages, and as open labour conflicts had to be avoided in the industries working for war reparations, as in most other branches of production, the claims for higher wages usually gave positive results. These rises grew by and by larger and they spread over a widening field, eventually embracing the whole of trade and industry. Simultaneously the correlation between different wages was completely upset.

The Government, now being supported by the Trade Unions, after much efforts eventually succeeded in summer 1945 to bring some sort of order in wage conditions, re-introducing at the same time wage-control. After this it was possible, on the whole, to control the development of wages, even if their rise could not be completely checked. The wage-level of 1945 was on the average about twice as high as that in autumn 1944.

The rise was far from being equal in respect of all wages. Pursuing the trend which had begun on account of the exceptional state of the labour market during the war, the Government consistently strove to raise not only the absolute, but also the relative wage-level of the lowest paid classes of workers. It can be noted that the present income<sup>1)</sup> earned by forestry and farm labourers, as a result of this policy, is between seven and nine times as high as in 1939, whereas wages in industry had risen 5½ times by the end of 1945 (for male workers about five times and for female workers about 6.4 times on an average). Wages of skilled labour have usually stopped short of these averages, those earned by less qualified workers having risen correspondingly more. For functionaries and other „white collar” workers the increase has been much smaller.

1) After the rise effected in May, 1946.



As wages constitute quite the most important cost item in all productive activity, and as other cost items rose too and the tax burden had to be increased still further, the price control authorities very rarely found motives strong enough to disregard these circumstances in fixing prices. Thus it soon became necessary to raise prices, but the sanctions to such effect were

often postponed for months. Therefore prices did not jump in the same manner as wages, they followed a curve which gradually steepened from spring 1945 onwards. At the beginning of this year a certain settling of prices can already be noticed. In May 1946 the cost of living index was 441 and the wholesale price index 603, the corresponding levels of 1938 being = 100.

## THE PRESENT SITUATION.

The evidential value of the indices has greatly lessened during the war: they are made up solely of prices which are either controlled or completely uncontrolled, they do not reflect the changes that have taken place in the structure of consumption or the volume of trade, and the qualitative deterioration of goods has been insufficiently considered, etc. It is nevertheless possible to note certain interesting tendencies in the structural development of prices.

One of the most noteworthy features is perhaps the divergency of prices of import and export goods. This is partly due to the fact alone that the price-index for export goods is calculated on fob-values and the price-index for import goods on cif-values. In consequence hereof the latter also reflects the considerable rise of freight and insurance costs during the war, whereas the former remains unaffected by it. But apart from this an appreciable difference still remains between these two indices. One reason for the comparatively slow rise of export prices is no doubt the fact that our most important export articles, such as timber and certain products of the woodworking industries, were of secondary importance on the world markets during the war, their consumption being very small both absolutely and as compared with the consumption of the key commodities proper of the armament industries. The latter, on the other hand, of old include many of our most important import goods. An example: the import price of coal rose by more than 1,000 per cent between January—August 1939 and April 1946, the corresponding rise for pig iron being about 950 per cent. The export price of wood-pulp, on the other hand, rose by only about 280 per cent, that of pitprops by less than 400 per cent and that of sawn timber by about 330 per cent. One reason for the great advance in the price of coal is of course to be found in the considerable extension of the average transport distances; this commodity has even had to be brought all the way from America. Recently cereals have also risen steeply in price on the international markets, but this has not yet had time to affect the index of import prices.

Another interesting feature is that wages, especially those in formerly badly paid branches, have risen much faster than the cost of living index. One may ask whether Finland was really one of the rare countries in which the workers' real standard of living was raised during the war. Such a notion must however be dismissed as absurd, considering that the national real income of Finland fell by one third during the war, that we have to pay a heavy war indemnity, and that even before the war the distribution of income was much more level here than in most Western countries. Certain minimum wages, even in respect of their real value, are doubtlessly as high as before the war, or even higher, but actually the average purchasing value of wages has fallen.

This apparent discrepancy can be explained by the fact that the cost of living index does not give a true picture of what life actually costs. It must first be remembered that the rations of the most important consumers' articles are exceedingly small. (Rations for light workers stand for a calory value of about 1396). Many consumers' goods which were common before the war are not to be had now. Reliable researches prove that in Helsinki for instance about one quarter of the foodstuffs consumed by well-off workers' families comes from the black market, and the price paid for these may be many times the official one. But apart from this the quality of many manufactures, such as textiles and footwear, which bear effect on the cost of living index, has deteriorated. In winter rooms are badly heated, no hot water is supplied in flats, etc. Nobody can live today after the consumers' budget on which the cost of living index is based. The real standard of living has quite manifestly fallen.

The aforesaid does not, however, alter the fact that wages have definitely advanced more than business profits and income from capital. Prices are lower than they would be if the ratio between profits, interest on capital and amortization on one side, and costs of production on the other side, had remained unaltered. A few typical examples may be mentioned. Before the war the price paid to the forest-owner was about 70 to 75 per cent of the total



cost of saw-logs; now this ratio has fallen to about 35—40 per cent. Correspondingly, wages have become by far the most important item of cost in the price of raw timber. Rents in old houses, being very strictly controlled (vide diagram), to-day do not even cover the cost of upkeep, even if the owners of these houses have greatly profited by the lessened real value of mortgaged loans resulting from the deterioration in the value of money. In farming, the value of a man's day-work before the war was equal to the price of 15.3 kilograms of rye, to-day the corresponding value is 25.6 kilograms.

With the progress of inflation circulating capital has gradually been badly decimated in many branches, in consequence of the principle which has been followed in price control and by which the value of raw materials etc. is fixed in accordance with their purchase price. Therefore it does not surprise that there is no longer in Finland any liquidity of trade. The liquidity of industry has decreased for the same reason, although industry in general has obtained some compensation out of the rising value of real property. Special difficulties have arisen in branches of industry where the process of production is unusually slow, as for instance in the woodworking industries. Renewal of stocks of raw material, repairs, replacing worn-out machinery, etc. cost much more than generally provided for in the pricing. Another reason for the decimation of capital can be found in the principle which has been generally, but not always strictly, followed in pricing industrial products, and according to which little or no heed is paid to the relative increase of general costs per unit produced when the increase is due to a reduced rate of production, even if the production is hampered for reasons beyond the control of the producer, as for instance by a shortage of foreign raw materials.

#### PRICE-RAISING INFLUENCES.

Enough has been said to allow the reader to conclude that many Finnish price indices are lagging behind actual costs. This regards for instance prices of forestry products. The index pertaining to these reflects the price of timber as it arrives to the mill, but not the price of the timber

that has been felled to-day but will be transported to the mill perhaps half a year later. This applies also to products of industry. Thus, in the pricing of sawn timber, the purchase price of saw-logs is calculated at 30 marks per cubic foot, but the current price is 35—40 marks per cubic foot and next autumn it will apparently be higher still, i. a. owing to the 15 per cent increase in May on the price paid to the forest-owner. Likewise, the price of iron has just been raised, but this has not yet affected the prices of manufactured goods. This is also the case with regard to the price index for farming products, as the effect of last spring's increase of farm labourers' wages will not be fully noticeable in the prices before the new crop is on the market.

The foregoing survey has given an outlook on the comparatively near future. In trying to appreciate the development of prices for a longer period ahead it becomes necessary first to realize the fact that there can be no question this time, if home indices are being considered, of any „natural” decrease in prices, as became the case very soon after the first World War. Now these indices mainly rest on controlled prices which depend on costs of production. The only exception are the prices of eggs, fish and root-vegetables which, after being released from control, have advanced out of proportion to other prices thus raising the cost of living index and the index for farming products. On the other hand, the fall of black market prices, which must be taken for granted, will not affect the indices. Thus the development of prices in the future too, assuming that prices will still be controlled, will depend more on how costs of production develop than on a restored balance between supply and demand.

Price control has until now used all opportunities to make business consume its own capital, but the limit will soon be reached. Producers' as well as consumers' capital cannot be preserved and increased unless the price of manufactures includes an amount which is sufficient for this purpose at the prevailing rate of costs. This can be illustrated with an example which will soon be of current interest. Electricity for civil and industrial purposes is now being delivered by power-stations

which were built before the war, and at a tariff which has risen by only 100 per cent since 1939. But the supply of electric power is already short, and for this reason many new power-stations are being built. But as soon as these will start distributing current the tariff will have to be raised considerably if the new plants are to be made profitable. The case is the same with regard to rents: the proportion of houses which have been built now at a cost many times higher than that prevailing before the war increases every day. It is impossible, alone with a view of maintaining a satisfactory wage-control, to imagine that two parallel, quite different rent-levels should exist. The rents in new houses are roughly five times as high as those in old houses, but this has not yet been taken into consideration in the cost of living index. Compared to this it is perhaps of lesser consequence that the goods of peace-time quality which now find their way to the market often fetch higher prices.

#### PRICE-LOWERING INFLUENCES.

On the other hand influences can be found which will probably tend to reduce costs. It is to be hoped that freights and insurance premiums will fall from their present level. Certain imported goods are still a little cheaper than corresponding home products. Coal, despite its high price just now, and petrol will in many cases be much more economical fuels than domestic fire-wood or peat. After the supply of these fuels has improved, wood-felling can possibly be reduced, men employed in forestry be chosen more carefully, and the whole branch of forestry be organized on more economical lines. Now it is essential to get the greatest possible quantities of wood out of the forests, and this cannot but raise costs over the normal level. The same applies, *mutatis mutandis*, to the present war reparation industries. The existent capacity of production can also be better utilized as soon as the supply of raw materials improves and manufacture of substitutes can be dropped. This is important especially in agriculture. Better supplies of foodstuffs and other requirements for life will no doubt also be an incitement for greater efficiency and higher productivity. With the rise of the national real

income, and if not earlier when reparation deliveries cease, it will be possible to reduce the tax burden and thereby also substantially lower the present price level. The sales tax which was introduced during the war and from which only the most important foodstuffs are exempted, alone raises the price of goods by 18 to 22 per cent.

Is it further possible, in the long run, to expect such changes in the international price level as will lower prices in Finland? Such an assumption would seem to be confirmed by the fact referred to earlier, that the prices of our main import goods on the whole have risen much more than those of our export goods. Therefore, the possibility exists that even if the prices of our export goods should fall, this would be compensated by a still greater fall in the prices of import goods whereby part of the effect of rising domestic price tendencies would be eliminated.

It is evident on the other hand, that just now the international market prices for Finnish import goods include a high speculative and temporary margin which will be either reduced or will completely disappear in normal times. Again, the prices Finland now gets for her export goods correspond on the whole to the present level of costs in this country. Looking at the matter from this angle it seems after all to be too daring an assumption to expect that the evolution of prices abroad will eventually make a reduction of prices possible in Finland thanks to decreased costs of raw materials and fuel. On the contrary, new difficulties may arise in price policy, because the process of accommodation to the international level of costs will perhaps demand either a lowering of the Finnish wage level or efficiently rationalized production, the possibilities of which are very small, or, finally, adjustment of the exchange rates.

#### CONCLUSIONS.

In weighing against each other the price-raising and price-lowering influences, the balance eventually seems to incline in favour of the former, even under the present situation as to costs. It lies beyond doubt that even the well „sheltered” cost of living index will gradually rise (rents!). If the

role of the black market in meeting the demand of foodstuffs and clothing can be reduced by means of a larger supply of commodities at controlled prices, the real cost of living will not rise very much more. Remains only the question whether the improvement of the supply position can keep pace with the rising prices. If not, it will surely be difficult, for political reasons alone, to prevent wage-conflicts with ensuing higher wages — quite apart from the fact that wages are not index-bound and that repeated increases of nominal wages are of no consequence for improving the standard of living. In other respects too wages are a bad stumbling-block on the path leading to a more stable Finnish economy, one

reason for this being that wage-conditions, despite any form of control, still exhibit great inconsistencies. Experience teaches that every attempt at a correction under the present conditions will lead to a general rise of the average wage-level.

The Government has proclaimed a general price and wage stop for the six months beginning July 1st, in order to correct the inconsistencies of the price and wage structure that are a hindrance to stabilization, and in order to create other favourable conditions for an increase of production. In later issues there will be the opportunity of reporting on the practical stabilizing measures taken by the Government during this price and wage stop.

## ITEMS.

**Bank of Finland building cost index.** Table 36 of this Bulletin contains the Bank of Finland building cost index which is calculated by the Institute for Economic Research of the Bank.

The index measures the development of the erection costs of dwelling houses of stone in Helsinki. The costs of erection are considered to include all costs necessary in order to make the house ready for use, except the price of the site and the costs of financing it.

The index is based on the year 1935, a period when the depression had been finally overcome in Finland and economic activity, including the building activity, turned towards a revival. In order to illustrate the development since the outbreak of the second World War, the original figures have been converted into another series by making the first three quarters of 1939 equal to 100.

The index has been calculated since 1922, although the first four years are based on incomplete data. From the beginning of 1939 onwards there are quarterly indices. In 1939 and 1940 they refer to the middle month of the quarter, later on to the last month.

In the first place the costs taken into

account in the building cost index are divided into an index of the contractor and an index of overhead costs. The building is assumed to take place so that a speculative builder does the preparations and gets the designs for the building and the necessary capital. The erection he contracts to a building firm, to which he pays the agreed amount, in advance all along as the work of erection progresses.

The complete grouping of the cost of building index is the following:

- I. Costs of the contractor.
  - A. Building material.
    - a. Stone material.
    - b. Wooden material.
    - c. Metal material.
    - d. Material for isolation and covering.
  - B. Sub-contractors.
  - C. Wages.
    - a. Skilled labour.
    - b. Unskilled labour.
  - D. Overhead costs of the contractor.
    - a. Supervision and social expenses.
    - b. Other expenses.
- II. Overhead costs.
  - E. Architect's fees.
  - F. Interest on building capital.

Besides the groups A—D above the index of the contractor includes general costs of the contractor. These are the share of the particular working place in the general costs of the contracting firm, such as depreciation of machinery and implements, rent, and salaries of management and office staff. The interest on the capital invested in the firm and the compensation for the risk involved in the business, generally called the profits, also belong to this group. These costs have been estimated at 10 per cent of the total booked costs. Overhead costs, group II, include, in addition to architect's fees and interest, other costs such as those for making contracts, supervision of the building work, financial management, etc., which cannot be included into the ordinary group. These costs have been estimated at 0.7 per cent of the total costs.

The prices of building material and sub-contractors are obtained from representative firms, and they refer to prices applied to big consumers in Helsinki. The wages are hourly tariff wages in Helsinki. Insurance, vacations, architect's fees and interest on building capital each depends on two essentially different factors. Thus the insurance rate changes regardless of other building costs, but the cost of insurance depends on the wages paid. The unspecified costs appearing in the different groups are assumed to change in proportion to the index of the group. The general costs of the constructor and the unspecified overhead costs are assumed to change in the same way as the index of the contractor.

The index is a weighted and linked average of prices. The weights have been based on three stone houses built in Helsinki in the years 1931—1933. They have been calculated by fixing the average relative share of the cost factors in the building costs of the typical houses.

The principle is to change the weights so as to express the relative share of the goods in the costs of building in each period. By continually observing the changes in the methods of building, necessary revisions may be made directly with regard to the kinds of goods employed and their weights. In practice the change of weights does not need to be made very often,

because small changes in the weighting system exert but little influence on the index.

As to the power of evidence of the Bank of Finland building cost index, there is reason to point out that the erection costs have actually increased more than the index shows for the war years. The reason is to be found in the disturbances and interruptions in the delivery of building material, and above all in the poorer efficiency due to the reduction in the quality of labour during the war. Such an increase in the costs cannot of course be exactly defined nor measured by means of indices.

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**Foreign credits.** The Government of Brazil has granted a credit of 10 million dollars to the Finnish Government. The loan is intended for the purchase of Brazilian goods against commercial letters of credit opened in favour of the exporters. The credits bear an annual interest of 4 per cent, to be paid on the first weekday in June and December. From June 1st, 1951, onwards the loan is to be paid back in semi-annual increasing instalments, the last instalment falling due on December 1st, 1960. The loan is run by the Bank of Finland and the Bank of Brazil, and the former bank is jointly responsible for the principal and the debt service.

The Office of the Foreign Liquidation Commissioner has granted the Finnish Government a credit of 5 million dollars for the purchase of surplus property of the United States Army, in addition to the 10 millions previously made available. The credit is granted basically on the same terms as the first part of the loan.

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**Surrendering of foreign securities to the Bank of Finland.** On May 16th the Government issued a decision concerning the ownership of foreign securities. According to this decision every Finnish citizen and home society or corporation owning foreign securities is obliged to surrender them to the Bank of Finland within a fixed time. The Bank is authorized either to sell them so as to get foreign currency or, if

the Board of the Bank considers it more favourable, to let the State or the owner himself use them as security for foreign credits. In case they are sold the owner will obtain a compensation in Finnish currency according to the exchange rate of the day of sale. Up to that date the owner will get the dividends and interests of the shares and bonds. If the securities have not been used for acquiring foreign currency, they will be returned to the owner, at the latest when the foreign currency regulations are abolished. The inventory of assets and liabilities in foreign currency of September, 1945, showed that the foreign securities owned by Finns amount to considerable sums, e.g. the nominal value of the Swedish shares being more than 4 million crowns and that of the bonds about 500,000 crowns.

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**Committees of Production.** On June 4th a bill concerning Committees of Production was passed by the Diet. According to this law a Committee of Production must be appointed at any industrial establishment at which the yearly number of working hours exceeds 120,000, and at any other establishment, too, if the employer and the majority of workers and staff agree upon it. Depending on the size of the establishment the committee shall comprise 6 or 10 members, 2 or 3 respectively representing the employer, 3 or 5 the workers and 1 or 2 the functionaries (engineers, foremen, office staff, etc.). The chairman of the committee is to be elected for one year at the time, alternately among the representatives of the employer and those of the employees. The committee is a consultative organ and will handle all questions concerning the economy and production of the enterprise, raised either by the management of the establishment or the members of the committee. It will consider means for increasing the productive capacity of the firm and sustaining the working peace, for improving the conditions of life of the employees, their hygiene and working safety, and for raising their skill. It will further supervise the use of fuels and raw materials, and the offering of products for sale. The committee will act also as the first instance

in conciliating controversies between the employer and the employees. When causes appear, the committee makes propositions to the management of the firm, and if it is not content with the measures taken in consequence, it is authorized to turn to the organisations of employers, workers or functionaries concerned. If the case concerns the official authorities, the proposition is to be made to the Ministry for Social Affairs. The members of the committee are obliged to keep secret the knowledge they have acquired if the management of the firm demands it. The activity of the committees is lead and supervised by the Ministry for Social Affairs, assisted by the Central Board of Committees of Production, an advisory organ, the members of which are nominated by the Government and represent the employers, workers and functionaries. As the law on Committees of Production contains directions that originate in the prevailing regulation economy and as the whole organisation is new to Finland, it is ordained to be valid only for three years at first.

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**Water-power economy in post-war Finland.** According to information collected by a committee on power economy the need for energy in the whole of Finland will have grown by 1,700 million kWh by the end of 1950, or, on an average, by about 300 million kWh yearly. There is in addition an annual lack of about 500 million kWh, resulting from the losses of war, which makes it impossible to utilize the whole capacity of the present industrial establishments. In order to satisfy the whole need of energy it would consequently be necessary to obtain additional energy of about 2,200 million kWh and an additional effect of about 450,000 kW. This means that during the time concerned nine large power-stations must be constructed. The committee has made a plan concerning the order, in which these works should be built. The works are divided into two groups, the first of them containing the establishments for which machinery has already been ordered (the Kolsi, Kuusankoski, Merikoski, and Pyhäkoski Rapids). The second category again contains

five power-stations, the erection of which has already started or will start in the near future (the Tainionkoski, Nuojua, Isohaara, Pamilo, and Mankala Rapids). The total effect of the power-stations of these two groups would be 384,000 kW and the yearly amount of energy 2,148 million kWh at an average height of water. The lacking effect of about 60,000 kW must be compensated for by steam-power. It has been estimated that the realisation of the programme will take about four to five years. The Kolsi station has already one generator in use. The Kuusankoski, Merikoski and Isohaara plants ought to get their first generators next year, although probably only the generator of Kuusankoski can be used before the spring of 1948.

**Lumber works.** During the lumbering season June, 1945—May, 1946, the following results have been reached:

	Felled	Driven out	Goal
Heavy trees, 1,000 f³	280,335	273,764	260,000
Round timber, 1,000 m³	15,237	14,717	11,000
Firewood, etc., 1,000 m³	27,804	27,902	28,000

As the goal set for felling and driving was 52 million cub. metres to be delivered, the quantities felled and driven, 57.06 and 56.31 million cub. metres respectively, exceed the goal by about 10 and 8 per cent respectively. The delivery of round timber exceeds the goal by one third. In the felling season 1944—1945 the fellings of heavy trees amounted to 169 million cub. feet and those of round timber to 8 million cub. metres, whereas in pre-war times the average fellings were 273 million cub. feet and 16 million cub. metres respectively. When the rural population's consumption of fuel wood and the cutting waste are taken into account, it can be stated that the fellings during the season just ended have been greater than ever before in the history of Finland.

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Helsinki (Helsingfors), Finland.