



# BANK OF FINLAND

## MONTHLY BULLETIN

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1947

### THE FINNISH MARKET REVIEW.

#### THE MONEY MARKET.

Since the publication of the last review the money market has undergone a slight change for the better. After having more or less stagnated for some time the influx of money into the banks became livelier again. The easier money market was a result of increasing deposits and not of lessening credit needs. Money has continuously been in keen demand and the banks were accordingly obliged, as heretofore, to refuse a considerable proportion of the applications for loans. It is yet too early to make pronouncements on the constancy of the change that has taken place in the money market, because at least to a certain extent the favourable turn in the past few months was due to temporary factors.

August was a very favourable month for the depository movement. The deposit accounts of the public increased in that month by 1,750 million marks in *all credit institutions*, this being the largest increase registered during the whole year up to now. The corresponding rise was 849 million marks in July and 823 million marks in August 1946. By the end of August deposits had grown by 6,592 million marks this year, the figure for the corresponding period last year being only 3,535 million marks. The September returns for all credit institutions are not yet available at the time of writing, but the figures relative to the *Commercial Banks* reveal a continued easing of the money market. It is true that deposit accounts fell by 132 million marks, or from 19,646 to 19,514 million marks, but the influx of short-term

money was the brisker, as can be seen by the 1,647 million increase in cheque accounts. This sum represents more than half the total increase of 2,731 million marks in January—September. September has always been a bad deposit month owing, among other things, to the farmers' great seasonal need for money. The large payments to cheque accounts chiefly represented money earned by exports. The position of the banks thus improved in the past months thanks to the unusually large influx of money either on deposit accounts or as short-term money. The banks increased their cash holdings and were also able to reduce rediscounts with the Bank of Finland, thus much improving their liquidity.

The foreign payments position of the Commercial Banks improved in September too, as a result of the favourable trend in exports. Claims against foreign correspondents increased by 545 million marks and foreign debts by 334 million; accordingly the Commercial Banks' active balance of payments rose by 211 million marks to 1,213 million marks. At the end of September their foreign exchange holdings totalled 3,777 million marks, or 1,317 million more than at the end of 1946.

Credits granted to the public were somewhat slacker during the past few months than in the beginning of the year. A small reduction could even be registered in August, but in September the trend began to move upwards again, the increase being 493 million marks. Since the beginning of the year credits to the public augmented by 5,918 million marks, which is almost the same amount as the

6,384 million marks registered in the same period of 1946.

By reason of the greater easiness of the money market in the summer and autumn the Bank of Finland was no longer required to support other credit institutions in the same measure as earlier. The amount of rediscounted bills was still very high in the spring — the peak, nearly 3,000 million marks, had been reached in the beginning of May — but subsequently it fell every month and was no more than 466 million marks at the end of September. In the past months no change has taken place in the *Bank of Finland's* loans to trade and industry. The bill credits granted to the Treasury rose steeply, or by nearly 3,000 million marks in July—August, but fell again in September. At the end of that month bill credits to the Treasury totalled 20,800 million marks as against 17,920 million marks at the close of 1946, thus indicating an increase by 2,880 million marks in January—September. The note circulation of the Bank of Finland rose very slowly in spring and the early summer, but subsequently it began to swell much faster and eventually reached an all-time peak of 24,484 million marks at the end of September. At the same time last year the note circulation was 19,076 million marks, and at the end of December 1946, 18,233 million marks.

#### PRICES.

The steep rise in prices which began in spring has since then continued unabated. The cost of living index (August 1938—July 1939 = 100) rose from 468 points in December 1946 to 607 points in August 1947, or by 29.7 per cent. In the corresponding period of last year the rise was only 8.5 per cent. This year's steep rise in the index is chiefly a result of the discontinuance of meat rationing with ensuing higher costs for food, and of higher taxes. The increase in the wholesale price index (1935 = 100), being 17 per cent between December 1946 and August 1947, was somewhat slower than that of the cost of living index. In August this year the general index of wholesale prices was 853 points. The whole inflation problem entered a new critical phase after the Government in September ordered that all wages were to be increased as from October

1st and subsequently remain tied to a revised cost of living index. This decision is described more at length on page 27 of this issue. The fear of an accelerating inflation was very clearly reflected in the Stock Exchange where the turnover reached record figures in September and prices soared in some cases by as much as 50 per cent. The quotations for industrial shares rose by an average of 20—30 per cent.

#### TRADE AND INDUSTRY.

Details are not yet available concerning the industrial development in the third quarter of 1947, but no major changes are expected to have occurred. By reason of the ever more critical water-power situation, public authorities were, however, compelled to extend the control of electricity consumption also to industry, a step that has not been without adversely affecting the industrial activities in general and the output of the export industries in particular. In respect of raw materials the position is better at present than since the end of the war, but owing to the shortage of labour and the power crisis the existing capacity of industry cannot be fully utilized. In lumbering the supply of labour has proved insufficient this autumn, and the manpower deficit was 50 per cent in the beginning of October. The severe drought made this year's crop smaller than expected, but it was nevertheless superior to that of 1946 in respect of all the principal crops except hay.

Foreign trade continued to be lively. It is true that the volume of commerce still lies far below the pre-war level, but the improvement since 1946 is nevertheless very marked. By reason of soaring prices the value of imports and exports has increased more than the volume. In January—September this year imports were valued at 29,611 million marks, this being 12,447 million marks more than in the same months last year. The corresponding export figures were 31,533 and 17,190 million marks respectively. In the first nine months of this year there was a surplus of exports amounting to 1,922 million marks. Exports of war reparation goods totalled 7,946 million marks in January—September 1947, compared with 7,110 million in the same months of 1946.

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## STATISTICS.

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

	1946	1947					
	Mill. mk	Mill. mk					
	30/9	30/4	31/5	30/6	31/7	31/8	30/9
<b>ASSETS.</b>							
I. Gold Reserve .....	1	2	2	2	2	2	2
Foreign Correspondents .....	1 586	1 931	1 893	1 157	1 248	762	776
II. Foreign Bills .....	129	291	363	361	418	410	318
Foreign Bank Notes and Coupons .....	12	14	10	12	10	30	27
Inland Bills .....	32 497	31 685	30 831	31 599	31 613	32 938	32 356
III. Loans on Security .....	52	24	24	24	24	24	24
Advances on Cash Credit .....	494	465	596	541	396	280	479
Bonds in Finnish Currency .....	306	235	232	230	224	224	223
»    » Foreign .....	190	176	176	176	166	167	167
Bank Premises and Furniture .....	33	32	32	32	33	33	33
Sundry Assets .....	473	761	769	993	738	704	1 190
<b>Total</b>	<b>35 773</b>	<b>35 616</b>	<b>34 928</b>	<b>35 127</b>	<b>34 872</b>	<b>35 574</b>	<b>35 595</b>
<b>LIABILITIES.</b>							
Notes in circulation .....	19 076	21 566	21 653	22 415	22 956	23 945	24 484
Other Liabilities payable on demand:							
Balance of Current Accounts due to the Treasury .....	39	556	—	144	425	62	293
»    »    »    »    » Others .....	1 036	798	1 221	853	597	1 011	1 301
Bank-Post-Bills .....	51	73	49	45	89	43	46
Foreign Correspondents .....	172	242	234	235	237	222	184
Foreign Clearing Accounts .....	8 113	6 594	5 882	4 984	4 278	3 920	2 813
Foreign Commercial Debt .....	817	—	—	—	—	—	—
Sundry Accounts .....	1 273	3	25	431	105	32	28
Capital .....	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Reserve Fund .....	1 291	1 412	1 412	1 412	1 412	1 412	1 433
Bank Premises and Furniture .....	32	32	32	32	32	32	32
Earnings less Expenses .....	377	148	172	197	220	247	301
Undisposed Profits .....	—	21	21	21	21	21	—
Sundry Liabilities .....	2 246	2 921	2 977	3 108	3 250	3 377	3 430
<b>Total</b>	<b>35 773</b>	<b>35 616</b>	<b>34 928</b>	<b>35 127</b>	<b>34 872</b>	<b>35 574</b>	<b>35 595</b>

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

	1946	1947					
	Mill. mk	Mill. mk					
	30/9	30/4	31/5	30/6	31/7	31/8	30/9
<b>RIGHT TO ISSUE NOTES.</b>							
Gold Reserve and Foreign Correspondents .....	1 587	1 933	1 895	1 159	1 250	764	778
According to Law of Dec. 13, 1939 <sup>1)</sup> .....	32 638	31 990	31 204	31 972	32 041	33 378	32 701
Additional Right of Issue .....	1 800	1 800	1 800	1 800	1 800	1 800	1 800
<b>Total</b>	<b>36 025</b>	<b>35 723</b>	<b>34 899</b>	<b>34 931</b>	<b>35 091</b>	<b>35 942</b>	<b>35 279</b>
<b>AMOUNT OF ISSUE USED.</b>							
Notes in circulation .....	19 076	21 566	21 653	22 415	22 956	23 945	24 484
Other Liabilities payable on demand .....	11 501	8 266	7 411	6 692	5 731	5 290	4 665
Undrawn Amount of Advances on Cash Credit .....	459	504	372	427	572	686	489
<b>Total</b>	<b>31 036</b>	<b>30 336</b>	<b>29 436</b>	<b>29 534</b>	<b>29 259</b>	<b>29 921</b>	<b>29 638</b>
<b>NOTE RESERVE</b> .....	<b>4 989</b>	<b>5 387</b>	<b>5 463</b>	<b>5 397</b>	<b>5 832</b>	<b>6 021</b>	<b>5 641</b>
<b>Grand total</b>	<b>36 025</b>	<b>35 723</b>	<b>34 899</b>	<b>34 931</b>	<b>35 091</b>	<b>35 942</b>	<b>35 279</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 June 6, 1947, 4 ½<sup>00</sup>/<sub>10</sub>

### 3. — BANK OF FINLAND. NOTES IN CIRCULATION, FOREIGN CORRESPONDENTS AND COVER FOR THE ISSUE OF NOTES.

End of Month	Notes in Circulation Mill. mk				Foreign Correspondents <sup>1)</sup> Mill. mk				Cover for the Issue of Notes Percentage of Liabilities payable on demand				End of Month
	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	
	[15 657]				[350]				[99.40]				
Jan.	15 027	15 580	17 172	-1 061	349	1 611	2 350	+ 435	112.81	112.10	110.38	+1.79	Jan.
Febr.	15 255	15 631	18 896	+1 724	324	1 883	2 391	+ 41	111.71	112.75	110.69	+0.21	Febr.
March	16 146	17 323	20 944	+2 048	337	1 216	3 116	+ 725	110.54	113.10	110.07	-0.52	March
April	16 768	18 534	21 566	+ 622	338	1 038	1 931	-1 185	110.71	111.95	111.82	+1.75	April
May	17 055	18 442	21 653	+ 87	339	604	1 893	- 38	109.58	109.97	112.44	+0.62	May
June	16 971	17 657	22 415	+ 762	334	848	1 157	- 736	110.74	109.73	112.18	-0.26	June
July	17 688	17 269	22 956	+ 541	270	775	1 248	+ 91	112.43	108.35	113.78	+1.60	July
Aug.	18 872	17 986	23 945	+ 989	309	1 365	762	- 486	107.71	109.11	114.11	+0.33	Aug.
Sept.	18 113	19 076	24 484	+ 539	346	1 586	776	+ 14	111.15	110.27	112.96	-1.15	Sept.
Oct.	17 259	19 667			430	1 475			109.92	109.92			Oct.
Nov.	17 414	19 492			193	1 977			107.75	110.62			Nov.
Dec.	13 598	18 233			1 283	1 915			115.46	108.59			Dec.

<sup>1)</sup> Credit balances with foreign correspondents.

### 4. — BANK OF FINLAND. NOTE RESERVE, HOME LOANS AND RE-DISCOUNTED BILLS.

End of Month	Note Reserve Mill. mk.				Home Loans <sup>1)</sup> Mill. mk				Re-discounted Bills (included in Home Loans) Mill. mk				End of Month
	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	
	[1 677]				[19976]				[50]				
Jan.	4 011	4 379	4 561	+316	19 023	22 151	27 452	-1 957	—	—	968	-1 490	Jan.
Febr.	3 852	4 461	4 737	+176	19 160	21 794	28 699	+1 247	—	625	2 474	+1 506	Febr.
March	3 768	4 731	4 852	+115	20 213	24 433	30 580	+1 881	—	949	1 352	-1 122	March
April	3 846	4 687	5 387	+535	20 710	26 429	32 174	+1 594	40	934	998	- 354	April
May	3 676	4 601	5 463	+ 76	21 050	30 726	31 451	- 723	80	2 481	2 257	+1 259	May
June	3 893	4 685	5 397	- 66	21 183	32 283	32 164	+ 713	—	2 874	1 909	- 343	June
July	4 335	4 336	5 832	+435	22 585	32 837	32 033	- 131	—	1 646	687	-1 222	July
Aug.	3 465	4 617	6 021	+189	22 852	32 920	33 242	+1 209	100	2 156	730	+ 43	Aug.
Sept.	4 248	4 989	5 641	-380	23 966	33 043	32 859	- 383	—	1 679	466	- 264	Sept.
Oct.	3 946	4 777			23 229	31 845			—	1 048			Oct.
Nov.	3 569	4 839			24 270	30 312			—	1 959			Nov.
Dec.	5 018	4 245			22 397	29 409			—	2 458			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
	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	1945	1946	1947	Monthly Movement	
	[17 750]				[222]				[721]				
Jan.	16 500	17 950	18 000	+ 80	- 75	- 213	160	-439	635	888	1 087	-394	Jan.
Febr.	16 500	16 450	16 950	-1 050	- 319	- 69	-567	-727	605	743	789	-298	Febr.
March	17 700	18 150	19 300	+2 350	-343	69	-153	+414	722	654	1 550	+761	March
April	17 700	19 550	20 300	+1 000	-295	94	556	+709	655	1 068	798	-752	April
May	17 700	21 750	17 500	-2 800	-541	-189	- 17	-573	876	1 047	1 221	+423	May
June	17 700	22 500	18 400	+ 900	-419	64	144	+161	851	860	853	-368	June
July	19 000	23 900	19 700	+1 300	- 14	195	425	+281	687	855	597	-256	July
Aug.	19 000	23 500	21 000	+1 300	- 759	-146	62	-363	382	973	1 011	+414	Aug.
Sept.	20 100	24 300	20 800	- 200	143	39	293	+231	1 034	1 036	1 301	+290	Sept.
Oct.	19 400	23 520			-125	147			1 218	1 427			Oct.
Nov.	20 500	20 370			-416	246			1 368	683			Nov.
Dec.	18 600	17 920			149	599			2 685	1 431			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	1945	1946	1946	1946	1946	1946	1947
	31/12	31/12; 1946 31/1	28/2—30/4	31/5	30/6	31/7	31/8—31/12	31/1—30/9
New York	49: 35	136:—	136:—	136:—	136:—	136:—	136:—	136:—
London	197:—	547:—	547:—	547:—	547:—	547:—	547:—	547:—
Stockholm	1 171:—	3 230:—	3 230:—	3 230:—	3 230:—	3 790:—	3 790:—	3 790:—
Berlin	1 982:—	—	—	—	—	—	—	—
Paris	113: 50	115:—	114:—	114:—	114:—	114:—	114:—	114:—
Brussels	836:—	310:—	310:—	310:—	310:—	310:—	310:—	310:—
Amsterdam	2 650:—	—	—	—	5 120:—	5 120:—	5 120:—	5 120:—
Basle	1 123:—	3 175:—	3 175:—	3 175:—	3 175:—	3 175:—	3 175:—	3 175:—
Oslo	1 127:—	2 750:—	2 750:—	2 745:—	2 745:—	2 745:—	2 745:—	2 745:—
Copenhagen	954:—	2 830:—	2 830:—	2 830:—	2 830:—	2 830:—	2 830:—	2 830:—
Prague	—	—	—	—	275:—	275:—	275:—	275:—
Rome	260:—	—	—	—	—	—	—	—
Madrid	<sup>1)</sup> 540:—	—	—	—	—	—	—	—
Montreal	45:25	124:—	124:—	124:—	124:—	135: 50	135: 50	135: 50
Lisbon	—	560:—	560:—	560:—	560:—	560:—	560:—	560:—
Rio de Janeiro	—	—	760:—	760:—	760:—	740:—	765:—	765:—

<sup>1)</sup> Nominal rate.

## 7. — COMMERCIAL BANKS. HOME DEPOSITS AND CREDITS FROM THE BANK OF FINLAND.

End of Month	Due to the Public				Due to other Credit Institutions		Total			Monthly Movement	Credits from the Bank of Finland		End of Month
	Cheque Accounts		Deposits		Mill. mk		Mill. mk				Mill. mk		
	1946	1947	1946	1947	1946	1947	1945	1946	1947	1947	1946	1947	
Jan.	[11 566]		[16 558]		[7 184]		[26 070]				[—]		722
Febr.	10 246	13 641	16 508	17 912	6 977	4 055	26 191	33 731	35 608	+ 178	797	2 438	Febr.
March	9 911	12 507	16 593	18 101	6 329	3 990	26 445	32 833	34 598	—1 010	1 071	1 476	March
April	9 961	13 301	16 938	18 774	6 425	5 062	27 150	33 314	37 137	+2 539	1 066	1 159	April
May	11 216	13 857	16 969	18 939	5 891	5 515	26 972	34 076	38 311	+1 174	2 607	2 257	May
June	11 009	14 384	17 047	18 955	5 681	5 625	27 400	33 737	38 964	+ 653	3 158	1 908	June
July	11 173	14 657	17 271	18 966	5 231	5 480	28 306	33 675	39 103	+ 139	1 930	682	July
Aug.	11 740	14 829	17 234	19 197	5 034	6 001	28 344	34 008	40 027	+ 924	2 312	728	Aug.
Sept.	11 998	14 779	17 286	19 646	4 788	7 059	28 035	34 072	41 484	+1 457	1 703	466	Sept.
Oct.	12 684	16 426	17 249	19 514	4 555	6 867	30 839	34 488	42 807	+1 323	705		Oct.
Nov.	14 005		17 185		4 241		32 148	35 431			1 639		Nov.
Dec.	13 612		17 013		3 813		32 462	34 438			2 896		Dec.
Dec.	13 695		17 564		4 171		35 308	35 430					

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

## 8. — COMMERCIAL BANKS. HOME LOANS.

End of Month	To the Public				To other Credit Institutions		Total			Monthly Movement		End of Month
	Inland Bills		Other Credits		Mill. mk		Mill. mk					
	1946	1947	1946	1947	1946	1947	1945	1946	1947	1946	1947	
Jan.	[7 248]		[14 081]		[964]		[16 822]					
Febr.	8 122	10 345	15 330	19 092	979	658	16 951	24 431	30 095	+2 138	+ 566	Jan.
March	7 839	10 818	15 992	19 418	873	614	17 120	24 704	30 850	+ 273	+ 755	Febr.
April	8 435	11 984	16 676	19 280	904	873	17 642	26 015	32 137	+1 311	+1 287	March
May	9 009	13 707	17 194	19 515	972	942	18 148	27 175	34 164	+1 160	+2 027	April
June	9 834	14 639	17 702	19 487	1 040	1 086	18 674	28 576	35 212	+1 401	+1 048	May
July	10 113	14 670	18 007	19 404	939	971	19 134	29 059	35 045	+ 483	— 167	June
Aug.	9 737	15 171	18 382	19 616	928	1 320	20 567	29 047	36 107	— 12	+1 062	July
Sept.	9 593	15 143	18 267	19 056	761	1 372	20 403	28 621	35 571	— 426	— 536	Aug.
Oct.	9 560	15 529	18 153	19 163	704	1 322	21 631	28 417	36 014	— 204	+ 443	Sept.
Nov.	9 641		18 603		658		22 935	28 903		+ 486		Oct.
Dec.	9 711		18 876		658		22 600	29 245		+ 342		Nov.
Dec.	10 176		18 598		755		22 293	29 529		+ 284		Dec.

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

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

End of Month	Claims <sup>1)</sup>				Indebtedness <sup>2)</sup>				Net Claims (+) or Net Indebtedness (-)				Monthly Movement		End of Month	
	Mill. mk				Mill. mk				Mill. mk							
	1944	1945	1946	1947	1944	1945	1946	1947	1944	1945	1946	1947	1946	1947		
Jan.	[140]				[352]				-212]							
Jan.	141	125	342	2 501	373	251	355	2 299	-232	-126	-13	+ 202	- 46	-154	Jan.	
Febr.	134	103	473	2 397	390	255	357	2 092	-256	-152	+116	+ 305	+129	+103	Febr.	
March	128	84	662	2 322	320	263	720	2 224	-192	-179	- 58	+ 98	-174	-207	March	
April	131	86	696	2 351	324	276	819	2 309	-193	-190	-123	+ 42	- 65	- 56	April	
May	133	91	781	2 588	356	274	982	2 450	-223	-183	-201	+ 138	- 78	+ 96	May	
June	133	95	796	2 815	385	283	999	2 474	-252	-188	-203	+ 341	- 2	+203	June	
July	137	86	672	3 351	518	296	868	2 442	-381	-210	-196	+ 909	+ 7	+568	July	
Aug.	127	98	673	3 232	461	292	860	2 230	-334	-194	-187	+1 002	+ 9	+ 93	Aug.	
Sept.	125	104	859	3 777	425	301	911	2 564	-300	-197	- 52	+1 213	+135	+211	Sept.	
Oct.	124	176	1 169		438	313	919		-314	-137	+250		+302		Oct.	
Nov.	123	232	1 090		247	317	932		-124	- 85	+158		- 92		Nov.	
Dec.	125	385	2 460		247	352	2 104		-122	+ 33	+356		+198		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 (+) or Net Indebtedness (-)				Monthly Movement		Deposits				Monthly Movement		End of Month		
	Mill. mk						Mill. mk								
	1944	1945	1946	1947	1946	1947	1944	1945	1946	1947	1946	1947			
Jan.	[-3700]						[1949]								
Jan.	-3 488	- 822	-1 166	-4 806	+ 390	+ 347	2 103	3 355	5 319	7 365	- 98	+152	Jan.		
Febr.	-3 273	- 875	- 398	-4 621	+ 768	+ 185	2 173	3 337	5 370	7 481	+ 51	+116	Febr.		
March	-2 624	- 991	-1 289	-3 762	- 891	+ 859	2 305	3 342	5 589	7 574	+219	+ 93	March		
April	-2 162	- 951	-1 487	-4 572	- 198	- 310	2 472	3 413	5 712	7 527	+123	- 47	April		
May	-1 715	- 887	-6 509	-3 722	-5 022	+ 850	2 552	3 749	5 784	7 609	+ 72	+ 82	May		
June	-1 206	- 929	-8 486	-3 360	-1 977	+ 362	2 589	4 112	5 846	7 692	+ 62	+ 83	June		
July	-1 107	-1 332	-9 289	-1 940	- 803	+1 420	2 661	4 139	5 940	7 796	+ 94	+104	July		
Aug.	- 967	-1 379	-8 620	-1 968	+ 669	- 28	2 735	4 130	6 488	8 086	+543	+290	Aug.		
Sept.	- 932	-1 507	-7 439	- 690	+1 181	+1 278	2 777	4 494	6 647	8 094	+159	+ 8	Sept.		
Oct.	-1 095	-1 624	-6 350		+1 089		2 878	4 681	6 777		+130		Oct.		
Nov.	- 814	-2 543	-5 595		+ 755		2 857	4 784	6 845		+ 63		Nov.		
Dec.	- 813	-1 556	-5 153		+ 442		3 170	5 417	7 213		+368		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 figures supplied by the Post Office Savings Bank.

## 12. — DEPOSITS IN THE SAVINGS BANKS.

End of Month	Savings Accounts			Current Accounts			Total				Monthly Movement		End of Month	
	Mill. mk			Mill. mk			Mill. mk							
	1945	1946	1947	1945	1946	1947	1944	1945	1946	1947	1946	1947		
Jan.	[12 928]			[769]			[11 510]							
Jan.	13 258	17 465	19 637*	746	916	1 228*	11 687	14 004	18 381	20 865*	-449	+ 84*	Jan.	
Febr.	13 455	17 603	19 834*	761	923	1 263*	11 839	14 216	18 526	21 097*	+145	+232*	Febr.	
March	13 532	17 770	20 203*	779	981	1 426*	12 068	14 311	18 751	21 629*	+225	+532*	March	
April	13 577	17 896	20 530*	757	1 050	1 624*	12 185	14 334	18 946	22 154*	+195	+525*	April	
May	13 753	17 884	20 681*	800	1 156	1 654*	12 435	14 553	19 040	22 335*	+ 94	+181*	May	
June	14 160	18 303	20 763*	844	1 262	1 669*	12 714	15 004	19 565	22 432*	+525	+ 97*	June	
July	14 318	18 431	21 100*	868	1 260	1 787*	12 830	15 186	19 691	22 887*	+126	+455*	July	
Aug.	14 456	18 586	21 497*	945	1 353	1 798*	13 169	15 401	19 939	23 295*	+248	+408*	Aug.	
Sept.	15 277	18 628	21 567*	1 017	1 409	1 946*	13 352	16 294	20 037	23 513*	+ 98	+218*	Sept.	
Oct.	16 807	18 562		1 024	1 363		13 569	16 831	19 925		-112		Oct.	
Nov.	16 167	18 593		1 034	1 334		13 701	17 201	19 927		+ 2		Nov.	
Dec.	17 583	19 461		1 247	1 320		13 697	18 830	20 781		+854		Dec.	

According to 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.

**18. — 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
	1944	1945	1946	1947	1946	1947	1944	1945	1946	1947	1946	1947	
Jan.	[3434]						[1 039]						Jan.
Febr.	3 482	4 602	6 757	8 339	-169	- 18	1 087	1 318	2 031	2 315	- 5	+53	Febr.
March	3 583	4 661	6 838	8 433	+ 81	+ 94	1 108	1 341	2 053	2 354	+ 22	+39	March
April	3 781	4 804	7 118	8 962	+280	+280	1 132	1 354	2 085	2 414	+ 32	+60	April
May	3 888	4 842	7 304	9 292	+186	+330	1 151	1 363	2 112	2 459	+ 27	+45	May
June	4 005	4 978	7 405	9 407	+101	+115	1 171	1 388	2 112	2 473	- 0	+14	June
July	4 110	5 150	7 534	9 604	+129	+197	1 188	1 429	2 138	2 521	+ 26	+48	July
Aug.	4 187	5 246	7 606	9 838	+ 72	+234	1 193	1 447	2 132	2 549	- 6	+28	Aug.
Sept.	4 310	5 332	7 739	10 412	+133	+574	1 209	1 465	2 127	2 573	- 5	+24	Sept.
Oct.	4 374	5 657	7 869	10 618	+130	+206	1 216	1 599	2 126		- 1		Oct.
Nov.	4 447	5 901	7 833		+ 14		1 232	1 690	2 130		+ 4		Nov.
Dec.	4 453	6 061	7 871		- 12		1 244	1 755	2 145		+ 15		Dec.
	4 507	6 926	8 357		+486		1 268	2 036	2 262		+117		

<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	
	1944	1945	1946	1947	1946	1947
Jan.	[36 569]					
Febr.	36 741	45 061	59 332	70 534*	-2 085	+ 551*
March	37 155	45 586	59 378	70 066*	+ 46	- 468*
April	39 065	46 263	60 517	72 866*	+1 139	+2 800*
May	39 579	46 420	62 351	74 405*	+1 334	+1 539*
June	40 596	47 396	62 475	75 290*	+ 124	+ 885*
July	41 324	49 098	63 601	76 046*	+1 126	+ 756*
Aug.	42 539	49 067	64 423	77 264*	+ 322	+1 218*
Sept.	43 883	49 285	65 664	79 070*	+1 241	+1 806*
Oct.	44 452	52 335	66 716		+1 052	
Nov.	45 266	54 874	67 988		+1 272	
Dec.	45 535	56 186	67 504		- 484	
	44 535	61 417	69 983		+2 479	

<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>				
	1946		1947		
	Number	Amount Mill. mk	Number	Amount Mill. mk	
Jan.	14 933	689	14 135*	834*	January
Febr.	17 956	847	15 919*	981*	February
March	19 586	919	18 070*	1 133*	March
April	18 290	881	15 669*	1 011*	April
May	18 045	925	14 406*	944*	May
June	14 759	758	14 718*	983*	June
July	11 645	611	9 541*	685*	July
Aug.	13 222	705	10 838*	787*	August
Sept.	14 264	801			September
Oct.	17 262	997			October
Nov.	17 497	1 025			November
Dec.	21 688	1 348			December
	199 147	10 506			Total
	128 436	6 335	113 296*	7 358*	Jan.—Aug.

<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		Companies with increased Capital		Companies liquidated		Companies with reduced Capital		Net increase (+) or reduction (-)		Year and Quarter
	Number	Capital Mill. mk	Number	Increase of Capital Mill. mk	Number	Capital Mill. mk	Number	Reduction of Capital Mill. mk	Number	Capital Mill. mk	
1943	866	573	541	1 250	193	194	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
1946	1 355	649	956	3 764	110	51	8	7	+1 245	+4 355	1946
1946											1946
April—June	338	140	152	372	29	16	1	0	+ 309	+ 496	April—June
July—Sept.	268	106	182	401	24	6	1	4	+ 244	+ 497	July—Sept.
Oct.—Dec.	357	208	472	2 808	21	16	3	2	+ 336	+2 998	Oct.—Dec.
1947											1947
Jan.—March	289	175	244	544	24	17	1	2	+ 265	+ 700	Jan.—March
April—June	253	176	167	646	10	6	—	—	+ 243	+ 816	April—June

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					
	1942	1943	1944	1945	1946	1947
January	12	15	7	10	13	15
February	6	8	10	7	8	12
March	13	8	4	6	10	6
April	10	10	12	3	7	10
May	7	13	6	7	11	5
June	6	9	2	12	6	3
July	9	11	9	3	6	6
August	7	4	12	8	6	6
September	17	1	15	2	6	6
October	9	7	10	11	17	17
November	7	12	10	2	13	13
December	14	11	8	8	5	5
Total	117	109	105	79	108	108
Jan.—June	54	63	41	45	55	51

<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					
	1942	1943	1944	1945	1946	1947
January	40	24	30	29	54	83
February	51	26	38	41	75	84
March	88	29	44	117	65	70
April	75	34	27	108	57	82
May	75	48	41	81	144	106
June	20	30	49	129	87	75
July	19	28	31	114	59	70
August	19	24	44	132	40	53
September	28	59	51	219	87	166
October	40	37	33	157	170	170
November	29	40	53	94	206	206
December	38	46	47	109	144	144
Total	522	425	488	1330	1188	1188
Jan.—Sept.	415	302	355	970	668	789

<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				
	1944	1945	1946	1947	1944	1945	1946	1947	1944	1945	1946	1947	
January	244	218	414	324	131	111	143	108	282	262	536	411	January
February	240	214	324	304	126	109	130	106	277	258	407	379	February
March	249	260	293	297	128	122	121	107	289	322	364	366	March
April	255	305	324	310	128	134	124	105	301	383	405	388	April
May	257	352	396	296	127	147	130	104	304	451	519	371	May
June	245	458	436	292	123	160	129	102	287	611	582	365	June
July	239	651	378	282	120	205	122	99	280	878	496	348	July
August	256	691	356	282	122	206	121	98	303	916	462	348	August
September	248	499	358	308	120	167	125	102	294	661	463	384	September
October	235	497	368	308	117	162	123	102	282	648	477	384	October
November	202	417	370	308	108	148	117	102	239	541	481	384	November
December	209	416	340	308	108	140	110	102	250	545	436	384	December
Whole year	240	415	363	308	121	134	125	102	282	540	469	384	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	According to the Finance Accounts									Mill. Dollars <sup>2)</sup>	End of Year and Month
	Funded Debt			Short-term Credit			Total Public Debt				
	Foreign	Internal	Total	Foreign	Internal	Total	Foreign	Internal	Total		
1943	3 321	26 493	29 814	2 070	19 937	22 007	5 391	46 430	51 821	1 050	1943
1944	4 010	38 608	42 618	2 088	22 806	24 894	6 098	61 414	67 512	1 368	1944
1945	15 664	39 994	55 658	4 283	25 782	30 065	19 947	65 776	85 723	630	1945
1946	26 561	51 301	77 862	5 072	22 137	27 209	31 633	73 438	105 071	773	1946
1947											1947
April	29 809	55 054	84 863	5 067	22 052	27 119	34 876	77 106	111 982	823	April
May	30 211	55 567	85 778	5 068	19 450	24 518	35 279	75 017	110 296	811	May
June	31 057	56 011	87 068	5 066	21 128	26 194	36 123	77 139	113 262	833	June
July	33 267	56 098	89 365	5 064	21 435	26 499	38 331	77 533	115 864	852	July
August	33 321	55 781	89 102	5 068	22 715	27 783	38 389	78 496	116 885	860	August

<sup>1)</sup> 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. — <sup>2)</sup> The outstanding amounts of both internal and foreign loans have been converted into United States dollars at the Helsinki rates of exchange of the respective currencies.

## 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	
1946														1946
Jan.—July	30 180	8 004	207	777	3 618	5 658	210	—498	2 221	30 296	24 842	5 454	Jan.—July	
Whole year	104 345	19 482	435	1 375	13 536	5 736	249	—909	37 945	100 106	76 159	23 947	Whole year	
1947														1947
Jan.—July	38 970	6 328	209	1 031	4 832	6 232	162	217	10 780	40 283	32 143	8 140	Jan.—July	
1947														1947
Budget	62 558	15 650	354	1 000	11 000	6 834	648	881	13 241	62 532	47 169	15 363	Budget	

Tables 21—23 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 tables 22 and 23 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.

Year and Month	Total Customs Receipts	Customs duty on		Fines, Light Dues, etc.
		Imported goods incl. storage charges	Exported goods	
1946				
Jan.—Aug.	1 437	1 403	0	34
Whole year	2 531	2 470	0	61
1947				
Jan.—Aug.	2 835	2 781	0	54
1947				
Budget	3 522	3 500	1	21

## 23. — COLLECTION OF EXCISE DUES.

Year and Month	Total Excise Dues	Excise on			
		Tobacco	Spirits	Beer	Matches
1946					
Jan.—July	2 455	1 970	92	115	158
Whole year	4 430	3 472	198	237	245
1947					
Jan.—July	2 818	2 328	92	117	133
1947					
Budget	4 314	3 500	174	180	250

## 24. — VALUE OF IMPORTS AND EXPORTS.

Month	Imports (c. i. f.) Mill. mk			Exports (f. o. b., free exports) Mill. mk			Surplus of Imports (—) or Exports (+) Mill. mk			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	391	944	2 825*	31	957	1 961*	— 360	+ 13	— 864*	January
February	339	884	2 304*	15	681	1 170*	— 324	— 203	— 1 134*	February
March	332	1 330	1 138*	31	1 013	783*	— 301	— 317	— 355*	March
April	368	1 388	1 464*	46	1 067	2 107*	— 322	— 321	+ 643*	April
May	429	1 999	3 845*	67	1 708	4 855*	— 362	— 291	+ 1 010*	May
June	349	2 511	3 939*	127	1 965	4 583*	— 222	— 546	+ 644*	June
July	311	2 988	4 899*	248	2 068	5 769*	— 63	— 920	+ 870*	July
August	662	2 729	4 001*	550	2 505	5 498*	— 112	— 224	+ 1 497*	August
September	512	2 391	5 196*	730	2 379	4 807*	+ 218	— 12	— 389*	September
October	685	2 316		1 055	3 240		+ 370	+ 924		October
November	812	2 269		988	2 907		+ 176	+ 638		November
December	1 631	2 525		1 340	2 561		— 291	+ 36		December
Total	6 821	24 274		5 228	23 051		— 1 593	— 1 223		Total
Jan.—Sept.	3 693	17 164	29 611*	1 845	14 343	31 533*	— 1 848	— 2 821	+ 1 922*	Jan.—Sept.

Tables 21—29 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

## 25. — 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.—Aug.			Whole year		Jan.—Aug.		
	1945	1946	1945	1946	1947*	1945	1946	1945	1946	1947*
Dairy produce, eggs, honey	274	702	120	344	199	57	107	23	48	31
Other animal products, live animals .....	264	606	115	284	333	18	67	7	36	718
Vegetables .....	78	9	63	5	12	—	0	—	—	11
Eatable fruit .....	4	74	1	6	31	0	14	0	0	9
Coffee, tee, spices .....	13	171	0	101	208	—	—	—	—	—
Cereals, milling products ..	1 365	3 088	715	2 381	3 293	0	—	0	—	—
Certain seeds and fruit, plants for industrial purposes ..	46	153	25	143	237	2	29	2	20	5
Raw materials for tanning and dyeing .....	3	78	1	42	71	0	—	—	—	—
Animal and vegetable fats ..	269	333	184	224	612	—	0	—	0	0
Meat and fish products ...	81	62	4	40	44	—	0	—	—	—
Sugar, sweets .....	272	846	150	572	736	—	—	—	—	6
Beverages, vinegars .....	0	166	0	88	141	—	19	—	2	59
Fodder .....	2	143	2	108	161	0	0	0	0	—
Tobacco .....	195	415	101	274	385	—	—	—	—	—
Minerals, ore .....	207	864	83	511	576	85	76	59	30	40
Mineral fuel and oils .....	531	3 643	177	2 255	2 774	2	0	2	0	0
Chemical and pharmaceutic- al products .....	274	1 010	120	649	937	20	39	11	16	61
Tanning and dyeing extracts, varnishes .....	73	340	26	195	417	1	2	0	1	6
Caseine, albumine, glues ..	116	263	49	163	205	—	1	—	1	0
Fertilizers .....	157	854	115	514	1 234	0	—	—	—	—
Hides, skins, leather and furs; manufactures of these materials .....	45	215	29	127	396	0	97	0	37	199
Rubber and rubber articles	77	656	15	442	466	2	0	2	0	0
Wood and wooden goods ..	3	21	1	12	39	1 908	9 744	191	4 060	10 362
Woodpulp .....	4	1	4	1	10	1 217	4 285	317	2 680	6 856
Cardboard and paper; their applications .....	6	38	2	26	33	1 312	6 915	268	4 003	6 963
Textile materials, textile goods .....	567	1 719	241	1 164	2 386	206	646	91	381	505
Footwear .....	40	101	19	43	144	0	4	0	0	—
Articles of stone and of other mineral material, glass ..	48	222	22	126	191	62	204	26	109	204
Base metals; articles made therefrom .....	1 092	3 433	565	1 975	3 744	120	445	33	329	355
Machinery, apparatus .....	364	1 428	95	783	1 378	88	41	23	25	58
Electrical machinery and apparatus .....	123	535	32	286	582	23	46	8	25	48
Transport material .....	52	1 533	16	610	1 922	3	10	2	7	19
Instruments, clocks and watches, musical instru- ments .....	31	111	13	60	137	1	5	0	4	6
All others .....	145	441	76	219	381	101	255	50	150	205
Total free trade	6 821	24 274	3 181	14 773	24 415	5 228	23 051	1 115	11 964	26 726
Reparation deliveries .....						8 172	8 775	4 713	5 166	6 423
Restitution goods .....						1 284	655	734	655	—

\* Preliminary figures subject to minor alterations.

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

Month	Wheat Tons			Rye Tons			Sugar Refined and unrefined Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	11 133	5 242	17 066*	12 764	22 724	14 341*	2 278	1 659	1 501*	January
February	7 326	4 764	—	5 839	2 403	12 817*	1 679	2 276	1 587*	February
March	11 378	3 953	7 774*	12 887	14 924	2 467*	1 563	2 161	1 431*	March
April	3 384	4 435	3 657*	12 994	1 049	18 239*	1 305	2 020	626*	April
May	2 221	0	12 700*	25 967	9 459	2 601*	538	1 963	2 529*	May
June	45	16 011	2 099*	16 632	40 308	9 333*	997	2 410	7 802*	June
July	1 270	17 454	11 005*	12 732	21 047	9 192*	1 910	4 892	6 040*	July
August	—	30 274	9 488*	19 175	15 312	14 257*	1 355	3 690	5 168*	August
September	3 450	12 735	—	5 748	19 861	—	795	3 112	—	September
October	6 645	1 551	—	2 200	8 829	—	1 361	3 531	—	October
November	6 370	—	—	5 910	213	—	389	3 656	—	November
December	16 504	—	—	17 015	—	—	1 992	1 128	—	December
Total	69 726	96 419	—	149 863	156 129	—	16 162	32 498	—	Total
Jan.—Aug.	36 757	82 133	63 789*	118 990	127 226	83 247*	11 625	21 071	26 684*	Jan.—Aug.

Month	Raw Tobacco Tons			Coal and Coke Tons			Petrol Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	119	167	215*	36 322	19 422	40 833*	113	—	7 545*	January
February	108	142	205*	6 726	23 868	50 620*	177	191	7 404*	February
March	96	152	254*	3 012	46 747	5 018*	88	36	8 697*	March
April	93	166	232*	—	73 911	61*	228	386	9 989*	April
May	60	197	247*	—	88 959	24 555*	196	1 201	10 137*	May
June	96	144	245*	—	70 041	112 824*	208	4 122	12 854*	June
July	91	102	124*	—	154 693	223 939*	259	5 279	15 221*	July
August	203	208	345*	—	95 672	140 047*	386	6 969	16 454*	August
September	128	198	—	—	126 632	—	525	5 819	—	September
October	157	192	—	20 123	95 977	—	316	6 315	—	October
November	159	182	—	32 948	62 322	—	419	6 457	—	November
December	89	108	—	12 167	79 719	—	1 720	5 554	—	December
Total	1 399	1 958	—	111 298	937 963	—	4 635	42 329	—	Total
Jan.—Aug.	866	1 278	1 867*	46 060	573 313	597 897*	1 655	18 184	88 301*	Jan.—Aug.

Month	Raw Cotton Tons			Pig Iron Tons			Bar Iron and Bar Steel Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	908	1 137	1 088*	—	101	10*	116	654	3 193*	January
February	692	441	3 430*	—	—	5*	826	1 825	3 789*	February
March	196	276	1 451*	—	150	20*	3 291	2 124	846*	March
April	314	1 402	—	—	660	100*	3 201	2 694	1 005*	April
May	286	423	1 871*	—	150	920*	2 414	4 487	7 890*	May
June	836	719	1 263*	—	220	270*	1 586	3 491	7 759*	June
July	257	502	—	150	69	40*	691	6 531	6 736*	July
August	278	2 583	93*	99	100	2 255*	1 169	3 820	5 427*	August
September	367	118	—	125	—	—	1 156	4 218	—	September
October	646	647	—	—	471	—	1 295	4 173	—	October
November	556	203	—	227	65	—	952	7 100	—	November
December	543	67	—	100	242	—	605	4 152	—	December
Total	5 879	8 518	—	701	2 228	—	17 302	45 249	—	Total
Jan.—Aug.	3 767	7 483	9 196*	249	1 450	3 620*	13 294	25 606	36 645*	Jan.—Aug.

\* Preliminary figures subject to minor alterations.

27. — 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
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	3 150	—	—	1	24	30*	—	2	16*	January
February	69	—	—	—	9	15*	0	0	5*	February
March	129	—	—	—	15	—	—	0	5*	March
April	3 867	—	—	0	26	1*	—	0	4*	April
May	100	—	—	0	74	33*	0	6	9*	May
June	97	—	—	1	88	118*	1	20	34*	June
July	153	—	—	1	153	387*	3	31	66*	July
August	45	—	—	14	258	391*	6	34	73*	August
September	54	—	—	35	187	—	14	43	—	September
October	158	—	—	138	235	—	34	64	—	October
November	118	—	—	63	149	—	16	48	—	November
December	249	—	—	26	121	—	22	30	—	December
Total	7 689	—	—	279	1 339	—	96	278	—	Total
Jan.—Aug.	7 110	—	—	17	647	975*	10	93	212*	Jan.—Aug.

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

Month	Matches Tons			Plywood 1 000 m <sup>3</sup>			Bobbins (spools) Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	—	24	205*	0	2	8*	—	41	67*	January
February	—	78	114*	0	1	7*	—	65	46*	February
March	—	53	4*	1	10	1*	—	256	—	March
April	—	301	105*	0	9	10*	—	108	212*	April
May	—	126	424*	1	16	22*	—	212	511*	May
June	—	260	196*	1	12	20*	9	123	252*	June
July	—	148	36*	1	8	14*	—	212	145*	July
August	—	180	81*	2	9	12*	—	86	154*	August
September	89	154	—	5	10	—	—	162	—	September
October	116	278	—	7	14	—	3	146	—	October
November	72	114	—	5	9	—	45	158	—	November
December	72	87	—	6	10	—	55	217	—	December
Total	349	1 803	—	29	110	—	112	1 786	—	Total
Jan.—Aug.	—	1 170	1 165*	6	67	94*	9	1 103	1 387*	Jan.—Aug.

Month	Mechanical Pulp <sup>2)</sup> Tons			Sulphite Cellulose <sup>2)</sup> Tons			Sulphate Cellulose <sup>2)</sup> Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	—	4 838	4 075*	—	14 419	19 410*	—	10 154	10 653*	January
February	—	1 697	1 162*	—	7 816	9 742*	—	7 785	8 591*	February
March	—	1 598	—	—	11 082	1 166*	—	8 170	1 806*	March
April	—	1 037	142*	—	15 897	10 328*	—	11 546	10 750*	April
May	—	7 221	13 011*	—	27 990	45 150*	—	24 109	35 379*	May
June	—	11 836	8 405*	178	23 778	34 597*	949	15 731	25 657*	June
July	4 017	10 090	15 137*	7 412	11 798	44 240*	6 125	15 082	50 147*	July
August	9 674	11 190	9 667*	9 721	17 309	24 695*	9 684	22 642	34 002*	August
September	2 739	4 053	—	3 209	10 823	—	9 121	12 521	—	September
October	2 062	5 304	—	9 275	19 880	—	5 930	15 916	—	October
November	4 742	4 187	—	18 699	19 562	—	18 735	16 965	—	November
December	15 611	3 207	—	16 242	22 211	—	9 633	20 327	—	December
Total	38 845	66 258	—	64 736	202 565	—	60 177	180 948	—	Total
Jan.—Aug.	13 691	49 507	51 599*	17 311	130 089	189 328*	16 758	115 219	176 985*	Jan.—Aug.

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

\* Preliminary figures subject to minor alterations

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

Month	Cardboard All kinds Tons			Paper All kinds Tons			Newsprint (included in previous column) Tons			Month
	1945	1946	1947	1945	1946	1947	1945	1946	1947	
January	—	5 834	7 891*	42	23 867	24 094*	—	16 551	12 880*	January
February	—	3 761	2 675*	40	14 376	9 300*	—	7 588	4 953*	February
March	—	9 870	8 12*	79	20 378	9 890*	—	13 321	7 270*	March
April	29	9 486	8 170*	65	20 783	24 521*	—	13 354	15 389*	April
May	—	7 056	16 957*	57	26 621	55 029*	—	16 496	32 863*	May
June	119	7 783	11 103*	5 360	29 129	43 875*	3 631	19 113	26 861*	June
July	486	8 214	8 561*	7 467	29 463	40 110*	6 280	19 667	29 713*	July
August	2 833	9 425	7 161*	13 022	29 125	45 278*	7 879	20 925	32 561*	August
September	2 212	7 105		15 055	27 526		10 610	17 864		September
October	4 613	8 123		12 814	33 035		7 769	20 953		October
November	3 863	6 889		11 236	33 568		6 999	22 120		November
December	11 393	8 187		17 304	29 762		12 422	19 559		December
Total	25 548	91 733		82 541	317 633		55 590	207 511		Total
Jan.—Aug.	3 467	61 429	63 330*	26 132	193 742	252 097*	17 790	127 015	162 490*	Jan.—Aug.

## 28. — FOREIGN TRADE WITH VARIOUS COUNTRIES.

Country	Imports (e. i. f.)					Exports (f. o. b., free exports)				
	Whole year		Jan.—Aug.			Whole year		Jan.—Aug.		
	1945	1946	1946	1947*	1945	1946	1946	1947*		
Europe:	%	%	%	Mill. mk	%	%	%	Mill. mk	%	
Belgium .....	0.3	5.8	6.2	1 826	7.5	1.6	7.3	7.9	1 395	5.2
Bulgaria .....	0.6	0.1	0.2	7	0.0	—	0.0	0.0	1	0.0
Czechoslovakia .....	—	0.1	0.1	130	0.5	—	0.1	0.0	83	0.3
Denmark .....	15.2	10.3	9.7	1 572	6.4	10.9	11.1	10.7	1 934	7.3
France .....	0.0	2.6	2.3	1 088	4.5	0.3	3.8	3.1	1 024	3.8
Germany .....	1.6	0.1	0.1	6	0.0	—	—	—	1	0.0
Great Britain .....	10.7	21.4	20.2	4 232	17.3	35.2	26.7	24.6	7 651	28.6
Greece .....	0.0	0.0	0.0	71	0.3	0.1	0.3	0.1	163	0.6
Holland .....	0.2	1.8	0.7	1 072	4.4	0.5	3.1	1.1	954	3.6
Italy .....	0.0	0.0	0.0	51	0.2	0.0	0.3	0.2	431	1.6
Norway .....	0.3	2.7	3.1	897	3.7	0.2	2.4	2.9	443	1.7
Poland .....	0.0	0.1	0.0	723	3.0	0.0	0.0	0.0	344	1.3
Rumania .....	0.2	0.0	0.0	0	0.0	—	—	—	0	0.0
Soviet Union .....	19.0	21.4	26.0	3 025	12.4	29.6	20.1	25.1	3 741	14.0
Sweden .....	51.3	10.0	11.7	1 450	5.9	15.9	9.4	10.7	1 717	6.4
Switzerland .....	0.0	0.4	0.3	182	0.8	0.2	1.0	0.7	270	1.0
Turkey .....	0.4	0.4	0.2	140	0.6	0.6	0.0	0.1	103	0.4
Other European countries ..	0.2	0.3	0.1	33	0.1	0.2	1.2	0.9	426	1.6
Total for Europe	100.0	77.5	80.9	16 505	67.6	95.3	86.8	88.1	20 681	77.4
Asia .....	0.0	0.0	0.0	61	0.3	—	1.2	1.2	437	1.6
Africa .....	0.0	0.1	0.0	35	0.1	0.1	1.9	1.3	782	2.9
United States .....	0.0	19.5	16.1	6 062	24.8	1.9	6.9	6.3	3 340	12.5
Other States of North America .....	—	0.0	0.0	52	0.2	0.1	0.1	0.1	39	0.2
South America .....	0.0	2.9	3.0	1 699	7.0	2.6	3.0	2.8	1 235	4.6
Australia .....	—	0.0	0.0	1	0.0	—	0.1	0.2	212	0.8
Grand total	100.0	100.0	100.0	24 415	100.0	100.0	100.0	100.0	26 726	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.

29. — 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	
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
1946	896	888	883	947	846	799	802	835	700	777	1946
1946 Jan.—Aug.	886	855	900	955	839	742	732	705	660	727	1946 Jan.—Aug.
1947 Jan.—April	944	782	914	1 216	909	1 037	998	1 014	974	1 005	1947 Jan.—April
Jan.—May	929	856	854	1 142	885	1 073	1 024	1 119	1 028	1 023	Jan.—May
Jan.—June	930	900	843	1 093	868	1 098	1 068	1 181	1 061	1 016	Jan.—June
Jan.—July	934	926	821	1 078	864	1 118	1 124	1 200	1 084	1 011	Jan.—July
Jan.—Aug.	941	927	847	1 075	880	1 140	1 153	1 216	1 101	1 024	Jan.—Aug.

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.

30. — TOTAL SALES OF WHOLESALE FIRMS.

Month	Total Sales Mill. mk						Month
	1942	1943	1944	1945	1946	1947	
January	677	981	1 046	1 412	2 840	3 456	January
February	821	1 073	1 206	1 482	2 957	3 897	February
March	923	1 306	1 360	1 585	3 470	4 617	March
April	914	1 266	1 246	1 626	3 680	4 296	April
May	1 007	1 329	1 411	1 848	4 039	5 327	May
June	1 138	1 099	1 043	1 759	3 731	4 675	June
July	1 186	1 106	948	1 400	3 402	4 634	July
August	1 072	1 167	1 229	1 847	3 911	5 302	August
September	1 125	1 308	1 023	2 420	4 040		September
October	1 098	1 337	1 077	2 954	4 622		October
November	1 076	1 302	1 191	3 186	4 551		November
December	1 188	1 429	1 419	3 267	5 024		December
Total	12 225	14 703	14 199	24 786	46 267		Total
Jan.—Aug.	7 738	9 327	9 489	12 959	28 030	36 204	Jan.—Aug.

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

31. — INDEX OF INDUSTRIAL PRODUCTION. 1935=100.

Month	Home Industries					Exporting Industries					Month										
	Value Index					Volume Index															
	1943	1944	1945	1946	1947	1943	1944	1945	1946	1947		1943	1944	1945	1946	1947					
January	204	244	221	530	624	} 97	} 97	} 76	} 94	} 105	48	47	40	55	75	January					
February	257	288	264	607	814						89	107	137	49	48	38	55	76	February		
March	237	265	220	548	749						73	94	125	50	51	40	57	79	March		
April	203	211	220	582	733						70	97	123	54	53	44	59	79	April		
May	208	222	220	528	681						} 89	} 76	} 69	} 88	} 113	52	51	47	66	80	May
June	201	199	239	561	691	69	93	115	40	40						50	63	80	June		
July	226	239	213	582		56	97		42	31						47	65		July		
August	194	235	309	620		} 77	} 78	} 69	} 103	} 72						45	33	48	62		August
September	184	199	341	676												72	112		48	32	52
October	179	195	390	609							76	101		50	32	56	69		October		
November	205	230	484	669							} 75	} 72	} 89	} 111	} 75	49	32	54	70		November
December	221	221	470	713												85	118		46	38	51
Whole year	208	225	303	607		82	80	76	102		48	40	47	64		Whole year					

\*Units: index based on seasonally adjusted monthly figures.

## 32. — 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>						
	1942	1943	1944	1945	1946	1947	1942	1943	1944	1945	1946	1947	
January	23	28	31	46	27	54	92.2	7.1	0.6	64.7	105.6	39.2*	January
February							88.3	18.3	0.3	35.5	91.8	28.4*	February
March							3.9	—	25.6	71.9	39.2	37.5*	March
April	76	73	60	89	79	112	12.1	4.8	2.9	116.8	97.1	64.3*	April
May							72.4	196.6	8.1	229.7	54.6	67.6*	May
June							35.1	19.9	70.2	101.7	53.9	62.2*	June
July	96	79	52	83	127	166	8.5	82.7	1.5	126.5	119.9	66.2*	July
August							8.9	11.5	6.9	42.5	87.4	72.6*	August
September							1.5	1.2	0.0	12.6	57.8		September
October	53	46	44	63	96	166	12.1	12.7	1.7	47.7	101.6		October
November							9.9	2.0	40.6	150.9	73.2		November
December							9.3	0.5	42.0	36.1	119.2		December
Total	248	226	187	281	329	354.2	357.3	200.4	1 036.6	1 004.2		Total	
Jan.—June	99	101	91	136	106	321.4	340.9	116.1	789.3	652.4	438.0*	Jan.—Aug.	

<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.

## 33. — 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	
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
1946	3 024	1 557	2 338 761	1 482 639	3 020	1 571	2 332 110	1 844 150	1946
1946									1946
Jan.—Aug.	1 712	915	1 317 168	927 181	1 719	976	1 270 863	934 899	Jan.—Aug.
1947									1947
April	87	51	91 284	82 334	75	52	70 916	64 765	April
May	296	227	294 412	209 025	269	150	234 533	171 286	May
June	479	187	472 738	274 480	413	196	346 603	261 475	June
July	639	266	511 187	294 751	664	298	522 942	436 659	July
August	623	282	507 044	274 820	650	286	541 480	437 036	August
Jan.—Aug.	2 329	1 051	2 073 520	1 306 900	2 286	1 090	1 925 077	1 530 324	Jan.—Aug.

Figures supplied by the Statistical Office of the Shipping Board.

## 34. — STATE RAILWAYS.

Month	Weight of Goods transported				Axle-kilometres of Goods trucks		Revenue				Regular Expenditure				Month
	1 000 Tons				Mill. km		(less Re-imbursements)				Mill. mk				
	1944	1945	1946	1947	1946	1947	1944	1945	1946	1947	1944	1945	1946	1947	
Jan.	714	752	995	1 144	62	70	136	189	414	477	178	197	495	480	Jan.
Febr.	673	703	855	1 022	56	62	134	162	370	443	209	230	509	557	Febr.
March	807	886	1 052	1 118	68	69	169	203	459	479	209	218	479	587	March
April	1 091	947	1 073	1 166	70	73	284	224	500	552	209	237	465	540	April
May	1 354	988	1 189	1 326	75	77	274	236	484	616	224	367	520	693	May
June	580	1 046	1 231	1 282	67	68	158	279	575	646	213	314	497	782	June
July	1 428	996	1 363	1 492	70	68	411	294	596	880	242	284	511	703	July
Aug.	1 150	1 079	1 391		72		236	377	600		210	376	558		Aug.
Sept.	666	971	1 261		70		282	331	528		211	548	582		Sept.
Oct.	2 139	986	1 375		74		290	347	513		202	488	512		Oct.
Nov.	671	1 036	1 182		69		210	333	515		213	538	627		Nov.
Dec.	878	1 212	1 094		67		470	492	532		368	696	731		Dec.
Total	12 151	11 602	14 061		820		3 054	3 467	6 086		2 688	4 493	6 486		Total
Jan.—July	6 647	6 318	7 758	8 550	468	487	1 566	1 587	3 398	4 093	1 484	1 847	3 476	4 342	Jan.—July

According to Monthly Statistics of the Finnish State Railways.

\*Preliminary figures subject to minor alterations.



**85. — WHOLESALE PRICE INDEX. 1935=100.**

Month	Index for Goods in Finnish Wholesale trade														Articles of Export (f. o. b.)		Month	
	Total Index					Finnish Goods							Imported Goods					
						Total	Products of agriculture	Products of forestry	Products of industry	1946	1947	1946			1947	1946		1947
1943	1944	1945	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947		
Jan.	263	293	322	614	721	615	666	616	655	771	901	565	593	595	860	723	1 027	Jan.
Febr.	263	295	326	619	726	621	673	629	681	775	903	568	596	597	860	735	1 040	Febr.
March	264	303	331	633	759	637	717	661	903	775	903	585	598	602	860	746	1 041	March
April	268	304	343	690	766	645	726	663	941	775	903	598	599	803	866	762	1 159	April
May	272	304	348	687	775	645	729	627	946	802	903	599	603	791	889	763	1 158	May
June	274	304	383	695	781	656	735	652	970	832	909	600	603	791	895	769	1 162	June
July	275	306	421	702	799	661	755	648	967	855	982	603	613	802	909	807	.	July
Aug.	282	308	489	708	853	668	824	663	1 015	871	1 169	603	649	807	926	820	.	Aug.
Sept.	284	309	515	716	862	670	836	660	1 034	887	1 207	603	650	830	926	827	.	Sept.
Oct.	286	309	577	720		672		664		891		603		840		884	.	Oct.
Nov.	290	310	596	720		673		671		891		603		837		885	.	Nov.
Dec.	291	314	607	725		672		667		891		603		859		883	.	Dec.
Whole year	276	305	438	686		653		652		834		594		763		800		Whole year

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

**86. — COST OF LIVING INDEX.**

Month	Aug. 1938—July 1939=100					1935=100										Month		
	Total Index			Total Index		Foodstuffs		Rent		Fuel and light		Clothing		Taxes				
	1945	1946	1947	1944	1945	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947		1946	1947
Jan.	204	423	471	216	222	461	513	505	556	144	144	855	968	479	554	652	786	Jan.
Febr.	204	423	482	217	222	460	525	499	579	144	144	856	968	497	556	652	786	Febr.
March	205	431	524	217	223	470	571	515	675	144	144	856	970	505	557	652	786	March
April	207	434	546	218	225	473	594	513	727	144	144	858	971	514	560	680	725	April
May	210	437	559	218	228	476	609	517	753	144	144	859	970	523	566	680	725	May
June	243	450	567	218	264	490	618	541	771	144	144	901	973	530	567	680	725	June
July	281	463	595	219	306	504	648	536	786	144	161	921	976	540	570	916	1 103	July
Aug.	313	466	607	219	341	507	661	536	805	144	161	939	1 010	548	582	916	1 103	Aug.
Sept.	325	469		220	354	511		541		144		943		557		916		Sept.
Oct.	387	469		221	422	511		537		144		960		562		916		Oct.
Nov.	398	467		221	434	508		531		144		968		565		916		Nov.
Dec.	404	468		221	440	509		533		144		968		568		916		Dec.
Whole year	282	450		219	307	490		525		144		907		532		791		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.

**87. — 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.	
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	534	436	259	342	435	457	373	1945
1946	564	613	657	683	629	570	619	664	689	636	489	530	559	591	545	1946
1947	706	733	781			708	734	782			679	715	762			1947

Quarterly indices and yearly averages of them. For details concerning the calculation of the index see p. 35 in this Bulletin Nos. 4-6, 1946.

## 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 at present as follows:

	Number
Democratic League .....	50
Agrarian party .....	48
Social-Democratic party .....	48
Unionist party .....	29
Swedish party .....	14
Progressive party .....	9
Swedish Left .....	1
Outside of the Parliamentary groups .....	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, 1.6 % in the North, 7.5 % 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 (1945): 4.0 millions (of whom 0.2 million emigrants). Sweden (1945) 6.7, Switzerland (1945) 4.4, Denmark (1945) 4.1 and Norway (1941) 3.0 millions.

DENSITY OF POPULATION (1945): In South Finland 22.1, in North Finland 8.1 and in the whole country an average of 12.2 inhabitants to the square kilometre.

DISTRIBUTION (1945): 76.1 % of the population inhabit the country, 23.9 % the towns and urban districts. The largest towns are (1945): Helsinki (Helsingfors), the capital, 338 886 inhabitants, Tampere (Tammerfors) 87 123, Turku (Åbo) 81 494.

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 (1945): 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 (1945): Births 24.1 ‰, deaths 12.7 ‰ (deaths in France in 1943 16.4 ‰, and in England in 1943 12.1 ‰), natural increase 11.5 ‰.

### 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 41 million cub. m (1 441 million cub. ft.). The total removal in the felling season 1945/46 was 47 million m<sup>3</sup> (1 672 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: 56.2 % 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 49.2 %, State 41.6 %, Joint Stock Companies etc. 7.1 %, communities 2.1 %.

INDUSTRY (1944): Number of industrial concerns 4 559, workpeople 180 546, gross value of products of industry 37 872 million marks.

LENGTH OF RAILWAYS (1946): 4 928 km, of which 4 687 km State railways and 241 km private. The gauge is in general 1.524 m.

MERCHANT FLEET (1946): Steamships 333 (279 523 gross reg. tons), motor vessels 68 (23 750 gross reg. tons), sailing ships with auxiliary engine 135 (18 681 gross reg. tons), other sailing ships 13 (2 794 gross reg. tons). Total 549 (329 758 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 1946 the State revenue was 104 345 million marks of which 66 400 million marks were current revenue, and State expenditure 100 106 million marks, of which 76 159 million marks were current expenditure. The principal sources of revenue were as follows: direct taxes 30 724, indirect taxes 6 866 sales tax 13 536 interest and dividends, etc. 5 836, State property and undertakings (net) 2 073, and capital revenue 37 945. For Public Debt see table 20 in this issue.

MUNICIPAL FINANCES. According to the finance accounts for 1943 expenditure amounted to 4 792 million marks. Income from taxation was 2 360 million marks, taxed income 29 308 million marks. The municipal income tax (non-progressive) averaged 8.1 % 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 (1946): Number 7, possess 460 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.

## PUBLIC FINANCES IN 1946.

BY

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### INTRODUCTION.

Since the beginning of the war public finances have enormously expanded. At first, this was obviously due to the fact that military expenditure and other exceptional expenses increased the proportion of the „public sector” in national economy. But ere long the inflation caused by the war concurred in making the State’s finances swell out. When Finland concluded the armistice, i.e. in September 1944, the cost of living index was already 202 and the wholesale price index 273 (August 1938—July 1939 = 100). It was only natural that the monetary depreciation reflected in these indices would also appear as a nominal increase in public revenue and expenditure.

#### INCOME AND EXPENDITURE OF THE STATE IN 1938—1946 (MILLION MARKS).

	E x p e n d i t u r e		I n c o m e	
	According to the accounts	Adjusted figures (excluding redemption to accounts of public debt)	According to accounts	Adjusted figures
1938 ....	5,433	4,933	5,035	4,931
1939 ....	8,358	6,760	5,512	5,253
1940 ....	21,308	17,445	5,619	5,286
1941 ....	31,424	20,237	12,526	10,764
1942 ....	27,679	25,030	17,862	17,271
1943 ....	33,762	31,118	23,811	20,890
1944 ....	43,903	38,335	22,364	21,305
1945 ....	42,755	39,014	34,752	33,036
1946 ....	100,106	63,875	66,926	58,429

The appended table shows the development of public expenditure and revenue between 1938 and 1946. When examining the State accounts it should be kept in mind that they do not as such indicate the real revenue and expenditure in the respective financial years. In fact, these figures include items of expenditure which were not actually paid by the Treasury in that year, and also items of revenue which were not effectively received. These divergencies between the accounts and the

actual financial results are chiefly caused by so-called revenue and expenditure arrears and transferable appropriations, but besides, other exceptional factors may in certain years give rise to a considerable divergency between the accounts and the actual state of affairs. For this reason it is necessary to adjust the returns in an appropriate manner. In the appended table these adjusted figures are given alongside with the nominal returns, but in the rest of this article the adjusted figures alone will be referred to.

As pointed out above the real increase in the State finances during the war was foremostly due to the swelling military expenditure. From 696 million marks in 1938 this item had risen to 23,368 million marks in 1944, or in other words thirty-four times since the last year of peace. After the close of the war military expenditure was bound to fall considerably. In 1945 it came down to 7,312 million, which is less than one-third of the amount in 1944.

This financial relief was nevertheless counterbalanced by the new expenses which appeared in 1945 and which were essentially connected with the execution of the heavy terms of the Armistice Agreement. The largest of these new items consisted of the war reparations to the Soviet Union, 6,917 million marks. Further there were the costs for the so-called restitution deliveries to the Soviet Union, for the assistance to the refugees from Carelia, for compensations paid to these same refugees for property lost, and so forth. Although the sum of these new items of expenditure was smaller than the decrease in military expenditure in 1945, total expenditure (excluding the redemption of State loans), instead of falling, still rose from 38,335 million marks in 1944 to 39,014 million marks. The result was due to the in-

flation, the effect of which was visible throughout the budget. The insignificant rise did not, however, equal the progressing depreciation of the Finnish mark.

#### PUBLIC EXPENDITURE IN 1946.

The unremitting and rapid growth in public expenditure since 1939 came practically to a standstill in 1945; in reality expenditure declined that year if the falling purchasing power of the mark is taken into account. This downward trend, however, did not persist in 1946 when a new considerable rise in expenditure had to be faced. The sum total of expenditure was then 63,875 million marks,<sup>1)</sup> meaning an increase by 61 per cent over the preceding year.

The inflation naturally affected returns under all main titles of expenditure, but for other reasons some items displayed a particularly steep increase. Such were the budget titles „Sundry General Expenditure”, and, to a somewhat less degree, „Interest Yielding Capital Expenditure”.

In 1946, the predominance of „Sundry General Expenditure” was still more marked than in 1945, thus having taken over the position held by military expenditure during the war. The former title had risen to 15,380 million marks (39 per cent of all expenditure) already in 1945, but in the following year the increase continued, both nominally and in a relative sense, and reached the sum of 27,585 million marks, or 43 per cent of total expenditure (excluding redemption).

Under this mammoth title are debited most of the bills Finland has to pay for the lost war. The war reparations to the Soviet Union and connected expenses cost the State a sum of 9,733 million marks in 1946. This amount was 41 per cent larger than in 1945 although it should have been smaller owing to the prolongation of the reparations period from 6 to 8 years and the corresponding reduction in annual instalments. Another large item under this title and closely connected with the war reparations was that of „Sundry Costs

under the Armistice Agreement”, totalling 5,702 million marks. The bulk of „sundry costs” was occasioned by the transfer, under the provisions of the Potsdam agreement, of the so-called German assets to the Soviet Union. The most important item of these German assets was the debt of 3,800 million marks which the Finnish Army had contracted for war material delivered by the German Army during the war.

Besides the war reparations and similar expenses the compensation paid to the refugees from the ceded territories form the dominating sub-title under „Sundry General Expenditure” in 1946. On the principle that the bonds or other equivalent securities delivered to the displaced persons represent a public expense only at the time when the State redeems them, and not when they are issued, the item in question is reduced to a fraction of the amount appearing in the State accounts. In this way adjusted, the compensations can be divided as follows: 1. Compensations paid in cash; 2. Costs incurred by a) the amortization, b) the inflation clause of the bonds and c) the interests on them in the financial year; 3. Costs incurred by a) the amortization of, and b) interests on the Land Expropriation bonds<sup>1)</sup>. Thus calculated the expenditure incurred for compensations to the war refugees amounted to 7,546 million marks in 1946. The corresponding sub-title in the State accounts, including the amounts of bonds issued, is many times greater or 25,037 million marks.

Besides these expenses directly resulting from the war the title „Sundry General Expenditure” also includes certain other important items originating from the measures taken by the Government in order to check the rise in prices. These were „compensations for excessive import or production costs” (723 million marks) and „stabilization of prices and promotion of distribution of domestic agricultural products” (2,384 million marks). The former item is principally due to the necessity,

1) Excluding the redemption of public debt (save that of the Indemnification Loan,) but including the expenditure of some funds outside of the budget and similar items.

1) By virtue of the Land Expropriation Act, displaced land-owners receive compensation in the form of land expropriated from estates and farms located in present-day Finland. In payment for land thus expropriated the State delivers special bonds which are gradually redeemed.

for the purpose of keeping the price level stable, of marketing expensive imported commodities, in the first place grain, below the import price. The difference is compensated from public means. The second item, on the other hand, is due to the fact that farmers received a higher price for their products — grain, milk, butter, cheese — than the price paid by consumers. Here again the State paid the difference.

A further considerable increase in „Sundry General Expenditure” was caused by the sum of 2,100 million marks used for „temporary wage increases”. This additional expense is a typical inflationary item imposed by the necessity of raising the salaries of civil servants during the course of the budgetary year.

Then follows in size the increase in „Revenue-producing Capital Expenditure”. After being adjusted, expenditure under this title, without the redemption of Public Debt, amounts to 8,239 million compared with 3,012 million in 1945.

If the redemption of the State loans is not taken into account, certain expenses directly connected with the aftermath of the war form the main items in this group. Such are in the first place various costs for the re-settlement of the refugees. The largest of these items is a transfer of 2,400 million marks to the „Colonization Fund”. The sums used for the reconstruction in Northern Finland are likewise a war-entailed item. The notable appropriations granted in 1946 for the needs of the State Railways must, on the other hand, be regarded as „normal expenses”.

Whereas the increase was no less than 12,205 million marks under the title „Sundry General Expenditure” and 5,227 million under „Revenue Producing Capital Expenditure” (excluding redemption of loans), it was 7,429 million under all other 18 titles together. Thus these two quite obviously constituted the „weak spot” in public finance.

#### PUBLIC REVENUE IN 1946.

Has the State's revenue been able to keep abreast with the greatly swelling expenditure, or was it necessary to augment the public debt still more than before? It can be directly ascertained that the

State's regular revenue rose considerably too, viz. from 33,036 million marks in 1945 to as much as 58,429 million marks in 1946, or by 77 per cent. Seeing that the corresponding increase in expenditure was 61 per cent, it follows that the rôle of regular revenue increased as a means of covering expenditure.

Tax revenue is of old the State's chief source of income, and its predominance was just as marked in 1946. Tax revenue, 46,697 million marks in all, thus represented 80 per cent of the total revenue sum just mentioned. The second largest title was that of „interest and dividends, and share in the profits of the Bank of Finland”, amounting to 5,835 million marks. But this item represented only 10 per cent of the total public revenue or 12 per cent of the tax revenue.

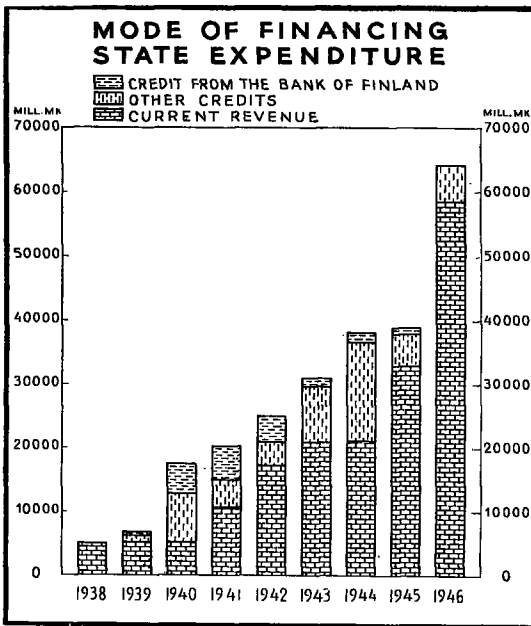
Of the different forms of taxation the Income and Property Tax yielded most, viz. 16,866 millions in 1946. Next to this principal direct tax comes a indirect tax introduced during the war, viz. the Sales Tax, which yielded 12,223 million marks in 1946. This was 2.4 times as much as the year before, the increase being due, partly to inflation, partly to a real growth of the sales turnover, but largely also to the fact that higher tax rates, introduced in July 1945, were applied during the whole of 1946.

The greater the proportion of revenue deriving from taxation and other equivalent regular income, the less the danger of inflation caused by swelling public expenditure. In comparison with certain war-years (in 1940 the revenue covered only 30 per cent of the expenditure) the situation was comparatively favourable in 1946, when taxes and other regular revenues corresponded to 91 per cent of total expenditure. In spite of this, a large proportion of the new expenditure had to be financed by means of loans, that is by increasing the public debt.

#### INCREASE OF THE PUBLIC DEBT IN 1946.

The fluctuations in the different classes of public debt between 1938 and 1946 are revealed in the following table.

In Finland, as in all other belligerent countries, State borrowing naturally



became an important means of financing expenditure during the war. The public debt, only 3,677 million marks in 1938, had swelled out 22-fold, or to 80,363 million by the end of 1945. And yet this sum does not include the Indemnity Loan, representing the compensation bonds issued to the refugees. This part of the public debt is not directly comparable with the rest, as the State, far from receiving any monetary counter-value, had assumed only a liability.

The public debt continued to rise steeply in 1946, the increase being 11,825 million marks excluding, or 18,815 million marks including, the Indemnity Loan. Leaving out this loan, the public debt thus totalled

92,187 million marks at the end of 1946. Of the increase 2,697 million was nevertheless nominal, being the result of the higher book value of the foreign debt after the rate of exchange of the Swedish crown had been raised, and 3,335 million were credits raised for covering military outlay chiefly during the Winter War in 1940, but for various reasons not included in the books until now.

Increasing public expenditure fosters inflation in particular when it is financed by means of „new money”, i.e. by credits from the Central Bank. The Government had regularly been obliged to resort to this form of borrowing, from the outbreak of the Winter War in 1939 up to 1945. In the latter year, however, the State's debt to the Bank of Finland increased by no more than 923 million marks. This result, seemingly favourable in comparison with that of the preceding year, was, however, solely due to the exceptional conditions created by the exchange of notes. But for the exchange of notes, State credits from the Bank of Finland would have increased by several thousands of millions in 1945.

The year 1946, on the other hand, indicates a clear change in this tendency. The continuous increase since 1939 in the State borrowing from the Bank of Finland was arrested and the debt was reduced by 1,129 million marks.

This did not mean that the public revenue was large enough both to cover current expenditure and to reduce the public debt; there was actually a considerable excess of expenditure in 1946. The true reason why the credits from the Central Bank could be reduced is to be found in the foreign loans received in 1946.

**PUBLIC DEBT IN 1938—1946.**

	Total public debt Mill. mk	Foreign debt Mill. mk	In % of total debt	To the Bank of Finland Mill. mk	In % of total debt	Indemnity loan Mill. mk	In % of total debt	Other internal debts Mill. mk	In % of total debt
Total 31/12, 1938 ..	3,677	1,081	29.4	—	—	—	—	2,596	70.6
Increase 1939 ....	2,192	677	30.9	574	26.2	—	—	941	42.9
„ 1940 ....	11,553	1,942	16.8	4,866	42.1	—	—	4,745	41.1
„ 1941 ....	10,039	610	6.1	5,223	52.0	52	0.5	4,154	41.4
„ 1942 ....	9,375	655	7.0	3,887	41.5	26	0.3	4,807	51.2
„ 1943 ....	14,760	427	2.9	1,374	9.3	3,627	24.6	9,332	63.2
„ 1944 ....	15,504	706	4.6	1,604	10.3	1,971	12.7	11,223	72.4
„ 1945 ....	18,256	13,849	75.8	923	5.1	— 682	— 3.7	4,166	22.8
„ 1946 ....	18,815	11,686	62.1	— 1,129	— 6.0	6,990	37.2	1,268	6.7
Total 31/12, 1946 ..	104,171	31,633	30.4	17,322	16.6	11,984	11.5	43,232	41.5

Although the reduction was only a fictitious sign of recovery in public finance, it nevertheless checked the inflationary influence thitherto emanating from these quarters. In surrendering to the Bank of Finland the foreign currency received against foreign loans the State indeed gained an equivalent purchasing power which it passed into the national economy; but this expansive influence was counteracted by a contractive factor: the Bank of Finland sold this foreign currency to the Finnish importers, which in turn led to a corresponding „withdrawal” of domestic purchasing power. Part of the credits were used by the Government itself for imports (e.g. for the purchase of American Army surplus goods). When these Government-imported goods subsequently were traded on the domestic market, this engaged purchasing power in the same way as the sale of foreign exchange to importers.

The foreign loans received in 1946 thus had a stabilizing effect on monetary conditions in Finland. Had it not been for these loans the Government would have been compelled to finance its expenditure by increasing the credits from the Bank of Finland and the inflation, steadily nourished by rising wages, would under the circumstances have advanced still more.

The graph on page 22 reveals the different methods used for financing public expenditure in 1938—1946; viz. taxes and other forms of regular revenue, „normal” loans, and finally the financially dangerous credits from the Bank of Finland. It can be seen that the share of tax revenue was very small in certain war-years, in particular in 1940 when new credits, including those from the Central Bank, were correspondingly large. In 1946, the last means of covering expenditure was not used at all, as just related.

## FINLAND'S INDUSTRY SINCE THE WAR.

BY

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Although during World War II direct material destruction was smaller in Finland than in many other countries, Finnish industry was faced with a number of extremely difficult problems of reorganization and reconstruction after the conclusion of the armistice with the Soviet Union in September 1944. During the war the metal industry, which is the principal sector of the home market industry, had been deeply engaged in the production of war equipment, but now it had to concentrate on the delivery of war indemnity goods to the Soviet Union, many of which represented entirely new branches of production. The simultaneously reanimating domestic demand also had to be attended to. The basic export industries, i.e. the woodpulp, paper, plywood and

sawmill industries, as well as the pre-fabricated house industry which is based on this last branch, had to ship large consignments to Russia, in particular during the first two reparations years, and at the same time by means of free exports to earn the bulk of the foreign currencies Finland so badly needed. The latter task was all the more difficult as between 5 and 26 per cent of the capacity, and 13 per cent of the raw material resources of these several industries were lost when Carelia was surrendered to the Soviet Union. In addition it was necessary to reckon with a protracted reduction in industrial capacity because of the arduous national task of re-settling the Carelian refugees. The building of new dwellings and clearing of new fields for the displaced farmers very heavily

drained the country's resources of capital and man-power.

All these problems had to be tackled at a time of serious shortage of foreign and domestic raw materials, fuel and power. Large numbers of industrial workers had either been killed or disabled in the war and the skill of those available was low in consequence of the war-time conditions. Efficiency had decreased because of the food shortage and the general post-war weariness which can be observed in most ex-belligerent countries. The deterioration in the value of the mark resulted in frequent wage adjustments, and it was also to be feared that the scope of the tasks involved would before long lead to a pronounced shortage of working and reconstruction capital.

#### PRODUCTION.

On account of the difficulties described above the output was low in 1945, the first post-war year. In fact, the volume of the home market industries' production that year reached a low-water mark which is reflected in the Unitas' index figure of 76, comparing with 80 in 1944 and 134 in 1938 (1935 = 100). As to the export industries, the lowest volume of production was reached in 1944 when the corresponding index was 40. In 1945 the index was still very low, viz. 47 (1935 = 100, 1938 = 105).

In both sectors of industry a marked improvement could be registered in 1946 when the index figures went up to 102 for

the home market industries, and to 64 for the export industries. The advance has continued in 1947. For the period January—June the index of the volume of production of the home market industries reached 120 and that of the export industries 78. When drawing conclusions from these figures it should be remembered that the cession of territory to Russia reduced the capacity of the export industry much more than that of the home market industry. In the former sector, the paper and saw-mill industries, which had suffered the smallest losses, have come closest to the pre-war output; the output of mechanical pulp, on the other hand, is exceptionally small, chiefly on account of the power shortage.

The monetary instability makes the output appear under an entirely different aspect when valued in marks. According to official statistics the total value of industrial production amounted to 21,000 million marks in 1938, 38,000 million in 1944 and 61,000 million in 1945. The figure for 1946 is not yet available, but it may be expected to be somewhere around 100,000 million. Albeit the value figures are irrelevant when judging the trend of production as a whole, a certain impression of the relative development within the various industrial sectors can be obtained from the table below.

This table reveals the scope of the expansion that has taken place in the mechanical industries since 1938. Compared with a five-fold increase in total industry, the

GROSS VALUE OF PRODUCTION, MILLION MARKS.

Sector	1938	1944	1945	1946 *)
Mining and concentration .....	114.2	524.2	533.1	1,000.0
Smelting and refining .....	1,160.6	3,655.1	4,812.2	7,000.0
Mechanical workshops .....	2,290.4	5,974.7	10,871.8	18,000.0
Fine engineering .....	61.7	49.1	83.9	100.0
Stone, clay, glass and peat industry .....	879.6	1,182.6	2,500.5	4,000.0
Chemical industry .....	517.4	1,272.2	2,339.0	3,000.0
Leather and rubber industry .....	885.7	1,863.4	2,397.5	3,500.0
Spinning and clothing industry .....	2,248.1	4,094.9	5,906.2	10,000.0
Paper industry .....	4,954.7	6,222.0	10,414.5	15,000.0
Wood industry .....	3,476.0	5,164.1	9,501.0	17,000.0
Food, drink and tobacco industry .....	3,614.3	6,082.0	8,759.8	14,000.0
Lighting, power transmission, etc. ....	490.8	853.1	1,233.2	2,000.0
Graphic industry .....	389.6	862.0	1,494.8	2,000.0
Other industries .....	8.8	72.9	133.7	200.0

\*) Preliminary estimates.



expansion has been eight-fold in the mechanical industries, which thereby became the largest industrial sector in 1945 and probably in 1946 too. The metal industries are entrusted with more than 70 per cent of all war indemnity deliveries as from the third reparations year until the eighth and last; this fact justifies the expectation that the output value in the mechanical industries will remain high over a long period. Considerable extensions have already been realized, but the increase in output has been retarded by the difficulties encountered in procuring sufficient machines and raw materials. With regard to the mechanical equipment it may be mentioned that the number of lathes in the Finnish engineering shops is approximately twice, and the number of cutters three or four times as large as before the war.

It is difficult to give an accurate estimate of the increase in the output volume of so diversified a branch as the metal industry, but it may to-day be put at something like twice the 1938 volume, and it is likely to be two-and-a-half times that volume by the time all the extensions necessitated by the production of war indemnity goods will be completed. For the time being no appraisal can be made of how things are going to turn out after the expiration of the war reparations period. It seems nevertheless probable that exports of manufactured metal products will be necessary in a certain measure in order to utilize fully the capacity of these industries. But exporting possibilities will depend on the costs of production, and in particular on the cost of labour. It must, indeed, be remembered that the Finnish engineering industry largely works with imported raw materials and that, at least at the moment, the costs of production are comparatively high for various reasons.

In any case, the forest industries will always have to stand for the bulk of Finnish exports. The pre-war volume can never be reached again as the supply of raw material is smaller now, but there are good reasons for expecting a qualitative development, viz. an increased output of the more refined species of goods, a better utilization of residues, etc. It may be mentioned that the pre-fabricated house in-

dustry which began to appear during the recent war, now absorbs 10 per cent of the output of the sawmills, and that several large plants for the manufacture of insulating boards of wood refuse have just started going or are under construction. The expansion of rayon and artificial wool manufacturing is another typical instance. A qualitative improvement is a necessity, already in order to meet the competition from other countries with a well-developed forest industry. Full competitiveness, however, cannot be attained without modernizing and extending the technical equipment, the renewal of which was neglected for obvious reasons during the war. To a certain extent this reconstruction is facilitated by the fact that part of the loan Finland received from America in the beginning of 1947 was expressly reserved for the purchase of machinery and requisites for the forest industries.

The third largest branch of industry is the textile industry. During the war it was compelled very largely to use substitute raw materials, working at a fraction of capacity, but of late the supply of textile raw materials has considerably improved. Activities in this branch are, however, impeded by another difficulty, namely the shortage of man-power. Output is still much below the normal level, and this in turn hampers a quick improvement of the clothing situation. In addition part of the capacity of the textile plants has been reserved for working raw materials that the Scandinavian countries have sent here to get spun and woven for their account. The purpose of this form of exportation is to earn badly needed foreign currency. Practically no renewals of machinery have taken place in the textile industry and therefore the equipment is getting obsolete.

#### LABOUR SUPPLY.

An improvement in the raw materials situation can be noted in most of the sectors of Finnish industry which entirely or partly operate with imported raw materials. Labour, on the other hand, has been short everywhere. The following table conveys an idea of the labour situation in industry.

## AVERAGE NUMBER OF WORKERS.

Sector	1938	1944	1945	1946 *)
Mining and concentration .....	613	1,184	1,120	1,200
Smelting and refining .....	8,702	9,087	10,645	11,000
Mechanical workshops .....	34,765	43,581	60,966	61,500
Fine engineering .....	755	382	497	600
Stone, clay, glass and peat industry .....	15,468	9,072	14,258	14,500
Chemical industry .....	3,144	4,119	5,387	5,500
Leather and rubber industry .....	11,406	10,145	11,172	12,000
Spinning and clothing industry .....	38,139	26,024	28,777	30,000
Paper industry .....	22,196	17,643	18,889	20,000
Wood industry .....	53,416	35,067	40,711	41,500
Food, drink and tobacco industry .....	15,557	14,150	14,356	14,500
Lighting, power transmission, etc. ....	3,436	3,368	4,081	4,000
Graphic industry .....	6,561	6,224	7,831	7,800
Other industries .....	229	500	816	900

In the metal industries the number of employees has greatly increased. With a practically unchanged total number of industrial workers, other sectors were in general forced to manage with less manpower than before. The reduction since pre-war times is particularly marked in the forest and textile industries. The available capacity was further reduced by the effect of the legislation on prolonged holidays and other similar measures; and further, especially in the first period after the armistice, by labour-wasting wood having to be burned instead of coal and by reason of the low working efficiency referred to earlier. A further rationalization is one of the expedients by which industry has endeavoured to overcome these difficulties. A central organization was specially founded for this purpose in 1942, and it is pursuing its task with remarkable efficiency.

It is also characteristic of the industrial development that, despite a practically unchanged number of workers, the staff personnel has increased by 91 per cent between 1938 and 1945, or from 14,600 to 27,900. This increase is indeed partly due to the present system of regulations in economic life which involves a vast amount of unproductive office-work, but it also indicates that the tasks at hand have become more complex and require more planning, and that the rationalization has transferred certain operations from the workers to the managing staff and to the machines.

The post-war shortage of labour is partly connected with the crisis in housing. This is quite obviously the case in the cotton

industry which during the war lost a large portion of its workers to the munitions factories. The cotton mills have found it difficult to get back their workers because all the mills, save one, are situated in towns and for that reason formerly paid less attention to the housing problems of their employees than the big industries located in the countryside. The heavy tax burden has also contributed to the unwillingness, in particular among the woman workers, to take factory jobs; the co-taxation of husband and wife, together with the present steeply progressing tax rate, have enhanced the attractiveness of the women's unpaid domestic work at least for the time being. A tax reform is now expected, according to which husband and wife will be assessed according to more liberal principles than hitherto.

## WAGES.

The money wages of the industrial workers have risen 7—8 times since 1939, this according to unofficial statistics based on wages in 25 large enterprises.

## WAGE INDEX WORKED OUT BY THE RESEARCH OFFICE OF THE MINISTRY FOR SOCIAL AFFAIRS. (1939 = 100)

		Men	Women
1944	I quarter .....	226	230
	II " .....	236	238
	III " .....	240	249
	IV " .....	238	253
1945	I quarter .....	258	268
	II " .....	not available	
	III " .....	496	626
	IV " .....	505	635
1946	I quarter .....	517	640
	II " .....	554	663
	III " .....	567	681
	IV " .....	612	717
1947	I quarter ....	Probable increase 5 per cent	
	II " .....	"	" 12 " "

\*) Preliminary estimates.

In August 1947, the indices may be estimated to have reached 720 for men and at least 840 for women. In most industries the wages to-day make a relatively much higher cost item than before. The increase has taken place chiefly since the spring of 1945 when wages bounced up, especially for woman workers. Industrial wages now far exceed the official cost of living index, which had reached 607 in August (August 1938—July 1939 = 100). It seems evident, however, that the cost of living is actually higher than indicated by the official index.

A fresh strong increase in nominal wages has been decided on as from October 1947, after that wages shall be adjusted quarterly in accordance with the changes in a new cost of living index, specially calculated for this purpose.

#### PRICES.

In every estimate of the industrial development in post-war Finland due attention must be paid, both to the fluctuations of wages as described above, and to the pricing of industrial products. Four different kinds of industrial prices can be distinguished to-day, viz. controlled home-market prices, controlled prices for war reparations goods, free home market prices, and free export prices. The price control has frequently caused domestic industrial products to be sold at prices considerably below those Finland has to pay for similar goods abroad. As appears from Table 35 in this Bulletin, the wholesale price index for domestic industrial products was 649 in August this year, whereas the wholesale price index for imported goods was 926 at the same time. The index for domestic agricultural products, part of which were released from price control in March 1947, was 1015, and the index for forest products 1169. The wholesale price index for all domestic goods began to climb in the spring of 1945, i. e. when the large wage adjustments were carried through. At that time the prices of agricultural products were still on an equal level with industrial products. The prices of forest industry products were already somewhat higher, but the discrepancy has since then become more marked. On January 1st, 1947, the Government ordered a general five per cent reduction of the prices of domestic industrial products, but later the tendency

again pointed upwards and the traces of the reduction are now obliterated. The consumers have obviously profited by the hard-handed grip on the controlled industrial prices, thanks to which the inflation has been somewhat retarded, but it cannot be overlooked that the profit-margin has of late shrunk distressingly in several branches of the home market industry. This has become particularly striking after the latest wage-increase. It is quite obvious that these circumstances will adversely affect the supplying of the home market with industrial products.

The prices of imported goods are much higher than those of price-controlled domestic industrial products, in particular since the foreign rates of exchange were raised in autumn 1945. Finnish export goods have fetched such good prices abroad that their index lies well above the index for imported goods, in particular since the beginning of 1947. In August this year the price index for export goods (fob values) had climbed to 1,140, the index for import goods (cif values) still being 941. Thanks to this propitious development Finland's exports of forest products are this year bringing in substantially larger sums of foreign currency than was expected, and thus they lessen Finland's dependence on foreign credits. Yet even the exporting industries' profitability will be doubtful after the wage rise in October 1947.

#### POWER AND FUEL SUPPLY.

The shortage of power and fuel has kept down the output and retarded the expansion of industry in recent years. The war cost Finland the loss of 30 per cent of her hydro-electric power plants in operation or under construction. After the cessions of territory there was a temporary, although comparatively small, decrease in the demand for power. The loss of steam-generating plants was fortunately quite insignificant, but here again, low coal imports hamper the output of power. Prior to the war Finland imported more than 2 million tons of coal and coke annually; during the war-years imports fell to about half that amount and were at their lowest, 112,000 tons, in 1945. In 1946 imports rose again to close on one million tons, including for the first time quite considerable shipments from America.

The generation of electric power by coal and in some measure by wood, quite recently also by oil, has been abnormally large; and it is greater than it ought to be from the economic point of view. Although many steam-generators which originally were meant to serve in an emergency are in operation, it is estimated that the energy demand in industry, if working at full capacity, lay 30 per cent above the available supplies at the turn of 1946/1947.

In the last few years the hydro-electric plants have at times suffered from the low water level. Now the situation is particularly critical. This has necessitated drastic cuts in the amounts of energy allowed for industry, transport and lighting, in spite of the output of steam-generators having been raised as far as possible.

Twelve large hydro-electric power stations are now under construction and some of them will be ready by next year, but a decisive improvement of the power situation is not to be expected before 1949. According to the existing power production plan for the whole country, 7 new power aggregates in various stations should be ready to start in 1948, 11 in 1949, and another 5 in 1950. Notwithstanding these extensions, the erection of further power stations remains imperative. In planning new industries it is necessary, however, to keep in mind that the resources of unharvested water-power are comparatively limited, and the foundation of new industries with a large consumption of power should therefore be avoided. Accordingly, the long-nourished plans of erecting a water-power operated nitrogen plant also had to be abandoned. Should it later prove necessary to build a nitrogen factory, the energy would have to be drawn from imported coke.

#### FINANCES.

The construction of power stations involves capital investments which are very large in comparison with Finland's present financial resources. In fact, the financing of the operation and expansion of industry and of supplying it with power has become one of the most critical problems in the national economy. As mentioned in the preceding issue of this Bulletin the liquidity and credit-granting possibilities of the commercial banks were excellent in Sep-

tember 1944, at the time of the armistice, but it should be remembered that exceptionally small amounts of credit had been needed by industry during several years. Although the need for credit began to grow before long there was no particular difficulty in meeting the demand up to the first months of 1946; from then onwards the money market has been decidedly stringent. In agreement with the Bank of Finland and responding to its instructions, the commercial banks have subsequently endeavoured to channel new credits towards the most vital needs, but the present monetary situation has no doubt checked the industrial development. The money market will presumably remain tight for a long time ahead and all industrial planning involving large investments must consequently be carefully considered.

The reasons for the prevailing money shortage lie with both demand and supply. The capacity of the commercial banks has not increased in proportion with the deterioration of the Finnish mark. Comparing with a seven-fold increase of the wholesale price index for domestic goods, long-term deposits, which constitute the principal basis for the commercial credits granted by the banks, are only two-and-a-half times as high as before the war, and the banks' balance sheets totals only five times as large.

The industries' small demand for credit during the war was chiefly due to the depletion of their stocks and the ensuing increase of their liquidity, and also to the fact that practically no repairs and enlargements could be effected in other industries than those vital to the war effort. After the armistice it gradually became possible and also imperative to complete the stocks of raw material and to effectuate reparations and enlargements. The amount of capital thus required would have been considerable under any circumstances, but the inflationary rise in prices increased the sum still further.

While this was going on capital was simultaneously drawn out of industry by the present heavy taxation. Other capital-binding factors are the incessant wage rises and the restrictive price policy, in consequence of which some branches working for the home market, as pointed out above, have operated with a real deficit.

although this has not yet become apparent in the profit and loss accounts. A more far-sighted price policy in the home market, a firmer wage policy and, where possible,

tax reductions seem to be the remedies indicated to ease the effect of the shortage of capital on the recovery of the industries and in particular those of the home market.

## FINLAND'S BALANCE OF PAYMENT FOR 1946.

BY

RAGNI BÄRLUND, MAG. PHIL.

The calculations of the balance of payments should always be regarded as approximations as some of its component parts have to be based on rough estimates. In regular times however the compilation seems to have presented a fair record of the current situation, but in the exceptional conditions prevailing during and after the war the available data must be used with great discrimination. Yet in order to make possible an examination of the development of foreign payments and to get at least a general idea of this economic sphere, the Central Statistical Office has collected the necessary data for every year. In comparing the figures for 1946 with those for earlier years it should be borne in mind that, owing to the decline in the value of the Finnish mark, exchange rates were increased by 175 per cent in 1945.

### PRINCIPLES OF CALCULATION.

The Finnish calculation of the balance of payments only includes the real income from abroad and the expenditure there; neither loan issues, nor debt redemption nor other items that in their essence represent the movement of capital. Nor is it intended to record the actual payments made between Finland and other countries over a certain period, but an attempt has been made to set out what the balance of payments would have been if all payments had been made in cash. Consistent with this principle war reparation deliveries have not been included in the official statement of the balance as they are one-sided and do not cause any payments in the opposite direction as free exports do. Yet, as they are a drain on the na-

tional income and are closely related to free exports, it was found expedient to supplement the official figures with the value of the reparation goods in this review. In order to make the balance of payments tally with the record of the foreign movement of capital, the simultaneous decrease in the war debt has been included in the capital movement to the same amount. On the other hand, the restitution for goods removed from Soviet territory has not been included, neither in the balance of payments nor in the capital movement.

### INCOME.

The income in the balance of payments for 1945 and 1946 is seen from the following table.

In 1946 the income in the balance of payments proper was 28,150 million marks, or fully four times as large as the year before. The increase was partly due to the depreciation of the Finnish mark referred to above, but it may very largely be ascribed to the recovery in free exports. The extent of this recovery is measured by the volume index of exports which from 18 in 1945 had risen to 47 in 1946 (1935 = 100). For free exports payment was received to an amount of 23,100 million marks while the goods delivered as war reparations were valued at 8,775 million. If the latter amount is added to the sum total of income, an aggregate of 36,925 million marks is arrived at as the value of the whole outward movement of goods and services.

Among the services, shipping freights gave a fair return, 1,400 million marks, thanks to the restoration of part of the

	1945		1946	
	Mill. mk	Mill. mk	Mill. mk	Mill. mk
Exports .....	5,230		23,050	
stowage charges not included .....	15	5,245	50	23,100
Sale of gold .....		240		650
Harbour charges .....		80		160
Shipping freights .....		550		1,400
Emigrants' remittances .....		60		230
Gifts in kind .....		170		1,270
Money gifts .....		170		340
Foreign travel .....		90		220
Foreign insurance .....		330		690
Post Office, Telegraph Office and State Railways' revenue from abroad .....		5		60
Foreign diplomatic expenditure .....		20		30
<b>Total income proper .....</b>		<b>6,960</b>		<b>28,150</b>
<b>War reparations .....</b>		<b>8,170</b>		<b>8,775</b>
<b>Grand total .....</b>		<b>15,130</b>		<b>36,925</b>

merchant marine from the low point reached immediately after the war. During and since the war Finland has received valuable gifts from abroad, both of money and of goods, from private persons as well as organizations. The value of these gifts is very hard to ascertain as they run through many channels and as the gifts in kind have no definite commercial value; yet their value in 1946 may be estimated at 1,270 million marks, while the cash gifts amounted to 340 million. All gifts are included in the balance of payments as income, and the estimated value of the gifts in kind also as expenditure because they are imports which are not included in the official trade statistics. Being thus on both sides of the balance they do not influence its final result. — All the other income items increased considerably in comparison with the previous year, partly because the exchange value of

the mark was lower and partly because relations actually grew livelier. In a category by itself is the sale of gold held abroad whereby the Bank of Finland acquired 650 million marks' worth of foreign currency.

#### EXPENDITURE.

The table below shows the principal items of expenditure in the balance of payments for 1945 and 1946.

The total expenditure last year amounted to 27,520 million marks, a proportional increase over 1945 similar to that of income. On this side of the balance also trade has a decisive influence. The income from exports and noteworthy foreign credits financed the increasing imports, the value of which totalled 24,200 million marks in 1946. As in the case of exports, part of the increase was nominal only,

	1945		1946	
	Mill. mk	Mill. mk	Mill. mk	Mill. mk
Imports .....	6,820		24,270	
less: marine and transport insurance paid to Finnish companies .....	20	6,800	70	24,200
Smuggling .....		30		70
Imports of gifts in kind .....		170		1,270
Post Office, Telegraph Office and State Railways' expenditure abroad .....		25		110
Diplomatic expenditure abroad and share in inter- national expenses .....		65		150
Travel abroad .....		50		110
Insurance premiums and claims .....		310		700
Interest .....		270		910
of which:				
State .....	150		550	
Municipalities .....	10		30	
Others .....	110		330	
<b>Total .....</b>		<b>7,720</b>		<b>27,520</b>

and due to the falling value of the mark, but the volume of imports also increased very much, or from 18 points in 1945 to 51 points in 1946 (1935 = 100). During the years of interrupted connections with the United States and Great Britain interest payments were rather unimportant, because the amounts due could not be transmitted to the lender, besides which in later years certain interests were blocked in Finland. Towards the end of 1945 agreements were made about the payment of amounts overdue, and already in that year expenditure on interest was larger than for many years, and increased still more in 1946 when 910 million marks were paid on this account.

#### THE DIFFERENCE BETWEEN INCOME AND EXPENDITURE.

In 1946 the positive net items in the balance of payments, obtained by deducting the expenditure from the corresponding income, consisted chiefly of shipping freights 1,400 million marks, income from the sale of gold 650 million, cash gifts 340 million, emigrants' remittances 230 million, harbour charges 160 million and travel expenses 110 million. The principal negative net items, obtained by deducting the income from the corresponding expenditure, consisted of the surplus of imports, including smuggling, 1,170 million marks, interest 910 million and diplomatic expenditure 120 million.

For the first time since the outbreak of war Finland's balance of payments proper resulted in a surplus of income in 1946. The surplus was certainly not large, only 630 million marks, but it nevertheless shows a satisfactory development, particularly in regard to foreign trade. For years past indispensable imports have far exceeded exports, causing a surplus of expenditure, but this time the income surplus from all other items outweighed the diminished surplus of imports.

#### REVIEW OF THE YEARS 1922—1946.

In order to illustrate the main course of the balance of payments during the period for which it has been calculated according to uniform methods some figures

are given below. They show the average income and expenditure of the balance of payments for three periods, each one of which is characterized by great uniformity in regard to foreign payment conditions, and for 1945 and 1946.

	Income	Expenditure	Surplus of income (+) or expenditure (-)
	Mill. mk	Mill. mk	Mill. mk
1922—1930, aver.	6,288	6,399	- 111
1931—1939, "	7,705	6,669	+ 1,036
1940—1944, "	7,647	11,173	- 3,526
1945 .....	6,960	7,720	- 760
1946 .....	28,150	27,520	+ 630
Including war reparations.			
1940—1944, aver.	7,667	11,173	- 3,506
1945 .....	15,130	7,720	+ 7,410
1946 .....	36,925	27,520	+ 9,405

Because the value of the mark has changed very much during the long period covered by this table, the amounts quoted have been converted into dollars as affording a more stable standard of measurement than the nominal figures in marks. The income and expenditure of every year since 1922 has been converted into dollars at the current rate of exchange, and the result is given in the table below for 1945 and 1946, and as averages for the three longer periods cited.

	Income	Expenditure	Surplus of income (+) or expenditure (-)
	Mill. dollars	Mill. dollars	Mill. dollars
1922—1930, aver.	157.1	160.2	- 3.1
1931—1939, "	160.5	139.3	+ 21.2
1940—1944, "	154.3	226.4	- 72.1
1945 .....	77.7	86.2	- 8.5
1946 .....	207.0	202.4	+ 4.6
Including war reparations.			
1940—1944, aver.	155.4	226.0	- 71.0
1945 .....	168.9	86.2	+ 82.7
1946 .....	271.5	202.4	+ 69.1

The annual surplus of expenditure was 72.1 million dollars in the war years and had decreased to 8.5 million in 1945. In 1946 there was a surplus of income amounting to 4.6 million dollars. If the total foreign exchange of goods and services is taken into account, i.e. if the war reparations are included, the last two years

ended in a considerable income surplus which totalled 82.7 million dollars in 1945 and 69.1 million in 1946.

#### BALANCE OF PAYMENTS AND MOVEMENT OF CAPITAL.

The movement of capital is not included in the above figures, but, as before, such data are compiled by the Bank of Finland Institute for Economic Research. If complete and exact particulars were available regarding all the income and expenditure in the balance of payments and the actual movement of capital, the latter should exactly equal the net result of the balance of payments. In practice this is not the case, but in normal times they corresponded rather closely. For 1946 the figures differ very much, large net amounts of credits being received and utilized in the course of the year, although this does not seem necessary considering the surplus of income in the balance of payments. The explanation seems to be that a complete agreement between these two sides of the foreign payments presupposes some consistency in the transactions. According to the principles of calculation applied to the balance of payments, the actual transfer of money is supposed to take place at the same time as the traded goods pass the border. As long as the amounts outstanding on imports and exports at the beginning and at the end of the year do not differ very much, this hypothesis will work, but when trade recovers as fast as it has done lately the calculations are upset. In the first place the disturbance apparently originates in the new system of pre-paying imports out of credits, whereby the debt incurred is increased while the goods bought have not yet reached Finland in the course of the year when the credits are recorded and thus are only later included in imports and in the balance of payments. The same effect is caused by exports which, regarded as a positive item in the balance of payments, are too large because the payment for them is not received until some time after the shipment has taken place.

In consequence of the interruption in the regular redemption of foreign loans during the war, some amounts overdue

were paid to Great Britain in excess of regular payments in 1946. To Sweden amounts repaid on loans could not yet be transferred because of a special agreement. The total redemption of foreign credits aggregated 160 million marks during the year.

On the other hand, considerable new credits were negotiated. The Import-Export Bank in the United States granted a loan of 35 million dollars in 1946 and the same country granted another 15 million dollars' loan for the purchase of army surplus supplies. Brazil made 10 million dollars available for purchases of Brazilian products and Sweden 30 million crowns (equalling about 7 million dollars). These loans were not entirely utilized in 1946, but other previously granted loans were drawn on instead. All in all 8,065 million marks' worth of foreign long-term capital entered the country. It is therefore calculated that the funded foreign debt increased by 7,905 million marks last year, in addition to which the debt account was increased by 3,335 million marks of war loans from Sweden, Great Britain and France which were received earlier but not finally arranged until now. In computing these figures the amounts actually raised have been used as far as known, and expressed in Finnish marks at the exchange rates actually paid. In regard to the short-term balances and claims this is not practicable, as the operations taking place in a year are too numerous to be checked singly. Thus only the net change for the whole year is recorded. The short-term foreign claims were calculated at 4,050 million marks at the beginning of 1946 and 7,910 million at the end of the year, and the short-term indebtedness at 9,160 million and 15,400 million respectively on the same days. Two-thirds of the increase in indebtedness or 4,640 million marks did not, however, imply any imports of new capital in 1946 but were caused by a transfer of previous German assets to the clearing account of the Soviet Union. The total transfer was 5,990 million marks, but the rest of this sum was already included in the clearing debt and thus did not cause any change in it. The structure of the capital movement is best seen from the following table.



	1945		1946	
	Mill. mk	Mill. mk	Mill. mk	Mill. mk
Surplus in the balance of payments proper .....		—		+ 630
War reparations deliveries .....		+ 8,170		+ 8,775
Inward capital movement:				
New long-term loans .....		+ 1,425		+ 8,065
Increase of short-term indebtedness .....	+ 4,860		+ 6,240	
less: increase due to agio losses .....	3,730		710	
transfer of German assets to U.S.S.R. account .....	—	+ 1,130	4,640	+ 890
Sale of securities .....		—		+ 190
Reimbursement of amount pre-paid but not used .....		—		+ 300
<b>Total</b> .....		<b>+ 10,725</b>		<b>+ 18,850</b>
Deficit in the balance of payments .....		— 760		—
Outward capital movement:				
Redemption of long-term loans .....		— 120		— 160
Decrease of war debt .....		— 8,170		— 8,775
Increase of short-term claims .....	— 2,120		— 3,860	
less: increase due to agio gain .....	1,300	— 820	250	— 3,610
<b>Total</b> .....		<b>— 9,870</b>		<b>— 12,545</b>
Balance due to errors and omissions .....		+ 855		+ 6,305

The known inward movement of capital including the surplus of income in the balance of payments amounted to 18,850 million marks last year, while the corresponding outward movement totalled 12,545 million only. This means that the balance not accounted for was 6,305 million marks.

As suggested above, this incongruity apparently springs in the main from the new system of financing imports since the war and the lag in the payments for exports, in combination with and augmented by the great increase both in imports and exports last year.

### ITEMS.

**Budget proposal for 1948.** The introduction to the Budget proposed for next year states that the general economic development has been more favourable in 1947 than was estimated. It is probable, however, that in spite of such circumstances as the improving farming conditions, the progress will be slower in 1948. As before, the Government intends restrict its investments.

Revenue and expenditure as proposed compare with the figures for 1947 as follows.

	1948 Budget proposal Mill. mk	1947 Budget Mill. mk
Revenue		
Current .....	61,664	49,317
Capital .....	4,167	13,241
<b>Total</b> .....	<b>65,831</b>	<b>62,558</b>
Expenditure		
Current .....	46,851	47,169
Capital .....	18,963	15,363
<b>Total</b> .....	<b>65,814</b>	<b>62,532</b>

The total increase of the budget is not very great and the changes in various items are rather insignificant. It should be remembered, however, that comparisons between the budgets for post-war years are complicated both by inflationary development and two other facts: firstly because of the many supplementary budgets which make the real income and expenditure figures deviate greatly from ordinary budget figures, secondly because of the great part played by several formal items (cf. State account figures and the corresponding adjusted figures elsewhere in this issue, pp. 19—23).

**War reparations.** Until the end of the third reparation year on September 19th, 1947, war reparations were, according to the preliminary accounts made by Finnish authorities, delivered to an aggregate amount of 127.1 million reparation dollars,

which is 42.4 per cent of the total value of war reparations.

The following table shows the reparation dollar values of various groups of goods delivered in the third reparation year and the dollar amounts by which they exceed the corresponding dollar values of the programme. (The values of the deliveries in the two first reparation years have been given on p. 22 in Nos. 10—12, 1946, of this Bulletin.)

	Value of goods delivered MILL. dollars	Surplus MILL. dollars
Machines and plants .....	14.6	0.5
Cable products .....	3.7	0.5
Vessels .....	9.1	0.6
Cellulose and paper products	6.3	0.2
Timber products .....	4.9	1.0
Other deliveries .....	0.3	0.3
<b>Total</b>	<b>38.9</b>	<b>3.1</b>

As appears from the figures above, all groups show surpluses. Although in several sub-groups there are also deficits due to circumstances beyond the control of Finnish authorities it is hoped that the Soviet authorities also this time accept the surpluses as compensation for these deficits.

On August 30th an agreement was reached on some notable changes in the war reparation deliveries to the Soviet Union. Their greatest importance in regard to the deliveries is from the 5th to the 8th reparation year but they have affected the programme for the 4th year also.

Instead of 3 complete sulfite cellulose mills, 2 complete paper mills, 176 gang-saws, 210 wood mechanical lathes, 180 lathes, and cellulose and cable products at an aggregate reparation dollar value of 23,710,000, Finland shall deliver 100 narrow gauge locomotives, 4,000 open narrow gauge trucks, 6 complete plants — with generators — for pre-fabricated houses, 3 complete plywood factories with generators, 500,000 m<sup>3</sup> paper wood, one complete spool factory, 200 locomobiles of 75—90 HP, 400 loading cranes, 1,500 portable dynamos with gas generators and 50 river tug-boats of 150 HP, amounting to the same reparation dollar value.

To begin with, these changes mean a relief because the machinery now removed from the programme would have been more dependent upon foreign raw materials and

semi-manufactured goods than the products replacing them. Except for the spool factory machines, the new programme does not contain any machinery not previously produced. The earlier programme included machinery which had not been produced before and of which the detailed specifications were still unknown.

The appliances and vessels in the new programme have not been previously produced, but from detailed investigations it should be possible to make them easily, because they do not demand large amounts of foreign raw materials.

Further it is of essential importance that a very great part of the reparation programme for the workshops has been definitely fixed for the whole reparation period.

\*

**The labour market.** The Wage Truce proclaimed for the latter half of 1946 was followed by a relatively calm period on the labour market. But as no real stabilization of price and wage structure was reached, and most strikes had proved successful, there was no real turn for the better. In August 1947 a new serious wave of strikes began spreading still in September. These were unofficial strikes i. e. unsupported by the central organization of the trade unions. Only the communists and some related groups openly expressed their sympathy for the strikers whose demands were generally for the immediate removal of all wage control. The other claims, directed not only against the employers but also against the trade unions and the Government, seem to indicate a background of political struggle for power, particularly in the face of the local elections in December.

As an extreme means of getting a firmer grip on the situation the central organization of the trade unions in an ultimatum demanded that the Government should immediately settle the wage dispute.

Under such pressure the Government issued a new decision concerning the arrangement of wages. In it the Government states its intention to discontinue wages control as soon as possible. Until then the following provisions are in force: from October 1st a general rise of 5 marks per hour, i. e. of 12—15 per cent; the

disparities in the present wage structure are to be corrected; a family wages system shall be established according to which all wage earners shall be entitled to family allowances similar to those of the civil servants. These arrangements will mean a rise in the level of wages of about 20 per cent. This done the wages will be linked to the cost of living index. Every three months, for the first time on January 1st, 1948, wages shall be readjusted so that every full 5 per cent rise in the cost of living as compared with October 1947 shall be compensated by a 5.5 per cent rise in wages above the level of that same month. The Government has also decided to make a proposal to the Diet for corresponding adjustments in the salaries of civil servants.

For the purpose of wage adjustments a new cost of living index shall be constructed in the calculation of which the most notable changes in consumption since the outbreak of war and, as far as possible, also the share of black market products and prices shall be taken into account.

Since the new wage decision the labour market has calmed down again, at least for the time being.

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**The subsidies to farm products.** At the suggestion of a committee appointed from among their own members for handling questions essential for economic stabilization, the Government has decided to stop paying subsidies to the producers of milk and edible fats as from November 1st, 1947. The subsidies will be replaced by a system of rebates. This means that only children, mothers entitled to family or maternity rations, permanently disabled persons and aged persons not paying taxes will henceforth get the products affected at a lower price subsidized by the State, while all others will pay the full price.

\*

**Hydro-electric power.** It has already been stated in this Bulletin (e. g. Nos 4—6, 1946, p. 37) that a considerable part of Finland's water-power was lost with the ceded territories. Even in normal years this would mean a shortage of energy, but now the water level is unusually low. Since 1847 the water reserves of the

country have only once been less than at present. It has been estimated that the water-power will on the average be about 280,000 kW below requirements in the period December—January unless rain is quite abundant in the autumn. Of this deficiency only about 155,000 kW can be compensated by steam-power but the rest calls for drastic restrictions of power consumption. The production of industry has already been reduced to the level of Autumn 1946 and it is quite possible that at the beginning of next year the volume of the output of industry will not considerably exceed that of Autumn 1944.

In consequence of this, the Government has decided to ration the consumption of electric energy as from September 20th, 1947, to May 31st. 1948. This will be achieved by greatly increasing the charge rates for consumption in excess of the „allowed” quantities.

\*

**Production of cement and bricks.** The demand for cement was estimated at 450,000 metric tons for 1947. Theoretically the productive capacity of our factories should have made it possible to reach this goal. Lack of man-power in the first place, then shortage of fuel and recently of electric power, have hampered the production, yet it has been estimated that it will exceed that of last year by 30 per cent, or that about 420,000 metric tons will be produced.

Brick production also has advanced. In 1938—1939, when building activity was at its busiest, the output was 143—144 million bricks per year. Its rock bottom was reached in 1944, when only 43 million bricks were produced. This branch of building materials has also suffered from the shortage of man-power and fuel, and new machinery and rationalization in general are essential. In any case the output, which in 1945 was 77 million bricks, had reached as high a figure as 113 million in 1946. On the other hand, reconstruction even on a modest scale, i. e. of direct war losses, requires a yearly output of bricks twice as large as in the pre-war top years. Thus the estimated total production of this year, about 130 million bricks, is far from sufficient. Although the quantity of buildings planned for 1947 is only two-

thirds that of last year, the need for bricks has risen by about 86 million because it is intended to substitute brick for wood as building material, so that it will be possible to export more wood products.

In spite of all the present difficulties it should be possible to increase the output of bricks in two or three years, mainly by means of rationalization, to about 250 million annually.

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#### Weather conditions and crop prospects.

As stated in the previous issue of this Bulletin the early summer was exceptionally dry. After some rain in July the drought continued to deteriorate the crop prospects.

The following table shows the crop prospects in the middle of September 1946 and 1947 and in the middle of October 1946. (8 = very good, 7 = good, 6 = above average, 5 = average, 4 = below average, 3 = poor, 2 = almost failure, 1 = failure).

	1947 September	1946 September	1946 October
Autumn wheat .....	4.5	5.1	5.0
Spring wheat .....	4.8	4.8	4.7
Rye .....	5.5	4.2	4.2
Barley .....	4.6	4.7	4.7
Oats .....	4.7	4.4	4.4
Potatoes .....	4.6	4.8	5.1
Hay .....	4.0	4.5	4.5

According to preliminary estimates the total crops both of oats and other grain appear to have increased in comparison

with last year. In regard to oats the increase has been estimated at about 15 per cent. Other cereals have not increased so much, the estimate being about 6 per cent. Potatoes, too, may give a larger total crop than last year, but the estimates are still quite rough. The hay crop, on the other hand, was considerably less than in 1946, a decrease of about 16 per cent.

\*

**The 125th anniversary of the Savings Banks.** In September the Savings Banks of Finland celebrated their 125th anniversary. The first Savings Bank was established in Turku in 1822. In 1860 these Banks numbered 24 and at the beginning of this century 193. On the eve of World War II their number had reached 485 and is now 470. At present more than one-third of all deposits proper is in the Savings Banks.

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**Year Book of the Bank of Finland.** The twenty-seventh volume of the Year Book has been published in Finnish and Swedish, the English edition being under preparation. As usual it contains, in addition to a statistical section, a review of the economic position of the country and of the Bank's business in 1946. It is published by the Institute for Economic Research of the Bank of Finland, and is supplied free of charge on application.

## BANK OF FINLAND

(Cable address Suomenpankki)

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