



# BANK OF FINLAND

## MONTHLY BULLETIN

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1946

### THE FINNISH MARKET REVIEW.

#### THE MONEY MARKET.

There has been no essential change in the money market in the last few months. The stringency early in the year still prevailed, growing more difficult during the spring as a result of two co-existent factors, the slow depository movement and the ever increasing demand for credit. Though during the summer months the situation did not actually become worse, it did not improve. Rediscounted bills indeed have decreased considerably in the Bank of Finland in recent times, which shows that the strain on the banks has eased since last spring, but it should be remembered that in normal times the situation of the banks is strongest at this time of year, when exporters generally repay their credits with money received for exports. The fact that the banks had to resort to the Central Bank even to this extent supports the conception that the money market is abnormal and leaves no room for optimism; rather may the money market be expected to become more difficult during the autumn and winter as business will need much more credit, for lumbering among other things.

The accumulation of deposits in the banks has continued slow in spite of purchasing power having passed freely into the hands of the public all through the summer. High taxes and increased cost of living, of course, decrease the capacity to save at present, but apparently also the desire to save is less than usual for several reasons, the strongest being still the fear of inflation. The depository

movement has been slight particularly in the *Commercial Banks*, while other credit institutions report more active saving. In June deposit accounts in the former increased by 224 million marks, but this may chiefly be ascribed to the semi-annual interests having been added to them. In July they even decreased, in August showed a small increase by 51 million and in September decreased by 37 million. A sign of the small savings is that the increase in deposit accounts in January—August was considerably less this year than in 1945, the figures being 728 and 1,374 million marks respectively. On the other hand, cheque accounts accumulated, particularly in July when the increase was 566 million. In August the amount, 259 million marks, was much smaller, but considerably exceeded the increase in deposit accounts. In September the increase was still greater or 685 million, and appears to be principally due to unusually large amounts deposited in the *Commercial Banks* by exporters. As already mentioned the depository movement was more active in the other credit institutions, increasing much in August. From January to August more than 3,000 million marks accumulated in their savings and current accounts, while the corresponding increase in the *Commercial Banks* only slightly exceeded 1,000 million.

The demand for credit has been as great as in previous months so that credit institutions have not been able to satisfy the demand fully. Credits granted by the *Commercial Banks* have increased very little

during the summer months and even decreased slightly in July and August. One reason for this is that the Banks have not renewed the Treasury bills, another that exporters and others have repaid short term credits. Consequently domestic bills and cheque accounts have been reduced, although the banks have continued to grant new business credits and increased the credits of former customers. This is seen by the increase month by month in the ordinary loan account. In January—August total credits granted by the Commercial Banks increased by 6,328 million marks, the corresponding increase of last year being 3,581 million. As credits granted have advanced much faster than deposits, the liquidity of the Commercial Banks has considerably declined. Insufficient ability to grant loans has been characteristic of all credit institutions this year.

Reference has already been made to the relation between the *Bank of Finland* and the other credit institutions. Rediscounted bills amounted to only 1,679 million marks at the end of September having been as high as 3,034 million on June 15th. Although other credit institutions have not recently needed the aid of the central bank to the same extent as in Spring, total credits granted by the latter both to the State and to business concerns has increased continuously all through the summer, amounting to 33,042 million marks at the end of September as against 30,726 at the end of May and 22,397 million on December 31st, 1945. It should be noted that the stringency on the money market has lately compelled the Bank of Finland to finance such investments as are generally the work of other credit institutions. Credits granted to business concerns have indeed increased more than Treasury bills. The increase in credits and especially in the need for cash have together raised the amount of notes in circulation again in August after a reduction in the beginning of the summer. The increase was so much accelerated in September that the highest amount of notes hitherto in circulation was recorded, 19,076 million marks; the previous peak, 18,872 million, was in August 1945. As exports increased towards the end of the summer

the foreign payment position improved somewhat.

#### PRICES.

No complete price and wage stop has yet been accomplished, but prices have not increased very much in the last few months because of the truce. The cost of living index (August 1938—July 1939 = 100) rose from 437 in May to 466 in August or by 6.6 per cent, the corresponding figure being 49 per cent last year. Less activity on the Stock Exchange in the last few months also suggests that the inflation is slowing down. Yet this does not exclude the danger of a new violent rise in prices due to powerful factors such as scarcity of supplies, keen competition for labour, and the lack of balance in Public Finance.

#### TRADE AND INDUSTRY.

Data available as to the industrial trend in the second quarter of the current year show that the expansion has continued regardless of all difficulties. The output of wood products has increased as follows: sawn timber by 7 per cent, pulp by 40 per cent, cellulose by 50 per cent, paper by 80 per cent and plywood by fully 100 per cent as compared with last year. The production of the home market industry is estimated at more than 30 per cent above that of last year. The volume index for the whole industry (1935 = 100) was 81 in the second quarter as against 61 one year earlier, an increase of 33 per cent. The supply of raw material and requisites has improved but the competition for labour has increased month by month. The shortage of labour is so great in certain places that some industrial enterprises have had to close down. Lumbering also lacks labour at present.

Foreign trade was very active in the summer. Both imports and exports have increased since last year. The value of imports was 14,849 million marks and that of exports 11,967 million in January—August, the corresponding figures being 3,181 and 1,115 million in 1945. The great increase in exports is particularly gratifying. But, as imports have increased simultaneously, foreign trade has resulted in an excess of imports, as was to be expected.

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**STATISTICS.**  
**1. — STATEMENT OF THE BANK OF FINLAND.**

	1945	1946					
	Mill. mk	Mill. mk					
	30/9	30/4	31/5	30/6	31/7	31/8	30/9
<b>ASSETS.</b>							
I. Gold Reserve .....	172	1	1	1	1	1	1
Foreign Correspondents .....	346	1 038	604	848	775	1 365	1 586
II. Foreign Bills .....	38	92	93	98	102	109	129
Foreign Bank Notes and Coupons .....	6	9	9	10	10	10	12
Inland Bills .....	23 850	25 919	30 176	31 595	32 030	32 253	32 497
III. Loans on Security .....	19	175	175	327	327	181	52
Advances on Cash Credit .....	97	336	375	361	480	486	494
Bonds in Finnish Currency .....	394	324	322	314	310	307	306
» » Foreign » .....	162	243	243	243	235	190	190
Shares .....	111	0	0	0	0	0	0
Bank Premises and Furniture .....	33	32	33	33	33	33	33
Sundry Assets .....	202	506	599	414	705	616	473
<b>Total</b>	<b>25 430</b>	<b>28 675</b>	<b>32 630</b>	<b>34 244</b>	<b>35 008</b>	<b>35 551</b>	<b>35 773</b>
<b>LIABILITIES.</b>							
Notes in circulation .....	18 113	18 534	18 442	17 657	17 269	17 986	19 076
Other Liabilities payable on demand:							
Balance of Current Accounts due to the Treasury	143	94	—	64	195	—	39
» » » » » Others .....	1 034	1 068	1 047	860	855	973	1 036
Bank-Post-Bills .....	59	114	73	57	52	153	51
Foreign Correspondents .....	100	157	164	170	189	167	172
Foreign Clearing Accounts .....	1 593	2 336	6 798	8 162	8 841	8 739	8 113
Foreign Commercial Debt .....	—	—	43	897	940	1 001	817
Sundry Accounts .....	704	1 545	1 203	1 382	1 588	1 454	1 273
Capital .....	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Reserve Fund .....	1 154	1 272	1 272	1 272	1 272	1 291	1 291
Bank Premises and Furniture .....	32	32	32	32	32	32	32
Earnings less Expenses .....	240	174	210	256	298	345	377
Undisposed Profits .....	—	18	18	18	18	—	—
Sundry Liabilities .....	1 008	2 081	2 078	2 167	2 209	2 160	2 246
<b>Total</b>	<b>25 430</b>	<b>28 675</b>	<b>32 630</b>	<b>34 244</b>	<b>35 008</b>	<b>35 551</b>	<b>35 773</b>

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

	1945	1946					
	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 .....	518	1 039	605	849	776	1 366	1 587
According to Law of Dec. 13, 1939 <sup>1)</sup> .....	23 894	26 020	30 278	31 703	32 142	32 372	32 638
Additional Right of Issue .....	1 800	1 800	1 800	1 800	1 800	1 800	1 800
<b>Total</b>	<b>26 212</b>	<b>28 859</b>	<b>32 683</b>	<b>34 352</b>	<b>34 718</b>	<b>35 538</b>	<b>36 025</b>
<b>USED AMOUNT OF ISSUE.</b>							
Notes in circulation .....	18 113	18 534	18 442	17 657	17 269	17 986	19 076
Other Liabilities payable on demand .....	3 633	5 314	9 328	11 592	12 660	12 487	11 501
Undrawn Amount of Advances on Cash Credit .....	218	324	312	418	453	448	459
<b>Total</b>	<b>21 964</b>	<b>24 172</b>	<b>28 082</b>	<b>29 667</b>	<b>30 382</b>	<b>30 921</b>	<b>31 036</b>
<b>NOTE RESERVE</b> .....	<b>4 248</b>	<b>4 687</b>	<b>4 601</b>	<b>4 685</b>	<b>4 336</b>	<b>4 617</b>	<b>4 989</b>
<b>Grand total</b>	<b>26 212</b>	<b>28 859</b>	<b>32 683</b>	<b>34 352</b>	<b>34 718</b>	<b>35 538</b>	<b>36 025</b>

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

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

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

End of Month	Notes in Circulation Mill. mk					Foreign Correspondents <sup>1)</sup> Mill. mk					End of Month
	1943	1944	1945	1946	Monthly Movement	1943	1944	1945	1946	Monthly Movement	
Jan.	[9 617]					[495]					Jan.
Febr.	9 442	10 533	15 027	15 580	+ 1 982	491	205	349	1 611	+ 328	Febr.
March	9 796	11 033	15 255	15 631	+ 51	451	197	324	1 883	+ 272	March
April	10 206	11 905	16 146	17 323	+ 1 692	408	207	337	1 216	— 667	April
May	10 335	12 111	16 768	18 534	+ 1 211	376	223	338	1 038	— 178	May
June	9 618	11 977	17 055	18 442	— 92	350	269	339	604	— 434	June
July	9 087	12 590	16 971	17 657	— 785	327	258	334	848	+ 244	July
Aug.	9 060	13 141	17 688	17 269	— 388	289	242	270	775	— 73	Aug.
Sept.	9 301	13 495	18 872	17 986	+ 717	267	247	309	1 365	+ 590	Sept.
Oct.	9 945	14 308	18 113	19 076	+ 1 090	235	245	346	1 586	+ 221	Oct.
Nov.	10 426	14 636	17 259			227	227	430			Nov.
Dec.	10 430	15 425	17 414			217	324	193			Dec.
	10 825	15 657	13 598			215	350	<sup>2)</sup> 1 283			

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

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

End of Month	Cover for the Issue of Notes Percentage of Liabilities payable on demand				Note Reserve Mill. mk				Home Loans <sup>1)</sup> Mill. mk				End of Month
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	
Jan.	[105.46]				[2 710]				[17 314]				Jan.
Febr.	104.09	112.81	112.10	— 3.36	2 464	4 011	4 379	— 639	16 631	19 029	22 151	— 246	Febr.
March	104.89	111.71	112.75	+ 0.65	2 608	3 852	4 461	+ 82	17 127	19 160	21 794	— 357	March
April	101.66	110.54	113.10	+ 0.35	2 084	3 768	4 731	+ 270	17 159	20 213	24 433	+ 2 639	April
May	99.80	110.71	111.95	— 1.15	1 765	3 846	4 687	— 44	16 919	20 710	26 429	+ 1 996	May
June	97.31	109.58	109.97	— 1.98	1 323	3 676	4 601	— 86	16 877	21 050	30 726	+ 4 297	June
July	91.88	110.74	109.73	— 0.24	320	3 893	4 685	+ 84	16 426	21 133	32 283	+ 1 557	July
Aug.	92.80	112.43	108.35	— 1.38	426	4 335	4 336	— 349	17 393	22 535	32 837	+ 554	Aug.
Sept.	92.44	107.71	109.11	+ 0.76	280	3 465	4 617	+ 281	18 222	22 852	32 920	+ 83	Sept.
Oct.	94.37	111.15	110.27	+ 1.16	636	4 248	4 989	+ 372	19 165	23 966	33 043	+ 123	Oct.
Nov.	93.30	109.92			396	3 946			19 216	23 229			Nov.
Dec.	93.51	107.75			392	3 569			19 833	24 270			Dec.
	99.40	115.46			1 677	5 018			19 976	22 397			

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

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

End of Month	Treasury Bills (included in Home Loans) Mill. mk				Balance of Current Accounts due to the Treasury Mill. mk				Balance of Current Accounts due to others than the Treasury Mill. mk				End of Month
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	
Jan.	[15 950]				[26]				[711]				Jan.
Febr.	15 250	16 500	17 950	— 650	— 381	— 75	— 213	— 362	853	635	888	— 1 797	Febr.
March	15 650	16 500	16 450	— 1 500	— 272	— 319	— 69	+ 144	917	605	743	— 145	March
April	15 650	17 700	18 150	+ 1 700	— 727	— 343	69	+ 138	1 092	722	654	— 89	April
May	15 350	17 700	19 550	+ 1 400	— 396	— 295	94	+ 25	927	655	1 068	+ 414	May
June	15 350	17 700	21 750	+ 2 200	— 409	— 541	— 139	— 233	1 275	876	1 047	— 21	June
July	14 850	17 700	22 500	+ 750	— 786	— 419	64	+ 203	1 105	851	860	— 187	July
Aug.	15 850	19 000	23 900	+ 1 400	— 297	— 14	195	+ 131	1 214	687	855	— 5	Aug.
Sept.	16 750	19 000	23 500	— 400	— 202	— 759	— 146	— 341	1 625	382	973	+ 118	Sept.
Oct.	17 750	20 100	24 300	+ 800	138	143	39	+ 185	1 246	1 034	1 036	+ 63	Oct.
Nov.	17 750	19 400			— 264	— 125			1 371	1 218			Nov.
Dec.	18 250	20 500			— 251	— 416			1 055	1 368			Dec.
	17 750	18 600			222	149			721	2 685			

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 31/12	1945 31/12; 1946 31/1	1946 28/2—30/4	1946 31/5	1946 30/6	1946 31/7	1946 31/8	1946 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. — HOME DEPOSITS IN THE COMMERCIAL BANKS.

End of Month	Due to the Public				Due to other Credit Institutions		Total			Monthly Movement		End of Month	
	Cheque Accounts		Deposits		Mill. mk		Mill. mk						
	1945	1946	1945	1946	1945	1946	1944	1945	1946	1945	1946		
Jan.	[8 733]	10 246	[13 068]	13 407	16 508	4 958	6 977	21 342	26 641	33 731	+ 171	-1 577	Jan.
Febr.	8 378	9 911	13 528	16 593	4 889	7 126	21 521	26 795	33 630	33 630	+ 154	- 101	Febr.
March	8 583	9 951	13 755	16 938	4 812	7 496	23 278	27 150	34 385	34 385	+ 355	+ 755	March
April	8 576	11 216	13 784	16 969	4 652	6 957	23 274	27 012	35 142	35 142	- 138	+ 757	April
May	8 520	11 009	14 101	17 047	4 859	8 288	23 964	27 480	36 344	36 344	+ 468	+1 202	May
June	8 915	11 173	14 376	17 271	5 015	8 389	24 998	28 306	36 833	36 833	+ 826	+ 439	June
July	8 485	11 740	14 435	17 234	5 424	6 964	25 550	28 344	35 938	35 938	+ 38	- 895	July
Aug.	8 371	11 998	14 442	17 286	5 222	7 100	26 615	28 035	36 384	36 384	- 309	+ 446	Aug.
Sept.	9 606	—	15 058	—	6 175	—	27 136	30 839	—	—	+2 804	—	Sept.
Oct.	10 301	—	15 332	—	6 515	—	27 605	32 148	—	—	+1 309	—	Oct.
Nov.	10 891	—	15 373	—	6 198	—	27 881	32 462	—	—	+ 314	—	Nov.
Dec.	11 566	—	16 558	—	7 184	—	26 470	35 308	—	—	+2 846	—	Dec.

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

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

End of Month	To the Public				To other Credit Institutions		Total			Monthly Movement		End of Month	
	Inland Bills		Other Credits		Mill. mk		Mill. mk						
	1945	1946	1945	1946	1945	1946	1944	1945	1946	1945	1946		
Jan.	[5 976]	8 122	[10 482]	10 750	15 330	332	979	14 986	16 951	24 431	+ 129	+2 138	Jan.
Febr.	5 813	7 839	10 952	15 992	355	873	14 780	17 120	24 704	24 704	+ 169	+ 273	Febr.
March	5 836	8 435	11 381	16 676	425	904	15 262	17 642	26 015	26 015	+ 522	+1 311	March
April	5 695	9 009	12 059	17 194	394	972	15 669	18 143	27 175	27 175	+ 506	+1 160	April
May	5 767	9 834	12 402	17 702	505	1 040	15 873	18 674	28 576	28 576	+ 526	+1 401	May
June	5 871	10 113	12 816	18 007	447	939	16 095	19 134	29 059	29 059	+ 460	+ 483	June
July	6 221	9 737	13 444	18 332	902	928	16 642	20 567	29 047	29 047	+1 433	- 12	July
Aug.	5 902	9 593	13 821	18 267	680	761	16 745	20 403	28 621	28 621	- 164	- 426	Aug.
Sept.	6 731	—	13 897	—	1 003	—	16 911	21 631	—	—	+1 228	—	Sept.
Oct.	7 675	—	14 205	—	1 055	—	17 162	22 935	—	—	+1 304	—	Oct.
Nov.	7 504	—	14 257	—	839	—	16 994	22 600	—	—	- 335	—	Nov.
Dec.	7 243	—	14 081	—	964	—	16 822	22 293	—	—	- 307	—	Dec.

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

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

End of Month	Claims <sup>1)</sup> Mill. mk				Indebtedness <sup>2)</sup> Mill. mk				Net Claims (+) or Net Indebtedness (—) Mill. mk				Monthly Movement		End of Month
	1943	1944	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	1945	1946	
Jan.	[128]	141	125	342	[445]	373	251	355	[-317]	-232	-126	-13	-4	-46	Jan.
Febr.	114	134	103	473	434	390	255	357	-320	-256	-152	+116	-26	+129	Febr.
March	119	128	84	662	371	320	263	720	-252	-192	-179	-58	-27	-174	March
April	116	131	86	696	413	324	276	819	-297	-193	-190	-123	-11	-65	April
May	113	133	91	781	247	356	274	982	-134	-223	-183	-201	+7	-78	May
June	113	133	95	796	256	385	283	999	-143	-252	-188	-203	-5	-2	June
July	118	137	86	672	255	518	296	868	-137	-381	-210	-196	-22	+7	July
Aug.	133	127	98	673	372	461	292	860	-239	-334	-194	-187	+16	+9	Aug.
Sept.	134	125	104		273	425	301		-139	-300	-197		-3		Sept.
Oct.	148	124	176		211	438	313		-63	-314	-137		+60		Oct.
Nov.	149	123	232		209	247	317		-60	-124	-85		+52		Nov.
Dec.	140	125	335		352	247	352		-212	-122	+33		+118		Dec.

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

10. — FOREIGN PAYMENT POSITION OF ALL BANKS.<sup>1)</sup>

End of Month	Net Claims (+) or Net Indebtedness (—) Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
Jan.	[-3 179]	-3 966	-3 488	-822	-1 166	+ 9
Febr.	-4 057	-3 273	-875	-398	-53	+ 768
March	-4 485	-2 624	-991	-1 289	-116	+ 891
April	-4 535	-2 162	-951	-1 487	+ 40	+ 198
May	-4 187	-1 715	-887	-6 509	+ 64	-5 022
June	-4 316	-1 206	-929	-8 486	-42	-1 977
July	-3 996	-1 107	-1 332	-9 289	-403	+ 803
Aug.	-3 950	-967	-1 379	-8 620	-47	+ 669
Sept.	-3 844	-982	-1 507		-128	
Oct.	-3 667	-1 095	-1 624		-117	
Nov.	-3 602	-814	-2 543		-919	
Dec.	-3 700	-813	-1 556		+987	

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

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

11. — DEPOSITS IN POST OFFICE SAVINGS BANK.<sup>2)</sup>

End of Month	Deposits Mill. mk				Monthly Movement		End of Month
	1943	1944	1945	1946	1945	1946	
Jan.	[1 036]	1 087	2 103	3 355	5 319	+185	-98
Febr.	1 131	2 173	3 337	5 370	-18	+ 51	
March	1 182	2 305	3 342	5 539	+ 5	+219	
April	1 230	2 472	3 413	5 712	+ 71	+123	
May	1 382	2 552	3 749	5 784	+336	+ 72	
June	1 450	2 589	4 112	5 846	+363	+ 62	
July	1 524	2 661	4 139	5 940	+ 27	+ 94	
Aug.	1 637	2 735	4 130	6 488	- 9	+548	
Sept.	1 689	2 777	4 494		+364		
Oct.	1 841	2 878	4 681		+187		
Nov.	1 875	2 857	4 784		+103		
Dec.	1 949	3 170	5 417		+633		

## 12. — DEPOSITS IN THE SAVINGS BANKS.

End of Month	Savings Accounts Mill. mk			Current Accounts Mill. mk			Total Mill. mk				Monthly Movement		End of Month		
	1944	1945	1946	1944	1945	1946	1943	1944	1945	1946	1945	1946			
Jan.	[10 923]	11 150	13 258	17 465*	[587]	537	746	916*	9 550	11 687	14 004	18 381*	+ 307	-449*	Jan.
Febr.	11 293	13 455	17 603*	546	761	923*	9 689	11 839	14 216	18 526*	+ 212	+145*	+ 212	+145*	Febr.
March	11 483	13 532	17 770*	585	779	981*	9 904	12 068	14 311	18 751*	+ 95	+225*	+ 95	+225*	March
April	11 620	13 577	17 896*	565	757	1 050*	10 116	12 185	14 334	18 946*	+ 23	+195*	+ 23	+195*	April
May	11 806	13 753	17 884*	629	800	1 156*	10 335	12 435	14 553	19 040*	+ 219	+ 94*	+ 219	+ 94*	May
June	12 078	14 160	18 303*	636	844	1 262*	10 710	12 714	15 004	19 565*	+ 451	+525*	+ 451	+525*	June
July	12 207	14 318	18 431*	673	868	1 260*	10 854	12 880	15 186	19 691*	+ 182	+126*	+ 182	+126*	July
Aug.	12 419	14 456	18 586*	750	945	1 353*	11 053	13 169	15 401	19 939*	+ 215	+248*	+ 215	+248*	Aug.
Sept.	12 549	15 277		803	1 017		11 186	13 352	16 294		+ 893		+ 893		Sept.
Oct.	12 725	15 807		844	1 024		11 366	13 569	16 831		+ 537		+ 537		Oct.
Nov.	12 826	16 167		875	1 034		11 405	13 701	17 201		+ 370		+ 370		Nov.
Dec.	12 928	17 583		769	1 247		11 510	13 697	18 830		+1 629		+1 629		Dec.

According to figures supplied by the Central Statistical Office.

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

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

**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
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1945	1946	
Jan.	[2 428]						[776]						Jan.
Febr.	2 488	3 482	4 602	6 757	+ 95	-155	806	1 087	1 318	2 031	+ 50	- 5	Febr.
March	2 641	3 781	4 804	7 118	+143	+280	848	1 132	1 354	2 085	+ 13	+ 32	March
April	2 707	3 888	4 842	7 304	+ 38	+186	874	1 151	1 363	2 112	+ 9	+ 27	April
May	2 801	4 005	4 978	7 405	+136	+101	896	1 171	1 388	2 112	+ 25	- 0	May
June	2 934	4 110	5 150	7 534	+172	+129	931	1 188	1 429	2 138	+ 41	+ 26	June
July	3 013	4 187	5 246	7 606	+ 96	+ 72	950	1 193	1 447	2 132	+ 18	- 6	July
Aug.	3 101	4 310	5 332	7 739	+ 86	+133	965	1 209	1 465	2 127	+ 18	- 5	Aug.
Sept.	3 188	4 374	5 657		+325		979	1 216	1 599		+134		Sept.
Oct.	3 274	4 447	5 901		+244		995	1 232	1 690		+ 91		Oct.
Nov.	3 338	4 453	6 061		+160		1 007	1 244	1 755		+ 65		Nov.
Dec.	3 434	4 507	6 912		+851		1 039	1 268	2 036		+281		Dec.

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

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

End of Month	Total Deposits due to the Public Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
Jan.	[29 526]					
Febr.	30 311	36 741	45 061	59 332*	+ 526	-2 071*
March	30 712	37 155	45 586	59 378*	+ 525	+ 46*
April	31 792	39 065	46 263	60 517*	+ 677	+1 139*
May	32 290	39 579	46 420	62 351*	+ 157	+1 834*
June	33 120	40 596	47 396	62 475*	+ 976	+ 124*
July	34 550	41 924	49 098	63 601*	+1 702	+1 126*
Aug.	34 955	42 539	49 067	64 423*	- 31	+ 822*
Sept.	35 532	43 883	49 285	65 664*	+ 218	+1 241*
Oct.	36 360	44 452	52 835		+3 550	
Nov.	36 824	45 266	54 874		+2 039	
Dec.	36 606	45 535	56 186		+1 312	
	36 569	44 535	61 403		+5 217	

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

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

End of Month	New risks accepted <sup>1)</sup>			
	1945		1946	
	Number	Amount Mill. mk	Number	Amount Mill. mk
Jan.	14 460	397	14 933*	689*
Febr.	17 853	510	17 956*	848*
March	17 945	533	19 586*	919*
April	17 546	541	18 238*	881*
May	16 408	525	18 045*	925*
June	15 960	534	14 760*	758*
July	12 392	433	11 646*	611*
Aug.	12 949	476	13 222*	705*
Sept.	14 861	635		
October	18 096	858		
November	20 058	871		
December	20 084	936		
	198 612	7 249		
	125 513	3 949	128 436*	6 336*
				Total
				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
	Num-ber	Capital Mill. mk	Num-ber	Increase of Capital Mill. mk	Num-ber	Capital Mill. mk	Num-ber	Reduction of Capital Mill. mk	Num-ber	Capital Mill. mk	
1942											1942
1943											1943
1944											1944
1945											1945
1945											1945
April—June	424	170	104	155	36	34	1	1	+ 388	+ 290	April—June
July—Sept.	316	296	97	170	21	4	—	—	+ 295	+ 462	July—Sept.
Oct.—Dec.	430	163	141	135	33	12	1	5	+ 397	+ 281	Oct.—Dec.
1946											1946
Jan.—March	392	195	150	183	36	13	3	1	+ 356	+ 364	Jan.—March
April—June	338	140	152	372	29	16	1	0	+ 309	+ 496	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					
	1941	1942	1943	1944	1945	1946
January	11	12	15	7	10	12
February	18	6	8	10	7	8
March	22	13	8	4	6	11
April	19	10	10	12	3	7
May	29	7	13	6	7	10
June	7	6	9	2	12	6
July	3	9	11	9	3	
August	9	7	4	12	8	
September	2	17	1	15	2	
October	15	9	7	10	11	
November	17	7	12	10	2	
December	28	14	11	8	8	
Total	180	117	109	105	79	
Jan.—June	106	54	63	41	45	54

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

## 18. — STOCK EXCHANGE.

Month	Turnover of Stock Exchange <sup>1)</sup>					
	Mill. mk					
	1941	1942	1943	1944	1945	1946
January	31	40	24	30	29	54
February	33	51	26	38	41	75
March	37	88	29	44	117	65
April	78	75	34	27	108	57
May	57	75	48	41	81	144
June	31	20	30	49	129	87
July	40	19	28	31	114	57
August	24	19	24	44	132	40
September	20	28	59	51	219	87
October	58	40	37	33	157	
November	38	29	40	53	94	
December	54	38	46	47	109	
Total	501	522	425	488	1 330	
Jan.—Sept.	351	415	302	355	970	666

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

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

Month	Share Prices												Month
	All kinds				Bank Shares				Industrial Shares				
	1943	1944	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	
January	256	244	218	414	129	131	111	143	306	282	262	536	January
February	255	240	214	324	131	126	109	130	301	277	258	407	February
March	258	249	260	293	134	128	122	121	303	289	322	364	March
April	262	255	305	324	138	128	134	124	306	301	383	405	April
May	268	257	352	396	142	127	147	130	313	304	451	519	May
June	270	245	458	436	139	123	160	129	319	287	611	582	June
July	264	239	651	378	131	120	205	122	312	280	878	496	July
August	263	256	691	356	132	122	206	121	311	303	916	462	August
September	250	248	499	358	121	120	167	125	296	294	661	463	September
October	229	235	497		121	117	162		264	282	648		October
November	210	202	417		117	108	148		239	239	541		November
December	219	209	416		120	108	140		250	250	545		December
Whole year	250	240	415		129	121	134		293	282	540		Whole year

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

## 20. — PUBLIC DEBT.

End of Year and Month	Funded Debt			Short-term Credit			Total Public Debt			End of Year and Month
	Foreign	Internal	Total	Foreign	Internal	Total	Foreign	Internal	Total	
	Mill. mk									
1941	3 631	8 744	12 375	674	14 444	15 118	4 305	23 188	27 493	1941
1942	3 931	12 550	16 481	1 084	19 330	20 364	4 965	31 880	36 845	1942
1943	4 144	23 561	27 705	1 248	22 669	23 917	5 392	46 230	51 622	1943
1944	4 832	35 777	40 609	1 266	25 447	26 713	6 098	61 224	67 322	1944
1945	16 425	38 612	55 037	3 522	26 947	30 469	19 947	65 559	85 506	1945
1946										1946
April	18 624	39 207	57 831	3 537	27 974	31 511	22 161	67 181	89 342	April
May	19 169	39 758	58 927	3 550	30 181	33 731	22 719	69 939	92 658	May
June	19 328	39 919	59 247	3 547	30 643	34 190	22 875	70 562	93 437	June
July	21 526	40 613	62 139	4 165	31 514	35 679	25 691	72 127	97 818	July
August	22 726	41 571	64 297	4 168	30 971	35 139	26 894	72 542	99 436	August

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

## 21. — STATE REVENUE AND EXPENDITURE.

Year and Month	Total Revenue	Current Revenue <sup>1)</sup> derived from							Capital Revenue	Expenditure			Year and Month
		Income and Property tax <sup>2)</sup>	Excise on spirits, wines, etc.	Stamp duty	Sales tax	Interest and Dividends	Railways, Posts, Telegraphs <sup>3)</sup>	State Forests <sup>3)</sup>		Total	Current	Capital	
Mill. mk											Mill. mk		
1945													1945
Jan.—July	16 149	6 459	129	436	1 315	89	— 90	—178	3 977	18 464	14 321	4 143	Jan.—July
Whole year	42 897	13 759	334	857	6 872	2 533	—601	113	9 163	42 755	33 754	9 001	Whole year
1946													1946
Jan.—July	30 180	8 004	207	777	3 618	5 658	210	—498	2 221	30 296	24 842	5 454	Jan.—July
1946													1946
Budget	55 529	12 250	268	800	5 750	4 091	1 775	435	12 580	55 526	41 200	14 326	Budget

Tables 21—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	
Mill. mk				
1945				
Jan.—Aug.	199	192	0	7
Whole year	436	416	0	20
1946				
August	155	148	0	7
Jan.—Aug.	1 437	1 403	0	34
1946				
Budget	1 901	1 860	1	40

## 23. — COLLECTION OF EXCISE DUES.

Year and Month	Total Excise Dues	Excise on			
		Tobacco	Spirits	Beer	Matches
Mill. mk					
1945					
Jan.—July	992	686	83	46	89
Whole year	2 266	1 579	173	161	205
1946					
July	600	543	11	23	18
Jan.—July	2 455	1 970	92	115	158
1946					
Budget	3 766	3 100	128	140	240

## 24. — VALUE OF IMPORTS AND EXPORTS.

Month	Imports (o. i. f.) Mill. mk			Exports (f. o. b., free exports) Mill. mk			Surplus of Imports (—) or Exports (+) Mill. mk			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	963	391	944*	769	31	957*	— 194	— 360	+ 13*	January
February	718	339	884*	749	15	681*	+ 31	— 324	— 203*	February
March	1 174	332	1 330*	796	31	1 013*	— 378	— 301	— 317*	March
April	855	368	1 388*	787	46	1 067*	— 68	— 322	— 321*	April
May	914	429	1 999*	783	67	1 708*	— 131	— 362	— 291*	May
June	837	349	2 513*	685	127	1 965*	— 152	— 222	— 548*	June
July	903	311	3 010*	809	243	2 071*	— 94	— 63	— 939*	July
August	1 036	662	2 781*	596	550	2 505*	— 440	— 112	— 276*	August
September	713	512		186	730		— 527	+ 218		September
October	177	685		39	1 055		— 138	+ 370		October
November	179	812		71	988		— 108	+ 176		November
December	450	1 631		62	1 340		— 388	— 291		December
Total	8 919	6 821		6 332	5 228		— 2 587	— 1 593		Total
Jan.—Aug.	7 400	3 181	14 849*	5 974	1 115	11 967*	— 1 426	— 2 066	— 2 882*	Jan.—Aug.

Tables 21—23 according to Finnish Official Statistics I, A, Foreign Trade of Finland, Monthly Reports.

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

\* Preliminary figures subject to minor alterations.

## 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.		
	1944	1945	1944	1945	1946*	1944	1945	1944	1945	1946*
Dairy produce, eggs, honey	416	274	356	120	344	0	57	—	23	48
Other animal products, live animals .....	57	264	39	115	284	4	18	4	7	36
Vegetables .....	52	78	48	63	5	3	—	3	—	—
Eatable fruit .....	22	4	22	1	6	0	0	0	0	0
Coffee, tea, spices .....	1	13	1	0	101	0	—	0	—	—
Cereals, milling products ..	1 194	1 365	761	715	2 381	0	0	0	0	—
Certain seeds and fruit, plants for industrial purposes ..	89	46	88	25	143	124	2	123	2	20
Raw materials for tanning and dyeing .....	16	3	12	1	42	—	0	—	—	—
Animal and vegetable fats ..	88	269	65	184	224	—	—	—	—	0
Meat and fish products ...	35	81	33	4	40	—	—	—	—	—
Sugar, sweets .....	371	272	268	150	572	—	—	—	—	—
Beverages, vinegars .....	126	0	58	0	88	13	—	12	—	2
Fodder .....	27	2	7	2	108	2	0	2	0	0
Tobacco .....	209	195	154	101	274	—	—	—	—	—
Minerals, ore .....	139	207	124	83	538	544	85	435	59	30
Mineral fuel and oils .....	1 398	531	1 218	177	2 256	5	2	4	2	0
Chemical and pharmaceutical products .....	365	274	325	120	648	53	20	51	11	16
Tanning and dyeing extracts, varnishes .....	115	73	105	26	195	0	1	0	0	1
Caseine, albumine, glues ..	37	116	33	49	163	—	—	—	—	1
Fertilizers .....	195	157	179	115	520	—	0	—	—	—
Hides, skins, leather and furs; manufactures of these materials .....	144	45	113	29	127	162	0	159	0	37
Rubber and rubber articles	122	77	112	15	469	0	2	0	2	0
Wood and wooden goods ..	7	3	6	1	12	2 087	1 908	2 024	191	4 064
Woodpulp .....	—	4	—	4	1	846	1 217	845	317	2 680
Cardboard and paper; their applications .....	24	6	23	2	26	1 504	1 312	1 486	268	4 003
Textile materials, textile goods .....	732	567	655	241	1 164	210	206	192	91	381
Footwear .....	31	40	15	19	43	32	0	32	0	0
Articles of stone and of other mineral material, glass ..	97	48	91	22	126	68	62	62	26	109
Base metals; articles made therefrom .....	1 111	1 092	996	565	1 980	201	120	172	33	328
Machinery, apparatus .....	584	364	528	95	783	8	88	5	23	25
Electrical machinery and apparatus .....	357	123	320	32	286	12	23	11	8	25
Transport material .....	228	52	183	16	610	280	3	199	2	7
Instruments, clocks and watches, musical instruments .....	88	31	81	13	60	4	1	4	0	4
All others .....	442	145	381	76	230	170	101	149	50	150
<b>Total free trade</b>	<b>8 919</b>	<b>6 821</b>	<b>7 400</b>	<b>3 181</b>	<b>14 849</b>	<b>6 332</b>	<b>5 228</b>	<b>5 974</b>	<b>1 115</b>	<b>11 967</b>
Reparation deliveries .....						265	8 172	—	4 713	4 645
Restitution goods .....						—	1 284	—	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
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	2 720	11 133	5 242*	25 452	12 764	22 724*	3 355	2 278	1 659*	January
February	1 481	7 326	4 764*	10 297	5 839	2 403*	2 769	1 679	2 276*	February
March	14 378	11 378	3 953*	—	12 887	14 924*	2 794	1 563	2 161*	March
April	165	3 384	4 434*	500	12 994	1 048*	3 252	1 305	2 020*	April
May	196	2 221	0*	—	25 967	9 459*	3 037	538	1 963*	May
June	4 239	45	16 011*	0	16 632	40 308*	1 750	997	2 410*	June
July	—	1 270	17 454*	18 591	12 732	21 047*	1 232	1 910	4 892*	July
August	—	—	30 274*	37 273	19 175	15 312*	2 659	1 355	3 690*	August
September	—	3 450	—	33 923	5 748	—	2 765	795	—	September
October	—	6 645	—	6 421	2 200	—	2 380	1 361	—	October
November	14 093	6 370	—	9 485	5 910	—	1 251	389	—	November
December	15 212	16 504	—	18 565	17 015	—	2 462	1 992	—	December
Total	52 484	69 726	82 132*	160 507	149 863	127 225*	29 706	16 162	21 071*	Total
Jan.—Aug.	23 179	36 757	—	92 113	118 990	—	20 848	11 625	—	Jan.—Aug.

Month	Raw Tobacco Tons			Coal and Coke Tons			Petrol Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	200	119	167*	120 394	36 322	19 422*	3 110	113	—	January
February	165	108	142*	71 346	6 726	23 868*	395	177	191*	February
March	189	96	152*	118 070	3 012	46 747*	266	88	36*	March
April	167	93	166*	96 137	—	73 911*	274	228	386*	April
May	153	60	197*	124 816	—	88 959*	3 023	196	1 201*	May
June	110	96	145*	113 080	—	70 041*	5 215	208	4 122*	June
July	152	91	102*	87 913	—	154 693*	255	259	5 724*	July
August	142	203	203*	78 229	—	95 672*	5 242	386	6 969*	August
September	154	128	—	61 068	—	—	264	525	—	September
October	121	157	—	300	20 123	—	1 203	316	—	October
November	112	159	—	—	32 948	—	274	419	—	November
December	73	89	—	33 690	12 167	—	2 525	1 720	—	December
Total	1 738	1 399	1 279*	905 043	111 298	573 313*	22 051	4 635	18 629*	Total
Jan.—Aug.	1 278	866	—	809 985	46 060	—	17 785	1 655	—	Jan.—Aug.

Month	Raw Cotton Tons			Pig Iron Tons			Bar Iron and Bar Steel Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	—	908	1 137*	770	—	101*	4 065	116	654*	January
February	3	692	441*	—	—	—	3 361	826	1 825*	February
March	2	196	276*	—	—	150*	4 531	3 291	2 124*	March
April	—	314	1 402*	—	—	660*	9 234	3 201	2 694*	April
May	—	286	423*	150	—	150*	4 054	2 414	4 467*	May
June	—	836	718*	—	—	220*	3 859	1 586	3 491*	June
July	—	257	502*	—	150	69*	2 837	691	6 531*	July
August	—	278	2 583*	222	99	100*	3 085	1 169	3 820*	August
September	—	367	—	—	125	—	1 746	1 156	—	September
October	—	646	—	—	—	—	887	1 295	—	October
November	2	556	—	—	227	—	350	952	—	November
December	48	543	—	—	100	—	329	605	—	December
Total	55	5 879	7 482*	1 142	701	1 450*	38 338	17 302	25 606*	Total
Jan.—Aug.	5	3 767	—	1 142	249	—	35 026	13 294	—	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
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	1 130	3 150	—	2	1	24*	12	—	2*	January
February	3 512	69	—	3	—	8*	4	0	0*	February
March	2 345	129	—	5	—	15*	3	—	0*	March
April	2 543	3 367	—	2	0	26*	7	—	0*	April
May	2 320	100	—	7	0	74*	11	0	6*	May
June	3 757	97	—	40	1	88*	14	1	20*	June
July	1 505	153	—	71	1	157*	34	3	31*	July
August	4 915	45	—	60	14	253*	25	6	34*	August
September	1 290	54	—	27	35	—	5	14	—	September
October	3 175	158	—	—	138	—	0	34	—	October
November	17 314	118	—	0	63	—	—	16	—	November
December	7 063	249	—	2	26	—	0	22	—	December
Total	50 869	7 689	—	219	279	—	115	96	—	Total
Jan.—Aug.	22 027	7 110	—	190	17	645*	110	10	93*	Jan.—Aug.

1 standard sawn timber = 4.673 m<sup>3</sup>.

Month	Matches Tons			Plywood 1 000 m <sup>3</sup>			Bobbins (spools) Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	72	—	24*	6	0	2*	78	—	41*	January
February	125	—	78*	4	0	2*	296	—	65*	February
March	353	—	53*	7	1	10*	270	—	256*	March
April	106	—	301*	8	0	9*	150	—	108*	April
May	138	—	126*	8	1	16*	185	—	212*	May
June	95	—	260*	7	1	12*	181	9	123*	June
July	46	—	148*	7	1	8*	142	—	212*	July
August	116	—	180*	5	2	9*	161	—	86*	August
September	—	89	—	1	5	—	10	—	—	September
October	—	116	—	0	7	—	—	3	—	October
November	—	72	—	0	5	—	—	45	—	November
December	—	72	—	0	6	—	—	55	—	December
Total	1 051	349	—	53	29	—	1 473	112	—	Total
Jan.—Aug.	1 051	—	1 170*	52	6	68*	1 463	9	1 103*	Jan.—Aug.

Month	Mechanical Pulp <sup>2)</sup> Tons			Sulphite Cellulose <sup>2)</sup> Tons			Sulphate Cellulose <sup>2)</sup> Tons			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	3 400	—	4 838*	11 039	—	14 419*	8 402	—	10 154*	January
February	3 012	—	1 697*	7 470	—	7 816*	8 170	—	7 785*	February
March	2 890	—	1 448*	19 459	—	11 082*	12 785	—	8 170*	March
April	1 024	—	1 037*	14 700	—	15 897*	14 612	—	11 546*	April
May	5 177	—	7 221*	12 075	—	27 990*	8 493	—	24 109*	May
June	6 358	—	11 836*	11 071	178	23 778*	2 885	949	15 731*	June
July	4 849	4 017	10 090*	10 932	7 412	11 799*	2 092	6 125	15 082*	July
August	4 663	9 674	11 190*	6 222	9 721	17 309*	3 410	9 684	22 642*	August
September	94	2 739	—	—	3 209	—	—	9 121	—	September
October	—	2 062	—	—	9 275	—	—	5 930	—	October
November	—	4 742	—	121	18 699	—	—	18 735	—	November
December	—	15 611	—	248	16 242	—	—	9 633	—	December
Total	31 467	38 845	—	93 337	64 736	—	60 849	60 177	—	Total
Jan.—Aug.	31 373	13 691	49 357*	92 968	17 311	130 090*	60 849	16 758	115 219*	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
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	9 690	—	5 834*	19 545	42	23 867*	7 837	—	16 551*	January
February	9 869	—	3 761*	13 371	40	14 376*	4 871	—	7 588*	February
March	10 202	—	9 870*	19 307	79	20 378*	8 390	—	13 321*	March
April	11 224	29	9 486*	17 431	65	20 783*	6 003	—	13 354*	April
May	7 553	—	7 056*	17 614	57	26 621*	6 724	—	16 496*	May
June	9 303	119	7 783*	15 443	5 360	29 129*	5 540	3 631	19 113*	June
July	8 431	486	8 214*	11 857	7 467	29 463*	2 525	6 280	19 667*	July
August	6 111	2 833	9 425*	8 655	13 022	29 125*	1 333	7 879	20 925*	August
September	549	2 212	—	856	15 055	—	321	10 610	—	September
October	—	4 613	—	21	12 814	—	—	7 769	—	October
November	—	3 863	—	36	11 236	—	—	6 999	—	November
December	—	11 393	—	148	17 304	—	—	12 422	—	December
Total	72 932	25 548	—	124 284	82 541	—	43 544	55 590	—	Total
Jan.—Aug.	72 333	3 467	61 429*	123 223	26 132	193 742*	43 223	17 790	127 015*	Jan.—Aug.

## 28. — FOREIGN TRADE WITH VARIOUS COUNTRIES.

Country	Imports (c. i. f.)					Exports (f. o. b., free exports)				
	Whole year		Jan.—Aug.			Whole year		Jan.—Aug.		
	1944	1945	1945	1946*	1944	1945	1945	1946*	1944	1945
Europe:	%	%	%	Mill. mk	%	%	%	Mill. mk	%	%
Belgium .....	0.8	0.3	0.1	923	6.2	1.3	1.6	947	7.9	—
Bulgaria .....	1.1	0.6	1.0	25	0.2	1.0	—	3	0.0	—
Denmark .....	9.3	15.2	8.1	1 442	9.7	12.0	10.9	1 277	10.7	—
France .....	2.0	0.0	0.0	338	2.3	1.3	0.3	372	3.1	—
Germany .....	72.5	1.6	1.9	9	0.1	67.5	—	—	—	—
Great Britain .....	0.0	10.7	0.0	2 999	20.2	—	35.2	2 938	24.6	—
Greece .....	0.1	0.0	0.0	0	0.0	0.2	0.1	15	0.1	—
Holland .....	0.5	0.2	0.0	106	0.7	3.1	0.5	133	1.1	—
Hungary .....	2.8	0.0	0.0	0	0.0	3.0	—	—	—	—
Italy .....	0.4	0.0	0.1	1	0.0	0.0	0.0	18	0.2	—
Norway .....	0.7	0.3	0.0	460	3.1	1.1	0.2	349	2.9	—
Rumania .....	0.7	0.2	0.3	6	0.0	0.6	—	—	—	—
Soviet Union .....	0.0	19.0	11.2	3 856	26.0	—	29.6	3 009	25.1	—
Sweden .....	8.0	51.3	76.6	1 741	11.7	7.0	15.9	1 286	10.7	—
Switzerland .....	0.3	0.0	0.0	52	0.3	0.5	0.2	89	0.7	—
Spain .....	0.3	—	—	2	0.0	0.3	—	0	0.0	—
Turkey .....	0.4	0.4	0.7	29	0.2	0.2	0.6	7	0.1	—
Other European countries ..	0.1	0.2	0.0	28	0.2	0.9	0.2	103	0.9	—
Total for Europe	100.0	100.0	100.0	12 017	80.9	100.0	95.3	10 546	88.1	—
Asia .....	—	0.0	—	7	0.0	—	—	139	1.2	—
Africa .....	—	0.0	—	3	0.0	—	0.1	156	1.3	—
United States .....	0.0	0.0	0.0	2 384	16.1	0.0	1.9	758	6.3	—
Other States of North America .....	—	—	—	7	0.0	—	0.1	11	0.1	—
South America .....	0.0	0.0	—	431	3.0	—	2.6	335	2.8	—
Australia .....	—	—	—	0	0.0	—	—	22	0.2	—
Grand total	100.0	100.0	100.0	14 849	100.0	100.0	100.0	11 967	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	Foodstuffs	Other consumption goods		Sawn timber	Mechanical pulp	Dry cellulose	Paper	
1942	333	379	279	338	271	244	234	215	254	214	1942
1943	420	457	346	486	324	304	277	271	320	311	1943
1944	457	468	360	560	400	323	292	309	337	314	1944
1945	709	729	798	713	447	452	433	597	436	445	1945
1945											1945
Jan.—Aug.	543	531	647	579	359	361	346	573	355	353	Jan.—Aug.
1946											1946
Jan.—April	847	795	772	994	850	686	714	504	648	658	Jan.—April
Jan.—May	832	806	715	967	873	690	685	612	643	661	Jan.—May
Jan.—June	856	827	794	961	863	702	682	659	645	685	Jan.—June
Jan.—July	864	845	807	954	850	721	706	699	646	710	Jan.—July
Jan.—Aug.	886	855	900	955	839	738	732	705	660	727	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
	1941	1942	1943	1944	1945	1946	
January	1 038	677	981	1 046	1 412	2 840	January
February	849	821	1 073	1 206	1 482	2 957	February
March	1 035	923	1 306	1 360	1 585	3 470	March
April	1 076	914	1 266	1 246	1 626	3 680	April
May	1 253	1 007	1 329	1 411	1 848	4 039	May
June	867	1 138	1 099	1 043	1 759	3 731	June
July	891	1 186	1 106	948	1 400	3 402	July
August	914	1 072	1 167	1 229	1 847	3 911	August
September	906	1 125	1 308	1 023	2 420		September
October	957	1 098	1 337	1 077	2 954		October
November	875	1 076	1 302	1 191	3 186		November
December	967	1 188	1 429	1 419	3 267		December
Total	11 628	12 225	14 703	14 199	24 786		Total
Jan.—Aug.	7 923	7 738	9 327	9 489	12 959	28 030	Jan.—Aug.

Calculated by the «Uusi 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					Volume index						
	1942	1943	1944	1945	1946	1942	1943	1944	1945	1946	1942	1943	1944	1945	1946		
January	192	204	244	221	530					76	94	38	48	47	40	55	January
February	216	257	288	264	607	98	97	97	89	107	36	49	48	38	55	55	February
March	201	237	265	220	548				73	94	37	50	51	40	57	57	March
April	169	203	211	220	582				70	97	38	54	53	44	59	59	April
May	176	208	222	220	528	95	89	76	69	88	37	52	51	47	66	66	May
June	203	201	199	239	561				69	93	43	40	40	50	63	63	June
July	217	226	239	213					56		46	42	31	47			July
August	159	194	235	309		81	77	78	69		49	45	33	48			August
September	196	184	199	341					72		47	48	32	52			September
October	166	179	195	390					76		48	50	32	56			October
November	190	205	230	484		76	75	72	89		43	49	32	54			November
December	196	221	221	470					85		42	46	38	51			December
Whole year	189	208	225	303		83	82	80	76		43	48	40	47			Whole year

, Unitas 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>						
	1941	1942	1943	1944	1945	1946	1941	1942	1943	1944	1945	1946	
January	25						56.5	92.2	7.1	0.6	64.7	105.6	January
February	25	23	28	31	46	27	228.8	88.3	18.3	0.3	35.5	91.8	February
March	29						65.8	3.9	—	25.6	71.9	39.2	March
April	34						28.8	12.1	4.8	2.9	116.8	97.1	April
May	57	76	73	60	89	79	179.2	72.4	196.6	8.1	229.7	54.5	May
June	36						97.6	35.1	19.9	70.2	101.7	56.9	June
July	23						71.8	8.5	82.7	1.5	126.5	119.9	July
August	15	96	79	52	83		—	8.9	11.5	6.9	42.5	88.3	August
September	8						32.8	1.5	1.2	0.0	12.6	60.3	September
October	8						26.8	12.1	12.7	1.7	47.7		October
November	8	53	46	44	63		—	9.9	2.0	40.6	150.9		November
December	8						0.5	9.3	0.5	42.0	36.1		December
Total	276	248	226	187	281	106	788.6	354.2	357.3	200.4	1 036.6		Total
Jan.—June	206	99	101	91	135		761.3	322.9	342.1	116.1	801.9	713.6	Jan.—Sept.

<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	
1943	2 586	1 421	2 060 082	1 540 712	2 623	1 455	2 068 203	1 480 299	1943
1944	1 659	1 053	1 272 138	937 883	1 639	1 038	1 268 918	979 070	1944
1945	1 360	768	930 358	384 412	1 412	810	973 256	823 805	1945
1945									1945
Jan.—Aug.	1 715	917	1 314 895	926 062	1 718	976	1 271 891	940 670	Jan.—Aug.
1946									1946
April	121	66	98 608	83 553	126	84	99 307	69 141	April
May	233	126	176 727	135 676	240	142	168 318	125 000	May
June	279	153	217 770	158 564	300	186	200 658	151 917	June
July	373	186	258 102	167 044	376	194	281 843	196 799	July
August	434	182	344 784	203 258	430	194	325 391	259 488	August
Jan.—Aug.	1 440	713	1 095 991	748 095	1 472	800	1 075 517	802 345	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 (less Re-imburements)				Regular Expenditure				Month
	1 000 Tons				Mill. km		Mill. mk.				Mill. mk.				
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	
Jan.	728	714	752	995*	53	63	118	136	189	414*	131	178	197	495	Jan.
Febr.	703	673	703	848*	49	56	116	134	162	370*	165	209	230	509	Febr.
March	1 006	807	886	1 052*	55	68	158	169	203	459*	167	209	218	479	March
April	1 197	1 091	947	1 073*	67	70	230	284	224	500*	174	209	237	465	April
May	1 397	1 354	988	1 189*	70	75	291	274	236	484*	180	224	367	520	May
June	955	580	1 046	1 231*	67	67	188	158	279	575*	170	213	314	497	June
July	1 210	1 428	996	1 363*	66	71	251	411	294	596*	161	242	284	511	July
Aug.	1 111	1 150	1 079		68		249	236	377		162	210	376		Aug.
Sept.	1 207	666	971		63		249	282	331		164	211	548		Sept.
Oct.	1 390	2 139	986		65		315	290	347		171	202	488		Oct.
Nov.	1 204	671	1 036		65		240	210	333		223	213	538		Nov.
Dec.	1 863	878	1 212		61		454	470	492		213	368	696		Dec.
Total	13 971	12 151	11 602		749		3 070	3 054	3 467		2 174	2 688	4 493		Total
Jan.—July	7 196	6 647	6 318	7 751*	427	470	1 352	1 566	1 587	3 398*	1 148	1 484	1 847	3 476	Jan.—July

According to Monthly Statistics of the Finnish State Railways.

<sup>1)</sup> Including a certain group of incomes, the monthly distribution of which is not known. — <sup>2)</sup> Including a certain group of expenditure, the monthly distribution of which is not known.

\* Preliminary figures subject to minor alterations.



## 35. — WHOLESALE PRICE INDEX. 1935=100.

Month	Index for Goods in Finnish Wholesale trade																	Month
	Total Index						Finnish Goods									Imported Goods		
							Total			Products of agriculture		Products of forestry		Products of industry				
1940	1941	1942	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946		
Jan.	142	177	218	263	293	322	614	303	615	267	616	370	771	292	565	371	595	Jan.
Febr.	146	187	221	263	295	326	619	306	621	269	629	370	775	297	568	378	597	Febr.
March	150	189	228	264	303	331	633	311	637	272	661	376	775	302	585	386	602	March
April	153	193	233	268	304	343	690	323	645	273	663	405	775	313	598	391	803	April
May	157	193	237	272	304	348	687	330	645	274	627	424	802	317	599	394	791	May
June	162	194	240	274	304	383	695	374	656	392	652	438	832	348	600	398	791	June
July	164	199	244	275	306	421	702	421	661	435	648	520	855	385	603	405	802	July
Aug.	165	203	253	282	308	489	708	499	668	489	663	661	871	450	603	436	807	Aug.
Sept.	166	204	259	284	309	515	716	531	670	497	660	733	887	475	603	446	830	Sept.
Oct.	170	206	260	286	309	577		578		604		746		514		562		Oct.
Nov.	174	209	261	290	310	596		599		631		746		541		573		Nov.
Dec.	176	209	261	291	314	607		609		639		746		555		582		Dec.
Whole year	161	197	243	276	305	438		432		420		545		399		443		Whole year

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

## 36. — COST OF LIVING INDEX.

Month	1935 = 100																Month			
	Aug. 1938— July 1939 = 100			Total Index						Foodstuffs		Rent		Fuel and light		Clothing		Taxes		
	1944	1945	1946	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945		1946	1945	1946
Jan.	199	204	423	200	216	222	461	215	505	136	144	381	855	294	479	182	652	Jan.		
Febr.	199	204	423	201	217	222	460	216	499	136	144	383	856	292	497	182	652	Febr.		
March	199	205	431	202	217	223	470	216	515	136	144	384	856	293	505	182	652	March		
April	200	207	434	202	218	225	473	216	513	144	144	399	858	294	514	182	680	April		
May	200	210	437	203	218	228	476	216	517	144	144	424	859	305	523	182	680	May		
June	200	243	450	203	218	264	490	288	541	144	144	453	901	309	530	182	680	June		
July	201	281	463	204	219	306	504	331	536	144	144	488	921	330	540	317	916	July		
Aug.	202	313	466	207	219	341	507	384	536	144	144	534	939	348	548	317	916	Aug.		
Sept.	202	325	469	213	220	354	511	386	541	144	144	768	943	369	557	317	916	Sept.		
Oct.	203	387		214	221	422		503		144		828		388		402		Oct.		
Nov.	203	398		214	221	434		517		144		834		405		402		Nov.		
Dec.	203	404		215	221	440		518		144		842		495		402		Dec.		
Whole year	201	282		207	219	307		334		142		560		339		271		Whole year		

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

## 37. — BANK OF FINLAND BUILDING COST INDEX. 1935=100.

Year	Total Index					Index of the Contractor					Index of Overhead Costs					Year
	I	II	III	IV	Aver.	I	II	III	IV	Aver.	I	II	III	IV	Aver.	
1936	.	.	.	.	106	.	.	.	.	106	.	.	.	.	105	1936
1937	.	.	.	.	120	.	.	.	.	120	.	.	.	.	115	1937
1938	.	.	.	.	127	.	.	.	.	127	.	.	.	.	121	1938
1939	129	130	134	141	134	130	130	134	141	134	124	124	128	134	128	1939
1940	151	157	165	172	161	152	158	165	173	162	141	147	154	157	150	1940
1941	180	189	195	199	191	181	191	196	201	192	164	173	178	182	174	1941
1942	212	226	231	243	228	213	227	233	245	230	193	206	204	215	205	1942
1943	244	252	259	264	255	246	254	261	266	257	216	223	230	233	226	1943
1944	267	271	272	283	273	269	273	274	286	276	236	240	241	245	241	1944
1945	299	396	503	523	432	302	399	507	534	436	259	342	435	457	373	1945
1946	564	613	657			570	619	664			489	530	569			1946

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 as follows:

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

### 2. LAND.

THE AREA is 337 113 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 310 000 sq. km). Of the total area 9.4 % are inland waters. On an average 13.5 % of the land in the South of Finland is cultivated, 1.6 % 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 (1944): 3.9 millions (of whom 0.2 million emigrants). Sweden (1944) 6.6, Switzerland (1942) 4.3, Denmark (1944) 4.0 and Norway (1941) 3.0 millions.

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

DISTRIBUTION (1944): 76.3 % of the population inhabit the country, 23.7 % the towns and urban districts. The largest towns are (1944): Helsinki (Helsingfors), the capital, 331 192 inhabitants, Tampere (Tammerfors) 85 168, Turku (Åbo) 78 492.

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

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

RELIGION (1943): Lutheran 98.0 %, Greek-Orthodox 1.8 %, others 2.2 %.

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

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

### 4. TRADE AND COMMUNICATIONS.

FOREST RESOURCES (1945): The growing stock of the forests is 1 370 million cub. m (48 379 million cub. feet). The stock of standing timber measuring 6 in. at a height of 18 ft. amounts to 1 031 million trees. Of this number pine is represented by 68.6 %, spruce by 30.1 %, the conifers thus constituting 98.7 % or 966 million trees; leaf-trees mostly birch,

6.3 % or 65 million trees. The annual increment is 40.8 million cub. m (1 441 million cub. ft.). The annual fellings in 1944/45 were 28 million m<sup>3</sup> (985 million cub. ft.).

AGRICULTURE (1945): Cultivated land 2.3 million hectares, divided as follows: area under cultivation under 10 hectares 33.1 %, 10—60 ha 54.4 %, 60—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 (1943): Number of industrial concerns 4 590, workpeople 186 946, gross value of products of industry 38 477 million marks.

LENGTH OF RAILWAYS (1944): 4 469 km, of which 4 219 km State railways and 250 km private. The gauge is in general 1.524 m.

MERCHANT FLEET (1945): Steamships 309 (231 751 gross reg. tons), motor vessels 32 (6 586 gross reg. tons), sailing ships with auxiliary engine 119 (11 564 gross reg. tons), other sailing ships 18 (11 023 gross reg. tons). Total 478 (260 923 gross reg. tons).

### 5. FINANCE AND BANKING.

CURRENCY. Since 1860 Finland has its own monetary system. From 1877 up to 1914 the currency maintained its stable gold value, and after the disturbances caused by the war a gold standard was again introduced from January 1st, 1926. The unit of currency is the mark (Finnish *markka* = 100 penniä). According to the monetary law of December 21, 1925, a gold coin of 100 marks' value shall contain 3 <sup>14</sup>/<sub>100</sub> grams of fine gold. Since October 12, 1931, the redemption of bank notes in gold is, however, suspended.

STATE FINANCES. According to the finance accounts for 1944 the State revenue was 37 499.3 million marks of which 21 639.6 million marks were current revenue, and State expenditure 43 903.5 million marks, of which 37 526.4 million marks were current expenditure. The principal sources of revenue were as follows: direct taxes 8 770.4, indirect taxes 2 582.3, sales tax 4 019.4, interest and dividends, etc. 2 790.6, State property and undertakings (net) 1 068.9, and capital revenue 15 859.8. For Public Debt see table 20 in this issue.

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

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

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

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

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

## PUBLIC ECONOMY OF FINLAND DURING THE WAR AND AFTER THE ARMISTICE.

BY

T. JUNNILA, DOCT. PHIL.

The second world war, in which Finland became involved when the Winter War broke out on November 30th, 1939, found her economic position rather unprepared in as much as public revenue did not nearly cover the varied war expenditure, the usual experience of belligerents. An unavoidable consequence of this was, of course, a considerably increased recourse to financial credits. Normal borrowings being insufficient, it became necessary to discount ever increasing amounts of Treasury bills at the bank of issue — the Bank of Finland. This meant that the increasing demand due to increased public expenditure was not entirely covered by a co-incident restriction of private demand by increased taxation and borrowings from individual savings. On the money side State expenditure was increasing, similarly the individual income, the banknotes in circulation, the funds on current accounts and, although much more slowly, deposits. The supply of goods again was reduced owing to the war. Thus the condition of public finance became an essential, although not the only, factor in the development of inflation in Finland.

Below we shall describe the development of the public economy in this country during the war and after the armistice. The first part of the survey concerns the years 1939—1944, the last year of peace, 1938, being recalled for purposes of comparison. A separate chapter will deal with 1945, when the war was over for Finland, but other difficulties had begun with burdensome war reparations and internal indemnity problems. The current year cannot be treated here since final figures are not yet available.

### PUBLIC ECONOMY IN 1938—1944.

#### *Public Expenditure and Current and Similar Revenue.*

In the 1930's the economic situation was quite easy, the difficulties of the great

depression having been overcome. The budget was usually fairly easily balanced, and the State indebtedness was small — among the smallest in the world per head of population.

The balance of expenditure and revenue was disturbed by the outbreak of war. The following table shows the movement of public expenditure and revenue in the years of war, 1938 being included as a basis for comparison. Revenue entries include all other items except loans. Both expenditure and revenue figures have been adjusted by omitting arrears of revenue and expenditure, and grants to be carried forward at the close of the year. Some other adjustments have also been made.

#### 1. STATE EXPENDITURE AND REVENUE IN 1938—1944.

Year	Expenditure Mill. mk	Revenue Mill. mk	Revenue in % of expenditure
1938	4,933	4,931	99.96
1939	6,760	5,253	77.7
1940	17,445	5,286	30.3
1941	20,289	10,764	53.1
1942	24,978	17,271	69.1
1943	31,118	20,890	67.1
1944	38,335	21,305	55.6
1938—1944	143,858	85,700	59.6

Whereas revenue and expenditure in the last year of peace practically balanced, revenue decreased, not absolutely but in relation to expenditure, after the outbreak of war. In 1939 Finland was at war for only the last month of the year, but the period of mobilization had caused additional outlays, similar in many respects to war expenses, and revenue fell to 77.7 per cent of expenditure. In 1940 the corresponding ratio was no more than 30.3. To restore the balance in State finance more and more definite efforts were made. New important taxes were introduced, previous taxes were increased, and these measures improved the situation considerably in 1942—1943. In 1944, the last year of war, which was difficult in many

respects, revenue was again merely a little more than half of the expenditure.

The great increase in public expenditure was of course chiefly due to expenditure on defence. These are included in the budget group „Government Institutions subordinate to the Ministry of Defence”. Table 2 below shows the relation of this group to other expenditure. Here and in the following tables items are generally adjusted as above.

2. GOVERNMENT INSTITUTIONS SUBORDINATE TO THE MINISTRY OF DEFENCE AND OTHER EXPENDITURE IN 1938—1944.

Year	Expenditure on defence Mill. mk	Other expenditure Mill. mk	Total expenditure Mill. mk	Expenditure on defence in % of total expenditure
1938	696	4,237	4,933	14.1
1939	1,798	4,962	6,760	26.6
1940	11,681	5,764	17,445	67.0
1941	9,133	11,156	20,289	45.0
1942	14,976	10,002	24,978	60.0
1943	18,890	12,228	31,118	60.7
1944	23,368	14,967	38,335	61.0
1938—1944	80,542	63,316	143,858	56.0

The expenditure on defence did not, in 1938, quite reach 700 million marks, repre-

senting no more than 14.1 per cent of the total expenditure. In 1939 their absolute amount had already risen 2.6 times, or to 26.6 per cent of total expenditure. Yet this was only a modest beginning. In 1940 the expenditure under this heading was almost 17 times as high as in 1938, and in the last year of war even 33.6 times as high. In the latter year the expenses of defence represented over 60 per cent of total expenditure. Thus the burden of war was clearly reflected even in the domain of finance. The relation of the expenses of defence to total State expenditure is shown on the left hand in the diagram on the next page.

Taxes have formerly been the most important source of State revenue and this was true even more so during the years of war, as taxes were frequently increased and new ones of various kinds introduced. Direct taxes (i. e. on income, property and inheritance) and indirect ones (customs and various excise duties, sales tax) are shown as separate groups. The rest, a quite small amount, is the yield of stamp duties of „mixed” nature, varying from 2 to 7 per cent of the total amount of taxes.

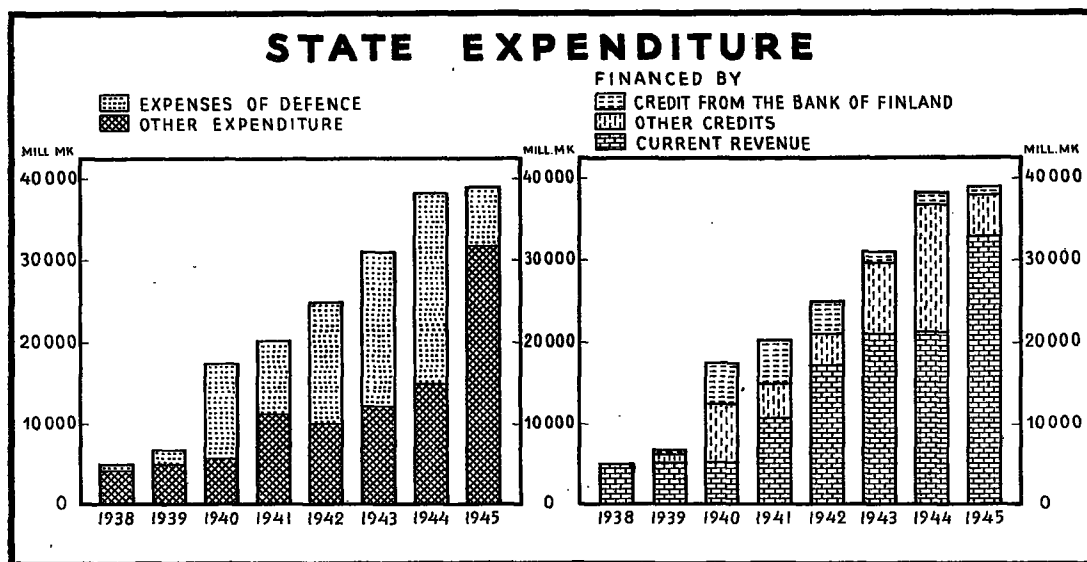
3. STATE REVENUE FROM TAXATION IN 1938—1944.

Year	Direct taxes Mill. mk	In % of total taxes	Indirect taxes Mill. mk	In % of total taxes	Total taxes Mill. mk	Other revenue Mill. mk	Taxes in % of total revenue
1938	1,020	28.4	2,304	64.2	3,588	1,343	72.8
1939	971	28.8	2,143	63.5	3,375	1,878	64.2
1940	1,525	42.3	1,869	51.9	3,604	1,682	68.2
1941	4,965	55.1	3,813	42.3	9,016	1,748	83.8
1942	6,741	50.6	6,296	47.3	13,309	3,962	77.1
1943	8,640	55.1	6,723	42.9	15,668	5,222	75.0
1944	8,753	56.1	6,477	41.5	15,595	5,710	73.2
1938—1944	32,615	50.8	29,625	46.2	64,155	21,545	74.9

This table shows both the dominating position of taxes in State finance and the rapid increase in direct tax yield. Before the war the bulk of revenue from taxation was derived from the indirect taxes, which in 1938 were more than twice the direct. But the yield of indirect taxes as such also largely increased during the war. This was above all due to the introduction of the sales tax. Some others of the indirect taxes, especially the excise duty on tobacco, also proved good sources of income. The excise on wines and spirits is very important but only a relatively small part of it is formally

tax revenue, most of it being a profit for the Alcohol Monopoly.

The relation of the receipts from direct and indirect taxes has radically changed in spite of all. In 1944 the former kind of taxes yielded even much more than the latter or 56.1 per cent of the total tax revenue, whereas indirect taxes supplied 41.5 per cent and the less important stamp duty 2.4 per cent. Thus, direct taxes have assumed the preponderating position previously held by the indirect. This remarkable structural change in the taxation system has involved an increase in the



direct taxes paid by the wealthier classes as against a decreasing importance of the indirect ones which are usually considered as mainly burdening the poorer people.

*Public debt in 1938—1944.*

The disproportion of State expenditure and revenue during the war, very glaring in some years, meant that the former had to an ever greater extent to be financed by increasing the public debt. In consequence this has been multiplied by about twenty. Before the war it was among the

smallest in the world, even relatively, i.e. in 1938 only about 950 marks or 20 dollars per head of population, whereas e.g. in Sweden it amounted to 97 dollars and in England to 836 dollars in the same year.

Table 4 illustrates the amount of State indebtedness at the close of 1938 and 1944, and its annual growth in the intervening years. Internal and foreign debts are shown as separate items, the former with subdivisions for loans from the Bank of Finland and other loans from the internal market.

4. PUBLIC DEBT IN 1938—1944.

	Total Public Debt Mill. mk	To the Bank of Finland Mill. mk	In % of total debt	Other internal debt Mill. mk	In % of total debt	Foreign debt Mill. mk	In % of total debt
Total 31/12, 1938 .....	3,677	—	—	2,596	70.6	1,081	29.4
Increase 1939 .....	2,192	574	26.2	941	42.9	677	30.9
„ 1940 .....	11,553	4,866	42.1	4,745	41.1	1,942	16.8
„ 1941 .....	10,039	5,223	52.0	4,206	41.9	610	6.1
„ 1942 .....	9,375	3,887	41.5	4,833	51.5	655	7.0
„ 1943 .....	14,760	1,374	9.3	12,959	87.8	427	2.9
„ 1944 .....	15,504	1,604	10.3	13,194	85.1	706	4.6
Total 31/12, 1944 .....	67,100	17,528	26.1	43,474	64.8	6,098	9.1

The table shows clearly the immense increase in public debt. At the end of Finland's war in 1944, it had increased more than 18 times from the pre-war level, or to 17,000 marks per head of population. The table shows further that great changes have occurred in the composition of the

debt, both in the relation of foreign and internal debts, the latter increasing, and in the structure of the internal debt. The most noteworthy financial change is that of the public debt to the Bank of Finland. The regulations of this institution, as amended in 1925 when the inflation in con-

nection with the first world war was finally overcome, prevented the Bank from discounting Treasury bills. When the Winter War broke out and the State needed money, this policy could no longer be maintained, and the regulations were amended accordingly by a law December 13th, 1939, making also State drafts negotiable and cover for banknotes. As the table indicates, this fresh source of credit was used to a very large extent in subsequent years.

The armistice was concluded with the Soviet Union on September 19th, 1944. War with the German forces in the North of the country broke out simultaneously but was practically finished before the end of the year. Finland had thus withdrawn from the war by the beginning of 1945 which was expected to cause a radical reduction of expenditure at least on defence and thus a relief to public finance. But on the other hand the armistice brought new onerous engagements. What has been the relation of these opposing trends, or in other words what was the course of the State finances in 1945?

#### STATE FINANCES IN 1945.

After the adjustment of the items as shown above, State expenditure amounted to 39,014 million marks in 1945, and revenue to 33,036 million. Revenue covered 84.7 per cent of expenditure, the deficit of income amounting to 5,978 million marks.

In 1944, the last year of war, when the burden of expenditure on defence was heaviest, the total State expenditure was 38,335 million marks. In spite of hostilities having ceased expenditure was not reduced but on the contrary slightly increased, notwithstanding that expenditure on defence diminished very rapidly indeed from 23,368 million in 1944 to 7,311 million or less than one-third in 1945. The total expenditure however remained at its previous level and even rose somewhat because the fresh expenditure prescribed by the armistice — in combination with some other factors — outweighed the decrease in expenditure on defence.

One of the numerous sequels of the war was fresh expenditure, in the first place for the care of evacuees and evacuated

property. The population of Carelia had once more to be settled in other parts of Finland when the great Russian offensive began on the Carelian Isthmus in June 1944. Towards the end of the year the population of Northern Finland also had to move southwards because of the war with the Germans. This happened at the end of 1944 and continued all through 1945, although the situation eased later in that year as the Carelian evacuees found employment within the new boundaries of Finland and those from the North were returning home. Yet State relief had partly to be continued because of the sad state in which German destruction had left that part of the country.

This rise in expenditure, great as it was, was yet but inconspicuous in comparison with the expansion of other items that counteracted the radical decline in the expenses of defence and still made total expenditure rise in 1945. Above all this is the case with expenditure due to war reparations to the Soviet Union. These are to be paid in different goods, bought by a separate State office, entitled the Delegation for the War Reparation Industry (Soteva), from manufacturers mobilized for this purpose. The item termed "War Reparations and related Expenditure" rose in 1945 to an aggregate amount of 6,917 million marks, the corresponding figure for 1944 not exceeding 267 million. The increase was more than 6,600 million.

Next in amount among these new groups of expenditure are "Sundry Costs under the Armistice Agreement", 2,418 million marks, covering chiefly expenditure on so-called restitution deliveries. These were divided into two groups: A-goods are Russian property brought to Finland as spoil; B-goods property carried into Carelia, after its temporary recovery, from other parts of Finland but brought back during the retreat and now to be ceded to the Soviet Union with the A-goods. For such restitution goods in private ownership the Government had to pay compensation, and this as well as the cost of delivery contributed very much to the increase of State expenditure. These deliveries ceased in 1946.

A third onerous item is the expenditure of 2,123 million marks on the stabilization of prices for agricultural produce and the

encouragement of the marketing of these products. The figure comprises State premiums to producers of cereals, milk, butter and cheese. This outlay from taxation receipts has been necessary because the consumers' prices for these products do not cover the producers' costs, and to raise the consumers' prices would have endangered the even otherwise uncertain price and wage regulations. This item increased to fully its double as the rates of subventions were raised.

A similar increase was caused by expenditure on the settlement of the rural population from Carelia and other districts ceded or leased to the Soviet Union. In 1945 these items were, however, still low in comparison with the amounts to be entered for 1946 and the next few years, for the settlement only really started this year.

The expansion of expenditure in 1945 in spite of the reduced costs of defence has above been ascribed chiefly to new entries due to the situation created by the armistice. But there was also another reason for the increasing expenditure, viz. the rapidly progressing inflation. Figures throughout the budget have been affected, partly because of the rise in prices, partly and chiefly because inflation has compelled the State to raise the pay of its numerous employees. The level of wages doubled in several branches, in some even more than doubled. Although State salaries did not nearly keep in step with these, their rate had to be thoroughly regulated after the rapid increase in other wages and salaries, and hence, of prices.

It was noted above that 84.7 per cent of expenditure, in spite of its increase, could be covered with current revenue in 1945. The corresponding figure for 1944 was merely 55.6 per cent. The absolute amount of current revenue was 33,036 million marks in 1945, as against 21,305 million only in 1944. While State expenditure had increased very slightly, revenue had risen by a good third. The position of public finance has, in other words, been strengthened since the end of the war, notwithstanding all the new difficulties.

This result is to be attributed mainly to the very vigorous growth of receipts from taxation, from 15,600 million in

1944 to 25,000 million in 1945. The improvement is due to higher receipts from the two main groups of the present taxation system, viz. the tax on income and property, which increased from 4,744 million marks in 1944 to 10,691 million or more than double in 1945, and the sales tax which, amounting to 5,149 million, exceeded the yield 4,017 million of the previous year.

The main reason for this rapid rise in the yield of the taxes on income and property was the accelerated inflation, for the records of Finnish money will recall the year 1945 as a black page, telling how wages with prices in their track were roughly doubled. This meant a considerable increase in all nominal values including the yield of the tax on income and property, above all that part that is collected in advance direct from the source of income. One of the reasons for the speed of this whole process was the progressive scale followed in the taxation of both income and property of physical persons, involving an increase in the percentage collected for increased nominal income and property.

Inflation did not, of course, limit its action to wages and salaries or income generally, but it also affected turnover. This had a direct effect on the yield of the sales tax which is collected at different stages of production and distribution and which increased in 1945 although not so much as the tax on income and property. Another reason was that an amendment of the law concerning the sales tax came into force in the beginning of July 1945 prescribing, as the most important increase, the doubling of the tax on retail trade from 5 to 10 per cent.

As already stated, income in 1945, great as the increase was, did not cover the whole of expenditure but large credits were necessary. Public debt grew quickly in 1945, or by 18,256 million marks, i. e. much more than the deficit of current revenue below expenditure. The explanation is, in the first place, the increase in the former foreign debt by 12,500 million in 1945 because of raised rates of exchange, this increase not being here included in expenditure; secondly, the swelling of the total indebtedness is

also referable to an increase in the so-called indemnity loan, i. e. State bonds issued to the evacuees from the ceded territory as indemnity for their lost property. Nor has the latter increase been included in expenditure above (these bonds could be considered as State expenditure either when distributed or at their redemption, and the latter alternative has been adopted).

Also in 1945 it proved necessary to borrow from the central bank, the increase being 923 million marks. This amount was not very large because of the exceptional fact that an exchange of banknotes was carried out at the close of the year. Premature revelation of plans for this exchange induced the public to increase deposits with the banks to a very great extent — the banknotes began to burn in their pockets — so that the State could borrow more from credit institutions and pay a large instalment to the Bank of Finland in the last month of the year. Consequently the reduction of this line of credit cannot be considered as a sign of recovering finances.

On the right hand in the diagram there is a comparison of the different methods of financing State expenditure during the whole 8 years' period treated above. The diagram shows the contribution of current revenue, credit from the central bank and other kinds of credit in State expenditure during 1938—1945.

State finances did not improve quite satisfactorily, regardless of salutary efforts, even after the conclusion of the armistice. In 1946 the financial situation has further deteriorated. Difficulties have remained very serious. Reparations are almost overwhelming for the country and, furthermore, its resources are strained by difficulties due to the internal indemnity problem. Continuing inflation has also a disadvantageous influence on financial development. It is an old experience that State revenue tends to lag behind expenditure in the inflation phase. Nevertheless we may notice a diminution of the disproportion of expenditure and revenue in comparison with the worst years of war.

## INDUSTRY DURING THE WAR.

BY

YNGVAR HEIKEL, M.A.G. PHIL.

### GENERAL TREND.

In 1937 industry showed better results than ever before both in volume and in value. The former was estimated at 46 and the latter 57 per cent higher than the previous peak in 1928. In 1938 industry did not as a whole show such high figures as the year before, but the various branches developed diversely. In the first half of 1939 there was a slight improvement over the same months of 1938. Then, in September, the second World War began, so destructive to Finnish industry, particularly to that of export. Already the war between the Great Powers had hampered the commercial intercourse with countries not bordering the Baltic. The chief export articles, wooden goods, paper, cellulose and pulp, were proclaimed contraband by the belligerents and the limits set to them became more and more strict

so the opportunities for export decreased. During the Winter War December 1939—March 1940 exports almost entirely stopped so that many factories working for foreign markets either closed down or were running at part capacity only. The military calling up also greatly affected exports.

By the peace of Moscow very important territories were lost. The following figures indicate losses of industry, especially that of export, by the cession of Carelia. In 1938 the ceded territory had 432 industrial establishments with more than 25,000 workers or 11.7 per cent of the total industrial population. Based on an abundant supply of forests and water power these factories produced 10 per cent of the country's total industrial output, of which the lost mills' share was as follows: sulphate cellulose 26.4 %, sulphite cel-



lulose 24.5 %, plywood 14.3 %, sawn and planed timber 12.7 %, pulp and cardboard 11.5 %, and paper 5.4 %. Besides this large power stations were lost which produced more than half the power then distributed, also the only factory producing artificial fibres, the only soapstone factory, one of two raw sugar factories and one of four Martin works, 30.6 per cent of the flour and groats mills and 35.2 per cent of the potato flour and starch mills. The Carelian share in the total output is illustrated by the following percentages: bolts 50, sand-lime bricks 37, candles 49, bone dust 53, water-glass 96, chlorin 53, roofing felt 44, and other felts 48.

In the latter part of 1940 and the spring of 1941 industry was slowly recovering but was still recording only a fraction of the pre-war production when the fresh outbreak of war hampered it, especially the export industry, foreign trade becoming on the whole limited to the Baltic countries and their connections. In Spring 1941 a new route to America had been opened by way of Petsamo but the war closed it again.

Production in the export industry was hampered by the restricted export possibilities but also as in many other branches by the shortage of raw material, fuel and labour. This last was one consequence of so many able-bodied men being in military service, another was that floating and lumbering dropped to a fraction of the pre-war position. Transport difficulties had their share in that the timber that was cut could not be carried to the mills. All liquid fuel was reserved for military use so that civil buses and cars were reduced to a minimum and had to use wood. The railways had to burn wood although they were overloaded by heavy military transports on lines extended beyond the frontiers and by the goods and passenger traffic formerly carried by other means. The difficulties were still greater because tyres were lacking and cars could not be repaired or renewed. Owing to the low level of the water in the rapids, coal had to be used to produce electric power in the first years of war, and pulp wood was used as fuel when the firewood was exhausted. Of the home market industry many branches lacked raw ma-

terials, because imports were reduced or interrupted. This was partly due to lack of foreign currency that led to regulations based on licences and clearing.

Later the water supply in the rapids improved resulting in increased distribution of electricity, and milder winters eased the fuel situation. In September 1944 the armistice terms interrupted foreign trade almost entirely and not until December did trade with Sweden and the Soviet Union start. The territory ceded according to the armistice agreement cut off about the same industrial establishments as the peace of Moscow. The direct damage caused to industry by bombing is estimated at about 1,500 million marks.

When the army was disbanded in Autumn 1944 most of the men could return to their former occupations so that there was no unemployment, while many women left their war jobs and went back home or to other work. But so many had been killed or disabled that the labour continued short.

The changes in the labour supply for the whole industry, both of the wood-working and paper industries and other branches in all are shown by the following figures. They show the average number of workers on the first of January, April, July and October, so that the Winter War did not very much influence the figures for 1939 nor the disbanding of the army in Autumn 1944 those for 1944.

	Total industry 1,000	Wood- working 1,000	Paper industry 1,000	Other industry 1,000
1938	214.4	53.4	22.2	138.8
1939	191.0	43.9	18.0	129.1
1940	175.6	28.8	15.4	131.4
1941	179.6	31.5	15.8	132.3
1942	176.5	33.2	17.7	125.6
1943	186.9	36.9	19.7	130.3
1944	180.5	35.1	17.6	127.8

While total industrial labour remained at about 80—90 per cent of the 1938 level all through the war, it was down to 54 per cent in wood-working in 1940 and then rose to about 60—70 per cent in the following years. In the paper industry the reduction was smaller, to 70 per cent in 1940—1941, from which lowest point there was an increase to 89 per cent in 1943. In all other branches the number of workers varied between 90 and 95 per cent. In the home market industry the

number of workers was most reduced in lime and brick factories and in the textile, particularly in the cotton industry, in sugar and sweet factories, in the manufacture of tobacco, margarine, dye and varnish, and of oil, candles and soap. In the glass, cement and pottery factories as in the wool factories and the rubber, leather and footwear factories the decrease was smaller. In the metal and machine industry, on the other hand, the number of workers increased very much, especially in mining and carburizing, similarly in the production of drinks, in technochemistry and certain other chemical factories and in the printing trade.

#### EXPORT INDUSTRY.

The production of the export industry is illustrated by the Unitas volume index as follows for the period under review (1935 = 100).

	Total export industry	Sawn timber	Plywood	Produce of the paper industry
1938	105	85	125	120
1939	93	68	119	106
1940	37	33	58	38
1941	39	36	49	40
1942	43	40	48	42
1943	48	45	57	47
1944	40	39	50	37

The output of the most important export products, in 1,000 tons, was as follows:

	Sawn timber	Birch plywood	Pulp	Sulphite cellulose	Sulphate cellulose	Paper, all kinds	Card-board
1938	1,031	171	639	919	562	568	141
1939	796	135	612	670	332	617	115
1940	378	78	124	298	235	203	86
1941	447	66	88	353	237	223	109
1942	459	66	161	304	198	262	120
1943	542	97	223	275	230	371	146
1944	444	66	158	249	185	283	113

Production reached its lowest point already in 1940 in regard to sawn timber, sulphite cellulose, all kinds of paper, and cardboard, but not until 1941 in regard to pulp. The production of plywood was smallest in 1941—1942 and 1944, that of sulphate cellulose in 1944 after certain fluctuations. For most kinds of goods an increase was recorded in 1942—1943 and a universal decrease in 1944. The cellulose industry lacked lime and certain other chemicals, hoop-iron and baling wire. The saw-mills and plywood factories

lacked labour and also glue. The pulp and cardboard mills suffered from lack of water and shortage of raw materials and labour. The supply of raw material and requisites of the paper mills was almost completely exhausted by the end of 1944.

#### HOME MARKET INDUSTRY.

The home market industry had a quite different and more favourable development than the export industry and was better able to maintain production, although the course varied very much in different branches. The Unitas value index of production rose almost continuously from 147 points in 1938 to 225 points in 1944, or by 53 per cent. But as the index of the wholesale prices of the corresponding products had risen by 155 per cent at the same time, production really declined by about  $\frac{2}{5}$  through the effects of the war.

The Unitas value index of the home market industry and certain of its groups are as follows (1935 = 100).

	Total home market industry	Metals, machines	Textiles	Food, drinks, tobacco	Building material
1938	147	183	124	145	173
1939	158	201	130	151	187
1940	189	232	163	180	151
1941	182	215	138	230	174
1942	189	268	113	241	154
1943	208	297	169	219	178
1944	225	330	197	219	186

The index of metals and machines has risen relatively most, to 175 per cent, that of textiles coming next with 159 per cent of the 1938 level, but these figures are very much affected by the rise in prices.

The *metal and machinery industry*, which showed an increase in production already in 1938—1939, and was very active during the war owing to army orders, continued to augment year by year, its volume passing the level of the normal year 1935 in 1942. Works were enlarged, new ones erected and new machinery acquired as far as possible. After the armistice production had to be renewed and very much enlarged for the manufacturing of war indemnity goods. But the shortage of raw material and the difficulty of getting enough reserve parts and new machines hindered production.

The *production of building material*, including such branches as the stone, clay and glass industry, was booming up to September 1939 when it declined owing to the call-up of workers, the difficulty of obtaining raw material and the growing uncertainty of economic conditions. Sales of cement reached top figures that year but fell heavily during the autumn. In the beginning of 1940 activity declined further until reconstruction was started during the second half of the year. This went on up to June 1941. When war began again building was stopped, the workers were called up and fresh difficulties were met in getting raw material. In Autumn 1941, after the reconquest of Carelia, reconstruction started there but was not really on the way until the next summer. Elsewhere this branch was almost paralyzed, showing only small signs of revival. The limestone quarries and cement factories have had difficulties in getting milling wheels and fuel, i.e. coal which has partly been replaced by peat and wood. The production of the brickworks fell to a fraction of the pre-war level when building stopped. The pottery industry has had difficulties in getting several kinds of raw material. Before the war kaolin and clay were imported from England and during the war up to the armistice from Germany. Before the war the pottery industry exported about 50 per cent of its output, during the war only about 20 per cent. The glass factories had large supplies of raw material at the beginning of the war and later got more from Germany so that they could make large quantities of window glass needed for repairing bomb damages. After the armistice imports of raw materials were stopped and there was a lack of soda, potash and other chemicals.

The most important products of these branches of industry are shown in the following table.

	Lime- stone	Quick lime	Burnt lime	Cement	Bricks, all kinds	Window glass
	1,000 tons				Millions	1,000 sq. m
1938	1,288	230	42	500	174	1,097
1939	1,165	148	46	563	155	995
1940	761	103	30	301	94	1,183
1941	716	100	33	307	86	1,779
1942	531	84	32	179	80	2,162
1943	677	102	33	238	74	1,942
1944	551	62	28	180	55	1,670

In comparison with 1938 the production of various articles was as follows in 1944: limestone 43, quick lime 27, burnt lime 68, bricks 32 and cement 36 per cent. The output of pottery and window glass had increased.

The *textile industry* was on the whole on the same level in 1939 as in 1938. Owing to military orders production was active in the beginning of 1940 but later declined as raw material grew short. This was particularly true of the cotton industry, while the wool industry still had raw material and various substitutes in 1941.

The linen, cotton and wool industries being key branches on which the other textile industries are very dependent, their development will be described in more detail for the period in question.

The linen industry used about 70 per cent foreign flax before the war, but only about 35—40 per cent of this quantity was imported during the war. Imports were intermittent and stopped entirely in September 1944. Domestic flax has been harvested in increasing quantities instead and has been delivered to the factories on condition that 75 per cent shall be returned as linen yarn. The remainder was mostly used for the army, leaving very little for civil consumption. The linen factories have produced cloth from spun paper, a very useful substitute for the manufacture of such articles as upholstery materials, carpets, shoe-tops and bags.

The following figures show the output of the most important products of the linen industry and how ordinary production fell off and substitutes were used, in tons.

	Linen yarn	Hemp yarn	Paper yarn	Linen and hemp cloth	Cloth of arti- ficial fibres	Paper cloth
1938	1,653	143	—	472	—	—
1939	1,758	258	—	564	—	—
1940	1,616	143	—	769	—	—
1941	788	141	852	298	—	53
1942	590	23	2,297	167	—	863
1943	828	38	2,600	150	78	1,546
1944	974	59	2,316	217	64	1,019

The cotton industry, which used little else than foreign raw material before the war, suffered greatly as imports decreased immediately at the outbreak of war. The last consignment of any significance came by way of Petsamo in 1941. In consequence production declined to

30—35 or at the most 40 per cent of the normal. Of late years only artificial fibres have been available though not enough, especially when imports stopped, first from Italy in Summer 1943 and then from Germany in September 1944. Hitherto only small amounts of artificial fibres are manufactured at home. In Autumn 1944 an agreement was signed with Sweden for the delivery of cotton and artificial fibres, and in December of that year the first consignments were received.

The following table shows the output in tons of the chief cotton products showing clearly the change over from peace time goods to substitutes.

	Cotton yarn	Artificial fibres yarn	Paper yarn	Cotton cloth	Artificial fibres cloth	Mixed cloth
1938	12,318	—	—	8,493	—	—
1939	11,993	—	—	7,874	31	—
1940	11,387	—	—	8,240	16	—
1941	6,362	—	—	5,079	30	—
1942	291	2,191	115	335	1,544	1,052
1943	23	4,203	1,978	93	3,281	244
1944	7	5,221	1,583	25	3,648	146

In addition 4, 492 and 457 tons of paper cloth were produced in 1942—1944. Thus the transition to substitutes became almost complete in those three years. The lack of cotton has caused many difficulties in other branches: for example fishing-tackle has been lacking.

The wool industry, which used about 70 per cent foreign raw material before the war, has been able to work to 50—70 per cent of its capacity thanks to the domestic production of wool and the supply of rags. Artificial fibres have been partly used but the supply has been quite insufficient. In Autumn 1940 the wool factories formed a co-operative undertaking for the purchase of rags, and considerable quantities have been collected, but the quality of the products has declined.

The following figures show how the production of the wool factories has decreased and gone over to substitutes, in tons.

	Woolen yarn	Cotton and half-wool yarn	Yarn of artificial fibres	Paper yarn	Cloth containing		
					wool	cotton	artificial fibres
1938	5,255	95	6	—	3,582	95	89
1939	4,709	31	7	—	3,216	69	69
1940	5,425	121	8	—	3,739	54	61
1941	4,358	80	—	—	3,249	11	49
1942	2,928	—	221	52	2,002	56	62
1943	3,240	—	372	526	2,195	—	168
1944	3,882	—	720	271	2,989	—	203

As to the *rubber, leather and footwear industry*, the rubber industry annually used about 7,500 tons of rubber for footwear and its soles in 1938—1939, and the leather industry about 16,000 tons of hides, of which about 11,800 foreign goods. No reserves had been collected before the war. In 1941 there was as yet no lack of leather, the supply being exceptionally large partly because so much of the live stock had to be slaughtered when Carelia was evacuated in Spring 1940. In 1941—1942 scarcely any hides were imported. Old rubber was collected in large quantities and in 1943 German hides and artificial rubber were obtained for the army and some for civil consumption. The leather industry lacked raw material in the late years of war, especially hides but also chrome salts, tanning material and lubricants. Before the war the shoe industry supplied almost the whole of the domestic market, and at the outbreak of war the shops had large supplies of shoes. All sole leather was domestic while certain special leathers, lasts and other requisites were imported. During the war, there being no imports, there was not sufficient leather for civilian use. Substitutes were produced with wooden soles and tops of paper cloth. In February 1943 the supply of leather footwear was at its lowest. At the turn of the year 1944—1945 hides, sole-leather, footwear and rubber soles were imported from Sweden but only in insufficient quantities. At the fresh evacuation of the ceded territories more cattle were slaughtered but even this did not relieve the shortage of raw materials.

The output of the rubber and leather factories is seen from the following figures.

	Rubber footwear, all kinds 1,000 pairs	Bicycle tyres, 1,000	Automobile tyres, 1,000	Sole and in-sole leather tons	Dubbed or tanned top leather, 1,000 sq. ft.	Other top leather 1,000 sq. ft.
1938	2,852	1,173	34	2,812	375	8,471
1939	2,181	418	55	2,878	1,406	8,411
1940	2,078	507	66	2,938	3,189	14,160
1941	992	214	20	1,872	1,867	7,606
1942	670	408	25	832	1,354	4,015
1943	1,301	217	36	920	2,428	5,242
1944	1,274	120	37	821	2,338	5,918

The production of rubber shoes of different kinds decreased to 23—45 per cent in 1942—1944 as compared with 1938

whereas the output of bicycle tyres was down to 10 per cent in 1944. The production of sole leather was 29 per cent of the base level in 1944, while rather much dubbed leather was produced all through the war, in 1940 even 8.5 times as much as in 1938. The production of other top leather was 67 per cent above the base level in 1940, then decreased to 47 per cent of the 1938 quantity in the next two years and was 62—70 per cent in 1943—1944.

The output of the shoe factories is seen from the following figures, in 1,000 pairs.

	Shoes for men, women and children	Shoes for skiing and hiking	Substitute shoes
1938 .....	2,406	486	—
1939 .....	2,338	509	—
1940 .....	1,716	1,318	—
1941 .....	1,897	915	61
1942 .....	1,277	618	795
1943 .....	805	931	2,187
1944 .....	1,163	1,133	1,719

The production of civilian footwear, especially shoes for men and women, was substantially reduced in 1942 and 1943, to 1/3 of the pre-war amount, but in 1944 recorded an increase to 48 per cent with the increase in the supply of leather. The output of boots and shoes for skiing and hiking increased very much in 1940 because of the Winter War. The next year it was still exceptionally high but declined and reached its lowest point in 1942, then increasing again. The production of substitute shoes was greatest in the years of the greatest lack of leather.

The *food industry*, including the production of drinks and tobacco, was very active, factories and store rooms being

enlarged and new machines bought. In laboratories intensive research work was carried on, and all kinds of substitutes were devised and manufactured. This branch developed most in 1941 and was very active in 1942, the volume surpassing the level of 1935.

The *chemical industry* has had difficulties in regard to fuel, certain raw materials and chemicals such as common salt, soda, sulphate of aluminium, raw phosphate and kali salts. With the aid of research new articles and substitutes have been devised and manufactured.

#### CONCLUSION.

The data presented above show that the war has seriously affected Finnish industry, particularly that of exports but also certain branches of the home market. Since 1944 many branches have still been short of labour, lacking also raw material, machines and reserve parts as the currency situation does not allow imports even when goods are available. Thus the slowly recovering foreign trade is being checked by the shortage of foreign valuta, which in turn may be ascribed to the fact that exports very largely consist of reparation goods for which no income is recorded in the balance of payments. In order to comply with the armistice terms the metal and machinery industry has been very much enlarged which may be of lasting benefit when the reparation period has ended. If peace is signed and new credits can be arranged so that imports are stimulated there is no reason why our difficulties should not be overcome and industry recover.

## FINLAND'S BALANCE OF PAYMENTS FOR 1945.

BY

RAGNI BÄRLUND, MAG. PHIL.

Even in normal times the calculations of the balance of payments offer many difficulties and have in some matters to be based on rough estimates. This has naturally been the case in the exceptional

conditions prevailing during and after the war. 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 computed regular figures showing the balance of payments of Finland for every year; which data, however, should be used with great discrimination. The wide changes in present external conditions, such as the interference with the commercial, and other kinds of intercourse with many countries, and still more the decline in the value of the Finnish mark make the reliability of any comparison between the figures for different years very doubtful.

#### PRINCIPLES OF CALCULATION.

The same method and principles have been employed now as in former years in calculating the balance of payments. This calculation only includes the actual income from abroad and the expenditure there, but not loan issues nor debt redemption nor any other items that in their essence represent the movement of capital. Nor was it intended to record the actual payments made between Finland and other countries during this period, but an attempt has been made to set out, what Finland's balance of payments would have been if all payments had been made in cash. The fluctuations in the value of foreign currencies always introduce an element of uncertainty into the calculations, and this was particularly true during 1945 when the exchange value of the mark was changed three times. Nevertheless, as far as possible all amounts in foreign currency have been converted at the rates actually paid.

The calculation of the balance of payments has never been considered exact in its details. In some respects income and expenditure are based on precise statistical data but in others on only more or less summary calculations. On the whole, however, they normally provide a correct idea of this balance and the changes occurring in it from time to time. Now the result is undoubtedly weaker, but its validity is difficult to estimate.

#### INCOME.

The income in the balance of payments has been calculated at the following amounts for 1945:

	Mill. mk	Mill. mk
Exports .....	5,230	
stowage charges not included ....	15	5,245
Sale of gold .....		240
Harbour charges .....		80
Shipping freights .....		550
Emigrants' remittances .....		60
Gifts in kind from abroad .....		170
Money gifts from abroad .....		170
Foreign travel .....		90
Foreign insurance .....		330
Post Office, Telegraph Office and State Railways' revenue from abroad .....		5
Foreign diplomatic expenditure ....		20

Altogether the income for 1945 amounted to 6,960 million marks. Considering the present value of the mark, the actual income of last year was lower than in any year for which there are calculated records, or since 1922. The low income may chiefly be ascribed to the limited amount of exports for which payment was received, amounting only to 5,245 million marks. The reparation deliveries, valued at 8,170 million marks in 1945, are entirely outside the balance of payments, as they do not produce any income. Shipping freights also gave a small return, only 550 million marks. This item has been larger in recent years, for instance 1,000 million in 1943 and 940 million in 1940, but the delivery of a large number of vessels as war indemnity and other reductions of the merchant fleet have decreased its earnings. Since the outbreak of war Finland has received valuable gifts from abroad, at first mostly of large sums of money but lately very much of goods. All gifts are included in the balance of payments as income and the value of the gifts in kind as expenditure because they are comparable with imports. Thus they do not influence the final balance. The value of such gifts has been estimated at 170 million marks for 1945, and the cash gifts amounted also to 170 million. Further the Bank of Finland sold gold held abroad for 240 million marks.

#### EXPENDITURE.

The following table shows the principal items of expenditure in the balance of payments for 1945:

	Mill. mk	Mill. mk
Imports .....	6,820	
less: marine and transport insur- ance paid to Finnish companies	20	6,800
Smuggling .....		30
Imports of gifts in kind .....		170
Post Office, Telegraph Office and State Railways' expenditure abroad		25
Diplomatic expenditure abroad and share in international expenses ..		65
Travel abroad .....		50
Insurance premiums and claims ....		310
Interest .....		270
of which:		
State .....	150	
Municipalities .....	10	
Others .....	110	

The total expenditure last year amounted to 7,720 million marks of which, in spite of the falling currency even the nominal value was smaller than since 1936. The reason was that imports, being the most important item, were very low as was clear from the scarcity of all kinds of goods in the shops. During the years of interrupted connections with the United States and England 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. In 1945 the expenditure on interest was larger than for many years, amounting to 270 million marks. This sum includes certain interest amounts that had fallen due in previous years, while other payments are still blocked.

#### THE DIFFERENCE BETWEEN INCOME AND EXPENDITURE.

In 1945 the positive net items in the balance of payments, obtained by deducting the expenditure from the corresponding income, consisted chiefly of shipping freights 550 million marks, harbour charges 80 million, and emigrants' remittances and money gifts 230 million. The principal negative net items, obtained by deducting the income from the corresponding expenditure, consisted of the surplus of imports, including smuggling and the income of the sale of gold, 1,375 million marks, interest 270 million, and diplomatic expenditure 45 million.

The total balance of payments shows a surplus of expenditure of only 760 million marks, which is less than for many years. It should be remembered that this does

not imply any easing of the payment position as no reparation deliveries are recorded in the balance of payments, and they were not very large until 1945.

#### REVIEW OF THE YEARS 1922—1944.

The foreign payment position of Finland has greatly changed during the period for which it has been statistically investigated. From 1922, the first year studied, to 1930 the balance of payments ended either in a slight annual surplus of income, or in some years in a surplus of expenditure that at times was very large. In 1928 it even exceeded 1,600 million marks. This was a period of internal construction, for which large sums of foreign capital were employed. Then there followed a period of quite another character. The years from 1931 up to the outbreak of war were distinguished by a positive balance of payments. The capacity of the wood-working industry continually increased during those years, and its products were in demand on the foreign markets. Thanks to this there was a considerable annual income surplus, until the war put an end to this development by cutting off the connections with the chief buyers. The largest net income was in 1934 when income exceeded expenditure by 1,570 million marks. For the whole period 1931—1939 the total surplus of income was nominally 9,330 million. Year by year this surplus was used to reduce the country's foreign indebtedness until it was a mere trifle, only a net amount of 420 million being left by the end of 1939.

The balance of payments for the years of war was presented in the items of Nos. 1—3, 1946, of this Bulletin. For 1940—1944 the figures, now slightly corrected, ended in a surplus of known expenditure over known income amounting to 17,795 million marks or an annual average of 3,559 million. As in normal years foreign trade dominated the balance, the net expenditure being 24,530 million marks on imports, not including war material, the value of which has not been finally fixed. This net expenditure was partly counteracted by some items of income. Chief among these were the net freights earned by the merchant fleet, 4,225 million marks, gifts in cash and kind

received from abroad to an amount of 2,755 million, and 1,030 million obtained as foreign currency by the sale of gold abroad.

These circumstances are more clearly illustrated by the following table, which shows the average income and expenditure of the balance of payments for the three periods mentioned and for 1945:

	Income	Expen-	Surplus of income (+) or expenditure (-)	
	Mill. mk	Mill. mk	Mill. mk	Mill. dollars
1922-30, aver.	6,288	6,309	- 111	- 3.1
1931-39, "	7,705	6,669	+ 1,036	+ 21.2
1940-44, "	7,647	11,173	- 3,526	- 72.1
1945 .....	6,960	7,720	- 760	- 8.5

By using a more stable standard of measurement than the mark, a clearer conception of the development of the foreign payment position may be arrived at than that provided by the nominal figures quoted. The income and expenditure of every year since 1922 has been converted into dollars at the current rate of exchange, and the average net result is given in the last column of the table above. In 1922-1930 the country's net annual surplus of expenditure amounted to 3.1 million dollars, while in the nine years following there was a net annual income of 21.2 million dollars. The war years demanded an annual surplus of expenditure of 72.1 million dollars. In 1945 that surplus had decreased to 8.5 million dollars.

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

The balance of payments does not include the movement of capital. If complete and exact particulars regarding all the income and expenditure in the balance of payments and the actual movement of capital are shown, the latter should correspond exactly to the net result of that balance. In practice this is, of course, not the case, but in normal times the correspondence was rather close. For 1945 the figures deviate more than usual, apparently because it has not been possible to eliminate the effects of the great alterations in the exchange rates during the year.

During the war, the redemption of foreign loans could not be regularly effected, all payments to England and the

United States being interrupted for several years. Besides this there was a moratorium on some American loans, and payments on loans could not be transferred to Sweden because of a special agreement. But towards the end of 1945 connections were re-opened and agreements made regarding the gradual payment of the redemptions overdue. During last year the State repaid one dollar loan of 1923 and reduced another of the same year. In addition the city of Helsinki repaid some Swedish credits. Including certain minor amounts the total redemption of foreign credits aggregated 120 million marks in 1945.

On the other hand the State negotiated new credits in Sweden. The debt was incurred month by month, as current imports from that country had to be financed. The total increase in foreign long term indebtedness was nearly 1,430 million marks. It is therefore calculated that the country's funded foreign debt increased last year by 1,310 million marks. In computing these figures the exchange rates actually paid have been used as far as they have been known. In regard to the short term balances and claims this is not practicable, as the operations taking place in the year are too numerous to be checked singly. Thus the net change for the whole year is recorded. The claims were calculated at 1,880 million marks at the beginning of 1945 and 3,950 million at the end of the year, but it would seem rash to conclude that there has been an actual increase of 2,070 million in the claims as the changes in the exchange rate are certain to have influenced these figures. Similarly the short term foreign indebtedness is calculated to have increased nominally by 4,780 million marks, or from 4,640 million to 9,420 million. At the end of the year the net short term indebtedness was 5,470 million marks according to the exchange value of that time.

#### FOREIGN INDEBTEDNESS IN 1921-1945.

During the years under review the foreign debt and claims have been subject to many changes. At the end of 1921, when the balance of payments first began to be calculated, the total net indebtedness equalled 159.9 million dollars and, because



of the negative balance of payments for the first 9-year period, it increased further until it was 205.5 million dollars at the end of 1930. Thanks to the highly active balance of the next nine years foreign indebtedness could be reduced. The long term debt was redeemed to a considerable extent, and in particular the short term debt was reduced, while simultaneously the short term claims were very much increased. The total foreign net indebtedness was only 12.1 million dollars at the end of 1939, a circumstance that was of great importance as then a new period of lending began,

when the surplus of expenditure in the balance of payments in the war years had to be financed. In spite of the great annual surplus of expenditure of the last few years the net foreign indebtedness has not reached very high figures if compared with the previous peak about 1930. At the end of 1945 it amounted to 177.4 million dollars, a sum that in the light of the above data does not seem excessive for the economy of the country. A quite considerable increase is however to be expected in the next few years when the effects of the war are being eliminated.

## ITEMS.

**The Diet.** During the spring session of the Diet, from February 1st to July 12th, several bills of economic consequence were passed. These include: one according to which fishing for one's own consumption is provisionally allowed to everybody regardless of the ownership of fishing waters; one combining the metal works owned by the State into one concern, the Metal Factories of the State; one introducing a restricted labour duty by virtue of which it is possible to compel work-shy persons to work; one concerning the payment of compensation of the former Finnish owners of goods now restored to the Soviet Union; one by which each worker is entitled to a holiday of up to 18 days annually — instead of the earlier 12 days; one revising the law concerning the collective labour agreements and widening the group of organisations authorized to make such agreements; one to establish a Labour Court; the law concerning the Committees of Production referred to in the preceding issue of this Bulletin; and a law concerning conciliation in labour disputes mainly intended to make the present procedure more effective.

Further there are amendments to the budget for the current year: the first supplementary budget and increases in the salaries of civil servants.

On September 3rd the Diet reassembled for its autumn session during which it will deal with a number of economic and financial questions; e. g. amendments to the

income and property tax law, and the State Budget for 1947.

**The building problem and building policy.** Before the second World War the chief object of the building policy in Finland was to lessen the general overcrowding and above all to provide hygienic housing conditions for large families. To this end a number of new laws were passed in 1940 after the Winter War to oblige the central and local government authorities to assist considerably certain building enterprises of general import. The activity resulting from these laws was well on the way when it was for the greater part stopped by the fresh outbreak of war in Summer 1941. The necessity of concentrating the resources of the country, labour as well as real capital, on war requirements very much reduced civil building, particularly for housing purposes in towns and densely populated localities. As yet no noteworthy recovery is recorded, as is seen from the following figures which show the number of dwellings completed in the towns in the last few years.

Year	(Completed dwellings)
1938 .....	7,161
1939 .....	6,755
1940 .....	4,998
1941 .....	3,780
1942 .....	3,050
1943 .....	1,116
1944 .....	944
1945 .....	3,550

To some extent the past years have altered the aspect of the urban residential building. Although great overcrowding appeared in certain parts already before the war, there was no real shortage of dwellings. Accordingly the aims of the building policy were mainly qualitative in character, whereas at the present day they are above all quantitative; the serious lack of dwellings must first be made good; for it is now greater than ever, greater even than after the first World War. Other reasons for the decline in building activity are the damage done during the war and above all the need for the towns to house the former urban population of the districts ceded to the Soviet Union under the armistice terms.

Calculations show that at least 15 years of exceptionally active building will be needed to cover the present lack of dwellings in the towns and to restore approximately the pre-war situation in this respect. This enormous task is very much impeded by several factors, the most serious of which is the shortage of building materials. Almost all the most important of these and other requisites are lacking, partly because they are needed for the production of reparation goods. Consequently requirements as to size and quality must be greatly reduced. Improvements in quality gained in the last few decades must be abandoned, and the housing habits of the 1890's again accepted. The commonest type will be a rather modest wooden building containing flats of two rooms to be let, with a maximum of 40 square meters of floor space. They are to be built by local governments and public societies. A special law of December 1944 lays it down that the former shall provide free sites for them and that the State shall assist their erection with cheap loans. But being of a very unsatisfactory quality they should be regarded only as post-war emergency houses.

In addition to these war and post-war steps to promote production, certain regulative measures have become more and more important in building policy. By the regulation of rents, started already in 1941, and otherwise, the freedom of renting and letting has been gradually restricted in order to find room in the existing houses

for the homeless persons. Thus the occupant of a dwelling, whether he owns or rents it may at present have at his disposal only a certain number of rooms for his own family. The rest have to be given up for persons unable to find accommodation, to a special housing authority. Yet, experience has shown that these regulations have greatly increased the inconveniences of overcrowding without really easing the shortage of dwellings. An example of the present situation is the fact that numerous persons in Helsinki are temporarily inhabiting air raid shelters built during the war. It will depend chiefly on the supply of building material and requisites whether it will be possible speedily to improve the standard of housing or whether the situation will deteriorate further.

In rural districts circumstances are not much easier although housing is much more elastic than in the towns. It has been estimated that as in the towns about 15 years of active building will be needed before the housing shortage is made good in the rural districts. In the near future the building of houses will be closely connected with the current great land reform, by which land will be supplied to the former inhabitants of the rural districts ceded to the Soviet Union. The problems connected with this reform are rather different in character from those of urban housing.

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**Increase of merchant fleet.** The negotiations between the Finnish Government and the Occupation Authorities of the British Zone of Germany concerning Finnish ships confiscated by the Germans in Autumn 1944 ended in June this year with an agreement according to which the Finnish vessels in the harbours of Flensburg, Hamburg and Kiel shall be returned to their owners. These ships, six in number (10,885 gross reg. tons in all), are said to be in relatively good repair and some of them are back in Finland already. One vessel, however, which the Germans sailed to Copenhagen, cannot be repaired. The fate of the two Finnish vessels in the American Zone, sunk in the harbour of Bremen, is not yet decided.

In July the United States consented to liberate fourteen Finnish vessels

embargoed in American harbours (twelve steamships and two motorships, 39,540 gross reg. tons in all). Of these, seven steamships (17,982 gross reg. tons in all) had arrived in Finland by the beginning of September, and one motorship should be back in the near future.

From the surplus property of the United States Army the State has bought 24 tug boats built during the war. These vessels, 18 of which have an engine of 400 HP, and 6 of 650 HP, will be sold to private ship-owners.

Finnish shipowners have bought from England three small tank vessels (the tank capacity of each vessel being 500 m<sup>3</sup>), formerly belonging to the Invasion Fleet. Two more tank vessels have been ordered in Holland, each with a tank capacity of 700 m<sup>3</sup>. One of them will be ready before the end of this year, the other one in 1947.

Owing to the demands made on our ship-building industry by war reparations only a few new vessels have been built this year, i. e. four steamships (the largest one of 1,561 gross reg. tons, the others considerably smaller, 1,968 gross reg. tons in all) and three motorships (749 gross reg. tons).

The total increase of the Finnish merchant fleet from the beginning of the year is about 30,000 gross reg. tons, this figure including only such vessels as are already in Finnish use. The whole present tonnage comprises 513 vessels of a total of 290,445 gross reg. tons.

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**Delivery of farm products.** On August 8th the Government approved the principles of a new system of surrendering farm products. According to the former provisions the minimum amounts to be delivered by each farm were fixed separately for every product. Any amount not reserved for the household of the farmer was also to be delivered. The new system is based on a so-called "total delivery principle": for every farm the total amount of products to be delivered is fixed in "delivery units", one such unit corresponding to one kilogram of rye. The amounts of other products to equal one delivery unit shall be fixed by the Ministry of Supply. In general the farmer can choose in what proportions he

will deliver his various products. As to grain, potatoes, meat and milk products, however, the choice can, if necessary, be restricted by the Ministry of Supply for the sake of safeguarding the delivery of the main foodstuffs necessary for public consumption.

According to a Government decision of June 20th in connection with the latest adjustment of farm wages and prices, the farmers shall be entitled to sell free of price control those products which exceed the compulsory deliveries.

Detailed rules are being worked out for the execution of these decisions, the aim of which is partly to compensate the farmers for the new increased wages to farm hands, partly to encourage them to increase their production, and partly to render action against the black market more effective.

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#### **Weather conditions and crop prospects.**

Until the middle of August this summer can be divided into two periods in regard to weather conditions and their effect on crop prospects. After the rainy and cool spring the end of June started a period of fine weather which lasted to the end of July. The temperature was above the average in the whole country while the amount of rain was only one half the normal in South Finland and about three-fourths of normal in North Finland. In the second period rain was more abundant, exceeding the normal in the south and being only a little below the average in the north. In the latter half of August the weather was relatively advantageous to farming. The weather was generally fine and the amount of rain moderate. In the second week of September a new period of rain started.

In the middle of September prospects for most crops are below the average mainly because of the long period of drought. Autumn rye sowings grew up very early this year in consequence of the fine weather in early summer and therefore could not be improved by the rain in August and their crops are estimated to be below the average. Autumn wheat is expected to give a considerably better crop than rye, and it is the only cereal in regard to which the prospects somewhat exceed the average.

The drought was disadvantageous, in part disastrous especially for the spring sowings. Prospects are best for wheat though not so good as for the autumn sowings, and barley. The oat crop is expected to be considerably smaller. The potato yield will be about the same as for spring wheat or almost the average. Root crops have also suffered from pest: prospects are clearly below the average. The hay crop is estimated to be almost average, while the quality is good.

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

	1946 September	1946 August	1945 October
Autumn wheat ....	5.1	5.0	4.9
Spring wheat .....	4.8	4.8	4.7
Rye .....	4.2	4.2	4.2
Barley .....	4.7	4.6	4.4
Oats .....	4.4	4.5	4.4
Potatoes .....	4.8	4.6	4.7
Hay .....	4.5	4.5	4.8

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**The debts due to Sweden.** According to a preliminary agreement concerning the Finnish debt to Sweden the repayment will begin in 1954. It has been estimated that the debt will exceed 700 million

crowns in Autumn 1949 when a definite agreement will be made about repayment. Of this amount 500 million are public debt, the repayment of which takes place in thirty years. The remaining 200 million crowns are private debt and have to be repaid in twenty years.

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**Economic Council.** In connection with the proclamation of the price and wage stop in force as from July 1st, the Government began to plan a general program to raise production and the standard of living. For the supervision of this planning and later, for its execution a new body has been set up called the Economic Council and comprising a chairman and sixteen members.

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**Year Book of the Bank of Finland.** The twenty-sixth volume of this Book has been published in Finnish and Swedish. It is mainly arranged on the same plan as former issues and contains, in addition to the tables, a review of the economic position of the country and of the Bank's business in 1945. The English edition at present under preparation will include the same information for the years 1943 to 1945. The Year Book is published by the Institute for Economic Research of the Bank of Finland, and it is supplied free of charge on application.

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is sent free of charge to anyone wishing to receive it. Finnish booksellers are, however, allowed to sell it at a price of 10 marks per copy. Should extracts from the Bulletin be printed, the source should be stated. Correspondence with regard to the Bulletin should be addressed to the Bank of Finland Institute for Economic Research.

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