



BANK OF FINLAND

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THE FINNISH MARKET REVIEW.

THE MONEY MARKET.

The money market has tightened all through the autumn. There have been some signs of a favourable turn now and then, but they have been either unimportant or momentary and have not affected the generally unfavourable impression. In addition available data seem to indicate that the tenseness will increase still further. Saving, which has been low for a long time, is coming to a stop, even to the extent that the deposits in the largest and most important credit institutions have decreased during the last two months. Here it should be noted that saving is normally low at this time of the year. This has greatly decreased the banks' ability to grant credit, so that only a small portion of the steadily increasing demand for credit has been satisfied.

In the *Commercial Banks* the depository movement was unfavourable already in the summer, as pointed out in the previous review. Deposits did indeed increase somewhat in August, but since then each month has brought a new, although not very great reduction; in September 37, in October 63, and in November 172 million marks. In January—November deposits increased by 455 million marks only, the corresponding figure in the previous year having been 2,305 million. Saving declined not only in the Commercial Banks but also in others. Deposits in the savings banks, at present far exceeding those in the Commercial Banks, decreased by 66 million

marks in October. The reduction in capital formation is indicated also by the fact that the total amount saved in all credit institutions decreased by 2 million marks in October, for the first time this year. This emphasizes the severity of the monetary situation. The flow of money into current accounts has sometimes been fairly ample this year, as in the Commercial Banks in October, when their cheque accounts increased by 1,321 million marks. But November showed a severe check in this respect also, cheque accounts decreasing by close on 400 million marks, partly at least ascribable to the sales tax paid that month.

As the need for credits is undiminished, the reduced saving causes the credit institutions ever-increasing difficulties. In order at least partly to satisfy this great demand the banks have reduced their credits to the State and had recourse to the Central Bank. In the Commercial Banks alone Treasury bills have decreased by nearly 4,000 million marks. Rediscounts have seriously increased again, corroborating that the situation is tightening. In January—November total credits granted by the Commercial Banks increased by 6,952 million marks, the corresponding increase of the previous year having been 5,779 million.

The stiffening money market is reflected in the *Bank of Finland* reports, in a rapid increase in the assistance rendered to other credit institutions and in increased credits to business firms. On the other hand the State has received considerably less credit

lately. Rediscounts were rather low at one time, but since October they have risen sharply. On December 7th bills rediscounted amounted to 2,450 million marks, a figure far below the record for the current year, 3,034 million marks on June 15th. The credits granted by the Bank of Finland to business firms increased month by month, by 4,185 million marks from the beginning of the year to the end of November, while State credits have recently decreased. The note circulation rose ever higher in the autumn, reaching this year's record, 19,667 million marks, on October 31st. Since then it has again decreased and been reasonably steady except for the violent increase in September.

PRICES.

Thanks to the price and wage stop in force, these have been fairly steady this Autumn, the indices of cost of living and wholesale prices not varying on the whole. The recent stability on the Stock Exchange also indicates a more balanced monetary situation. There is the threat of a new violent rise in prices nevertheless and because of this the Economic Council, in planning increased production and a higher standard of living, has considered means of checking inflation especially by continuing the stop next year. Yet the Government decision of December 13th on the prices of agricultural products materially changes the basis of the Council's programme.

TRADE AND INDUSTRY.

In spite of the many difficulties that hamper production, available data show a gratifying revival of industry in the third quarter of 1946. The index of total industrial production (1935=100) had reached 88 points, having been 60 points one year earlier, an increase of almost 50 per cent. The export industry has been constantly lower than the home market industry the volume of which was 104 points in the third quarter while that of the export industry was only 66 points.

Owing to mild weather in Autumn foreign trade has been lively, even so much so that record figures for this year were reached for imports and exports as late as in October and November. Both imports and exports have greatly surpassed last year's achievement. The value of imports was 21,776 million marks in January—November as against 6,821 million in 1945. Free exports totalled 20,503 and 5,228 million marks in these two periods respectively. The increase is partly due to higher import prices but chiefly to the greater volume of trade, although this is only half the peace time level. The export surplus of the last few months is not great but should be noted.

Reparation and restitution goods valued at 7,402 million marks were delivered to the Soviet Union in January—November. Last year the corresponding figure was 7,938 million marks.

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

	1945	1946					
	Mill. mk	Mill. mk					
	30/11	30/6	31/7	31/8	30/9	31/10	30/11
ASSETS.							
I. Gold Reserve	172	1	1	1	1	1	1
Foreign Correspondents	193	848	775	1 365	1 586	1 475	1 977
II. Foreign Bills	67	98	102	109	129	98	90
Foreign Bank Notes and Coupons	7	10	10	10	12	17	16
Inland Bills	24 167	31 595	32 030	32 253	32 497	31 400	29 585
III. Loans on Security	19	327	327	181	52	22	62
Advances on Cash Credit	84	361	480	486	494	423	665
Bonds in Finnish Currency	345	314	310	307	306	303	301
» » Foreign »	147	243	235	190	190	190	168
Shares	111	0	0	0	0	0	0
Bank Premises and Furniture	33	33	33	33	33	34	34
Sundry Assets	698	414	705	616	473	820	755
Total	26 043	34 244	35 008	35 551	35 773	34 783	33 654
LIABILITIES.							
Notes in circulation	17 414	17 657	17 269	17 986	19 076	19 667	19 492
Other Liabilities payable on demand:							
Balance of Current Accounts due to the Treasury	—	64	195	—	39	147	246
» » » » Others	1 368	860	855	973	1 036	1 427	683
Bank-Post-Bills	50	57	52	153	51	47	60
Foreign Correspondents	112	170	189	167	172	182	178
Foreign Clearing Accounts	2 606	8 162	8 841	8 739	8 113	7 991	7 642
Foreign Commercial Debt	—	897	940	1 001	817	—	—
Sundry Accounts	1 049	1 382	1 588	1 454	1 273	22	39
Capital	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Reserve Fund	1 154	1 272	1 272	1 291	1 291	1 291	1 291
Bank Premises and Furniture	32	32	32	32	32	32	32
Earnings less Expenses	280	256	298	345	377	402	430
Undisposed Profits	—	18	18	—	—	—	—
Sundry Liabilities	728	2 167	2 209	2 160	2 246	2 325	2 311
Total	26 043	34 244	35 008	35 551	35 773	34 783	33 654

2. — NOTE ISSUE OF THE BANK OF FINLAND.

	1945	1946					
	Mill. mk	Mill. mk					
	30/11	30/6	31/7	31/8	30/9	31/10	30/11
RIGHT TO ISSUE NOTES.							
Gold Reserve and Foreign Correspondents	364	849	776	1 366	1 587	1 476	1 978
According to Law of Dec. 13, 1939 ¹⁾	24 242	31 703	32 142	32 372	32 638	31 515	29 691
Additional Right of Issue	1 800	1 800	1 800	1 800	1 800	1 800	1 800
Total	26 406	34 352	34 718	35 538	36 025	34 791	33 469
USED AMOUNT OF ISSUE.							
Notes in circulation	17 414	17 657	17 269	17 986	19 076	19 667	19 492
Other Liabilities payable on demand	5 185	11 592	12 660	12 487	11 501	9 816	8 848
Undrawn Amount of Advances on Cash Credit	238	418	453	448	459	531	290
Total	22 837	29 667	30 382	30 921	31 036	30 014	28 630
NOTE RESERVE	3 569	4 685	4 336	4 617	4 989	4 777	4 839
Grand total	26 406	34 352	34 718	35 538	36 025	34 791	33 469

¹⁾ 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					Foreign Correspondents ¹⁾					End of Month
	Mill. mk					Mill. mk					
	1943	1944	1945	1946	Monthly Movement	1943	1944	1945	1946	Monthly Movement	
	[9 617]					[495]					
Jan.	9 442	10 533	15 027	15 580	+ 1 982	491	205	349	1 611	+ 328	Jan.
Febr.	9 796	11 033	15 255	15 631	+ 51	451	197	324	1 883	+ 272	Febr.
March	10 206	11 905	16 146	17 323	+ 1 692	408	207	337	1 216	+ 667	March
April	10 335	12 111	16 768	18 534	+ 1 211	376	223	338	1 038	+ 178	April
May	9 618	11 977	17 055	18 442	— 92	350	269	339	604	+ 434	May
June	9 087	12 590	16 971	17 657	— 785	327	258	334	848	+ 244	June
July	9 060	13 141	17 688	17 269	— 388	289	242	270	775	+ 73	July
Aug.	9 301	13 495	18 872	17 986	+ 717	267	247	309	1 365	+ 590	Aug.
Sept.	9 945	14 308	18 113	19 076	+ 1 090	235	245	346	1 586	+ 221	Sept.
Oct.	10 426	14 636	17 259	19 667	+ 591	227	227	430	1 475	+ 111	Oct.
Nov.	10 430	15 425	17 414	19 492	— 175	217	324	193	1 977	+ 502	Nov.
Dec.	10 825	15 657	13 598			215	350	²⁾ 1 283			Dec.

¹⁾ Credit balances with foreign correspondents. — ²⁾ 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				Note Reserve				Home Loans ¹⁾				End of Month
	Percentage of Liabilities payable on demand				Mill. mk				Mill. mk				
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	
	[105.46]				[2 710]				[17 314]				
Jan.	104.09	112.81	112.10	— 3.36	2 464	4 011	4 379	— 639	16 631	19 023	22 151	— 246	Jan.
Febr.	104.89	111.71	112.75	+ 0.65	2 608	3 852	4 461	+ 82	17 127	19 160	21 794	— 357	Febr.
March	101.66	110.54	113.10	+ 0.35	2 084	3 768	4 731	+ 270	17 159	20 213	24 433	+ 2 639	March
April	99.80	110.71	111.95	— 1.15	1 765	3 846	4 687	— 44	16 919	20 710	26 429	+ 1 996	April
May	97.31	109.58	109.97	— 1.98	1 323	3 676	4 601	— 86	16 877	21 050	30 726	+ 4 297	May
June	91.88	110.74	109.73	— 0.24	320	3 893	4 685	+ 84	16 426	21 183	32 283	+ 1 557	June
July	92.80	112.43	108.35	— 1.38	426	4 335	4 336	— 349	17 398	22 585	32 837	+ 554	July
Aug.	92.44	107.71	109.11	+ 0.76	280	3 465	4 617	+ 281	18 222	22 852	32 920	+ 83	Aug.
Sept.	94.37	111.15	110.37	+ 1.16	636	4 248	4 989	+ 372	19 165	23 966	33 043	+ 123	Sept.
Oct.	93.30	109.92	109.92	— 0.35	396	3 946	4 777	— 212	19 216	23 229	31 845	— 1 198	Oct.
Nov.	93.51	107.75	110.62	+ 0.70	392	3 569	4 839	+ 62	19 833	24 270	30 312	— 1 533	Nov.
Dec.	99.40	115.46			1 677	5 018			19 976	22 397			Dec.

¹⁾ 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				Balance of Current Accounts due to the Treasury				Balance of Current Accounts due to others than the Treasury				End of Month
	(Included in Home Loans)				Mill. mk				Mill. mk				
	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	1944	1945	1946	Monthly Movement	
	[15 950]				[26]				[711]				
Jan.	15 250	16 500	17 950	— 650	— 381	— 75	— 213	— 362	853	635	888	— 1 797	Jan.
Febr.	15 650	16 500	16 450	+ 1 500	— 272	— 319	— 69	+ 144	917	605	743	— 145	Febr.
March	15 650	17 700	18 150	+ 1 700	— 727	— 343	69	+ 138	1 092	722	654	— 89	March
April	15 350	17 700	19 550	+ 1 400	— 396	— 295	94	+ 25	927	655	1 068	+ 414	April
May	15 350	17 700	21 750	+ 2 200	— 409	— 541	— 139	— 233	1 275	876	1 047	— 21	May
June	14 850	17 700	22 500	+ 750	— 786	— 419	64	+ 203	1 105	851	860	— 187	June
July	15 850	19 000	23 900	+ 1 400	— 297	— 14	195	+ 131	1 214	687	855	— 5	July
Aug.	16 750	19 000	23 500	— 400	— 202	— 759	— 146	— 341	1 625	332	973	+ 118	Aug.
Sept.	17 750	20 100	24 300	+ 800	138	143	39	+ 185	1 246	1 034	1 036	+ 63	Sept.
Oct.	17 750	19 400	23 520	— 780	— 264	— 125	147	+ 108	1 371	1 218	1 427	+ 391	Oct.
Nov.	18 250	20 500	20 370	— 3 150	— 251	— 416	246	+ 99	1 055	1 368	683	— 744	Nov.
Dec.	17 750	18 600			222	149			721	2 685			Dec.

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

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

	1939	1945	1946	1946	1946	1946	1946	1946
	31/12	31/12; 1946 31/1	28/2—30/4	31/5	30/6	31/7	31/8	30/9—31/12
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	1) 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: —

1) 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]		[13 068]		[4 669]		[21 681]					Jan.
Febr.	8 281	10 246	13 407	16 508	4 953	6 977	21 342	26 641	33 731	+ 171	- 1 577	Febr.
March	8 378	9 911	13 528	16 593	4 889	7 126	21 521	26 795	33 630	+ 154	- 101	March
April	8 583	9 951	13 755	16 938	4 812	7 496	23 278	27 150	34 385	+ 355	+ 755	April
May	8 576	11 216	13 784	16 969	4 652	6 957	23 274	27 012	35 142	- 138	+ 757	May
June	8 520	11 009	14 101	17 047	4 859	8 288	23 964	27 480	36 344	+ 468	+ 1 202	June
July	8 915	11 173	14 376	17 271	5 015	8 389	24 998	28 306	36 833	+ 826	+ 489	July
Aug.	8 485	11 740	14 435	17 234	5 424	6 964	25 550	28 344	35 938	+ 38	- 895	Aug.
Sept.	8 371	11 998	14 442	17 286	5 222	7 100	26 615	28 035	36 384	- 309	+ 446	Sept.
Oct.	9 606	12 684	15 058	17 249	6 175	6 258	27 136	30 839	36 191	+ 2 804	- 193	Oct.
Nov.	10 301	14 005	15 332	17 185	6 515	4 946	27 605	32 148	36 136	+ 1 309	- 55	Nov.
Dec.	10 891	14 005	15 373	17 185	6 198	—	27 881	32 462	—	+ 314	—	Dec.
	11 566	—	16 558	—	7 184	—	26 470	35 308	—	+ 2 846	—	

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]		[10 482]		[364]		[14 987]					Jan.
Febr.	5 869	8 122	10 750	15 330	332	979	14 986	16 951	24 431	+ 129	+ 2 138	Febr.
March	5 813	7 839	10 952	15 992	355	873	14 780	17 120	24 704	+ 169	+ 273	March
April	5 836	8 435	11 381	16 676	425	904	15 262	17 642	26 015	+ 522	+ 1 311	April
May	5 695	9 009	12 059	17 194	394	972	15 669	18 148	27 175	+ 506	+ 1 160	May
June	5 767	9 834	12 402	17 702	505	1 040	15 873	18 674	28 576	+ 526	+ 1 401	June
July	5 871	10 113	12 816	18 007	447	939	16 095	19 134	29 059	+ 460	+ 483	July
Aug.	6 221	9 737	13 444	18 382	902	928	16 642	20 567	29 047	+ 1 433	- 12	Aug.
Sept.	5 902	9 593	13 821	18 267	680	761	16 745	20 403	28 621	- 164	- 436	Sept.
Oct.	6 731	9 560	13 897	18 153	1 003	704	16 911	21 631	28 417	+ 1 228	- 204	Oct.
Nov.	7 675	9 641	14 205	18 604	1 055	658	17 162	22 935	28 903	+ 1 304	+ 486	Nov.
Dec.	7 504	—	14 257	—	839	—	16 994	22 600	—	- 335	—	Dec.
	7 248	—	14 081	—	964	—	16 822	22 293	—	- 307	—	

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 ¹⁾ Mill. mk				Indebtedness ²⁾ 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	
	[128]				[445]				[-317]						
Jan.	125	141	125	342	506	373	251	355	-381	-232	-126	-13	-4	-46	Jan.
Febr.	114	134	103	473	434	390	255	357	-320	-256	-152	+116	-26	+129	Febr.
March	119	128	84	662	371	320	263	720	-252	-192	-179	-58	-27	-174	March
April	116	131	86	696	413	324	276	819	-297	-193	-190	-123	-11	-65	April
May	113	133	91	781	247	356	274	982	-134	-223	-183	-201	+	-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
Aug.	133	127	98	673	372	461	292	860	-239	-334	-194	-187	+16	+9	Aug.
Sept.	134	126	104	859	273	425	301	911	-139	-300	-197	-52	-3	+135	Sept.
Oct.	148	124	176	1 169	211	438	313	919	-63	-314	-137	+250	+60	+302	Oct.
Nov.	149	123	232		209	247	317		-60	-124	-85		+52		Nov.
Dec.	140	125	385		352	247	352		-212	-122	+33		+118		Dec.

¹⁾ Credit balances with foreign correspondents and foreign bills. — ²⁾ Due to foreign correspondents.

10. — FOREIGN PAYMENT POSITION OF ALL BANKS.¹⁾

End of Month	Net Claims (+) or Net Indebtedness (-) Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
	[-3 179]					
Jan.	-3 966	-3 488	-822	-1 166	-9	+390
Febr.	-4 057	-3 273	-875	-398	-53	+768
March	-4 485	-2 624	-991	-1 289	-116	+891
April	-4 535	-2 162	-951	-1 487	+40	-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	-7 439	-128	+1 181
Oct.	-3 667	-1 095	-1 624	-6 350	-117	+1 089
Nov.	-3 602	-814	-2 543		-919	
Dec.	-3 700	-813	-1 556		+987	

11. — DEPOSITS IN POST OFFICE SAVINGS BANK.²⁾

End of Month	Deposits Mill. mk				Monthly Movement		End of Month
	1943	1944	1945	1946	1945	1946	
	[1 036]						
Jan.	1 087	2 103	3 355	5 319	+185	-98	Jan.
Febr.	1 131	2 173	3 337	5 370	-18	+51	Febr.
March	1 132	2 305	3 342	5 589	+5	+219	March
April	1 230	2 472	3 413	5 712	+71	+123	April
May	1 382	2 552	3 749	5 784	+336	+72	May
June	1 450	2 589	4 112	5 846	+363	+62	June
July	1 524	2 661	4 139	5 940	+27	+94	July
Aug.	1 637	2 735	4 130	6 488	-9	+548	Aug.
Sept.	1 689	2 777	4 494	6 647	+364	+159	Sept.
Oct.	1 841	2 878	4 681	6 777	+187	+130	Oct.
Nov.	1 875	2 857	4 784		+103		Nov.
Dec.	1 949	3 170	5 417		+633		Dec.

¹⁾ 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.

²⁾ According to Finnish Official Statistics VII, D, Bank Statistics.

12. — DEPOSITS IN THE SAVINGS BANKS.

End of Month	Savings Accounts Mill. mk			Current Accounts Mill. mk			Total Mill. mk			Monthly Movement		End of Month
	1944	1945	1946	1944	1945	1946	1943	1944	1945	1946	1945		1946
	[10 923]			[587]			[9 374]					
Jan.	11 150	13 258	17 465*	537	746	916*	9 550	11 687	14 004	18 381*	+307	-449*
Febr.	11 293	13 455	17 603*	546	761	923*	9 689	11 839	14 216	18 526*	+212	+145*
March	11 483	13 532	17 770*	585	779	981*	9 904	12 068	14 311	18 751*	+95	+225*
April	11 620	13 577	17 896*	565	757	1 050*	10 116	12 185	14 334	18 946*	+23	+195*
May	11 806	13 753	17 884*	629	800	1 156*	10 335	12 435	14 553	19 040*	+219	+94*
June	12 078	14 160	18 303*	636	844	1 262*	10 710	12 714	15 004	19 565*	+451	+525*
July	12 207	14 318	18 431*	673	868	1 260*	10 854	12 880	15 186	19 691*	+182	+126*
Aug.	12 419	14 456	18 536*	750	945	1 353*	11 053	13 169	15 401	19 939*	+215	+248*
Sept.	12 549	15 277	18 628*	803	1 017	1 409*	11 186	13 352	16 294	20 037*	+893	+98*
Oct.	12 725	15 807	18 562*	844	1 024	1 363*	11 366	13 569	16 831	19 925*	+537	-112*
Nov.	12 826	16 167		875	1 034		11 405	13 701	17 201		+370	
Dec.	12 928	17 583		769	1 247		11 510	13 697	18 830		+1 629	

According to figures supplied by the Central Statistical Office.

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

*) Preliminary figures subject to minor alterations.

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

End of Month	Deposits in Co-operative Credit Societies ¹⁾ Mill. mk				Monthly Movement		Deposits in Consumers' Co-operative Societies ²⁾ Mill. mk				Monthly Movement		End of Month		
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1945	1946			
Jan.	[2 428]	2 488	3 482	4 602	6 757	+ 95	-169	[776]	806	1 087	1 318	2 031	+ 50	- 5	Jan.
Febr.		2 545	3 583	4 661	6 838	+ 59	+ 81		824	1 108	1 341	2 053	+ 23	+ 22	Febr.
March		2 641	3 781	4 804	7 118	+143	+280		848	1 132	1 354	2 085	+ 13	+ 32	March
April		2 707	3 888	4 842	7 304	+ 38	+186		874	1 151	1 363	2 112	+ 9	+ 27	April
May		2 801	4 005	4 978	7 405	+136	+101		896	1 171	1 388	2 112	+ 25	- 0	May
June		2 934	4 110	5 150	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	7 869	+325	+130		979	1 216	1 599	2 126	+134	- 1	Sept.
Oct.		3 274	4 447	5 901	7 883	+244	+ 14		995	1 232	1 690	2 130	+ 91	+ 4	Oct.
Nov.		3 338	4 453	6 061		+160			1 007	1 244	1 755		+ 65		Nov.
Dec.		3 434	4 507	6 926		+865			1 039	1 268	2 036		+281		Dec.

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

14. — DEPOSITS IN ALL CREDIT INSTITUTIONS.¹⁾

End of Month	Total Deposits due to the Public Mill. mk				Monthly Movement	
	1943	1944	1945	1946	1945	1946
Jan.	[29 526]	30 311	36 741	45 061	59 332*	+ 526 —2 071*
Febr.		30 712	37 155	45 586	59 378*	+ 525 + 46*
March		31 792	39 065	46 263	60 517*	+ 677 +1 139*
April		32 290	39 579	46 420	62 351*	+ 157 +1 834*
May		33 120	40 596	47 396	62 475*	+ 976 + 124*
June		34 550	41 924	49 098	63 601*	+1 702 +1 126*
July		34 955	42 539	49 067	64 423*	- 31 + 822*
Aug.		35 532	43 883	49 285	65 664*	+ 218 +1 241*
Sept.		36 360	44 452	52 835	66 716*	+3 550 +1 052*
Oct.		36 824	45 266	54 874	67 988*	+2 039 +1 272*
Nov.		36 606	45 535	56 186		+1 312
Dec.		36 569	44 535	61 403		+5 217

¹⁾ 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 ¹⁾			
	1945		1946	
	Number	Amount Mill. mk	Number	Amount Mill. mk
January	14 460	397	14 933*	689*
February	17 853	510	17 956*	848*
March	17 945	533	19 586*	919*
April	17 546	541	18 288*	881*
May	16 408	525	18 045*	926*
June	15 960	534	14 760*	758*
July	12 392	433	11 645*	611*
August	12 949	476	13 222*	705*
September	14 861	635	14 265*	801*
October	18 096	853	17 262*	998*
November	20 058	871		
December	20 084	936		
Total	198 612	7 249	159 962*	8 136*
Jan.—Oct.	158 470	5 442		

¹⁾ According to information supplied by the Finnish Life Assurance Companies.

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

Year and Quarter	Companies founded		Companies with increased Capital		Companies liquidated		Companies with reduced Capital		Net increase (+) or reduction (-)		Year and Quarter
	Number	Capital Mill. mk	Number	Increase of Capital Mill. mk	Number	Capital Mill. mk	Number	Reduction of Capital Mill. mk	Number	Capital Mill. mk	
1942		720	492	578	864	506	240	10	5	+ 214 +1 111	1942
1943		866	573	541	1 250	193	134	6	9	+ 673 +1 680	1943
1944		523	238	316	633	176	128	2	1	+ 347 + 742	1944
1945		1 485	797	428	511	120	111	4	34	+1 365 +1 163	1945
1945											1945
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
July—Sept.		268	106	182	401	24	6	1	4	+ 244 + 497	July—Sept.

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 ¹⁾					
	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	6
August	9	7	4	12	8	6
September	2	17	1	15	2	7
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.—Sept.	120	87	79	77	58	73

¹⁾ 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 ¹⁾					
	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	170
November	38	29	40	53	94	206
December	54	38	46	47	109	
Total	501	522	425	488	1330	
Jan.—Nov.	447	484	379	441	1221	1042

¹⁾ 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	368	121	117	162	123	264	282	648	477	October
November	210	202	417	370	117	108	148	117	239	239	541	481	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

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

20. — PUBLIC DEBT.

End of Year and Month	According to the Finance Accounts									Mill. Dollars ^{a)}	End of Year and Month
	Funded Debt			Short-term Credit			Total Public Debt				
	Foreign	Internal	Total	Foreign	Internal	Total	Foreign	Internal	Total		
1941	3 631	8 744	12 375	674	14 444	15 118	4 305	23 188	27 493	557	1941
1942	3 931	12 550	16 481	1 034	19 330	20 364	4 965	31 880	36 845	747	1942
1943	4 144	23 561	27 705	1 248	22 669	23 917	5 392	46 230	51 622	1 046	1943
1944	4 832	35 777	40 609	1 266	25 447	26 713	6 098	61 224	67 322	1 364	1944
1945	16 425	38 612	55 037	3 522	26 947	30 469	19 947	65 559	85 506	^{a)} 629	1945
1946											1946
July	21 526	40 613	62 139	4 165	31 514	35 679	25 691	72 127	97 818	719	July
August	22 726	41 571	64 297	4 168	30 971	35 139	26 894	72 542	99 436	731	August
September	23 246	42 685	65 931	4 172	32 581	36 753	27 418	75 266	102 684	755	September
October	24 029	44 268	68 297	4 177	31 869	36 046	28 206	76 137	104 343	767	October
November	24 375	45 102	69 477	4 181	28 332	32 513	28 556	73 434	101 990	750	November

¹⁾ 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. — ^{a)} The outstanding amounts of both internal and foreign loans have been converted into United States dollars at the Helsinki rates of exchange of the respective currencies. — ^{b)} New rates of exchange caused a fall.

21. — STATE REVENUE AND EXPENDITURE.

Year and Month	Total Revenue	Current Revenue ¹⁾ derived from							Capital Revenue	Expenditure			Year and Month
		Income and Property tax ²⁾	Excise on spirits, wines, etc.	Stamp duty	Sales tax	Interest and Dividends	Railways, Posts, Telegraphs ³⁾	State Forests ³⁾		Total	Current	Capital	
1945 Jan.—Oct. Whole year	26 397 42 897	9 023 13 759	232 334	691 857	2 780 6 872	2 492 2 533	—448 —601	—152 113	5 327 9 163	29 103 42 755	23 644 33 754	5 459 9 001	1945 Jan.—Oct. Whole year
1946 Jan.—Oct.	55 572	11 393	327	1 100	6 862	5 683	236	—275	16 717	66 360	56 698	9 662	1946 Jan.—Oct.
1946 Budget	55 529	12 250	268	800	5 750	4 091	1 775	435	12 580	55 526	41 200	14 326	1946 Budget

Tables 21—23 according to preliminary monthly accounts kept by the Treasury, the Customs and the Board of Excise Revenue.
¹⁾ The current revenue derived from Customs duty, and some other State receipts are specified in tables 22 and 23 below. — ²⁾ Including special and supplementary taxes on income and property but not the Capital Levy nor the surplus income tax and inheritance tax. — ³⁾ 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	
1945 Jan.—Oct. Whole year	346 436	332 416	0 0	14 20
1946 October Jan.—Oct.	188 1 772	181 1 724	0 0	7 48
1946 Budget	1 901	1 860	1	40

23. — COLLECTION OF EXCISE DUES.

Year and Month	Total Excise Dues	Excise on				Year and Month
		Tobacco	Spirits	Beer	Matches	
1945 Jan.—Oct. Whole year	1 622 2 266	1 113 1 579	124 173	108 161	157 205	1945 Jan.—Oct. Whole year
1946 October Jan.—Oct.	379 3 579	308 2 834	16 144	18 184	12 208	1946 October Jan.—Oct.
1946 Budget	3 766	3 100	128	140	240	1946 Budget

24. — VALUE OF IMPORTS AND EXPORTS.

Month	Imports (c. i. l.) Mill. mk			Exports (f. o. b., free exports) Mill. mk			Surplus of Imports (—) or Exports (+) Mill. mk			Month
	1944	1945	1946	1944	1945	1946	1944	1945	1946	
January	963	391	944*	769	31	957*	— 194	— 360	+ 13*	January
February	718	339	884*	749	15	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	2 986*	809	248	2 071*	— 94	— 63	— 915*	July
August	1 036	662	2 757*	596	550	2 505*	— 440	— 112	— 252*	August
September	713	512	2 387*	186	730	2 392*	— 527	+ 218	+ 5*	September
October	177	635	2 316*	39	1 055	3 243*	— 138	+ 370	+ 927*	October
November	179	812		71	938		— 108	+ 176		November
December	450	1 631		62	1 340		— 388	— 291		December
Total Jan.—Oct.	8 919 8 290	6 821 4 378	19 504*	6 332 6 199	5 228 2 900	17 602*	—2 587 —2 091	—1 593 —1 478	—1 902*	Total Jan.—Oct.

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.—Oct.			Whole year		Jan.—Oct.		
	1944	1945	1944	1945	1946*	1944	1945	1944	1945	1946*
Dairy produce, eggs, honey	416	274	416	122	385	0	57	0	40	73
Other animal products, live animals	57	264	51	168	394	4	18	4	11	44
Vegetables	52	78	49	63	6	3	—	3	—	—
Eatable fruit	22	4	22	1	7	0	0	0	0	9
Coffee, tee, spices	1	13	1	0	109	0	—	0	—	—
Cereals, milling products ..	1 194	1 365	976	876	3 031	0	0	0	0	—
Certain seeds and fruit, plants for industrial purposes ..	89	46	88	39	149	124	2	124	2	22
Raw materials for tanning and dyeing	16	3	16	1	50	—	0	—	0	—
Animal and vegetable fats ..	88	269	80	220	279	—	—	—	—	0
Meat and fish products ...	35	81	34	45	59	—	—	—	—	—
Sugar, sweets	371	272	327	211	736	—	—	—	—	—
Beverages, vinegars	126	0	73	0	139	13	—	13	—	11
Fodder	27	2	7	2	141	2	0	2	0	0
Tobacco	209	195	185	146	354	—	—	—	—	—
Minerals, ore	139	207	137	128	681	544	85	470	71	44
Mineral fuel and oils	1 398	531	1 332	285	3 040	5	2	5	2	0
Chemical and pharmaceutical products	365	274	353	161	799	53	20	51	15	25
Tanning and dyeing extracts, varnishes	115	73	113	46	272	0	1	0	1	1
Caseine, albumine, glues ..	37	116	35	68	200	—	—	—	—	1
Fertilizers	195	157	185	136	619	—	0	—	—	—
Hides, skins, leather and furs; manufactures of these materials	144	45	123	30	192	162	0	162	0	71
Rubber and rubber articles	122	77	120	19	543	0	2	0	2	0
Wood and wooden goods ..	7	3	8	2	15	2 087	1 908	2 081	1 118	7 183
Woodpulp	—	4	—	4	1	846	1 217	845	559	3 384
Cardboard and paper; their applications	24	6	23	4	32	1 504	1 312	1 498	664	5 410
Textile materials, textile goods	732	567	701	337	1 476	210	206	200	149	498
Footwear	31	40	30	29	60	32	0	33	0	2
Articles of stone and of other mineral material, glass ..	97	48	96	32	181	68	62	64	47	153
Base metals; articles made therefrom	1 111	1 092	1 084	761	2 697	201	120	193	43	380
Machinery, apparatus	584	364	563	205	1 064	8	88	7	82	29
Electrical machinery and apparatus	357	123	346	64	418	12	23	11	18	37
Transport material	228	52	193	30	934	280	3	274	3	8
Instruments, clocks and watches, musical instruments	88	31	87	25	90	4	1	4	0	4
All others	442	145	435	117	351	170	101	155	74	213
Total free trade	8 919	6 821	8 289	4 377	19 504	6 332	5 228	6 199	2 901	17 602
Reparation deliveries						265	8 172	—	6 219	6 161
Restitution goods						—	1 284	—	1 030	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	12 735*	33 923	5 748	19 861*	2 765	795	3 112*	September
October	—	6 645	1 551*	6 421	2 200	8 829*	2 380	1 361	3 531*	October
November	14 093	6 370	—	9 485	5 910	—	1 251	389	—	November
December	15 212	16 504	—	18 565	17 015	—	2 462	1 992	—	December
Total	52 484	69 726	—	160 507	149 863	—	29 706	16 162	—	Total
Jan.—Oct.	23 179	46 852	96 418*	132 457	126 938	155 915*	25 993	13 781	27 714*	Jan.—Oct.

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*	113 070	3 012	46 747*	266	88	36*	March
April	167	93	166*	96 137	—	73 911*	274	228	386*	April
May	153	60	197*	124 816	—	88 959*	3 028	196	1 201*	May
June	110	96	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	208*	78 229	—	95 672*	5 242	386	6 969*	August
September	154	128	198*	61 068	—	126 632*	264	525	5 820*	September
October	121	157	192*	300	20 123	95 977*	1 203	316	6 315*	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	—	905 043	111 298	—	22 051	4 635	—	Total
Jan.—Oct.	1 553	1 151	1 669*	871 353	66 183	795 922*	19 252	2 496	30 764*	Jan.—Oct.

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	326	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	—	336	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	118*	—	125	—	1 746	1 156	4 218*	September
October	—	646	647*	—	—	471*	887	1 295	4 173*	October
November	2	556	—	—	227	—	350	952	—	November
December	48	543	—	—	100	—	329	605	—	December
Total	55	5 879	—	1 142	701	—	38 338	17 302	—	Total
Jan.—Oct.	5	4 780	8 247*	1 142	374	1 921*	37 659	15 745	33 997*	Jan.—Oct.

*) Preliminary figures subject to minor alterations.

27. — EXPORTS OF THE MOST IMPORTANT ARTICLES.¹⁾

Month	Copper Ore Tons			Round Timber All kinds excl. fuel 1 000 m ³			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	258*	25	6	34*	August
September	1 290	54	—	27	35	187*	5	14	43*	September
October	3 175	158	—	—	138	235*	0	34	64*	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.—Oct.	26 492	7 322	—	217	190	1 072*	115	58	200*	Jan.—Oct.

1 standard sawn timber = 4.672 m³.

Month	Matches Tons			Plywood 1 000 m ³			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	154*	1	5	10*	10	—	162*	September
October	—	116	278*	0	7	14*	—	3	146*	October
November	—	72	—	0	5	—	—	45	—	November
December	—	72	—	0	6	—	—	55	—	December
Total	1 051	349	—	53	29	—	1 473	112	—	Total
Jan.—Oct.	1 051	205	1 602*	53	18	92*	1 473	12	1 411*	Jan.—Oct.

Month	Mechanical Pulp ²⁾ Tons			Sulphite Cellulose ²⁾ Tons			Sulphate Cellulose ²⁾ 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	4 053*	—	3 209	10 823*	—	9 121	12 521*	September
October	—	2 062	5 304*	—	9 275	19 880*	—	5 930	15 916*	October
November	—	4 742	—	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.—Oct.	31 467	18 492	58 714*	92 968	29 795	160 793*	60 849	31 809	143 656*	Jan.—Oct.

¹⁾ Free exports. — ²⁾ 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	7 105*	856	15 055	27 526*	321	10 610	17 864*	September
October	—	4 613	8 123*	21	12 814	33 034*	—	7 769	20 953*	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.—Oct.	72 932	10 292	76 657*	124 100	54 001	254 302*	43 544	36 169	165 832*	Jan.—Oct.

28. — FOREIGN TRADE WITH VARIOUS COUNTRIES.

Country	Imports (c. i. f.)					Exports (f. o. b., free exports)				
	Whole year		Jan.—Oct.			Whole year		Jan.—Oct.		
	1944	1945	1945	1946*	1944	1945	1945	1946*		
	%	%	%	Mill. mk	%	%	%	Mill. mk	%	
Europe:										
Belgium	0.8	0.3	0.1	1 125	5.8	1.3	1.6	0.4	1 353	7.7
Bulgaria	1.1	0.6	0.8	32	0.2	1.0	—	3	0.0	
Denmark	9.3	15.2	12.6	1 724	8.9	12.0	10.9	1 927	11.0	
France	2.0	0.0	0.0	456	2.3	1.3	0.3	674	3.8	
Germany	72.5	1.6	1.8	11	0.1	67.5	—	—	—	
Great Britain	0.0	10.7	0.5	4 076	20.9	—	35.2	4 635	26.3	
Greece	0.1	0.0	0.0	0	0.0	0.2	0.1	35	0.2	
Holland	0.5	0.2	0.4	232	1.2	3.1	0.5	387	2.2	
Hungary	2.8	0.0	0.0	0	0.0	3.0	—	—	—	
Italy	0.4	0.0	0.0	4	0.0	0.0	0.0	40	0.2	
Norway	0.7	0.3	0.0	542	2.8	1.1	0.2	463	2.6	
Rumania	0.7	0.2	0.3	7	0.0	0.6	—	—	—	
Soviet Union	0.0	19.0	15.8	4 704	24.1	—	29.6	3 757	21.3	
Sweden	8.0	51.3	66.8	2 094	10.7	7.0	15.9	1 778	10.1	
Switzerland	0.3	0.0	0.0	83	0.4	0.5	0.2	126	0.7	
Spain	0.3	—	—	2	0.0	0.3	—	0	0.0	
Turkey	0.4	0.4	0.6	47	0.2	0.2	0.6	9	0.1	
Other European countries	0.1	0.2	0.2	37	0.2	0.9	0.2	214	1.2	
Total for Europe	100.0	100.0	99.9	15 176	77.8	100.0	95.3	100.0	15 401	87.4
Asia	—	0.0	—	7	0.0	—	—	183	1.0	
Africa	—	0.0	0.0	5	0.0	—	0.1	301	1.7	
United States	0.0	0.0	0.1	3 722	19.1	0.0	1.9	1 172	6.7	
Other States of North America	—	—	—	10	0.1	—	0.1	13	0.1	
South America	0.0	0.0	0.0	584	3.0	—	2.6	505	2.9	
Australia	—	—	—	0	0.0	—	—	27	0.2	
Grand total	100.0	100.0	100.0	19 504	100.0	100.0	100.0	100.0	17 602	100.0

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

* Preliminary figures subject to minor alterations.

29. — VALUE INDEX OF IMPORTS AND EXPORTS. 1935=100.

Year and Month	Total Imports	Groups of Imported Goods				Total Exports	Principal Exported Goods				Year and Month
		Raw materials	Machinery	Food-stuffs	Other consumption goods		Sawn timber	Mechanical pulp	Dry cellulose	Paper	
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.—Oct.	629	646	682	651	401	415	405	575	398	394	Jan.—Oct.
1946											1946
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.
Jan.—Sept.	887	855	897	965	840	760	757	717	674	747	Jan.—Sept.
Jan.—Oct.	884	855	876	962	860	776	778	765	683	756	Jan.—Oct.

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	4 040	September
October	957	1 038	1 337	1 077	2 954	4 622	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.—Oct.	9 786	9 961	11 972	11 589	18 333	36 692	Jan.—Oct.

Calculated by the 'Usni 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	98	97	97	89	107	94	38	48	47	40	55	January	
February	216	257	288	264	607						89	107	36	49	48	38	55	February
March	201	237	265	220	548						73	94	37	50	51	40	57	March
April	169	203	211	220	582	95	89	76	69	88	70	97	38	54	53	44	59	April
May	176	208	222	220	528						69	88	37	52	51	47	66	May
June	203	201	199	239	561						69	93	43	40	40	50	63	June
July	217	226	239	213	582	81	77	78	69	103	56	97	46	42	31	47	65	July
August	159	194	235	309	620						69	103	49	45	33	48	62	August
September	196	184	199	341	676						72	112	47	48	32	52	70	September
October	166	179	195	390		76	75	72	76	76	48	50	32	56			October	
November	190	205	230	484							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	

Units: index based on seasonally adjusted monthly figures.

32. — BUILDING ACTIVITY.

Month	Consumption of Cement in Finland ¹⁾						Plans approved in the Capital ²⁾						Month
	1 000 tons						All buildings, 1 000 m ³						
	1941	1942	1943	1944	1945	1946	1941	1942	1943	1944	1945	1946	
January	25	23	28	31	46	27	56.5	92.2	7.1	0.6	64.7	105.6*	January
February	25						228.8	88.3	18.3	0.3	35.5	91.8*	February
March	29	76	73	60	89	79	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	96	79	52	83	127	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	53	46	44	63	—	71.3	8.5	82.7	1.5	126.5	119.9*	July
August	15						—	8.9	11.5	6.9	42.5	88.3*	August
September	8	8	8	8	8	8	32.8	1.5	1.2	0.0	12.6	57.8*	September
October	8						26.8	12.1	12.7	1.7	47.7	101.6*	October
November	8	8	8	8	8	8	—	9.9	2.0	40.6	150.9	73.2*	November
December	8						0.5	9.3	0.5	42.0	36.1	—	—
Total	276	248	226	187	281	233	788.6	354.2	357.3	200.4	1 036.6	885.9*	Total
Jan.—Sept.	252	195	180	143	218	233	788.1	344.9	356.8	158.4	1 000.5	—	Jan.—Nov.

¹⁾ 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. — ²⁾ 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	823 806	1945
1946									1946
Jan.—Oct.	1 010	550	689 596	270 274	1 066	621	700 008	574 046	Jan.—Oct.
1946									1946
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	344 734	203 258	430	194	325 391	254 034	August
September	433	193	331 599	166 505	415	192	289 174	244 856	September
October	380	181	278 570	118 349	358	152	284 220	239 584	October
Jan.—Oct.	2 528	1 296	1 925 064	1 210 916	2 491	1 320	1 845 285	1 419 656	Jan.—Oct.

Figures supplied by the Statistical Office of the Shipping Board.

34. — STATE RAILWAYS.

Month	Weight of Goods transported				Axle-kilometres of Goods trucks		Revenue				Regular Expenditure				Month
	1 000 Tons				Mill. km		(less Re-imburements) Mill. mk				Mill. mk				
	1943	1944	1945	1946	1945	1946	1943	1944	1945	1946	1943	1944	1945	1946	
Jan.	728	714	752	995*	53	63	118	136	189	414*	131	178	197	495	Jan.
Febr.	703	673	703	848*	49	56	116	134	162	370*	165	209	230	509	Febr.
March	1 006	807	886	1 052*	55	68	158	169	203	459*	167	209	218	479	March
April	1 197	1 091	947	1 073*	67	70	230	234	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	1 391*	68	72	249	236	377	600*	162	210	376	558	Aug.
Sept.	1 207	666	971	1 261*	63	70	249	232	331	528*	164	211	548	582	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.—Sept.	9 514	8 463	8 368	10 403*	558	612	1 850	2 084	2 295	4 526*	1 474	1 905	2 771	4 616	Jan.—Sept.

According to Monthly Statistics of the Finnish State Railways.

¹⁾ Including a certain group of incomes, the monthly distribution of which is not known. — ²⁾ 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 agri-culture		Products of forestry				Products of industry			
1940	1941	1942	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946		
Jan.	142	177	218	263	293	322	614	303	615	267	616	370	771	292	565	371	595	Jan.
Febr.	146	187	221	263	295	326	619	306	621	269	629	370	775	297	568	378	597	Febr.
March	150	189	228	264	303	331	633	311	637	272	661	376	775	302	585	386	602	March
April	153	193	233	268	304	343	690	323	645	273	663	405	775	313	598	391	803	April
May	157	193	237	272	304	348	687	330	645	274	627	424	802	317	599	394	791	May
June	162	194	240	274	304	333	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	720	578	672	604	664	746	891	514	603	562	840	Oct.
Nov.	174	209	261	290	310	596	720	599	673	631	671	746	891	541	603	573	837	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	Aug. 1938— July 1939 = 100						1935 = 100										Month	
	Total Index			Total Index			Foodstuffs		Rent		Fuel and light		Clothing		Taxes			
	1944	1945	1946	1943	1944	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945		1946
Jan.	199	204	423	200	216	222	461	215	505	136	144	381	855	294	479	182	652	Jan.
Febr.	199	204	423	201	217	222	460	216	499	136	144	383	856	292	497	182	652	Febr.
March	199	205	431	202	217	223	470	216	515	136	144	384	856	293	505	182	652	March
April	200	207	434	202	218	225	473	216	513	144	144	399	858	294	514	182	680	April
May	200	210	437	203	218	228	476	216	517	144	144	424	859	305	523	182	680	May
June	200	243	450	203	218	264	490	288	541	144	144	453	901	309	530	182	680	June
July	201	281	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	469	214	221	422	511	503	537	144	144	828	960	388	562	402	916	Oct.
Nov.	203	398	467	214	221	434	508	517	531	144	144	834	968	405	565	402	916	Nov.
Dec.	203	404		215	221	440		518		144		842		435		402		Dec.
Whole year	201	282		207	219	307		334		142		560		339		271		Whole year

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

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	123	1939
1940	151	157	165	172	161	152	158	165	173	162	141	147	154	157	150	1940
1941	180	189	195	199	191	181	191	196	201	192	164	173	178	182	174	1941
1942	212	226	231	243	228	213	227	233	245	230	193	206	204	215	205	1942
1943	244	252	259	264	255	246	254	261	266	257	216	223	230	233	226	1943
1944	267	271	272	283	273	269	273	274	286	276	236	240	241	245	241	1944
1945	299	396	503	529	432	302	399	507	534	436	259	342	435	457	373	1945
1946	564	613	657	683	629	570	619	664	689	636	489	530	569	591	545	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 at present as follows:

	Number
Social-Democratic party	49
Democratic League	50
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 13.8 % of the land in the South of Finland is cultivated, 1.8 % in the North, 7.8 % of the whole land. Of the land area 21.7 mill. ha (53.3 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 96.0 %, Greek-Orthodox 1.8 %, others 2.2 %.

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

INCREASE OF POPULATION (1944): Births 20.3 ‰, deaths 17.3 ‰, of whom civil mortality 12.9 ‰ and deaths in war 4.4 ‰ (deaths in France in 1943 16.4 ‰ and in England in 1943 12.1 ‰), natural increase 2.9 ‰.

4. TRADE AND COMMUNICATIONS.

FOREST RESOURCES (1945): The growing stock of the forests is 1 370 million cub. m (48 379 million cub. feet). The stock of standing timber measuring 6 in. at a height of 18 ft. amounts to 1 031 million trees. Of this number pine is represented by 63.6 %, spruce by 30.1 %, the conifers thus constituting 93.7 % or 986 million trees; leaf-trees mostly birch,

6.3 % or 65 million trees. The annual increment is 41 million cub. m (1 441 million cub. ft.). The total removal in the felling season 1945/46 was 47 million m³ (1 672 million cub. ft.).

AGRICULTURE (1945): Cultivated land 2.3 million hectares, divided as follows: area under cultivation under 10 hectares 33.1 %, 10—50 ha 54.4 %, 50—100 ha 7.2 %, over 100 ha 5.3 %. Cultivated land is divided between the different kinds of crops as follows: 56.2 % hay, 13.2 % oats, 6.2 % rye, 6.1 % wheat, 5.9 % barley, 3.0 % potatoes, 9.4 % other. The number of dairies in 1944 amounted to 512.

OWNERSHIP OF LAND (1941): The land area is distributed among different classes of owners approximately as follows: private 49.2 %, State 41.6 %, Joint Stock Companies etc. 7.1 %, communities 2.1 %.

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

LENGTH OF RAILWAYS (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 (6 585 gross reg. tons), sailing ships with auxiliary engine 119 (11 564 gross reg. tons), other sailing ships 18 (11 023 gross reg. tons). Total 478 (260 923 gross reg. tons).

5. FINANCE AND BANKING.

CURRENCY. Since 1860 Finland has its own monetary system. From 1877 up to 1914 the currency maintained its stable gold value, and after the disturbances caused by the war a gold standard was again introduced from January 1st, 1926. The unit of currency is the mark (Finnish 'markka' = 100 penniä). According to the monetary law of December 21, 1925, a gold coin of 100 marks' value shall contain 3 ¹⁵/₁₆ 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 1945 the State revenue was 42 897 million marks of which 33 734 million marks were current revenue, and State expenditure 42 755 million marks, of which 33 753 million marks were current expenditure. The principal sources of revenue were as follows: direct taxes 15 258, indirect taxes 2 669, sales tax 6 872, interest and dividends, etc. 2 633, State property and undertakings (net) 774, and capital revenue 9 163. For Public Debt see table 20 in this issue.

MUNICIPAL FINANCES. According to the finance accounts for 1942 expenditure amounted to 3 986 million marks. Income from taxation was 1 728 million marks, taxed income 22 159 million marks. The municipal income tax (non-progressive) averaged 7.8 % of the ratepayers' income.

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

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

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

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

FINLAND'S WAR INDEMNITY.

BY

PROFESSOR BR. SUVIRANTA,
ECONOMIC ADVISER TO THE BANK OF FINLAND.

OBLIGATIONS.

Finland's obligation to pay a war indemnity to the Soviet Union is based on Article 11 of the Armistice Agreement of September 19, 1944, part of which reads as follows: „Losses caused by Finland to the Soviet Union by military operations and the occupation of Soviet territory will be indemnified by Finland to the Soviet Union to the amount of three hundred million dollars payable over six years in commodities (timber products, paper, cellulose, seagoing and river craft, sundry machinery).” The period during which the indemnity shall be paid has since been prolonged by two years and thus ends on September 19, 1952.

The Armistice Agreement itself contains no provisions as to how the commodities to be delivered in fulfilment of the war indemnity shall be *priced*. This question, however, is of great importance for an appreciation of the real amount of reparations. After the negotiations in the autumn of 1944 it was established that the value of the war indemnity deliveries shall be fixed in U. S. A. dollars on the basis of the world market prices prevailing in 1938, with an increment of 10 or 15 per cent. This means that Finland's actual indemnity is much higher than that implied by the nominal sum of 300 million dollars.

Moreover, two other facts must be added which further increase the burden of the indemnity for Finnish economy. Firstly, both within the frame work of the armistice conditions and by virtue of provisions based on the decisions of the Potsdam Conference extra obligations have been imposed; such as the defrayment of the expenses of the Allied Control Commission, the surrender to Russia of German assets and German property in Finland, the restitution of property carried away from the ceded territories, etc. These obligations together amount to considerable sums.

The second burden is the stipulation that the war indemnity proper shall be paid in *commodities*. This means not only that Finland is tied to a price level which is very unfavourable to her, but also implies that deliveries must be effected in goods minutely specified. These have been chosen more with regard to the needs of the receiving country than to the natural possibilities of the delivering country. The result is an indemnity scheme which is so unnatural that more than 60 per cent of the commodities to be delivered consist of metal and cable goods, although before the war these did not represent more than 4 per cent of Finland's total exports.

The heaviness of this burden appears from the fact that some of the plant and machinery required for such production have to be built or specially procured for this purpose. This involves the investment of additional capital just at a moment when the country has the least possible means for it, besides which such capital goods must be procured at current prices, whereas Finland is credited with the finished goods at a lower price level. It must also be noted that Finland for the most part is short of the raw materials, accessories and semi-manufactured goods required by the metal industries, and which must be bought at prices which are high in comparison with those stipulated in the delivery conditions.

PROPORTION TO NATIONAL INCOME.

It is impossible to give an exact figure for the real burden of war reparations if all these facts are taken into account. Some of them cannot even be expressed in accurate figures, and the effect of others will depend on how prices will develop and on what will be the war indemnity industries' future possibilities of marketing their products. It is even more difficult to estimate the burden of indemnity com-

pared with Finland's national income though calculations have been ventured upon and they indicate a figure somewhere between 10 and 15 per cent for the whole indemnity period of eight years. Even the lower of these two figures is very high as compared, for instance, with the tribute Germany had to pay in 1925—1930 under the Young Plan and which was estimated at an average of 2.32 per cent of her national income at that time.

It is true, on the other hand, that the figures indicated for Finland may seem low in comparison to the war expenses of other belligerent countries during the war itself. In certain cases these no doubt absorbed fifty per cent, or even more, of the national income. Such a comparison, nevertheless, calls for certain adjustments.

Firstly, it must be noted that the real income, as indicated above, is much lower now than it was before the war. But the lower the income, the greater the part of it which is required to satisfy vital consumer needs and the less consequently remains for saving. A rich man can save more than his poorer brother, not only absolutely but also relatively. The same applies to a whole nation.

It is true, indeed, that the real income level fell already during the war and that the above therefore must apply also to that period. But the very important difference still remains that the country's economy was sound when the war broke out: the productive equipment was in excellent condition and both private and commercial stocks were large. Necessities could be drawn from these rich sources for many years ahead. The new era of peace, on the other hand, has had to start with depleted and worn-out material resources, and the productive capacity of human labour had also sunk to a very low level. Under such conditions an extra burden of 10 or 15 per cent is bound to be very onerous for the whole community.

FINANCING.

But yet another very important fact must be added. The financing of war is a country's internal affairs; a war indemnity, on the other hand, cannot be paid

unless the margin between exports and imports is correspondingly increased and this can be done either by increasing exports or by decreasing imports, or both ways combined; an achievement, not easy least of all after a costly war.

Finland has very important import needs which are vital to the people and to the increase of productive activity. Regarding *consumption*, it is true that the standard of living has sunk very low, and in this way unnecessary imports are avoided. But since 1939 people have had to use up their reserves of consumer articles to such an extent that replacement on a large scale is a necessity. Foreign trade is severely strained by the necessity of satisfying these consumer needs, all the more so as the country's productive capacity is much lower now than before the war. A good idea of the change that has taken place in the share of consumer goods in foreign trade can be had from a comparison between the imports of foodstuffs, tobacco and suchlike in 1938 and in 1945. In the former the value of such imports was 14 per cent of the total imports, but in 1945 it rose to nearly 40 per cent, despite the fact that no luxuries could be brought into the country. Of course, this poor standard of consumption can be lowered still more, but such a policy would hardly lead to the desired result. On the one hand, such a measure would weaken the physical condition of the people, and thereby its productive capacity — for instance, in forestry and log-floating warm clothes and water-tight boots are absolutely necessary in winter. On the other hand it would also have a bad effect on peoples' will to work and doubtless lead to strikes and disorders which in turn would reduce the whole of the real output of the nation.

As to the country's need for *capital*, this is influenced by two exceptional circumstances, viz., the war and the reparations. The war has made it necessary to rebuild devastated regions and plants, to repair means of production and to refill the worst gaps in the stocks of trade and industry. All these needs are such that they must be satisfied, at least to a considerable extent, if the economic machinery is to work efficiently and the national income to rise. Thus, for example, it

became essential to wipe out the traces of the Germans' total destruction in Northern Finland in great haste and extensively so that life in these destroyed regions could start afresh. This part of reconstruction has demanded, and still demands, great sacrifices on the part of the community. Nor has it been possible to postpone repairs of war damages in other parts of Finland, and for this large amounts of capital are required.

It has also been necessary to make good as quickly as possible the wear and tear that productive capital suffered in consequence of over-strain and absence of regular renewal. Normal repairs to buildings have, indeed, still been left undone in the main, but a postponement of repairs e. g. to communications and industrial equipment was unthinkable, as the nation's productive capacity would otherwise have been unable to keep going. It was also imperative to support farming at once, as far as resources were available, by furnishing it with fertilizers and feed, by improving the live-stock, by ditching etc.

Similarly stocks of commodities had to be supplemented, this being a prerequisite for the efficiency and continuity of production. This is true in the first place of the wood-working industries, where one or two years elapse between the felling of the timber and the finished product leaving the factory. The mills' stocks of raw materials were very low at the end of the war, and they cannot be replenished unless a corresponding part of the national income is reserved for this purpose until a normal state of affairs is reached. The same applies especially to the renewal of coal, petrol and wood fuel stocks.

The most important capital requirements due to the Armistice Agreement are investments in new industrial plant, machinery and raw materials for the production of the war indemnity commodities already referred to above, the building of new water-power stations and the resettlement of the population from the ceded territories.

With the ceded territories Finland lost fully one-fourth of her utilized water-power, and as the reparation industries require much power, large building projects for new power-stations had to be launched.

Thus, despite her great lack of capital, Finland is now obliged to develop as much new water-power within four years as she did in the preceding 25 years.

Homes had to be provided for over 400,000 persons displaced from the ceded territories. For the farming population this implies that a large building programme has to be realized to provide farms and roads, and that an estimated 400,000 hectares of new fields have to be cleared.

The brief facts indicated above should suffice to show that Finland's requirements in respect of capital and consumer goods since the war have been and are so large and imperative that they have tied up and still tie up what is an enormous productive capacity compared with the country's small resources. This has necessarily greatly affected the country's balance of trade, as it has lessened direct export possibilities and considerably increased imports.

Under such circumstances, if Finland's war indemnity obligations had been determined with an eye to her capacity for payment, it would have seemed natural to grant her a sufficient breathing space for the restoration of her economy which was so badly impaired by the war and cessions of territory. But it was the opposite that occurred. A very heavy burden was imposed on her during the very first post-war years. Therefore, it is not surprising that this burden has exercised a great strain on Finland's capacity to pay her debts.

QUANTITIES DELIVERED.

The fact that reparation deliveries could nevertheless be fulfilled was possible only thanks to the credits Finland succeeded in obtaining abroad, though some of these, such as those from America, may be used only to satisfy the population's needs. Credits in goods granted to Finland have made it possible to import foodstuffs, raw materials, machinery, coal, petrol, etc., in other words commodities which have helped to satisfy the country's great hunger for goods and set the paralyzed production machinery going again. In this way the existing means of production have been employed and new ones developed by the aid of which the war indemnity obligations could be fulfilled.

During the first two years of payment the commodities delivered were valued as follows in million dollars of 1938:

	1944/45	1945/46
Machines and plants	5.1	10.1
Cable products	2.9	3.7
Vessels	17.6	6.8
Paper and cellulose	14.8	8.3
Timber products	11.1	7.6
Total	51.5	36.5

In the following six years the delivery of machinery will increase to about 14 million dollars while the products of the wood and paper industries will be cor-

respondingly reduced. Total deliveries will amount to 35.5 million dollars annually.

The aim of Finland's economic policy is to build for the future. To the extent to which all productive resources can be brought into effective use and the great post-war need of capital satisfied, the country's real national income will increase, while that part of it which is surplus in the balance of payments can be used to pay the war indemnity. This policy of reconstruction and unfaltering activity is the only one that can solve the indemnity problem.

COMPENSATION FOR PROPERTY LOST IN THE WAR OF 1941—1944

BY

MAUNO LAISAARI.

INTRODUCTION.

After the Winter War arrangements were made to compensate the evacuees from the ceded areas for their losses. Land expropriation started for this purpose, but the procedure was interrupted when Carelia was recaptured in the new war. For financing the compensation a Capital Levy was raised.

By the terms of the Armistice concluded on September 19, 1944, between the U.S.S.R. and the United Kingdom on the one side, and Finland on the other, Finland had to make new cessions to the U.S.S.R. The major part of Carelia, and part of the commune of Salla and the district of Petsamo were ceded, besides which what is known as the Porkkala territory had to be leased to the Soviet Union for a period of 50 years. Altogether these territories cover an area about one and a half times as large as that of Belgium and a little more than half that of Ireland or Scotland. The whole population of these areas, nearly half a million people, migrated to the present territory of Finland.

The population living in the parts which

were actually battle-fields, i.e. in the Carelian Isthmus, had to depart in such a hurry that most of their movable property was left behind. On the other hand it was possible to evacuate both movables and the population from the other areas, including the leased Porkkala territory. In addition to these losses of real estate and movable property considerable damage was caused by air-raids over Finnish towns and centres of population. Furthermore, the German troops in their retreat thoroughly devastated the greater part of Northern Finland.

WAR DAMAGE INSURANCE.

A *War Damage Act*, promulgated on December 30, 1941, and in force since the beginning of 1942, provides for compensation for damage due to acts of war. The act is based on insurance principles. War damage insurance automatically covers all buildings that are insured against fire for 50,000 marks or more in a Finnish insurance company or a foreign insurance company licensed in Finland, and movable property that is insured against fire for

10,000 marks or more. If the insured amount is smaller, risks of war are covered on special application only. Compensation is paid according to prices current at the time the damage occurred, but not in excess of the sum payable under the insurance policy. Insurance premiums were collected from the insured after the war, when the total damages could be estimated.

After the cession and lease of territories the War Damage Act was modified so as to apply only to damages suffered in the reduced Finnish territory. Its validity in respect of the ceded and leased territories lapsed on May 31, 1944. Accordingly, only damages caused by air-raids in the home area are compensated under the scheme of the War Damage Act. Northern Finland, however, is an exception, and the sufferers there are entitled to choose whether they prefer to be indemnified under the War Damage Act, or under the *Second Indemnification Act*, which will be described later.

Compensation under the War Damage Act is already fully paid. It amounted to 1,278 million marks in respect of real estate and 608 million marks in respect of movable property. They were paid partly in cash and partly in the shape of debt certificates running at 5 per cent interest and redeemable, in respect of real estate, before the end of 1950, and in respect of movables, before the end of 1946. Premiums were assessed twice, once for damages sustained in 1941, and the second time for those sustained in 1942—1944. In respect of real estate, the insurance premiums were 0.44 per cent in the towns' group, 0.38 per cent in the industries' group and 0.1 per cent in the rural group. In respect of movable property the premiums were 0.75 per cent in the large towns', in the small towns' and in the industries' group, and 0.45 per cent in the rural group. As to the second assessment, the premiums in these groups were 2 per cent, 0.38 per cent and 0.48 per cent respectively for real estate, and 1.2 per cent and 0.72 per cent respectively for movable property. The Act is administered by the War Damage Society and the War Damage Society for Movable Property, the statutes and insurance conditions of which are approved by the Government.

THE INDEMNIFICATION SCHEME.

The bulk of property lost by cession and lease of territory, e. g. land, forests, rivers and lakes, rapids, etc., was such as could not be insured against risks of war, and furthermore it appeared that a large portion of the property lost in Northern Finland was either insufficiently or not at all insured, so that a new law was required to provide for the compensation of such property as could not be covered by the War Damage Act. For this purpose the *Second Indemnification Act* was enacted on May 5, 1945, being supplemented by laws of the same date pertaining to the Capital Levy and to a holding company for the company shares surrendered in payment of the same. Finally, a *Land Expropriation Act* of the same date completes the new indemnification scheme.

Finland lost more than 10 per cent of her national wealth by the cession and lease of territory. Besides this, as damages through air-raids and devastations in Northern Finland meant large losses of capital, efforts had to be made to outline an indemnification scheme which would cause the least possible financial difficulty. For this reason a plan was drawn up providing for indemnification in kind to the greatest extent possible. Farmers from the ceded and leased territories were to receive new land, fishermen new fishing-sites and owners of dwellings new building-plots. Other recipients of compensation were to get other kinds of real values and trust certificates, security for which would consist of stock in big companies as well as state and private forests. Part of the indemnification was to be paid in cash, and, if necessary, in state bonds with an inflation clause. The land and funds required for such compensation was to be obtained by means of expropriation and the Capital Levy. The different parts of this scheme were to be interlocked in such manner that persons dispossessed of land would receive payment in such Public Debt certificates as could in turn be used to pay the Capital Levy. Large companies were to surrender a certain proportion of their stock to a holding company controlled by the State and be entitled to redeem such shares in ten per cent lots over a period of ten years. In indemnifying those entitled to new land

the State was to retain the price of the new farm. The bulk of the debt certificates and bonds issued by the State would thus find their way back to the Treasury comparatively soon.

Indeed, the actual system for compensation of war damages in Finland rests on these principles. The expropriation of other property than land was nevertheless abandoned. Likewise, the plan to form joint compensation forests was dropped. It is true that the Second Indemnification Act implies that State forests are to be used for this purpose, but in practice this has remained a dead letter. The following details of the laws forming part of the scheme may be mentioned.

THE INDEMNIFICATION ACT.

In the terms of the Second Indemnification Act compensation is given for damage sustained after May 31, 1944, in the territories subsequently ceded or leased, or during the transportation of property to the present Finnish territory. This law further provides for the compensation of damage in Northern Finland, provided the applicant does not prefer to obtain compensation under the War Damage Act. The Second Indemnification Act applies likewise to damage sustained in the present Finnish territory which cannot be compensated by virtue of the War Damage Act or any other existing law. In this case, however, compensation cannot amount to more than 50,000 marks for buildings and 10,000 marks for movables. Only real property lost is compensated. Indemnification is paid only in some exceptional cases for loss of rented land or tenant rights. Owing to the fact that total losses amount to several tens of milliard marks, it was deemed impossible to afford compensation in full. Thus, no indemnification is allowed for the loss of cash, acknowledgement of debt, share certificates, bonds or other securities, gold, silver and other valuable metals, precious stones, pearls, or other jewellery etc. Loss of books, excepting technical and scientific literature, works of art and pieces of furniture is compensated to a maximum of 150,000 marks per family, and that of clothing and other personal property to a maximum

of 20,000 marks. Full indemnification is paid up to 500,000 marks; for losses exceeding this sum the indemnification is gradually reduced according to a rather steep gliding scale, and losses of 32 million marks or more receive only 10 per cent indemnification. Compensations are limited in another respect too, namely in such a manner that private persons or deceased's undivided estates cannot receive more than 3 million marks; as regards companies and societies the maximum is 3 million marks for each shareholder or member, but not more than 15 million marks in all.

Damages are valued according to prices current on December 31, 1944. The indemnification is paid in cash up to 20,000 marks, the rest consisting of indemnification bonds and trust certificates issued by the holding company. Interest on the bonds is 4 per cent of their nominal value and the amortization is 10 per cent per annum between 1944 and 1955. The value of the bonds follows the wholesale price index for Finnish goods in such a manner that the annuity payable on August 1 of each year is increased or reduced by so many full tens of per cent as the said index has risen or fallen between December 1944 and March of the respective year. Accordingly, the annuity payable on August 1, 1946, was increased by 110 per cent. The recipient of an indemnification may use bonds received as compensation or as payment for claims, to pay his own debts and the second Capital Levy, and for certain other purposes specified in the Act. If an indemnification is reduced according to the gliding scale mentioned earlier, the recipient is entitled to obtain a reduction of his own debts in the same proportion as the uncompensated part of his losses was to his total fortune on September 19, 1944.

THE HOLDING COMPANY.

In the terms of the *Act concerning the Holding Company* for stock surrendered in payment of the Capital Levy, the trust certificates issued by the holding company and used for payment of compensation entitle the holder to a bonus for dividends and amortization received by the holding company. Companies with taxable assets of 10 million marks or more must surrender 20 per cent of their stock or the equivalent

in other stock in payment of the Capital Levy. For this purpose they increase their stock capital by 25 per cent and surrender the new shares gratis to the holding company. The shares are valued at their taxation value in 1944 and have to be surrendered as prescribed in detail by the Ministry of Finance. The companies shall pay the same dividend on such stock as on the other shares, but not less than 2.5 per cent of the taxation value of the shares in each year. The companies are further entitled every year to redeem 10 per cent of the stock surrendered, paying either in cash or by Public Debt certificates received in compensation for land surrendered to displaced persons. If a company has voluntarily sold land to displaced persons and received indemnification bonds in payment, it may freely use such bonds to redeem its stock, all at once if it so wishes. The holding company is authorized to sell shares that are not redeemed by the company. Dividends collected by the holding company are paid to the holders of trust certificates, and trust certificates are amortized in the same measure as companies redeem their stock or the holding company sells unredeemed shares.

TOTAL VALUE OF INDEMNIFICATIONS.

Under the Second Indemnification Act 144,173 applications for indemnification have been made, 127,378, or 88.4 per cent of which had been settled before October 1, 1946. The total sums thus granted amount to 25,800 million marks. Of this sum about 2,500 million were paid in cash and about 7,000 million in the shape of index-tied indemnification bonds. About 14,000 million marks have been kept back from recipients entitled to land, in payment for land received and for loans granted by the State for building, clearing fields and purchasing movables; the rest of the indemnifications are paid in the shape of Public Debt certificates which later are to be exchanged against trust certificates issued by the holding company, and indemnification bonds. It has been impossible as yet to calculate how large the holding company's capital will be, but on the basis of the 1944 taxation values it is believed it will amount to about

4,000 million marks. On the whole, indemnifications are expected to be settled by the end of 1946.

THE RAISING OF FUNDS.

The funds needed to pay indemnifications are raised by means of a special tax, the *Second Capital Levy*. Naturally, it would have been most logical to collect the tax once for all, but it was decided, in order to reduce the risk taken by the State on account of the inflation clause, that the tax should be paid over a period of five years on the basis of the tax-payer's assets at the end of the taxation years 1944, 1945, 1946, 1947 and 1948. Generally speaking all who have to pay tax on property are liable for this tax, and further certain societies which are exempted from paying the ordinary tax on property. Foreign nationals, as well as foreign states, societies, institutions and foundations are free from the tax. For all the five years together the Capital Levy amounts to 2.4 per cent of taxable assets at the basic limit of 80,000 marks, and it rises progressively to 21 per cent for assets of 10 million marks or more. It has been mentioned earlier that Finnish companies with taxable assets of 10 million marks or more pay a tax amounting to 20 per cent of their taxable assets at the end of the taxation year 1944. In payment of this tax they surrender shares of their own or other stock. Other taxpayers are entitled to pay the tax in cash or with index-tied indemnification bonds. The first year's tax can also be paid with company shares listed by the Ministry of Finance and subsequently delivered by the Treasury to the holding company. Further, those who have surrendered land under the Land Expropriation Act may also pay their tax in the form of State Debt certificates received in payment for such land.

The sum collected under the Capital Levy on assets in 1944 was 10,175 million marks; the tax for 1945 is being assessed now at the end of 1946. It is to be noted, in estimating the proceeds of the tax in the future, that the tax collected on assets in 1944 was taken at the double amount, and that the sum of 10 milliard marks mentioned above also includes 4 milliard

worth of stock delivered to the holding company, an amount which will not recur in the following years.

EXPROPRIATION OF LAND.

The Land Expropriation Act also contains other provisions than those purely concerned with the resettlement of displaced persons. By its terms land can also be given to the war disabled, war widows and their families, war orphans, veterans with families, and certain tenants, and labourers who had to move away from expropriated farms. Furthermore, farms which are too small can be enlarged by means of expropriation. Displaced persons, however, are privileged in obtaining land. In principle, all land-owners have to surrender land. Nevertheless, a land-owner must be left with a sufficient piece of land to enable him to go on living there as a farmer and to support his family. In order to meet this requirement a farm must include at least 15 reduced hectares of cultivated soil and a sufficient area of forest. If the land-owner has children he may keep an additional 15 hectares plus forest for the first two children, and half of that for each following child.

Despite the fact that all land-owners have to surrender land, expropriation is effected in a certain order. Land is to be taken first from the State, after that from neglected farms and farms belonging to real estate speculators, from land belonging to companies, to benefit estates held by clergymen and preceptors, to the Church, communes, foundations and other societies, and from all estates the owners of which are not farmers by profession or who are not in special need of land for the pursuit of their trade. Only after that, if it becomes apparent that the land in possession of the aforementioned land-owners does not suffice to achieve the objective of the Land Expropriation Act, can land be taken from private land-owners. In that case land can be expropriated according to a progressive scale beginning with 10 per cent of a farm including 25 hectares of arable land, or 2.5 hectares. After that the percentage

rises, and it is 80 per cent for an estate of 800 hectares or more of arable land.

A total of 154,710 applications have been made under the Land Expropriation Act, and 15,539 were rejected straightway. Of the applications 39,241 were made by displaced persons. The applications were grouped as follows according to the types of land demanded: 40,249 farms, 32,848 homesteads to be erected in places where intensive farming is possible thanks to good markets or where permanent and sufficient supplementary employment is available or where the soil and traffic facilities are exceptionally good, 2,875 fishing-sites by the sea-shore or in the sea archipelago, 25,405 dwelling-sites in places where their owners will get permanent employment, and 37,794 building-plots chiefly to be placed in the vicinity of centres of population.

Until October 1, 1946, 14,606 applicants had received land through the Government. Of the applicants 8,100 were displaced persons. Displaced persons having besides this bought 4,000 pieces of land on a voluntary basis since the Land Expropriation Act came into force, something more than 30 per cent of all displaced persons are now resettled. It must, however, be noted that the most difficult question of the whole resettlement problem, that of building farm-houses and clearing fields, for the most part still remains unsolved. On account of Finland's present economic difficulties it has already been necessary to limit the execution of the law in applying it mainly to displaced persons and the war disabled.

* * *

The indemnification scheme described above has on the whole met the estimated needs. It is true that the losses proved to be somewhat higher than was expected at the moment the bill was drafted, and a larger amount of index-tied bonds had to be issued. But in regard to the great difficulty of making up reliable estimates the result must be considered satisfactory. The system of indemnification has not, at least not up to now, given rise to greater financial difficulties than was expected.

ITEMS.

Budget proposal for 1947. Late in October the Government introduced its Budget proposals for the ensuing calendar year. The arguments state that there are now greater possibilities to make reliable estimates of the future development of public finances than in the last few years. The general economic conditions and the requirements of public finance may indeed be easier to anticipate and more definite now than before, but they are not very cheerful. As to the economic difficulties and financial obligations directly or indirectly issuing from the war, they were at first underestimated, while the economic potentialities of the country were overestimated.

In spite of such necessary expenditure as war reparations and similar expenses, the Government has endeavoured to take into account the anticipated restricted revenue and then to accommodate expenditure to it; particularly because of the inflationary effect of a budget deficit under present conditions.

The Government will also avoid more important investments, such as would increase the competition for the short factors of production.

The following figures give a general idea of the Budget proposals compared with the Budget of 1946. It should be remembered that five supplementary budgets have been passed during the current year, bringing the total expenditure above 83,000 million marks.

	1947 Budget pro- posals mill. mk	1946 Budget mill. mk
Revenue		
Current	51,653	42,949
Capital	13,241	12,580
Total	64,894	55,529
Expenditure		
Current	47,505	41,200
Capital	17,368	14,326
Total	64,873	55,526

Taxation yields about 41,000 million marks of current revenue, the share of direct taxes being about 21,000 million. It is proposed to change the taxation system only slightly, the most important alterations being the reduction of the income tax on physical persons already decided on by the Diet, and the removal of the surplus income tax. Interest and dividends (including the State's share in the profit of the Bank of Finland) have been estimated at 6,800 million marks, the bulk of which is the profit of the Alcohol Monopoly (6,700 million).

As to capital revenue, loans proper are proposed to an amount of 700 million only, while the greatest items in this category are the deductions from the indemnity to be paid to evacuees, and the bonds and shares and various kinds of credit bills to be issued for internal compensation referred to in an article in this Bulletin (see p. 22).

The most important current items of expenditure are the compensation according to the indemnification acts (10,000 million), subsidies to farmers (2,000 million), war reparations (10,000 million), other expenditure due to the Armistice terms (2,400 million), and interest and other debt services (5,300 million).

The capital expenditure includes such items as the amortisation of the Public Debt estimated at 9,100 million, land expropriation (1,500 million) and a transfer to the Colonisation Fund (2,400 million).

The Budget proposal is now being treated by the Diet and considerable changes may be expected.

*

Socialisation. Early this year the Government appointed a committee to investigate and plan the possible socialisation of suitable branches of trade and industry or an increased public control over them

in other forms and to make proposals to the Government”.

The committee has been sub-divided into several sections: for industry, power economy, banking and insurance, and co-operation. Later a section for the export industries and foreign trade was added, and the industry section will henceforth study the questions concerning the home market industry only. The section for co-operation has to investigate problems connected with distribution and mainly the rationalisation of co-operation.

The committee has so far only asked for preliminary investigations to be made because of the wide scope of the task, and has not yet had occasion to express its opinion on the different questions.

*

New foreign credits. The Bank for International Settlements has granted a credit of 2 million Swiss francs to the Bank of Finland. The credit runs for one year.

*

Increase of the merchant fleet. In July the American authorities in principle decided to release or pay compensation for the Finnish ships embargoed during the war. So far only one motorship has been returned to its former owner, not seven vessels as was erroneously stated in the previous issue of this Bulletin. The other six vessels were released at the beginning of December, but will probably not be in Finland before next spring.

The total increase of the merchant fleet was about 35,000 gross reg. tons during the first ten months of this year.

*

The harvest. After the middle of September only slight changes occurred in the crop prospects except as regards potatoes, for which the outlook was considerably better in the middle of October than one month earlier.

The following table shows the crop prospects in the middle of October and September 1946 and in the middle of October 1945. (8 = very good, 7 = good, 6 = above average, 5 = average, 4 = below average, 3 = poor, 2 = almost failure, 1 = failure.)

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

According to the preliminary estimates of the Board of Agriculture the total crop of the current year was as follows (the corresponding figures for 1945 in parentheses): grain 465,800 tons (473,400 tons), oats 324,000 tons (329,600 tons), potatoes 912,000 tons (779,600 tons), hay 2,176,000 tons (2,333,200 tons).

The area under grain has increased by about 15,000 ha (= 37,500 acres) since last year, the corresponding figures for oats being 12,500 ha (= 31,250 acres) and for potatoes 5,500 ha (= 13,750 acres), while there has been a decrease of 41,000 ha (= 102,500 acres) for hay.

The considerable decrease in the output of cereals in spite of the increase in the cultivated area is mainly due to further impoverishment of the soil due to the lack of fertilizers.

*

Production of wooden vessels. According to the Armistice terms ninety wooden motor schooners have to be delivered, each with a cargo capacity of 300 tons.

As large wooden vessels were formerly built only on a relatively small scale, this branch of industry has had to be extended.

In the beginning of 1945 shipowners formed a company for the new production. The share capital is 30 million marks at present, but total assets will in the future amount to about 300 million.

The largest establishments of the enterprise are situated in the neighbourhood of Turku and working already. The first two ships are nearing completion. In the course of next year the works will reach full capacity.

The new shipyard is necessary for war reparation deliveries — sixty of the ninety ships mentioned will be built there — but the ultimate aim is to satisfy the domestic need which will be great for many years ahead, and also to work for free export markets.

*

Peat fuel. The supply of fuel is short and the needs of industry very great, also the import of coal and coke has been insufficient, not reaching even one-half of the pre-war level this year, so substitutes have been sought. In the first place the peat from the vast marshes of the country has been utilized. The output of peat fuel amounted to about 350,000 tons last summer, a gratifying result although the target, 400,000 tons, was not fully reached because some machines ordered from England for the purpose did not get here in time.

Peat does not solve the fuel problem nor even decisively alleviate the situation, but

it does improve conditions because one ton of peat fuel corresponds in calory value to about half-a-ton of coal. For instance in chalk factories it is being successfully used together with coal and coke.

*

Rearrangement of the tables. In the statistical section of this Bulletin a new column has been added to table 20, showing the total amount of Public Debt in United States dollars. The outstanding amounts of both internal and foreign loans have been converted into dollars according to the Helsinki rates of exchange.

BANK OF FINLAND

(Cable address Suomenpankki)

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