

PERSONAL

Bank of England
13th June, 1931.

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Dear Mr. Governor,

With my letter of the 28th May I sent you a copy of a Memorandum on Russian timber, of which another copy was forwarded at the same time to Monsieur Rooth. I have now received a letter from Monsieur Rooth correcting one or two inaccuracies in the Memorandum and I think it well to send you a copy of this letter so that you may know that these points have now been put right.

Believe me, dear Mr. Governor,

Yours most faithfully,

Hirman.

Monsieur Risto Ryti.

COPY.

SVERIGES RIKSBANK.

STOCKHOLM, June 5th, 1931.

The Rt.Hon.M.C.Norman, D.S.O.,
Bank of England,
LONDON.

Dear Mr.Governor,

In receipt of your letter of May 28th please permit me to correct a couple of inaccuracies contained in the Memorandum enclosed with your letter.

	The export of sawn wood 1913 was	for 1930
from	Russia 1.200.000 standards	^{865.000} 1.000.000 standards
	Sweden 1.000.000 "	1.000.000 "
	Finland 8-900.000 "	900.000 "

and it was at the 1913 figures Mr.Ryti should like to see the export fixed for the years to follow.

The present price is undoubtedly uneconomic for Finland as well as for Sweden. I do not think that you can say that the prices would be fatal for the economy of Finland, whereas Sweden could survive it. I think that the effect will be the same, i.e. very serious for both countries.

Personally I do not at all agree with a proposal made by some Swedish interests to push the prices up to a higher level than the present one. I only mentioned that some Swedish firms of the trade should like to try to fix prices at about £11 a standard.

I think Mr.Ryti said that the price had to be
fixed

fixed at a very low level. Personally I am not quite sure that even the present level, about £9;10; - can be kept. The 1913 prices were about £7: 5: -.

As far as the mechanical wood pulp is concerned I could not when we met at Basle contradict Mr. Ryti when he said that the market had been successfully controlled for the passed three years. About a week ago the price had however to be reduced from 64 sh. cif to about 50 sh. cif, and I am afraid that Mr. Ryti will now hardly have the same impression of the success of the restriction-scheme as when we met. I entirely agree with him that the situation has become better since the price agreement between the Finnish, Swedish and Norwegian interests was made, partly owing to the fact that the prices were kept at a very low level. I am however convinced that the present price is uneconomical to most of the Swedish factories. My personal opinion is also that one would have had better results if some of the factories had been shut down instead of cutting down the production at all factories by a certain percentage in order to avoid overproduction and price reductions.

I have been in contact with the leading Swedish bankers. My impression is that they have decided to leave the whole matter to the trade interests. Most of the Swedish bankers seem to be unwilling to give credits to Russia in connection with a quota scheme. One of them might perhaps, if a credit should turn out to be necessary to get a quota agreement, not be quite unwilling

to take a very small participation in a more substantial credit given by British interests.

Believe me, Dear Mr. Governor,

Yours most faithfully,

(Sd.) IVAR ROOTH.