Historical Monetary and Financial Statistics for Sweden, vol 2

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The project *Historical Monetary and Financial Statistics for Sweden*

- The project started in 2006.
- Inspiration from *Historical Monetary Statistics for Norway*
- Why the Riksbank? 1) Scientific task to reconstruct historical data. 2) Continuity 3) Deeper knowledge of its own history 4) History offers better predictions
- For different users and analytical purposes.
- A database was launched in 2008.
- First volume was published in 2010, focus on exchange rates, prices and wages.
- The books are written in English, to reach international audience.

- 1. Introduction
- 2. Swedish monetary standards in a historical perspective
- 4. The multiple currencies of Sweden-Finland 1534–1803
- 5. Foreign exchange rates 1658–1803
- 6. Foreign exchange rates 1804–1914
- 9. Wages of unskilled labourers, 1365-1864
Vol. 2 consists of eight chapters

- 1. Introduction
- 2. A price index for residential property in Göteborg, 1875–2010
- 4. The Gross Domestic Product of Sweden within present borders 1620–2012
New price index of residential property back to 1875

- Two cities: Stockholm and Gothenburg.
- Based on primary material 1875-1957
- 14,000 observations in Stockholm
- 7,000 observations in Gothenburg

Problem of historical comparisons:

- Different types of properties. Apartments for renting and houses.
- Rent regulations from 1940s. Market price different for apartment buildings depending on ownership
- Holding quality constant over time.
Hötorget 1880s. Large parts of today’s inner city countryside before
Upturn in real property prices 1995-2010 unprecedented historically

Growth, per cent

- 1875-1905
- 1918-1931
- 1955-1979
- 1985-1990
- 1995-2010
Previous "long" upturns were followed by declines (in real prices)
Property prices Stockholm/Gothenburg (apartments up to 1957, houses after 1957) deflated by different nominal series

- Deflated by GDP/capita
- Deflated by cost-of-building index
- Deflated by cost of building per square metre
- Deflated by CPI
Historical national accounts for Sweden, back to 1620

- Swedish historical national accounts, among the most detailed in the world
- Still ongoing project
- Main revisions:
  1) agriculture fluctuations
  2) inclusion of home industries
  3) better series of real estate
- Extension back to 1620
Primary material unique internationally, not used previously
Trend per capita GDP growth (HP-filter with $\lambda=1000$)
Swedish GDP per capita relative to its trend (HP-filter, \( \lambda=100 \))
Sharpest declines in GDP since 1850

Decline in GDP

0 1 2 3 4 5 6 7 8 9 10
1940 1921 1917 1918 2009 1867 1931 1941 1932 1851 1993 1977
Government debt

- Reconstructing the historical evidence on central government debt, state expenditures and revenues.
- Wars were a notable factor for public indebtedness, also Second World War.
- Dramatic debt spikes in the 1970s, 1980s and 1990s
- 1990s, all-time high of 94 per cent of GDP
The worst fiscal crises in Sweden (increase debt/GDP)
Government debt as a share of nominal GDP, per cent
Central government expenditures and revenues as shares of GDP
Stock returns and interest rates

- Stock returns and interest rates in the Swedish economy from the 19th century until present day
- Market interest rate data collected for both long-term and short-term horizons

Large institutional changes:
- The Stockholm Stock Exchange 1901, reorganised
- Few companies listed initially, banks 1907
- Stagnant after the Kreuger crash
- Deregulations 1980s and 1990s.
Stock, bill and bond returns indices, real values, 1901–2012
Real Stock Return Index, crashes (more than 25 per cent decline)
Money supply and Riksbank balance sheets, two chapters

- Money supply back to 1620.
- Riksbank balance sheets back to 1668.
- Enable us to write the whole monetary history of the Riksbank
The Riksbank, the world’s oldest central bank
The Riksbank balance sheet

- Goals of the Riksbank:
  1) Price stability,
  2) Lending
  3) Security of the financial system
  4) Business cycle stabilization
  5) Seigniorage

- Financial markets

Both influence

- Assets: 1) Reserves 2) Loans 3) Securities
- Liabilities 1) Deposits 2) Notes 3) Equity
Monetary systems

- Before 1624, silver standard
- 1971- Fiat standard.
Copper plate, weighing 20 kg, 1644
Notes, coins and coin tokens in mn daler kopparmynt 1660-1780
Stockholm banco account books damaged in fire.
M3, M0, coins and GDP in current values (mn SEK)
Future continuation or off-shots of the project?

- Update database on Riksbank’s homepage
- Property prices, back to the 1400s, more towns, different types of properties
- Bank statistics
- National wealth
- National income, wage and capital shares
- Revise GDP, SNA2008, back to Middle Ages
- Interest rates, bonds, private banks
- Money supply, monthly
- CPI, monthly
- International cooperations