



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 33 No. 12

DECEMBER

1959

RECENT DEVELOPMENTS

FOREIGN TRADE

Finnish exports have been advantageously affected by the general revival of economic activity which has taken place in other countries. In addition, thanks to the improvement in competitive ability brought about by the devaluation of September 1957, Finland has been able to gain new ground for some of her exports.

The relatively low prices of sawn goods, together with the rise in building activity in many countries, have in particular increased the consumption of sawn goods. According to the estimate of the Timber Committee of the ECE, the sawn goods imported by European countries will amount to 3.9 million standards, or 7 per cent more than in 1958. Finnish exports of sawn goods, however, will rise relatively more. During the period January—October, 801 000 std were exported, or 37 per cent more than the corresponding total for 1958, and the volume for the whole year is expected to exceed 950 000 std, which is about 25 per cent more than in 1958.

As a result of the increased deliveries to USSR and China, the exports of metal products have also risen considerably. During the first ten months, the value of these exports exceeded the corresponding value of last year by 28 per cent. The rise in exports of pulp and paper industry was less

marked. Exports of newsprint even recorded a decline of 6 per cent, but this fall was more than offset by a considerable rise in exports of sulphate pulp and kraft paper, for which there were respective increases of 17 and 20 per cent. In all, the volume of exports of pulp and paper products was about 6 per cent above the corresponding figure for 1958. However, owing to the lower price level the value of these exports remained 2 per cent below last year's value.

The total volume of exports was about 14 per cent in excess of the volume for January—October 1958. The present volume even exceeds the record level of 1957. Nevertheless, the value of these exports was only 6 per cent above that in 1958.

The increase in exports has been one of the factors reviving Finnish economic activity. As was stated in the October issue of this Bulletin, the average level of the real domestic product during the first three quarters of 1959 was about 4 per cent higher than a year earlier. In consequence of the rise in economic activity, imports have been increasing considerably. Their volume exceeded the corresponding level of 1958 by 16 per cent, and the value was 11 per cent higher than last year. Nevertheless the

On page 18, Taxation in Finland

volume of imports is still below the record level of 1956.

There are certain indicators which point to a considerable increase in fixed investments during the last few months. This fact is also to be seen in imports of finished investment goods. During the first quarter of this year, the value of imports of finished investment goods was only 10 per cent above the corresponding level of 1958. For the period January—October, this figure rose to 32 per cent. The only group of import goods showing a decrease is that of fuels and lubricants, in which a fall of 19 per cent is recorded. This fall is due to these imports having attained an exceptionally high level in 1958, as Finland accumulated extensive stocks of these commodities.

It seems that the adaptation process of imports which started after the devaluation and the relaxation of import restrictions in September 1957 still continues. In comparison with the time before the devaluation, there have occurred considerable changes in the breakdown of the Finnish imports by countries. The most significant change relates to the continental OEEC countries. During the first nine months of the current year, the share of these countries in total imports was 50 per cent, compared with 44 per cent in 1958, and 34 per cent in 1957 before the devaluation. The share of Western Germany was especially increased. The share of the sterling area was comparatively stable at 16 and 17 per cent, as was that of the USSR. Imports from all other countries declined relatively: the share of Eastern bloc countries other than the USSR, from 15 per cent before the devaluation to 7 per cent in 1959, the share of the dollar area from 7 to 5 per cent, of Latin America from 7 to 3 per cent, and of other countries

from 5 to 1 per cent. Trade with the countries with reduced shares was mostly on a bilateral basis.

The changes in the regional distribution of exports were not as marked as those concerned with imports. The share of continental OEEC countries rose from 30 per cent before the devaluation to 36 per cent in 1959. A corresponding decline took place in the share of the Eastern bloc countries. These changes in the structure of imports and exports have further increased the traditional deficit in the trade balance with the continental OEEC countries, and to some extent the surplus with the sterling area.

The development described above indicates a more rapid rise in imports than in exports; nevertheless, imports have not yet risen to as high a level as exports. The export value for the first ten months was 217 800 million marks, and the value of imports 209 300 million marks. There was thus an export surplus of 8 500 million marks, the corresponding figure for 1958 being 16 200 million. As the trade balance has deteriorated, there has been a corresponding slowing down in the growth of the foreign exchange reserves. At the end of November, the net foreign exchange reserve of the Bank of Finland was 72 100 million marks, equivalent to about 225 million dollars. From the beginning of the current year, the reserve has increased by 16 700 million marks, against a rise of 25 100 million in the corresponding period of 1958. At present, nearly four-fifths of the foreign exchange reserve consists of gold and convertible currencies, and the total value of the reserve represents slightly over three months' imports.

December 11, 1959.

BANK OF FINLAND

Mill. mk

| | 1958 | | 1959 | | | |
|--|---------|---------|---------|---------|---------|---------|
| | Nov. 29 | Dec. 31 | Nov. 7 | Nov. 14 | Nov. 23 | Nov. 30 |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| <i>Ordinary note cover</i> | 65 005 | 60 642 | 74 360 | 76 188 | 76 568 | 77 599 |
| Gold | 7 850 | 7 850 | 8 473 | 8 473 | 8 473 | 8 473 |
| Foreign exchange | 53 444 | 49 708 | 62 516 | 64 344 | 64 724 | 65 718 |
| Foreign bills | 936 | 871 | 454 | 454 | 454 | 491 |
| Foreign bonds | 2 775 | 2 213 | 2 917 | 2 917 | 2 917 | 2 917 |
| <i>Supplementary note cover</i> | 38 574 | 47 049 | 23 110 | 23 010 | 23 008 | 23 180 |
| Inland bills discounted | | | | | | |
| In foreign currency | 12 844 | 12 644 | 11 740 | 11 740 | 11 740 | 11 740 |
| In Finnish currency | 10 141 | 8 823 | 4 318 | 4 395 | 4 393 | 4 250 |
| Rediscounted bills | 8 714 | 18 707 | 177 | — | — | 315 |
| Treasury bond loan | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 |
| <i>Other assets</i> | 18 622 | 19 027 | 18 553 | 18 096 | 18 755 | 18 824 |
| Finnish bonds | 1 796 | 909 | 1 895 | 1 695 | 2 720 | 2 820 |
| Cheque accounts | 254 | 440 | 229 | 219 | 341 | 272 |
| Finnish coin | 485 | 438 | 731 | 729 | 736 | 660 |
| Other claims | 16 087 | 17 240 | 15 698 | 15 453 | 14 958 | 15 072 |
| Total | 122 201 | 126 718 | 116 023 | 117 294 | 118 331 | 119 603 |
| Liabilities | | | | | | |
| <i>Notes in circulation</i> | 61 755 | 65 075 | 63 924 | 65 065 | 64 010 | 65 427 |
| <i>Short-term liabilities</i> | 16 241 | 18 046 | 16 410 | 16 937 | 19 177 | 19 283 |
| Foreign exchange accounts | 2 268 | 2 178 | 2 163 | 2 133 | 2 076 | 2 133 |
| Mark accounts of holders abroad | 4 554 | 4 643 | 4 628 | 4 633 | 4 635 | 4 612 |
| Cheque account of the Treasury | 5 371 | 7 146 | 5 559 | 3 065 | 9 499 | 10 201 |
| Cheque accounts of banks | 1 079 | 1 474 | 3 345 | 6 325 | 2 291 | 1 556 |
| Other cheque accounts | 347 | 293 | 240 | 302 | 356 | 301 |
| Other short-term liabilities | 2 622 | 2 312 | 475 | 479 | 320 | 480 |
| <i>Long-term liabilities</i> | 21 587 | 20 872 | 14 465 | 14 463 | 14 432 | 14 368 |
| Foreign | 11 371 | 11 370 | 11 091 | 11 091 | 11 060 | 11 060 |
| Finnish | 10 216 | 9 502 | 3 374 | 3 372 | 3 372 | 3 308 |
| <i>Equalisation accounts</i> | 8 273 | 8 170 | 6 338 | 5 932 | 5 798 | 5 608 |
| <i>Bank's own funds</i> | 14 345 | 14 555 | 14 886 | 14 897 | 14 914 | 14 917 |
| Capital | 10 000 | 10 000 | 10 000 | 10 000 | 10 000 | 10 000 |
| Reserve fund | 2 924 | 2 924 | 3 739 | 3 739 | 3 739 | 3 739 |
| Profits undisposed | — | — | — | — | — | — |
| Earnings less expenses | 1 421 | 1 631 | 1 147 | 1 158 | 1 175 | 1 178 |
| Total | 122 201 | 126 718 | 116 023 | 117 294 | 118 331 | 119 603 |
| STATEMENT OF NOTE ISSUE | | | | | | |
| Right of note issue | | | | | | |
| Ordinary cover | 65 005 | 60 642 | 74 360 | 76 188 | 76 568 | 77 599 |
| Supplementary cover (Upper limit 58 000 mill. mk) | 38 574 | 47 049 | 23 110 | 23 010 | 23 008 | 23 180 |
| Total | 103 579 | 107 691 | 97 470 | 99 198 | 99 576 | 100 779 |
| Note issue | | | | | | |
| Notes in circulation | 61 755 | 65 075 | 63 924 | 65 065 | 64 010 | 65 427 |
| Short-term liabilities | 16 241 | 18 046 | 16 410 | 16 937 | 19 177 | 19 283 |
| Undrawn on cheque credits | 999 | 814 | 968 | 978 | 855 | 924 |
| Unused right of note issue | 24 584 | 23 756 | 16 168 | 16 218 | 15 534 | 15 145 |
| Total | 103 579 | 107 691 | 97 470 | 99 198 | 99 576 | 100 779 |

Lowest Bank rate since March 1, 1959, 6 per cent

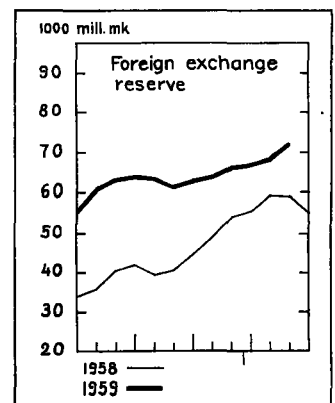
BANK OF FINLAND

Mill. mk

| End of year and month | Gold and foreign accounts | | | | | | Finnish credit institutions | | | |
|-----------------------|---------------------------|--|--------------------------------|----------------------|---------------------------|----------------------------|-----------------------------|--------------------------|--|---------------------------------|
| | Gold and foreign exchange | Liabilities on foreign exchange accounts | Foreign exchange reserve (1-2) | Other foreign assets | Other foreign liabilities | Net foreign assets (3+4-5) | Redis-counted bills | Liabilities | | Net claims on the banks (7-8-9) |
| | | | | | | | | Cheque accounts of banks | Account of the Mortgage Bank of Finland Oy | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1950 | 10 959 | 8 170 | 2 789 | 364 | 4 807 | -1 654 | 6 913 | -552 | — | 7 465 |
| 1951 | 34 317 | 3 594 | 30 723 | 1 644 | 3 693 | 28 674 | 16 | -218 | — | 234 |
| 1952 | 22 099 | 13 141 | 8 958 | 7 024 | 5 524 | 10 458 | 17 217 | 2 088 | — | 15 129 |
| 1953 | 27 898 | 8 737 | 19 161 | 8 329 | 9 237 | 18 253 | 8 268 | 2 157 | — | 6 111 |
| 1954 | 36 573 | 7 017 | 29 556 | 8 206 | 10 102 | 27 660 | 8 465 | 2 187 | — | 6 278 |
| 1955 | 35 938 | 3 855 | 32 083 | 9 427 | 11 617 | 29 893 | 22 628 | 8 383 ¹⁾ | — | 14 245 |
| 1956 | 29 410 | 4 601 | 24 809 | 11 271 | 15 337 | 20 743 | 33 665 | 1 167 | 280 | 32 218 |
| 1957 | 38 429 | 4 569 | 33 860 | 17 642 | 20 185 | 31 317 | 24 912 | 2 405 | -42 | 22 549 |
| 1958 | 57 558 | 2 178 | 55 380 | 12 619 | 16 013 | 51 986 | 18 707 | 1 474 | 2 080 | 15 153 |
| 1958 | | | | | | | | | | |
| Oct. | 61 533 | 2 407 | 59 126 | 14 047 | 15 940 | 57 233 | 8 627 | 1 554 | 2 760 | 4 313 |
| Nov. | 61 294 | 2 268 | 59 026 | 13 375 | 15 925 | 56 476 | 8 714 | 1 079 | 2 504 | 5 131 |
| Dec. | 57 558 | 2 178 | 55 380 | 12 619 | 16 013 | 51 986 | 18 707 | 1 474 | 2 080 | 15 153 |
| 1959 | | | | | | | | | | |
| Jan. | 62 264 | 1 996 | 60 268 | 12 562 | 16 214 | 56 616 | 5 302 | 1 665 | 2 054 | 1 583 |
| Feb. | 64 665 | 1 701 | 62 964 | 12 486 | 16 209 | 59 241 | 755 | 627 | 1 734 | -1 606 |
| March | 65 618 | 1 836 | 63 782 | 12 237 | 15 806 | 60 213 | 2 903 | -772 | 875 | 2 800 |
| April | 64 981 | 1 807 | 63 174 | 12 166 | 15 686 | 59 654 | 3 733 | 1 830 | 1 082 | 821 |
| May | 62 388 | 1 335 | 61 053 | 12 091 | 15 688 | 57 456 | 3 370 | 2 339 | 761 | 270 |
| June | 63 999 | 1 373 | 62 626 | 11 762 | 15 712 | 58 676 | 3 695 | 170 | 814 | 2 711 |
| July | 65 261 | 1 422 | 63 839 | 11 415 | 15 712 | 59 542 | 2 214 | 1 326 | 166 | 722 |
| Aug. | 67 716 | 1 507 | 66 209 | 11 002 | 15 514 | 61 697 | 120 | 2 010 | -227 | -1 663 |
| Sept. | 68 751 | 1 905 | 66 846 | 10 761 | 15 859 | 61 748 | 400 | 644 | -101 | -143 |
| Oct. | 70 542 | 2 141 | 68 401 | 9 985 | 15 727 | 62 659 | 486 | 1 387 | 419 | 1 320 |
| Nov. | 74 191 | 2 133 | 72 058 | 9 715 | 15 672 | 66 101 | 315 | 1 556 | 285 | -1 526 |

¹⁾ Including cash reserve accounts 6 677

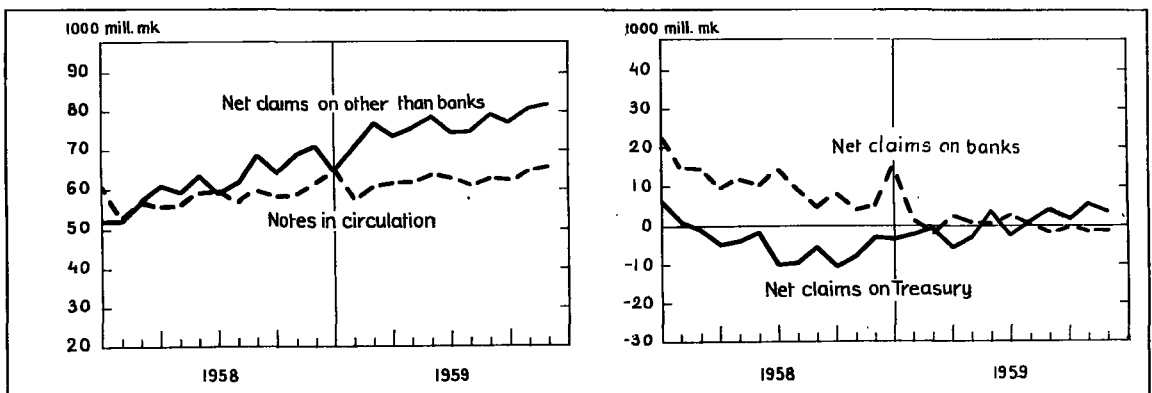
| Category of currency | Foreign exchange reserve (col. 3 above) 1 000 mill. mk | | | | |
|----------------------------|---|---------|----------|---------|---------|
| | 1957 | 1958 | 1959 | | |
| | Dec. 31 | Dec. 31 | Sept. 30 | Oct. 30 | Nov. 30 |
| Gold | 7.8 | 7.8 | 8.5 | 8.5 | 8.5 |
| Convertible currencies | 17.8 | 31.2 | 41.4 | 44.2 | 48.4 |
| Transferable OEEC | 3.9 | | | | |
| Non-transferable OEEC | 4.4 | 7.7 | 6.4 | 5.2 | 5.0 |
| Eastern Bloc currencies .. | 2.0 | 8.2 | 7.6 | 7.4 | 6.9 |
| Other currencies | -2.0 | 0.5 | 2.9 | 3.1 | 3.3 |
| Total | 33.9 | 55.4 | 66.8 | 68.4 | 72.1 |

¹⁾ Spain has been transferred from «Other currencies» to «Non-transferable OEEC currencies»

BANK OF FINLAND

Mill. mk

| End of year and month | Treasury | | | | | Trade and industry | | | | Notes in circulation |
|-----------------------|-----------------|------------------------------|----------------|-----------|--------------------------------------|----------------------------------|----------------|-------------|----------------------------------|----------------------|
| | Bills and bonds | Advances for stand-by stocks | Liabilities | | Net claims on the Treasury (1+2-3-4) | Inland bills in Finnish currency | Other advances | Liabilities | Net claims on the public (6+7-8) | |
| | | | Cheque account | Long-term | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1950 | 19 730 | — | 34 | — | 19 696 | 13 516 | 5 106 | 263 | 18 359 | 34 383 |
| 1951 | 8 685 | — | — | — | 8 685 | 11 567 | 4 549 | 301 | 15 815 | 44 774 |
| 1952 | 14 738 | — | — | — | 14 738 | 14 678 | 5 672 | 2 185 | 18 165 | 46 153 |
| 1953 | 21 662 | — | 7 281 | — | 14 381 | 13 812 | 7 405 | 2 314 | 18 903 | 45 019 |
| 1954 | 21 662 | — | 15 470 | — | 6 192 | 11 940 | 6 895 | 791 | 18 044 | 47 902 |
| 1955 | 21 660 | — | 9 816 | 1 294 | 10 550 | 14 437 | 9 306 | 7 357 | 16 386 | 55 883 |
| 1956 | 19 160 | — | 10 550 | 2 310 | 6 300 | 14 922 | 10 547 | 5 205 | 20 264 | 60 735 |
| 1957 | 16 021 | — | 5 145 | 3 965 | 6 911 | 12 909 | 14 425 | 561 | 26 773 | 60 640 |
| 1958 | 9 033 | 4 335 | 7 146 | 9 502 | — 3 280 | 8 823 | 14 296 | 525 | 22 594 | 65 075 |
| 1958 | | | | | | | | | | |
| Oct. | 9 146 | 2 228 | 8 620 | 10 613 | — 7 859 | 11 448 | 13 923 | 313 | 25 058 | 58 681 |
| Nov. | 9 146 | 3 440 | 5 371 | 10 216 | — 3 001 | 10 141 | 13 810 | 465 | 23 486 | 61 755 |
| Dec. | 9 033 | 4 335 | 7 146 | 9 502 | — 3 280 | 8 823 | 14 296 | 525 | 22 594 | 65 075 |
| 1959 | | | | | | | | | | |
| Jan. | 9 033 | 4 363 | 6 318 | 9 287 | — 2 209 | 8 704 | 13 940 | 541 | 22 103 | 57 777 |
| Feb. | 9 033 | 4 363 | 5 271 | 8 740 | — 615 | 9 115 | 13 733 | 360 | 22 488 | 60 585 |
| March | 8 745 | 4 363 | 10 356 | 8 455 | — 5 703 | 8 898 | 13 635 | 334 | 22 199 | 61 387 |
| April | 8 745 | 4 363 | 8 033 | 8 100 | — 3 025 | 9 135 | 13 281 | 377 | 22 039 | 61 613 |
| May | 8 745 | 4 363 | 4 772 | 4 727 | 3 609 | 8 176 | 13 353 | 257 | 21 272 | 63 575 |
| June | 8 745 | 4 363 | 11 177 | 4 389 | — 2 458 | 7 600 | 13 424 | 386 | 20 638 | 62 867 |
| July | 8 745 | 4 695 | 8 415 | 4 084 | 941 | 6 120 | 13 264 | 493 | 18 891 | 60 992 |
| Aug. | 8 745 | 5 274 | 6 236 | 3 685 | 4 098 | 4 632 | 13 066 | 241 | 17 457 | 62 808 |
| Sept. | 10 326 | 5 617 | 11 028 | 3 447 | 1 468 | 3 769 | 13 177 | 671 | 16 275 | 62 467 |
| Oct. | 10 326 | 6 116 | 7 643 | 3 374 | 5 425 | 3 961 | 11 279 | 500 | 14 740 | 64 583 |
| Nov. | 10 326 | 6 664 | 10 201 | 3 308 | 3 481 | 4 250 | 10 662 | 496 | 14 416 | 65 427 |



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

| End of year and month | Sight deposits | | | Term deposits | | | | | | Total (2+3+9) |
|-----------------------|-----------------------|----------------------------|----------------------|-----------------------|------------------|--|-----------------------------------|--|----------------------------|------------------|
| | Cheque accounts | | Postal giro accounts | Commer- cial banks | Savings banks | Co-op. credit societies & their cen- tral bank | Post Office Savings Bank | Savings depart- ments of co-op. stores | All credit institutions | |
| | Commer- cial banks | All credit institutions | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| 1950 | 24 460 | 28 248 | 10 537 | 36 579 | 39 366 | 20 175 | 13 892 | 5 356 | 115 373 | 154 158 |
| 1951 | 42 768 | 48 063 | 11 203 | 46 678 | 51 790 | 29 710 | 18 243 | 8 443 | 154 870 | 214 136 |
| 1952 | 28 020 | 33 410 | 10 765 | 59 742 | 65 344 | 37 223 | 23 562 | 10 798 | 196 706 | 240 881 |
| 1953 | 32 112 | 37 907 | 11 048 | 70 455 | 76 709 | 42 537 | 27 074 | 11 951 | 228 762 | 277 717 |
| 1954 | 34 913 | 42 108 | 13 451 | 83 444 | 92 174 | 52 050 | 30 079 | 13 415 | 271 195 | 326 754 |
| 1955 | 36 588 | 44 281 | 11 795 | 97 794 | 108 541 | 61 139 | 33 073 | 15 255 | 315 842 | 371 918 |
| 1956 | 38 614 | 45 963 | 15 265 | 96 807 | 112 402 | 63 531 | 34 162 | 16 013 | 322 953 | 384 181 |
| 1957 | 37 708 | 46 138 | 14 912 | 103 223 | 117 859 | 67 111 | 33 960 | 16 823 | 339 009 | 400 059 |
| 1958 | 39 568 | 49 575 | 18 277 | 122 256 | 131 260 | 74 272 | 38 167 | 19 191 | 385 175 | 453 027 |
| 1958 | | | | | | | | | | |
| Sept. | 36 777 | 46 681 | 16 021 | 113 081 | 123 868 | 70 865 | 36 418 | 18 189 | 362 453 | 425 155 |
| Oct. | 38 352 | 48 337 | 10 656 | 115 048 | 125 455 | 71 155 | 36 539 | 18 356 | 366 583 | 425 576 |
| Nov. | 37 271 | 46 811 | 9 750 | 116 434 | 126 869 | 71 890 | 36 933 | 18 611 | 370 767 | 427 328 |
| Dec. | 39 568 | 49 575 | 18 277 | 122 256 | 131 260 | 74 272 | 38 167 | 19 191 | 385 175 | 453 027 |
| 1959* | | | | | | | | | | |
| Jan. | 41 784 | 50 194 | 10 166 | 125 007 | 133 044 | 75 187 | 38 902 | 19 530 | 391 699 | 452 059 |
| Feb. | 40 160 | 49 757 | 10 819 | 127 993 | 135 125 | 76 615 | 39 797 | 19 928 | 399 487 | 460 063 |
| March | 42 237 | 53 530 | 20 240 | 130 338 | 136 579 | 77 764 | 40 069 | 20 154 | 404 933 | 478 703 |
| April | 42 429 | 52 482 | 12 697 | 133 032 | 137 942 | 78 215 | 40 373 | 20 306 | 409 897 | 475 076 |
| May | 43 288 | 53 263 | 13 165 | 135 014 | 138 509 | 78 532 | 40 379 | 20 295 | 412 758 | 479 186 |
| June | 44 991 | 55 145 | 22 474 | 136 106 | 137 638 | 77 992 | 40 273 | 20 166 | 412 204 | 489 823 |
| July | 46 561 | 56 446 | 12 864 | 136 963 | 139 194 | 78 578 | 40 524 | 20 247 | 415 535 | 484 845 |
| Aug. | 47 447 | 58 030 | 12 425 | 138 372 | 140 510 | 79 301 | 40 919 | 20 407 | 419 538 | 489 993 |
| Sept. | 49 915 | 62 451 | 20 646 | 138 873 | 141 980 | 80 302 | 41 038 | 20 673 | 422 895 | 505 992 |
| Oct. | 50 061 | 62 757 | 12 527 | 140 531 | 144 298 | 81 167 | 41 180 | 20 891 | 428 096 | 503 380 |
| Nov. | 52 776 | 64 676 | 12 319 | 142 703 | 146 558 | 82 608 | 41 442 | 21 172 | 434 512 | 511 507 |

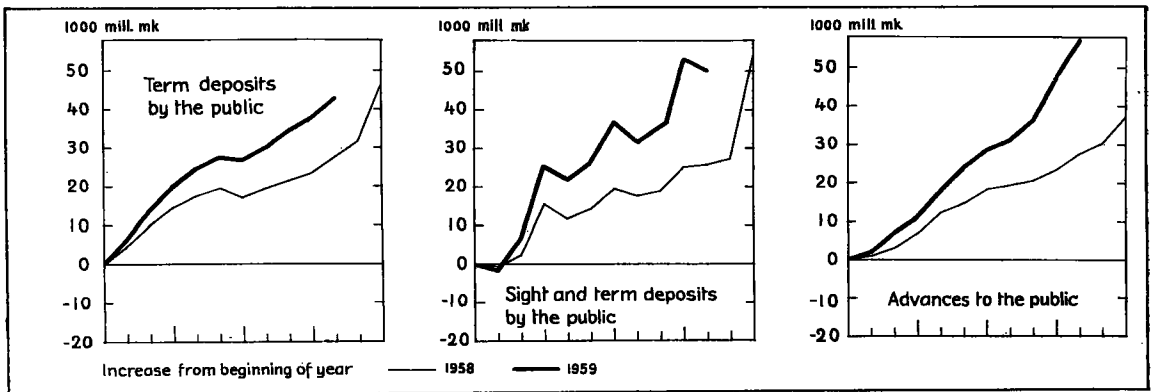
| End of month | Index-tied deposits | | |
|--------------|---------------------|--------|--------|
| | 1957 | 1958 | 1959 |
| Jan. | 30 151 | 85 733 | 79 991 |
| Feb. | 35 301 | 87 884 | 76 797 |
| March | 42 689 | 89 735 | 72 012 |
| April | 47 185 | 89 777 | 65 620 |
| May | 50 034 | 90 611 | 61 022 |
| June | 53 325 | 91 041 | 56 605 |
| July | 55 500 | 91 386 | 52 298 |
| Aug. | 58 398 | 91 543 | 48 628 |
| Sept. | 73 815 | 87 640 | 41 179 |
| Oct. | 77 571 | 85 954 | 34 207 |
| Nov. | 80 155 | 84 711 | 30 560 |
| Dec. | 82 444 | 83 290 | |

| Selling rates for foreign exchange | | | |
|------------------------------------|--------|----------|---------------------------------|
| November 30, 1959 | | | |
| | | mk | mk |
| New York ... | 1 \$ | 320: 40 | Zurich 100 Fr 7 380: — |
| London | 1 £ | 897: 50 | Frankfurt a/M 100 DM 7 678: — |
| Stockholm ... | 100 Kr | 6 185: — | Prague 100 Kč 4 458: — |
| Copenhagen .. | 100 Kr | 4 643: — | Vienna 100 Sch 1 237: — |
| Oslo | 100 Kr | 4 490: — | Lisbon 100 Esc 1 120: — |
| Paris | 100 Fr | 64: 98 | Rome 100 Lit 51: 65 |
| Brussels | 100 Fr | 640: 50 | Montreal 1 \$ 336: 50 |
| Amsterdam ... | 100 G | 8 480: — | Moscow, clear. 100 Rbl 8 025: — |

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

| End of year and month | Granted by | | | | | Types of advances | | Total (1 to 5) (6 and 7) | Money Supply |
|-----------------------|-----------------------|------------------|--------------------------------|--|-------------------|---------------------|-------------------|--------------------------------|--------------|
| | Commer- cial banks | Savings banks | Post Office Savings Bank | Co-op. credit societies & their cen- tral bank | Mortgage banks | Loans & Bills | Cheque credits | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1950 | 67 438 | 35 511 | 4 507 | 35 048 | 3 830 | 135 309 | 11 025 | 146 334 | 67 640 |
| 1951 | 85 578 | 45 554 | 8 508 | 41 849 | 4 425 | 172 003 | 13 911 | 185 914 | 95 038 |
| 1952 | 104 881 | 59 824 | 13 402 | 50 694 | 5 379 | 217 141 | 17 039 | 234 180 | 84 113 |
| 1953 | 105 659 | 70 511 | 18 782 | 56 765 | 9 847 | 245 275 | 16 289 | 261 564 | 87 294 |
| 1954 | 128 955 | 82 447 | 22 123 | 64 697 | 12 773 | 291 506 | 19 489 | 310 995 | 95 935 |
| 1955 | 155 436 | 96 454 | 24 866 | 72 868 | 13 599 | 339 797 | 23 426 | 363 223 | 102 032 |
| 1956 | 162 663 | 102 830 | 26 232 | 76 761 | 14 690 | 357 802 | 25 374 | 383 176 | 109 559 |
| 1957 | 160 379 | 106 639 | 26 047 | 78 064 | 15 717 | 363 000 | 23 846 | 386 846 | 112 398 |
| 1958 | 174 542 | 115 481 | 29 027 | 83 511 | 21 931 | 401 155 | 23 337 | 424 492 | 124 527 |
| 1958 | | | | | | | | | |
| Sept. | 167 472 | 113 003 | 28 074 | 82 153 | 19 580 | 385 662 | 24 620 | 410 282 | 115 057 |
| Oct. | 168 537 | 114 134 | 28 833 | 82 240 | 19 822 | 390 366 | 23 200 | 413 566 | 112 748 |
| Nov. | 170 157 | 115 230 | 28 840 | 82 823 | 20 141 | 393 321 | 23 870 | 417 191 | 113 356 |
| Dec. | 174 542 | 115 481 | 29 027 | 83 511 | 21 931 | 401 155 | 23 337 | 424 492 | 124 527 |
| 1959* | | | | | | | | | |
| Jan. | 174 433 | 116 500 | 29 148 | 83 956 | 22 231 | 402 582 | 23 686 | 426 268 | 113 284 |
| Feb. | 176 447 | 117 723 | 29 820 | 84 261 | 23 014 | 406 559 | 24 706 | 431 265 | 117 593 |
| March | 177 519 | 118 748 | 30 025 | 85 659 | 23 481 | 410 216 | 25 216 | 435 432 | 127 932 |
| April | 180 780 | 120 876 | 30 171 | 87 216 | 23 291 | 417 729 | 24 605 | 442 334 | 120 677 |
| May | 182 818 | 122 475 | 30 412 | 88 580 | 23 978 | 423 304 | 24 959 | 448 263 | 124 607 |
| June | 184 863 | 123 152 | 30 387 | 88 660 | 25 681 | 426 924 | 25 819 | 452 743 | 134 774 |
| July | 183 589 | 124 666 | 31 118 | 89 337 | 26 620 | 430 489 | 24 841 | 455 330 | 125 409 |
| Aug. | 184 965 | 126 191 | 31 600 | 90 550 | 27 689 | 437 066 | 23 929 | 460 995 | 128 511 |
| Sept. | 190 749 | 127 980 | 32 369 | 91 957 | 28 771 | 446 076 | 25 750 | 471 826 | 139 508 |
| Oct. | 196 254 | 129 702 | 32 566 | 93 800 | 29 229 | 455 552 | 25 999 | 481 551 | 134 288 |
| Nov. | 200 782 | 131 592 | 32 626 | 94 833 | 30 241 | 463 309 | 26 765 | 490 074 | .. |

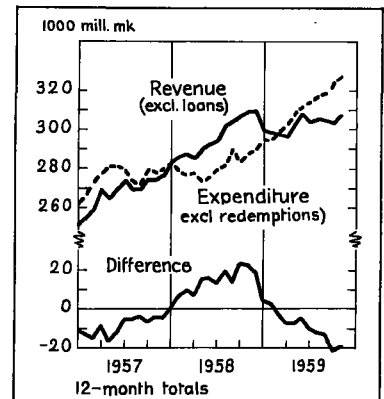


STATE FINANCES

1000 mill. mk

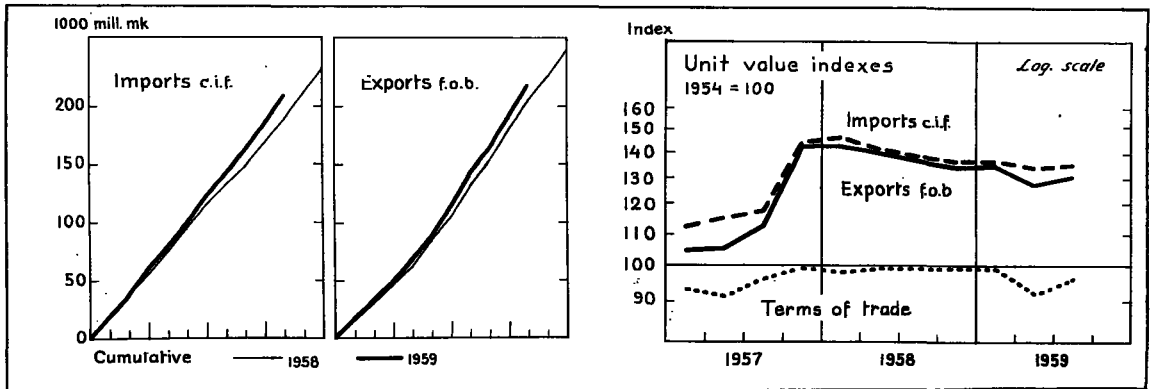
| Revenue | Jan.-Oct. | | Expenditure | Jan.-Oct. | |
|--|-----------|---------|--|-----------|-------|
| | 1958 | 1959 | | 1958 | 1959 |
| Income and property tax (net) | 46.7 | 54.2 | Interest on State debt | 6.1 | 5.6 |
| Gross receipts | (98.4) | (110.8) | Child allowances | 15.2 | 15.5 |
| Refunds and communal income tax | (-51.7) | (-56.6) | The State's share in national pensions | 6.6 | 7.2 |
| Other direct taxes | 1.1 | 1.2 | Compensations to war-disabled | 6.5 | 6.4 |
| Purchase tax | 52.9 | 59.5 | Transfer of employers' payments for national pensions to the National Pensions Institution | 5.9 | 6.3 |
| Import duties | 32.9 | 32.8 | Subsidies | 21.5 | 27.6 |
| Revenue from Alcohol Monopoly ... | 17.8 | 18.5 | Net payments on price equalisation by extra-budgetary funds | — | 1.4 |
| Excise duty on tobacco | 14.2 | 15.8 | State aid to agriculture | 4.0 | 5.1 |
| Excise duty on liquid fuel | 4.4 | 8.9 | State aid to communal and private schools | 18.5 | 19.1 |
| Other excise duties | 3.6 | 4.2 | Net loss of State enterprises | — | — |
| Tax on automobiles and motor cycles | 1.5 | 1.4 | Maintenance of roads | 5.3 | 6.5 |
| Stamp duties | 10.1 | 11.9 | Other current expenditure | 72.6 | 81.5 |
| Levy on export proceeds | 14.9 | 0.0 | Current expenditure | 162.2 | 182.2 |
| Employers' payments for child allowances and national pensions | 19.2 | 21.2 | Real investments | 44.0 | 52.1 |
| Net receipts of price equalisation by extra-budgetary funds | 4.4 | — | Other capital expenditure | 23.7 | 28.2 |
| Other revenue similar to taxes | 3.0 | 3.8 | Capital expenditure | 67.7 | 80.3 |
| Total taxes | 226.7 | 233.4 | Total expenditure | 229.9 | 262.5 |
| Interest and dividends | 3.9 | 4.5 | Redemption of external loans | 2.2 | 5.9 |
| Net profit of State enterprises | 1.6 | 2.4 | Redemption of internal loans | 7.3 | 8.6 |
| Other current revenue | 7.4 | 8.6 | Redemption of indemnity bonds etc. | 1.1 | 0.9 |
| Current revenue | 239.6 | 248.9 | Index premiums | 0.7 | 0.7 |
| Capital revenue proper | 5.2 | 9.6 | Redemptions | 11.3 | 16.1 |
| Decrease in inventories | 5.3 | 0.0 | | | |
| Capital revenue | 10.5 | 9.6 | | | |
| Total revenue | 250.1 | 258.5 | | | |
| External loans | — | — | | | |
| Internal loans | 7.1 | 18.1 | | | |
| Loans | 7.1 | 18.1 | | | |
| Short-term credit (increase +) .. | + 5.3 | +2.2 | | | |
| Deficit (+) or surplus (-) | -21.3 | -0.2 | | | |
| Total | 241.2 | 278.6 | Total | 241.2 | 278.6 |

| Debt | 1956 | 1957 | 1958 | 1959 | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| | Dec. | Dec. | Dec. | Aug. | Sept. | Oct. | Nov.* |
| External debt | 61.5 | 81.8 | 79.0 | 74.1 | 78.0 | 78.0 | 77.5 |
| Ordinary loans | 50.7 | 52.9 | 61.5 | 68.2 | 69.9 | 70.9 | 71.4 |
| Indemnity bonds etc. .. | 7.1 | 7.4 | 7.3 | 6.7 | 6.6 | 6.6 | 6.5 |
| Short-term credit | — | — | 1.2 | 2.7 | 1.4 | 3.4 | 0.9 |
| Cash debt (net) | 8.8 | 9.6 | 1.7 | 2.5 | 6.2 | -1.6 | .. |
| Internal debt | 66.6 | 69.9 | 68.3 | 80.1 | 84.1 | 79.3 | .. |
| Total debt | 128.1 | 151.7 | 147.3 | 154.2 | 162.1 | 157.3 | .. |
| Total debt, mill. \$ | 554.5 | 472.7 | 459.8 | 481.2 | 506.2 | 491.1 | .. |



FOREIGN TRADE

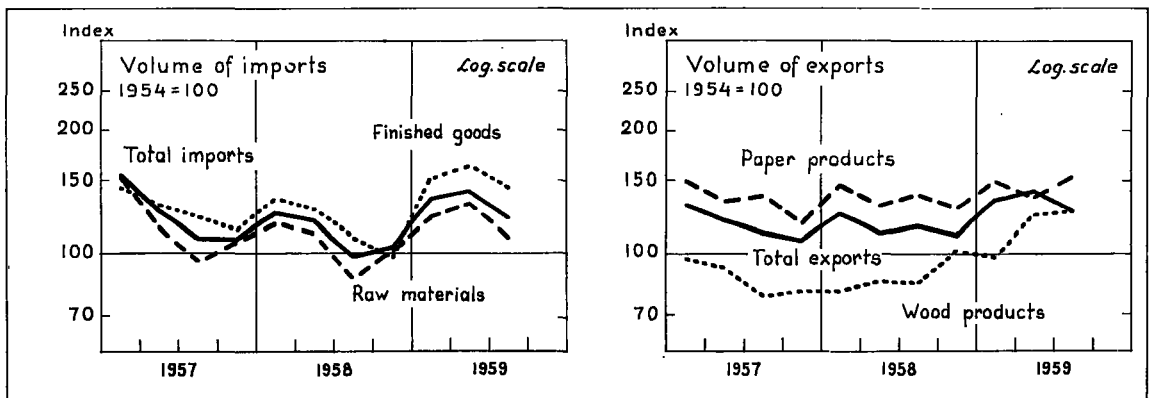
| Period | Value, mill. mk | | | Unit value indexes 1954 = 100 | | | | | | |
|---------------|---------------------|---------------------|--|-------------------------------|-----------------------------|------------------------------|-------------------------------|---|-----------------------------------|----------------------|
| | Imports c. i. f. | Exports f. o. b. | Surplus of imports (-) or exports (+) | Articles of export f. o. b. | | | | | Articles of import c. i. f. | Terms of Trade |
| | | | | Total | Round and hewn timber | Wood industry products | Paper industry products | Metal, en- gineering industry products | | |
| 1950 | 89 148 | 81 479 | - 7 669 | 75 | 61 | 70 | 72 | 103 | 92 | 82 |
| 1951 | 155 464 | 186 883 | +31 419 | 137 | 100 | 98 | 179 | 106 | 123 | 111 |
| 1952 | 182 186 | 156 829 | -25 357 | 130 | 165 | 99 | 147 | 118 | 121 | 107 |
| 1953 | 121 860 | 131 555 | + 9 695 | 98 | 111 | 95 | 91 | 109 | 106 | 92 |
| 1954 | 152 137 | 156 618 | + 4 481 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1955 | 176 960 | 181 259 | + 4 299 | 106 | 110 | 105 | 105 | 115 | 100 | 106 |
| 1956 | 203 558 | 177 987 | -25 571 | 106 | 110 | 104 | 109 | 106 | 105 | 101 |
| 1957 | 227 927 | 212 385 | -15 542 | 116 | 118 | 113 | 119 | 120 | 122 | 95 |
| 1958 | 233 302 | 247 934 | +14 632 | 138 | 139 | 133 | 139 | 153 | 140 | 99 |
| Jan.- Oct. | | | | | | | | | | |
| 1957 | 176 016 | 165 797 | -10 219 | | | | | | | |
| 1958 | 188 843 | 205 016 | +16 173 | | | | | | | |
| 1959* | 209 394 | 217 768 | + 8 374 | | | | | | | |
| 1959* | | | | | | | | | | |
| Jan. | 19 445 | 16 190 | - 3 255 | 135 | 135 | 121 | 132 | 175 | 136 | 99 |
| Feb. | 19 331 | 14 985 | - 4 346 | | | | | | | |
| March | 18 471 | 16 480 | - 1 991 | | | | | | | |
| April | 21 786 | 20 190 | - 1 596 | 127 | 123 | 122 | 130 | 135 | 134 | 92 |
| May | 20 757 | 19 514 | - 1 243 | | | | | | | |
| June | 22 694 | 27 353 | + 4 659 | | | | | | | |
| July | 19 664 | 28 314 | + 8 650 | 130 | 123 | 124 | 129 | 154 | 135 | 96 |
| Aug. | 20 138 | 22 228 | + 2 084 | | | | | | | |
| Sept. | 23 105 | 26 828 | + 3 723 | | | | | | | |
| Oct. | 23 997 | 25 686 | + 1 689 | | | | | | | |



FOREIGN TRADE BY MAIN GROUPS

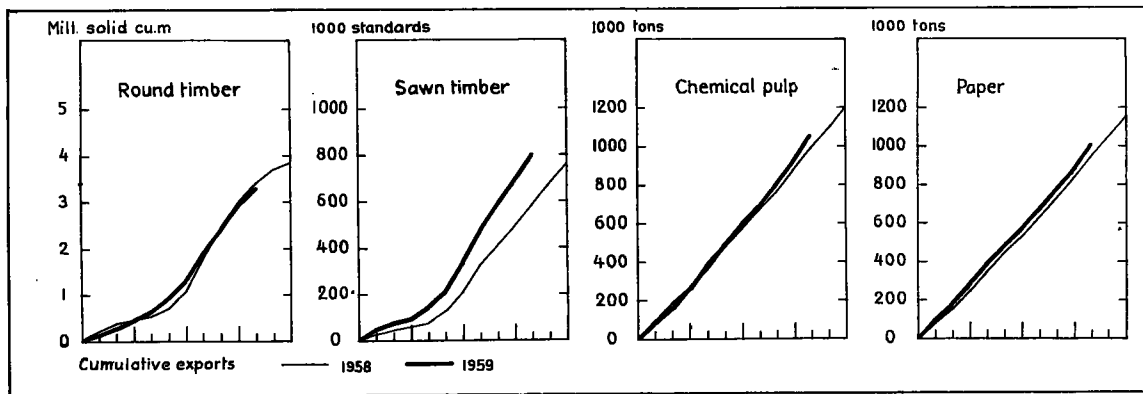
Mill. mk

| Period | Imports, c. i. f. | | | | Exports, f. o. b. | | | | | |
|-----------|-------------------------------|----------------------|----------------|----------------|-----------------------|-----------------------|------------------------|-------------------------|--------------------------------------|-------------|
| | Raw materials and accessories | Fuels and lubricants | Finished goods | | Agricultural products | Round and hewn timber | Wood industry products | Paper industry products | Metal, engineering industry products | Other goods |
| | | | Producer goods | Consumer goods | | | | | | |
| 1950 | 50 638 | 10 242 | 12 619 | 15 649 | 3 347 | 8 152 | 28 543 | 33 919 | 4 009 | 3 509 |
| 1951 | 91 790 | 19 760 | 22 004 | 21 910 | 3 152 | 19 028 | 56 229 | 97 244 | 7 151 | 4 079 |
| 1952 | 97 500 | 21 952 | 35 664 | 27 072 | 5 185 | 28 441 | 42 891 | 65 350 | 11 094 | 3 868 |
| 1953 | 65 148 | 15 879 | 24 029 | 16 804 | 4 719 | 10 251 | 43 671 | 47 926 | 20 936 | 4 052 |
| 1954 | 86 420 | 17 337 | 28 797 | 19 581 | 5 152 | 13 582 | 49 730 | 61 662 | 20 988 | 5 504 |
| 1955 | 94 919 | 21 540 | 34 225 | 26 276 | 3 880 | 19 905 | 51 321 | 75 793 | 24 803 | 5 557 |
| 1956 | 104 284 | 27 464 | 43 357 | 28 453 | 6 206 | 17 243 | 40 485 | 81 780 | 25 125 | 7 148 |
| 1957 | 117 424 | 40 238 | 41 353 | 28 912 | 10 169 | 17 095 | 48 287 | 97 638 | 30 433 | 8 763 |
| 1958 | 119 502 | 32 658 | 48 797 | 32 345 | 10 651 | 19 346 | 57 818 | 115 173 | 34 036 | 10 910 |
| Jan.-Oct. | | | | | | | | | | |
| 1957 | 90 343 | 32 795 | 30 482 | 22 396 | 7 842 | 14 929 | 37 134 | 77 205 | 21 881 | 6 806 |
| 1958 | 94 982 | 26 479 | 40 716 | 26 666 | 8 669 | 17 202 | 46 217 | 96 047 | 27 806 | 9 075 |
| 1959* | 104 832 | 21 309 | 53 961 | 29 292 | 11 867 | 14 086 | 52 684 | 94 507 | 35 539 | 9 085 |
| 1958 | | | | | | | | | | |
| Dec. | 12 039 | 3 339 | 4 207 | 2 845 | 1 311 | 766 | 5 498 | 9 704 | 3 561 | 828 |
| 1959* | | | | | | | | | | |
| Jan. | 9 326 | 3 101 | 4 519 | 2 499 | 895 | 736 | 3 498 | 7 888 | 2 659 | 514 |
| Feb. | 9 006 | 2 198 | 5 215 | 2 912 | 1 495 | 537 | 2 370 | 7 332 | 2 816 | 435 |
| March | 9 042 | 1 743 | 4 719 | 2 967 | 916 | 657 | 2 357 | 9 750 | 2 198 | 602 |
| April | 10 565 | 1 272 | 6 534 | 3 415 | 1 268 | 790 | 3 869 | 10 039 | 3 336 | 888 |
| May | 10 106 | 1 757 | 5 669 | 3 225 | 1 238 | 1 268 | 4 912 | 8 877 | 2 259 | 960 |
| June | 11 981 | 2 059 | 5 533 | 3 121 | 1 161 | 1 633 | 7 334 | 9 036 | 7 343 | 846 |
| July | 9 987 | 1 796 | 5 313 | 2 568 | 1 680 | 2 249 | 8 180 | 9 526 | 5 333 | 1 346 |
| Aug. | 10 043 | 2 399 | 5 252 | 2 444 | 1 010 | 2 336 | 6 138 | 9 677 | 1 988 | 1 079 |
| Sept. | 12 569 | 2 285 | 5 336 | 2 915 | 1 083 | 2 267 | 6 754 | 11 281 | 4 260 | 1 183 |
| Oct. | 12 207 | 2 699 | 5 865 | 3 226 | 1 121 | 1 613 | 7 272 | 11 101 | 3 347 | 1 232 |



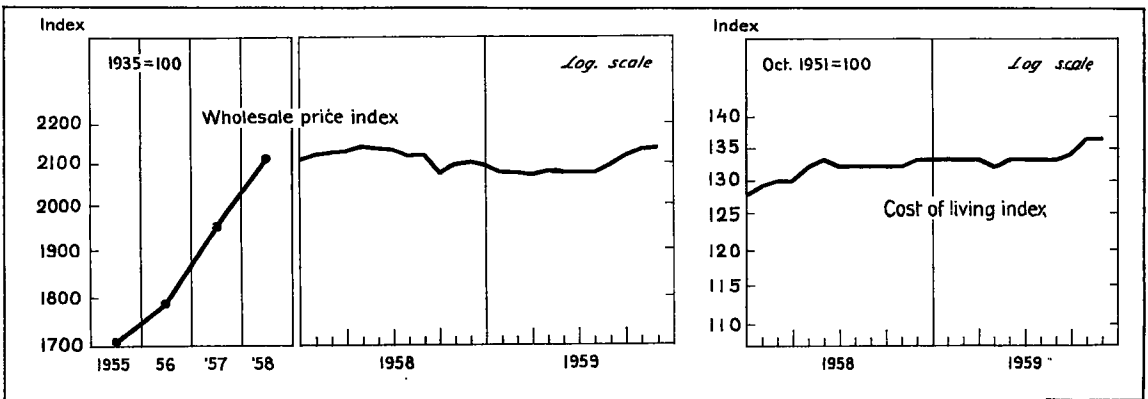
EXPORTS OF SOME IMPORTANT ARTICLES

| Period | Round timber 1 000 solid cu. m | Sawn timber 1 000 stds | Veneers and plywood 1 000 cu. m | Mechanical pulp 1 000 tons | Sulphite pulp 1 000 tons | Sulphate pulp 1 000 tons | Board 1 000 tons | Fibre building board 1 000 tons | Newsprint 1 000 tons | Paper, all kinds 1 000 tons |
|-----------------------|--------------------------------------|------------------------------|--|-------------------------------------|-----------------------------------|-----------------------------------|------------------------|---|----------------------------|--------------------------------------|
| 1950 | 3 266 | 683 | 195 | 177 | 513 | 365 | 89 | 50 | 379 | 506 |
| 1951 | 5 305 | 875 | 279 | 210 | 594 | 388 | 97 | 68 | 382 | 605 |
| 1952 | 5 112 | 611 | 222 | 143 | 477 | 245 | 65 | 44 | 392 | 569 |
| 1953 | 2 388 | 688 | 216 | 204 | 464 | 323 | 76 | 45 | 402 | 677 |
| 1954 | 3 620 | 733 | 298 | 193 | 580 | 375 | 101 | 59 | 392 | 751 |
| 1955 | 4 977 | 786 | 321 | 183 | 682 | 447 | 110 | 61 | 470 | 905 |
| 1956 | 4 424 | 648 | 230 | 186 | 679 | 452 | 106 | 49 | 537 | 997 |
| 1957 | 4 063 | 719 | 260 | 165 | 697 | 474 | 134 | 60 | 551 | 1 108 |
| 1958 | 3 861 | 762 | 239 | 143 | 725 | 476 | 145 | 83 | 585 | 1 147 |
| Jan.- Oct. 1957 | 3 645 | 600 | 205 | 138 | 568 | 380 | 110 | 48 | 476 | 935 |
| 1958 | 3 427 | 584 | 192 | 117 | 603 | 385 | 120 | 68 | 489 | 949 |
| 1959* | 3 309 | 801 | 240 | 111 | 608 | 449 | 115 | 88 | 459 | 1 007 |
| 1958 Dec. | 158 | 85 | 25 | 14 | 65 | 50 | 13 | 8 | 51 | 95 |
| 1959* | | | | | | | | | | |
| Jan. | 157 | 49 | 20 | 13 | 53 | 36 | 7 | 8 | 45 | 88 |
| Feb. | 125 | 23 | 24 | 9 | 47 | 32 | 11 | 9 | 37 | 80 |
| March | 159 | 21 | 24 | 17 | 53 | 47 | 10 | 10 | 55 | 115 |
| April | 181 | 51 | 25 | 11 | 66 | 49 | 12 | 9 | 51 | 103 |
| May | 300 | 70 | 26 | 8 | 58 | 40 | 12 | 10 | 39 | 93 |
| June | 394 | 122 | 25 | 11 | 61 | 43 | 10 | 8 | 41 | 93 |
| July | 536 | 144 | 21 | 9 | 56 | 50 | 14 | 5 | 44 | 102 |
| Aug. | 559 | 104 | 15 | 11 | 60 | 44 | 13 | 8 | 41 | 101 |
| Sept. | 534 | 107 | 28 | 9 | 81 | 57 | 12 | 9 | 52 | 114 |
| Oct. | 364 | 110 | 32 | 13 | 73 | 51 | 14 | 12 | 54 | 118 |



FOREIGN TRADE BY COUNTRIES

| Area and country | Imports c. i. f. | | | | | Exports f. o. b. | | | | |
|--------------------------------|------------------|-------|-----------|-------|----------|------------------|-------|-----------|-------|----------|
| | Whole year | | Jan.-Oct. | | | Whole year | | Jan.-Oct. | | |
| | 1957 | 1958 | 1958 | 1959* | | 1957 | 1958 | 1958 | 1959* | |
| | % | % | % | % | Mill. mk | % | % | % | % | Mill. mk |
| Sterling area | 18.4 | 17.9 | 18.3 | 16.8 | 35 174 | 24.8 | 25.6 | 25.0 | 27.1 | 59 099 |
| United Kingdom | 17.6 | 17.2 | 17.6 | 16.2 | 33 904 | 21.7 | 22.1 | 21.6 | 23.7 | 51 715 |
| Other OEEC countries .. | 38.5 | 45.2 | 45.5 | 49.8 | 104 230 | 33.4 | 37.7 | 36.9 | 36.4 | 79 166 |
| Belgium-Luxembourg | 3.0 | 2.8 | 2.8 | 2.7 | 5 605 | 3.9 | 3.6 | 3.6 | 3.7 | 8 145 |
| Denmark | 2.1 | 2.4 | 2.3 | 2.4 | 4 891 | 2.5 | 3.0 | 2.9 | 3.4 | 7 439 |
| France | 5.1 | 4.7 | 4.6 | 5.2 | 10 950 | 5.6 | 6.2 | 6.3 | 4.6 | 10 080 |
| Western Germany | 11.4 | 16.5 | 16.8 | 18.1 | 37 910 | 8.9 | 10.9 | 10.5 | 10.8 | 23 473 |
| Italy | 1.5 | 1.5 | 1.6 | 1.8 | 3 706 | 1.3 | 1.8 | 1.7 | 1.7 | 3 714 |
| Netherlands | 4.1 | 4.3 | 4.5 | 4.7 | 9 854 | 4.1 | 4.4 | 4.4 | 5.5 | 11 924 |
| Norway | 1.3 | 1.2 | 1.1 | 1.6 | 3 389 | 0.4 | 0.7 | 0.5 | 0.7 | 1 508 |
| Spain | 0.9 | 0.4 | 0.6 | 0.4 | 894 | 1.4 | 1.0 | 1.1 | 0.2 | 502 |
| Sweden | 5.9 | 8.3 | 8.3 | 9.4 | 19 676 | 3.1 | 3.6 | 3.6 | 3.3 | 7 076 |
| Switzerland | 1.6 | 1.7 | 1.7 | 2.2 | 4 657 | 0.6 | 0.7 | 0.7 | 0.5 | 995 |
| Eastern Bloc | 30.6 | 25.7 | 24.5 | 24.0 | 50 148 | 29.4 | 24.8 | 26.4 | 23.2 | 50 616 |
| China | 0.7 | 0.5 | 0.5 | 0.6 | 1 258 | 0.7 | 1.1 | 1.1 | 2.4 | 5 140 |
| Czechoslovakia | 2.9 | 1.2 | 1.3 | 1.6 | 3 242 | 1.6 | 1.2 | 1.3 | 0.6 | 1 380 |
| Eastern Germany | 2.5 | 1.7 | 1.8 | 1.7 | 3 622 | 1.9 | 1.7 | 2.0 | 1.2 | 2 670 |
| Poland | 5.2 | 3.1 | 3.0 | 2.6 | 5 455 | 3.4 | 2.6 | 2.8 | 2.2 | 4 918 |
| Soviet Union | 17.7 | 18.0 | 16.6 | 16.8 | 35 215 | 20.0 | 17.3 | 18.2 | 16.1 | 35 069 |
| U.S. and Canada | 5.7 | 5.5 | 5.6 | 4.9 | 10 267 | 5.1 | 4.7 | 4.4 | 5.8 | 12 538 |
| United States | 5.6 | 5.3 | 5.4 | 4.6 | 9 624 | 5.0 | 4.6 | 4.3 | 5.7 | 12 300 |
| Latin America | 5.1 | 4.4 | 4.5 | 3.5 | 7 455 | 4.8 | 4.5 | 4.5 | 5.1 | 11 126 |
| Argentina | 1.4 | 0.3 | 0.3 | 0.6 | 1 208 | 1.1 | 1.0 | 1.1 | 1.0 | 2 183 |
| Brazil | 3.3 | 3.7 | 3.8 | 2.5 | 5 351 | 2.7 | 2.4 | 2.4 | 2.9 | 6 205 |
| Others | 1.7 | 1.3 | 1.6 | 1.0 | 2 120 | 2.5 | 2.7 | 2.8 | 2.4 | 5 223 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 209 394 | 100.0 | 100.0 | 100.0 | 100.0 | 217 768 |



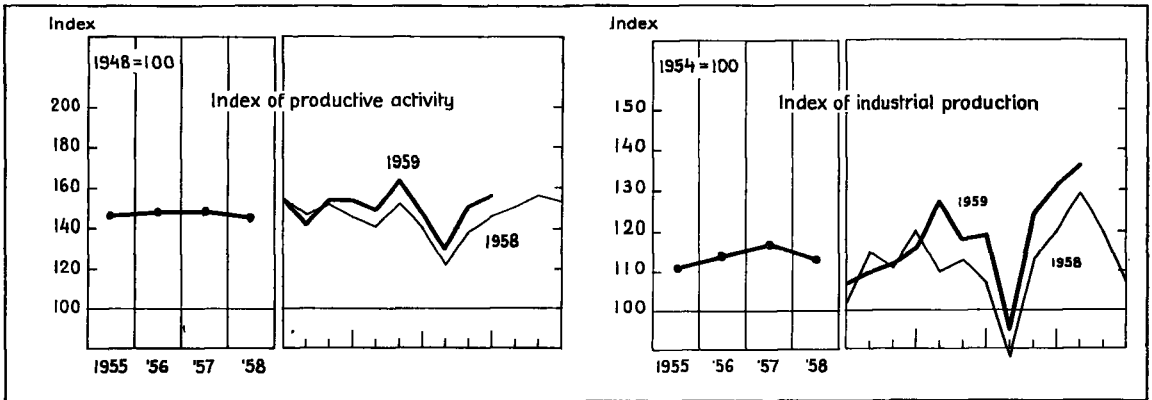
PRICE INDEXES

| Period | Wholesale prices 1935=100 | | | | | | Building costs 1951=100 | | |
|--------|---------------------------|---------------|-------------------------|----------------------|----------------|-------|-------------------------|----------------------------------|----------------------|
| | Total index | Finnish goods | | | Imported goods | Total | Building material | Workers' average hourly earnings | |
| | | Total | Products of agriculture | Products of forestry | | | | | Products of industry |
| 1953 | 1 727 | 1 840 | 1 730 | 2 857 | 1 532 | 1 486 | 101 | 101 | 99 |
| 1954 | 1 724 | 1 841 | 1 728 | 2 941 | 1 506 | 1 475 | 101 | 98 | 105 |
| 1955 | 1 707 | 1 822 | 1 773 | 3 040 | 1 426 | 1 462 | 103 | 96 | 113 |
| 1956 | 1 785 | 1 869 | 1 926 | 2 975 | 1 478 | 1 605 | 109 | 101 | 123 |
| 1957 | 1 954 | 1 980 | 2 103 | 2 947 | 1 615 | 1 897 | 113 | 105 | 127 |
| 1958 | 2 113 | 2 125 | 2 193 | 3 106 | 1 773 | 2 085 | 117 | 112 | 124 |
| 1959 | | | | | | | | | |
| Jan. | 2 077 | 2 101 | 2 161 | 2 998 | 1 779 | 2 024 | 116 | 110 | 122 |
| Feb. | 2 073 | 2 097 | 2 154 | 2 998 | 1 775 | 2 020 | 115 | 110 | 122 |
| March | 2 071 | 2 095 | 2 149 | 3 005 | 1 771 | 2 020 | 116 | 110 | 123 |
| April | 2 081 | 2 106 | 2 151 | 3 005 | 1 788 | 2 027 | 117 | 110 | 125 |
| May | 2 080 | 2 112 | 2 159 | 3 006 | 1 795 | 2 011 | 118 | 110 | 129 |
| June | 2 076 | 2 103 | 2 126 | 3 007 | 1 791 | 2 019 | 118 | 110 | 129 |
| July | 2 076 | 2 110 | 2 166 | 3 006 | 1 790 | 2 002 | 119 | 111 | 131 |
| Aug. | 2 092 | 2 132 | 2 240 | 3 005 | 1 803 | 2 005 | 119 | 111 | 132 |
| Sept. | 2 114 | 2 163 | 2 261 | 3 086 | 1 820 | 2 008 | 119 | 110 | 130 |
| Oct. | 2 134 | 2 187 | 2 251 | 3 198 | 1 825 | 2 020 | 119 | 111 | 130 |
| Nov. | 2 141 | 2 201 | 2 278 | 3 203 | 1 838 | 2 014 | 119 | 111 | 130 |

| Period | Cost of living Oct. 1951=100 | | | | | | Consumer prices Oct.—Dec. 1957=100 | | | | | |
|--------|------------------------------|-------------|------|----------------------|----------|-------|------------------------------------|-------------|------|----------------------|----------|-------|
| | Total | Food-stuffs | Rent | Heating and lighting | Clothing | Other | Total | Food-stuffs | Rent | Heating and lighting | Clothing | Other |
| 1953 | 103 | 109 | 137 | 89 | 85 | 103 | | | | | | |
| 1954 | 103 | 106 | 169 | 82 | 83 | 102 | | | | | | |
| 1955 | 100 | 102 | 183 | 83 | 73 | 101 | | | | | | |
| 1956 | 111 | 117 | 218 | 95 | 76 | 108 | | | | | | |
| 1957 | 124 | 132 | 260 | 99 | 80 | 117 | | | | | | |
| 1958 | 132 | 140 | 277 | 102 | 83 | 129 | 103 | 103 | 102 | 99 | 103 | 105 |
| 1959 | | | | | | | | | | | | |
| Jan. | 133 | 140 | 279 | 99 | 84 | 133 | 104 | 103 | 103 | 96 | 105 | 108 |
| Feb. | 133 | 139 | 279 | 99 | 84 | 133 | 104 | 102 | 103 | 96 | 105 | 108 |
| March | 133 | 140 | 279 | 99 | 84 | 133 | 104 | 103 | 103 | 96 | 104 | 108 |
| April | 132 | 139 | 273 | 101 | 84 | 133 | 104 | 102 | 101 | 98 | 104 | 109 |
| May | 133 | 139 | 273 | 101 | 84 | 133 | 104 | 102 | 101 | 98 | 104 | 109 |
| June | 133 | 139 | 273 | 100 | 84 | 133 | 104 | 102 | 101 | 97 | 104 | 109 |
| July | 133 | 140 | 274 | 97 | 84 | 134 | 104 | 103 | 101 | 94 | 105 | 109 |
| Aug. | 133 | 140 | 274 | 97 | 84 | 134 | 104 | 103 | 101 | 94 | 105 | 109 |
| Sept. | 134 | 143 | 274 | 96 | 85 | 135 | 105 | 105 | 101 | 93 | 106 | 110 |
| Oct. | 136 | 144 | 292 | 96 | 85 | 135 | 107 | 106 | 108 | 93 | 106 | 110 |
| Nov. | 136 | 144 | 292 | 96 | 85 | 135 | 107 | 106 | 108 | 93 | 106 | 110 |

PRODUCTION - INTERNAL TRADE

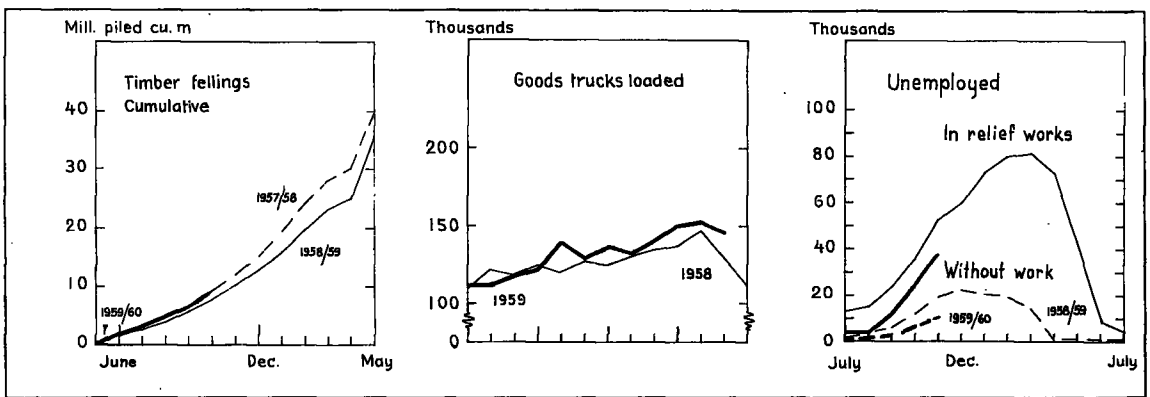
| Period | Index of industrial production 1954 = 100 | | | | | | | | Commercial timber fellings 1 000 piled cu. m | Milk received by dairies 1 000 litres | Wholesale trade volume index 1954 = 100 |
|--------|---|------------------|----------------------|----------------|----------------------------------|----------------|----------------|-------|---|--|--|
| | Total | Investment goods | Other producer goods | Consumer goods | Special indexes of manufacturing | | | | | | |
| | | | | | Wood industry | Paper industry | Metal industry | Other | | | |
| 1950 | | | | | | | | | 25 770 | 1 209 | 81 |
| 1951 | | | | | | | | | 36 070 | 1 405 | 85 |
| 1952 | | | | | | | | | 35 079 | 1 515 | 92 |
| 1953 | | | | | | | | | 29 170 | 1 609 | 93 |
| 1954 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 35 370 | 1 653 | 100 |
| 1955 | 111 | 116 | 109 | 113 | 99 | 115 | 111 | 111 | 38 600 | 1 659 | 116 |
| 1956 | 114 | 117 | 110 | 120 | 76 | 122 | 113 | 118 | 36 623 | 1 977 | 121 |
| 1957 | 117 | 119 | 116 | 118 | 82 | 134 | 115 | 117 | 40 919 | 2 085 | 114 |
| 1958* | 113 | 109 | 114 | 112 | 88 | 135 | 107 | 110 | 37 981 | 2 109 | 109 |
| 1958* | | | | | | | | | | | |
| July | 88 | 66 | 96 | 83 | 85 | 129 | 66 | 82 | 982 | 216 | 109 |
| Aug. | 113 | 104 | 116 | 114 | 86 | 135 | 103 | 114 | 1 337 | 193 | 116 |
| Sept. | 120 | 118 | 120 | 119 | 79 | 152 | 113 | 119 | 1 674 | 179 | 121 |
| Oct. | 129 | 124 | 131 | 128 | 89 | 158 | 121 | 129 | 2 140 | 161 | 131 |
| Nov. | 120 | 114 | 126 | 114 | 79 | 147 | 112 | 120 | 2 456 | 149 | 106 |
| Dec. | 107 | 104 | 98 | 121 | 74 | 121 | 104 | 104 | 2 568 | 165 | 116 |
| 1959* | | | | | | | | | | | |
| Jan. | 110 | 109 | 110 | 110 | 78 | 132 | 106 | 105 | 3 117 | 170 | 93 |
| Feb. | 112 | 111 | 113 | 113 | 92 | 131 | 108 | 109 | 3 840 | 158 | 103 |
| March | 116 | 107 | 118 | 117 | 100 | 130 | 108 | 115 | 3 434 | 181 | 115 |
| April | 127 | 118 | 129 | 128 | 114 | 150 | 120 | 125 | 1 959 | 203 | 128 |
| May | 118 | 102 | 120 | 122 | 97 | 141 | 107 | 120 | 10 121 | 233 | 123 |
| June | 119 | 112 | 117 | 126 | 112 | 131 | 112 | 121 | 1 782 | 251 | 118 |
| July | 96 | 72 | 104 | 92 | 90 | 138 | 77 | 93 | 1 323 | 228 | 117 |
| Aug. | 124 | 112 | 124 | 128 | 94 | 147 | 114 | 128 | 1 671 | 201 | 132 |
| Sept. | 131 | 125 | 133 | 129 | 99 | 164 | 126 | 127 | 1 768 | 182 | 135 |
| Oct. | 136 | 124 | 143 | 130 | 103 | 166 | 129 | 133 | 2 640 | 167 | 130 |



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

| Period | Buildings completed, mill. cu. m | | | | | Buildings under construction at end of period mill. cu. m | Index of salary and wage earners' earnings 1957 = 100 | | | |
|---------------------|----------------------------------|-----------------|----------------|------------------------------------|--------------------|---|---|-----------------|----------|---------------|
| | Total | Dwelling houses | Farm buildings | Commercial and industrial premises | Official buildings | | All salary and wage earners | Wage earners in | | |
| | | | | | | | | Agriculture | Forestry | Manufacturing |
| 1955 | 20.25 | 9.47 | 4.29 | 3.12 | 2.29 | .. | 84 | 82 | 90 | 85 |
| 1956 | 19.92 | 8.82 | 2.83 | 4.59 | 2.42 | 22.98 | 95 | 94 | 99 | 96 |
| 1957 | 20.81 | 9.56 | 3.20 | 4.14 | 2.68 | 20.86 | 100 | 100 | 100 | 100 |
| 1958 | 19.29 | 8.46 | 3.08 | 3.57 | 2.93 | 20.38 | 105 | 103 | 103 | 105 |
| 1958 Apr.- June | 3.25 | 1.37 | 0.32 | 0.75 | 0.62 | 23.04 | 106 | 101 | 105 | 106 |
| July-Sept. | 5.70 | 2.38 | 1.11 | 0.63 | 1.08 | 22.77 | 106 | 104 | 105 | 106 |
| Oct.- Dec. | 7.12 | 3.25 | 1.38 | 1.31 | 0.79 | 20.38 | 107 | 104 | 104 | 107 |
| 1959* Jan.- Mar. | 3.21 | 1.37 | 0.32 | 0.89 | 0.49 | 18.16 | 108 | 104 | 105 | 109 |
| Apr.- June | 3.01 | 1.29 | 0.42 | 0.69 | 0.38 | 21.74 | 110 | 107 | 106 | 110 |
| July-Sept. | 6.01 | 2.48 | 1.21 | 0.96 | 0.93 | 22.93 | | | | |

| Period | Railways | | Foreign shipping | | | | Unemployed at end of month | | | |
|--------|-------------------------------|------|--|------|------------------|------|----------------------------|--------|------------------------|--------|
| | Goods trucks loaded Thousands | | Vessels arrived with cargo — 1 000 net reg. tons | | Vessels departed | | Without work Number | | In relief works Number | |
| | 1958 | 1959 | 1958 | 1959 | 1958 | 1959 | 1958 | 1959 | 1958 | 1959 |
| Jan. | 122 | 112 | 254 | 307 | 320 | 359 | 9 988 | 20 520 | 56 871 | 72 956 |
| Feb. | 118 | 117 | 196 | 232 | 259 | 271 | 9 982 | 19 201 | 64 227 | 79 765 |
| March | 124 | 122 | 243 | 281 | 236 | 333 | 9 475 | 14 103 | 68 649 | 81 255 |
| April | 120 | 138 | 280 | 289 | 270 | 350 | 5 160 | 905 | 57 627 | 72 800 |
| May | 127 | 128 | 314 | 402 | 380 | 461 | 2 169 | 928 | 36 876 | 41 724 |
| June | 125 | 136 | 415 | 544 | 544 | 686 | 2 016 | 858 | 18 147 | 8 137 |
| July | 130 | 132 | 470 | 545 | 715 | 775 | 1 979 | 893 | 12 955 | 4 276 |
| Aug. | 134 | 140 | 463 | 517 | 664 | 692 | 4 353 | 1 379 | 14 756 | 3 629 |
| Sept. | 137 | 150 | 418 | 436 | 580 | 671 | 6 108 | 3 026 | 23 786 | 11 926 |
| Oct. | 147 | 152 | 417 | 462 | 561 | 602 | 11 998 | 6 753 | 35 827 | 24 036 |
| Nov. | 129 | 146 | 418 | 465 | 485 | 530 | 19 387 | 9 347 | 52 330 | 37 772 |
| Dec. | 112 | | 400 | | 404 | | 22 171 | | 59 805 | |



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — Equalisation accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC—
ADVANCES TO THE PUBLIC

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits* are included in term deposits.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public — Cash holdings of the State.

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula,

and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.


PRODUCTION — INTERNAL TRADE —
WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in 1954. Monthly figures are unadjusted for seasonal variations. Commodities according to use: investment goods weight 12.7, other producer goods weight 54.6 and consumer goods weight 32.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 8.6, paper industry no. 27, weight 8.6, metal industry nos. 34—38, weight 25.4, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.9. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60 % of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

SYMBOLS USED

* Preliminary  Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted 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, elected for a period of 6 years. The President for the current period, March 1, 1956, to March 1, 1962, is Urho Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 37, Conservatives 29, Swedish Party 14, Social Democrat Opposition 14, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

OWNERSHIP OF LAND (1950): The total land area was distributed among different classes of owners approximately as follows: private 56.9 %, State 35.0 %, joint stock companies etc. 6.4 %, communes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1958): 4.4 million. Sweden 7.4, Switzerland 5.2, Denmark 4.6 and Norway 3.5 million.

DENSITY OF POPULATION (1958): In South Finland 24.5, in North Finland 4.0 and in the whole country an average of 14.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1958): 63.0 % of the population inhabit the rural areas, 37.0 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 445 190 inhabitants, Tampere (Tammerfors) 121 422, Turku (Åbo) 120 095.

OCCUPATIONS (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communication 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1959): Practically all persons over 15 years of age are literate. There are 5 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1958): births 18.5 ‰, deaths 8.9 ‰, increase 8.5 ‰. Deaths in France 11.2 ‰ and in Great Britain 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1958, in thousand million marks): Gross domestic product at market prices 1 185 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 113 (12 %), forestry and fishing 90 (9 %), manufacturing 302 (31 %), construction 94 (10 %), transport and communications 76 (8 %), commerce, banking and insurance 116 (12 %), general government 112 (12 %), other services 62 (6 %), total 965. Index of real domestic product 144 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft.)

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 46 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 357 000, of which 162 000 are of more than 5 ha. Index of agricultural production 91 for 1957 (1954 = 100). Measure of self-sufficiency in the crop year 1957/58: bread cereals 42 %, animal products 121 %.

INDUSTRY (1957): Gross value of industrial production 912 000 mill. marks, number of workers 309 000, administrative employees 58 000, motive power (1957) 2.6 mill. HP. Index of industrial production 117 for 1957 (1954 = 100).

RAILWAYS (Jan. 1, 1959): Length 5 183 km, of which 5 109 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Oct. 1, 1959): Steamers 241 (339 515 gross reg. tons), motor vessels 193 (398 882 gross reg. tons), sailing vessels with auxiliary engines 103 (10 538 gross reg. tons). Total 537 (748 935 gross reg. tons).

MOTOR VEHICLES (Feb. 28, 1959): Private cars 141 600, lorries and delivery vans 54 600, buses 5 300, other 2 400. Total 203 900.

AIR TRAFFIC: (Dec. 1, 1959) Number of aircraft in scheduled traffic 21, other aircraft 71. In 1958, 424 000 passengers were carried by the two Finnish companies; over 177 million passenger kilometres and 2.3 million ton kilometres of freight and mail were transported.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1957 expenditure amounted to 159 411 mill. marks. Total revenue was 159 591 million, of which income from taxation 84 383 million. The municipal income tax (non-progressive) averaged 11.22 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 12 branch offices in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1958). There are three big and two small commercial banks with in all 538 offices, 406 savings banks, 555 cooperative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the cooperative stores accept deposits from the public.

RATES OF INTEREST (April 1, 1959). Bank of Finland discount rates 6—7 1/4 %. Other credit institutions: term deposits 4 1/4 % (12 months' deposits 5 %, index-tied deposits 3 1/4 %) and sight deposits in savings banks and cooperative credit societies 1/4 %; lending rate 7 % in general.

TAXATION IN FINLAND

BY

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During the postwar period, the structure of the Finnish system of taxation has undergone various changes, occasioned mainly by the increased fiscal needs of the public sector: indirect taxation has grown in importance as new taxes have been introduced, the structure of individual taxes has changed, and the weights of different taxes for public revenue have altered. In addition to their purely fiscal importance, the taxes imposed, as well as the entire tax structure, may contain such intentional or unintentional features as are of interest from an economic or social point of view. In the present article, an endeavour has been made to throw some light on the Finnish system of taxation today. A few cursory remarks have been made on the purely institutional and legal aspects.

The attached table (Table 1) reveals the share of different taxes in the total tax revenue of the public sector, which is composed of the central government, the municipalities and the church. The municipalities and the church rely almost exclusively for their tax revenue on a proportional income tax, whereas the central government collects revenue by various forms of direct and indirect taxation. The most important single tax in the country is the municipal tax on incomes; and the most important source of tax revenue for the central government is provided by the purchase tax.

In 1958, the total tax burden of the economy amounted to about 38 per cent of the net national product at factor cost (central government 28, municipalities 9 and the

church 0.6 per cent). The share of direct taxes amounted to about 47 per cent, and that of indirect taxes to about 52 per cent of the combined tax revenue of the public sector.

TABLE 1. TAX REVENUE AND ITS COMPOSITION
IN 1958

| | 1 000 mill. mk | In per cent of totals |
|---|-------------------|--------------------------|
| <i>Central government</i> | | |
| <i>Direct taxes</i> | | |
| 1. Income and property tax | 54.1 | 19.8 |
| 2. Employers' payments for child allowances and national pensions | 24.0 | 8.8 |
| 3. Other direct taxes | 1.5 | 0.5 |
| <i>Indirect taxes</i> | | |
| 4. Purchase tax | 65.7 | 24.0 |
| 5. Import duties | 39.8 | 14.6 |
| 6. Revenue from the Alcohol Monopoly | 21.5 | 7.9 |
| 7. Excise duty on tobacco | 17.5 | 6.4 |
| 8. Excise duty on sweets | 1.7 | 0.6 |
| 9. Excise duty on liquid fuel .. | 5.8 | 2.1 |
| 10. Excise duty on automobiles and motor cycles | 1.7 | 0.6 |
| 11. Stamp duties | 11.9 | 4.4 |
| 12. Levy on export proceeds | 15.2 | 5.6 |
| 13. Net receipts of price equalisation | 6.7 | 2.5 |
| 14. Other indirect taxes | 2.6 | 0.9 |
| <i>Other revenue similar to taxes ..</i> | 3.7 | 1.3 |
| <i>Total</i> | 273.4 | 100.0 |
| <i>Municipalities</i> | | |
| <i>Direct taxes</i> | | |
| 1. Income tax | 88.1 | 98.7 |
| <i>Indirect taxes</i> | | |
| 14. Other indirect taxes | 1.2 | 1.3 |
| <i>Total</i> | 89.3 | 100.0 |
| <i>Church</i> | | |
| <i>Direct taxes</i> | | |
| 1. Income tax | 6.2 | 100.0 |
| <i>Total</i> | 6.2 | 100.0 |
| Grand Total | 368.9 | |
| Total of direct taxes | 173.9 | |
| Total of indirect taxes | 191.3 | |
| Other revenue similar to taxes .. | 3.7 | |

TABLE 2. RATES OF GOVERNMENT INCOME TAX IN 1960

| Taxable income | I | | | II | | | III | | |
|----------------|--------------------|------|---------------------------------|--------------------|------|---------------------------------|--------------------|------|---------------------------------|
| | Tax at lower limit | | Marginal rate above lower limit | Tax at lower limit | | Marginal rate above lower limit | Tax at lower limit | | Marginal rate above lower limit |
| | 1 000 mk | % | % | 1 000 mk | % | % | 1 000 mk | % | % |
| 180— 240 | 0.3 | 0.2 | 8.5 | — | — | — | — | — | — |
| 240— 300 | 5.4 | 2.3 | 11 | 0.5 | 0.2 | 7.5 | — | — | — |
| 300— 400 | 12 | 4.0 | 14 | 5 | 1.7 | 11 | 0.5 | 0.2 | 9.5 |
| 400— 600 | 26 | 6.5 | 17 | 16 | 4.0 | 14 | 10 | 2.5 | 11 |
| 600— 800 | 60 | 10.0 | 19 | 44 | 7.3 | 17 | 32 | 5.3 | 13 |
| 800— 1 000 | 98 | 12.3 | 21 | 78 | 9.8 | 18.5 | 58 | 7.3 | 16 |
| 1 000— 1 500 | 140 | 14.0 | 25 | 115 | 11.5 | 22 | 90 | 9.0 | 19 |
| 1 500— 2 000 | 265 | 17.7 | 29 | 225 | 15.0 | 25 | 185 | 12.3 | 23 |
| 2 000— 3 000 | 410 | 20.5 | 31 | 350 | 17.5 | 29 | 300 | 15.0 | 27 |
| 3 000— 4 000 | 720 | 24.0 | 34 | 640 | 21.3 | 32 | 570 | 19.0 | 29 |
| 4 000— 6 000 | 1 060 | 26.5 | 36 | 960 | 24.0 | 34 | 860 | 21.5 | 32 |
| 6 000—10 000 | 1 780 | 29.7 | 38 | 1 640 | 27.3 | 36.5 | 1 500 | 25.0 | 35 |
| 10 000—20 000 | 3 300 | 33.0 | 43 | 3 100 | 31.0 | 43 | 2 900 | 29.0 | 43 |
| 20 000— | 7 600 | 38.0 | 46 | 7 400 | 37.0 | 45 | 7 200 | 36.0 | 44 |

DIRECT TAX ON PERSONAL INCOMES

The Finnish system of direct tax on personal incomes provides for differential treatment of taxpayers on the basis of the size of income, the source of income and the status of the taxpayer.

As the municipal income tax, the church income tax and the income recipient's contribution for child allowances and national pensions are proportional,¹ only the progressive rates applied in the central government income tax (Table 2) differentiate taxpayers according to the size of income. When calculated on the basis of income received, the rates are, however, lower than indicated in the table since the central government income tax provides for a 15 per cent deduction from wage and salary income up to the limit of 1 million marks, and for a 10 per cent deduction from that limit onwards. Further, the system of deductions is more extensive for central government income tax than for municipal taxation, so that the amounts subject to municipal taxation are

higher. Plans are being made for unification of deductions for both forms of income tax.

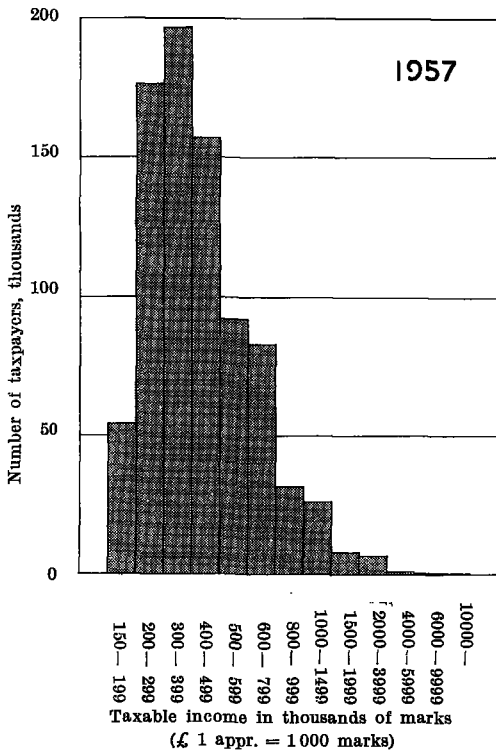
The differentiation according to the source of income is made for the sake of social justice, or because of the uncertainty and variability of income, or with the aim of promoting the achievement of a given target of economic policy. Thus, for example, income from farming and income from silviculture are treated differently from wages and salaries; „windfall” profits from the sale of property are counted as taxable income; seamen obtain special treatment. Deductions may also be made up to a maximum of 80 000 marks for funds deposited in certain tied bank accounts in calculating taxable income in 1959 and 1960.

In the central government income tax, the marital status, the age, and the number of children place the taxpayers in different tax classes (Table 2), for which different tax rates apply.¹ There are deductions for old age, the number of children, disability to earn income, and medical expenses, in addition to which the amount of tax is reduced for people with children. It should be further pointed out that a married couple

¹ The municipal income tax rate on taxable income was 11.6 per cent in 1957 on an average, and varied between 7 and 14 per cent. The church income tax amounted to 1.5 per cent and the contribution to child allowances and national pensions to 1.5 per cent on the same taxable income.

¹ See also footnote on page 20.

CHART 1. DISTRIBUTION OF TAXABLE INCOME ACCORDING TO NUMBER OF TAXPAYERS



both of whom earn income are taxed jointly in the central government income tax.

Taking into account the fact that direct taxes other than the central government income tax are proportional, and the various deductions allowed on social grounds, it appears that the present system of taxation of personal income reduces the differences in disposable income between age groups, between single and married people, and between families with different numbers of children rather than between different income groups. This opinion is further supported by the fact that the distribution of taxable income according to the number of taxpayers indicates a strong concentration on a few neighbouring income classes, where the marginal tax rates are relatively low (Chart 1).

An example of the total direct taxation of personal income in the town of Helsinki is

provided by Chart 2, which shows the average tax and the marginal tax, as percentages of assessed income. It is based on the 1960 tax tables for collection at source, and represents the total of central government income tax, municipal and church income tax, and the taxpayers' contribution to child allowances and national pensions. The average tax is shown for all main classes, and subclass III₃ (three children), and the marginal tax curves relate to classes I and III₃. The deductions allowable for all members of the respective classes are taken into account.¹

The differences in tax burden laid on the various income groups, as well as on the classes constructed on the basis of the status of taxpayers, are further reduced when indirect taxation is included.

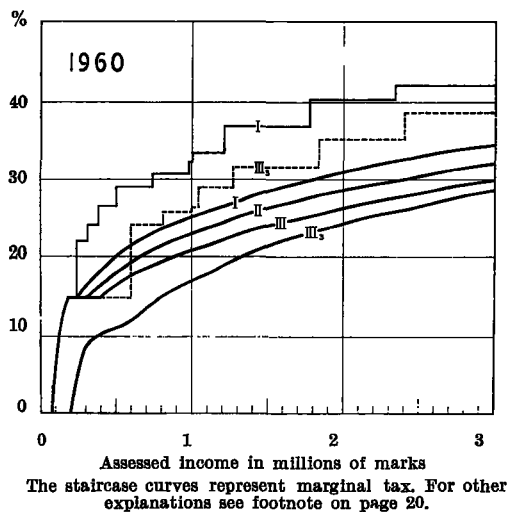
THE TAXATION OF BUSINESS INCOME

The calculation of taxable income of business enterprises is made up in accordance with the general principles pertaining to

¹ Taxpayers are grouped in three tax classes. Class I comprises unmarried people above the age of 24 without children. Class II includes unmarried people under the age of 24 and married people with no children after three years of marriage. The remainder of the taxpayers are entered in class III, which includes, among others, married people with children and unincorporated business enterprises (joint-stock companies are taxed according to different principles). The third class is further divided into subclasses according to the number of children.

The municipal income tax rate for the town of Helsinki in 1960 will be 12.5 per cent on taxable income, the church tax 1 per cent, and the income recipient's contribution for child allowances and national pensions 1.5 per cent on the same taxable income. The following principal deductions are included in the calculation. In central government income tax: a) an „expensive district allowance” of 20 000 marks in tax classes I and II and 34 000 in III, if both members of the married couples are earning, plus 14 000 marks for each child; b) a 15 per cent deduction from incomes up to 1 million marks, and 10 per cent from that limit onwards, c) the contributions towards national pensions and child allowances paid in the previous year (1.5 per cent of the taxable income for municipal taxation). In municipal income tax: a) a basic deduction of 80 000 marks; for higher incomes the deduction is reduced by 1 per cent for every additional 1 000 marks of income, so that the municipal income tax is progressive from 81 000 to 180 000 marks; b) a deduction of 40 000 marks for each child.

CHART 2. MARGINAL TAX AND AVERAGE TAX IN PER CENT OF ASSESSED INCOME IN HELSINKI



The staircase curves represent marginal tax. For other explanations see footnote on page 20.

accounting. Accounting profits form the basis of taxation, though all accounting expenses are not deductible. There exist stipulations for the maximum depreciation allowances normally accepted on the cost of acquisition of buildings, machinery, motor vehicles etc. The valuation of stocks is based on the accounting law, which contains very liberal stipulations.

Business enterprises are given different tax treatment, depending on their legal character, their size and, in certain instances, on their sphere of activity.

Unincorporated business enterprises are taxed according to the same progressive rates as individuals belonging to class III. In 1960, joint-stock companies will pay tax according to a proportional rate of 38 per cent on taxable income exceeding the limit of 700 000 marks; if their taxable income falls short of this amount, the tax rate is reduced.

Both direct and indirect taxation are resorted to in order to attain such explicit targets of economic policy as the promotion of investment activity, the industrialisation of relatively underdeveloped northern Finland, the promotion of house construction,

the furthering of certain export industries, etc. Newly established industries in the northern parts of the country are exempted from income and property tax during a certain period of time. Extraordinary depreciation allowances on industrial buildings and machinery may be granted on application. In purchase taxation, a reduced rate of 13 per cent applies at the moment to the majority of producers' goods. A system of refunding a part of the purchase tax paid on building materials used in the construction of dwelling houses has been adopted. The income and property of housing companies which meet specific requirements are exempted from income and property tax for a number of years after completion. The shipbuilding industry is allowed special deductions in calculating its taxable income. Savings banks receive different tax treatment from other business enterprises, and so on.

THE TAXATION OF PROPERTY

Property tax is based on the assessment of the net property of the taxpayer at the end of the year for which the return is made. All assets are taxable, except for movable personal property (motor vehicles are counted as taxable property). To arrive at the taxable net property, the taxpayers' debts are deducted. There are various exceptions from the general rule, for example with regard to farm property, forest estates and housing companies.

Individuals and unincorporated enterprises pay property tax according to a progressive scale, whereas joint-stock companies will in 1960 pay a proportional tax of 1 per cent on net property.

INDIRECT TAXATION

In 1958, the central government obtained about 70 per cent of its total taxation revenue by indirect taxes: purchase tax, im-

port duties, revenue from the alcohol monopoly, stamp duties and various excise duties (see Table 1). Only purchase tax is treated in the following. It should be mentioned, however, that the levy on export proceeds was a temporary charge.

Purchase tax in Finland was originally (1941) a combination of manufacturers' purchase tax and retail tax. It was changed into a straight manufacturers' purchase tax in 1950, and was intended to be applied to all goods with a minimum number of exemptions, but the range of tax-exempted goods has gradually widened, with the result that the present tax is a selective purchase tax with partly differentiated rates.

The purchase tax is generally imposed at a 20 per cent rate on the sale of taxable goods, irrespective of whether the buyer is a wholesaler, a retailer or a final consumer. In consequence, the actual amount of tax contained in the retail price is dependent on the exempted gross margins of wholesalers and retailers.

The tax applies only to goods, while services are exempted. The tax exemptions apply mostly to consumers' goods. Exemptions are also provided for ships and farm produce, and for all export transactions.

Products of handicrafts upon which only members of the family are engaged are tax-free, but consequently all the raw-material bought for this purpose is taxed. Certain types of workshops which mostly carry out repairs and installation work are taxed at 10 per cent, after deduction is made for the purchases of materials with a 20 per cent tax.

Because of the discriminatory features of the tax resulting from different treatment of different goods and different types of producers, the government has twice set up a committee to consider reform of the purchase tax system. Both committees suggested a procedure by which the purchase tax is charged on the basis of the consumer prices.

REMARKS ON SOME POLICY IMPLICATIONS OF THE TAX STRUCTURE

Precollection of tax has been practised since 1944 in Government taxation of income from wages and salaries, as well as of dividends and interest. The system was expanded in 1947 to include municipal tax on income and the contribution for child allowances and national pensions. In 1960, the church tax on income will be included, so that the tax tables will then for the first time cover income tax to the central government, the municipalities and the church, together with the payments for child allowances and national pensions.

Other income tax payers, particularly business enterprises, pay tax quarterly on the basis of pre-assessment of income. Income tax is corrected for all taxpayers by a post-assessment based on the taxpayers' statements made after the end of each calendar year or an accepted accounting period. The taxing of property is effected in a similar manner.

The pre-assessment values of income are based on the previous year's taxable income, but can be adjusted by the government if the income increases or decreases during the year. The tax rates are fixed by the Diet.

Owing to the prevalence of indirect taxation and the system of withholding at source, revenue from these taxes can be expected to vary in close agreement with changes in economic activity. They can thus be regarded as constituting an element of built-in-flexibility in the structure of Finnish taxation. The progressivity of the central government income tax rates does not materially increase this structural characteristic of the tax system. The fact that the pre-assessment values of income can be changed in connection with variations in income, as has been done on several occasions, accentuates the character of built-in-flexibility of the Finnish tax structure.

ITEMS

Release of certain old blocked funds. The Bank of Finland has decided to permit the transfer abroad of certain blocked funds held by foreign citizens and legal entities in the form of bank accounts in Finnish banking institutions. Provided that the funds have been held on such account without interruption since September 1, 1939, an amount not exceeding one million marks may be transferred into convertible marks, convertible foreign exchange, or, if the holder resides in a country which maintains a bilateral payments agreement with Finland, remitted to his country of residence in accordance with the terms of such agreement.

The same provisions apply to Finnish citizens who have resided abroad since September 1, 1939.

The amount to be transferred may also include interest accrued on funds eligible for transfer. If the holder of the account has used funds now released to purchase bonds of the 1959 Bond Loan in Convertible Marks issued by the Republic of Finland (see this Bulletin, August 1959), he may sell the bonds in question to the Bank of Finland and convert the proceeds into foreign exchange.

*

New terms of rediscounting. On December 11, 1959, the Bank of Finland issued new instructions regarding the credit institutions' indebtedness to the Central Bank, with effect from January 1, 1960. The monthly average of net indebtedness, free

of the penalty rate, was reduced from 60 per cent to 30 per cent of the credit institutions' own funds. For indebtedness in excess of that limit, additional interest will be charged according to the former principles, i.e., 1.5 per cent on a calculated amount representing the same proportion of the monthly average of net debt as the rediscounts exceeding the limit mentioned are proportionate to the credit institutions' own funds. However, if the debt exceeds the amount of funds, the terms of rediscounting are to be fixed by individual agreements with the Bank of Finland.

When calculated on the total debt, the penalty rate is thus 0.3 per cent if the debt corresponds to one half of the credit institutions' own funds, and 1.05 per cent if the debt equals the amount of funds.

These instructions cancel those given in April 1958 (see Bulletin No. 5, 1958).

The present normal rediscounting rate is 6 $\frac{3}{4}$ per cent, and only such bills are rediscounted whose discount rate does not exceed that rate.

*

Trade agreement. On November 11 an agreement was concluded with the *Democratic Republic of Germany*, in which quotas were fixed for 1960 according to the agreement made on December 10, 1956. Principal Finnish exports: cheese, round wood, sawn goods, chemical pulp, newsprint and other paper and board: imports, sugar, sodium sulphate, chemicals, textiles, machinery and vehicles.

BANK OF FINLAND

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Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

SECRETARIES

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Credits

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Administration

EERO ASP,
*Foreign affairs
(On leave of absence)*

JOUKO J. VOUTILAINEN
*Information
(Foreign affairs ad int.)*

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P.-E. ÖSTERLUND,
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*Documentary credits
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