



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 30 No. 7

JULY

1956

RECENT DEVELOPMENTS

THE PROBLEM OF WAGES AND PRICES

The new or revised labour market agreements signed in March stipulate, amongst other things, that if by September the cost of living index (Oct. 1951 = 100) should have risen from the basic February index of 107 by at least 5 points, or to 112, wage earners will be entitled to introduce, during June-September, negotiations for wage adjustments. Should such negotiations prove fruitless, notice of repeal of the collective agreements may be given one month after negotiations have been opened, and the collective agreements will be terminated one month after notice has been given.

The increase in some State taxes and charges, effected in the spring to improve the balance in the finance accounts, provoked a rise in consumption prices, while the simultaneous wage increases, amounting on the average to 10 per cent, added to the upward pressure on prices, so that the cost of living index for June was 110. For July, an index number of 111 is forecast and for August—September 111 or 112.

In addition, the adjustment of agricultural income, due in accordance with the May decree relating to agricultural income (see Item in this Bulletin), will mean an increase in farmers' income from the

beginning of September, which is preliminarily estimated at 7 000—8 000 million marks. Of this, 6 000—7 000 million relates to the above mentioned increase in the general level of wages, while the remainder represents in the main increases in some agricultural costs. If this compensation is given to the farmers in the form of higher producer and consumer prices of agricultural products, it may — dependent on the nature of prices — immediately cause a rise in the cost of living index by 1—1½ points. If such happens, the index will in September reach the critical 112 points which justifies the introduction of wage negotiations. And even if no such negotiations occur at that time, the question of adjustment of wages is certain to be raised early next year in connection with the periodical renewal of collective agreements. — The decree concerning agricultural income further stipulates that every general wage increase of at least 5 per cent shall immediately be followed by an adjustment of farmers' income.

In order to avoid fatal competition be-

*On page 18,
Finland's Balance of Payments in 1955*

tween prices and wages, in May the Government instructed the Economic Council to draft a stabilisation programme before the end of June. Although the period was later extended, the Council failed to agree upon the basis for the stabilisation of prices and wages. So far, they have mainly been concerned with the questions as to whether the above mentioned compensation to farmers should be paid in full or at a reduced rate, whether wage earners should be given full or partial compensation for a rise in the cost of living index, and whether industry will raise prices to the full extent of the wage increase. As the parties represented in the Economic Council have been unable to come to an understanding, the Council has now requested the Government to settle the political question as to what distribution of incomes, at what point of time, could form an acceptable basis for the stabilisation programme. The matter is at present under consideration by the Cabinet.

FOREST WORK IN 1955/56

During the season of 1955/56, which ended in May, fellings totalled 36.3 mill. piled cu.m, or 5 per cent less than the 38.1 mill. cu.m recorded for 1954/55. When one takes into account the fact that the latter result was the best for many years, last season's fellings must, however, be considered as fairly satisfactory. The following quantities were cut during the last two seasons.

	1954/55 Mill. cu. m	1955/56 Mill. cu. m	Change %
Coniferous logs	11.7	9.3	- 20.6
Deciduous logs	2.5	2.3	- 7.1
Spruce pulpwood	12.7	11.9	- 6.8
Pine pulpwood	5.4	4.9	- 9.4
Pitprops	1.4	1.3	- 5.3
Fuel wood	4.1	6.0	+ 47.0
Other wood	0.4	0.6	+ 50.0
Total fellings	38.1	36.3	- 4.9

The decrease, by more than 20 per cent, in the cut of coniferous logs was principally due to foreign demand having weakened since last autumn, and to the fact that the stringent credit conditions reduced purchases of timber. The decrease in fellings of pulpwood is principally concerned with exports, as the quantity of raw timber purchased by the Finnish industry does not appear to have diminished. A noteworthy increase, amounting to nearly 50 per cent, occurred in the commercial fellings of fuel wood. This increase was surprisingly great, although in the autumn stocks were known to have diminished. Evidently the severe winter raised consumption to such an extent that, particularly in the spring, the felling schedule had to be altered.

By reason of the early winter, lumbering was exceptionally brisk during the first winter months. The quantities cut were far in excess of those of one year earlier. By the end of January, the difference had been eliminated, and subsequently the cumulative result remained below that of the previous season.

The number of people employed in the forests reflects a similar picture. Last December, 144 000 men were engaged in forest work (112 000 twelve months earlier), in January 165 000 (180 000), in February 125 000 (160 000) and in March 70 000 (85 000). During the last two months of the felling season, however, the number of forest workers was more or less the same as had been so one year previously. The general strike in March did not affect lumbering to any particular extent.

July 10, 1956

BANK OF FINLAND

Mill. mk

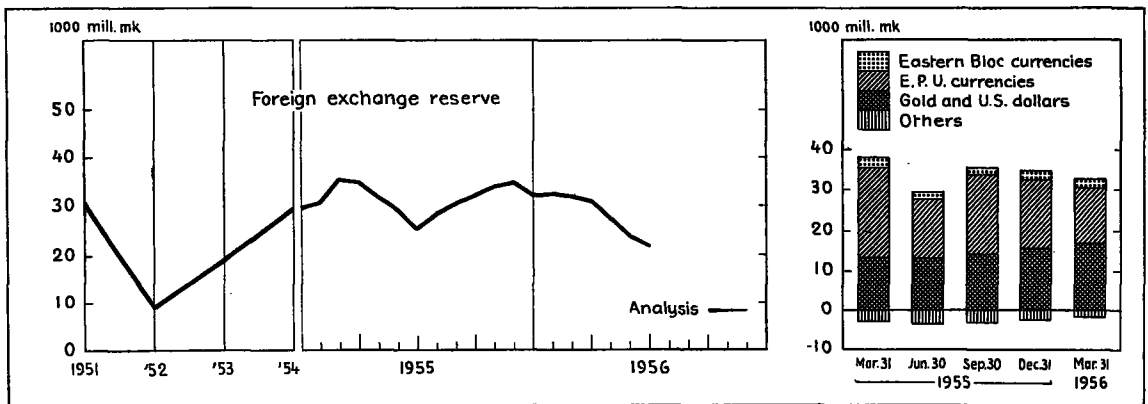
	1955		1956			
	June 30	Dec. 31	June 8	June 15	June 22	June 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	36 078	38 314	31 692	31 998	32 102	31 900
Gold	6 882	7 849	7 849	7 849	7 849	7 849
Foreign exchange	26 728	28 089	21 282	21 588	21 693	21 490
Foreign bills	116	116	116	116	116	116
Foreign bonds	2 353	2 260	2 445	2 445	2 445	2 445
<i>Supplementary note cover</i>	51 577	65 576	76 618	74 336	78 903	75 226
Inland bills discounted						
In foreign currency	7 437	8 511	9 176	9 190	9 201	9 209
In Finnish currency	15 120	14 437	20 800	20 484	20 654	19 985
Rediscounted bills	9 020	22 628	27 892	25 911	30 298	27 283
Treasury bond loan	20 000	20 000	18 750	18 750	18 750	18 750
<i>Other assets</i>	13 949	11 617	15 308	17 106	17 160	16 910
Finnish bonds	2 090	1 915	2 036	2 038	2 038	2 039
Cheque accounts	214	490	667	303	373	450
Finnish coin	309	195	355	357	334	338
Other claims	11 336	9 016	12 249	14 408	14 415	14 084
Total	101 604	115 506	123 617	123 440	128 165	124 036
Liabilities						
<i>Notes in circulation</i>	49 584	55 883	56 761	56 527	57 333	57 911
<i>Short-term liabilities</i>	28 415	33 309	19 716	20 852	24 810	20 084
Foreign exchange accounts	7 870	3 855	6 840	7 377	8 619	7 547
Mark accounts of holders abroad	3 055	3 898	4 674	4 679	4 970	5 076
Cheque account of the Treasury	13 458	9 816	6 884	7 132	9 912	6 284
Cheque accounts of banks	3 804	8 384	456	754	661	507
Other cheque accounts	37	6 733	298	297	189	170
Other short-term liabilities	191	624	564	613	459	500
<i>Long-term liabilities</i>	8 308	9 013	27 662	26 632	26 439	26 518
Foreign	7 014	7 719	8 276	8 290	8 302	8 310
Finnish	1 294	1 294	19 386	18 342	18 137	18 207
<i>Equalisation accounts</i>	5 126	5 690	7 930	7 850	7 963	7 880
<i>Bank's own funds</i>	10 171	11 612	11 549	11 580	11 620	11 644
Capital	5 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	4 479	—	806	806	806	806
Profits undisposed	—	—	6	6	6	6
Earnings less expenses	692	1 612	737	768	809	832
Total	101 604	115 506	123 617	123 440	128 165	124 036
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	36 078	38 314	31 692	31 998	32 102	31 900
Supplementary cover (Upper limit 58 000 mill. mk)	50 000	58 000	58 000	58 000	58 000	58 000
Total	86 078	96 314	89 692	89 998	90 102	89 900
Note issue						
Notes in circulation	49 584	55 883	56 761	56 527	57 333	57 911
Short-term liabilities	28 415	33 309	19 716	20 852	24 810	20 084
Undrawn on cheque credits	774	494	377	741	671	594
Unused right of note issue	7 305	6 627	12 839	11 879	7 289	11 312
Total	86 078	96 314	89 692	89 998	90 102	89 900

Lowest discount rate since April 19, 1956, 6 1/2 per cent

BANK OF FINLAND

Mill. mk

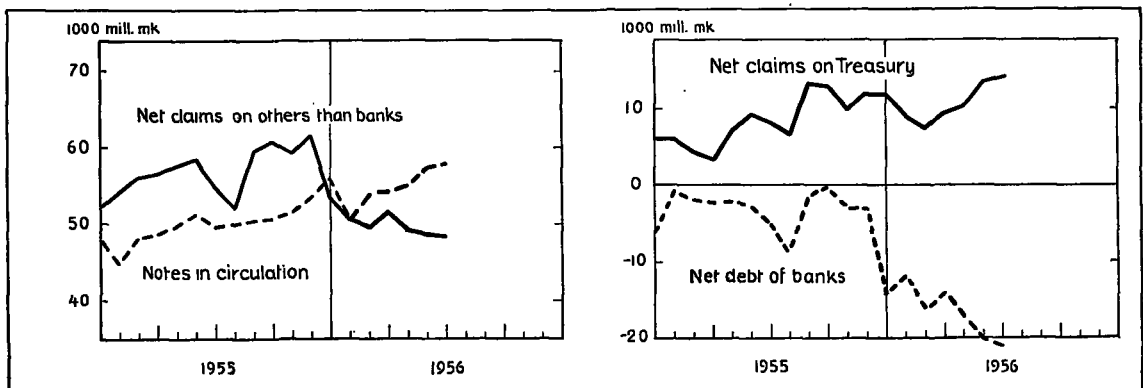
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1948	3 329	3 211	118	—	1 379	-1 261	1 697	—	473	1 224
1949	5 196	6 930	-1 734	—	2 561	-4 295	2 427	—	665	1 762
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 707	14 244
1955										
Feb.	41 506	6 144	35 362	972	9 275	27 059	2 388	—	584	1 804
March	40 974	5 897	35 077	972	9 299	26 750	3 074	662	255	2 157
April	38 836	7 000	31 836	2 468	9 744	24 560	5 386	2 325	969	2 092
May	36 044	6 814	29 230	2 468	9 999	21 699	6 112	2 743	486	2 883
June	33 610	7 870	25 740	2 468	10 069	18 139	9 020	2 987	817	5 216
July	34 635	6 280	28 355	2 468	10 586	20 237	13 239	4 227	662	8 350
Aug.	36 148	5 818	30 330	2 468	10 300	22 498	5 335	2 808	1 138	1 389
Sept.	37 700	5 470	32 230	2 468	10 794	23 904	6 751	5 441	930	380
Oct.	38 660	4 989	33 671	2 468	11 186	24 953	9 472	5 498	972	3 002
Nov.	38 899	4 166	34 733	2 468	11 528	25 673	10 007	6 176	748	3 083
Dec.	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 707	14 244
1956										
Jan.	36 957	4 464	32 493	2 561	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 080	3 982	32 098	2 561	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 561	12 405	21 169	20 086	5 983	135	13 968
April	31 585	3 937	27 648	2 561	12 400	17 809	24 790	7 062	530	17 198
May	29 700	6 031	23 669	2 561	12 694	13 536	27 236	6 372	665	20 199
June	29 339	7 547	21 792	2 561	13 386	10 967	27 283	5 621	507	21 155



BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1948	19 230	19	19 211	13 591	1 387	14 978	—	207	14 771	27 369
1949	22 030	80	21 950	15 351	1 965	17 316	—	625	16 691	29 606
1950	19 730	34	19 696	13 516	5 470	18 986	—	263	18 723	34 383
1951	8 685	—	8 685	11 567	6 193	17 760	—	301	17 459	44 774
1952	14 738	—	14 738	14 678	12 696	27 374	—	2 185	25 189	46 153
1953	21 662	7 281	14 381	13 812	15 525	29 337	—	2 314	27 023	45 019
1954	21 662	15 470	6 192	11 940	14 129	26 069	—	791	25 278	47 902
1955	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1955										
Feb.	21 662	17 216	4 446	11 393	13 160	24 553	—	409	24 144	48 151
March	21 660	18 320	3 340	12 380	14 020	26 400	—	94	26 306	48 746
April	21 660	14 488	7 172	13 252	14 833	28 085	—	91	27 994	49 713
May	21 660	12 382	9 278	14 553	16 633	31 186	—	365	30 821	51 344
June	21 660	13 458	8 202	15 120	17 327	32 447	—	228	32 219	49 584
July	21 660	15 044	6 616	14 395	17 230	31 625	739	1 549	29 337	49 903
Aug.	21 660	8 342	13 318	13 470	16 786	30 256	1 600	2 068	26 588	50 376
Sept.	21 660	8 803	12 857	13 780	17 836	31 616	2 931	1 594	27 091	50 634
Oct.	21 660	11 854	9 806	14 339	17 832	32 171	3 922	1 180	27 069	51 433
Nov.	21 660	9 627	12 033	13 563	17 748	31 311	5 105	872	25 334	53 493
Dec.	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956										
Jan.	21 660	12 905	8 755	15 204	16 846	32 050	7 476	844	23 730	50 539
Feb.	21 660	14 292	7 368	16 626	17 134	33 760	7 929	709	25 122	53 870
March	20 410	11 521	8 889	18 992	17 501	36 493	8 131	997	27 365	54 252
April	20 410	10 161	10 249	19 782	18 211	37 993	8 753	762	28 478	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 289	849	30 455	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 540	670	31 857	57 911



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

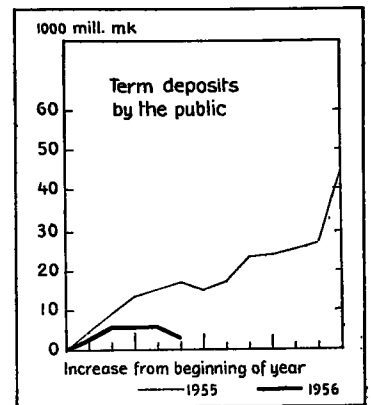
Mill. mk

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
1949	23 276	26 908	8 984	31 079	35 014	16 675	12 237	4 649	99 660	135 552
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	36 587	44 247*	11 795	97 794	108 543*	61 158*	33 073	15 255	315 863*	371 905*
1954 Dec.	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955 Jan.	36 908	44 248	7 661	84 806	93 679	53 131	30 120	13 785	275 554	327 463
Feb.	34 937	42 045	8 109	86 430	94 915	54 119	30 784	14 048	280 328	330 482
March	36 572	44 019	10 676	88 113	95 948	54 949	30 968	14 335	284 347	339 042
April	36 289	43 521	9 294	88 742	96 910	55 540	30 822	14 464	286 510	339 325
May	36 037	43 279	8 462	89 001	97 668	56 135	30 671	14 585	288 094	339 835
June	40 007	47 426	10 920	88 173	97 285	55 766	30 640	14 349	286 260	344 606
July	34 979	42 488	8 825	88 776	98 210	56 221	30 927	14 308	288 491	339 804
Aug.	37 788	45 175	8 797	90 961	99 791	57 621	31 715	14 406	294 543	348 515
Sept.	37 399	44 979	10 715	90 823	100 548	57 581	31 777	14 458	295 236	350 930
Oct.	37 908	45 561	9 709	91 287	101 316	57 674	31 890	14 534	296 751	352 021
Nov.	38 521	45 887	8 718	91 516	102 211	57 927	32 074	14 608	298 384	352 989
Dec.	36 587	44 247	11 795	97 794	108 543	61 158	33 073	15 255	315 863	371 905
1956* Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 806	39 429	9 634	98 990	110 233	62 204	34 292	15 762	321 519	370 582
March	35 545	42 643	12 629	98 745	110 080	62 567	34 002	15 805	321 237	376 509
April	33 982	41 095	9 634	98 564	110 268	62 778	33 842	15 832	321 321	372 050
May	33 620	40 800	9 669	97 684	109 704	62 476	33 401	15 691	318 993	369 462

Selling rates for foreign exchange

July 5, 1956

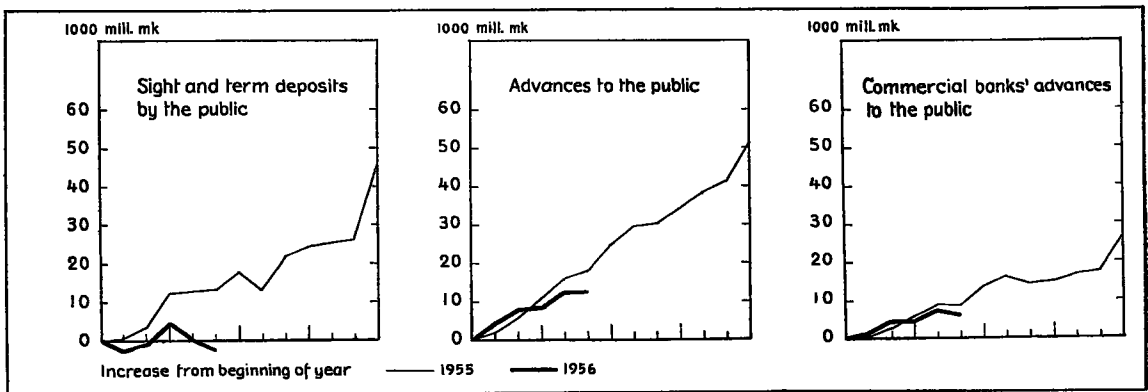
		mk			mk
New York	1 \$	231	Zürich	1 Fr	52.87
London	1 £	644	Frankfurt a/M ..	1 DM	55.17
Stockholm	1 Kr	44.66	Prague	1 Kz	32.08
Copenhagen	1 Kr	33.31	Vienna	1 Sch	8.90
Oslo	1 Kr	32.22	Lisbon	1 Es	8.04
Paris	1 Fr	0.66	Montreal	1 \$	231
Brussels	1 Fr	4.635	Moscow, clear. ...	1 Rbl.	57.75
Amsterdam	1 G	60.56			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 8) (6 to 8)
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1949	57 160	29 065	3 472	30 925	3 382	81 667	33 429	8 908	124 004
1950	67 438	35 511	4 507	35 048	3 830	97 375	37 934	11 025	146 334
1951	85 578	45 554	8 508	41 849	4 425	117 358	54 645	13 911	185 914
1952	104 881	59 824	13 402	50 694	5 379	147 035	70 106	17 039	234 180
1953	105 659	70 511	18 782	56 765	9 847	177 703	67 572	16 289	261 564
1954	128 955	82 447	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189
1954 Dec.	128 955	82 447	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955 Jan.	129 474	83 547	22 581	64 430	12 868	214 300	79 174	19 426	312 900
Feb.	131 673	84 328	23 147	64 936	12 940	216 614	80 134	20 276	317 024
March	134 881	85 204	22 990	65 700	12 982	218 163	82 590	21 004	321 757
April	137 728	86 211	23 183	66 675	12 945	220 561	85 841	20 340	326 742
May	137 630	87 394	23 474	67 600	12 979	223 275	85 401	20 401	329 077
June	142 305	88 533	23 691	67 962	13 042	226 137	87 218	22 178	335 533
July	144 995	90 087	23 817	68 461	13 170	229 737	88 513	22 280	340 530
Aug.	143 149	91 262	24 005	69 484	13 406	233 471	87 744	20 091	341 306
Sept.	143 785	93 062	24 141	70 476	13 517	236 197	87 237	21 547	344 981
Oct.	145 683	94 363	24 518	71 050	13 648	239 583	88 291	21 388	349 262
Nov.	146 531	95 477	24 804	71 454	13 766	242 132	88 476	21 424	352 032
Dec.	155 436	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189
1956*									
Jan.	157 132	97 784	24 893	72 824	13 607	246 784	95 688	23 768	366 240
Feb.	159 944	98 334	24 994	73 114	13 626	248 233	96 773	25 006	370 012
March	159 981	98 710	25 374	72 720	13 562	249 322	96 593	24 432	370 347
April	162 744	99 408	25 532	73 313	13 380	250 776	98 365	25 236	374 377
May	161 545	99 897	25 637	74 094	13 382	251 782	98 816	23 956	374 554

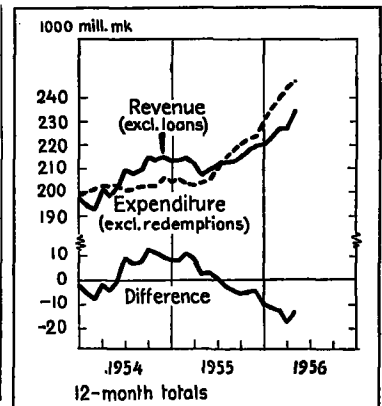


STATE FINANCES

1000 mill. mk

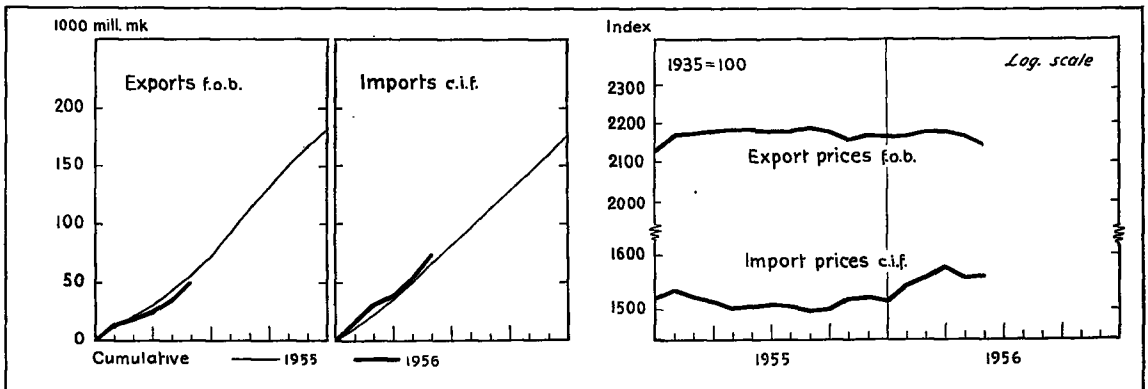
Revenue	Jan.—April		Expenditure	Jan.—April	
	1955	1956		1955	1956
Income and property tax (net)	17.5	22.2	Interest on State debt	2.0	2.0
Gross receipts	(29.0)	(34.3)	Child allowances	5.0	5.0
Refunds and communal income tax	(-11.5)	(-12.1)	Old age allowances	0.6	0.6
Other direct taxes	0.3	0.2	Compensations to war-disabled	2.1	3.0
Purchase tax	10.3	16.6	Transfer of employers' payments for national pensions to National Pen- sions Fund	0.8	1.0
Import duties	7.0	8.7	Subsidies	5.9	9.0
Revenue from Alcohol Monopoly	5.9	4.2	Payments by Price Equalisation Fund	0.8	2.0
Excise duty on tobacco	3.5	4.3	State aid to agriculture	1.0	0.8
Other excise duties	1.2	1.3	State aid to communal and private schools	5.0	6.1
Stamp duties	2.7	3.0	Net loss of State enterprises	1.5	4.0
Employers' payments for child allow- ances and national pensions	6.1	6.7	Maintenance of roads	1.1	1.2
Receipts of Price Equalisation Fund	3.6	3.0	Other current expenditure	19.7	23.8
Other revenue similar to taxes	1.1	1.0	Current expenditure	45.5	58.5
Total taxes	59.2	71.2	Real investments	10.4	13.1
Interest and dividends	1.4	1.5	(of which: unemployment grants) ..	(6.2)	(7.6)
Other current revenue	1.8	1.7	Other capital expenditure	7.9	10.0
Current revenue	62.4	74.4	Capital expenditure	18.3	23.1
Capital revenue proper	1.1	1.5	Total expenditure	63.8	81.6
Decrease in inventories	0.3	2.8	Redemption of external loans	0.9	0.7
Capital revenue	1.4	4.3	Redemption of internal loans	3.0	2.8
Total revenue	63.8	78.7	Redemption of indemnity bonds etc. Index premiums	0.1	0.0
External loans	1.3	1.0	Redemptions	4.3	3.9
Internal loans	2.9	5.9	Total	68.1	85.5
Loans	4.2	6.9			
Bills (increase +)	+3.0	—			
Deficit (+) or surplus (-)	-2.9	-0.1			
Total	68.1	85.5			

Debt	1953	1954	1955	1956		
	Dec.	Dec.	Dec.	March	April	May
External debt	65.0	62.1	61.3	61.8	61.8	61.6
Ordinary loans	31.3	36.1	43.0	45.5	46.0	46.8
Indemnity bonds etc.	10.2	8.8	6.8	6.6	6.6	6.7
Bills	3.4	0.5	—	—	—	—
Cash debt (net)	11.3	4.3	5.9	10.1	7.0	9.2
Internal debt	56.2	49.7	55.7	62.2	59.6	62.7
Total debt	121.2	111.8	117.0	124.0	121.4	124.3
Total debt, mill. \$	524.7	484.0	506.3	536.8	525.3	537.9



FOREIGN TRADE

Period	Value, mill. mk			Imports by main groups, mill. mk				Price indices 1935 = 100	
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (—) or exports (+)	Raw materials	Machinery	Foodstuffs	Other consumer goods	Articles of import c. i. f.	Articles of export f. o. b.
1948	66 369	56 505	— 9 864	32 245	12 641	13 198	8 285	996	1 278
1949	66 278	65 606	— 672	30 248	15 191	9 370	11 469	1 063	1 201
1950	89 148	81 479	— 7 669	38 214	19 218	16 786	14 930	1 366	1 420
1951	155 464	186 883	+ 31 419	75 568	32 358	24 402	23 136	1 878	2 955
1952	182 186	156 829	— 25 357	75 493	49 006	32 600	25 087	1 801	2 410
1953	121 860	131 555	+ 9 695	48 898	31 760	26 791	14 411	1 590	1 944
1954	152 137	156 618	+ 4 481	67 103	39 412	27 082	18 540	1 550	2 074
1955*	176 960	181 259	+ 4 299	76 121	46 902	30 912	23 025	1 510	2 175
1954 Dec.	18 329	13 878	— 4 451	8 222	4 494	3 479	2 134	1 519	2 129
1955*									
Jan.	10 805	11 483	+ 678	5 236	1 964	2 172	1 433	1 533	2 167
Feb.	11 962	10 926	— 1 036	5 226	2 711	2 453	1 572	1 519	2 173
March	12 088	7 572	— 4 516	5 581	2 836	2 265	1 406	1 514	2 176
April	15 395	13 821	— 1 574	5 731	4 359	2 975	2 330	1 500	2 181
May	16 525	12 683	— 3 842	7 122	4 620	2 781	2 002	1 504	2 184
June	15 252	16 273	+ 1 021	6 861	4 147	2 262	1 982	1 507	2 178
July	14 276	19 632	+ 5 356	6 126	4 467	2 053	1 630	1 503	2 180
Aug.	16 759	20 242	+ 3 483	7 114	4 929	2 712	2 004	1 497	2 189
Sept.	14 427	18 379	+ 3 952	6 251	3 944	2 342	1 890	1 498	2 180
Oct.	16 082	19 211	+ 3 129	7 119	4 170	2 718	2 075	1 516	2 159
Nov.	14 972	15 431	+ 459	6 502	3 826	2 650	1 994	1 519	2 170
Dec.	18 417	15 606	— 2 811	7 252	4 929	3 529	2 707	1 513	2 164
1956*									
Jan.	16 079	11 881	— 4 198	6 494	5 162	2 449	1 974	1 540	2 169
Feb.	14 629	7 458	— 7 171	6 012	4 611	2 159	1 847	1 557	2 178
March	7 826	5 466	— 2 360	2 758	3 295	1 023	750	1 575	2 180
April	15 769	9 979	— 5 790	6 027	4 454	2 521	2 767	1 557	2 169
May	19 717	16 162	— 3 554	8 115	5 369	3 525	2 708	1 559	2 145



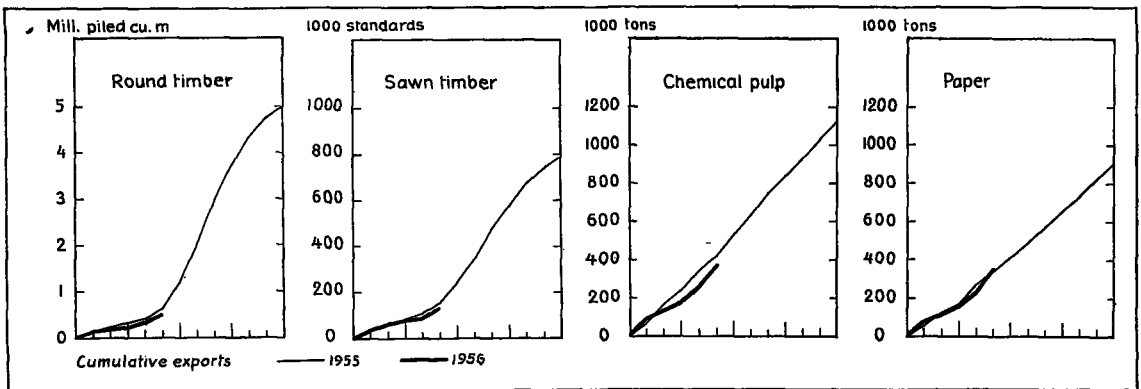
FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports c. i. f.				Exports f. o. b.			
	Whole year		Jan.—May		Whole year		Jan.—May	
	1954	1955*	1955*	1956*	1954	1955*	1955*	1956*
Dairy produce, eggs, honey	40	1 988	894	191	2 933	2 380	1 089	1 406
Other animal products, live animals ..	621	1 068	251	288	1 036	341	216	51
Vegetables	76	423	251	114	1	0	—	—
Edible fruit	3 173	3 915	1 971	2 135	29	16	2	3
Coffee, tea, spices	10 299	8 247	3 152	3 031	0	—	—	0
Cereals, milling products	7 079	10 570	3 904	4 817	493	1	1	5
Certain seeds and fruit, plants for industrial purposes	1 205	1 565	966	656	125	110	40	162
Raw materials for tanning and dyeing	120	108	53	35	3	2	1	0
Animal and vegetable fats	2 310	2 191	644	633	370	118	1	50
Meat and fish products	344	549	139	265	0	0	0	0
Sugar, sweets	2 673	3 812	1 559	1 393	17	20	4	7
Beverages, vinegars	820	654	148	162	400	141	27	44
Fodder	1 267	2 357	1 588	1 994	21	—	—	—
Tobacco	1 635	1 598	661	656	0	0	—	—
Minerals, ore	1 855	2 250	663	485	1 244	1 776	226	165
Mineral fuel and oils	18 118	22 321	8 277	7 669	25	13	6	2
Chemical and pharmaceutical products	6 592	7 210	2 702	2 715	254	332	118	158
Tanning and dyeing extracts, varnishes	1 925	2 041	785	746	6	3	1	8
Casein, albumen, glues	538	643	254	239	13	0	0	0
Fertilizers	3 312	3 129	1 186	1 121	0	0	—	0
Hides, skins, leather and furs; manufactures thereof	1 892	2 148	824	862	477	872	409	616
Rubber and rubber articles	2 247	3 100	1 370	1 618	18	23	5	6
Wood and wood products	306	587	169	194	62 191	69 917	16 487	11 772
Woodpulp	7	31	5	13	29 880	36 778	13 578	12 462
Board, paper, manufactures therefrom	212	238	84	92	32 909	40 329	15 241	15 851
Textile materials, textile goods	20 077	21 209	8 303	9 202	1 726	1 996	741	669
Footwear	55	57	28	36	101	45	29	7
Articles of stone and of other mineral material, glass	1 360	1 413	578	440	556	642	273	239
Base metals; manufactures therefrom	20 828	23 561	8 717	8 613	2 317	2 768	955	1 748
Machinery, apparatus	12 579	16 211	5 254	6 872	5 559	6 452	2 155	1 834
Electric machinery and apparatus ...	6 047	6 847	2 281	2 715	793	743	342	314
Transport material	15 761	17 706	6 533	10 819	12 066	14 589	4 208	3 133
Instruments, clocks and watches, musical instruments	1 634	2 181	825	1 063	94	72	11	35
All others	5 130	5 032	1 754	2 134	961	780	319	202
Total	152 137	176 960	66 774	74 020	156 618	181 259	56 484	50 947

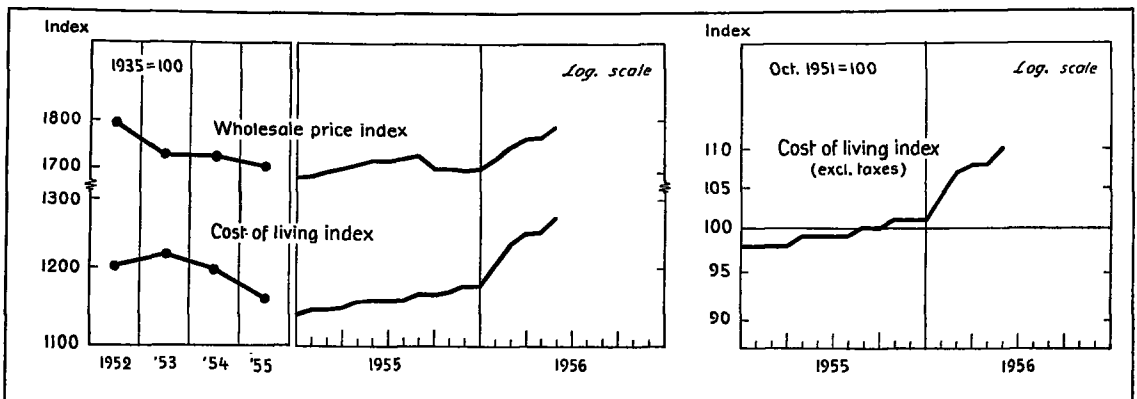
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round and hewn timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1948	1 996	470	175	97	373	330	81	27	289	416
1949	2 251	607	208	160	449	311	61	31	348	455
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
1954										
Nov.	274	77	30	17	53	39	9	6	24	56
Dec.	180	61	36	16	60	39	10	7	37	74
1955*										
Jan.	134	38	26	17	41	31	7	5	33	57
Feb.	117	29	31	12	63	36	11	6	34	69
March	70	17	17	11	43	26	6	3	21	45
April	96	27	40	14	63	41	13	6	50	96
May	226	49	31	15	50	23	10	6	34	74
June	541	80	21	20	60	54	9	5	36	72
July	789	106	24	19	62	43	9	4	41	75
Aug.	967	128	26	19	72	45	9	4	43	82
Sept.	771	101	26	9	53	30	10	5	42	81
Oct.	633	96	27	17	55	37	9	6	48	88
Nov.	418	64	28	16	60	40	9	6	48	88
Dec.	215	51	24	14	60	41	8	5	40	78
1956*										
Jan.	139	40	21	14	57	37	9	5	35	69
Feb.	58	24	10	8	28	15	6	2	26	52
March	35	8	8	8	19	16	4	2	24	40
April	101	16	22	12	57	29	11	3	36	67
May	166	45	26	22	68	38	10	6	74	125



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—May			Whole year		Jan.—May		
	1954	1955*	1955*	1956*		1954	1955*	1955*	1956*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	19.8	20.9	19.7	22.6	16 704	25.8	27.3	29.2	24.4	12 438
United Kingdom	18.8	20.3	19.4	21.8	16 162	22.5	24.0	24.6	20.2	10 275
Other OEEC countries ..	35.3	36.4	35.7	38.8	28 746	31.7	32.4	26.4	26.3	13 406
Belgium-Luxembourg	3.0	3.0	3.0	3.0	2 229	2.9	3.5	2.4	3.3	1 666
Denmark	2.4	3.6	4.2	2.8	2 070	3.4	3.0	2.8	2.5	1 262
France	6.2	6.0	5.7	5.6	4 178	4.7	4.7	4.4	4.8	2 432
Western Germany	6.7	9.0	7.7	11.0	8 176	7.4	9.1	6.7	6.8	3 439
Italy	1.2	1.1	1.0	1.4	1 006	1.4	1.2	1.5	1.4	690
Netherlands	6.5	3.6	3.5	4.0	2 956	4.5	4.4	3.3	2.6	1 315
Norway	1.9	2.2	2.2	2.0	1 495	1.3	1.3	1.1	0.6	299
Sweden	4.6	4.9	5.0	5.5	4 064	2.7	1.9	1.6	2.2	1 098
Switzerland	1.2	1.4	1.4	1.9	1 335	0.7	0.9	0.6	0.3	132
Turkey	0.7	0.5	0.6	0.4	325	1.5	1.0	0.8	0.6	297
Eastern Bloc	28.7	27.1	28.2	24.0	17 765	27.9	25.7	29.8	30.2	15 370
China	0.4	0.5	0.7	0.2	173	1.0	1.6	1.5	1.5	756
Czechoslovakia	2.7	2.7	3.3	1.6	1 190	0.7	1.0	0.9	1.3	646
Eastern Germany	2.6	2.7	2.8	1.7	1 261	1.7	2.2	1.7	2.1	1 081
Poland	4.2	4.8	4.8	2.9	2 152	2.1	2.0	2.3	2.5	1 294
Soviet Union	17.8	14.7	15.3	15.8	11 679	21.5	17.5	21.7	21.0	10 680
U.S. and Canada	4.7	5.4	4.8	5.6	4 162	5.9	5.8	7.1	8.2	4 198
United States	4.6	5.2	4.6	5.5	4 097	5.8	5.7	7.0	8.2	4 157
Latin America	7.8	7.5	7.5	6.1	4 549	4.8	5.5	5.5	6.8	3 445
Argentina	2.0	2.9	2.9	2.0	1 446	1.7	2.2	2.0	1.1	557
Brazil	5.5	4.1	4.4	3.3	2 472	2.1	2.6	2.6	3.6	1 848
Others	3.7	2.8	4.1	2.8	2 094	3.9	3.3	2.0	4.1	2 091
Grand total	100	100	100	100	74 620	100	100	100	100	50 947



PRICE INDICES

Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1938	114	118	117	145	110	104	108	111	90
1949	1 098	1 099	1 136	1 431	980	1 092	871	201	1 875
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1955									
Nov.	1 700	1 801	1 704	2 980	1 435	1 483	1 175	803	1 836
Dec.	1 701	1 801	1 707	2 980	1 434	1 487	1 175	803	1 836
1956									
Jan.	1 721	1 821	1 787	2 998	1 435	1 506	1 204	898	1 790
Feb.	1 751	1 858	1 937	3 025	1 438	1 522	1 240	898	1 790
March	1 760	1 869	1 976	3 026	1 444	1 529	1 249	898	1 790
April	1 764	1 866	1 955	3 026	1 446	1 546	1 253	898	1 790
May	1 790	1 884	1 958	3 026	1 474	1 591	1 274	898	1 790

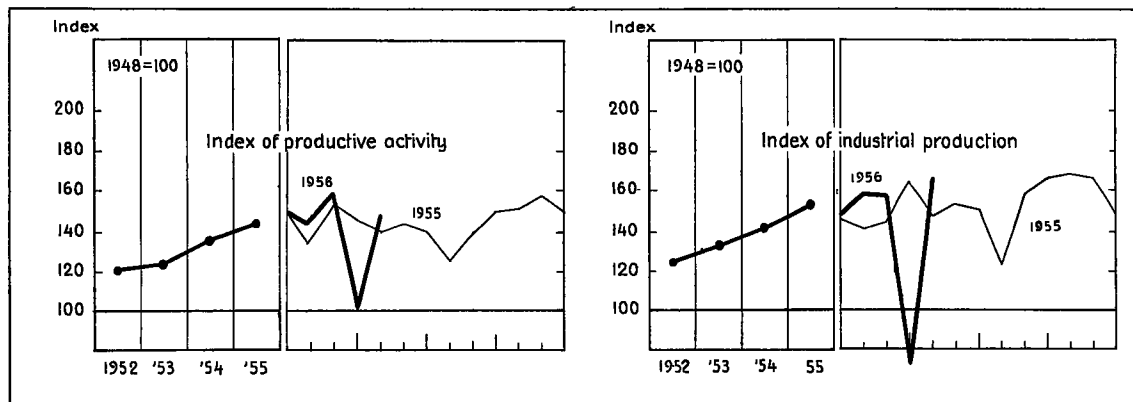
Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1952	101	107	105	97	88	102	103	104	103
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1955									
July	99	102	179	83	73	101	103	96	115
Aug.	100	103	179	84	73	102	104	96	118
Sept.	100	103	179	85	74	102	105	96	119
Oct.	101	103	192	86	74	102	105	97	118
Nov.	101	104	193	87	74	102	105	97	117
Dec.	101	104	193	87	74	102	104	97	114
1956									
Jan.	104	105	215	92	74	103	104	98	113
Feb.	107	112	215	93	74	104	104	99	109
March	108	113	215	93	74	104	106	99	114
April	108	113	215	94	75	104	107	100	116
May	110	116	215	94	75	105	108	101	118

PRODUCTION - INTERNAL TRADE - WORK CESSATIONS

Period	Index of industrial production ¹⁾ 1948 = 100						Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index ²⁾ 1954 = 100	Working- days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1949	105	109	106	96	93	101	23 010	1 021	70	1 195
1950	113	115	96	107	111	102	25 770	1 245	81	4 644
1951	131	133	122	126	130	120	36 070	1 447	85	324
1952	125	133	121	108	112	102	35 079	1 560	92	54
1953	133	140	120	116	121	108	29 170	1 657	93	64
1954	142	144	119	140	154	119	35 370	1 703	100	116
1955	153	153	129	152	178	114	38 600	1 704*	116	345
1954 Dec.	146	149	126	139	155	117	4 030	119	117	—
1955 Jan.	142	143	125	140	165	105	4 453	122	85	4
Feb.	145	145	127	146	164	120	5 075	113	95	9
March	164	163	141	166	184	139	4 254	131	107	251
April	148	150	128	142	157	121	2 961	150	119	25
May	153	154	129	150	175	114	7 970	166	118	16
June	151	154	128	146	166	116	1 014	174	118	10
July	123	112	79	148	173	111	1 220	178	107	4
Aug.	158	159	128	156	188	109	1 287	156	122	2
Sept.	166	169	137	161	192	117	1 589	137	130	12
Oct.	168	169	145	167	201	119	2 237	123	128	8
Nov.	166	171	143	157	196	101	3 000	121	128	2
Dec.	149	153	134	140	172	94	3 540	133	128	2
1956 Jan.	158	157	138	160	196	108	4 275	146*	93	6
Feb.	157	158	139	155	194	98	4 176	141*	102	1
March	72	79	57	56	63	47	3 450	149*	91	6 950
April	166	168	140	162	192	119	2 399	181*	124	4

¹⁾ Preliminary figures since 1954.

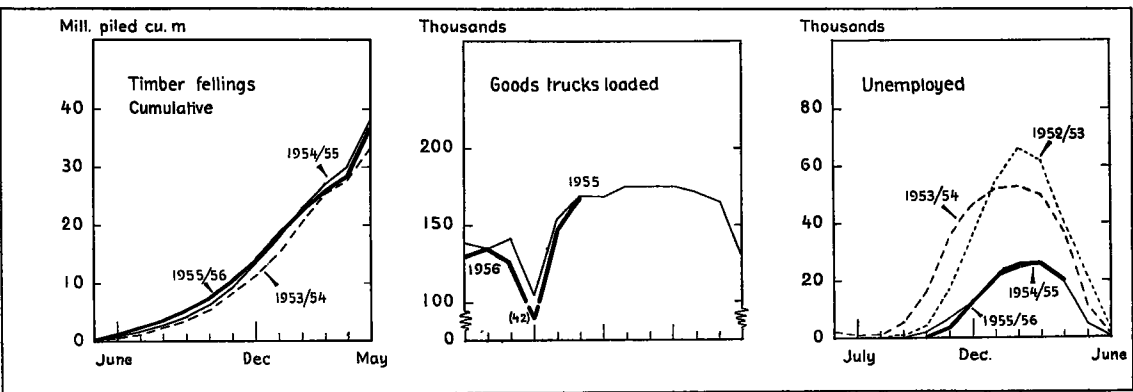
²⁾ Converted from 1948 = 100.



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m				Buildings under construction at end of period mill. cu. m	Wages Oct. 1951 = 100		Index of working hours in industry	
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises		Official buildings	Industrial workers		Forest workers
1953	20.09	8.44	5.66	2.53	2.25	22.66	103.1	89.7	..
1954	22.02	9.36	5.24	3.54	2.87	22.85	105.6	93.4	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	110.4	113.3	..
1954 Oct.-Dec.	8.90	3.86	2.40	1.27	0.97	22.85	106.5	98.7	..
1955 Jan.-Mar.	3.20	1.56	0.20	0.76	0.57	22.02	107.3	104.7	104.2
Apr.-June	3.20	1.52	0.59	0.54	0.36	28.08	110.0	112.9	103.7
July-Sept.	5.56	2.41	1.50	0.77	0.53	28.32	112.2	118.4	101.5
Oct.-Dec.	8.25	3.94	2.00	1.05	0.83	23.75	112.2	117.1	102.0

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				Registered		On relief work, %	
	1955	1956	1955	1956*	1955	1956*	1955	1956	1955	1956
Jan.	136	136	335	284	316	299	21 165	20 583	76.5	78.7
Feb.	142	126	252	154	258	142	24 305	25 751	86.5	84.1
March	105	42	226	74	201	53	26 053	26 047	91.1	89.1
April	154	147	313	225	307	188	19 434	19 992	92.0	94.4
May	169	168	446	419	405	370	5 008	..	92.2	..
June	168		440		582		—	..	—	..
July	175		413		684		—	—	—	—
Aug.	175		412		742		—	—	—	—
Sept.	175		384		614		—	—	—	—
Oct.	172		361		596		164		47.0	
Nov.	165		384		479		3 337		51.9	
Dec.	131		380		404		12 259		64.2	



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. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* + *Cheque accounts proper* = Cheque accounts of banks. The cash reserve accounts consist of deposits made by the banks and tied by special conditions.

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. *Deposits against import licences* = importers' obligatory deposits of 10% of the value of the goods for which they have received import licences (from April 4, up to June 1, 20% for goods for which licensing is not automatic). Included in Long-term Finnish liabilities. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on others than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

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.

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.

SYMBOLS USED

* Preliminary o Less than half the final digit shown
.. 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.

Beginning May 1956 figures have been rounded to the nearest final digit. For this reason there may be an appar-

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs, except for the price indices (p. 9), which are calculated by the Central Statistical Office.

PRICE INDICES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living indices* calculated by the Ministry for Social Affairs. The series based on Oct. 1951 does not include direct taxes.

PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. It is based on net values of industrial production at constant prices. Unadjusted for seasonal variations. Weights: Home market industry 69.5, of which metal industry 28.2, export industry 30.5, of which paper industry 18.0 and wood industry 12.5; total industry 100.0. *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 wholesale price index so revised that the combined weight of wood and paper products has been reduced from 17.6 to 3.2. *Working days lost in work cessations* calculated by the Ministry for Social Affairs. *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. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. Its base period changed to correspond with October 1951 by calculating a weighted average of the last two quarters of the year. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. Base calculated to correspond with Oct. 1951 by taking average from August to December 1951. *Index of working hours in industry* calculated by the Ministry for Social Affairs. The index is based on the number of working hours during the corresponding quarter of the previous year. *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.

ent slight discrepancy between the total and the sum of the constituent items.

More detailed statistical information about Finland is obtained from the Finnish Official Statistics: Statistical Yearbook of Finland, Bulletin of Statistics (monthly), Foreign Trade (yearly and monthly), Bank Statistics concerning commercial banks and mortgage institutions (yearly and monthly).

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 Kaleva Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage. The number of seats of the different parties in the Diet elected in 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party 13.

LAND

THE AREA is 337 009 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total area 9.4 % are inland waters. 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 (1954): 4.2 millions. Sweden (1954) 7.2, Switzerland (1954) 4.9, Denmark (1953) 4.4 and Norway (1953) 3.4 millions.

DENSITY OF POPULATION (1954): In South Finland 23.5, in North Finland 3.7 and in the whole country an average of 13.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1954): 66.2 % of the population inhabit the rural areas, 33.8 % the towns and market towns. The largest towns are (1954): Helsinki (Helsingfors), the capital, 404 000 inhabitants, Turku (Åbo) 110 000, Tampere (Tammerfors) 109 600.

OCCUPATION (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 (1953): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1954): Births 21.5 ‰, deaths 9.1 ‰, increase 12.1 ‰. Deaths in France (1954) 11.9 ‰ and in Great Britain (1954) 11.4 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1954, in thousand million marks): Gross national income at market price 892. Net national product at factor cost, by industrial origin: agriculture 83 (12 %), forestry and fishing 82 (12 %), manufacturing 221 (32 %), construction 65 (10 %), transport and communications 46 (7 %), commerce, banking and insurance 82 (12 %), public activities 63 (9 %), other services 41 (6 %), total 682. Volume index 134 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 491 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 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 107 for 1954 (1938 = 100). Measure of self-sufficiency in the crop year 1954/55: bread cereals 48 %, fertilizers 49 %, dairy products 102 %, meat 104 %, fodder 92 %.

INDUSTRY (1954): Gross value of industrial production 580 000 mill. marks, number of workers 288 000, administrative employees 46 000, motive power (1953) 1.9 mill. HP. Index of industrial production 200 for 1954 (1938 = 100).

RAILWAYS (1955): Length 5 046 km, of which 4 859 km are State and 187 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (April 1, 1956): Steamers 302 (419 000 gross reg. tons), motor vessels 164 (306 000 gross reg. tons), sailing vessels with auxiliary engines 116 (12 000 gross reg. tons). Total 582 (737 000 gross reg. tons).

MOTOR VEHICLES (1955): Passenger cars 85 400, lorries and delivery vans 50 200, buses 4 300, others 1 700. Total 141 600.

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 230 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 1953 expenditure amounted to 106 000 mill. marks. Total revenue was 105 700 million, of which income from taxation 57 000 million. The municipal income tax (non-progressive) averaged 11.34 % 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 (1955). There are three big and three small commercial banks with in all 520 offices, 421 savings banks, 594 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST. (May 1, 1956). Bank of Finland; discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % and sight deposits 1—1 ½ %; lending rate 8 % in general.

FINLAND'S BALANCE OF PAYMENTS IN 1955

BY

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For a number of years the monetary authorities have been working for, and have achieved, an increase in the foreign currency reserves of Finland, with a view to promoting greater security in foreign trade and to making improvements in the bargaining position on foreign markets. This has been accomplished at the same time as imports have been continuously freed. In 1955 this policy had to be relaxed to a certain extent, as it clashed with the more urgent demands of internal factors. In order to check the prevailing inflationary tendency, the Bank of Finland maintained a tight monetary policy, supporting it by allowing more liberal imports than had previously been the case. For the same reason it was not deemed appropriate to ease the supply of central bank money by increasing currency reserves.

This implied that, in spite of a considerable increase in receipts from exports and other sources, much less foreign exchange accumulated in the banks than had been so the year before, the rest of the increase being consumed. There was some long-term borrowing abroad, but on the other hand, considerable amounts were repaid on previous loans, and there was a net purchase of foreign securities; all of this added up to a slight outward movement of long-term capital. Private short-term assets increased, and private short-term liabilities were reduced.

CURRENT TRANSACTIONS

The receipts and the payments originating in the exchange of goods and services with foreign countries are given in the table below, in 1 000 million marks.

	1954			1955		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	156.7	150.5	+ 6.2	181.5	177.5	+ 4.0
Non-monetary gold movement .....	.0	—	+ .0	.0	.1	— .1
Foreign travel	2.4	4.2	— 1.8	3.0	4.7	— 1.7
Transportation	15.9	5.9	+ 10.0	21.8	7.9	+ 13.9
Insurance	3.2	3.6	— .5	3.6	3.9	— .3
Investment income .....	.4	2.8	— 2.4	1.0	3.1	— 2.1
Government, not included elsewhere ....	.6	.5	+ .2	.7	.4	+ .3
Miscellaneous	5.2	4.3	+ .9	5.1	4.8	+ .3
Donations .....	.5	.1	+ .3	.5	.2	+ .4
Total current transactions	184.8	172.0	+ 12.9	217.1	202.5	+ 14.6
Errors and omissions			— 2.8			— 1.1

Foreign relations continued active during 1955, resulting in an all-round increase in the various current items of the balance of payments. Receipts rose by 17.5 per cent, reaching 217 100 million marks, and payments in the same proportion, by 17.7 per cent to 202 500 million. This gave a surplus of 14 600 million marks.

Foreign trade always dominates the balance of payments. This time exports increased, as more goods were placed on foreign markets at higher unit prices than had obtained previously. Their value totalled 181 500 million marks. Import prices remained unchanged, but thanks to the more liberal licensing policy applied, a larger quantity of goods was imported than in previous years. Their value, including an estimated figure for smuggling and for goods received as gifts, amounted to 177 500 million marks.

The remainder of the current items tend to move in the same direction as does trade, both receipts and payments thus increasing in 1955. In spite of the restrictions still maintained on travel allowances, more was spent by Finns travelling abroad than the total for the year before, but the receipts from foreign visitors increased still more. Consequently the net expenditure on travel dropped slightly, to 1 700 million marks. — Transportation receipts are mainly comprised of the gross earnings of the domestic merchant fleet in international traffic. Gross freights have been entered at 19 200 million

marks, a considerable increase, thanks to rises in freight rates and increases in the tonnage. The gross freights include 6 900 million of import freights, which on balance, cancel an equivalent amount of the c.i.f. value reported for imports. Port disbursements by foreign ships were estimated at 1 200 million marks. The expenditure by Finnish ships in foreign ports has been estimated at 7 200 million marks, and ship repairs amounted to 600 million. Total transportation, including air and rail transport, yielded net foreign receipts of 13 900 million marks. — The main item of „investment income” consists of the interest paid on the long-term foreign debt, 2 400 million marks.

CAPITAL MOVEMENT

Official loans are those guaranteed by the State and the Bank of Finland. Short-term capital consists of obligations repayable within a year or less, whereas long-term capital comprises loans redeemable in more than one year, obligations that have no fixed term of redemption, shares, and other items of this nature. Thus calculated, assets and liabilities and the net assets moved in 1954 and 1955 as indicated below, in 1 000 million marks.

Only small amounts of foreign *long-term assets* are held, and consequently their movement is not significant. In 1955 the only transaction of importance was the purchase of foreign bonds by the Bank of Finland for 1 800 million marks. *Long-term liabilities*

CAPITAL AND GOLD MOVEMENT

	Assets	1954		1955		
		Liabilities	Net assets	Assets	Liabilities	Net assets
Private:						
Long-term capital	— .1	+ 1.2	— 1.2	— .5	+ .2	— .7
Short-term capital	— 1.0	+ 4.3	— 5.3	+ 2.1	— 3.5	— 5.7
Official and banking:						
Long-term capital	+ .7	— 1.6	+ 2.3	+ 1.8	+ 1.4	+ .3
Short-term capital	+ 11.8	— 1.5	+ 13.2	+ 4.9	— 2.4	+ 7.3
Monetary gold	+ 1.1	—	+ 1.1	+ 1.0	—	+ 1.0
Total capital and gold	+ 12.5	+ 2.4	+ 10.1	+ 9.2	— 4.3	+ 13.5

consist of actual loans, only a minor proportion of the private transactions being transfers of securities. Of the long-term loans drawn in 1955, a total of 1 900 million marks was intended for purchases of ships, all but a few millions worth of this being private loans from various countries. Long-term official liabilities increased by the utilization of an equivalent of 2 000 million marks of loans granted by the International Bank for Reconstruction and Development, and 2 700 million marks of two loans granted by the USSR. In the table above the movement in long-term liabilities is the net result of increases and decreases. The gross changes in the various sub-items are presented below for 1955, in 1 000 millions of marks.

	Increase	Decrease
Private loans	2.0	1.5
Other private capital	—	.2
Total long-term private liabilities	2.0	1.8
Net change	+ .2	—
Official bond loans	—	.1
Other official loans	4.8	3.3
Other official capital	—	—
Total long-term official liabilities	4.8	3.4
Net change	+ 1.4	—

This time the new loans utilized considerably exceeded the repayments of loans the surplus received being 1 900 million marks.

Exact data are not available as regards the *private short-term capital* movement, in particular not relating to that part of it occasioned by delayed payment for imports and exports. Neither are all prepayments for imports known, especially for some categories of heavy machinery paid for in advance by instalments as construction proceeds. Only the prepayments for ships are recorded, in addition to which the advance instalments on machinery are estimated to have increased by 2 000 million marks, which accounts for the increase in private short-term assets. The corresponding liabilities again decreased by 3 500 million marks, in

the main because prepayments for exports were not available to the same extent as had been the case the year before.

As in 1954, the *Bank of Finland* and the *commercial banks* accumulated short-term assets and reduced their short-term liabilities. The net improvement in their foreign payments position was, however, less pronounced than in the preceding year by reason of the more liberal licensing policy applied and referred to above. There was an increase of 4 900 million marks in assets, including an equivalent of 1 200 million marks purchased by the Treasury. In addition to this, the gold reserve was strengthened by 1 000 million marks. The increase in the actual amount of the foreign exchange holdings was accompanied by a gratifying improvement in their structure as a larger part of them became available for multilateral operations than had been so before, and some unnecessarily heavy clearing assets were reduced, while the dollar reserve grew. Liabilities were reduced by a net amount of 2 400 million marks. — These changes in the assets and liabilities include the repurchase of the last tranche of the „stand-by” credits obtained from the International Monetary Fund in 1952 and 1953. This reduced the foreign exchange reserve, as well as the mark account of the Fund held in the Bank of Finland, by 690 million marks.

THE BALANCE OF PAYMENTS IN 1951—1955.

In the post-war years the balance of payments was adverse or yielded but a slight surplus, but in recent years a surplus has been the rule. The following survey reviews the current transactions from 1951 to 1955. The figures are in 1 000 millions of marks.

	Receipts	Payments	Net receipts
1951	226.8	193.1	+ 33.7
1952	195.8	217.1	— 21.3
1953	157.3	145.1	+ 12.2
1954	184.8	172.0	+ 12.9
1955	217.1	202.5	+ 14.6

The series pictures the export boom of 1951 and the consequent drop of exports in 1952 when imports were not subjected to control sufficiently rapidly, but caused a great deficit in the balance of payments. After a further reduction of trade in 1953, there has again been a continuous rise in the value of the goods and services exchanged with foreign countries up to last year. Trade fluctuates most, all the other regular items combined having regularly yielded net receipts. Until their termination war reparation payment were recorded as both providing receipts and necessitating payments. The relative importance of these three main categories is illustrated by the following figures, in 1 000 millions of marks.

	Merchandise less war reparations	War reparations	Other current items
1951	+ 30.7	± 12.4	+ 3.0
1952	- 25.9	± 8.2	+ 4.6
1953	+ 8.1	—	+ 4.1
1954	+ 6.2	—	+ 6.7
1955	+ 4.0	—	+ 10.6

Certain amounts have been borrowed from abroad every year, but at the same time redemptions have been paid regularly. From 1945 until the end of 1955, an equivalent of 359 million dollars of foreign loans was used. This is not very much when one considers the extent of the reconstruction achieved, particularly as during the same period 253 million dollars were repaid on loans. The annual distribution since 1951 is shown in the following table.

	In 1 000 millions of marks		Equivalent in millions of dollars	
	Drawn	Repaid	Drawn	Repaid
1951	3.8	9.6	17	41
1952	3.5*	4.8	15*	21
1953	3.2*	3.6*	14*	16*
1954	4.6	4.4*	20	19*
1955	6.7	4.9*	29	21*

*) In addition, \$4.5 mill. was purchased from the IMF (for 1 035 mill. marks) in 1952 and \$5 mill. (1 150 mill. marks) in 1953. In 1953 \$2 mill. was resold (for 460 mill. marks), in 1954 \$4.5 mill. (1 035 mill. marks) and in 1955 \$3.0 mill. (690 mill. marks).

At the end of 1955 the foreign long-term indebtedness amounted to 66 900 million marks. At the same time the known short-term liabilities totalled 16 900 million marks and the corresponding assets 50 900 million, in addition to which the gold reserve was 8 200 million.

The first half of 1956 does not hold promise of a very satisfactory balance of payments for the year as a whole. The delay in shipments caused by the exceptionally severe and long winter may indeed be eliminated later in the year, but the export markets have declined as regards some important articles, and the effects of the domestic general strike in the spring will be felt for some time to come. Export earnings are consequently expected to drop somewhat in comparison with 1955. Imports for January—May again far exceeded the corresponding records for last year and this tendency is likely to continue, considering the current policy of meeting the inflationary threat also by increasing the supply of goods on the market. The proceeds of some long-term loans were not yet fully utilized by the end of last year, and a new IBRD loan of 15 million dollars was received early this year, being available for financing imports in addition to current receipts. The increase in the foreign exchange reserve recorded for the last three years is likely to diminish in speed, although the strain on the reserve is easing as the rigidity of the foreign payments system of the post-war years is being removed, and multilateral settlement schemes adopted.

ITEMS

Trade agreements. Finland has recently concluded trade agreements with the following countries.

Eire, on May 14. Period: April 1, 1956 to March 31, 1957. As imports of Finnish goods are free in Eire, a quota list was made for Irish goods to be imported into Finland, the total value of such goods being fixed at £250 000.

Spain, on May 21. Period: May 16, 1956 to May 15, 1957. Total trade is estimated at about \$15 mill. Both exports and imports are fixed by quota. Finland will export principally sawn goods, chemical pulp, paper, and machinery, while Finnish imports will consist mainly of fruit, tinned goods, lead, and textiles.

A payments agreement was signed at the same time. Payments will be made through a dollar clearing account of the Bank of Finland.

Netherlands, on April 26. Period: April 1, 1956 to March 31, 1957. Finnish exports, to which the OEEC free list for the Netherlands will be applied or, alternatively, the quotas contained in the previous trade agreement, are estimated to amount to 108 mill. Florins. Of the imports from the Netherlands, goods to the value of about 15 mill. Florins are fixed by quota. The principal Finnish exports are sawn goods, veneers and plywood, pulpwood, chemical pulp, and products of the paper industry. Finland will import in the main chemical and pharmaceutical products, machinery, electrical

equipment, raw materials for the textile industry, and agricultural and horticultural products.

Greece, on April 16. Period: June 1, 1956 to May 31, 1957. The quota lists contained in the previous agreement were renewed without alteration.

Yugoslavia, on April 27. Period: July 1, 1956 to June 30, 1957. The quota lists contained in the previous agreement were renewed without alteration.

*

Gatt. At the fourth Tariff Conference, which was concluded in May, Finland made agreements with five countries concerning the lowering of rates of duty. The concessions given by the USA affect various qualities of cardboard and paper, and hunting equipment, the tariffs for which will on the average be reduced by 15 per cent. In 1955, the value of Finnish exports of such goods to the USA amounted to about \$6 mill. The United Kingdom will reduce its tariffs for the principal paper qualities from 17—20 per cent to some 14 per cent (exports of these goods to the UK totalled about £3 mill. in 1955), the rates for prefabricated wooden houses from 20 to 15 per cent and the rates for semi-chemical cardboard from 25 to 20 per cent. The concessions granted by Western Germany, the Benelux countries and Norway are considerably less than those of the USA and the UK; they principally relate to products of the cellulose,

paper and cardboard industries. Finland's reciprocal tariff reductions affect 65 items in all (mainly chemicals, sheets of iron and steel, machinery and apparatus, and fruit).

The agreements will come into force 30 days subsequent to the countries concerned having informed the UN of their decision to validate their own concessions. In Finland the question will probably be put before the Diet in the autumn.

*

Finland becomes a member of the IFC.

On June 4, the Diet accepted the regulations and obligations contained in the Charter of the International Finance Corporation. Finland's share in the basic capital of the IFC is \$421 000 or 97 251 000 marks.

*

Change in the Monetary Act. On June 15, the Monetary Act was so revised, that silver coins of two hundred marks and one hundred marks will be struck, in addition to the existing fifty mark, twenty mark and ten mark aluminium bronze coins and the five mark and one mark coins made of iron or copper. — The silver coins will be made of an alloy containing 50 per cent of silver, 38 per cent of copper and 12 per cent of

zinc. The 200 mark coin will weigh 8.3 grams and the 100 mark coin 5.2 grams. Their diameters will be 27.5 and 24 millimetres respectively. — The new coins will be issued towards the end of the year.

*

Agricultural income. In May, the Diet passed a new decree concerning agricultural income. By the terms of this, farmers' incomes were tied, in principle, to the general level of wage earners' income in such a way that a one per cent rise in the general level of income will occasion an increase of 0.85 per cent in farmers' income. The regular annual calculation of agricultural income is to be carried out in August, but should there be a general rise in wages by 5 per cent at least, farmers' income will immediately be adjusted accordingly. The decree will be in force from September 1, 1956, to August 31, 1959.

*

Bond loan. On June 8, the amount of issue of the 1956 bond loan' II, with a varying rate of interest (see item in Bulletin No. 5, 1956), was raised from 1 000 to 3 000 million marks.

BANK OF FINLAND

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