



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 30 No. 6

JUNE

1956

RECENT DEVELOPMENTS

MONETARY POLICY

On the proposition of the Board of Management of the Bank of Finland, the Bank Supervisors on May 30 decided to cancel the Cash Reserve Agreement in force, and to change substantially the provisions for the deposits against import licences and the conditions of re-discounting. The proposition is part of the Board's schemes for cancelling the exceptional procedures introduced by the Bank last year in order to check credit expansion on the part of the credit institutions.

As rediscounts amounted to nearly 23 000 million marks at the end of last year, and have since stayed at about the same level, the banks have been prevented from expanding their credits. In some cases, the Bank of Finland has had to arrange special credits in addition to the rediscounts. The Board of Management has found that on the whole the money market can already be controlled by ordinary measures of monetary policy.

The Board is confident that the Bank need not renew the Cash Reserve Agreement which expires by the end of June, after which one fourth of the funds then on cash reserve account will be repaid every three months. The deposits against import licences will also be reduced by a change of system.

For the licences to be granted after June 1 subject to depositing, a deposit of 10 per cent only will be collected, to be returned in three months, the maximum period of deposit having been first 12 months and, since April 5, 6 months. The deposits against import licences will drop to less than half their present amount by this measure.

By this means the money institutions are expected to have at their disposal about 12 000 million marks of funds now frozen in the Bank of Finland. The Board of Management of the Bank considers it essential that the funds set free should be used for the reduction of rediscounts and not for the increase of credits. For this purpose a more effective penalty interest than at present will be charged on the rediscounts which exceed a certain equitable limit.

Having taken into consideration the relief brought to the cash situation of the banks by such a release of the cash reserve accounts and the deposits against import licences, the Bank Supervisors decided that, starting October 1 at the earliest, the Bank of Finland will rediscount bank bills at a rate

*On page 18,
Finland's Foreign Trade in 1955*

exceeding the original rate of discount of the bill by 3—5 per cent. The rate will be fixed at the discretion of the Board of Management of the Bank, and will range according to the amount of the credit institution's own funds. It must not, however, be less than the rate charged by the Bank of Finland for similar advances to its own clients.

The Bank of Finland expects that the banks retain sufficiently strict credit policy for imports whose financing will be alleviated in particular by the reduction of the deposits against import licences. It may be expected that the applications for licences will not increase as a consequence and that the foreign exchange reserve will slowly increase, thus easing the cash situation of the banks.

THE FOREIGN PAYMENTS POSITION

The total gold and foreign exchange reserve of the Bank of Finland decreased by 1 100 mill. marks during the first quarter of the current year, the changes in its composition being essentially similar to those of the last quarter of 1955. The dollar reserve increased by 1 500 mill. marks, EPU currencies were reduced by 3 200 million and Eastern Bloc currencies by 200 million, while the net debt in other currencies decreased by 800 mill. marks. The figures for the last six months evidence a considerable change in the structure of the reserve: gold and dollar reserves increased by a full 3 000 mill. marks and at the end of March reached a post-war maximum, whereas the reserve of EPU currencies decreased by more than 6 000 mill. marks to a level which corresponded to that of September 1954.

	March 31 1955	Dec. 31 1955	March 31 1956
Gold and US \$	13.2	15.6	17.1
EPU	22.1	16.6	13.4
Eastern Bloc	2.7	2.4	2.2
Others	—2.9	—2.5	—1.7
Total	35.1	32.1	31.0

Thus, the development during the first quarter of this year was very different from

that of the corresponding period of 1955, when the foreign exchange reserve rose by 5 600 mill. marks. Export receipts in Western currencies were 24 000 mill. marks, and fell short by 26 per cent of those for January—March 1955, while payments for imports amounted to 25 000 mill. marks, or only 3 per cent less than those a year ago. In the case of the Eastern Bloc, the changes from the first quarter of 1955 were less striking: revenue from exports was 8 300 mill. marks, or 20 per cent lower than a year ago, and payments for imports 8 800 million, or 14 per cent lower.

The reduction in export earnings had several reasons: shipping and other transportation difficulties due to the severe winter, the general strike in March, and a weakening of demand for some export products, particularly sawn wood and plywood. The foreign currency receipts were reduced still more than the decline in actual deliveries would indicate, because the prepayments received during January—March for exports to be shipped later in the year were smaller in the first quarter of 1956 than was the case in the same period of 1955.

At the end of March the payments position in Western currencies was considerably weaker than it had been a year earlier. The foreign exchange reserve was 28 800 mill. marks, or nearly 4 000 million smaller, and the stock of outstanding import licences was 52 800 mill. marks, or nearly 8 000 million greater. As a reduction of some 5 000 to 10 000 mill. marks in export earnings is anticipated for the current year as a whole, the Bank of Finland has been compelled to reduce its allocations of foreign exchange for imports still under quantitative restrictions, however desirable an increase in such imports might be from the point of view of the money market and in preventing the rising trend of prices and costs.

June 5, 1956

BANK OF FINLAND

Mill. mk

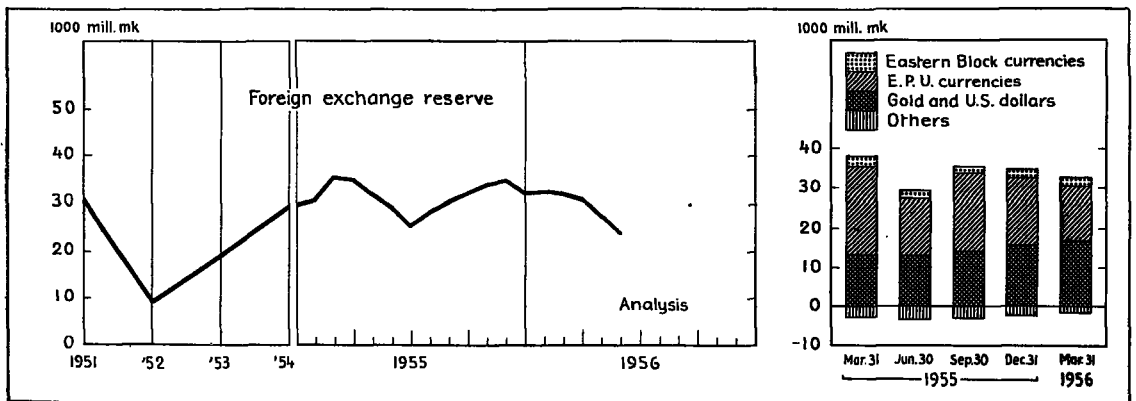
	1955		1956			
	May 31	Dec. 31	May 8	May 15	May 23	May 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	38 512	38 314	34 051	33 778	33 355	32 261
Gold	6 882	7 849	7 849	7 849	7 849	7 849
Foreign exchange	29 162	28 089	23 641	23 368	22 945	21 851
Foreign bills	116	116	116	116	116	116
Foreign bonds	2 353	2 260	2 445	2 445	2 445	2 445
<i>Supplementary note cover</i>	47 996	65 576	72 823	71 158	73 033	75 780
Inland bills discounted						
In foreign currency	7 331	8 511	8 898	9 168	9 200	9 206
In Finnish currency	14 553	14 437	19 966	20 049	20 783	20 588
Rediscouted bills	6 112	22 628	25 208	23 191	24 300	27 236
Treasury bond loan	20 000	20 000	18 750	18 750	18 750	18 750
<i>Other assets</i>	13 384	11 617	13 732	13 952	14 437	14 858
Finnish bonds	2 101	1 915	1 898	1 898	1 898	2 048
Cheque accounts	424	490	676	421	493	551
Finnish coin	321	195	348	345	337	351
Other claims	10 538	9 016	10 810	11 288	11 708	11 908
Total	99 892	115 506	120 605	118 888	120 825	122 899
Liabilities						
<i>Notes in circulation</i>	51 344	55 883	55 297	56 791	56 898	57 361
<i>Short-term liabilities</i>	25 856	33 309	35 183	31 148	33 104	18 997
Foreign exchange accounts	6 814	3 855	4 510	4 806	4 895	6 031
Mark accounts of holders abroad	3 066	3 898	4 269	4 268	4 541	4 512
Cheque account of the Treasury	12 382	9 816	9 707	6 199	7 184	6 940
Cheque accounts of banks	3 229	8 384	7 183	6 444	6 603	665
Other cheque accounts	41	6 733	9 056	8 986	9 401	237
Other short-term liabilities	324	624	459	445	480	612
<i>Long-term liabilities</i>	8 227	9 013	11 079	11 683	11 723	27 393
Foreign	6 933	7 719	8 155	8 159	8 174	8 182
Finnish	1 294	1 294	2 924	3 524	3 549	19 211
<i>Equalisation accounts</i>	4 395	5 690	7 619	7 808	7 623	7 633
<i>Bank's own funds</i>	10 070	11 612	11 426	11 459	11 479	11 515
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	591	1 612	614	647	667	703
Total	99 892	115 506	120 605	118 888	120 825	122 899
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	38 512	38 314	34 051	33 778	33 355	32 261
Supplementary cover (Upper limit 58 000 mill. mk)	47 996	58 000	58 000	58 000	58 000	58 000
Total	86 508	96 314	92 051	91 778	91 355	90 261
Note issue						
Notes in circulation	51 344	55 883	55 297	56 791	56 898	57 361
Short-term liabilities	25 856	33 309	35 183	31 148	33 104	18 997
Undrawn on cheque credits	573	494	368	622	550	492
Unused right of note issue	8 735	6 627	1 202	3 217	803	13 411
Total	86 508	96 314	92 051	91 778	91 355	90 261

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

BANK OF FINLAND

Mill. mk

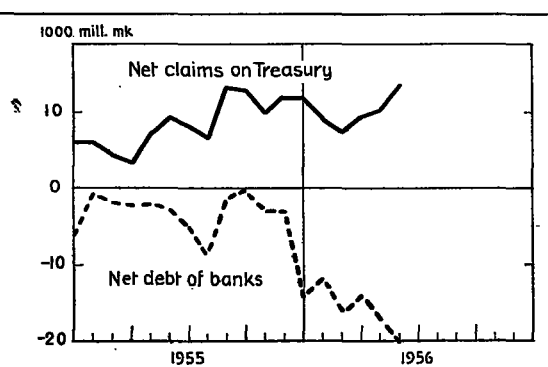
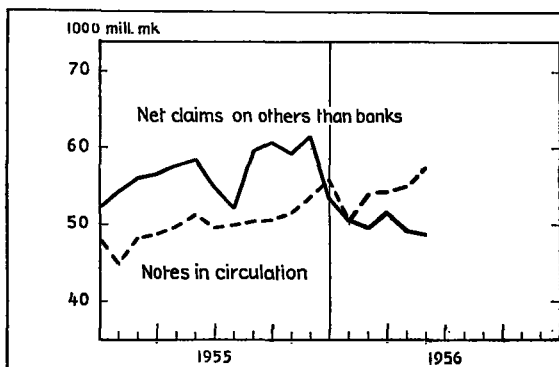
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Redis-counted bills	Liabilities		Net claims on the banks (7—8—9)
								Cash reserve accounts	Cheque accounts proper	
	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										
Jan.	37 128	6 436	30 692	972	9 367	22 297	2 310	—	1 386	924
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



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										
Jan.	21 662	15 432	6 230	11 139	14 366	25 505	—	330	25 175	44 764
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



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

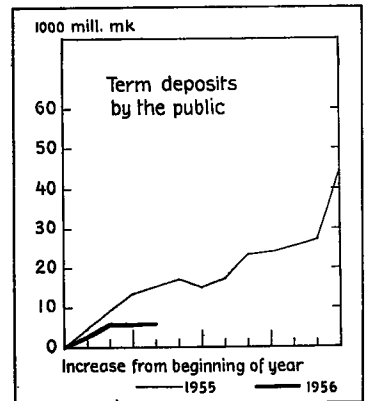
Mill. mk

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										
Nov.	34 008	41 375	7 874	77 933	86 750	49 080	28 921	12 809	255 529	304 778
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

Selling rates for foreign exchange

June 5, 1956

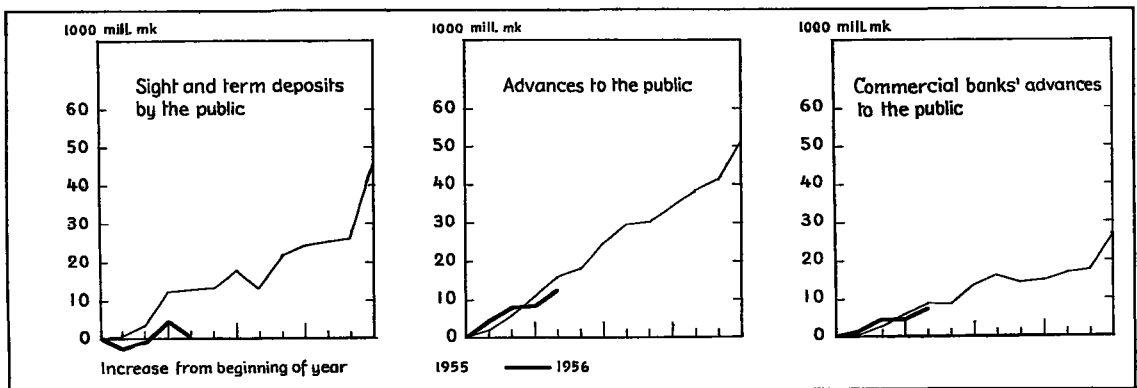
		mk			mk
New York	1 \$	231	Zürich	1 Fr	52.81
London	1 £	646	Frankfurt a/M ..	1 DM	55.17
Stockholm	1 Kr	44.52	Prague	1 Kz	32.08
Copenhagen	1 Kr	33.31	Vienna	1 Sch	8.90
Oslo	1 Kr	32.29	Lisbon	1 Es	8.04
Paris	1 Fr	0.66	Montreal	1 \$	231
Brussels	1 Fr	4.635	Moscow, clear. ..	1 Rbl.	57.75
Amsterdam	1 G	60.57			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	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
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									
Nov.	124 677	81 767	21 446	63 875	11 723	207 896	76 494	19 098	303 488
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

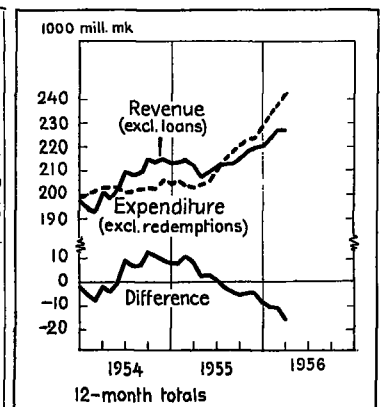


STATE FINANCES

1000 mill. mk

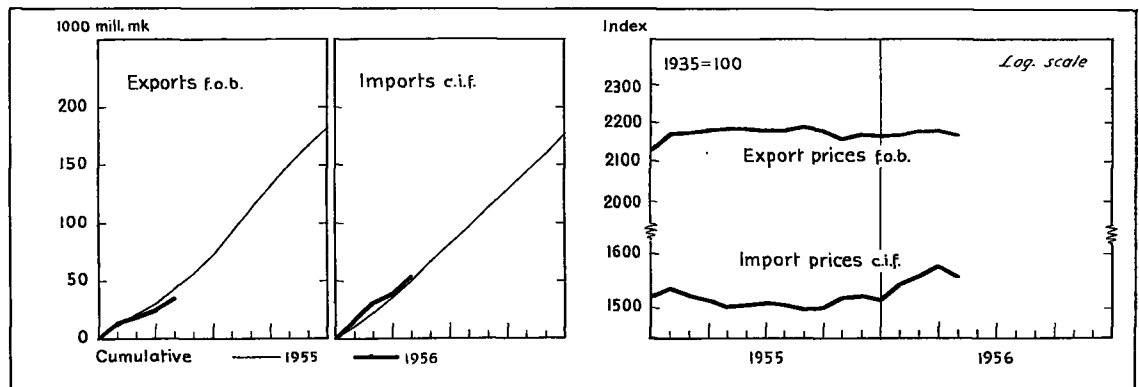
Revenue	Jan.—March		Expenditure	Jan.—March	
	1955	1956		1955	1956
Income and property tax (net)	11.2	15.1	Interest on State debt	1.8	1.9
Gross receipts	(22.7)	(27.2)	Child allowances	4.9	5.0
Refunds and communal income tax	(-11.5)	(-12.1)	Old age allowances	0.6	0.6
Other direct taxes	0.2	0.1	Compensations to war-disabled	1.4	1.8
Purchase tax	11.7	12.0	Transfer of employers' payments for national pensions to National Pensions Fund	0.8	1.0
Import duties	4.8	5.5	Subsidies	4.7	7.2
Revenue from Alcohol Monopoly	4.2	3.2	Payments by Price Equalisation Fund	0.5	1.3
Excise duty on tobacco	2.7	3.3	State aid to agriculture	0.6	0.6
Other excise duties	0.9	0.9	State aid to communal and private schools	4.1	5.2
Stamp duties	2.1	2.4	Net loss of State enterprises	1.1	3.6
Employers' payments for child allowances and national pensions	4.4	5.1	Maintenance of roads	0.7	0.8
Receipts of Price Equalisation Fund	2.7	2.6	Other current expenditure	14.7	17.8
Other revenue similar to taxes	0.9	0.6	Current expenditure	35.9	46.8
Total taxes	45.8	50.8	Real investments	7.5	9.1
Interest and dividends	1.1	1.3	(of which: unemployment grants) ..	(4.0)	(4.6)
Other current revenue	1.4	1.2	Other capital expenditure	4.5	6.2
Current revenue	48.3	53.3	Capital expenditure	12.0	15.3
Capital revenue proper	0.8	1.0	Total expenditure	47.9	62.1
Decrease in inventories	0.8	2.3	Redemption of external loans	0.8	0.6
Capital revenue	1.6	3.3	Redemption of internal loans	3.0	2.0
Total revenue	49.9	56.6	Redemption of Indemnity Bonds etc.	0.3	0.4
External loans	—	1.0	Index premiums	0.1	0.0
Internal loans	2.2	4.5	Redemptions	4.2	3.0
Loans	2.2	5.5			
Bills (increase +)	+3.9	—			
Deficit (+) or surplus (-)	-3.9	+3.0			
Total	52.1	65.1	Total	52.1	65.1

Debt:	1953	1954	1955	1956		
	Dec.	Dec.	Dec.*	Feb.	March	April
External debt	65.0	62.1	61.5	61.8	61.8	61.8
Ordinary loans	31.3	36.1	43.0	45.6	45.5	46.0
Indemnity bonds etc.	10.2	8.8	6.8	6.8	6.6	6.6
Bills	3.4	0.5	—	—	—	—
Cash debt (net)	11.3	4.3	6.0	3.5	10.1	..
Internal debt	56.2	49.7	55.8	55.9	62.2	..
Total debt	121.2	111.8	117.3	117.7	124.0	..
Total debt, mill. \$	524.7	484.0	507.5	509.8	536.8	..



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									
Nov.	14 505	15 927	+ 1 422	5 878	4 200	2 624	1 803	1 515	2 116
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



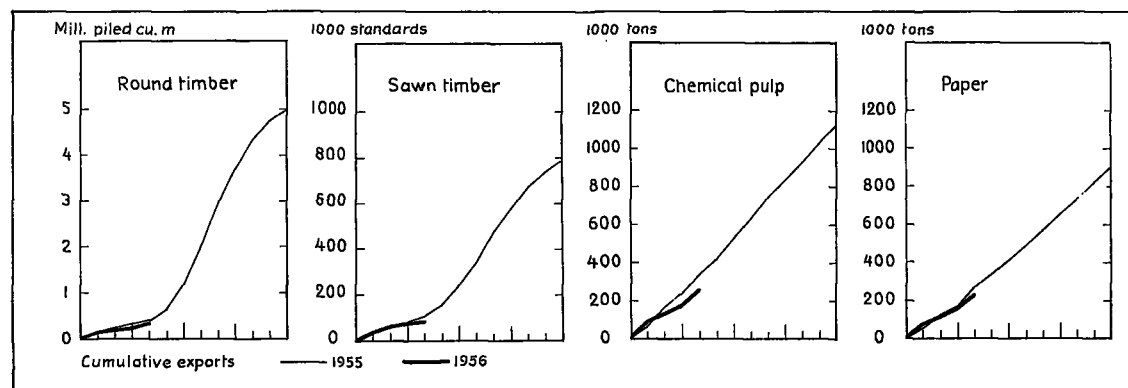
FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports c. i. f.				Exports f. o. b.			
	Whole year		Jan.—April		Whole year		Jan.—April	
	1954	1955*	1955*	1956*	1954	1955*	1955*	1956*
Dairy produce, eggs, honey	40	1 988	722	186	2 933	2 380	854	861
Other animal products, live animals ..	621	1 068	213	215	1 036	341	213	46
Vegetables	76	423	177	78	1	0	—	—
Edible fruit	3 173	3 915	1 474	1 542	29	16	2	3
Coffee, tea, spices	10 299	8 247	2 657	2 295	0	—	—	0
Cereals, milling products	7 079	10 570	2 669	3 123	493	1	1	1
Certain seeds and fruit, plants for industrial purposes	1 205	1 565	842	293	125	110	38	152
Raw materials for tanning and dyeing	120	108	40	27	3	2	1	0
Animal and vegetable fats	2 310	2 191	470	430	370	118	1	13
Meat and fish products	344	549	117	229	0	0	0	0
Sugar, sweets	2 673	3 812	1 206	1 026	17	20	3	5
Beverages, vinegars	820	654	106	139	400	141	22	18
Fodder	1 267	2 357	1 432	1 803	21	—	—	—
Tobacco	1 635	1 598	521	519	0	0	0	0
Minerals, ore	1 855	2 250	501	305	1 244	1 776	108	82
Mineral fuel and oils	18 118	22 321	6 566	5 882	25	13	5	1
Chemical and pharmaceutical products	6 592	7 210	2 120	2 037	254	332	89	116
Tanning and dyeing extracts, varnishes	1 925	2 041	574	507	6	3	0	7
Casein, albumen, glues	538	643	191	177	13	0	0	0
Fertilizers	3 312	3 129	812	539	0	0	—	0
Hides, skins, leather and furs; manufactures thereof	1 892	2 148	620	571	477	872	379	543
Rubber and rubber articles	2 247	3 100	1 086	1 238	18	23	5	3
Wood and wood products	306	587	136	129	62 191	69 917	11 630	7 894
Woodpulp	7	31	5	7	29 880	36 778	11 130	8 764
Board, paper, manufactures therefrom	212	238	59	66	32 909	40 329	11 884	10 588
Textile materials, textile goods	20 077	21 209	6 100	6 501	1 726	1 996	520	516
Footwear	55	57	15	27	101	45	28	7
Articles of stone and of other mineral material, glass	1 360	1 413	419	325	556	642	199	171
Base metals; manufactures therefrom	20 828	23 561	6 395	6 062	2 317	2 768	799	1 264
Machinery, apparatus	12 579	16 211	3 921	5 220	5 559	6 452	1 624	1 286
Electric machinery and apparatus ..	6 047	6 847	1 817	2 106	793	743	298	240
Transport material	15 761	17 706	4 312	8 473	12 066	14 589	3 761	2 021
Instruments, clocks and watches, musical instruments	1 634	2 181	636	753	94	72	9	20
All others	5 130	5 032	1 318	1 473	961	780	199	162
Total	152 137	176 960	50 249	54 303	156 618	181 259	43 802	34 784

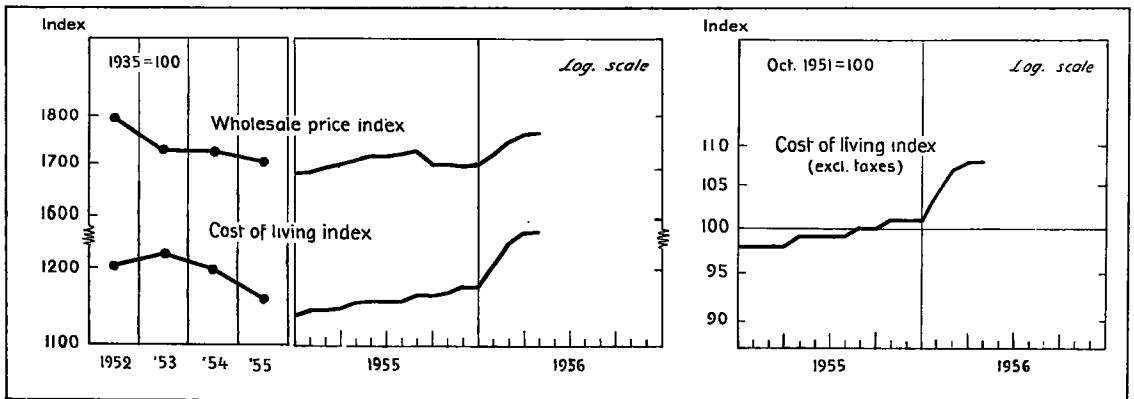
EXPORTS OF SOME IMPORTANT ARTICLES

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										
Oct.	397	85	21	14	55	30	10	6	40	79
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



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—April			Whole year		Jan.—April		
	1954	1955*	1955*	1956*		1954	1955*	1955*	1956*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	19.8	20.9	20.0	23.5	12 771	25.8	27.3	28.0	23.7	8 233
United Kingdom	18.8	20.3	19.7	22.8	12 383	22.5	24.0	24.7	20.3	7 066
Other OEEC countries ..	35.3	36.4	35.2	39.1	21 259	31.7	32.4	25.1	25.8	8 965
Belgium-Luxembourg	3.0	3.0	2.9	2.9	1 582	2.9	3.5	2.2	3.2	1 098
Denmark	2.4	3.6	4.3	2.9	1 599	3.4	3.0	2.6	2.2	769
France	6.2	6.0	5.9	5.7	3 069	4.7	4.7	4.5	5.1	1 758
Western Germany	6.7	9.0	7.7	10.7	5 836	7.4	9.1	6.3	7.2	2 499
Italy	1.2	1.1	1.1	1.2	660	1.4	1.2	1.5	0.9	330
Netherlands	6.5	3.6	3.7	4.2	2 258	4.5	4.4	3.1	2.5	872
Norway	1.9	2.2	1.9	2.3	1 236	1.3	1.3	0.9	0.7	235
Sweden	4.6	4.9	4.4	5.7	3 106	2.7	1.9	1.6	2.1	718
Switzerland	1.2	1.4	1.6	2.1	1 118	0.7	0.9	0.4	0.2	61
Turkey	0.7	0.5	0.7	0.4	191	1.5	1.0	0.8	0.7	248
Eastern Bloc	28.7	27.1	28.0	22.4	12 161	27.9	25.7	30.2	32.1	11 149
China	0.4	0.5	0.9	0.1	47	1.0	1.6	1.6	0.7	242
Czechoslovakia	2.7	2.7	3.1	1.3	711	0.7	1.0	1.0	1.4	485
Eastern Germany	2.6	2.7	2.7	1.6	869	1.7	2.2	1.4	2.0	709
Poland	4.2	4.8	4.6	2.6	1 420	2.1	2.0	2.4	2.6	907
Soviet Union	17.8	14.7	15.2	14.9	8 081	21.5	17.5	22.3	23.2	8 069
U.S. and Canada	4.7	5.4	4.8	5.9	3 223	5.9	5.8	7.2	7.2	2 521
United States	4.6	5.2	4.6	5.9	3 209	5.8	5.7	7.2	7.1	2 484
Latin America	7.8	7.5	7.9	6.1	3 301	4.8	5.5	6.7	7.3	2 522
Argentina	2.0	2.9	2.8	1.9	1 034	1.7	2.2	2.6	1.3	461
Brazil	5.5	4.1	4.9	3.5	1 898	2.1	2.6	3.2	4.3	1 495
Others	3.7	2.8	4.2	2.9	1 588	3.9	3.3	2.7	4.0	1 394
Grand total	100	100	100	100	54 303	100	100	100	100	34 784



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									
Oct.	1 703	1 804	1 703	2 996	1 434	1 488	1 168	799	1 836
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

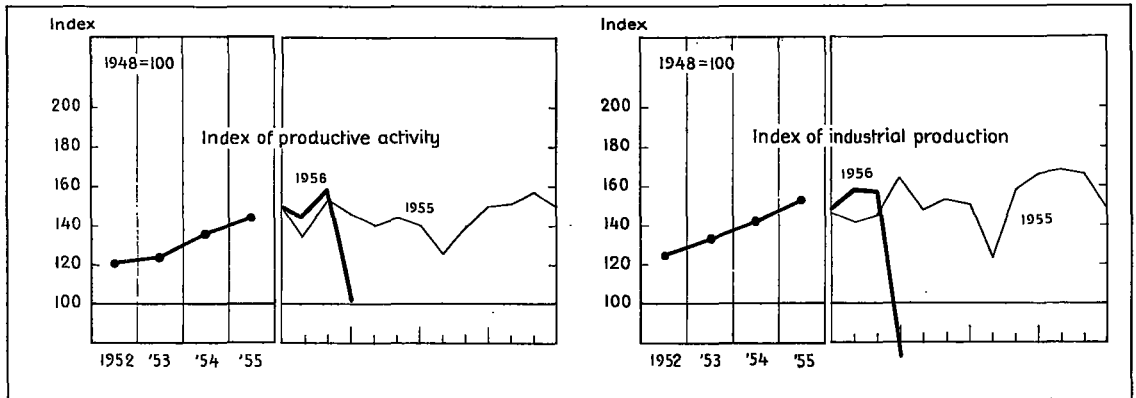
Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1952	101	107	105	97	88	102	103	104	103
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1955									
June	99	102	179	82	73	101	103	96	113
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

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										
Nov.	157	161	135	149	170	118	3 000	111	113	0
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	2
March	72	79	57	56	63	47	3 450	149*	91	6 850

¹⁾ Preliminary figures since 1954.

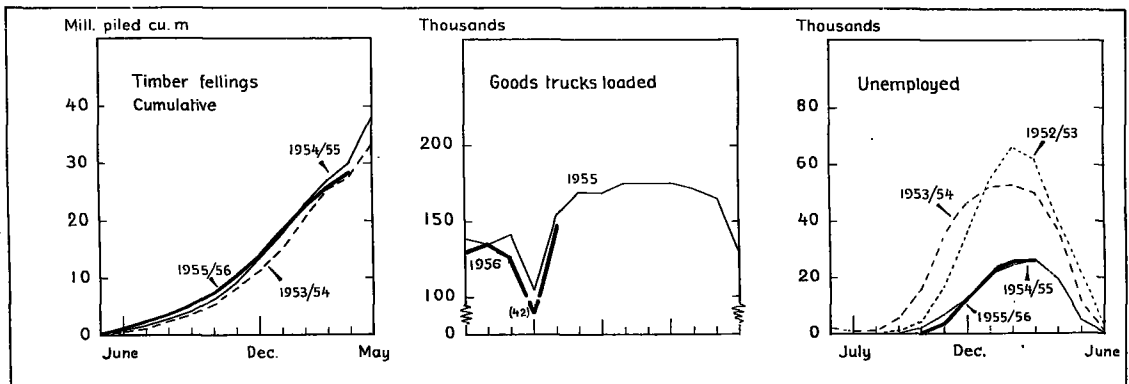
²⁾ Converted from 1948 = 100.



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	..	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	..	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		Vessels departed		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	..	92.0	..
May	169		446		405		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 20% of the value of the goods for which they have received import licences, except in the case of goods for which licensing is automatic (up to April 4, 10% for all goods). Included in Other cheque accounts (liabs). *Other liabilities* = Other short-term liabilities + Other cheque accounts excl. deposits against import licences. — *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 — 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 FOREIGN TRADE IN 1955

BY

T. G. MATHELIN, MAG. PHIL.

HEAD OF THE STATISTICAL BUREAU OF THE BOARD OF CUSTOMS

From the point of view of Finland's foreign trade, 1955 proved to be a very favourable year. The principal articles of export, the products of the forest industry, enjoyed a high level of sales and prices were firm. Thanks to the favourable progress of exports, the control of imports was relaxed in the latter half of the year by the automatic licensing of important raw materials and semi-manufactured articles. In this way, about 50 per cent of imports were released by the end of the year.

The following figures illustrate the course of foreign trade in comparison with 1954:

	1954 Mill.mk ¹⁾	1955 Mill.mk ¹⁾
Exports (f.o.b.)	156 618	181 259
Imports (c.i.f.)	150 982	176 960
Surplus of exports	5 636	4 299

Exports increased by nearly 25 000 million marks and imports slightly more or by exactly 26 000 million. Thus the surplus of exports was rather less than it had been in 1954.

EXPORTS

The total value of exports increased, according to the above figures, by nearly 16 per cent on those for 1954. The growth of the volume of exports amounted to about 8.5 per cent, and their volume index (1935=100) established a fresh record at 128. The pre-war record was attained in 1937, when the volume reached 120 points. The previous

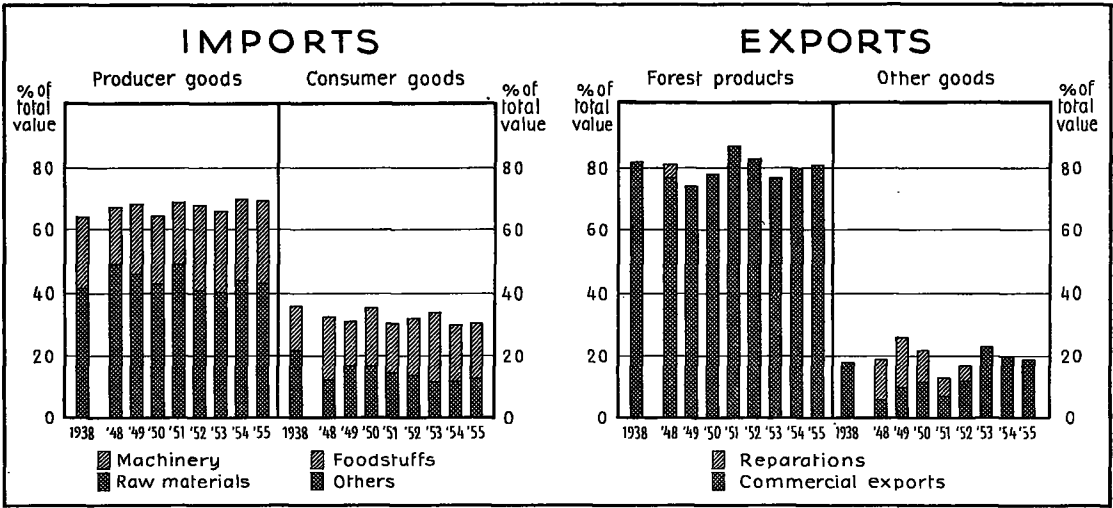
¹⁾ Excluding gold.

post-war peak was reached in 1954, when the volume recorded 118 points. In addition to the increase in volume, the rise in export prices also continued in 1955, for the f.o.b. prices of exports were, on an average, almost 7 per cent higher than they were in 1954.

The composition of exports, together with the changes from 1954, are shown in the following table:

	1954 Mill.mk	1955 Mill.mk
Paper industry products	62 789	77 107
Wood and wood products ...	62 191	69 917
Forest products total	124 980	147 024
Engineering and shipbuilding products	18 600	21 876
Animal foodstuffs	3 859	2 612
Other goods	9 179	9 747
Total exports	156 618	181 259

Of the increase in the total exports, products of the forest industry were responsible for 22 000 million marks, and other exports for less than 3 000 million. The greatest increase occurred in connection with the products of the paper industry. As prices rose about 5 per cent, and the quantities exported fully 16 per cent on an average, the value of exports of the paper industry increased by fully 14 000 million marks, or nearly 23 per cent. As regards wood products, prices rose rather more, by nearly 8 per cent, but the increase in volume was a full 4 per cent only. As a result, the increase in the value of exports was nearly 8 000 million marks, or in excess of 12 per cent. The proportion of the principal articles to the



total of exports thus rose slightly, in accordance with the development described above, from 79.8 to 81.1 per cent of the total value of exports. The tendency that has characterised Finnish exports in recent years has thus continued. The unilateral nature of exports is, however, mitigated by the circumstance that those articles which represent a higher stage of manufacture have gained ground in recent years, in particular in the export of products of the paper industry. As regards wood products the trend cannot be regarded as equally favourable in this respect. Exports of pre-fabricated buildings have declined steeply, and shipments of round timber have continued on a large scale. The quantity of pulpwood sent abroad equals about 40 per cent of the quantity consumed by the Finnish paper industry.

Amongst other exports, shipbuilding and engineering products constitute a class of their own. In this category, the value of exports increased by 3 000 million marks, and the proportion of the goods, delivered in the main to the Soviet Union, to total exports advanced from 11.9 to 12.1 per cent. Exports of foodstuffs obtained from animals diminished by over 1 000 million marks, owing to the decreased exports of pork. On the

other hand, a slight increase occurred in the class of „Other goods”.

The quantities of the principal goods exported in 1954 and 1955 were as follows:

	1954	1955
000's omitted		
Cheese, kgs	11 299	11 566
Roundwood, cub.m.	3 620	4 977
Sawn lumber, stds	733	786
Prefabricated buildings, sq.m.	788	296
Veneers and plywood, cub.m.	298	321
Fibreboard, kgs	59 495	61 152
Mechanical pulp, kgs ¹⁾ ..	193 177	182 841
Sulphite cellulose, kgs ¹⁾ ..	580 395	682 015
Sulphate cellulose, kgs ¹⁾ ..	374 992	446 790
Board and cardboard, kgs	101 147	109 568
Newsprint, kgs	391 750	470 470
Printing paper, other qualities, kgs	93 191	124 040
Wrapping paper, kgs	247 948	293 796
Paper bags, kgs	9 961	14 433
Pig iron, kgs	1 047	15 622
Copper, raw, kgs	1 443	1 305
Manufactures of copper, kgs	6 120	7 003
Wire and cables, insulated, kgs	2 499	725
Machinery, electric and other, kgs	21 351	21 779
Vessels	173 ²⁾	237 ²⁾
Artificial fibres, kgs	10 406	11 293
Iron ore, kgs	169 476	280 943

1) Dry weight.
2) Units.

With the exception of pre-fabricated buildings, exports of which were less than two-fifths of the quantity in 1954, by reason of the decrease in deliveries to the Soviet Union, there was a general increase of exports in the category of wood products. As regards products of the paper industry, exports of mechanical pulp alone decreased, but exports of chemical pulp, boards and cardboard, and all qualities of paper and paper bags increased, in some cases very appreciably. In shipbuilding and engineering products, too, there was a rise. However, exports of insulated electric wires had to be reduced on account of the large domestic demand. The highest value was represented by vessels, 14 300 million marks, or 7.9 per cent of the total of exports. The combined value of exports of electrical and other machinery amounted to 7 200 million marks, or 4.0 per cent of the total value of exports. The great increase in exports of iron ore was due to the Otanmäki mine having been able to increase still further its deliveries of ilmenite.

IMPORTS

The total value of imports increased by more than 17 per cent on the figure for 1954. As prices recorded only a slight decrease, the volume of imports increased to about the same extent, and reached a record high level, representing 205 points (1935=100). The level of 1952, which represented the peak figure for the period following the Korean boom, was thus exceeded by almost 10 per cent, and at the same time imports attained a level fully twice as high as the pre-war „normal level”. Such a development was partly made possible by the favourable tendency of price movements. The terms of trade, i. e., the ratio of export prices to import prices, which stood at 130 in 1954, rose to 139 in 1955.

The general composition of imports is illustrated by the following figures:

	1954 Mill.mk	1955 Mill.mk
Raw materials and semi-manufactured goods	65 948	76 121
Machinery and vehicles etc.	39 412	46 902
Food, drink and tobacco ...	27 082	30 912
Other consumer goods	18 540	23 025
Total exports	150 982	176 960

Of the total increase in imports, 17 700 million marks was in producer goods and 8 300 million in consumer goods. The mutual relation of these categories remained as favourable as before. If one bears in mind the partial freeing of imports, it is interesting to note that the proportion of producer goods to total imports has not increased, but has, on the contrary, decreased, namely from 70.0 to 69.5 per cent of the value of imports. Imports of consumer goods grew correspondingly, their proportion of the total value of imports having risen from 30.0 to 30.5 per cent. Thus the changes were very small in themselves. The relative importance of the four classes of goods mentioned in the above table also remained, on broad lines, unchanged. The most considerable item was the increase in imports of the last named class of goods, which in the main represents industrial products used for consumption. In this class, imports increased by 24 per cent, but the ratio of these goods to the total imports only advanced from 12.2 to 13.0 per cent.

The quantities of some of the more important imports are shown in the following table:

	1954 1000 kg	1955 1000 kg
Raw coffee	27 956	29 786
Wheat, grain	210 650	261 434
Rye, grain	71 140	112 125
Sugar	102 395	153 929
Raw tobacco	5 121	5 115
Nitrogenous fertilisers ..	101 464	87 892
Phosphatic fertilisers	253 632	231 261
Potassic fertilisers	88 590	96 510
Oil cakes and groats	51 959	89 968
Raw cotton	19 305	14 632
Wool	5 245	5 407
Cotton fabrics	2 577	2 685
Woollen fabrics	880	1 316
Coal	1 696 944	2 076 438

			Imports Mill.mk	Exports Mill.mk
Coke	479 734	431 152		
Fuel oil etc.	496 189	652 606		
Petrol	462 442 ¹⁾	492 832 ¹⁾	United Kingdom	35 865
Iron and steel bars	95 040	114 586	Soviet Union	26 045
Iron and steel sheets and plates	157 848	154 600	Western Germany	15 874
Generators, motors and other electrical machinery	4 957	4 337	United States	9 290
Automobiles and chassis	14 558 ²⁾	26 345 ²⁾	France	10 530
Tractors	4 777 ²⁾	10 361 ²⁾	Netherlands	6 367
			Poland	8 568
			Sweden	8 728
			Brazil	7 296
			Denmark	6 385
			Belgium-Luxembourg	5 277
			Argentina	5 172
			Eastern Germany	4 726
			Czechoslovakia	4 756
				1 860

In accordance with the general trend of imports, most goods recorded an increase on the figures for the previous year. By a continued increase, coffee imports attained a fresh peak. Imports of grain and sugar were strikingly heavy owing to the bad harvest in Finland. The figures for imports of fertilizers were also high. The need to import nitrogenous fertilizers has diminished in consequence of the development of home production. Imports of oleaginous fodder had to be increased owing to the reduced domestic crop. In view of the fact that cotton imports were exceptionally heavy in 1954, imports in the textile branch were very considerable. With the exception of coke, imports of mineral fuel were on a satisfactory level, fuel oil recording a particularly large increase. Imports of motor vehicles and tractors were exceptionally large partly because a considerable proportion of the stock is in need of renewal, and partly due to a general tendency to increase the use of motor vehicles.

TRADE WITH DIFFERENT COUNTRIES

The geographical distribution of trade is illustrated by the following table, in which the different countries are placed in order according to the total exchange of trade in 1955.

These 14 countries represent about 88 per cent of the total imports, and about 84 per cent of the total exports in 1955. Trade with

the United Kingdom increased greatly, and the traditional leading position of that country in our commercial relations is clearly evident. It should also be mentioned that the considerable increase in exports to the United Kingdom was employed almost entirely for purchases from Great Britain. Thus the United Kingdom accounted for 22.2 per cent of Finland's total foreign trade in 1955, the next country, the Soviet Union, accounting for 16.1 per cent. In 1954 the corresponding ratios were 20.7 and 19.4 per cent. The Eastern Bloc countries combined accounted for 26.4 per cent of our total foreign trade in 1955, while in 1954 the figure was 27.1 per cent. In spite of this slight reduction, the Eastern Bloc countries still occupy an important position in Finland's foreign trade. Their importance in regard to Finnish exports is considerable, seeing that the greater part of the exports of the shipbuilding and engineering industries finds a market in those countries. — Trade with Western Germany increased by fully 50 per cent, the balance of trade providing a small surplus of exports. While Western Germany accounted for 9.0 per cent of the total foreign trade, the United States came fourth with 5.5, France fifth with 5.3, the Netherlands sixth with 4.0 and Poland seventh with 3.4 per cent of Finland's total foreign trade. The other countries enumerated play a less important part.

1) 1000 litres.

2) Units.

ITEMS

New Loan from IBRD. By the terms of a loan agreement signed on May 22, 1956, the International Bank for Reconstruction and Development has granted to the Mortgage Bank of Finland Oy a loan in various currencies which are in total equivalent to \$15 million. The loan is to be used in part for the financing of five electric power plants of a combined generating capacity amounting to 344 000 kW, and 375 km of power transmission lines. More than one-half of the loan will be disbursed in various European currencies. The rate of interest, including the commission of the IBRD, is $4\frac{3}{4}$ per cent. The loan will mature in 20 years, with the first amortization payment to be made in June 1959.

During the course of the past six years, the IBRD has granted to Finland five other loans totalling \$50.3 million, of which the four largest, of a total amount of \$48.0 million, have been long-term credits. None of these, however, has had a currency period so long as that of the new loan. These earlier loans were contracted by the Bank of Finland, and their proceeds were re-lent to the industry against short-term bills of exchange. As this form of activity is not considered the proper function of a Central Bank, in March 1956 the Bank of Finland established a subsidiary banking institution known as the Mortgage Bank of Finland Oy (See Items in the Bulletin, Nos. 1 and 3—4, 1956), which has now contracted the new loan and will re-loan the proceeds to five enterprises (two state-controlled power companies, a privately owned wood products company, a cement company and the City of Helsinki) as long-term loans secured by industrial mortgages.

*

Cash reserve agreement. The cash reserve agreement between the Bank of Finland and the various credit institutions, signed on January 31, 1956, will expire before the end of June (see Items in Bulletin No. 2, 1956). On May 30, the Board of Management of the Bank of Finland announced that this agreement will not be further renewed (for details see Recent Developments).

For the savings banks, cooperative credit societies and cooperative stores the cash reserve agreement has already been moderated with effect from May 1, by the release of these money institutions from the obligation of depositing, on cash reserve account, part of any increase in the funds deposited with them after that date as stipulated by the agreement, in so far as on January 31, 1956, the deposits with them exceeded 100 million marks but were less than 200 million.

*

Deposits against import licences. On April 5, the portion of the value of a licence to be deposited with the Bank of Finland was increased from 10 to 20 per cent. The increase did not concern those goods the licensing for which is automatic, nor certain other commodities, principally raw materials (see Items in Bulletin No. 5, 1956). As from June 1, the portion to be deposited was again reduced to 10 per cent for all the goods to which the system applied. At the same time, the maximum period of deposit was reduced from 6 to 3 months. (See Recent Developments.)

*

New notes issued. On May 15, the Bank of Finland issued 1 000 mark notes of a new type. This completed the renewal of all the notes, as in September 1955 new 100, 5 000

and 10 000 mark notes had been issued, and, in December, 500 mark notes. All the notes are of the same size (142×69 mm). The 5 000 and 10 000 mark notes are printed on handmade paper, the remainder on machine paper. With the exception of the 100 and 500 notes all have a water stamp. The new notes have Finnish text only on the front and Swedish text only on the back. The 1945 type notes still circulate along with those of the new type.

*

New National Pensions law. The Diet passed a new National Pensions law on May 23, according to which a single person with no income will at the age of 65 get a national pension of maximum 78 000—96 000 marks a year, depending on the cost of living in each locality. The aggregate sum of the pensions will be about 28 000 million marks a year, whereas the former pensions and the old age assistance totalled only about 7 300 million per year in 1953—1955. The number of pensioners will increase somewhat as a consequence of the new law.

The new law means a substantial change in the principles of activity of the National Pensions Fund. In the old system, the premiums were entered to the personal account of each one insured, and the ordinary national pension was established on the basis of the amount of premiums paid by the person concerned. The system was not intended to work at full force for

a long time and by then premiums would have been collected into so large a Fund that the interest accrued was intended to cover a major proportion of the annual pensions to be paid. To this end only about 1/10 of the annual premiums was used for pensions, and the balance was transferred to the Fund and invested in long-term loans for productive purposes. The annual amount of the ordinary pensions paid in 1953—1955 thus only averaged about 800 million marks, in addition to which the National Pensions Fund distributed supplementary pensions and old age assistance out of State and communal funds at an average of 6 500 million marks per year. According to the new law, the premiums collected will not be funded but the greater part of them used for the pensions paid in the same year, supplemented by State and communal funds.

The new law will come into force at the beginning of 1957.

*

Changes of the Statement of the Bank of Finland. Until recently, the Bank of Finland treated the cash reserves deposited by the credit institutions in accordance with the cash reserve agreement as short-term liabilities in the „cheque accounts of banks”, and the deposits against import licences in „other cheque accounts”. On May 31, these items were transferred to „long-term Finnish liabilities” which as a result increased by about 15 700 million marks.

BANK OF FINLAND

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KLAUS WARIS,
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