



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 33 No. 3

MARCH

1959

RECENT DEVELOPMENTS

THE MONEY MARKET

The easing of the money market has continued during the current year, as is evident from the statements of the Bank of Finland and of private credit institutions.

The most important changes in the accounts of the Bank of Finland during November—February can be seen from the appended table. A four-month period has been chosen in order to eliminate the large seasonal fluctuations which occur at about the turn of the year in the note circulation, the cheque account of the Treasury and the cheque accounts of banks. The table indicates whether the changes have increased (+) or reduced (—) the notes in circulation and the liquidity of the banks in relation to the central bank.

NET CHANGES IN THE STATEMENT OF THE BANK OF FINLAND FROM NOVEMBER 1, 1958 TO FEBRUARY 28, 1959

1000 Mill. mk

Gold and foreign exchange reserve, incr.	+ 3.8
Prepayments for exports, decr.	— 1.2
Stand-by stocks credit, incr.	+ 2.1
Export-Import Bank loan, drawn	+ 1.0
Cheque account of the Treasury, decr. ..	+ 3.3
Bills in Finnish currency, decr.	— 2.3
Export levy, incr.	— 0.3
Loans from export levy funds, drawn ..	+ 2.2
Equalisation accounts, decr.	+ 1.7
Bank's own funds, incr.	— 0.6
Other items, net	— 0.8
Net change	+ 8.9
Rediscounted bills, decr.	+ 7.9
Cheque accounts of banks, decr.	— 0.9
Notes in circulation, incr.	+ 1.9
Net change	+ 8.9

The gold and foreign exchange reserve formed the principal expansive factor. It should be taken into account, however, that the decrease in old prepayments for exports to the USSR meant an increase in bilateral currencies, while the drawing on the stand-by stocks credit meant consumption of those currencies. The budget deficit also raised the supply of money, as did the employment of foreign credits and of the loans from export levy funds. On the other hand, the decrease in discounted bills, which was a result of improvement in the financial position of the bank's customers, had a contractive effect. Taken together, the expansive factors outweighed the contractive ones by 8 900 million marks. Of this, 1 900 represented an increase in notes in circulation, and 7 000 million a net decrease in the credit institutions' debt to the central bank. As an indication of the improvement in the position of the banks, it may be mentioned that rediscounts had dropped to 755 million marks by the end of February.

The increase in deposits with the credit institutions, which began early in 1958, still continues. In December, when interest was credited to depositors, the total of public's deposits with credit institutions increased by

*On page 18, Finland's Foreign Trade
in 1958*

17 500 million marks, the corresponding increase in December 1957 having been 12 100 million. For the whole of 1958, the increase was 49 900 million marks (16 200 million in 1957), of which 46 500 (16 000) million related to deposit accounts and 3 400 (200) million to cheque accounts. In January—February 1959, deposits grew by a further 14 200 million as against 7 900 million in the corresponding period of 1958.

While total deposits have increased, the share of index-tied deposits has fallen off. This is a consequence of the price level becoming firmer — it should be remembered that the rate of interest on index-tied deposits is one per cent below that for ordinary deposits. In August, the amount of index-tied deposits reached a peak of 91 500 million marks, but since then they have been decreasing rapidly. By the end of the year they had dropped to 83 300 million, and by the end of February to 76 800 million. The decrease since the beginning of this year may to some extent be explained by the fact that credit institutions ceased to accept deposits on taxable accounts A with the 100-per-cent index clause, only tax-free accounts B with the 50-per-cent clause now being in operation. At the end of February, deposits on accounts A represented 26.6 per cent of all index-tied deposits, as against 28.6 per cent one year previously. The proportion of index-tied deposits to all term deposits was 19.2 per cent at the end of February, in comparison with 25.2 per cent one year previously.

The decrease in index-tied deposits in general, and the relative decrease in A deposits, together with the fact that the rise in prices has ceased, have substantially reduced the need of the credit institutions to collect index charges from their borrowers. The collection of such charges was suspended in the cooperative credit societies as early as at the beginning of July, and in the commercial banks at the beginning of this year. In

the savings banks also, the charge has been very much reduced: the weighted average of their index charges was 0.2 per cent per annum during the second half-year, after having been 1.4 per cent per annum during the first half-year.

The reduction of index charges naturally has the same effect of lowering the level of costs and raising the willingness to invest as would be exerted by a cut in interest rates. As production and employment have remained low, the Bank of Finland has also taken measures aimed at lowering lending rates proper. In October 1958, the bank had reduced its rediscounting rate from 8 per cent to $7\frac{1}{4}$ per cent, while the credit institutions had lowered both lending and deposit rates by an average $\frac{3}{4}$ per cent. In consideration of the prevailing business situation, another reduction of interest rates was undertaken on February 27, when the Bank Supervisors reduced the maximum discount rate from 8 per cent to $7\frac{1}{2}$ per cent and the minimum rate from $6\frac{1}{2}$ per cent to 6 per cent, besides which the rate for rediscounting bills was reduced from $7\frac{1}{4}$ per cent to $6\frac{3}{4}$ per cent. In consequence of this, on March 24 the Board of Management decided upon a $\frac{1}{2}$ per cent cut in interest rates, with effect from April 1, the rates to be applied in practice being thereafter $6\frac{1}{2}$ —7 per cent for advances to the bank's private customers and $6\frac{3}{4}$ per cent for rediscounts. Similarly with effect from April 1, the credit institutions, on the initiative of the Bank of Finland, reduced their highest lending rate from $7\frac{1}{2}$ per cent to 7 per cent. Deposit rates were also reduced: the rate for 6 months' deposits from 5 to $4\frac{1}{2}$ per cent, and the rate for index-tied deposits from 4 to $3\frac{1}{2}$ per cent. In addition, the banks introduced an account for 12 months' deposits with a rate of interest of 5 per cent.

March 26, 1959.

BANK OF FINLAND

Mill. mk

	1958		1959			
	Feb. 28	Dec. 31	Feb. 7	Feb. 14	Feb. 23	Feb. 28
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	47 662	60 642	65 650	66 902	67 251	68 007
Gold	7 850	7 850	7 850	7 850	7 850	8 473
Foreign exchange	35 875	49 708	54 418	55 670	56 060	56 192
Foreign bills	1 162	871	786	786	745	746
Foreign bonds	2 775	2 213	2 596	2 596	2 596	2 596
<i>Supplementary note cover</i>	52 240	47 049	32 599	29 352	29 135	29 230
Inland bills discounted						
In foreign currency	13 226	12 644	12 494	12 464	12 472	12 485
In Finnish currency	14 914	8 823	9 091	9 180	9 085	9 115
Rediscounted bills	15 350	18 707	4 139	833	703	755
Treasury bond loan	8 750	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i>	18 758	19 027	18 524	18 468	18 487	19 291
Finnish bonds	1 246	909	891	892	892	1 672
Cheque accounts	641	440	303	277	360	371
Finnish coin	439	438	644	668	695	706
Other claims	16 432	17 240	16 686	16 631	16 540	16 542
Total	118 660	126 718	116 773	114 722	114 873	116 528
Liabilities						
<i>Notes in circulation</i>	56 793	65 075	58 412	59 536	58 245	60 585
<i>Short-term liabilities</i>	20 449	18 046	15 883	12 976	14 522	14 534
Foreign exchange accounts	3 379	2 178	1 858	2 018	1 853	1 701
Mark accounts of holders abroad	7 225	4 643	4 841	4 807	4 809	4 841
Cheque account of the Treasury	7 916	7 146	3 213	2 404	5 170	5 271
Cheque accounts of banks	983	1 474	3 982	1 671	369	627
Other cheque accounts	213	293	163	123	266	120
Other short-term liabilities	733	2 312	1 826	1 953	2 055	1 974
<i>Long-term liabilities</i>	16 026	20 872	20 591	20 588	20 522	20 108
Foreign	12 224	11 370	11 370	11 367	11 367	11 368
Finnish	3 802	9 502	9 221	9 221	9 155	8 740
<i>Equalisation accounts</i>	11 007	8 170	7 162	6 870	6 813	6 511
<i>Bank's own funds</i>	14 385	14 555	14 725	14 752	14 771	14 790
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	2 924	2 924	3 739	3 739	3 739	3 739
Profits undisposed	1 085	—	815	815	815	815
Earnings less expenses	376	1 631	171	198	217	236
Total	118 660	126 718	116 773	114 722	114 873	116 528
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	47 662	60 642	65 650	66 902	67 251	68 007
Supplementary cover (Upper limit 58 000 mill. mk)	52 240	47 049	32 599	29 352	29 135	29 230
Total	99 902	107 691	98 249	96 254	96 386	97 237
Note issue						
Notes in circulation	56 793	65 075	58 412	59 536	58 245	60 585
Short-term liabilities	20 449	18 046	15 883	12 976	14 522	14 534
Undrawn on cheque credits	612	814	950	976	894	882
Unused right of note issue	22 048	23 756	23 004	22 766	22 725	21 236
Total	99 902	107 691	98 249	96 254	96 386	97 237

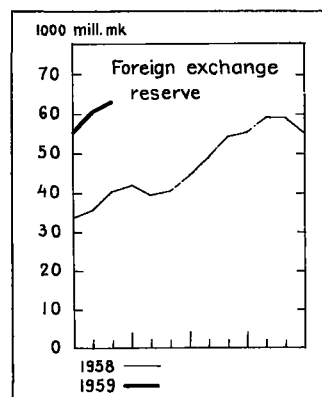
Lowest Bank rate since March 1, 1959, 6 per cent

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted 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
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	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958	57 558	2 178	55 380	3 084	16 013	42 451	18 707	—	1 474	17 233
1958										
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673
May	43 553	2 831	40 722	3 937	15 556	29 103	12 970	—	271	12 699
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	-145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189
Aug.	57 759	3 315	54 444	3 685	16 456	41 673	8 688	—	570	8 118
Sept.	58 966	3 224	55 742	3 709	16 694	42 757	11 038	—	— 4	11 042
Oct.	61 533	2 407	59 126	3 712	15 940	46 898	8 627	—	1 554	7 073
Nov.	61 294	2 268	59 026	3 711	15 925	46 812	8 714	—	1 079	7 635
Dec.	57 558	2 178	55 380	3 084	16 013	42 451	18 707	—	1 474	17 233
1959										
Jan.	62 264	1 996	60 268	3 351	16 214	47 405	5 302	—	1 665	3 637
Feb.	64 665	1 701	62 964	3 342	16 209	50 097	755	—	627	128

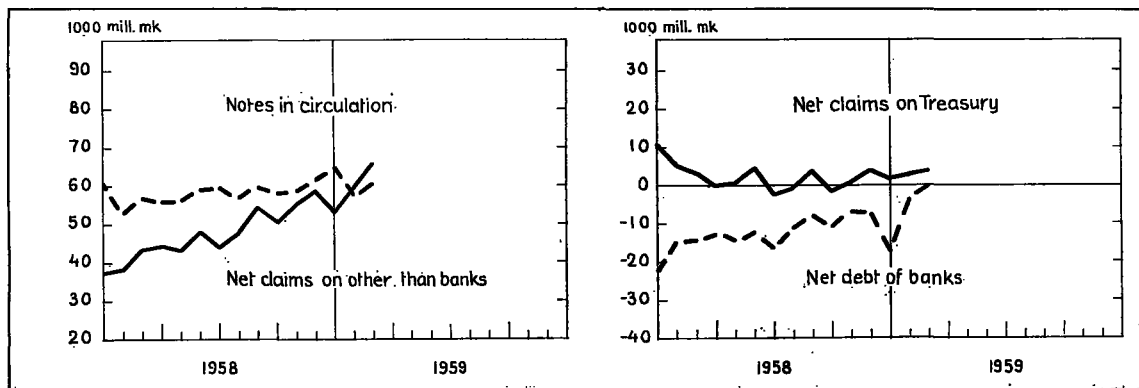
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957	1958		1959	
		Dec. 31	Nov. 29	Dec. 31	Jan. 31
Gold	7.8	7.9	7.8	7.8	8.5
Convertible currencies	17.8	16.8	31.2	36.0	37.4
Transferable OEEC	3.9	13.2			
Non-transferable OEEC	4.4	8.5	7.7	5.7	5.5
Eastern Bloc currencies ..	2.0	12.1	8.2	10.3	10.5
Other currencies	-2.0	0.5	0.5	0.5	1.1
Total	33.9	59.0	55.4	60.3	63.0



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
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958	9 033	7 146	1 887	8 823	18 631	27 454	—	2 605	24 849	65 075
1958										
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174
May	10 396	6 155	4 241	17 710	14 860	32 570	—	2 884	29 686	59 038
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824
Aug.	10 396	6 941	3 455	14 748	14 856	29 604	—	4 269	25 335	59 511
Sept.	9 146	10 953	— 1 807	13 493	15 986	29 479	—	3 222	26 257	58 191
Oct.	9 146	8 620	526	11 448	16 151	27 599	—	3 073	24 526	58 681
Nov.	9 146	5 371	3 775	10 141	17 250	27 391	—	2 969	24 422	61 755
Dec.	9 033	7 146	1 887	8 823	18 631	27 454	—	2 605	24 849	65 075
1959										
Jan.	9 033	6 318	2 715	8 704	18 303	27 007	—	2 595	24 412	57 777
Feb.	9 033	5 271	3 762	9 115	18 096	27 211	—	2 094	25 117	60 585



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*	39 568	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778
Aug.	38 509	47 961	10 836	111 848	123 175	70 714	36 322	18 107	360 199	418 996
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155
Oct.	38 352	48 337	10 656	115 048	125 455	71 155	36 539	18 356	366 583	425 576
Nov.	37 271	46 811	9 750	116 434	126 869	71 890	36 933	18 611	370 767	427 328
Dec.	39 568	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311
1959*										
Jan.	41 784	50 194	10 166	125 007	133 044	75 187	38 902	19 530	391 699	452 059
Feb.	40 160	49 757	10 819	127 993	135 125	76 615	39 797	19 928	399 487	460 063

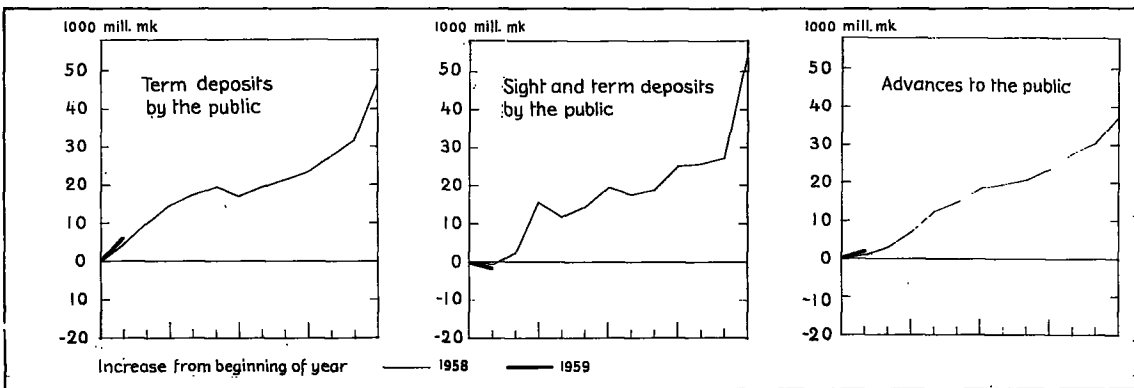
End of month	Index-tied deposits		
	1957	1958	1959
Jan.	30 151	85 733	79 991
Feb.	35 301	87 884	76 797
March	42 689	89 735	
April	47 185	89 777	
May	50 034	90 611	
June	53 325	91 041	
July	55 500	91 386	
Aug.	58 398	91 543	
Sept.	73 815	87 640	
Oct.	77 571	85 954	
Nov.	80 155	84 711	
Dec.	82 444	83 312	

Selling rates for foreign exchange			
February 28, 1959			
		mk	mk
New York ...	1 \$	320: 40	Zurich 100 Fr 7 425: —
London	1 £	900: 50	Frankfurt a/M 100 DM 7 665: —
Stockholm ...	100 Kr	6 196: —	Prague 100 Kz 4 463: —
Copenhagen ..	100 Kr	4 645: —	Vienna 100 Sch 1 236: —
Oslo	100 Kr	4 492: —	Lisbon 100 Es 1 118: 50
Paris	100 Fr	64: 98	Rome 100 Lit 51: 64
Brussels	100 Fr	64: —	Montreal 1 \$ 329: 40
Amsterdam ...	100 G	8 490: —	Moscow, clear. 100 Rbl 8 035: —

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	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
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*	174 542	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 611
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	106 309
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	112 220
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	107 476
May	167 137	110 001	26 832	80 002	17 976	377 489	24 459	401 948	111 310
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	117 431
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	108 551
Aug.	167 422	111 831	27 819	81 521	18 993	384 843	22 743	407 586	115 649
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	115 057
Oct.	168 537	114 134	28 833	82 240	19 822	390 366	23 200	413 566	112 748
Nov.	170 157	115 230	28 840	82 823	20 141	393 321	23 870	417 191	113 356
Dec.	174 542	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603
1959*									
Jan.	174 433	116 500	29 148	83 956	22 231	402 582	23 686	426 268	113 357
Feb.	176 447	117 723	29 820	84 261	23 014	406 559	24 706	431 265	..

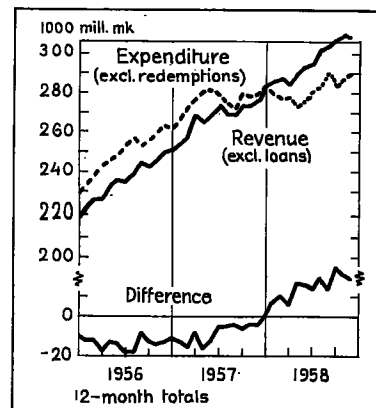


STATE FINANCES

1000 mill. mk

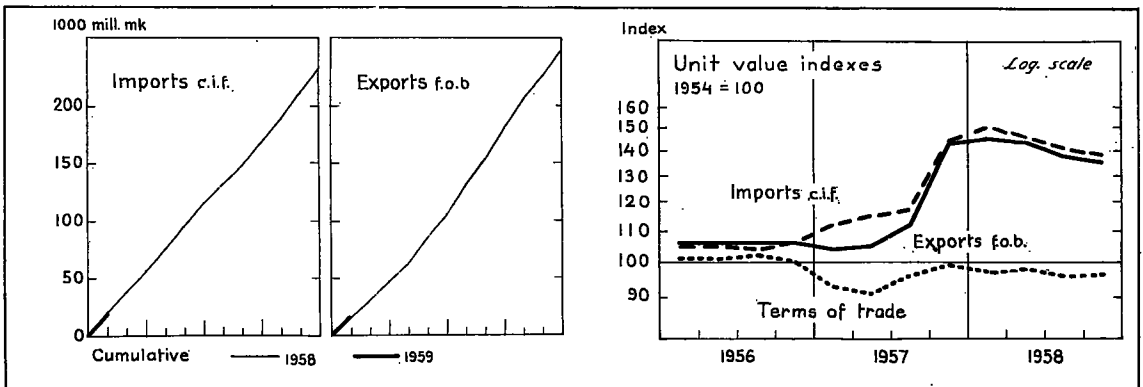
Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1957	1958		1957	1958
Income and property tax (net)	59.2	54.4	Interest on State debt	5.5	6.3
Gross receipts	(108.8)	(106.3)	Child allowances	19.9	20.0
Refunds and communal income tax	(-49.6)	(-51.9)	The State's share in national pensions	10.8	7.4
Other direct taxes	1.9	1.3	Compensations to war-disabled	6.9	7.0
Purchase tax	61.6	58.3	Transfer of employers' payments for national pensions to the National Pensions Institution	4.3	5.9
Import duties	37.2	36.3	Subsidies	22.1	23.6
Revenue from Alcohol Monopoly	17.2	18.8	State aid to agriculture	4.1	4.8
Excise duty on tobacco	14.2	15.9	State aid to communal and private schools	17.8	19.9
Excise duty on liquid fuel	—	5.1	Net loss of State enterprises	0.2	—
Other excise duties	4.0	3.9	Maintenance of roads	6.4	6.1
Tax on automobiles and motor cycles	—	1.6	Other current expenditure	75.9	80.3
Stamp duties	9.5	10.8	Current expenditure	173.9	181.3
Levy on export proceeds	—	15.2	Real investments	45.6	48.0
Employers' payments for child allowances and national pensions	18.7	21.2	(of which: unemployment grants) ..	(27.2)	(27.1)
Net receipts of Price Equalisation Fund	5.5	3.7	Other capital expenditure	31.5	27.1
Other revenue similar to taxes	3.7	3.2	Capital expenditure	77.1	75.1
Total taxes	232.7	249.7	Total expenditure	251.0	256.4
Interest and dividends	3.6	4.0	Redemption of external loans	2.1	2.6
Net profit of State enterprises	—	1.9	Redemption of internal loans	5.4	7.4
Other current revenue	8.2	8.1	Redemption of indemnity bonds etc.	0.9	1.2
Current revenue	244.5	263.7	Index premiums	0.4	0.7
Capital revenue proper	4.7	5.6	Redemptions	8.8	11.9
Decrease in inventories	—	4.9			
Capital revenue	4.7	10.5			
Total revenue	249.2	274.2			
External loans	0.0	—			
Internal loans	7.0	8.3			
Loans	7.0	8.3			
Short-term credit (increase +)	—	+4.3			
Deficit (+) or surplus (-)	+3.6	-18.5			
Total	259.8	268.3	Total	259.8	268.3

Debt	1956	1957	1958			1959	
	Dec.	Dec.	Oct.	Nov.	Dec.*	Jan.*	Feb.*
External debt	61.5	81.8	79.9	79.5	79.4	79.0	79.0
Ordinary loans	50.7	52.9	52.6	53.7	61.4	61.2	63.2
Indemnity bonds etc. ..	7.1	7.4	7.3	7.3	7.3	7.3	7.3
Short-term credit	—	—	5.3	4.3	1.2	1.2	1.2
Cash debt (net)	8.8	9.6	-11.4	-8.6
Internal debt	66.6	69.9	53.8	56.7
Total debt	128.1	151.7	133.7	136.2
Total debt, mill. \$	554.5	472.7	416.6	424.3



FOREIGN TRADE

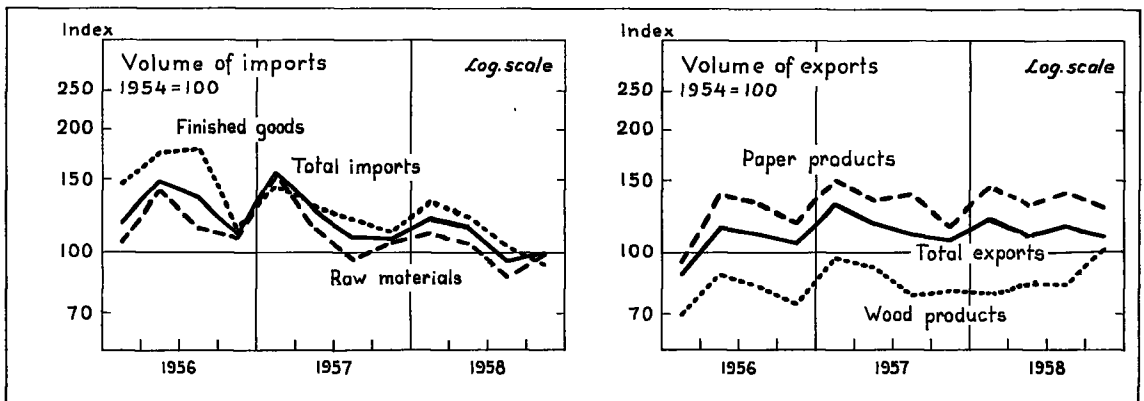
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958*	233 132	247 866	+14 734							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	149	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 815	- 1 152							
April	18 661	15 050	- 3 611	143	140	141	140	163	145	99
May	19 544	21 905	+ 2 361							
June	20 250	21 793	+ 1 543							
July	16 759	25 301	+ 8 542	136	140	134	139	136	141	96
Aug.	16 337	22 292	+ 5 955							
Sept.	19 500	26 689	+ 7 189							
Oct.	21 031	24 933	+ 3 902	135	136	120	135	172	139	97
Nov.	22 029	21 250	- 779							
Dec.	22 260	21 600	- 660							
1959*										
Jan.	19 459	16 190	- 3 269							



FOREIGN TRADE BY MAIN GROUPS

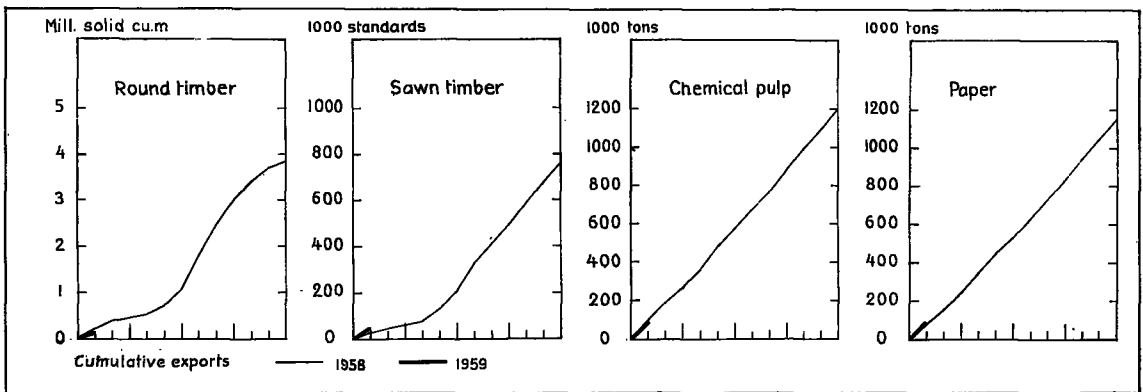
Mill. mk

Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1950	50 638	10 242	12 619	15 649	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	22 004	21 910	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958*	119 502	32 658	48 627	32 345	10 651	19 346	57 818	115 173	33 968	10 910
1957 Nov.	13 510	3 209	5 338	2 977	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	5 534	3 538	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	4 304	2 680	841	1 077	2 772	8 582	1 700	538
Feb.	8 479	2 908	4 688	2 213	1 267	795	2 509	8 336	1 280	541
March	9 621	1 885	3 820	2 641	770	325	2 505	9 262	3 082	871
April	9 652	2 147	3 800	3 062	726	374	2 576	9 303	1 411	660
May	9 801	2 475	4 156	3 112	996	1 062	4 463	10 740	3 820	824
June	10 256	2 604	4 512	2 878	711	1 793	5 711	8 657	3 748	1 173
July	8 704	1 964	3 692	2 399	850	3 643	7 577	9 635	2 393	1 203
Aug.	8 129	2 520	3 407	2 281	967	3 365	5 909	9 478	1 706	867
Sept.	10 129	2 801	4 141	2 429	723	2 663	5 876	10 546	5 878	1 003
Oct.	9 633	4 231	4 196	2 971	818	2 105	6 319	11 507	2 788	1 396
Nov.	12 481	2 840	3 874	2 834	671	1 378	6 103	9 423	2 669	1 006
Dec.	12 039	3 339	4 037	2 845	1 311	766	5 498	9 704	3 493	828
1959*										
Jan.	9 338	3 101	4 519	2 501	895	736	3 498	7 888	2 659	514



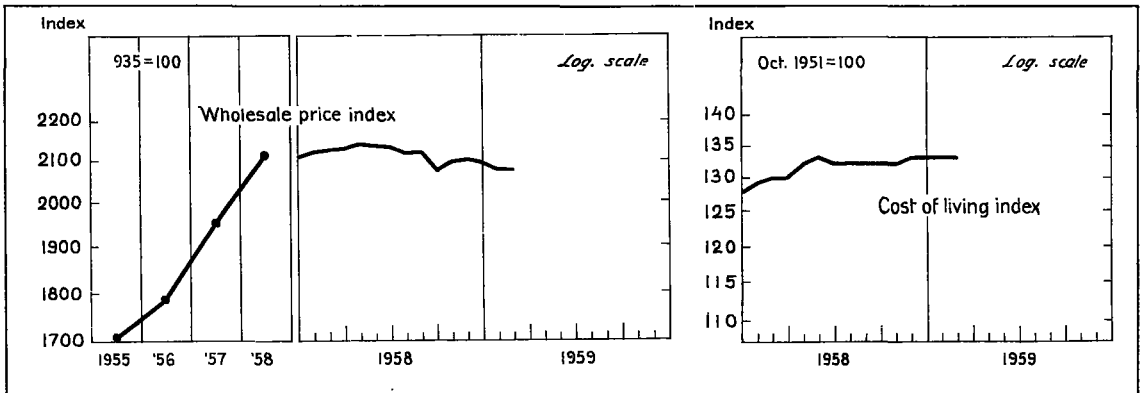
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958*	3 861	762	239	143	725	476	145	83	585	1 147
1957										
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	11	8	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	12	23	9	51	32	13	8	49	98
April	76	18	22	11	61	34	11	7	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	60	31	12	6	38	82
July	702	115	13	10	53	42	12	4	52	100
Aug.	680	85	16	14	57	36	12	6	48	97
Sept.	559	84	19	11	63	42	12	8	57	110
Oct.	401	93	24	17	71	52	13	7	57	115
Nov.	277	93	23	13	57	41	12	8	45	100
Dec.	158	85	25	14	65	50	13	8	51	95
1959*										
Jan.	156	49	20	20	53	36	7	8	45	88



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		January			Whole year		January		
	1957	1958*	1958*	1959*		1957	1958*	1958*	1959*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	18.4	17.9	20.3	15.4	2 994	24.8	25.6	26.3	31.9	5 167
United Kingdom	17.6	17.2	19.9	14.9	2 904	21.7	22.1	22.6	28.2	4 571
Other OEEC countries ..	37.6	44.7	43.6	47.1	9 165	32.0	36.6	39.4	43.2	6 989
Belgium-Luxembourg	3.0	2.8	3.2	2.4	474	3.9	3.6	2.9	3.2	510
Denmark	2.1	2.3	2.3	2.3	442	2.5	3.0	3.1	2.9	472
France	5.1	4.7	5.1	6.0	1 156	5.6	6.2	7.0	4.2	677
Western Germany	11.4	16.6	16.7	16.5	3 208	8.9	10.9	9.6	11.8	1 916
Italy	1.5	1.5	1.8	1.8	353	1.3	1.7	3.8	2.8	445
Netherlands	4.1	4.3	4.1	3.8	745	4.1	4.4	4.6	6.5	1 058
Norway	1.3	1.1	1.0	2.2	434	0.4	0.7	0.6	1.0	165
Sweden	5.9	8.3	6.9	9.1	1 763	3.1	3.6	2.8	3.0	484
Switzerland	1.6	1.7	1.3	1.7	337	0.6	0.7	1.3	0.4	66
Turkey	0.3	0.2	0.1	0.2	41	0.4	0.2	0.9	0.0	4
Eastern Bloc	30.6	25.7	22.8	26.5	5 158	29.4	24.9	19.9	9.2	1 490
China	0.7	0.5	0.4	1.4	269	0.7	1.1	0.2	0.0	2
Czechoslovakia	2.9	1.2	1.3	1.4	265	1.6	1.2	1.8	0.0	6
Eastern Germany	2.5	1.7	2.2	1.7	334	1.9	1.8	2.6	0.1	11
Poland	5.2	3.1	2.4	3.6	698	3.4	2.6	4.9	1.4	232
Soviet Union	17.7	18.0	14.5	18.1	3 522	20.0	17.3	8.7	6.8	1 103
U.S. and Canada	5.7	5.5	8.2	6.0	1 165	5.1	4.7	5.3	5.7	921
United States	5.6	5.3	8.1	5.8	1 131	5.0	4.6	5.2	5.7	915
Latin America	5.1	4.4	3.0	3.5	688	4.8	4.5	4.3	6.7	1 084
Argentina	1.4	0.3	0.0	0.2	34	1.1	1.0	0.7	1.2	189
Brazil	3.3	3.7	2.7	2.7	533	2.7	2.4	2.8	3.4	558
Others	2.6	1.8	2.1	1.5	289	3.9	3.7	4.8	3.3	539
Grand total	100.0	100.0	100.0	100.0	19 459	100.0	100.0	100.0	100.0	16 190



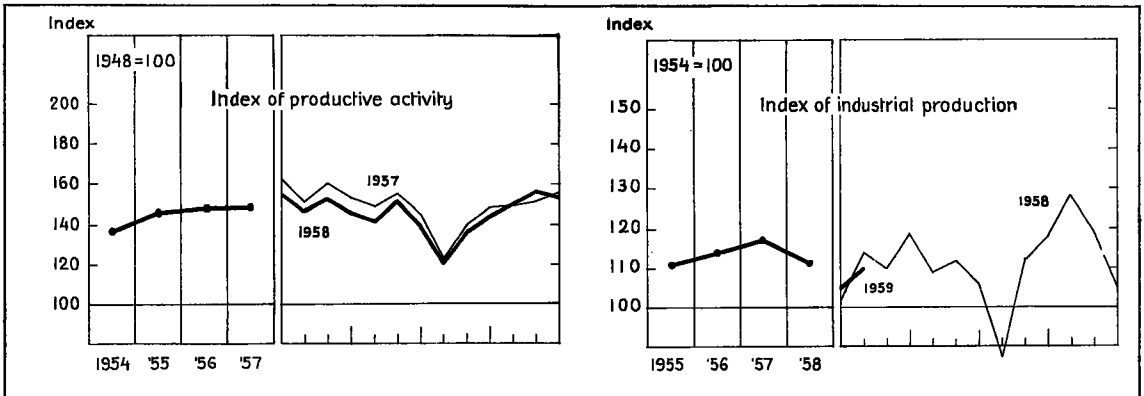
PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1958	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1958									
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 769	2 075	119	113	131
Aug.	2 116	2 137	2 253	3 127	1 766	2 070	118	112	126
Sept.	2 076	2 082	2 124	2 990	1 761	2 066	117	111	125
Oct.	2 092	2 097	2 115	3 034	1 775	2 081	117	110	125
Nov.	2 099	2 106	2 144	3 031	1 782	2 085	116	110	124
Dec.	2 092	2 101	2 159	2 997	1 781	2 072	116	110	125
1959									
Jan.	2 077	2 101	2 161	2 998	1 779	2 024	116	110	122
Feb.	2 073	2 097	2 154	2 998	1 775	2 020	115	110	122

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1958	132	140	277	102	83	129	103	103	102	99	103	105
1958												
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106
Aug.	132	140	276	100	84	130	104	103	102	97	104	106
Sept.	132	140	276	99	84	131	104	103	102	96	104	106
Oct.	132	139	277	99	84	131	104	102	103	96	104	107
Nov.	133	141	277	99	84	131	104	104	103	96	105	107
Dec.	133	141	277	99	84	132	104	103	103	96	105	108
1959												
Jan.	133	140	279	99	84	133	104	103	103	96	105	108
Feb.	133	139	279	99	84	133	104	102	103	96	105	108

PRODUCTION - INTERNAL TRADE

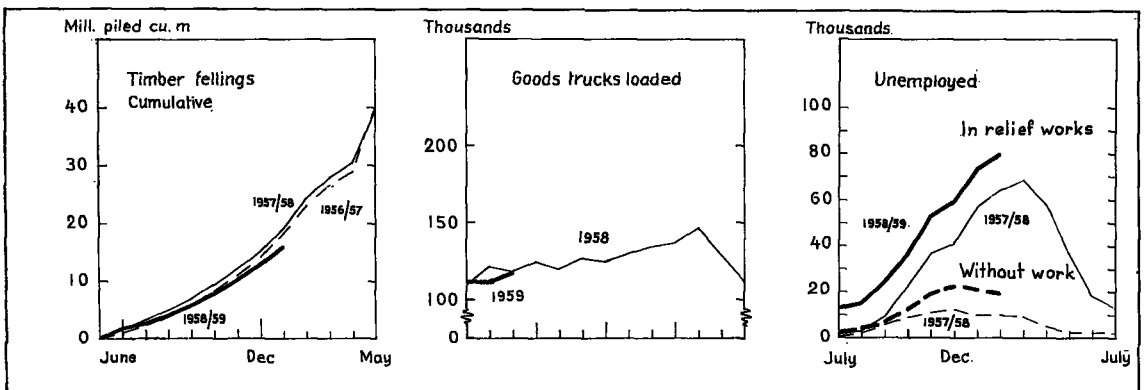
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957*	117	118	118	117	81	134	117	116	40 919	2 085	114
1958*	111	110	113	109	89	133	107	107	37 981	2 109	109
1957*											
Nov.	120	124	123	113	78	134	121	117	2 697	134	105
Dec.	102	108	104	96	74	109	106	95	3 119	142	108
1958*											
Jan.	114	122	115	108	85	129	116	106	4 120	147	89
Feb.	110	119	111	104	95	127	115	101	4 882	136	93
March	119	118	121	115	105	144	115	111	3 857	158	104
April	109	112	107	110	100	115	107	105	2 201	181	108
May	112	106	113	111	107	129	104	108	10 118	206	111
June	106	107	105	107	81	119	104	103	1 646	218	105
July	87	67	95	82	87	127	66	80	982	216	109
Aug.	112	104	114	112	87	133	103	111	1 337	193	116
Sept.	118	118	118	119	80	148	113	117	1 674	179	121
Oct.	127	124	129	126	90	155	121	126	2 140	161	131
Nov.	119	114	124	112	80	145	112	118	2 456	149	106
Dec.	105	104	106	104	75	119	103	102	2 568	165	116
1959*											
Jan.	110	109	109	111	79	130	106	105	3 117	171	93



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	18.92	8.32	2.96	3.52	2.90	20.38	105	103	103	105
1957 Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	101	100	98	101
1958* Jan.-Mar.	3.20	1.46	0.26	0.87	0.44	19.85	101	101	101	101
Apr.-June	3.28	1.33	0.34	0.75	0.64	23.04	106	101	105	106
July-Sept.	5.32	2.28	0.98	0.59	1.03	22.94	106	104	105	106
Oct.-Dec.	7.12	3.25	1.38	1.31	0.79	20.38	107	104	104	107

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
Jan.	122	112	254	307	320	359	9 988	20 520	56 871	72 956
Feb.	118	117	196	232	259	271	9 982	19 201	64 227	79 765
March	124		243		236		9 475		68 649	
April	120		280		270		5 160		57 627	
May	127		314		380		2 169		36 876	
June	125		415		544		2 016		18 147	
July	130		470		715		1 979		12 955	
Aug.	134		463		664		4 353		14 756	
Sept.	137		418		580		6 108		23 786	
Oct.	147		418		561		11 998		35 827	
Nov.	129		421		485		19 387		52 330	
Dec.	112		400		404		22 171		59 805	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* consist of deposits made by the banks and tied by special conditions. Included in Long-term Finnish liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Prepayments for exports. *Deposits against import licences* = Importers' obligatory prior deposits of 10 % of the value of the goods concerned. Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance was refunded in full by the end of August 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (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 other 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. *Indexed deposits* are included in term deposits.

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE —
WORK CESSATIONS

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

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

* Preliminary o Less than half the final digit shown . Logically impossible .. Not available — Nil
A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1956, to March 1, 1962, is Urho Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 38, Conservatives 29, Swedish Party 14, Social Democrat Opposition 13, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1957): 4.4 million. Sweden 7.4, Switzerland 5.1, Denmark 4.5 and Norway 3.5 million.

DENSITY OF POPULATION (1957): In South Finland 24.3, in North Finland 3.9 and in the whole country an average of 14.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1957): 63.4 % of the population inhabit the rural areas, 36.6 % the towns and market towns. The largest towns are: Helsinki (Helsingfors), the capital, 436 852 inhabitants, Tampere (Tammerfors) 119 250, Turku (Åbo) 117 464.

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 (1957): 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 (1957): births 20.1 ‰, deaths 9.4 ‰, increase 9.7 ‰. Deaths in France 12.0 ‰ and in Great Britain 11.5 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1957, in thousand million marks): Gross domestic product at market prices 1 104 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 99 (11 %), forestry and fishing 86 (10 %), manufacturing 284 (31 %), construction 88 (10 %), transport and communications 74 (8 %), commerce, banking and insurance 111 (12 %), general government 99 (11 %), other services 60 (7 %), total 901. Index of real domestic product 146 (1948 = 100).

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

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

INDUSTRY (1956): Gross value of industrial production 835 000 mill. marks, number of workers 319 000, administrative employees 57 000, motive power (1956) 2 5 mill. HP. Index of industrial production 114 for 1956 (1954 = 100).

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

MERCHANT FLEET (Jan. 1, 1959): Steamers 252 (361 765 gross reg. tons), motor vessels 183 (382 819 gross reg. tons), sailing vessels with auxiliary engines 103 (10 255 gross reg. tons). Total 538 (754 839 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1958): Passenger cars 139 200, lorries and delivery vans 53 300, buses 5 200, others 2 300. Total 200 000.

FINANCE AND BANKING

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

MUNICIPAL FINANCES. In the finance accounts for 1955 expenditure amounted to 122 500 mill. marks. Total revenue was 125 000 million, of which income from taxation 62 500 million. The municipal income tax (non-progressive) averaged 11.07 % of the ratepayers' taxable income.

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

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

RATES OF INTEREST (April 1, 1959). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ % (12 months' deposits 5 %, index-tied deposits 3 ½ %) and sight deposits in savings banks and cooperative credit societies ½ %; lending rate 7 % in general.

FINLAND'S FOREIGN TRADE IN 1958

BY

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GENERAL DEVELOPMENTS

There were three factors which exerted particular influence on Finland's foreign trade in 1958: 1) continuous slackness in foreign markets; 2) the devaluation of the mark in the autumn of 1957, and the subsequent large-scale liberalisation of imports; and 3) the slowing down of economic activity at home.

The markets for wood-processing products bore witness to the decline in demand which was due to reduced activity in purchaser countries, and to the excess of supply which had prevailed on the market during the preceding two or three years because exporter countries had raised their productive capacity. It became more difficult to dispose of products, and competition among the sellers grew keener. The result was most clearly seen in a fall in prices.

The devaluation had considerably improved the competitive power of the Finnish export industries, although during the first half of 1958 an appreciable proportion of the 39 per cent rise in prices, in terms of marks, was sterilised as a result of the collection of the levy on export proceeds. The levy originally varied between 30 and 75 per cent of the additional receipts, but as export prices fell off, the rate of levy was lowered on four occasions — for the first time in February — and for goods delivered after mid-September, the collection of the export levy ceased, as stipulated in the relevant act. The improved competitive position enabled most exporters to attain the same production results as in 1957, despite reduced demand

and falling prices abroad. The output and exports of sawn goods could even be raised simultaneously with a general falling off in production in other exporting countries. It can thus be said that, thanks to the devaluation, exporters succeeded fairly well in overcoming the difficulties encountered in the market during the year. Nevertheless, as the chemical wood-processing mills had been extending their productive capacity, the proportion of unused capacity was on the average somewhat higher than it had been during the preceding years. The long-term expectations as to the competitive positions and marketing conditions of the exporting industries improved considerably during 1958. In fact, large-scale extensions were planned and even partially begun during the year.

The decline in economic activity at home was clearly reflected in the demand for imported goods. There was a marked decrease in the volume of imports, although liberalisation was further extended, foreign prices dropped, and there was an improvement in the possibilities of obtaining credit. In consequence, there arose an appreciable excess of exports, and the foreign exchange reserve grew. The liberalisation produced some shifts in the composition of imports, particularly in their geographic distribution.

THE VALUE AND VOLUME OF TRADE

In consequence of devaluation, the value of both exports and imports (Table 1) rose higher than any previous year's figures. The increase was, however, less marked for im-

ports, owing to the heavy reduction in volume and to the fall in prices.

Monthly trade figures can be seen from the table on page 9 in the statistical section. The customary seasonal deficit for the first half-year was restricted to about one half of the corresponding deficit for the two previous years. During the third quarter there was a considerable increase in the value of exports, which turned the result for the whole year into a surplus of 14 700 million marks. For 1957, the trade balance showed a deficit of 15 500 million, and for 1956 a deficit of 25 600 million.

The volume indexes of exports and imports are given in Table 2. During the first half-year, exports were clearly lower than one year previously, but during the latter half of the year deliveries were larger than they had ever been during the corresponding months. In consequence, the volume of exports for the whole year fell short of the record volume for 1957 by 2 per cent only, and distinctly exceeded the totals of the foregoing years.

The volume of imports was some 20 per cent less during the first quarter than it had been during the corresponding period of 1957, but it should be observed that imports were particularly large in the early months of 1957. During the following quarters, the gap between 1958 and 1957 figures narrowed to some extent. For the whole year, the volume of imports was 11 per cent less than in 1957 and thus lower than in any previous year since 1954.

EXPORT AND IMPORT PRICES

Preliminary unit value indexes of trade are given on page 9. Export prices fell in general, with the exception of those of metal and engineering products. From the date of devaluation to the end of 1958, the unit prices of wood industry products diminished by 17 per cent, of paper industry products

1. VALUE OF EXPORTS AND IMPORTS IN 1957—58, 1 000 MILL. MK

	1957	1958*	Change in 1958 per cent
<i>Exports (fob)</i>	212.4	227.9	+ 17
Agricultural products . . .	10.2	10.7	+ 5
Round and hewn timber ..	17.1	19.3	+ 13
Wood industry products ..	48.3	57.8	+ 20
Paper industry products .	97.6	115.2	+ 18
Metal, engin. ind. products	30.4	34.0	+ 12
Other goods	8.8	10.9	+ 24
<i>Imports (cif)</i>	227.9	233.1	+ 2
Raw materials and access.	117.4	119.5	+ 2
Fuels and lubricants . . .	40.2	32.7	- 19
Finished producer goods .	41.4	48.6	+ 17
Finished consumer goods .	28.9	32.3	+ 12
<i>Balance of trade</i>	- 15.5	+ 14.7	

2. VOLUME OF EXPORTS AND IMPORTS IN 1957—58, 1954 = 100

	1957	1958*	Change in 1958 per cent
<i>Exports</i>	117	115	- 2
Agricultural products . . .	215	205	- 5
Round and hewn timber ..	107	102	- 5
Wood industry products ..	86	87	+ 1
Paper industry products .	133	134	+ 1
Metal, engin. ind. products	121	106	- 12
<i>Imports</i>	123	110	- 11
Raw materials and access.	115	103	- 10
Fuels and lubricants . . .	150	131	- 13
Finished producer goods ..	131	114	- 13
Finished consumer goods ..	121	115	- 5

by 8 per cent, and of round and hewn timber by 6 per cent. As for import goods, the prices of fuels and lubricants fell off by 13 per cent, and those of raw materials and accessories by 6 per cent. The prices of finished investment goods rose 10 per cent, while those of finished consumer goods remained unchanged. The terms of the trade index fell slightly during the post-devaluation period; for the whole of 1958, it was about 4 per cent higher than the index for 1957.

TRADE BY COMMODITIES

Foreign trade in 1957 and 1958, classified according to main groups, has been illustrated in Tables 1 and 2, and in Table 3 there are the volumes of exports and imports of some principal commodities in 1955—1958.

Exports

Wood and wood-processing products contributed 77.6 per cent to the total value of exports, or about 1 per cent more than in 1957.

By far the largest group was formed by the products of the paper industry. Their share in the total value of exports was 46.5 per cent. During the first half-year, the volume of export of these articles was still 2—3 per cent less than the corresponding quantities in 1957, whereas later in the year considerably more was delivered than one year previously. The increase principally related to fibre board, cardboard, newsprint, kraft paper and sulphite cellulose. Exports of mechanical pulp continued to decrease and were now 32 per cent less than in 1951, the year of the Korean boom. Exports of products of board and paper fell short of the unusually high level of 1957.

The share of the wood industry in the total of exports was 23.3 per cent. For 1948—1950, it averaged 36.3 per cent and for 1951—1955, 30.0 per cent. The decline was due partly to an increase in the output and exports of products of the paper and the metal industries, and partly to a reduction in the exports of wood industry products. In recent years exports of the latter had been less than 75 per cent of the corresponding volume during the peak year of 1951. Thus, a considerable proportion of capacity had been unused. As stated above, Finnish exporters of sawn goods could during 1958 to some extent increase their shipments. Altogether, sawn goods were sold for delivery during 1958 to a total quantity of 795 000 std, or some 13 per cent more than during 1957. As, however, a greater part than usual was left for delivery in 1959, the increase in exports was not in reality as great as indicated by the figures of sales. Exports of plywood were reduced, and were about one fourth less than in the peak year of 1955.

Round and hewn timber represented 7.8 per cent of the total value of exports. The decrease in export volume related in particular to pitprops, this being mainly due to a reduction in the output of coal and coke in the principal purchaser countries.

The share of metal industry products in the value of exports was 13.7 per cent. In the main these exports were directed to Eastern countries, although during the last few years, machinery for the wood-processing industry has in particular been sold to an increasing extent in Western markets. Owing to a heavy fall in exports of products of the metal industry to the USSR during the last quarter, the total volume of such exports was 12 per cent less than in 1957. The reduction related principally to machines, whereas exports of copper and copper products increased substantially.

Agricultural products represented a share of 4.3 per cent in the value of exports. The overproduction of milk in late years led to an increase in exports of dairy products, demanding considerable subsidising. The introduction of import restrictions in the United Kingdom, the first among purchasers of butter, together with an increase in home consumption, caused exports to fall off in spite of a growth in output. Exports of cheese attained a fresh peak.

Imports

Raw materials and accessories represented 51.3 per cent of the total value of imports, fuels and lubricants 14.0 per cent, finished producer goods 20.8 per cent and finished consumer goods 13.9 per cent. The composition of imports, by main groups, was thus largely the same as in 1956. The 1957 structure was exceptional in that the share of fuels and lubricants was as much as 17.6 per cent. As for the import volume, there was a reduction in all groups. Imports of finished consumer goods decreased least. The weak-

3. EXPORTS AND IMPORTS OF PRINCIPAL ARTICLES

<i>Exports</i>	Unit	1955	1956	1957	1958	Change in 1958 per cent
Round timber	1 000 cu. m	4 977	4 424	4 063	3 861	— 5
Sawn timber	1 000 stds	786	648	719	762	+ 6
Veneers and plywood	1 000 cu. m	321	230	260	239	— 8
Spools	tons	1 595	1 783	1 967	1 246	— 37
Prefabricated houses	1 000 sq. m	296	263	77	53	— 31
Doors	tons	747	4 583	3 521	4 369	+ 24
Mechanical pulp	1 000 tons	183	186	165	143	— 13
Sulphite pulp	1 000 tons	682	679	697	725	+ 4
Sulphate pulp	1 000 tons	447	452	474	476	+ 0
Newsprint	1 000 tons	470	537	551	585	+ 6
Kraft paper	1 000 tons	242	247	326	333	+ 2
Paper, other kinds	1 000 tons	193	213	232	229	— 1
Fibreboard	1 000 tons	61	49	60	83	+ 38
Board and cardboard	1 000 tons	110	106	134	145	+ 8
Products of board and paper	1 000 tons	23	34	46	34	— 26
Copper and copper products	tons	8 308	10 077	6 953	18 170	+161
Electrical machinery and appliances ..	tons	2 036	1 676	4 949	4 881	— 1
Machinery and apparatus, other	tons	19 743	21 015	27 677	20 338	— 27
Vessels (minimum 20 tons net)	1 000 g. r. t.	117	142	128	171	+ 34
Butter	tons	—	11 005	24 976	20 528	— 18
Cheese	tons	11 566	12 484	13 182	14 882	+ 13
<i>Imports</i>						
Wheat and rye	1 000 tons	374	401	408	384	— 6
Raw coffee	tons	29 786	32 649	30 281	31 377	+ 4
Sugar	1 000 tons	154	141	132	149	+ 13
Raw tobacco	tons	5 115	5 330	4 980	4 793	— 4
Edible fats	tons	27 351	18 895	26 273	15 329	— 42
Wool	tons	5 407	5 996	5 117	4 579	— 11
Cotton	tons	14 632	14 927	16 163	15 295	— 5
Wool and cotton fabrics	tons	4 001	4 510	4 182	3 678	— 12
Rubber and rubber products	tons	13 814	15 761	14 457	13 359	— 8
Chemicals and drugs	1 000 tons	259	236	280	255	— 9
Concentrated fodder	1 000 tons	90	134	73	57	— 22
Fertilizers	1 000 tons	416	466	519	414	— 20
Coal and coke	1 000 tons	2 508	2 511	2 864	2 225	— 22
Mineral oil, petrol etc.	1 000 tons	1 089	1 467	1 975	1 973	— 0
Iron and steel	1 000 tons	424	425	451	330	— 27
Electrical machinery and appliances ..	tons	11 763	13 009	13 641	13 319	— 2
Machinery and apparatus, other	tons	40 458	53 200	43 921	43 648	— 1
Automobiles and chassis	number	26 345	30 172	25 995	21 783	— 16
Tractors	number	10 361	10 009	9 616	8 434	— 12

ening of economic activity especially reduced the demand for finished producer goods; their imports were 3—7 per cent less during the first half-year but 22—25 per cent less during the latter half-year than during the corresponding periods of 1957.

TRADE BY COUNTRIES

The proportionate distribution of trade according to currency areas and according to countries is shown on page 12 in the statistical tables.

The regional distribution of both exports and, in particular, imports, changed in comparison with 1957. The share of the value of exports to OEEC countries increased from 56.8 per cent to 62.2 per cent, that of imports from these countries from 56.0 per cent to 62.6 per cent. The share of Eastern trade was considerably reduced. In 1957, trade with OEEC countries resulted in a deficit of 7 100 million marks and in 1958 in a surplus of 8 200 million. The corresponding figures for Eastern trade were a

deficit of 7 300 million marks in 1957 and a surplus of 1 800 million in 1958.

The change in the geographical distribution of imports was due to the liberalisation and to a reduction in the volume of imports. The distribution of exports was principally dependent on market conditions, and, as far as bilateral countries were concerned, on the course of imports as well.

The degree of liberalisation was highest as regards imports from multilateral-agreement countries. Calculated according to the structure and level of imports in 1954, about 82 per cent of all imports from those countries are now licence-free. Of the remaining 18 per cent, the greater part is determined by global quotas, whose limit is set in advance in terms of marks, although the choice of currency to be used in payment is left to the importer. Of imports from the dollar area, about 41 per cent, according to the 1954 basis, is subject to automatic licensing, the remainder being restricted.

The liberalisation of imports has created competition between foreign sellers, which has led to a reduction in import prices and to some shifts in purchasing countries. The decrease in imports from Eastern countries during 1958, was, however, largely due to a considerable drop in imports of certain raw

materials, fuels and lubricants, and to the prices of these commodities falling more than the average of import prices. Imports of these articles, mainly bought in Eastern Bloc countries, were very heavy in 1957, so that stocks were exceptionally large at the beginning of 1958. In making comparisons with the previous year, one should also bear in mind that during the first half of 1957, the strained foreign exchange position necessitated considerable curtailment of licensing in Western currencies.

The United Kingdom retained her leading position among purchaser countries with a share of 22.1 per cent of total exports. The USSR was first among suppliers; its percentage share in total imports was 18.0 per cent, or slightly higher than in 1957. The relative reduction in imports from the Eastern Bloc as a whole was thus brought about by a reduction in the share of other Eastern countries. The shares of Western Germany and Sweden in exports and, particularly, imports, grew appreciably. Exports to France, the most important of West European bilateral countries, rose, whereas imports from France fell off. Trade with the USA decreased, as it did with the whole of the dollar area.

ITEMS

New loan from the IBRD. On March 16, the International Bank for Reconstruction and Development and the Mortgage Bank of Finland Oy signed an agreement according to which the IBRD grants Finland a credit of 37 million dollars, or 11 800 million marks. The loan will run for 15 years, and amortisation begins in 1962. The rate of interest is 5 $\frac{3}{4}$ per cent. The loan is guaranteed by the Finnish Government.

The Mortgage Bank of Finland Oy will reloan the funds to nine private companies in the country's pulp and paper industry for expansion and modernisation of their plants. During the next few years the industry is planning to increase its productive capacity of chemical pulp by 25 per cent and newsprint by 30 per cent. The nine projects for which the loan was made represent a substantial part of the total investments involved. As

their cost will be a total of 28 000 million marks, the loan will provide about 40 per cent of the capital.

The IBRD has now made seven loans totalling 102 million dollars, or 33 000 million marks for the expansion of electric power production, agriculture and wood-processing in Finland. The loan granted this month is the largest of them.

*

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

Czechoslovakia, on February 23. Period: 1959. The value of trade will be at about the same level as in 1958 (5 700 million marks). Finnish imports will to some extent exceed exports, and the excess will be employed for balancing Finland's clearing account with Czechoslovakia. The Finnish export quota includes sawn timber, chemical pulp, paper, ore concentrates, copper, machinery, and cheese. The principal imports will be rolled products, motor cars, tractors, motor cycles, chemicals, and sugar.

USSR, on March 13. Period: 1959. The agreement is based on the five-year pact for 1956—1960. Finnish exports will amount to about 560 million roubles, or about as much as in 1958. Finnish imports will amount to 550—575 million roubles, or 10—15 per cent more than in 1958. The total value of trade will correspond approximately to the sum set down in the five-year pact, excluding tripartite arrangements.

Products of the metal and engineering industries will take a share of about 60 per cent of exports (abt. 50 per cent in 1958). Of this, shipbuilding products represent two thirds. The remainder of the products of the metal industry consists principally of

machinery for the wood-processing industry, copper products, wire and cables. The proportion of products of the wood and paper industries will be less than in 1958. The most important articles will be sawn timber, doors, window frames, furniture, chemical pulp and paper.

Finnish imports will include grain, sugar, fodder, naphtha products, coal and coke, products of ironworks and rolling mills, metals, motor cars, and machinery. In comparison with 1958 the principal changes are the following. Imports of cereals will increase. Imports of crude naphtha will be almost doubled whereas imports of petroleum and lubricants will diminish. The quota for motor lorries is 300, as against 1 000 in 1958, that for private cars 3 500—5 000 as against 5 500. Imports of aluminium, tin, and lead as well as a number of chemical products will increase greatly.

At the end of 1958, Finland had a claim of 53 million roubles on its clearing account with the USSR. It was agreed that Finland would not be called upon to balance this account during 1959. The USSR further agreed to accept in the form of goods amortisation of the 1954 gold loan of 40 million roubles. These agreements substantially increased Finland's possibilities of disposing of her products in the USSR.

The stipulation, contained in the five-year pact, that the USSR would annually settle 40 million roubles' worth of the payment for Finnish exports in free currencies, was retained.

The value of deliveries on the tripartite basis was estimated in the five-year pact at 120 million roubles annually. During the last two years, however, they have amounted to less than 10 million roubles, and for 1959, no agreements have been made.

BANK OF FINLAND

BOARD OF MANAGEMENT

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Governor

ESKO K. LEINONEN

A. SIMONEN

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

REINO ROSSI

SECRETARIES

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Credits

PERTTI TAMMIVUORI,
Administration

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

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