



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 31 No. 12

DECEMBER

1957

RECENT DEVELOPMENTS

THE MONEY SUPPLY AFTER THE DEVALUATION

The money supply offers an indirect measure of economic activity that is easily followed from month to month. The money supply can be expected to affect the volume of investments, consumption and transactions in real property. Its changes show the monetary reflections of the changes in the production.

In Finland the money supply, defined as the sum of the notes and coins held outside the banks, and the sight deposits of the public, shows comparatively small seasonal variations. The seasonal peaks are mostly attained in the last month of each quarter. The September peak has in recent years also been the annual maximum. The seasonal minima again occur in January, May, August and November, the January minimum being the lowest. The range of changes in the money supply is about 5 per cent on each side of the annual average.

In the first four months of the current year the money supply exceeded the 1956 level. From May to August, it remained considerably below the figures of the previous year. In September the money supply rose to about the same as one year previously. In October it decreased again, but this was a normal seasonal occurrence.

MONEY SUPPLY, 1 000 MILL. MK

	1955	1956	1957
January	90.0	95.3	100.2
February	92.9	96.6	100.3
March	98.0	100.6	101.7
April	96.7	99.4	100.1
May	97.0	103.0	97.8
June	101.1	107.4	103.3
July	96.1	106.6	100.4
August	98.4	103.5	99.3
September	100.8	112.0	111.1
October	100.5	107.6	106.9
November	101.9	107.1	106.7
December	102.0	109.6	..

The structure of the money supply has changed essentially since the devaluation, in that the notes and coins held outside the banking sector have remained as before, whereas sight deposits have increased both absolutely and proportionately. At the end of October, sight deposits exceeded those for one year previously by 1 600 million marks, and at the end of November correspondingly by 1 300 million marks.

Because the sight deposits chiefly consist of the cash of firms and communes, these sectors have felt the devaluation as a direct relief of their cash situation. On the other hand, the increase in money supply has eased the position of the banks, for the moment at

On page 18, Plan for the Expansion and Improvement of Economic Co-operation in the Nordic Countries

STOCK OF MEANS OF PAYMENT, 1 000 MILL. MK

By uses	August			September			October		
	1955	1956	1957	1955	1956	1957	1955	1956	1957
Notes and coins	45.8	53.0	48.7	45.3	52.8	49.4	46.2	50.8	48.3
Sight deposits	52.6	50.5	50.6	55.5	59.2	61.7	54.3	57.0	58.6
Term deposits	296.1	321.9	325.7	298.2	316.4	323.3	300.7	315.1	322.1
Government loans	11.2	10.5	9.6	11.1	10.3	9.6	11.2	10.4	9.7
Total	405.7	435.9	434.6	410.1	438.7	444.0	412.4	433.3	438.7
<i>By sources</i>									
Government borrowing from									
the banks (net)	40.2	39.5	42.9	39.8	44.3	50.6	36.2	39.8	44.9
Other bank loans	386.9	421.8	437.7	391.6	425.3	441.0	396.0	420.6	439.4
Foreign net assets	43.2	30.7	19.8	42.2	27.2	32.2	44.2	28.8	36.9
Other (net)	-64.6	-56.1	-65.8	-63.5	-58.1	-79.8	-64.0	-55.9	-82.5
Total	405.7	435.9	434.6	410.1	438.7	444.0	412.4	433.3	438.7

least, as the rediscounts in the Bank of Finland were from August to October reduced by about as much as the sight claims on the whole banking sector increased.

The uses of the stock of means of payment have not changed very much, as is illustrated by the above table. As the term deposits of the public remained about 5 000—7 000 million marks higher in 1957 than it had been in the previous year, the small rise in the stock of means of payment did not imply any increase in the money supply. The increase in the total stock of means of payment during the course of the year originated in the increase in term deposits, and the increase in money supply after the devaluation was not due to transfer from term deposits into cash. The development has led to a reduction of speculative cash.

In the sources of stock of means of payment, considerable changes have taken place as regards foreign net assets. The change from August to September in the bank loans

to the private sector was mainly due only to the change in the valuation of the loans in foreign currency, the negative counter-value of which is included in the item „Other (net)“.

The table above indicates that the sources of stock of means of payment increased much more slowly from 1956 to 1957 than during the 12 preceding months. The bank loans in particular increased only slightly as a result of the monetary policy applied by the Bank of Finland.

As apparently the foreign net assets will not increase to any marked degree before the end of the year and the net amount of the Government borrowing from the banks will stay at its present level, the stock of means of payment is not expected to change essentially. Corporate taxes due in December are likely to reduce the sight deposits, which will evidently cause changes in the money supply by the end of the year, whereby the cash will increase relatively.

December 18, 1957.

BANK OF FINLAND

Mill. mk

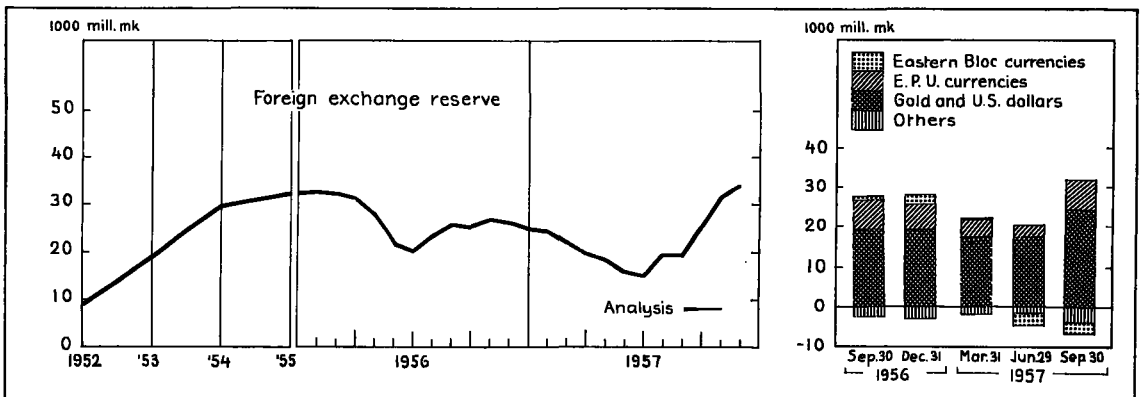
	1956		1957			
	Nov. 30	Dec. 31	Nov. 8	Nov. 15	Nov. 23	Nov. 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	32 698	32 300	41 828	41 610	42 296	42 736
Gold	7 849	7 849	7 850	7 850	7 850	7 850
Foreign exchange	21 827	21 561	31 067	30 849	31 535	31 975
Foreign bills	115	115	136	136	136	136
Foreign bonds	2 907	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	68 083	75 453	55 390	55 406	60 242	60 864
Inland bills discounted						
In foreign currency	9 448	9 366	13 300	13 385	13 425	13 436
In Finnish currency	15 958	14 922	14 664	14 190	13 741	13 625
Rediscounted bills	25 177	33 665	11 176	11 581	16 826	17 553
Treasury bond loan	17 500	17 500	16 250	16 250	16 250	16 250
<i>Other assets</i>	13 800	13 370	18 435	18 946	18 843	18 652
Finnish bonds	1 989	1 794	1 463	1 463	1 451	1 451
Cheque accounts	531	862	630	514	306	505
Finnish coin	339	354	362	361	334	348
Other claims	10 941	10 360	15 980	16 608	16 752	16 348
Total	114 581	121 123	115 653	115 962	121 381	122 252
Liabilities						
<i>Notes in circulation</i>	58 468	60 735	53 142	53 650	55 971	57 477
<i>Short-term liabilities</i>	16 462	24 725	18 981	18 610	21 234	20 161
Foreign exchange accounts	3 682	4 601	5 468	5 870	6 086	5 947
Mark accounts of holders abroad	6 755	7 047	7 710	7 696	7 284	7 145
Cheque account of the Treasury	4 091	10 550	4 309	3 919	7 091	6 041
Cheque accounts of banks	464	1 167	720	618	333	558
Other cheque accounts	338	367	205	142	175	134
Other short-term liabilities	1 132	993	569	365	265	336
<i>Long-term liabilities</i>	18 292	14 725	15 517	15 622	16 250	16 630
Foreign	8 248	8 290	12 170	12 255	12 266	12 277
Finnish	10 044	6 435	3 347	3 367	3 984	4 353
<i>Equalisation accounts</i>	8 736	8 074	14 625	14 676	14 448	14 418
<i>Bank's own funds</i>	12 623	12 864	13 388	13 404	13 478	13 566
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	806	812	1 838	1 838	1 838	1 838
Profits undisposed	6	—	—	—	—	—
Earnings less expenses	1 811	2 052	1 550	1 566	1 640	1 728
Total	114 581	121 123	115 653	115 962	121 381	122 252
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	32 698	32 300	41 828	41 610	42 296	42 736
Supplementary cover (Upper limit 58 000 mill. mk)	58 000	58 000	55 390	55 405	58 000	58 000
Total	90 698	90 300	97 218	97 016	100 296	100 736
Note issue						
Notes in circulation	58 468	60 735	53 142	53 650	55 971	57 477
Short-term liabilities	16 462	24 725	18 981	18 610	21 234	20 161
Undrawn on cheque credits	648	316	593	709	918	718
Unused right of note issue	15 120	4 524	24 502	24 047	22 173	22 380
Total	90 698	90 300	97 218	97 016	100 296	100 736

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

BANK OF FINLAND

Mill. mk

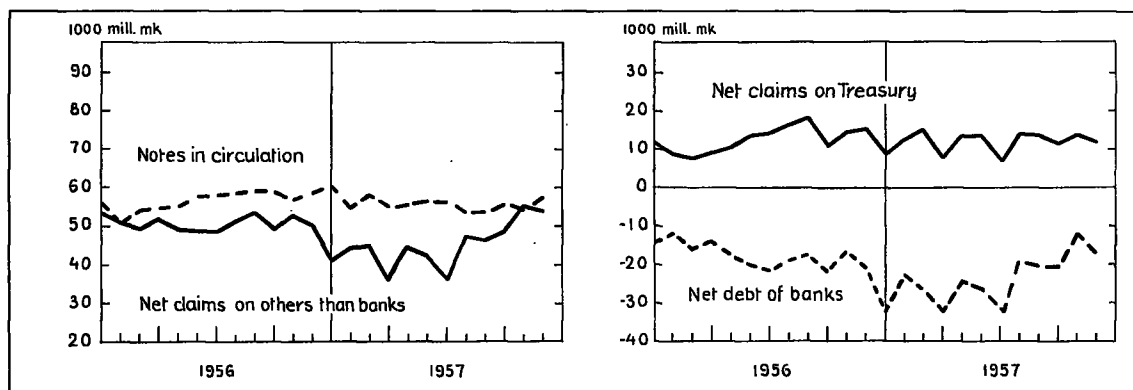
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Redis-counted bills	Liabilities		Net claims on the banks (7—8—9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
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
1956										
May	27 877	6 031	21 846	2 560	12 694	11 712	27 236	6 373	665	20 198
June	28 020	7 547	20 473	2 560	13 387	9 646	27 283	5 622	507	21 154
July	29 148	6 080	23 068	2 560	13 681	11 947	26 918	7 046	812	19 060
Aug.	31 221	5 745	25 476	2 560	13 726	14 310	23 513	5 497	690	17 326
Sept.	30 613	5 475	25 138	2 560	14 355	13 343	27 223	4 671	782	21 770
Oct.	30 519	3 801	26 718	3 022	14 773	14 967	20 892	3 960	447	16 485
Nov.	29 676	3 682	25 994	3 022	15 003	14 013	25 177	3 755	464	20 958
Dec.	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 176
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	—	32 318
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	—	24 486
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept.	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	—	20 494
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122
Nov.	39 825	5 947	33 878	2 911	19 422	17 367	17 553	—	558	16 995



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	5 470	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
1956	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1956										
May	20 410	6 940	13 470	20 588	20 005	40 593	9 290	1 279	30 024	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 541	1 100	31 426	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 674	1 124	29 888	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 288	1 127	28 140	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 885	948	32 530	58 831
Oct.	19 160	4 906	14 254	16 517	20 138	36 655	4 325	1 235	31 095	56 795
Nov.	19 160	4 091	15 069	15 958	19 260	35 218	4 349	1 470	29 399	58 468
Dec.	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	18 294	33 721	4 151	1 060	28 510	54 160
Feb.	19 160	4 103	15 057	15 755	18 803	34 558	4 057	841	29 660	58 245
March	19 160	11 414	7 746	17 181	19 201	36 382	4 074	573	31 735	54 967
April	19 160	5 466	13 694	16 984	19 628	36 612	—	706	35 906	55 764
May	17 910	4 210	13 700	16 943	20 252	37 195	—	784	36 411	56 311
June	17 910	10 543	7 367	17 485	21 873	39 358	—	605	38 753	56 177
July	17 910	3 799	14 111	17 484	21 633	39 117	—	558	38 559	53 471
Aug.	17 910	4 148	13 762	17 213	21 252	38 465	—	746	37 719	53 736
Sept.	17 910	6 406	11 504	16 269	29 465	45 734	—	370	45 364	55 828
Oct.	17 910	4 008	13 902	15 088	28 255	43 343	—	635	42 708	54 094
Nov.	17 907	6 041	11 866	13 625	28 632	42 257	—	470	41 787	57 477



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

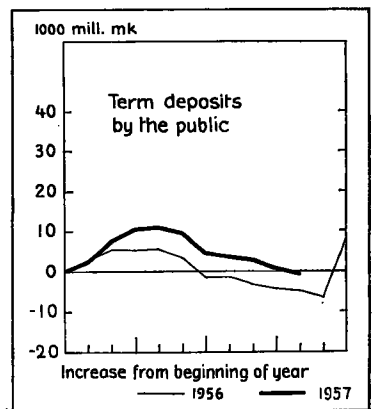
Mill. mk

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 central 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
1956										
May	33 620	40 799	9 669	97 684	109 704	62 476	33 401	15 691	318 994	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 365	372 689
July	37 040	45 098	9 583	95 701	108 382	61 779	33 136	15 362	314 398	369 079
Aug.	34 995	43 119	7 618	94 685	107 983	61 586	33 096	15 284	312 672	363 409
Sept.	36 666	43 786	15 675	94 176	107 675	61 159	33 209	15 253	311 510	370 971
Oct.	40 382	48 603	8 877	93 059	107 979	61 218	33 170	15 380	310 844	368 324
Nov.	38 283	45 619	9 043	91 960	107 641	61 128	33 001	15 380	309 148	363 810
Dec.	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*										
Jan.	36 315	43 381	9 491	97 684	113 247	64 187	34 489	16 347	325 991	378 863
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227
June	31 562	37 718	16 026	98 735	112 709	64 938	34 215	16 578	327 210	380 954
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148

Selling rates for foreign exchange

November 30, 1957

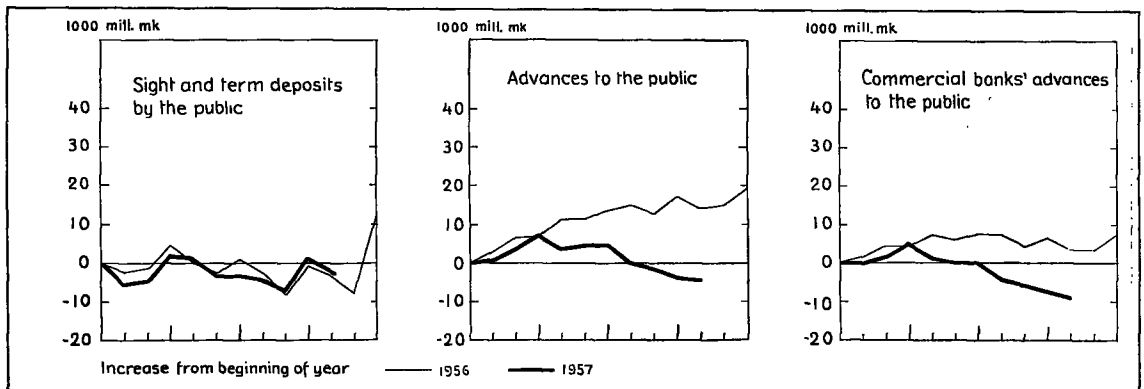
	mk		mk
New York ... 1 \$	321: —	Zürich 100 Fr	7 325: —
London 1 £	898: 50	Frankfurt a/M 100 DM	7 633: —
Stockholm ... 100 Kr	6 196: —	Prague 100 Kz	4 463: —
Copenhagen .. 100 Kr	4 640: —	Vienna 100 Sch	1 233: —
Oslo 100 Kr	4 495: —	Lisbon 100 Es	1 118: 50
Paris 100 Fr	75: 98	Montreal 1 \$	334: —
Brussels 100 Fr	641: 50	Moscow, clear 100 Rbl	8 035: —
Amsterdam ... 100 G	8 455: —		



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
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	82 448	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
1956	162 663	102 830	26 232	76 761	14 690	261 185	96 617	25 374	383 176
1956									
May	161 545	99 897	25 637	74 094	13 382	251 782	98 817	23 956	374 555
June	163 175	99 764	25 791	74 598	13 411	251 893	99 537	25 309	376 739
July	162 798	100 253	25 929	74 966	13 992	253 567	101 125	23 246	377 938
Aug.	159 760	100 951	26 210	74 978	14 059	255 663	98 018	22 277	375 958
Sept.	161 927	101 902	26 345	75 559	14 446	257 649	97 181	25 349	380 179
Oct.	158 945	102 418	25 940	75 244	14 646	258 633	96 134	22 426	377 193
Nov.	158 723	102 795	26 206	75 482	14 781	260 214	94 706	23 067	377 987
Dec.	162 663	102 830	26 232	76 761	14 690	261 185	96 617	25 374	383 176
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	261 165	97 901	24 948	384 014
Feb.	164 342	103 868	26 432	77 017	14 799	261 921	98 277	26 260	386 458
March	167 767	104 243	26 511	76 829	14 833	261 755	100 474	27 954	390 183
April	163 706	104 757	26 444	76 993	14 800	262 539	99 729	24 432	386 700
May	162 752	105 426	26 502	77 847	14 887	263 196	98 489	25 729	387 414
June	162 707	105 215	26 560	78 231	14 880	262 330	97 546	27 717	387 593
July	158 635	105 223	26 601	77 466	14 906	262 569	95 327	24 935	382 831
Aug.	156 906	105 840	26 708	77 277	15 033	262 949	94 007	24 808	381 764
Sept.	155 366	105 817	26 645	76 272	15 208	263 331	92 977	23 000	379 308
Oct.	153 597	106 543	26 468	76 663	15 298	264 761	91 441	22 367	378 569

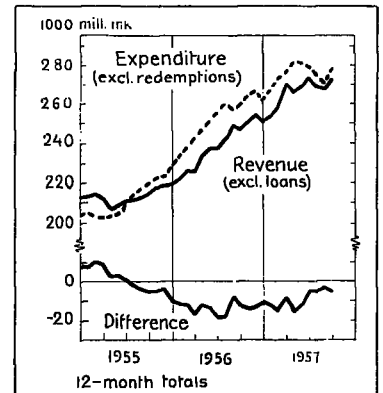


STATE FINANCES

1000 mill. mk

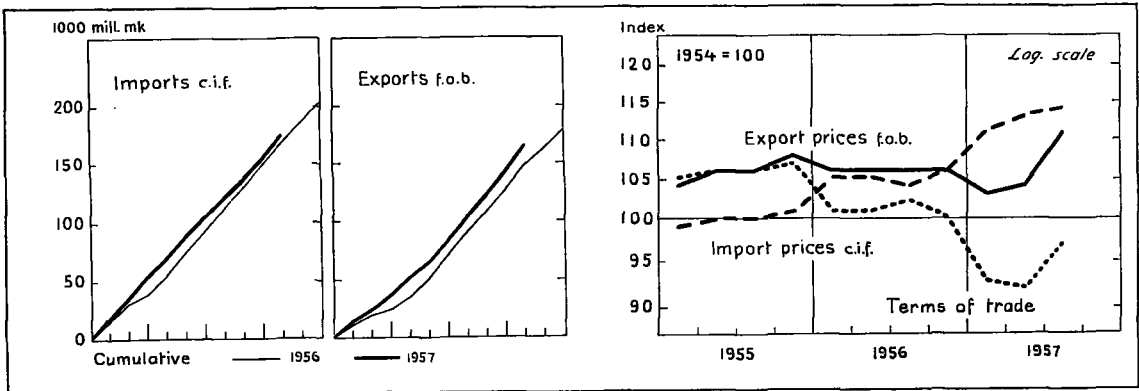
Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1956	1957		1956	1957
Income and property tax (net)	47.5	52.0	Interest on State debt	4.9	5.4
Gross receipts	(87.1)	(101.4)	Child allowances	15.0	15.1
Refunds and communal income tax	(-39.6)	(-49.4)	The State's share in national pensions	4.5	9.8
Other direct taxes	0.7	1.8	Compensations to war-disabled	6.6	6.4
Purchase tax	48.0	52.2	Transfer of employers' payments for national pensions to the National Pensions Institution	3.7	4.4
Import duties	32.5	32.9	Subsidies	28.4	20.5
Revenue from Alcohol Monopoly	16.1	17.2	Payments by Price Equalisation Fund	8.5	6.1
Excise duty on tobacco	10.8	12.6	State aid to agriculture	3.9	3.4
Other excise duties	3.5	3.6	State aid to communal and private schools	15.6	16.2
Stamp duties	7.5	8.9	Net loss of State enterprises	2.2	—
Employers' payments for child allowances and national pensions	17.4	17.1	Maintenance of roads	4.8	5.4
Receipts of Price Equalisation Fund	7.0	12.5	Other current expenditure	60.9	67.8
Other revenue similar to taxes	3.0	3.2	Current expenditure	159.0	160.5
Total taxes	194.0	214.0	Real investments	32.0	41.8
Interest and dividends	2.7	3.4	(of which: unemployment grants) ..	(16.0)	(22.3)
Net profit of State enterprises	—	0.1	Other capital expenditure	26.9	30.1
Other current revenue	5.8	7.6	Capital expenditure	58.9	71.9
Current revenue	202.5	225.1	Total expenditure	217.9	232.4
Capital revenue proper	3.6	4.4	Redemption of external loans	1.4	1.8
Decrease in inventories	2.7	1.0	Redemption of internal loans	4.1	5.3
Capital revenue	6.3	5.4	Redemption of indemnity bonds etc. ..	0.8	0.8
Total revenue	208.8	230.5	Index premiums	0.1	0.4
External loans	1.0	0.0	Redemptions	6.4	8.3
Internal loans	10.3	6.9			
Loans	11.3	6.9			
Short-term credit (increase +)	—	—			
Deficit (+) or surplus (-)	+4.2	+3.3			
Total	224.3	240.7	Total	224.3	240.7

Debt	1954	1955	1956	1957			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
External debt	62.1	61.3	61.5	59.9	82.7	82.7	82.2
Ordinary loans	36.1	43.0	50.7	51.4	52.1	52.1	52.2
Indemnity bonds etc. ..	8.8	6.8	7.1	7.2	7.2	7.2	7.3
Short-term credit	0.5	—	—	—	—	—	—
Cash debt (net)	4.3	5.9	8.8	12.7	18.0	12.8	..
Internal debt	49.7	55.7	66.6	71.3	77.3	72.1	..
Total debt	111.8	117.0	128.1	131.2	160.0	154.8	..
Total debt, mill. \$	484.0	506.3	554.5	567.8	498.3	482.1	..



FOREIGN TRADE

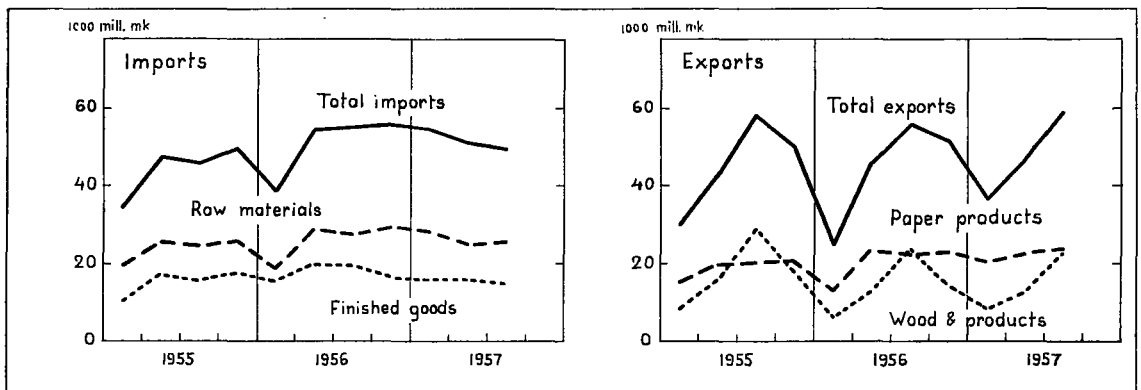
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
Jan.-Oct.										
1955	143 570	150 222	+ 6 652							
1956	168 125	147 124	-21 001							
1957*	176 016	165 834	-10 182							
1956										
Oct.	20 149	20 600	+ 451	106	111	99	109	108	106	100
Nov.	18 251	14 836	- 3 415							
Dec.	17 182	16 027	- 1 155							
1957*										
Jan.	19 104	13 330	- 5 774	103	104	95	108	110	111	93
Feb.	16 390	11 647	- 4 743							
March	18 787	11 261	- 7 526							
April	16 023	14 272	- 1 751	104	112	96	108	113	113	92
May	18 376	14 920	- 3 456							
June	16 325	17 625	+ 1 300							
July	16 019	19 636	+ 3 617	111	112	107	113	121	114	97
Aug.	15 454	18 702	+ 3 248							
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 626	+ 2 305							



FOREIGN TRADE BY MAIN GROUPS

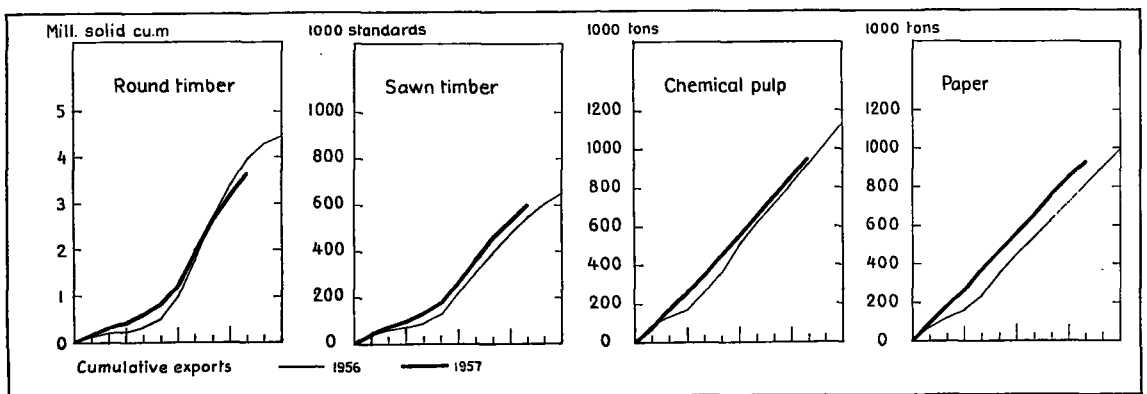
Mill. mk

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
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1955										
Jan.-Mar.	19 393	5 169	5 160	5 132	1 190	1 329	6 959	15 098	4 629	774
Apr.-June	25 284	4 822	7 538	9 528	767	3 440	12 313	19 865	5 043	1 348
July-Sept.	24 392	5 422	5 798	9 850	874	10 161	18 871	20 171	6 805	1 373
Oct.-Dec.	25 850	6 127	7 780	9 715	1 049	4 975	13 178	20 659	8 326	2 061
1956										
Jan.-Mar.	18 642	4 349	5 017	10 526	1 120	909	5 198	13 046	3 823	708
Apr.-June	28 857	5 810	8 569	11 181	1 738	3 062	9 855	23 466	6 204	1 614
July-Sept.	27 518	7 854	7 035	12 618	1 569	9 323	14 758	22 315	5 077	2 736
Oct.-Dec.	29 266	9 451	7 832	9 032	1 779	3 949	10 674	22 953	10 019	2 090
1957*										
Jan.-Mar.	27 907	10 684	6 719	8 971	2 017	1 711	6 607	20 517	4 105	1 282
Apr.-June	24 805	10 123	6 951	8 844	2 587	2 920	9 863	22 814	6 450	2 181
July-Sept.	25 775	8 976	6 083	8 858	2 240	7 862	14 986	23 971	7 584	2 451
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 004	715
Sept.	9 581	2 735	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 009	2 646	3 809	998	2 473	5 679	9 903	3 751	882
Jan.-Oct.	90 343	32 792	22 399	30 482	7 842	14 966	37 135	77 205	21 890	6 796



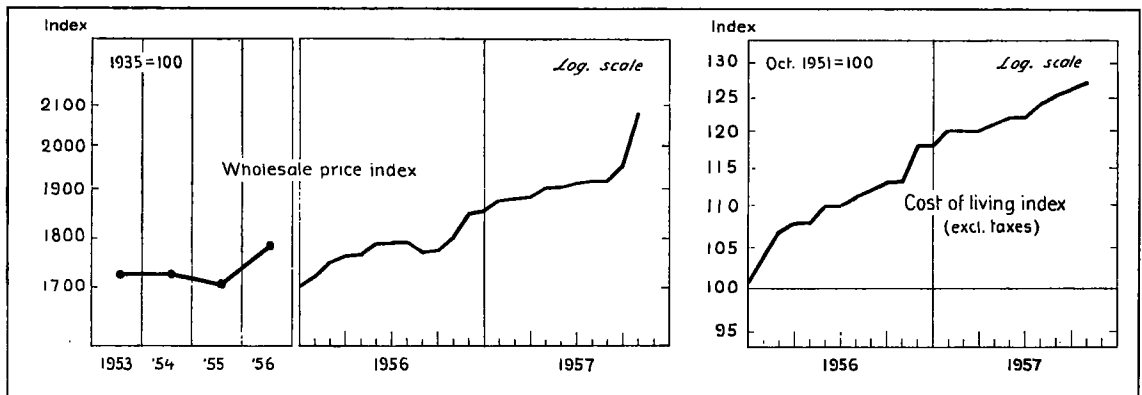
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid 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
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	185	680	452	105	48	537	998
Jan.-Oct.										
1955	4 343	671	269	152	562	366	92	50	382	738
1956	3 982	551	187	158	557	366	84	40	439	811
1957*	3 652	600	205	138	568	380	110	48	476	935
1956										
June	511	85	23	23	75	64	8	5	49	94
July	803	90	22	20	68	38	8	5	50	89
Aug.	856	91	15	14	55	45	9	2	51	94
Sept.	732	81	18	13	62	42	9	4	46	89
Oct.	581	71	22	23	69	41	10	5	50	92
Nov.	308	53	21	12	53	40	10	5	50	94
Dec.	134	44	22	16	69	47	11	4	48	93
1957*										
Jan.	160	48	19	12	55	36	10	6	49	89
Feb.	169	26	23	12	48	31	12	5	48	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	110
May	210	46	21	12	62	44	10	6	54	91
June	369	85	21	15	54	43	9	4	49	94
July	745	101	15	13	56	39	11	5	47	93
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	496	71	22	17	57	42	12	5	41	89



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—Oct.			Whole year		Jan.—Oct.		
	1955	1956	1956	1957*		1955	1956	1956	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	20.9	21.3	21.7	17.8	31 284	27.3	25.2	25.6	25.5	42 274
United Kingdom	20.3	20.4	20.9	17.0	29 910	24.0	21.4	21.7	22.5	37 248
Other OEEC countries ..	36.4	39.1	39.3	35.8	62 986	32.4	31.4	30.8	31.3	51 935
Belgium-Luxembourg	3.0	3.0	3.0	2.9	5 082	3.5	4.4	4.3	4.1	6 772
Denmark	3.6	2.6	2.7	2.1	3 731	3.0	2.5	2.5	2.6	4 310
France	6.0	5.8	5.7	5.3	9 286	4.7	5.3	5.1	5.2	8 638
Western Germany	9.0	11.8	11.9	10.5	18 482	9.1	8.7	8.7	9.0	14 906
Italy	1.1	1.4	1.3	1.6	2 841	1.2	1.4	1.2	1.3	2 165
Netherlands	3.6	4.0	4.1	3.4	6 026	4.4	3.6	3.6	4.3	7 053
Norway	2.2	1.8	1.9	1.2	2 101	1.3	0.6	0.7	0.4	655
Sweden	4.9	5.4	5.4	5.4	9 534	1.9	2.2	2.1	2.2	3 709
Switzerland	1.3	1.8	1.8	1.7	2 920	0.9	0.6	0.6	0.7	1 135
Turkey	0.5	0.4	0.4	0.3	550	1.0	0.7	0.6	0.4	652
Eastern Bloc	27.1	25.0	24.7	31.4	55 289	25.7	27.7	27.5	29.1	48 224
China	0.5	0.3	0.2	0.7	1 193	1.6	1.0	1.0	0.8	1 344
Czechoslovakia	2.7	2.4	2.4	3.3	5 812	1.0	1.3	1.2	1.5	2 356
Eastern Germany	2.7	2.3	2.2	2.6	4 623	2.2	2.2	2.4	1.9	3 216
Poland	4.8	4.4	4.5	5.6	9 924	2.0	2.3	2.3	3.3	5 531
Soviet Union	14.7	13.9	13.7	17.7	31 131	17.5	19.2	18.9	19.8	32 805
U.S. and Canada	5.4	6.7	6.4	6.4	11 349	5.8	6.7	7.0	5.3	8 740
United States	5.2	6.5	6.2	6.4	11 186	5.7	6.7	7.0	5.2	8 602
Latin America	7.4	5.6	5.7	5.7	10 038	5.5	5.7	5.7	5.1	8 395
Argentina	2.9	1.6	1.7	1.8	3 133	2.2	1.5	1.4	1.1	1 730
Brazil	4.1	3.3	3.3	3.5	6 137	2.6	2.9	3.0	3.0	4 925
Others	2.8	2.3	2.2	2.9	5 070	3.3	3.3	3.4	3.7	6 266
Grand total	100.0	100.0	100.0	100.0	176 016	100.0	100.0	100.0	100.0	165 834



PRICE INDICES

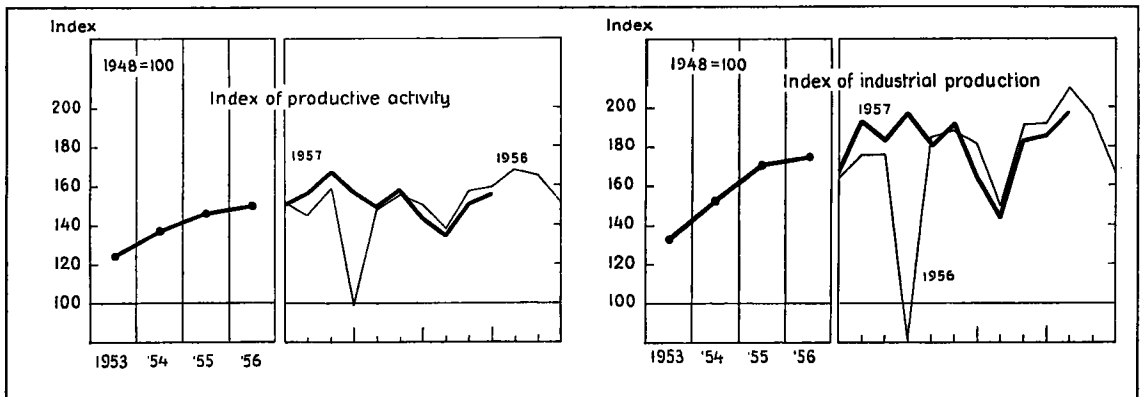
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	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
1956	1 785	1 869	1 926	2 975	1 478	1 605	1 293	909	1 901
1957									
Feb.	1 881	1 915	2 082	2 884	1 534	1 809	1 411	1 070	2 108
March	1 882	1 914	2 075	2 884	1 535	1 813	1 414	1 070	2 108
April	1 902	1 936	2 070	2 884	1 574	1 830	1 429	1 070	2 108
May	1 903	1 938	2 067	2 884	1 578	1 828	1 431	1 070	2 108
June	1 914	1 949	2 090	2 884	1 589	1 839	1 441	1 070	2 108
July	1 920	1 960	2 087	2 884	1 608	1 835	1 466	1 070	2 108
Aug.	1 919	1 958	2 123	2 834	1 610	1 834	1 472	1 070	2 108
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	1 480	1 070	2 108
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	1 546	1 107	3 168
Nov.	2 100	2 103	2 162	3 201	1 714	2 093	1 549	1 133	3 168

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
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
1956	111	117	218	95	76	108	109	101	123
1957									
Jan.	120	128	257	97	79	112	112	103	126
Feb.	120	128	257	97	79	112	112	103	127
March	120	128	257	97	79	112	112	103	125
April	121	129	257	98	79	116	113	104	128
May	122	129	257	97	80	117	113	104	129
June	122	130	257	97	80	117	114	104	132
July	124	134	257	97	80	118	114	104	132
Aug.	125	135	257	101	80	118	113	104	127
Sept.	126	136	257	99	80	119	113	104	126
Oct.	127	137	266	101	81	122	114	107	126
Nov.	127	136	272	104	81	123	116	111	125

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 1954 = 100	Working-days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
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	152	158	140	140	151	124	35 370	1 703	100	116
1955	170	177	156	153	173	125	38 600	1 709	116	344
1956	174	184	160	151	182	108	36 623	2 036	121	6 970
1956										
March	81	92	70	54	60	45	3 450	149	91	6 945
April	185	196	173	160	183	127	2 399	180	124	4
May	188	198	168	164	187	132	8 083	208	138	—
June	181	192	172	154	175	123	1 131	215	124	—
July	150	145	114	161	193	115	1 156	204	119	1
Aug.	191	201	167	168	205	116	1 659	185	139	1
Sept.	192	202	176	168	203	117	1 758	162	132	1
Oct.	210	224	195	179	216	124	2 463	148	136	4
Nov.	196	211	181	162	206	98	2 786	143	137	6
Dec.	166	177	158	139	177	85	3 287	155	118	1
1957										
Jan.	193	203	185	168	208	110	4 284	164	97	2
Feb.	183	192	171	162	194	115	4 658	152	106	6
March	197	207	183	176	217	117	3 481	170	125	9
April	180	190	165	157	184	118	2 323	195	119	3
May	191	198	172	175	213	120	11 010	220	121	76
June	164	177	153	135	163	95	1 492	225	111	16
July	145	141	108	153	194	94	1 613	215	106	—
Aug.	182	189	159	168	212	104	1 734	201	122	53
Sept.	185	190	167	173	214	114	1 991	176	132	28
Oct.	197	204	182	181	224	118	2 517	147

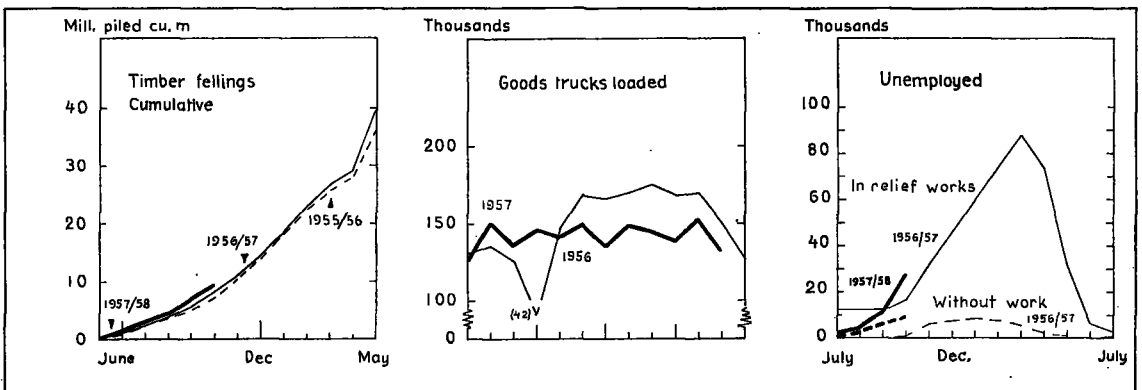
¹⁾ Figures for 1956 and 1957 revised but not final.



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July—Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1956									
Apr.-June	3.84	1.53	0.38	1.11	0.58	28.58	127	122	104.2
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	128	130	98.0
Apr.-June	3.08*	1.58*	0.31*	0.61*	0.38*	31.89*	128	127	95.8
July-Sept.	5.92*	2.47*	0.93*	1.02*	1.08*	30.89*	96.3

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	
	1956	1957	1956	1957*	1956	1957*	1956	1957	1956	1957
Jan.	136	151	283	372	298	310	4 374	8 296	33 447	60 169
Feb.	126	136	153	268	142	255	4 097	7 856	45 960	74 931
March	42	146	72	251	52	248	2 827	5 204	51 216	88 133
April	147	141	225	349	187	288	1 118	1 908	48 898	73 386
May	168	150	419	415	371	409	80	607	33 547	30 598
June	166	135	410	421	552	543	—	173	7 847	6 353
July	170	149	470	429	679	678	—	459	12 092	3 043
Aug.	175	145	442	436	699	676	—	2 040	12 209	4 140
Sept.	168	139	384	353	605	500	—	5 315	12 243	11 496
Oct.	170	153	434	380	567	478	847	8 997	16 698	27 877
Nov.	151	132	422	419	430	449	6 079	11 302	32 062	47 043
Dec.	127		438		354		7 366		45 094	



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. *Deposits against import licences* = importers' obligatory deposits of 10% of the value of the goods for which they have received import licences (from April 4, to June 1, 1956, 20% for goods for which licensing is not automatic). 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 has been refunded in full by the end of August 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on others than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditures*: 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 price indices (p. 9) represent unit values. Seasonal varia-

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.

tions are not eliminated. The indices 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 indices is corrected so that their arithmetic mean equals the annual index. Terms of trade: the ratio of export prices to import prices. Foreign trade by countries (p. 12); imports by countries of purchase, exports by countries of sale.

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. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. It is based on data compiled during a period of 12 working days in each of the months of Jan., Apr., July and Oct. The corresponding figure for the previous year = 100. *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 all labour engaged in relief works or other works financed from relief funds.

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 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 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (liberal) 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, 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: (1956) 4.3 millions. Sweden (1956) 7.3, Switzerland (1956) 5.0, Denmark (1955) 4.4 and Norway (1956) 3.5 millions.

DENSITY OF POPULATION (1956): In South Finland 24.1, in North Finland 3.9 and in the whole country an average of 14.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1956): 64.5 % of the population inhabit the rural areas, 35.5 % the towns and market towns. The largest towns are (1956): Helsinki (Helsingfors), the capital, 425 900 inhabitants, Turku (Åbo) 114 400 Tampere (Tammerfors) 115 600.

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 (1956): 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 (1956): births 20.7 ‰, deaths 9.0 ‰, increase 11.4 ‰. Deaths in France (1956) 12.4 ‰ and in Great Britain (1956) 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1956, in thousand million marks): Gross domestic product at market price 1 118. Net domestic product at factor cost, by industrial origin: agriculture 109 (13 %), forestry and fishing 88 (10 %), manufacturing 272 (31 %), construction 84 (10 %), transport and communications 68 (8 %), commerce, banking and insurance 106 (12 %), public activities 88 (10 %), other services 55 (6 %), total 870. Volume index 146 (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 118 for 1956 (1948 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

INDUSTRY (1955): Gross value of industrial production 750 000 mill. marks, number of workers 310 000, administrative employees 55 000, motive power (1955) 2.4 mill. HP. Index of industrial production 170 for 1955 (1948 = 100).

RAILWAYS (Dec. 31, 1956): Length 5 180 km, of which 5 020 km are State and 160 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (July 1, 1957): Steamers 283 (411 000 gross reg. tons), motor vessels 177 (341 000 gross reg. tons), sailing vessels with auxiliary engines 117 (12 000 gross reg. tons). Total 577 (764 000 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1956): Passenger cars 102 400, lorries and delivery vans 61 500, buses 4 900, others 2 700. Total 171 500.

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, 1956). There are three big and three small commercial banks with in all 548 offices, 413 savings banks, 575 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 (January 1, 1957). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¼ %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

PLAN FOR THE EXPANSION AND IMPROVEMENT OF ECONOMIC CO-OPERATION IN THE NORDIC COUNTRIES

BY
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THE NORDIC ECONOMIC COLLABORATION COMMITTEE

After the Second World War, the question of economic co-operation between the Nordic Countries was raised at the meeting of the foreign ministers of these countries in 1947. This led to the setting up of a joint economic commission in 1948. The report of this commission was discussed by the Nordic Council, composed of parliamentary representatives from these countries, in 1954. The Council agreed in principle upon the idea of expanding economic co-operation, and proposed that the governments of the Nordic Countries should be responsible for the taking of further, practical steps in the matter.

As a consequence of this recommendation, a meeting of representatives of the Danish, Norwegian and Swedish governments was held in October, 1954. The setting up of the Nordic Economic Collaboration Committee was decided upon at this meeting. The Committee was to draw up a report on mutual trade in the Nordic Countries, to discover in what fields duties and quantitative restrictions were sufficiently slight to allow the rapid implementing of a common market. Another task of the Committee was to establish the fields in which a common market would in particular offer advantages to all the countries involved, and where joint measures could be extended with

benefit. In addition, it was to find out how a common market of the Nordic Countries could be integrated with efforts to expand trade with other countries, as well as the obligations involved for the Nordic Countries in membership of international organisations. The Committee was also to study the factors influencing the comparative competing power of industry in the Nordic Countries.

Finland joined the Nordic Council in 1956, and has participated in the work of the Nordic Economic Collaboration Committee since the August of that year.

In its report published in October 1957 the Committee surveys the economic development of the Nordic Countries against the background of the world economy. The combined population of Denmark, Finland, Norway and Sweden is 20 million, i. e. less than 0.75 % of total world population. But the national income of these countries represents some 2.4 % of total world income. Their share in world trade is 4—5 %; they account for over 12 % of world merchant-shipping tonnage. The report includes the table shown below, indicating the Nordic Countries' export and import of goods according to countries and currency areas.

The annual growth of national income in the Nordic Countries has up till now been

EXPORT AND IMPORT OF GOODS OF THE NORDIC COUNTRIES IN 1955
(Percentually by Countries and Currency Areas)

	Denmark		Finland		Norway		Sweden	
	Export	Import	Export	Import	Export	Import	Export	Import
Other Nordic Countries	14	14	6	11	17	21	18	7
6-country group ¹⁾	27	37	23	22	24	28	32	41
United Kingdom	34	26	23	17	22	20	20	14
Other sterling countries	3	1	3	3	7	3	6	6
Other EPU countries	4	3	3	3	4	4	4	6
U.S.A. and Canada	8	8	6	6	10	13	6	10
Rest of World	10	11	36	38	16	11	14	16
Total	100	100	100	100	100	100	100	100

¹⁾ Belgium, Luxembourg, the Netherlands, France, Italy, Western Germany.

comparatively rapid. But the limited market for those of their products which are not easy to export outside the North tends to put the brake on this growth. This limitation is aggravated by the fact that the Nordic Countries have imposed protective tariffs against each other, and thus erected barriers to mutual trade.

After analysing the factors on which the potential economic expansion of the Nordic Countries depends, the Committee concludes that the national market of each country is too small for the promoting of this expansion. The Committee therefore proposes that the economic co-operation between Denmark, Finland, Norway and Sweden should be extended, especially by the establishment of a common commodity market in the form of a customs union. A common labour market has been in existence since July 1, 1954.

It is proposed that the common market should be implemented by the forming of a customs union to cover, at first, about 80 % of mutual trade between the Nordic Countries. The stipulations of the GATT agreement concerning customs unions allow such a restriction of the range of goods, provided that the customs union covers the essential trade of the member countries. The plan now put forward comprises almost all raw materials of Nordic industry, fuel and lubricants, a considerable number of finished industrial products such as all chemical, rubber, plastic, wood and paper industry

products, the majority of the products of the metal industry etc. The following are not included in the plan: products of agriculture and fishing, and those of the textile, leather, glass and finer ceramic industries.

The level of tariffs for countries outside the customs union, as provided for in the plan, cannot be stated in terms of a single figure. In principle, raw materials should be duty-free or subject only to a small duty, half-finished products to a slightly higher duty, with the highest duties on finished products. The tariffs proposals take into consideration the individual production interests of each country, while in fixing tariffs efforts have consistently been made to take processing costs into account.

The Committee has assumed that the removal of the customs duties between the Nordic Countries and the establishment of common external tariffs would be accomplished as soon as the plan was put into practice. It has also assumed that the import restrictions on common-market goods would be removed immediately in connection with the implementing of the common market. It is considered possible, however, that in exceptional cases some of the countries could, for certain products be granted the right to adopt the common tariff and repeal the internal duties within a transition period of from 5 to 10 years.

In accordance with the spirit of the GATT agreement, it is thought reasonable that, for the purpose of overcoming awkward balance

of payments difficulties, some country in given cases should be allowed to enforce quantitative import restrictions again. These difficulties must, however, be of a very severe nature before such restrictions on import goods of Nordic origin would be permitted.

While the common market is to be the chief form of the proposed extension of economic co-operation, it is suggested that this arrangement should be complemented by other forms of economic co-operation. The Committee has proposed some kinds of direct co-operation in production and investment, e. g. in the iron, steel, and motor industries, and in electric power production.

To facilitate the solution of the problem of capital, the foundation of a Nordic Investment Bank, with a capital of 300 million dollars, has been suggested. The task of the Bank would be to furnish loans and guarantees for the financing of such investment for production purposes as would be to the mutual interest of all the Nordic Countries, and for which the capital funds of one country alone would be insufficient.

There should also be co-operation in research and education, and in trade policy, e. g. to combat dumping.

The work of the Committee in its latter stages was rendered to some degree uncertain by the development of the plan for a free trade area in Western Europe. Denmark, Norway and Sweden have been involved in the initial attempts to clear the ground for this plan. The report of the Committee endeavours to analyse the potential effects of this plan on the expanding of Nordic economic co-operation. It states that the co-operation involved in the establishing of a common market for the Nordic Countries will have its own independent importance if in fact the West European free trade area does come into being. This conclusion is of especial significance to Finland, which

has not taken part in the OEEC negotiations concerning the free trade area. The Committee partly bases its conclusion on the fact that the Nordic market is planned to be put into effect much sooner than the free trade area is likely to be established. Moreover, the Nordic market, being based on the idea of a customs union, would be a more efficient system than a free trade area, in which the determining of the country of origin of the goods would be a difficult problem. It is also thought that the plan for increasing Nordic co-operation should be looked upon as a whole which includes co-operation in production etc. as a complement to the common market. The Committee intends to make a supplementary report, dealing further with such matters as the relation between the Nordic market and the free trade area.

The governments of the Nordic Countries will, within the next few months, discuss the report of the Committee with industrial and commercial organisations, so as to establish a preliminary basis for action. The chief economic organisations in Finland have been asked to comment on the report. The Nordic Economic Collaboration Committee met in November at Gothenburg for preliminary discussion of the report. Views on the plan were divergent. It was earlier intended to discuss the report at the end of January 1958 at the meeting of the Nordic Council at Oslo. It was decided at Gothenburg, however, that it would be better to postpone the meeting until the following October, so that a clearer picture of the form that the West European free trade area plan was likely to take could first be obtained.

After discussion by the Nordic Council, the plan can be submitted to GATT, if the governments of the four countries so decide. It would then have to be sanctioned by the parliaments of the Nordic Countries. It seems certain that, even from the technical

point of view, the plan could not be put into practice at the beginning of 1959, as was earlier thought.

As regards Finland, the report says that a Nordic market would present severe problems, unless Finland manages to reinvigorate her weakened powers of international competition. It has therefore been proposed that, if necessary, a short-term deferment in the implementing of the rules concerning the market should be granted to Finland even after she has ratified the convention for the expansion of Nordic economic co-operation.

The alteration in the rate of exchange on September 15, and the subsequent liberalisation of about three fourths of the imports

from Western European countries, have naturally had a considerable effect on Finland's position in relation to the plan for the Nordic market. It cannot be denied that, under the present circumstances, the putting into practice of the plan would be sure to cause Finland difficulties in production and employment in some fields, in the first stages at least. On the other hand, taking a long-term view, the international division of labour between the Nordic Countries would obviously be improved, a wider market for the characteristic products of each country would be opened up, and their chances of bettering production methods, both technically and economically, would definitely be increased.

ITEMS

Change of Governor of the Bank of Finland. Governor R. v. Fieandt resigned his Governorship on November 29, when he took up the post of Prime Minister. On December 18, the President of the Republic accepted the resignation, and on the 20th appointed Mr Klaus Waris, Phil. Dr., Governor of the Bank of Finland. — Mr Waris was a member ad int. of the Board of Management in 1952—1953. In 1954 he was appointed member of the Board and later in the same year Deputy Governor.

*

Change of Government. Mr Sukselainen's Cabinet handed in its resignation on October 18 (see Item in Bulletin No. 10). When the negotiations for the formation of a government on a party basis had not led to any solution, the President of the Republic entrusted the Governor of the Bank of Finland, Mr R. v. Fieandt, with the task of forming a government made up of officials. The new Cabinet was appointed on November 29. Mr R. Oittinen is Deputy Premier and Minister of Education. Mr P. J. Hynninen is Minister for Foreign Affairs, Mr L. Hietanen and Mr A. Karjalainen are Ministers of Finance, and Mr L. Kivekäs is Minister of Trade and Industry.

*

Liberalisation of imports. The liberalisation of the imports from Western European countries carried out on October 1, was for technical reasons at first realised within the scope of the automatic licensing. (For details see Item in Bulletin No. 9.)

By a Decree of November 21, the Government abolished licensing for the liberalised imports beginning on December 9. The list of the liberalised goods accompanying the Decree is the list of automatic licensing with only slight changes. The Decree relates to the imports from the Belgo-Luxemburg Economic Union, Italy, the Netherlands and the United Kingdom, and their overseas territories, Austria, Denmark, the Federal Republic of Germany, Norway, Sweden and Switzerland. In comparison with the 1954 imports, the free list corresponds to about 78 per cent of the imports from these countries.

*

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

USSR, on December 4. Period: 1958. The agreement is based on the five-year pact for 1956—1960, in which Finnish exports for 1958 were estimated at 630 million roubles, and the imports from the USSR at 470 million roubles. According to the recent agreement, both imports and exports, including the prepayments made by the USSR, will exceed the level stipulated by the five-year agreement. Detailed purchases and sales agreements will this time largely be made later on, and consequently the final value of the goods to be exchanged cannot yet be estimated. The surplus of Finnish exports, which will remain considerably below the five-year estimate, will be balanced partly by payments in Western currencies and partly by deliveries of goods under tripartite agreements with other

countries of the Eastern Bloc. The extent of these deliveries will depend on negotiations to be carried out with the countries concerned. In the five-year agreement, the tripartite deliveries were valued at 120 million roubles a year, but in 1956 they remained at 98 million roubles and in 1957 at 10 million roubles only.

Of the Finnish exports in 1958, a full half will consist of products of the metal industry. The principal articles are to be vessels, and machinery for the wood and paper industries. The share of the wood-working industry in the total exports exceeds 40 per cent. Within this group, the quantities of sawn goods and boxboards to be exported will be reduced. The deliveries of doors, window frames and furniture will greatly increase. Other important export goods of the woodworking industry are mechanical and chemical pulp, and paper and paper products.

Finnish imports will include grain, sugar, fodder, naphtha products, coal and coke, products of the iron works and rolling mills, metals, motor cars, and machinery. The most important changes in the 1958 deliveries relate to naphtha products and fuel: the imports of crude naphtha will increase substantially, whereas the imports of petrol and petroleum will be reduced. The imports of solid and liquid fuel will be greatly increased.

In accordance with the agreement of February 1957, the advance payments made by the USSR for part of the price of ves-

sels, machinery and other goods on long-term delivery will from January 1, 1958, be immediately booked on clearing account. Until now, they have been booked on a special prepayments account, and transferred to clearing account only as the goods concerned have been delivered. The balance on the prepayments account on that date will be treated according to the present system until it disappears.

Columbia, on November 29. Period: 1958. Columbia will grant licences for exports of coffee to Finland to a value of \$4 mill., and is prepared to raise this amount, should Finland desire to import more. Exports from Finland will be permitted to a corresponding value. No commodity lists are attached to the agreement.

Equador, on December 11. According to the agreement each country undertook to grant the most liberal treatment possible as to mutual trade furnishing import and export licences within the scope of the stipulations in force. Payments will take place in US dollars. Indicative lists which cover such goods as are available in each country for exportation to the other party to the agreement are appended. The indicative lists will be endorsed for one year at a time. The export list of Finland includes plywood, wallboards, paper, cardboard, paper and cardboard products, products of the engineering industry, chinaware, and glass. Finnish imports will include cocoa, coffee, rice, vegetable oils and fats, and fruit.

BANK OF FINLAND

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Governor

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ESKO K. LEINONEN

A. SIMONEN

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Administration

HERO ASP,
Foreign affairs

AHTI KARJALAINEN,
Information
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Government)

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