



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 32 No. 6

JUNE

1958

RECENT DEVELOPMENTS

AGRICULTURE

Of late, the dominant problem in agricultural policy has been the export of dairy products. Marketing difficulties have been encountered in this field, and the export subsidies entailed have proved a heavy burden on the State economy. Again, from the stand-point of agriculture the over-production of dairy products is not a separate problem, but is closely connected with the questions of the structure of agricultural production as a whole, and the size of agricultural income.

The chief emphasis in Finnish agricultural production has been laid on livestock, and on milk in particular. In the crop year 1955/1956, milk accounted for about 60 per cent of the value of production. The main reason for this is that the majority of the farms are small holdings. Furthermore, in recent years, certain special factors have made for a change-over to dairy production. In the first place, during the last few years the weather has been relatively favourable for the production of fodder. On the other hand, cereals have suffered from rains, and, as a result of their consequent poor quality, have been used as fodder more than was formerly the case. Secondly, because of the relatively low prices, concentrated fodder has been imported on a liberal scale. Since the mechanization of farming has led to a rapidly diminishing use of the horse, more fodder has been available for the production of milk.

The increase in milk production during the last few years is illustrated in the table

below. Figures concerning the output and net export of dairy butter and cheese are also given.

		Milk output	Dairy butter output	export (net)	Cheese output	export (net)
		millions of kg				
1955	..	2 856	48.7	— 7.6	22.2	11.6
1956	..	3 085	65.7	10.3	28.2	12.5
1957	..	3 153	72.0	25.0	23.5	13.2

The consumption of milk having remained relatively steady from year to year, the increase in milk production has led in particular to an increase in the output of butter. Thus the production of dairy butter increased from 1955 to 1957 by about 48 per cent. Since the Government has, however, endeavoured to reduce subsidies, the resulting rise in consumer prices has limited the increase in domestic consumption of butter. The drop in purchasing power and a shift towards margarine have had a similar effect — the consumption of margarine increased from 1955 to 1957 by some 11 million kg, i. e. by about 47 per cent. The consequent surplus of butter had to be sent abroad, although this export had to be comparatively heavily subsidised. The bulk of it was sold to the United Kingdom.

The weakening of demand in the international market has, however, recently caused considerable difficulties in the exportation of butter. Moreover, the drop in prices has meant an increase in government export subsidies, at a time when a vigorous effort is being made to reduce subsidies on domes-

**On page 18, The Prospects
for Finland's Energy Supplies**

tic consumption. In May, the United Kingdom informed Finland that she should cease subsidising exports, or limit her exportation to less than its pre-war level, i. e. to about 7.5 mill. kilograms annually, as otherwise the United Kingdom would be compelled to impose duties which would obviously bring Finnish butter exports to a standstill. Since the export volume to the United Kingdom last year was 20.6 mill. kilograms, this decision implies a reduction in export of about 12—13 mill. kg annually. It is true that the USSR has made preliminary promises to buy 12 mill. kilos of butter, but such questions as the terms of delivery, prices, continuity of export, etc. are at the moment still open. But, since exportation is not economically profitable, for the simple reason that the imported cattlefeed necessary for one kilogram of butter costs as much as the butter earns on the international market, in the long run this cannot be considered the solution to the problem.

Although the aims of agricultural policy have been chiefly concerned only with the satisfaction of home demand, in practice it has proved difficult to avoid a surplus of butter. As the prices of only a few agricultural products keep up with the price level of international trade, because of duties, import controls etc., it has not proved possible to regulate production on this basis. Instead, efforts have been made to restrict production by cutting down on imports of foreign concentrated fodder. Hence, from September to April of the current crop year, the import of oil-cake was 66 per cent less than that of the previous year. The use of foreign cattle-feed as a whole this year might amount to one third of that of the crop year 1956/1957.

The use of price policy in regulating dairy production is limited, for one thing because such measures might easily adversely effect the farmers' income. By the provisions of the law passed in 1956, agricultural income is tied to the general level of wage-earners' income. Thus, when the level of earnings

goes up, the prices of agricultural products must be raised, or agricultural costs reduced. Again, if export subsidies are increased, agricultural prices will be reduced, or costs increased. With such a system in force — the law is valid for the crop years 1956/57—1958/59 — price changes can only be effected on a limited scale, and a changing of agricultural income, other than through the price of milk, would always give rise to extremely large comparative changes in prices.

While the present law has been in force, the producer price of milk has been raised by about 5 per cent, and that of cereals by about 29 per cent. Thus, as a result of the devaluation last autumn, the level of export subsidies for agricultural products for the year dropped by about 3 000 mill. marks; agriculture was compensated for this by raising the producer price of milk by 1:75 marks per kilogram in March. To reduce the export of butter, it was decided in March, and again in June, to cut the retail price of butter, with the help of subsidies.

For the coming crop year, beginning next September, it is estimated that agricultural income must be increased by 4—5 000 mill. marks. This is chiefly because of increases in the wage-earners' income. If at the same time the subsidies paid to keep down the prices of fertilizers are also reduced — subsidies by means of which fertilizer prices have been kept at the level prevailing before the devaluation — this sum will be even greater. In this connection, for the reasons given above, the re-directing of agricultural production from milk to grains has been considered. Since domestic production has only satisfied 40 per cent of the home demand for grains in recent years, an increase in grain production would from this point of view be possible. However, the accomplishment of such a change in the structure of production will evidently be difficult within the framework of the existing agricultural income law.

June 12, 1958

BANK OF FINLAND

Mill. mk

	1957		1958			
	May 31	Dec. 31	May 8	May 14	May 23	May 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	25 968	41 340	46 168	46 256	46 793	47 490
Gold	7 849	7 850	7 850	7 850	7 850	7 850
Foreign exchange	15 229	30 579	34 381	34 469	35 006	35 703
Foreign bills	115	136	1 162	1 162	1 162	1 162
Foreign bonds	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	69 483	64 811	52 826	52 240	52 349	52 220
Inland bills discounted						
In foreign currency	9 641	13 240	13 185	13 185	13 406	13 415
In Finnish currency	16 943	12 909	17 132	17 302	17 388	17 710
Rediscounted bills	26 649	24 912	14 384	13 628	13 430	12 970
Treasury bond loan	16 250	13 750	8 125	8 125	8 125	8 125
<i>Other assets</i>	14 199	19 786	18 466	18 345	19 077	18 976
Finnish bonds	1 556	1 258	1 162	1 311	1 614	1 614
Cheque accounts	477	619	618	329	422	334
Finnish coin	372	299	577	579	593	601
Other claims	11 794	17 610	16 109	16 126	16 448	16 427
Total	109 650	125 937	117 460	116 841	118 219	118 686
Liabilities						
<i>Notes in circulation</i>	56 311	60 640	56 698	58 448	57 750	59 038
<i>Short-term liabilities</i>	19 511	20 581	17 591	15 220	16 609	15 355
Foreign exchange accounts	7 104	4 569	2 709	2 916	2 973	2 831
Mark accounts of holders abroad	7 227	7 901	2 944	2 956	2 947	3 214
Cheque account of the Treasury	4 210	5 145	7 908	4 938	7 413	6 155
Cheque accounts of banks	186	2 405	725	1 389	537	271
Other cheque accounts	260	189	275	216	215	357
Other short-term liabilities	524	372	3 030	2 805	2 524	2 527
<i>Long-term liabilities</i>	10 977	16 249	16 767	16 783	17 557	18 177
Foreign	8 667	12 284	12 138	12 137	12 360	12 342
Finnish	2 310	3 965	4 629	4 646	5 197	5 835
<i>Equalisation accounts</i>	10 262	14 458	11 820	11 797	11 700	11 497
<i>Bank's own funds</i>	12 589	14 009	14 584	14 593	14 603	14 619
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed	—	—	1 085	1 085	1 085	1 085
Earnings less expenses	751	2 171	575	584	594	610
Total	109 650	125 937	117 460	116 841	118 219	118 686
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	25 968	41 340	46 168	46 256	46 793	47 490
Supplementary cover						
(Upper limit 58 000 mill. mk)	58 000	58 000	52 826	52 240	52 349	52 220
Total	83 968	99 340	98 994	98 496	99 142	99 710
Note issue						
Notes in circulation	56 311	60 640	56 698	58 448	57 750	59 038
Short-term liabilities	19 511	20 581	17 591	15 220	16 609	15 355
Undrawn on cheque credits	746	624	635	924	831	920
Unused right of note issue	7 400	17 495	24 070	23 904	23 952	24 397
Total	83 968	99 340	98 994	98 496	99 142	99 710

Lowest Bank rate since April 19, 1956, 6 1/8 per cent

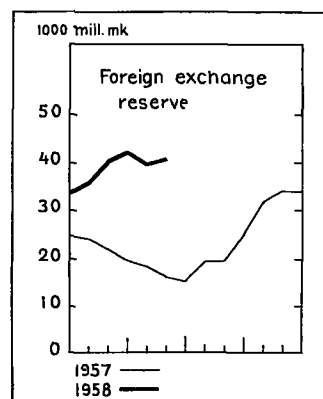
BANK OF FINLAND

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
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	— 55	32 373
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	— 95	24 581
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. ¹⁾	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	— 565	21 059
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
Dec.	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
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

¹⁾ Devaluation, September 16.

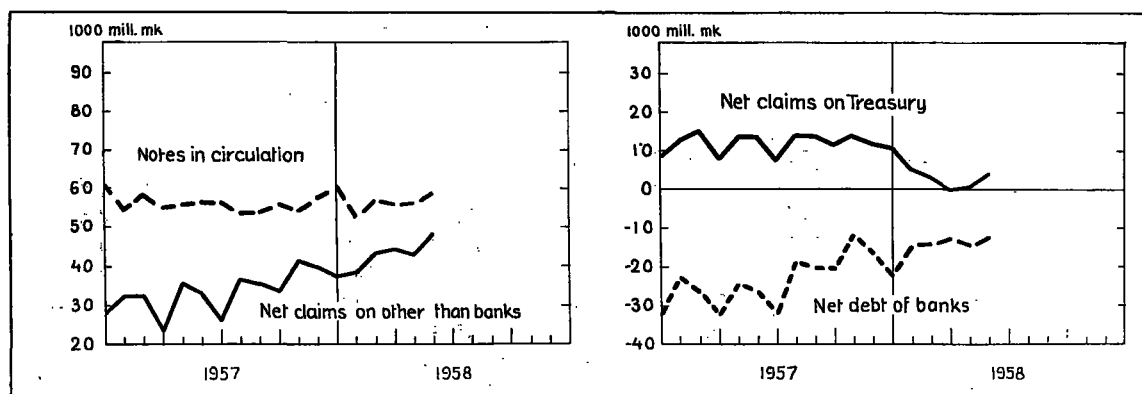
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	March 31	April 30	May 31
Gold	7.8	7.8	7.8	7.8	7.8
Convertible currencies	16.0	17.8	16.1	14.8	13.2
Transferable EPU »	3.2	3.9	5.1	4.3	4.9
Non-transferable EPU »	2.0	4.4	6.0	6.2	7.1
Eastern Bloc currencies ..	-3.4	2.0	7.8	7.8	9.1
Other currencies	-4.8	-2.0	-0.8	-1.3	-1.4
Total	20.8	33.9	42.0	39.6	40.7



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
1957										
March	19 160	11 414	7 746	17 181	10 498	27 679	4 074	573	23 032	54 967
April	19 160	5 466	13 694	16 984	10 491	27 475	—	706	26 769	55 764
May	17 910	4 210	13 700	16 943	10 823	27 766	—	784	26 982	56 311
June	17 910	10 543	7 367	17 485	11 152	28 637	—	605	28 032	56 177
July	17 910	3 799	14 111	17 484	10 787	28 271	—	558	27 713	53 471
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
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



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	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1957*										
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
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
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

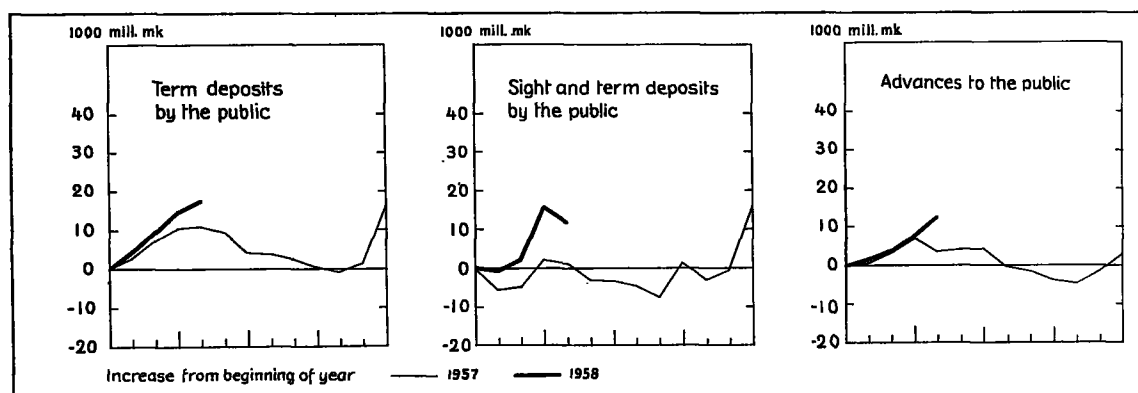
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	
July	10 227	55 500	
Aug.	12 235	58 398	
Sept.	13 883	73 815	
Oct.	17 461	77 571	
Nov.	20 442	80 155	
Dec.	22 462	82 443	

Selling rates for foreign exchange			
May 31, 1958			
	mk		mk
New York ... 1 \$	321:—	Zurich 100 Fr	7 330:—
London 1 £	896: 50	Frankfurt a/M 100 DM	7 662:—
Stockholm ... 100 Kr	6 195:—	Prague 100 Kz	4 463:—
Copenhagen .. 100 Kr	4 634:—	Vienna 100 Sch	1 237:—
Oslo 100 Kr	4 482:—	Lisbon 100 Es	1 118: 50
Paris 100 Fr	76: 37	Rome 100 Lit	51: 35
Brussels 100 Fr	643:—	Montreal 1 \$	332:—
Amsterdam ... 100 G	8 458:—	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	99 038
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	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1957*									
March	167 767	104 243	26 511	76 829	14 833	362 229	27 954	390 183	101 686
April	163 706	104 757	26 444	76 993	14 800	362 268	24 432	386 700	100 141
May	162 752	105 426	26 502	77 847	14 887	361 685	25 729	387 414	97 842
June	162 707	105 215	26 560	78 231	14 880	359 876	27 717	387 593	103 303
July	158 635	105 223	26 601	77 466	14 906	357 896	24 935	382 831	100 434
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 299
Dec.	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	112 147
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	113 258
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	..
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	..
May	167 137	110 001	26 832	80 002	17 678	377 191	24 459	401 650	..

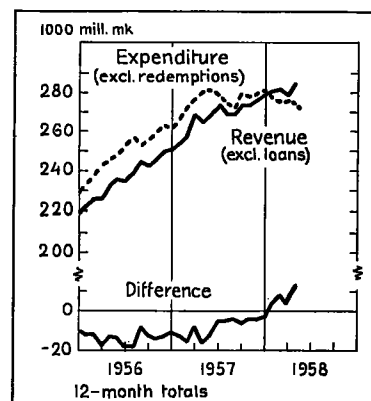


STATE FINANCES

1000 mill. mk

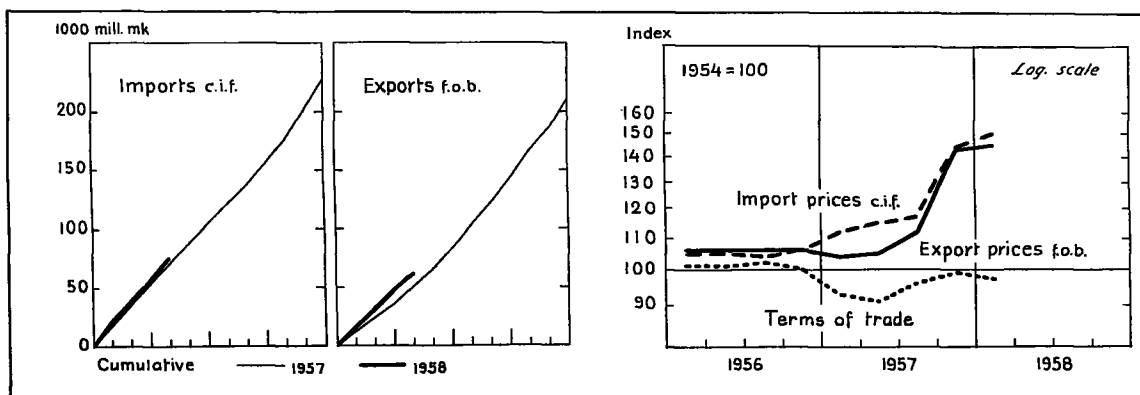
Revenue	Jan.—April		Expenditure	Jan.—April	
	1957	1958		1957	1958
Income and property tax (net)	26.6	20.3	Interest on State debt	2.1	2.5
Gross receipts	41.3	39.2	Child allowances	5.0	5.1
Refunds and communal income tax	(-14.7)	(-18.9)	The State's share in national pensions	3.7	2.3
Other direct taxes	0.4	0.3	Compensations to war-disabled	2.8	2.7
Purchase tax	20.2	19.6	Transfer of employers' payments for national pensions to the National Pensions Institution	1.2	1.8
Import duties	12.5	12.5	Subsidies	8.1	6.0
Revenue from Alcohol Monopoly	6.7	6.0	Net payments by Price Equalisation Fund	—	—
Excise duty on tobacco	3.9	4.8	State aid to agriculture	0.9	0.8
Excise duty on liquid fuel	—	1.0	State aid to communal and private schools	7.4	7.5
Other excise duties	1.4	1.3	Net loss of State enterprises	1.5	2.0
Tax on automobiles and motor cycles	—	0.4	Maintenance of roads	1.6	1.6
Stamp duties	4.1	4.5	Other current expenditure	27.1	27.3
Levy on export proceeds	—	8.1	Current expenditure	61.4	59.6
Employers' payments for child allowances and national pensions	6.5	7.1	Real investments	21.7	21.2
Net receipts of Price Equalisation Fund	1.9	2.4	(of which: unemployment grants) ..	(14.5)	(12.6)
Other revenue similar to taxes	1.1	0.9	Other capital expenditure	15.0	7.4
Total taxes	85.3	89.2	Capital expenditure	36.7	28.6
Interest and dividends	1.0	1.1	Total expenditure	98.1	88.2
Other current revenue	2.5	2.5	Redemption of external loans	0.7	1.1
Current revenue	88.8	92.8	Redemption of internal loans	3.6	4.4
Capital revenue proper	2.0	1.7	Redemption of indemnity bonds etc. ..	0.3	0.3
Decrease in inventories	—	2.8	Index premiums	0.2	0.4
Capital revenue	2.0	4.5	Redemptions	4.8	6.2
Total revenue	90.8	97.3	Total	102.9	94.4
External loans	—	—			
Internal loans	3.8	0.6			
Loans	3.8	0.6			
Short-term credit (increase +)	+3.8	+3.0			
Deficit (+) or surplus (—)	+4.5	-6.5			
Total	102.9	94.4			

Debt	1955	1956	1957	1958		
	Dec.	Dec.	Dec.*	March	April	May
External debt	61.3	61.5	82.2	81.1	81.1	80.8
Ordinary loans	43.0	50.7	52.7	48.8	48.8	50.3
Indemnity bonds etc. ..	6.8	7.1	7.4	7.5	7.5	7.6
Short-term credit	—	—	—	3.0	3.0	3.0
Cash debt (net)	5.9	8.8	10.7	9.5	4.2	..
Internal debt	55.7	66.6	70.8	68.8	63.5	..
Total debt	117.0	128.1	153.0	149.9	144.6	..
Total debt, mill. \$	506.3	554.5	476.7	466.9	450.3	..



FOREIGN TRADE

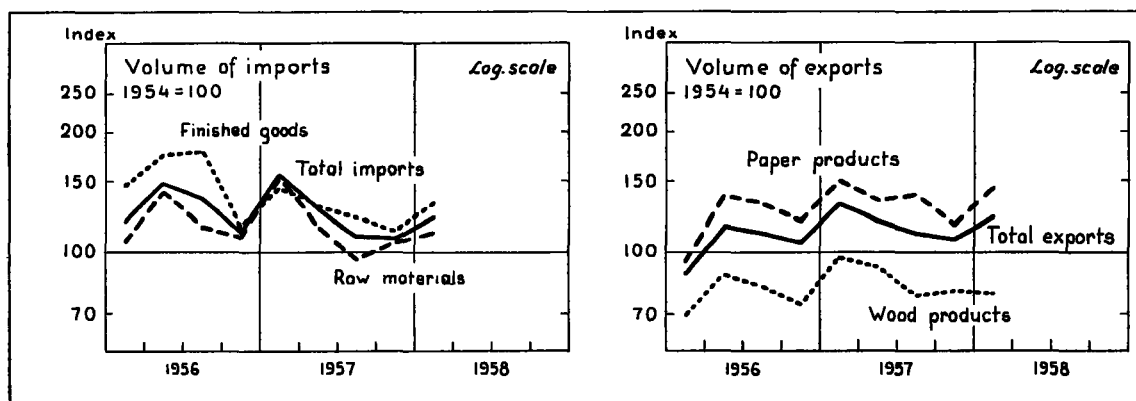
Period	Value, mill. mk			Price indexes, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (—) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
Jan.— April										
1956	54 303	34 784	— 19 519							
1957	70 304	50 510	— 19 794							
1958*	75 422	62 102	— 13 320							
1957										
May	18 376	14 919	— 3 457							
June	16 325	17 625	+ 1 300							
July	16 019	19 636	+ 3 617							
Aug.	15 454	18 702	+ 3 248	112	112	110	113	120	117	96
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 589	+ 2 268	143	145	144	147	143	144	99
Nov.	25 034	22 257	— 2 777							
Dec.	26 877	24 332	— 2 545							
1958*										
Jan.	20 506	15 510	— 4 996	145	143	142	143	170	150	97
Feb.	18 288	14 728	— 3 560							
March	17 967	16 814	— 1 153							
April	18 661	15 050	— 3 611							



FOREIGN TRADE BY MAIN GROUPS

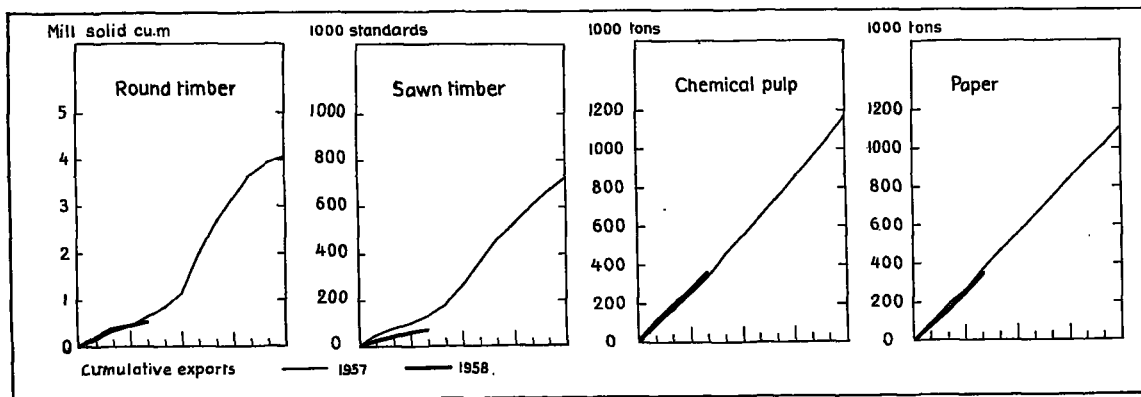
Mill. mk

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
1957	117 424	40 238	28 912	41 353	10 169	17 095	48 287	97 638	30 433	8 763
Jan.—April										
1957	35 788	13 541	9 001	11 974	2 810	2 639	8 940	28 617	6 010	1 494
1958*	38 330	9 884	10 596	16 612	3 604	2 571	10 333	35 512	7 474	2 608
1957										
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
April	7 880	2 857	2 283	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 462	2 098	707
June	7 695	3 938	1 871	2 821	909	1 401	4 622	7 252	2 447	994
July	7 765	3 492	1 877	2 885	700	2 821	5 089	7 291	2 783	952
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 304	841	1 077	2 764	8 590	1 700	538
Feb.	8 479	2 908	2 213	4 688	1 267	795	2 505	8 340	1 280	541
March	9 621	1 885	2 641	3 820	770	325	2 497	9 270	3 082	870
April	9 652	2 147	3 062	3 800	726	374	2 567	9 312	1 412	659



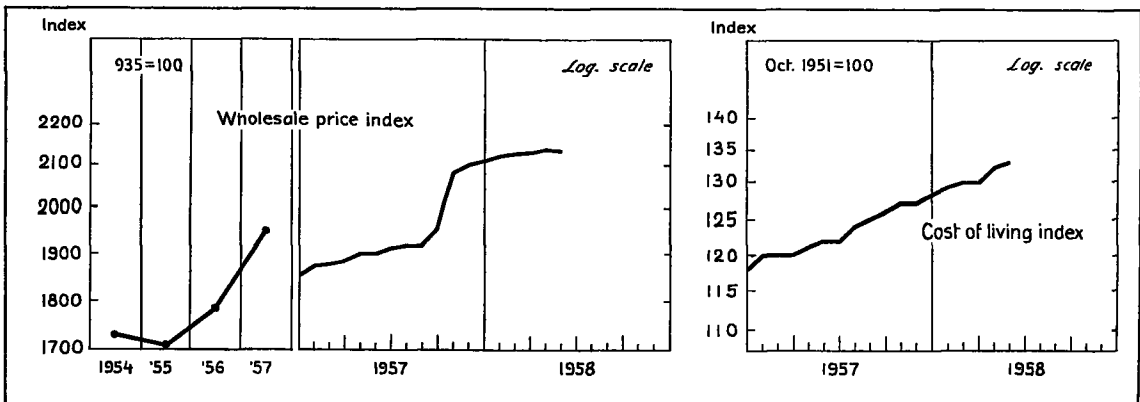
EXPORTS OF SOME IMPORTANT ARTICLES

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
Jan.— April										
1956	333	88	62	42	161	97	31	12	118	228
1957	617	130	88	51	216	133	43	20	191	372
1958*	535	76	87	39	225	139	47	30	184	348
1957										
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	5	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.	489	71	22	17	57	42	12	5	41	89
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	12	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	13	23	8	51	32	13	8	49	98
April	76	18	22	12	61	34	11	8	53	95



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-April			Whole year		Jan.-April		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	21.3	18.4	17.9	20.1	15 175	25.2	24.9	24.6	25.4	15 751
United Kingdom	20.4	17.6	17.2	19.7	14 830	21.4	21.8	21.5	22.2	13 747
Other OEEC countries ..	39.1	37.6	36.3	43.6	32 881	31.4	32.2	29.4	32.4	20 140
Belgium-Luxembourg	3.0	3.0	3.0	2.6	1 970	4.4	4.0	3.0	2.4	1 488
Denmark	2.6	2.1	2.4	2.4	1 827	2.5	2.5	2.8	2.6	1 625
France	5.7	5.2	5.5	4.5	3 403	5.3	5.6	4.0	6.4	3 980
Western Germany	11.8	11.4	9.8	16.3	12 304	8.6	8.9	8.5	9.0	5 594
Italy	1.4	1.5	1.7	1.8	1 322	1.4	1.3	2.0	2.4	1 510
Netherlands	4.0	4.1	3.4	4.2	3 131	3.6	4.2	3.2	3.4	2 128
Norway	1.8	1.2	1.0	1.3	1 014	0.6	0.4	0.5	0.6	373
Sweden	5.4	5.9	5.9	7.4	5 549	2.2	3.1	2.9	2.8	1 741
Switzerland	1.8	1.6	1.8	1.6	1 221	0.6	0.6	0.9	0.9	526
Turkey	0.4	0.3	0.4	0.3	206	0.7	0.4	0.3	0.4	224
Eastern Bloc	25.0	30.6	29.5	24.0	18 055	27.3	29.1	28.4	28.3	17 567
China	0.3	0.7	0.1	0.5	408	0.9	0.7	1.3	0.7	417
Czechoslovakia	2.4	2.9	4.2	1.6	1 192	1.2	1.6	0.6	1.8	1 126
Eastern Germany	2.3	2.5	2.2	1.5	1 143	2.2	1.9	1.3	2.0	1 261
Poland	4.4	5.2	4.3	1.7	1 257	2.3	3.4	4.0	3.2	1 979
Soviet Union	13.9	17.7	16.9	16.8	12 653	19.2	19.7	19.6	18.8	11 680
U.S. and Canada	6.7	5.7	7.9	6.2	4 673	6.7	5.1	6.5	5.7	3 543
United States	6.5	5.6	7.7	6.0	4 503	6.6	5.0	6.4	5.6	3 485
Latin America	5.6	5.1	5.1	3.7	2 804	6.0	4.8	6.6	4.6	2 876
Argentina	1.6	1.4	1.9	0.0	31	1.5	1.1	1.2	0.9	586
Brazil	3.3	3.3	2.8	3.3	2 503	3.2	2.7	4.2	2.4	1 484
Others	2.3	2.6	3.3	2.4	1 834	3.4	3.9	4.5	3.6	2 225
Grand total	100.0	100.0	100.0	100.0	75 422	100.0	100.0	100.0	100.0	62 102



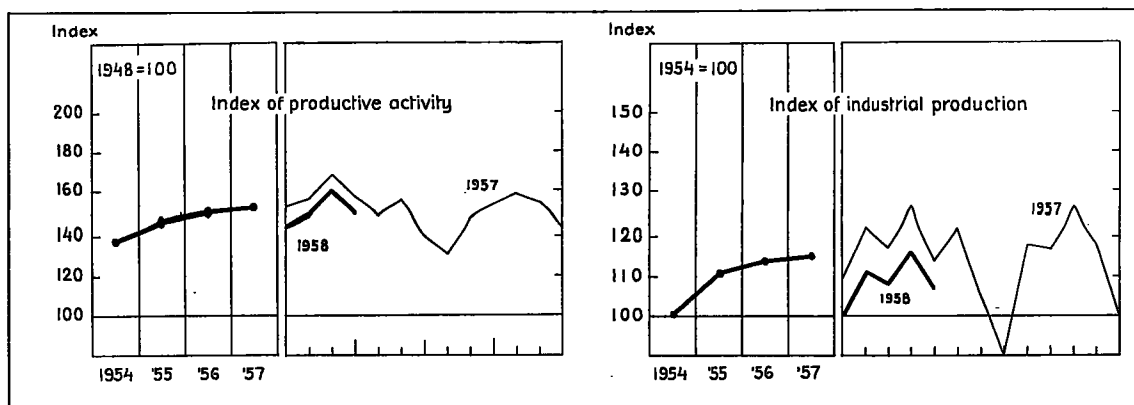
PRICE INDEXES

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
1957									
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	113	103	126
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	114	106	126
Nov.	2 100	2 103	2 162	3 201	1 714	2 093	116	111	125
Dec.	2 111	2 122	2 180	3 205	1 739	2 086	116	113	124
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121
April	2 136	2 153	2 199	3 154	1 800	2 100	117	113	124
May	2 133	2 155	2 232	3 154	1 794	2 086	118	113	125

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						
1957												
Sept.	126	136	257	99	80	119	100	100	100	100	100	100
Oct.	127	137	266	101	81	122						
Nov.	127	136	272	104	81	123						
Dec.	128	136	272	104	81	124						
1958												
Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104
April	132	141	276	105	83	128	103	103	102	102	103	104
May	133	142	276	105	83	129	104	104	102	102	104	105

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1954 = 100								Commer- cial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Whole- sale trade volume index 1954=100
	Total	Invest- ment 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	..	..	..	99	115	111	111	38 600	1 659	116
1956	114	..	..	..	76	122	113	118	36 623	1 977	121
1957*	115	108	115	116	77	137	107	117	40 919	2 085	114
1957*											
Jan.	122	126	120	124	74	143	122	121	4 284	159	97
Feb.	117	116	116	119	77	134	113	120	4 658	147	106
March	126	121	125	129	84	149	120	130	3 481	165	125
April	114	105	113	120	81	127	107	121	2 323	189	119
May	122	111	121	129	85	146	111	130	11 010	213	121
June	105	98	102	115	71	113	97	113	1 492	218	111
July	90	69	98	86	72	133	68	88	1 613	211	106
Aug.	118	107	118	121	73	147	106	122	1 734	194	122
Sept.	117	110	119	116	73	147	109	117	1 991	170	132
Oct.	126	120	130	123	86	154	119	126	2 517	143	119
Nov.	118	113	122	112	74	137	110	119	2 697	134	105
Dec.	100	99	103	95	70	111	96	97	3 119	142	108
1958*											
Jan.	112	111	114	108	80	131	106	108	4 120	147	89
Feb.	107	108	110	102	90	130	104	102	4 882	136	93
March	116	108	120	112	100	147	105	112	3 857	157	104
April	107	102	105	111	95	117	98	107	2 201	180	108

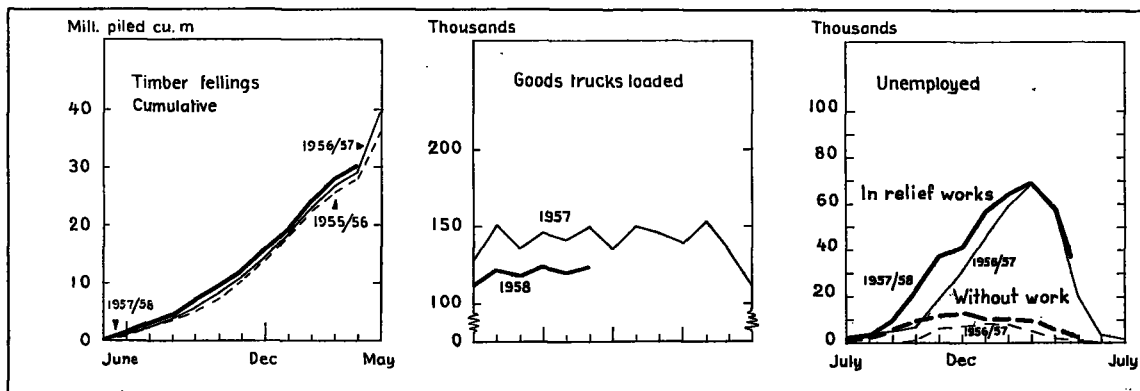


BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period ¹⁾ 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	..	106	95	.
1955	20.25	9.47	4.29	3.12	2.29	..	111	115	.
1956	19.92	8.82	2.83	4.59	2.42	22.98	124	125	.
1957	20.81	9.56	3.20	4.14	2.68	20.86	130	129	.
1957 Jan.-Mar.	3.87	1.74	0.28	1.13	0.60	21.87	128	130	98.0
Apr.-June	3.15	1.57	0.31	0.68	0.40	24.56	130	127	95.8
July-Sept.	5.95	2.44	0.94	1.06	1.09	24.44	131	129	96.3
Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	132	129	91.3
1958 Jan.-Mar.	3.20*	1.46*	0.26*	0.87*	0.44*	19.85*	131*	..	..

¹⁾ Revised series, excluding building permits not used.

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	372	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	255	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141	120	349	280	288	270	1 908	5 160	56 401	57 627
May	150	127	415	314	409	380	607	2 169	19 974	36 876
June	135		421		543		173		3 314	
July	149		429		678		459		1 730	
Aug.	145		436		676		2 040		3 092	
Sept.	139		353		500		5 315		9 126	
Oct.	153		380		478		8 997		22 234	
Nov.	132		419		449		11 302		37 106	
Dec.	111		391		347		12 418		41 056	



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 price indexes* (p. 9) represent unit values. Seasonal varia-

tions are not eliminated. 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. *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 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. *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 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

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 337 000 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: (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: Helsinki (Helsingfors), the capital, 425 900 inhabitants, Tampere (Tammerfors) 115 600, Turku (Åbo) 114 400.

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 1 493 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 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, 1957): Length 5 252 km, of which 5 096 km are State and 156 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Jan. 1, 1958): Steamers 276 (401 332 gross reg. tons), motor vessels 185 (356 801 gross reg. tons), sailing vessels with auxiliary engines 116 (11 535 gross reg. tons). Total 577 (769 668 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1957): Passenger cars 126 900, lorries and delivery vans 50 800, buses 5 000, others 2 100. Total 184 800.

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, 1957). There are three big and three small commercial banks with in all 553 offices, 411 savings banks, 563 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, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¼ ⅞) and sight deposits 1—1 ½ %; lending rate 8 % in general.

THE PROSPECTS FOR FINLAND'S ENERGY SUPPLIES

BY
BROR NORDQVIST,

EKONO POWER AND FUEL ECONOMY ASSOCIATION

The sources of energy available in a number of countries are often one-sided and, perhaps, insufficient, with the result that in many cases reliance has to be put on imports. This is also becoming the case in Finland. A few years ago particular stress could be laid on ample harnessing of waterpower, but in the next few years attention must be devoted to an ever increasing extent to the total balance of energy and the maintenance of equilibrium between the supply and demand of energy in its various forms.

The total demand for energy and its growth during 1938—1957 are shown in table 1. The quantities of energy have been converted into, and are stated in, thousand tons of coal.

From 1948 to 1957, the consumption of energy increased by 59 per cent, this representing an average of 5.3 per cent a year.

If 1951 is taken as a starting point, the increase totals 38 per cent, or 5.5 per cent a year. The Government appointed Commission on Energy, which submitted its report in 1956, calculated that the demand for energy would over a prolonged period increase annually by fully 4 per cent, which is, perhaps, as the Commission itself points out, a very cautious estimate in view of the trend of the last few years, and of the rapid increases in the output of electric power and the imports of liquid fuel.

The quantities of Finnish fuel consumed have remained almost unaltered or have, rather, fallen off. The use of imported solid fossil fuels, coal and coke, has increased slightly, but a large additional contribution comes from waterpower and in a still higher degree from oil. Finnish fuel is still the largest source of energy, even despite its

1. ENERGY REQUIREMENTS IN 1938—1957, 1 000 TONS OF COAL ¹⁾

	1938		1948		1951		1953		1955		1957	
	1000 t.	%	1000 t.	%	1000 t.	%	1000 t.	%	1000 t.	%	1000 t.	%
Waterpower ...	1202	12.9	1044	12.1	1898	19.0	2381	22.3	2970	23.5	3127	22.7
Finnish fuel ...	5890	63.4	4980	57.5	5030	50.4	4957	46.3	5406	42.6	5478	39.8
Imported solid fuel	1830	19.7	2050	23.7	2130	21.4	2210	20.7	2467	19.5	2569	18.7
Imported liquid fuel	374	4.0	580	6.7	915	9.2	1149	10.7	1823	14.4	2594	18.8
Total	9296	100.0	8654	100.0	9973	100.0	10697	100.0	12666	100.0	13768	100.0
Index (1948 = 100)	107		100		115		124		146		159	

¹⁾ The following conversion figures have been employed:
 waterpower 1 kWh = 0.5 kg of coal
 electric boilers 1 kWh = 0.2 " " "
 condensing power 1 kWh = 0.5 " " "
 back-pressure power 1 kWh = 0.2 " " "
 wood (piled measure) 6 cu.m = 1 ton " " "
 oil 1 ton = 1.6 " " "
 peat 2 tons = 1 " " "

relative share in the supply of energy having decreased from over 60 per cent in pre-war years to about 40 per cent today.

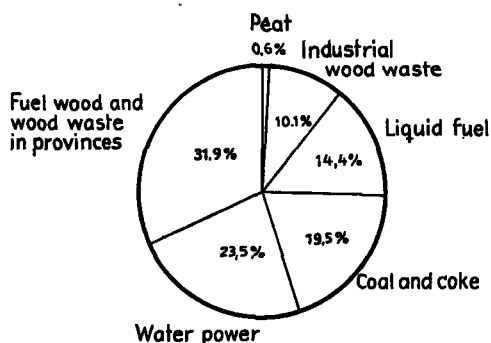
Energy consumption has increased progressively in recent years, and there is no indication that the tendency is likely to alter in principle in this respect; the consumption of electric energy generally grows much more rapidly than does the volume of industrial production. In 1957 the total consumption of energy, expressed in terms of coal, amounted to 13 768 thousand tons. If we take this figure as a basis, and assume that, in spite of the present period of depression, the consumption will increase by an annual average of 4 per cent, we obtain the following figures, in million tons

1957	1960	1965	1970
13.8	15.5	18.8	22.9

A progressive increase of 4 per cent means an increase of 48 per cent in 10 years. In Sweden various committees have forecast an increase of 40–50 per cent in the total requirements of energy for the period 1955–1965; as regards the OEEC countries a corresponding figure of 42 per cent has been published.

The consumption of primary electric power increased 2½ times during the ten years 1947–1957. In 1957, the consumption amounted to 7 090 million kWh. In the autumn of 1956, and the spring of 1957, much steam power was employed, at times amounting to more than 40 per cent of the total requirements; in both years the proportion of steam power was higher than before, although there was not any particularly poor supply of water. This was due to the fact that it has not been possible in recent years to carry out the harnessing of waterpower with sufficient effect. At the beginning of the 1947–1957 period, the output of water-power well satisfied the demand. During the last five years, however, hydraulic power stations have been constructed to handle an

1. Energy used by sources in 1955



average increase in output of 440 million kWh per year, whereas at the same time the demand has risen by 570 million per year on an average. As a result, the output of water-power, which in 1952–1953 exceeded the demand for primary power, is now considerably less. The trend is therefore developing towards a greater demand for steam power, even in a relative sense. More and more attention has consequently been devoted to increasing the capacity of steam power, both in the form of back-pressure power and in the form of condensing power, mainly held in reserve for periods with a poor supply of water. As mentioned above, the steam power capacity was set a severe task at the turn of 1956/1957, when condensing power was produced up to 230 MW on a weekly average, with maximum effects up to 370 MW. When one considers that of the 113 units and 430 MW of the machinery at that time, 98 units and 330 MW consisted of small 1–3 MW machines that were 20–30 years old, it is evident that the whole condensing power capacity was in use. The back-pressure plants were also working 100 per cent at that time. The position was consequently very disturbing; if a dry period

2. WATERPOWER HARNESSSED AND DEMAND FOR PRIMARY POWER, Mill. kWh.

Year	Waterpower harnessed		Estimated demand for primary power
	Per 31 Dec.	Annual increase	
1958	7 042	208	9 000—10 000
1959	7 737	695	
1960	8 007	270	
1961	8 507	500	
	Estimated waterpower harnessed		
	Per 31 Dec.	Average annual increase	
1965	11 000	625	14 000—15 000
1970	13 000	400	20 000—21 000

had occurred simultaneously it would have been simply untenable.

The water power economy in Finland has been improved appreciably by regulation of the lakes. The largest reservoirs are Lake Saimaa, the regulating of which was begun in 1949, and Lake Oulujärvi, regulation of which began in 1952. Their combined basins amount to about 11 000 million cu. m, the energy content of which represents 1 400 million kWh, or about 20 per cent of the present nominal electric energy production per year. In connection with the present harnessing of the river Kemijoki, which has no sufficiently extensive natural lakes, artificial lakes are being planned in the wilds of Lapland which would enable the quantity of water to be regulated effectively; this is of the utmost importance, for the natural water supply of the river Kemijoki varies to such an extent that it is difficult to make any rational use of its energy. There are possibilities of creating reservoirs with a total volume of about 6 000—7 000 million cu. m, which is sufficient for effective regulation. An agreement was also concluded recently between the State-controlled power-producing organisations of Sweden and Finland, by the terms of which the power network of these countries in the north is to be connected to a 220 kV transmission line. The object of this collaboration in power economy is utilisation of the surplus energy

and regulating reservoirs in both countries for their mutual benefit.

How, then, is the position in the sphere of production of electric power to be judged with a view to future development? Finland's waterpower that can be utilised is estimated at about 17 000 million kWh per year, of which about 40 per cent is harnessed at present. Consequently there are possibilities of considerably increasing the production of waterpower. As shown in table 2, hydraulic power stations are at present under construction for a nominal output of 1 670 million kWh by the end of 1961. The most important stations are Kaltimo on the river Pielisjoki, Vuolenkoski on the river Kymijoki, Aittokoski and Ämmäkoski on the Hyrynsalmi water course, and Pirttikoski, Valajaskoski and Juukoski in the main channel of the river Kemijoki. The increase, which averages about 420 million kWh per year, is thus rather less than it was during the preceding five-year period. In comparison with the growth in demand to be expected, this is very moderate, and the construction of new stations should be started in order to improve the position, at any rate by 1962 and later, which is still possible. It is estimated that the requirements of primary power, as regards normal industrial production, will increase by 700—800 million kWh per year during the next few years, and that the demand in 1960 will therefore amount to 9 000—10 000 million kWh, and in 1965 to about 14 000—15 000 million kWh. The waterpower capacity will amount to about 8 000 million kWh in 1960, and to 8 500 million kWh in the following year. As these figures and the table indicate, the shortage of waterpower will become more and more marked.

Table 3 contains a forecast in round figures of the supply of and demand for power in 1960, 1965 and 1970. The forecast is drawn up on the assumption that economic

3. THE POWER REQUIRED AND THE NECESSARY CONSTRUCTION OF HYDRAULIC POWER STATIONS IN 1960, 1965 AND 1970

		1960	1965	1970
Power required, primary:				
Energy required	mill. kWh/year	10 000	15 000	21 000
Effect required	MW max.	2 000	3 000	4 500
Waterpower harnessed:				
Energy in mean water year	mill. kWh/year	8 000	11 000	13 000
Engine power effect	MW	1 600	2 100	2 600
Distribution of generated energy:				
Mean water year				
Waterpower	mill. kWh/year	7 000	10 000	13 000
Back-pressure power	mill. kWh/year	1 200	2 000	2 500
Condensing power	mill. kWh/year	1 800	3 000	5 500
Year of drought				
Waterpower	mill. kWh/year	5 000	7 000	9 000
Back-pressure power	mill. kWh/year	1 500	2 000	2 500
Condensing power	mill. kWh/year	3 500	6 000	9 500
Steam power capacity required:				
Back-pressure power	MW	400	500	600
Condensing power	MW	800	1 300	2 000
Total steam power	MW	1 200	1 800	2 600
Capacity of hydraulic power stations, total	MW	2 800	3 900	5 200

life will develop in a normal way, with an accompanying large increase in the need for power. It will be seen from the table that in 1960 the position could probably be mastered even assuming a year of low water, and particularly if a further 100 MW of condensing power can be obtained. In 1965 and 1970, if a guess may be ventured so far ahead, the position will be much more difficult. The table shows the claims on productive capacity, as regards both effect and power, that will have to be met in order to ensure the supply of power under all circumstances.

Power economy in Finland is therefore moving in the direction of an increasing consumption of condensing power even in normal water conditions, and correspondingly growing imports of fossil fuel. Attention will therefore naturally turn to the possibility of help being provided by atomic power. I will not discuss this problem in detail, but will merely point out that, as coal and oil are expensive in Finland in comparison with prices in the countries of production, it appears natural that atomic power could here be economically profitable

at an earlier stage than in many other countries possessing their own fossil fuel and more waterpower.

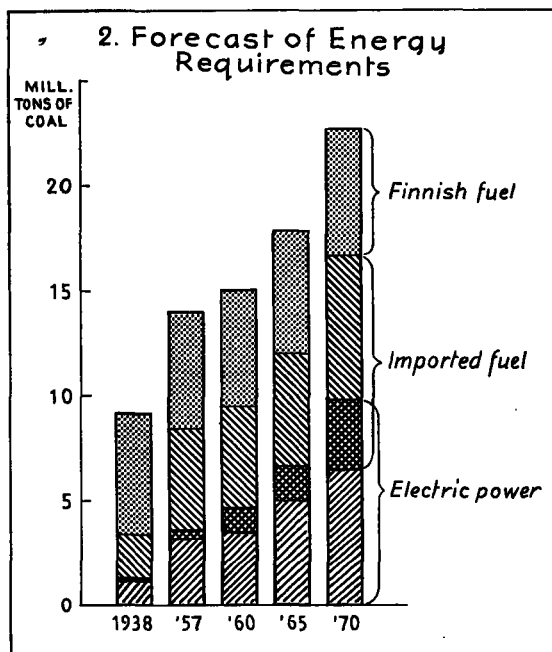
Among Finnish sources of energy, wood plays a very big part, partly in the form of firewood and partly in the form of industrial waste. As pointed out earlier, its relative share in the supply of energy has, indeed, been reduced by degrees, but it still amounts to about 40 per cent, and constitutes the largest category.

On the basis of the third National Forest Inventory carried out in 1951—1953, Professor Ilvessalo outlines the quantity of timber that can be felled, having regard to the annual growth (in 1951—1953 an average of 46 million solid cu. m excluding bark) and a reasonable utilisation of the forests and their development. For the next 10—15 years following 1951—1953, this regulated cut amounts to 43 million solid cu. m excluding bark. Of this quantity, 40 million cu. m can be used as logs, pulpwood and firewood, whilst the rest represents felling waste, i. e., small timber amounting to 3 million solid cu. m or about 5 million cu. m, piled measure. If with this felling plan we compare the

quantities actually used, we find that in 1951—1957 the average quantity used was about 39.9 million cu. m, or very nearly the 40 million of the plan. These figures show that the existing reserve is represented by the unmanufactured timber exported, small timber, and in the possibility of to some extent restricting the present considerable consumption of firewood by technical improvements in the methods of heating. Of these categories, the first one should be set aside as raw material for industry. As imports of coal, coke and fuel oil have on an average increased by 330 000 tons in recent years, calculated as coal, which corresponds to 2 million cu. m of wood, piled measure, it will be realised that the country's supplies of energy cannot be based in the long run on a larger use of firewood than is now the case. On the other hand, of course, the forests, and also peat which forms a large latent supply, represent an important emergency reserve for the future.

In the woodworking industry, wood waste is employed as fuel on a fairly large scale, both in the form of actual waste and in the form of spent cooking liquor in the wood-pulp industry. In 1955, the proportion of industrial wood waste to the total supply of energy in Finland was about 10.1 per cent (diagram 1), in absolute figures representing 1 300 000 tons of coal, and the quantity is rising owing to the increasing extent to which the sulphite pulpmills acquire apparatus for the burning of cooking liquor. Taken in conjunction with wood and peat, in 1955 the proportion of Finnish fuel to the total consumption of fuel in industry amounted to about 47.4 per cent.

Diagram 2 has been drawn up on the basis of the above data in order to show, how the demand for energy might be satisfied in 1960, 1965 and 1970. The Report of the



Commission on Energy has been taken as the basis for estimation of the total demand.

It is evident that electric energy plays an ever increasing part in the total supply, and that an ever growing proportion of the electric power is generated by fuel. According to this forecast, from about 25.5 per cent in 1957, the proportion of electric power rises to 43.5 per cent in 1970 and gradually approaches the values that have been published for highly industrialised countries, such as the United States. Finnish fuel represents a constant proportion in absolute figures, while imports increase and attain very high values, judged by Finnish conditions. However, it is in the nature of things that a forecast, such as this, may deviate from the reality in the future, especially from a quantitative aspect.

I T E M S

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

Portugal and Italy. On April 29, Portugal, and on June 5, Italy, signed the multilateral trade and payments agreement that came into force between Finland and her principal Western European trade partners on April 15. (See Item in Bulletin No. 4, 1958).

Argentina. By the terms of an agreement signed on April 25, and which came into force on May 9, Finland agreed to multilateral trade and payments arrangements similar to those concluded between Argentina and 11 Western European countries (the Paris Club) in May, 1957. The two parties assure each other of most-favoured-nation treatment as regards customs duties and shipping. Finland's exports to Argentina will enjoy the same facilities as exports from the Western European countries. In return, Finland will act as liberally as possible towards imports from Argentina. Payments between the two countries will be effected in currencies that are convertible into any of the currencies of the countries in the Paris Club group, except in the French franc, as a bilateral agreement is in force between Finland and France. Transactions effected over the free Argentina exchange market can be settled by payment in convertible Finnish marks.

Spain. On May 10. Period: May 16, 1958, to May 15, 1959. Trade is estimated at about \$10 million in both directions during this period. Trade is fixed by quotas. Principal Finnish exports: round-wood, sawn goods, chemical pulp, paper, board, machinery; imports: rice, fresh and dried fruits, tinned goods, spirits and wines, cork, lead and quicksilver.

Czechoslovakia. On May 16. Period: 1958. Trade is estimated at about 200 million Czechoslovakian crowns during this period. Trade is fixed by quotas. Principal Finnish

exports: cheese, sawn goods, chemical pulp, paper and paper products, fibre-board, magnetite and ilmenite concentrates, machinery; imports: sugar, chemicals, textiles, rolled products, machinery and equipment, cars, motor cycles, and tractors.

Eastern-Germany. On June 2. Period: 1958. Trade is fixed by quotas. Principal Finnish exports: cheese, round wood, sawn goods, chemical pulp, paper, board; imports: sugar, sodium sulphate, chemicals, textiles, machinery, vehicles.

*

Levy on export proceeds. On June 9, the rates of the levy on export proceeds, introduced in connection with the devaluation in September, were lowered for the third time. The reduction was made only for certain articles whose market situation has weakened of late. The new rates are 4 to 40 per cent for wood and wood-processing products, and 2 per cent for other goods, calculated on the rise in mark amounts due to the devaluation. For goods produced in the northernmost districts of the country, the levy is still one half of the percentages determined for the other districts.

*

Prices of agricultural products. The Government has decided that, beginning on June 16, the prices of foreign grains sold by the State Granary to the flour mills for compulsory blending with the home grown grains would be reduced, so that the drop in the prices of blended flour would be 9 mk per kilo. Consequently the consumer prices of grain products decreased to approximately the level prevailing before the rearrangement of agricultural prices in March (see Bulletin No. 4.).

In order to increase the home consumption of butter, the consumer prices were reduced at the same time by the addition of 55 mk to the subsidy, which thereby reached 205 mk per kilo.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

SECRETARIES

U. A. VATANEN,
Credits

PERTTI TAMMIVUORI,
Administration

ERRO ASP,
Foreign affairs

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HEIKKI VALVANNE,
*Institute for
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(trade)*

P. BLOMQUIST,
Accounts

P.-E. ÖSTERLUND,
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A. KAJANTIE,
Documentary credits

J. HELANDER,
Foreign exchange control

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

HELGE LINDSTRÖM,
Credits

A. NENONEN,
Foreign correspondence