



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 31 No. 8

AUGUST

1957

RECENT DEVELOPMENTS

THE FOREIGN PAYMENTS POSITION

During the second quarter of this year, the gold and foreign exchange reserve of the Bank of Finland was reduced by 4 500 million marks, or by less than half as much as in April—June 1956. As will be seen from the table below, the decrease related to EPU and Eastern Bloc currencies, whereas US dollars increased slightly, and the net indebtedness in other currencies decreased.

GOLD AND FOREIGN EXCHANGE RESERVE OF THE
BANK OF FINLAND, 1000 MILL. MK

	June 30, March 31,		June 29,
	1956	1957	1957
Gold and US dollars ..	17.9	17.2	17.3
EPU currencies	6.0	4.1	2.8
Eastern Bloc currencies	-0.7	0.3	-3.2
Other currencies	-2.7	-1.9	-1.7
Total	20.5	19.7	15.2

Although the development during the first quarter was far more unfavourable than it had been in 1956, the result for the second quarter had the effect that the decrease by the end of June was less than that for the first six months of 1956. The exchange reserve of the Bank of Finland decreased by 9 600 million marks during January—June, but as at the same time the commercial banks' holdings of foreign currencies increased by 1 000 million, the net reserves of all banks were reduced by 8 600 million. During the first half of last year, the reserve of the Bank of Finland decreased by 11 600 million marks, and that of the commercial banks by 1 100 million, so that the total reduction amounted to 12 700 million.

Licensing in dollars and the currencies of the Western European arbitrage scheme amounted to 44 000 million marks during the first half of the year, or more than 20 per cent less than it had been during the corresponding period of 1956. As was expected, payments for imports nevertheless remained on a high level. The accelerated use of the licences outstanding at the turn of the year and of those granted in the spring caused import payments in these currencies to reach 54 000 million marks during January—June, or 11 per cent more than during January—June 1956. Although this development meant a heavy drain on the exchange reserve, on the other hand it improved the relation between the reserve and the payments due. Thus, while the reserve of these currencies, and of gold, was during the first half-year reduced by 5 300 million marks to 19 800 million, the stock of outstanding licences decreased by 13 300 million to 28 600 million.

Since the end of June, the reserve of principal Western currencies has steadily improved. It is, however, as yet too early to foresee the extent to which the decrease of the first half-year can be made up during the remaining six months. Exports, which in view of the prevailing conditions pro-

*On page 18, Public Finance
in 1956*

ceeded satisfactorily in the spring, are encountering increasing difficulties as far as marketing and costs of production are concerned. On the other hand, licensing in these currencies will grow again, for of the half-year global licensing scheme under which the imports from the respective countries have taken place since the beginning of April, more than one half will have to be effected during the third quarter of the current year.

FOREIGN TRADE IN THE FIRST HALF-YEAR

During 1956 there occurred a considerable weakening of the export markets for sawn timber and plywood, two of the principal articles of export. To date no essential improvement can be seen although sales have advanced more rapidly than was the case last year and prices have risen slightly above the lowest quotations for 1956. Sales of mechanical pulp and unbleached cellulose have encountered some difficulties, as a result of which the output of these articles has had to be partly reduced. Instead, the demand for paper and bleached cellulose has remained high, and their prices have kept firm. The index of f. o. b. prices of export goods was 2—3 per cent lower for the first two quarters of the year than during the corresponding period of 1956. On the other hand the index of c. i. f. prices of imports was 5 per cent higher during the first quarter and 12 per cent higher during the second quarter, than it had been in 1956. The decline in the terms of trade is thus obvious, the ratio of export prices to import prices being 93 for the first quarter and 90 for the second quarter, as against 102 and 101 in 1956 (1954 = 100).

During the first half of the current year both exports and imports attained fresh record figures in volume and value. The value of exports, at 83 100 million marks, exceeded last year's corresponding value by 17 per cent, while in the case of imports,

the value totalled 105 000 million, its increase being 13 per cent. The seasonal deficit in the balance of trade amounted to 21 900 million marks, almost equalling the 1956 figure of 22 200 million.

The composition of exports for January—June, by main groups, was as follows.

	1956		1957	
	1000 mill.mk	%	1000 mill.mk	%
Agricultural products ..	2.8	4.1	4.6	5.5
Round and hewn timber	4.0	5.6	4.6	5.5
Wood industry products	15.1	21.3	16.5	19.9
Paper industry products	36.5	51.6	43.3	52.1
Metal, engineering industry products	10.0	14.2	10.6	12.7
Other goods	2.3	3.2	3.5	4.3
Total	70.7	100.0	83.1	100.0

Paper industry products were responsible for 55 per cent of the increase in the value of exports. The quantitative increase was 22 per cent for newsprint, 28 per cent for other paper qualities, and 10 per cent for cellulose, whereas the volume of mechanical pulp exported diminished by 10 per cent. As regards wood industry products, the exports of sawn goods exceeded last year's corresponding volume by 20 per cent, and those of plywood by 17 per cent. The general increase in exports is partly explained by the fact that the 1956 figures were exceptionally low, as both the severe winter and the general strike considerably reduced deliveries during the first few months of the year.

The structure of imports is seen from the following table.

	1956		1957	
	1000 mill.mk	%	1000 mill.mk	%
Raw materials and accessories	47.5	51.1	52.7	50.2
Fuels and lubricants ..	10.2	10.9	20.8	19.8
Finished consumer goods	13.6	14.6	13.7	13.0
Finished producer goods	21.6	23.4	17.8	17.0
Total	92.9	100.0	105.0	100.0

The greatest increase was recorded for fuels and lubricants. This was due, in the main, to an increase in the volume imported, but was to some extent also occasioned by a rise in prices.

August 30, 1957.

BANK OF FINLAND

Mill. mk

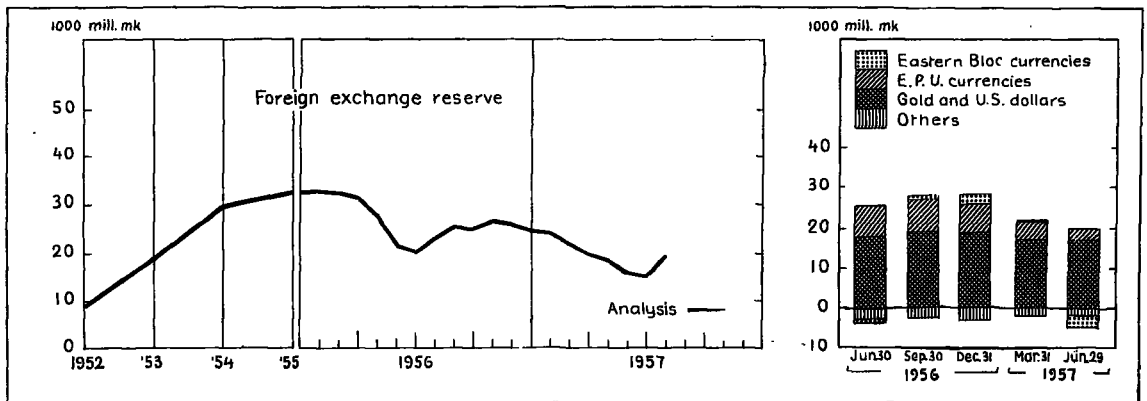
	1956		1957			
	July 31	Dec. 31	July 8	July 15	July 23	July 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	31 708	32 300	26 591	27 002	28 045	28 470
Gold	7 849	7 849	7 849	7 849	7 849	7 849
Foreign exchange	21 299	21 561	15 852	16 263	17 306	17 731
Foreign bills	115	115	115	115	115	115
Foreign bonds	2 445	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	73 686	75 453	69 853	66 532	65 574	63 148
Inland bills discounted						
In foreign currency	9 255	9 366	9 581	9 585	9 592	9 599
In Finnish currency	18 763	14 922	17 268	17 156	17 776	17 484
Rediscounted bills	26 918	33 665	26 754	23 541	21 956	19 815
Treasury bond loan	18 750	17 500	16 250	16 250	16 250	16 250
<i>Other assets</i>	16 654	13 370	16 031	15 665	15 771	15 547
Finnish bonds	2 013	1 794	1 507	1 507	1 510	1 510
Cheque accounts	606	862	762	562	627	381
Finnish coin	313	354	353	359	345	343
Other claims	13 722	10 360	13 409	13 237	13 289	13 313
Total	122 048	121 123	112 475	109 199	109 390	107 165
Liabilities						
<i>Notes in circulation</i>	58 281	60 735	54 204	54 127	53 003	53 471
<i>Short-term liabilities</i>	17 651	24 725	23 638	20 421	21 790	19 035
Foreign exchange accounts	6 080	4 601	7 789	6 687	6 642	6 274
Mark accounts of holders abroad	5 308	7 047	7 565	7 576	7 606	7 628
Cheque account of the Treasury	4 327	10 550	6 122	4 638	5 882	3 799
Cheque accounts of banks	812	1 167	1 140	813	640	776
Other cheque accounts	224	367	202	138	220	152
Other short-term liabilities	900	993	820	569	800	406
<i>Long-term liabilities</i>	26 387	14 725	10 967	10 971	10 977	11 015
Foreign	8 373	8 290	8 657	8 661	8 667	8 705
Finnish	18 014	6 435	2 310	2 310	2 310	2 310
<i>Equalisation accounts</i>	7 959	8 074	10 885	10 877	10 767	10 763
<i>Bank's own funds</i>	11 770	12 864	12 781	12 803	12 853	12 881
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	957	2 052	943	965	1 015	1 043
Total	122 048	121 123	112 475	109 199	109 390	107 165
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	31 708	32 300	26 591	27 002	28 046	28 470
Supplementary cover						
(Upper limit 58 000 mill. mk)	58 000	58 000	58 000	58 000	58 000	58 000
Total	89 708	90 300	84 591	85 002	86 046	86 470
Note issue						
Notes in circulation	58 281	60 735	54 204	54 127	53 003	53 471
Short-term liabilities	17 651	24 725	23 638	20 421	21 790	19 035
Undrawn on cheque credits	587	316	461	661	596	843
Unused right of note issue	13 189	4 524	6 288	9 793	10 657	13 121
Total	89 708	90 300	84 591	85 002	86 046	86 470

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

BANK OF FINLAND

Mill. mk

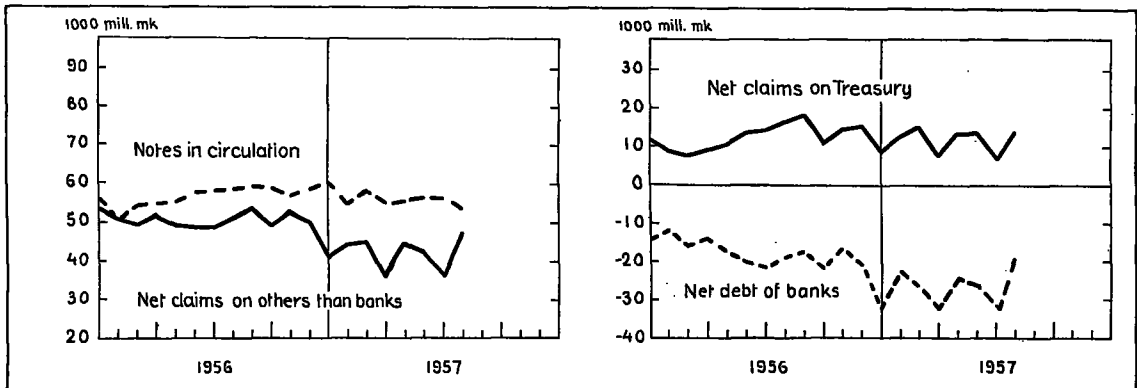
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims 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										
Jan.	36 958	4 464	32 494	2 560	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 081	3 982	32 099	2 560	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 560	12 404	21 169	20 086	5 983	135	13 968
April	31 086	3 937	27 149	2 560	12 400	17 309	24 790	7 062	530	17 198
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



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										
Jan.	21 660	12 905	8 755	15 204	16 845	32 049	7 476	844	23 729	50 539
Feb.	21 660	14 292	7 368	16 626	17 134	33 760	7 929	709	25 122	53 870
March	20 410	11 521	8 889	18 992	17 501	36 493	8 131	997	27 365	54 252
April	20 410	10 162	10 248	19 782	18 210	37 992	8 753	1 192	28 047	54 951
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



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

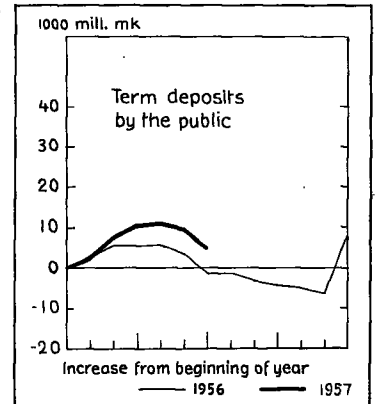
Mill. mk

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
1956										
Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 805	39 429	9 634	98 990	110 233	62 204	34 292	15 762	321 519	370 582
March	35 545	42 643	12 629	98 745	110 080	62 567	34 002	15 805	321 237	376 509
April	33 982	41 093	9 634	98 564	110 268	62 778	33 842	15 832	321 322	372 049
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

Selling rates for foreign exchange

August 31, 1957

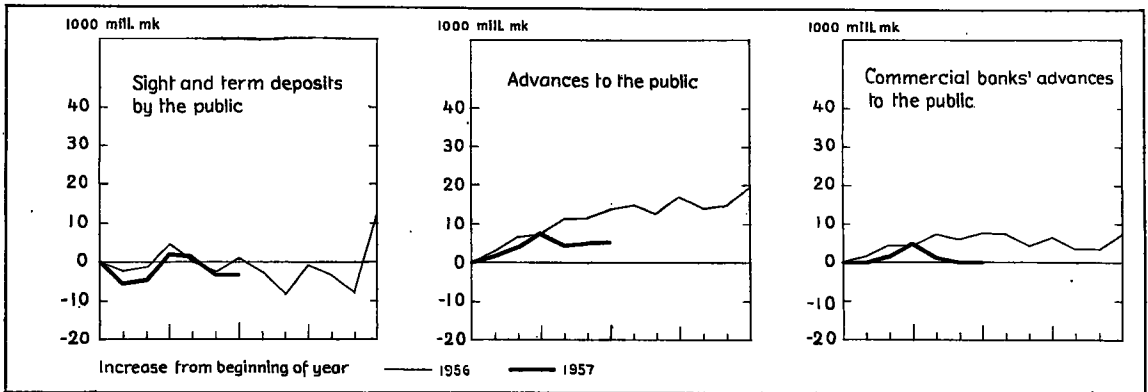
		mk		mk
New York ...	1 \$	231:—	Zürich	100 Fr 5 296:—
London	1 £	644:—	Frankfurt a/M	100 DM 5 517:—
Stockholm ...	100 Kr	4 457:—	Prague	100 Kz 3 208:—
Copenhagen ..	100 Kr	3 331:—	Vienna	100 Sch 891:—
Oslo	100 Kr	3 227:—	Lisbon	100 Es 804:—
Paris	100 Fr	55: 16	Montreal	1 \$ 243:—
Brussels	100 Fr	461: 50	Moscow, clear	100 Rbl 5 775:—
Amsterdam ...	100 G	6 056:—		



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 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	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									
Jan.	157 132	97 784	24 893	72 824	13 607	246 784	95 688	23 768	366 240
Feb.	159 944	98 334	24 994	73 114	13 626	248 233	96 773	25 006	370 012
March	159 981	98 709	25 374	72 720	13 562	249 322	96 593	24 431	370 346
April	162 745	99 408	25 532	73 313	13 380	250 775	98 366	25 237	374 378
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

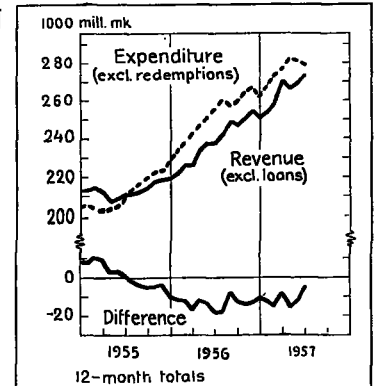


STATE FINANCES

1000 mill. mk

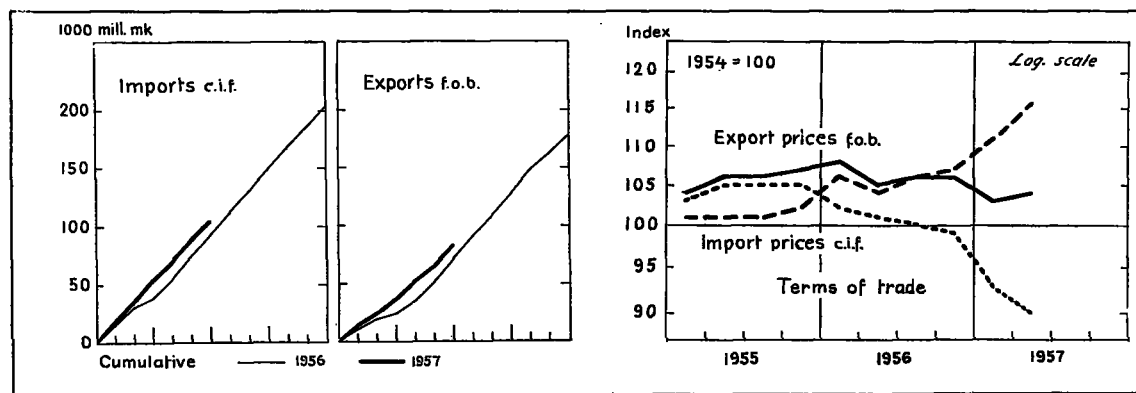
Revenue	Jan.—June		Expenditure	Jan.—June	
	1956	1957		1956	1957
Income and property tax (net)	27.2	36.3	Interest on State debt	3.0	3.2
Gross receipts	(53.2)	(62.2)	Child allowances	9.9	5.1
Refunds and communal income tax	(-26.0)	(-25.9)	The State's share in national pensions	2.5	5.7
Other direct taxes	0.3	0.6	Compensations to war-disabled	3.8	3.7
Purchase tax	25.2	30.6	Transfer of employers' payments for national pensions to National Pensions Fund	2.6	1.9
Import duties	16.0	19.1	Subsidies	15.7	11.8
Revenue from Alcohol Monopoly ..	9.1	9.9	Payments by Price Equalisation Fund	4.1	4.2
Excise duty on tobacco	6.3	6.6	State aid to agriculture	1.5	1.5
Other excise duties	2.0	2.2	State aid to communal and private schools	8.7	9.8
Stamp duties	4.6	5.6	Net loss of State enterprises	4.9	2.9
Employers' payments for child allowances and national pensions	10.3	9.9	Maintenance of roads	2.3	2.9
Receipts of Price Equalisation Fund	4.1	7.5	Other current expenditure	34.9	40.8
Other revenue similar to taxes	2.1	2.2	Current expenditure	93.9	93.5
Total taxes	107.2	130.5	Real investments	21.3	31.8
Interest and dividends	2.1	2.5	(of which: unemployment grants) ..	(12.6)	(20.3)
Other current revenue	2.7	3.6	Other capital expenditure	12.8	19.3
Current revenue	112.0	136.6	Capital expenditure	34.1	51.1
Capital revenue proper	2.2	2.9	Total expenditure	128.0	144.6
Decrease in inventories	2.7	—	Redemption of external loans	1.0	1.1
Capital revenue	4.9	2.9	Redemption of internal loans	3.0	4.1
Total revenue	116.9	139.5	Redemption of indemnity bonds etc.	0.5	0.3
External loans	1.0	0.0	Index premiums	0.1	0.3
Internal loans	7.7	4.5	Redemptions	4.6	5.8
Loans	8.7	4.5			
Short-term credit (increase +)	—	+1.6			
Deficit (+) or surplus (-)	+7.0	+4.8			
Total	132.6	150.4	Total	132.6	150.4

Debt	1954	1955	1956	1957			
	Dec.	Dec.	Dec.	April	May	June	July
External debt	62.1	61.3	61.5	60.3	60.1	59.9	59.9
Ordinary loans	36.1	43.0	50.7	50.8	50.4	51.0	51.8
Indemnity bonds etc. ..	8.8	6.8	7.1	7.3	7.4	7.4	7.4
Short-term credit	0.5	—	—	3.8	2.9	1.6	0.3
Cash debt (net)	4.3	5.9	8.8	14.0	15.0	14.3	..
Internal debt	49.7	55.7	66.6	75.9	75.7	74.3	..
Total debt	111.8	117.0	128.1	136.2	135.8	134.2	..
Total debt, mill. \$	484.0	506.3	554.5	589.6	588.0	581.1	..



FOREIGN TRADE

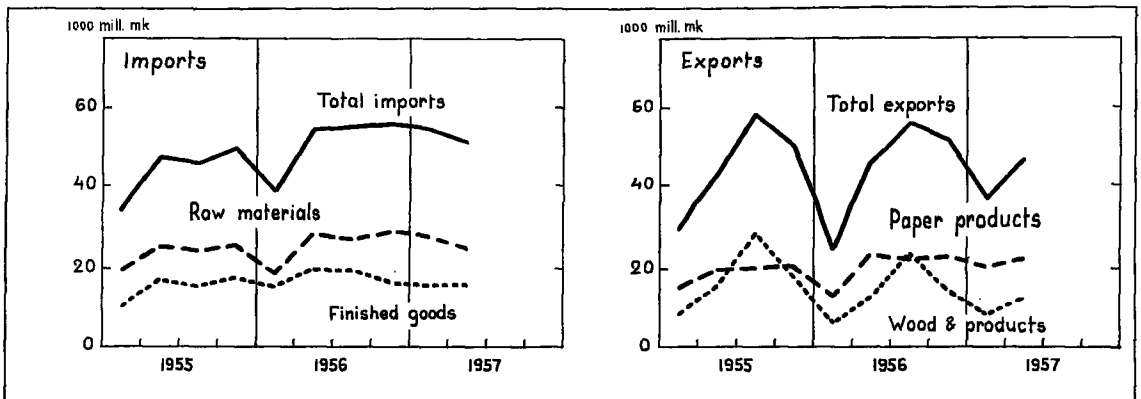
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1949	66 278	65 606	- 672	70	77	63	64	94	77	91
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	109	105	109	103	104	102
Jan.- June										
1955	82 026	72 757	- 9 269							
1956*	92 950	70 745	-22 205							
1957*	104 992	83 054	-21 938							
1956*										
April	15 769	9 979	- 5 790	105	113	106	108	101	104	101
May	19 739	16 159	- 3 580							
June	18 907	19 801	+ 894							
July	18 457	19 617	+ 1 159	106	108	105	110	110	106	100
Aug.	19 067	18 399	- 668							
Sept.	17 502	17 763	+ 261							
Oct.	20 149	20 600	+ 451	106	110	98	109	117	107	99
Nov.	18 251	14 836	- 3 415							
Dec	17 182	16 027	- 1 155							
1957*										
Jan.	19 104	13 332	- 5 772	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	111	96	108	114	116	90
May	18 376	14 917	- 3 459							
June	16 312	17 625	+ 1 313							



FOREIGN TRADE BY MAIN GROUPS

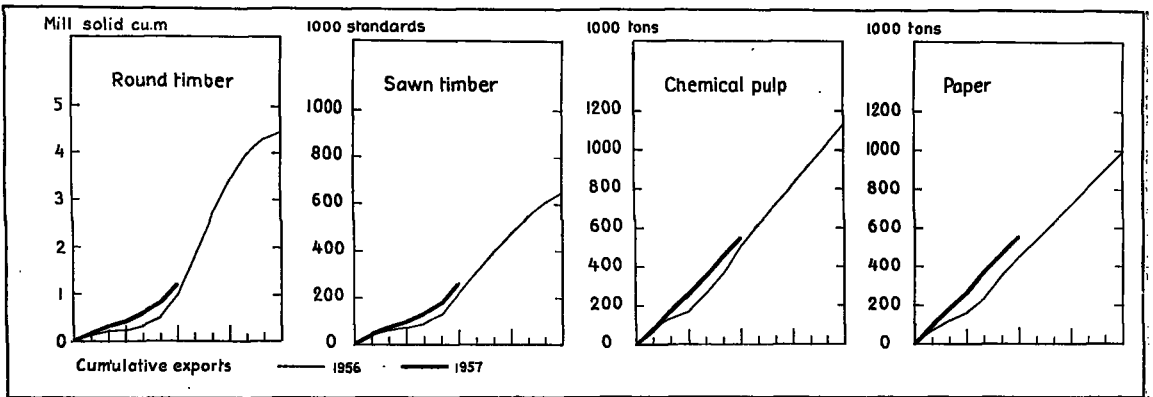
Mill. mk

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						
1949	38 564	5 886	12 048	9 780	2 186	5 653	26 013	26 058	2 798	2 898
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	1 710	6 607	20 517	4 107	1 282
Apr.-June	24 792	10 123	6 951	8 844	2 585	2 922	9 863	22 813	6 450	2 181
April	7 881	2 857	2 282	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 466	2 098	705
June	7 681	3 938	1 871	2 821	907	1 403	4 622	7 251	2 448	994
Jan.-June	52 699	20 807	13 670	17 815	4 604	4 632	16 470	43 330	10 555	3 463



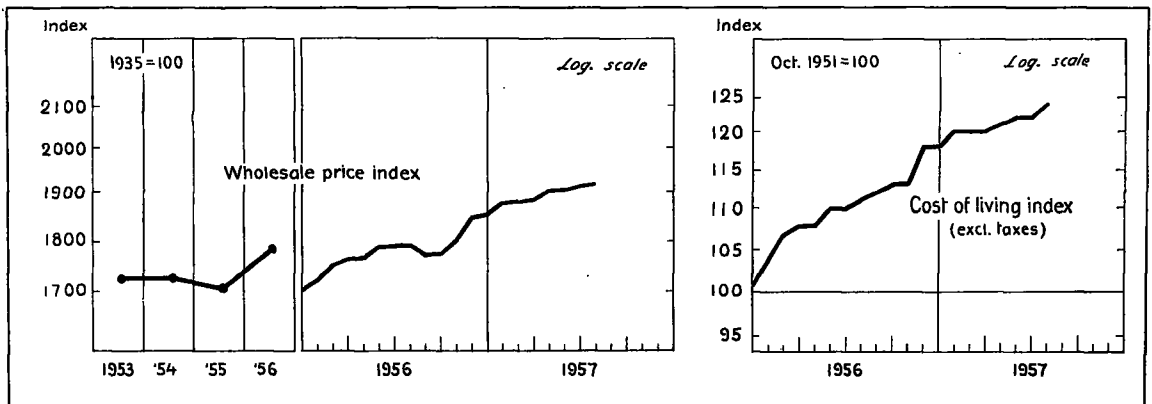
EXPORTS OF SOME IMPORTANT ARTICLES

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
1949	2 251	607	208	160	449	311	61	31	348	455
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956*	4 424	648	230	185	680	452	105	48	537	998
Jan. - June										
1955	1 183	240	167	88	320	211	55	31	209	413
1956*	1 011	218	110	87	303	199	49	23	241	447
1957*	1 207	261	129	78	332	220	62	30	294	557
1956*										
March	35	8	8	8	19	16	4	2	24	40
April	101	16	22	12	57	29	11	3	34	67
May	166	45	26	22	68	38	10	6	74	125
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	11	48	31	11	5	48	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	109
May	210	46	21	12	62	44	10	6	54	91
June	380	85	21	15	54	43	9	4	49	96



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—June			Whole year		Jan.—June		
	1955	1956*	1956*	1957*		1955	1956*	1956*	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	20.9	21.3	22.5	16.7	17 507	27.3	25.2	25.0	25.2	20 893
United Kingdom	20.3	20.4	21.7	16.0	16 816	24.0	21.4	20.8	22.0	18 239
Other OEEC countries ..	36.4	39.1	39.0	34.9	36 648	32.4	31.4	27.6	30.3	25 191
Belgium-Luxembourg	3.0	3.0	3.0	2.9	2 986	3.5	4.4	3.6	3.6	2 977
Denmark	3.6	2.6	2.8	2.2	2 338	3.0	2.5	2.4	2.7	2 204
France	6.0	5.8	5.8	5.5	5 798	4.7	5.3	4.7	4.3	3 600
Western Germany	9.0	11.8	11.3	9.5	9 963	9.1	8.7	7.5	8.6	7 166
Italy	1.1	1.4	1.4	1.8	1 837	1.2	1.4	1.3	1.7	1 446
Netherlands	3.6	4.0	3.9	3.0	3 122	4.4	3.6	3.2	4.2	3 510
Norway	2.2	1.8	2.0	1.4	1 517	1.3	0.6	0.7	0.5	405
Sweden	4.9	5.4	5.5	5.2	5 437	1.9	2.2	2.0	2.4	1 979
Switzerland	1.3	1.8	1.8	1.7	1 832	0.9	0.6	0.4	0.8	666
Turkey	0.5	0.4	0.4	0.3	358	1.0	0.7	0.4	0.2	180
Eastern Bloc	27.1	25.0	24.1	32.5	34 171	25.7	27.7	29.1	28.6	23 756
China	0.5	0.3	0.2	0.7	753	1.6	1.0	1.1	1.2	967
Czechoslovakia	2.7	2.4	1.9	4.0	4 217	1.0	1.3	1.3	1.0	845
Eastern Germany	2.7	2.3	1.8	2.4	2 521	2.2	2.2	2.5	1.7	1 380
Poland	4.8	4.4	3.8	6.2	6 455	2.0	2.3	2.4	3.5	2 953
Soviet Union	14.7	13.9	14.7	17.6	18 505	17.5	19.2	20.0	19.5	16 202
U.S. and Canada	5.4	6.7	5.6	7.3	7 631	5.8	6.7	8.0	6.1	5 068
United States	5.2	6.5	5.5	7.2	7 513	5.7	6.7	7.9	6.0	4 994
Latin America	7.4	5.6	6.0	5.3	5 566	5.5	5.7	6.4	5.9	4 937
Argentina	2.9	1.6	2.1	1.9	2 035	2.2	1.5	1.4	1.1	925
Brazil	4.1	3.3	3.2	3.0	3 099	2.6	2.9	3.4	3.6	2 990
Others	2.8	2.3	2.8	3.3	3 469	3.3	3.3	3.9	3.9	3 209
Grand total	100.0	100.0	100.0	100.0	104 992	100.0	100.0	100.0	100.0	83 054



PRICE INDICES

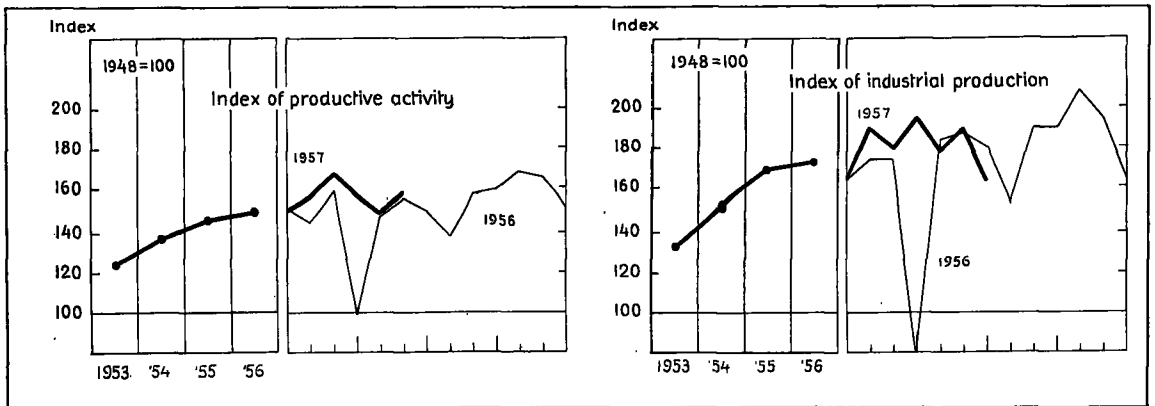
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	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
1956									
Nov.	1 849	1 890	1 985	2 869	1 530	1 762	1 394	948	2 234
Dec.	1 855	1 897	2 000	2 884	1 530	1 767	1 392	948	2 234
1957									
Jan.	1 877	1 908	2 048	2 884	1 533	1 811	1 409	1 070	2 108
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

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
1956									
Aug.	112	117	215	96	77	110	112	103	129
Sept.	113	119	215	97	78	111	113	103	131
Oct.	113	118	225	97	79	111	114	102	134
Nov.	118	128	228	97	79	111	113	103	130
Dec.	118	128	228	97	79	111	112	103	128
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

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	169	175	157	154	173	126	38 600	1 709	116	344
1956	173	180	158	155	185	111	36 623	2 036	121	6 970
1955 Dec.	164	174	163	142	167	105	3 540	133	128	2
1956 Jan.	174	179	169	160	191	113	4 275	146	93	6
Feb.	174	181	170	157	189	109	4 176	141	102	1
March	80	91	69	57	61	52	3 450	149	91	6 945
April	184	192	171	166	187	135	2 399	180	124	4
May	187	194	166	171	190	143	8 083	208	138	—
June	180	190	169	159	179	132	1 131	215	124	—
July	153	145	113	168	196	125	1 156	204	119	1
Aug.	190	197	164	174	209	124	1 659	185	139	1
Sept.	190	198	174	174	207	126	1 758	162	132	1
Oct.	209	219	192	185	220	134	2 463	148	136	4
Nov.	194	206	178	168	210	107	2 786	143	137	6
Dec.	164	173	156	142	181	87	3 287	155	118	1
1957 Jan.	189	197	182	171	212	112	4 284	164	97	2
Feb.	180	186	169	165	198	118	4 658	152	106	6
March	195	202	180	180	221	120	3 481	170	125	9
April	178	186	163	160	187	121	2 323	195*	119	3
May	189	194	170	178	217	123	11 010	220*	121	76
June	163	174	151	138	166	98	1 492	225*	..	16

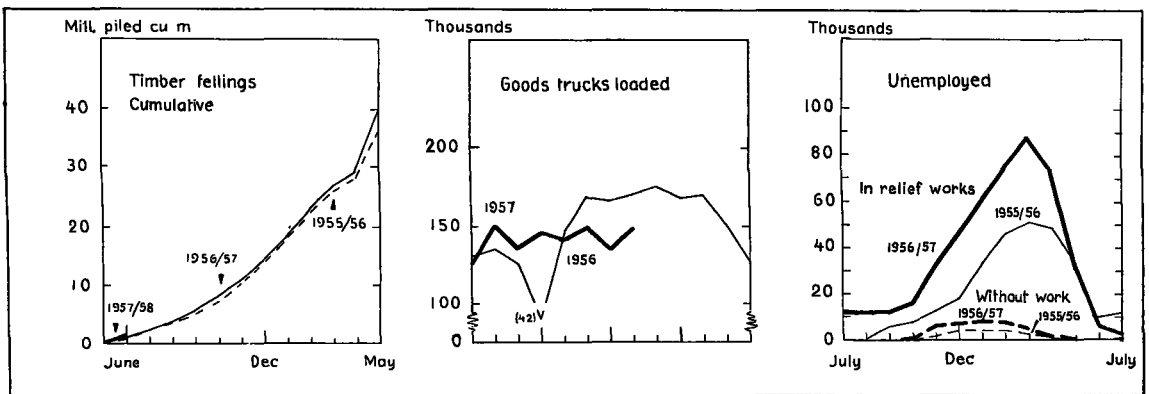
¹⁾ Figures for 1955 and 1956 revised but not final.



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	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									
Jan.-Mar.	3.59	1.73	0.15	1.13	0.44	25.25	113	119	104.2
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

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	253	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	—	679	—	—	459	12 092	3 043
Aug.	175	—	442	—	699	—	—	—	12 209	—
Sept.	168	—	384	—	605	—	—	—	12 243	—
Oct.	170	—	434	—	567	—	847	—	16 698	—
Nov.	151	—	422	—	430	—	6 079	—	32 062	—
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 will be 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 expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

SYMBOLS USED

* Preliminary o Less than half the final digit shown
.. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. The price indices (p. 9) represent unit values. Seasonal variations are not eliminated. 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. The index is based on the number of working hours during the corresponding quarter of the previous year. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. 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 Kaleva Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage. The number of seats of the different parties in the Diet elected in 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (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 area 9.4 % are inland waters. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

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

POPULATION

NUMBER OF INHABITANTS: (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 23.9, in North Finland 3.9 and in the whole country an average of 14.0 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1956): 64.9 % of the population inhabit the rural areas, 35.1 % the towns and market towns. The largest towns are (1956): Helsinki (Helsingfors), the capital, 412 200 inhabitants, Turku (Åbo) 112 800, Tampere (Tammerfors) 114 200.

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 (1955): births 21.2 ‰, deaths 9.3 ‰, increase 11.8 ‰. Deaths in France (1955) 12.2 ‰ and in Great Britain (1955) 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1955, in thousand million marks): Gross national income at market price 985. Net national product at factor cost, by industrial origin: agriculture 89 (12 %), forestry and fishing 96 (13 %), manufacturing 250 (33 %), construction 69 (9 %), transport and communications 55 (7 %), commerce, banking and insurance 93 (12 %), public activities 72 (9 %), other services 45 (6 %), total 770. Volume index 143 (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 101 for 1955 (1938 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

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

RAILWAYS (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 marka). Its official par value is 230 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 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.

PUBLIC FINANCE IN 1956

BY

PENTTI VIITA, Lic. Pol.

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

Right at the beginning of 1956, it was evident that State expenditure would rise considerably above the level of 1955. It was known that the final redemption in August 1955 of the index-tied Second Indemnity Loan meant a decrease in expenditure of 10 000 million marks. But against this, there was the pay, in part retrospective, of civil servants, which represented an increase of fully 10 000 million marks, and the graver state of employment in comparison with the circumstances of the previous winter which forced expenditure on unemployment relief to be increased appreciably. In addition, at the turn of the year the prices and wages policy to be pursued was an entirely open question.

During January and February the public economy proceeded satisfactorily. In spite of a considerable growth in expenditure by reason of the higher remuneration of civil servants, the increased subsidies and the expenditure on unemployment relief, a slight surplus was obtained during the first two months.

In March, the general strike as such caused the State a considerable loss of revenue. In addition, in the agreement that ended the strike the Government consented to some reduction of its revenue. For instance, employers' contributions towards children's allowances were lowered from 4 to 3 per cent of the wage bill, the plan to increase the corporate tax was abandoned, and the right of depreciation of assets in taxation was extended. At the same time, expenditure increased as a result of the rise

in wages. In order to balance the budget, revenue had to be immediately increased. For this purpose, the duties on coffee, petrol and sugar, the price equalisation payments on petroleum, and the prices of the Alcohol Monopoly were raised in April—May. In June, the railway and postal tariffs were increased, the stamp tax was raised, and some textiles were again made subject to purchase tax. These slow-working measures were unable to increase the volume of revenue for the first half-year to any great extent, so that the deficit for the early part of the year was considerably larger than had been the case in the previous year.

As State expenditure advanced still further during the latter half of the year, the decision was made in October appreciably to reduce subsidies. The subsidies on sugar and sausages were completely abolished, and those on butter were reduced. The price of coffee was raised, so that instead of the former expenditure on price equalisation for coffee, there was now a net receipt. It was estimated that these measures would ease the financial position of the State by some 29 000 million marks at an annual rate, calculated on the level of the national income at that time. By the end of 1956, however, they had not exerted a sufficiently strong influence to balance the Budget for the whole year. Although the postponement of some Treasury disbursements was resorted to at the end of the year, the deficit for the year amounted to 3 292 million marks. In 1955 the deficit had been 2 354 million marks.

The final figures for State revenue and

STATE REVENUE AND EXPENDITURE

(Adjusted figures)

Revenue	1955	1956	Expenditure	1955	1956
	Mill.mk			Mill.mk	
Income and property tax (net)	47 921	59 111	Interest on State debt	5 371	5 585
Gross receipts	(100 716)	(117 384)	Net loss of State enterprises	—	1 212
Refunds and communal income tax	(-52 795)	(-58 278)	Child allowances	19 714	19 938
Other direct taxes	966	969	Old age allowances	2 362	1 952
Purchase tax	49 817	60 509	Supplementary national pen- sions	2 576	3 637
Import duties	26 267	40 322	Transfer of employers' pay- ments for national pensions to National Pensions Fund	3 822	4 691
Revenue from Alcohol Mono- poly	19 535	20 040	Compensations to war-disabled	6 252	7 559
Excise duty on tobacco	11 169	13 167	Subsidies	25 466	32 612
Excise duty on sweetstuffs . . .	1 808	1 884	Net payments of price equali- sation by extra-budgetary funds	—	2 366
Excise duty on beer	961	936	State aid to agriculture	5 575	5 485
Other excise duties	1 300	1 320	State aid to communal and pri- vate schools	13 265	18 648
Stamp duty	8 164	8 920	Military expenditure	10 732	12 520
Employers' payments for child allowances and national pen- sions	20 910	21 547	Maintenance of roads	6 112	6 941
Net receipts of price equali- sation by extra-budgetary funds	7 641	—	Pensions of State employees	4 186	5 599
Other revenue similar to taxes	3 764	3 911	Family pensions	1 073	1 411
Total taxes	200 223	232 636	Other current expenditure . . .	51 486	61 737
			Current Expenditure	158 042	191 893
Interest and dividends	3 801	4 454	Investments in State enter- prises, forests and landed property	11 097	12 641
Net profit of State enterprises	3 848	—	Purchases of machinery and apparatus	2 300	3 044
Other current revenue	6 699	8 387	House building	6 803	7 263
Current Revenue	214 571	245 477	Roads, bridges and hydro- undertakings	12 540	17 493
			Real investments	32 740	40 441
Provision for depreciation by State enterprises	1 173	1 437	of which: unemployment grants	(18 503)	(20 109)
Sales of State property	613	527	Loans granted	22 797	25 399
Repayments of loans	3 097	2 984	Purchases of shares	2 533	2 987
Decrease in inventories of State enterprises	150	—	Purchases of shares of the international monetary in- stitutions	1 240	97
Decrease in inventories of extra-budgetary funds	—	865	Increase in inventories of State enterprises	—	595
Capital Revenue	5 033	5 813	Increase in inventories of extra-budgetary funds	1 140	—
			Capital Expenditure	60 450	69 519
Total Revenue	219 604	251 290	Total Expenditure	218 492	261 412
			Redemption of external loans	2 139	1 912
External loans	2 619	1 997	Redemption of internal loans	3 893	4 187
Internal loans	10 768	11 907	Redemption of Indemnity Bonds etc.	2 301	892
Loans	13 387	13 904	Index premiums	8 520	83
Deficit (+)	+2 354	+3 292	Redemptions	16 853	7 074
Total	235 345	268 486	Total	235 345	268 486

expenditure for 1955 and 1956 are given in the table above. The figures have been „adjusted” from those of the official finance accounts by implementation of the same principles as those adopted in preparing the monthly table given on page 8 of the statistical section of this Bulletin.

The figures show that the revenue (excluding loans) amounted to 251 290 million marks and that the expenditure (excluding redemption) totalled 261 413 million. The increase in revenue on the figure for the previous year represented 14 per cent, and in expenditure 20 per cent. The excess of expenditure was 10 123 million marks. If there are included the loans obtained, and the redemption paid, the deficit amounts to 3 292 million marks.

The major part of the increase in revenue was in respect of taxation. Taxes and similar revenue amounted in all to 232 636 million marks, and their increase on the totals of the previous year represented 16 per cent. As the rise of the price level in 1956 was less than this percentage, a real growth also occurred in the State revenue from taxation. A closer examination of the various taxes indicates that the increase in income and property tax, 23 per cent, was mainly due to the rise in the level of incomes. As regards the purchase tax, it should be noted that in 1955, 5 362 million of the purchase tax which had already been levied on textiles was refunded. If this repayment is not taken into account, the increase in purchase tax, about 10 per cent, broadly corresponds to the rise in the level of prices. As a result of the increase in imports and in rates of duty, the revenue from import duties exceeded that for 1955 by 14 055 million marks, or 54 per cent. In price equalisation payments, which are comparable to taxes, less was collected than was disbursed, so that the net revenue of the price equalisation fund developed into a net expenditure. The

increase in employers' contributions towards children's allowances and national pensions is small, as the former were reduced in the spring. As regards the other revenue, it will be seen that the net profit of the State enterprises changed into a net loss.

Capital revenue increased by 15 per cent on the total for the previous year, if we take into account the considerable decrease in the inventories of extra-budgetary funds.

Current expenditure increased by 21 per cent. The largest increases occurred in subsidies, and in the pay of civil servants. During the course of last year, 32 612 million marks were paid in subsidies, or 28 per cent more than had been given during the year before. Of this sum, 23 511 million marks (15 297 million in 1955) was employed in lowering the retail prices of Finnish dairy produce, in encouraging milk production, and in assisting in the transport and distribution of milk. The export subsidies for dairy produce amounted to 3 916 million marks (1 308 million). With the aim of lowering the prices of fertilisers, and distributing them free of charge to farmers, 4 489 million marks (4 718 million) was expended. In connection with the rise in civil service salaries, the Government pensions and the grants for elementary and secondary schools also increased.

Capital expenditure increased by 15 per cent on the figure for the previous year. This was due almost entirely to the state of employment being worse than it had been in 1955. The growth of expenditure on unemployment relief is mainly evidenced in the expenditure on roads and waterways, but is also shown in Government grants of loans and in investments in State enterprises. Among the latter, the largest item, 8 530 million marks (8 310 million in 1955), represented investments in the railways.

Among the loans granted by the Government, the Arava house building loans of

SHORT-TERM FINANCING

(Adjusted figures)

	1955	1956
	Mill.mrk	
Bills (incr. +)	— 500	—
Private funds (incr. +)	+1 891	+1 443
Net debt to Bank of Finland (incr. +)	+5 689	—2 699
Short-term debt to Post Office Savings Bank (incr. +)	—1 788	+4 238
Cash holdings (incr. —)	—2 938	+ 310
Deficit (+)	+2 354	+3 292

6 302 million marks (7 325 million) at low rates of interest, the loans of 4 721 million (4 480 million) granted by the Settlement Fund, and the unemployment relief loans of 5 884 million (3 156 million) should be mentioned.

New long-term loans were obtained to the extent of 13 904 million marks. As redemptions totalled 7 074 million, the net borrowing amounted to 6 830 million marks. During the year the remaining amounts of the loans which the USSR had granted Finland in 1954 and 1955 were drawn. Internal loans were obtained to the amount of 11 907 million marks, of which the bond loans issued during the year were constituted as follows: at varying rates of interest, 9 552 million, at 6 ½ per cent interest 235 million, at 8 ½ per cent interest 1 493 million. In addition, a loan of 469 million marks was obtained from the National Pensions Fund. All of the loans, with the exception of the 8 ½ per cent loan, were tied to the cost of living index. The Second Indemnity Loan having been finally redeemed in 1955, the index premiums included in the redemption were reduced to a negligible amount.

In the above table those items by which the cash deficit was covered are shown separately. Of the increase in the privately owned funds, 1 041 million marks represented funds voluntarily deposited by home market industries in a special investment stabilisation fund. Consequent upon the redemption of the Treasury Bond Loan of 1953 and a temporary growth of cheque account, the net liability to the Bank of Finland was reduced. On the other hand, the Treasury's short-term debt to the Post Office Savings Bank grew by 4 238 million marks.

STATE DEBT

(Adjusted figures)

	1955	1956
	Mill.mrk	
Loans	54 056	54 271
Promissory notes issued to IMF	7 235	7 235
External Debt	61 291	61 506
Ordinary loans	42 975	50 695
Indemnity bonds etc.	6 766	7 075
Bills	—	—
Cash debt (net)	5 292	7 140
Net debt to Bank of Finland	11 979	9 280
Short-term debt to Post Office Savings Bank	16 824	21 061
less: Cash holdings	—23 511	—23 201
Internal Debt	55 033	64 910
Total Debt	116 324	126 416

The above table illustrates an „adjusted” calculation of the Public Debt. The foreign debt increased during the year by 215 million marks, and the internal debt by 9 877 million, so that the total Public Debt increased by 10 092 million marks. The greater part of the increase in the internal debt, 7 720 million marks, was in respect of ordinary loans.

ITEMS

Trade agreements. On July 25, a multilateral Protocol was approved in Helsinki concerning the arrangement of commercial and payment relations between Finland and Austria, Belgium-Luxembourg, Denmark, France, Great Britain, Italy, the Netherlands, Norway, Sweden, Switzerland, and Western Germany. This agreement regulates the commercial relations and principles to be applied to commercial payments between Finland and the Contracting Parties for the period from 1 April to 30 September 1957. The most important stipulations of the Protocol are concerned with the following points.

The Contracting Parties will grant Finnish exports the most liberal treatment possible. This principle is to be applied to the granting of export licences in Finland for Finnish exports to the Participating Countries as well as to the treatment granted by the Participating Countries to Finnish imports into those countries.

The licensing in Finland of imports from the Participating Countries will be effectuated in conformity with the quota list attached to the Protocol. This list is divided into three groups. Within the first group i. e. the actual global quotas, the number of which is 64, amounting to 29 000 million marks, the importers are entitled to import freely within their particular shares of the given quotas any commodities included in these quotas from any Participating Country. As far as the second group is concerned, including 13 quotas and amounting

to 3 500 million marks, the Finnish Authorities will designate the importers for each quota as well as the merchandise to be imported, but the holder of the licence will be free to choose the source of purchase. The third group, amounting to 6 000 million marks, will remain under the complete control of the Finnish Authorities.

The payments arrangements between Finland and the Participating Countries are based on multilateral principles. Finland has thus the right to transfer foreign exchange earnings from one Participating Country to another.

The Protocol will come into force immediately, with retroactive effect from 1 April, 1957. The bilateral commercial agreements made between Finland and the Participating Countries are modified by the Protocol insofar as is necessary, until 30 September, 1957.

*

New bond loans. On August 1, the Government gave authorisation to eleven private and co-operative enterprises for the issue of bond loans to a total value of 3 267 million marks. The period of the loans is ten years, their rate of interest being $7\frac{1}{4}$ per cent. The outstanding amounts of capital are tied to the cost of living index (October 1951 = 100) to the extent of 50 per cent. — Earlier in the year, another company was authorised to issue a loan of 330 million marks, similarly for ten years and at a rate of interest of $7\frac{1}{4}$ per cent, but tied to the Bank of Finland selling rate for sterling to the extent of 50 per cent.

The terms of these loans are in accordance with an agreement of December 1956 between the Government and the private credit institutions relating to the conditions for bond loans and index-tied deposits. By this agreement, the private credit institutions, or enterprises recommended by them, were entitled during the current year to issue index-tied bond loans to a total amount of 4 000 million marks.

*

Oil refinery. In July, the oil refinery built at Naantali by the State-controlled company Neste Oy began its productive activity. At full capacity, its annual output will be about 750 000 tons of oil products—

petrol, gas oil, petroleum, liquid gases and bitumen — to a total value of 7 000—8 000 million marks. This covers approximately 40 per cent of the estimated home demand.

At the end of last year, a contract for the purchase of crude oil was made with the USSR; this provided for deliveries to Finland of 1 420 000 tons before the end of 1960. This oil, which covers about one half of the annual requirement, will be refined on the company's own account. In July, two other agreements were signed, by the terms of which Oy Shell Ab will deliver 40 per cent and Oy Gulf Ab 10 per cent of the factory's annual requirement of crude oil, to be refined on behalf of the said companies.

BANK OF FINLAND

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