



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 32 No.8

AUGUST

1958

### RECENT DEVELOPMENTS

#### FOREIGN TRADE IN THE FIRST HALF-YEAR

The general signs of depression in the conditions of international business, and the recent excess supply of wood and paper products in the world market, have had their influence on the sales of Finland's principal export articles. As was expected, the immediate effect of devaluation on exports was restricted to enabling the export industries to work on an unchanged scale despite the drop in foreign prices. Imports, on the other hand, were influenced by two factors mutually opposed in effect: the extensive liberalisation of imports, and the reduction in the home demand for foreign goods that was a result of a general decline in domestic activity and of the increase in mark prices of imported goods due to the devaluation.

The course and composition of foreign trade are shown on pp. 9 and 10. Devaluation has made the values in marks not comparable with the figures for previous years. By the end of June, exports amounted to 105 800 million marks, and imports to 115 200 million. The seasonal half-yearly trade deficit was less than half of the corresponding deficit for 1957.

The volume of exports was 7—8 per cent less than in the first half of 1957, but larger than in all the other foregoing years. As for the exports of individual articles (see p. 11) in comparison with 1957, there was a re-

#### VOLUME OF EXPORTS AND IMPORTS, 1954 = 100

	1958		Percentual variation 1958/1957	
	1st quarter	2nd quarter	1st quarter	2nd quarter
<i>Exports</i> . . . . .	122	110	— 7	— 8
Wood industry prod.	79	84	—19	— 9
Paper industry prod.	144	130	— 3	— 2
Metal, engin.ind. prod.	101	106	— 6	— 7
<i>Imports</i> . . . . .	121	115	—22	— 9
Raw materials, access.	112	105	—27	— 9
Fuels and lubricants	135	144	—32	—21
Finished prod. goods	142	129	— 3	— 7
Finished consumer goods . . . . .	115	115	—17	— 3

duction by 21 per cent for sawn timber, 18 per cent for mechanical pulp, 9 per cent for round timber, 8 per cent for plywood and 5 per cent for paper, while cellulose exports remained unchanged, and fibreboard increased by 40 per cent, and products of cardboard and paper by 16 per cent.

The volume of imports was less than it had been during the January—June period of each of the last three years. The heavy reduction recorded in the above table for imports of raw materials during the first quarter, and for fuels and lubricants during both quarters, was mainly due to the imports in those categories having been exceptionally large in 1957.

The distribution of trade by countries and currency areas is seen on p. 12. Compared with the corresponding period of last year,

**On page 18, Public Finance in 1957**

the share of exports to the Western European free list countries remained unchanged and that to dollar area countries decreased somewhat while that to the bilateral-agreement countries increased. As regards imports, their share from the Western European free list countries increased greatly, whereas those from the bilateral-agreement countries, and to some extent from dollar area countries, fell off. The reduction of imports from bilateral-agreement countries was greater in the restricted imports than in liberalised imports. In the main it related to certain raw materials and fuels, which are mostly bought from Eastern Bloc countries and which were imported in record quantities in the early part of 1957 when also the price level of these commodities was much higher.

#### FOREIGN PAYMENTS POSITION

During the second quarter of this year, the development of the exchange reserve of the Bank of Finland continued in a direction similar to that in the first quarter; however, the increase in the net reserve slackened considerably, and the changes in its composition were more adverse than before. As is seen in the table below (for details, see p. 4), in April—June the excessive holdings of currencies of the bilateral-agreement countries increased by almost twice as much as the decrease in dollars reduced the reserve of convertible and transferable currencies.

#### FOREIGN EXCHANGE RESERVE OF THE BANK OF FINLAND, 1 000 MILL. MK

	1957		1958	
	Dec. 31	March 31	June 30	June 30
Gold .....	7.8	7.8	7.8	7.8
Convertible and transferable currencies	21.7	21.2	17.6	17.6
Bilateral currencies ..	4.4	13.0	19.1	19.1
<b>Total</b>	<b>33.9</b>	<b>42.0</b>	<b>44.5</b>	<b>44.5</b>

In January—June the development of the exchange reserve differed considerably in

comparison with the first half of last year. Following the present classification of the reserve, and in terms of dollars, the reserve of convertible and transferable currencies decreased this year by \$13 million to \$55 million, and last year by \$23 million to \$51 million. As regards the currencies of the bilateral-agreement countries, these increased by \$46 million to \$60 million, whilst last year they decreased by \$18 million, showing the net liability of \$19 million at the end of June 1957.

As described above, the change in the holdings of bilateral currencies, as compared with the corresponding period one year previously, is the outcome of the development of foreign trade: export earnings in these currencies were somewhat higher during the current year as compared with the first half of last year, whereas import payments remained considerably below the level of last year. The fact that the reduction in convertible and transferable currencies in January—June this year remained \$10 million less than one year previously has other explanations. One half of this change is the outcome of commercial banks somewhat reducing their holdings of these currencies in the current year, whereas last year they increased them substantially. Other factors were the decrease of net expenditure on the amortisation of foreign loans and on services, and the fact that in the current year these currencies have not been used for payments outside the countries concerned as was the case one year previously. On the other hand, export earnings and import payments burdened the reserve of these currencies more this year than one year previously; during January—June the export earnings were nearly 10 per cent, but import payments little more than 3 per cent, below the level of the corresponding period last year.

*August 15, 1958.*

## BANK OF FINLAND

Mill. mk

	1957		1958			
	July 31	Dec. 31	July 8	July 15	July 23	July 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	28 470	41 340	52 126	52 911	54 425	55 831
Gold .....	7 849	7 850	7 850	7 866	7 866	7 866
Foreign exchange .....	17 731	30 579	40 602	41 371	42 885	44 291
Foreign bills .....	115	136	899	899	899	899
Foreign bonds .....	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	63 148	64 811	52 037	48 806	48 603	49 711
Inland bills discounted						
In foreign currency .....	9 599	13 240	13 243	13 239	13 244	13 367
In Finnish currency .....	17 484	12 909	17 951	17 198	17 103	16 663
Rediscounted bills .....	19 815	24 912	12 718	10 244	10 131	11 556
Treasury bond loan .....	16 250	13 750	8 125	8 125	8 125	8 125
<i>Other assets</i> .....	15 547	19 786	18 095	17 852	17 789	17 518
Finnish bonds .....	1 510	1 258	1 640	1 640	1 643	1 643
Cheque accounts .....	381	619	437	314	403	352
Finnish coin .....	343	299	593	591	582	583
Other claims .....	13 313	17 610	15 425	15 307	15 161	14 940
Total	107 165	125 937	122 258	119 569	120 817	123 060
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	53 471	60 640	57 681	57 142	56 101	56 824
<i>Short-term liabilities</i> .....	19 035	20 581	20 149	18 102	20 517	21 350
Foreign exchange accounts .....	6 274	4 569	2 934	2 989	3 005	3 096
Mark accounts of holders abroad .....	7 628	7 901	3 553	3 641	3 759	3 783
Cheque account of the Treasury .....	3 799	5 145	8 926	8 173	10 785	11 464
Cheque accounts of banks .....	776	2 405	1 896	548	382	367
Other cheque accounts .....	152	189	268	254	261	385
Other short-term liabilities .....	406	372	2 572	2 497	2 325	2 255
<i>Long-term liabilities</i> .....	11 015	16 249	19 809	19 844	20 021	20 942
Foreign .....	8 705	12 284	12 369	12 370	12 372	12 381
Finnish .....	2 310	3 965	7 440	7 474	7 649	8 561
<i>Equalisation accounts</i> .....	10 763	14 458	10 923	10 761	10 411	10 146
<i>Bank's own funds</i> .....	12 881	14 009	13 696	13 720	13 767	13 798
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 .....						
Earnings less expenses .....	1 043	2 171	772	796	843	874
Total	107 165	125 937	122 258	119 569	120 817	123 060
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	28 470	41 340	52 126	52 911	54 425	55 831
Supplementary cover (Upper limit 58 000 mill. mk) .....	58 000	58 000	52 037	48 806	48 603	49 711
Total	86 470	99 340	104 163	101 717	103 028	105 542
<b>Note issue</b>						
Notes in circulation .....	53 471	60 640	57 681	57 142	56 101	56 824
Short-term liabilities .....	19 035	20 581	20 149	18 102	20 517	21 350
Undrawn on cheque credits .....	843	624	816	939	850	901
Unused right of note issue .....	13 121	17 495	25 517	25 534	25 560	26 467
Total	86 470	99 340	104 163	101 717	103 028	105 542

Lowest Bank rate since April 19, 1956, 6 $\frac{1}{2}$  per cent

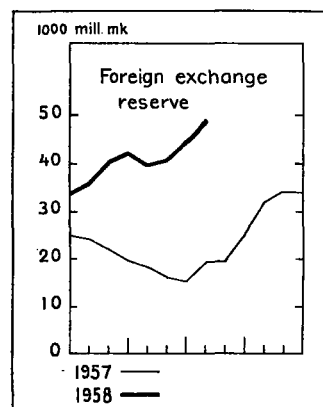
## BANK OF FINLAND

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)	Rediscounted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
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. <sup>1)</sup>	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
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	— 145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189

<sup>1)</sup> Devaluation, September 16.

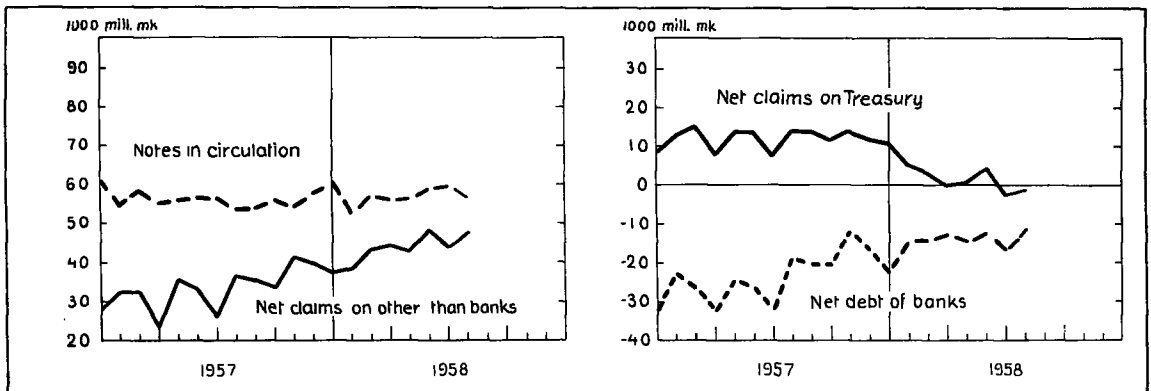
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	May 31	June 30	July 31
Gold .....	7.8	7.8	7.8	7.8	7.9
Convertible currencies	16.0	17.8	13.2	12.1	13.9
Transferable EPU »	3.2	3.9	4.9	5.5	6.1
Non-transferable EPU »	2.0	4.4	7.1	7.8	8.5
Eastern Bloc currencies ..	-3.4	2.0	9.1	12.5	14.4
Other currencies .....	-4.8	-2.0	-1.4	-1.2	-1.7
Total	20.8	33.9	40.7	44.5	49.1



**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										
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
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1957										
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	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778

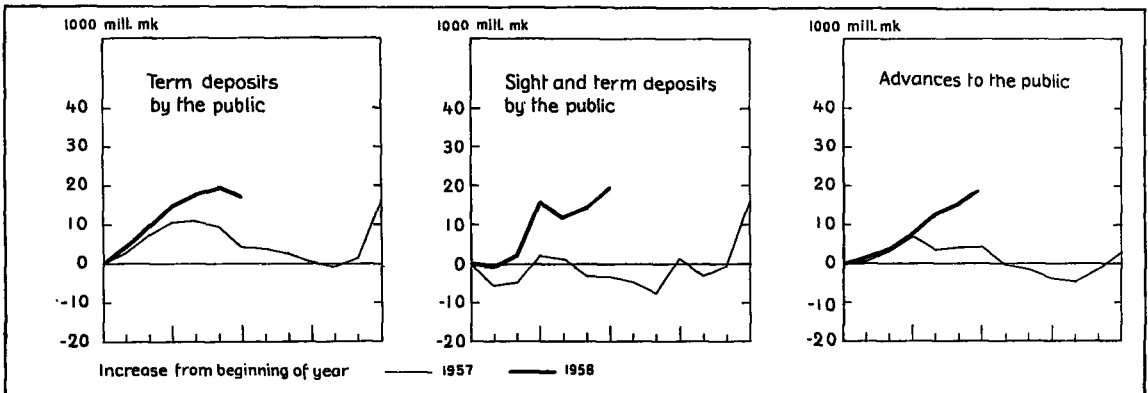
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	
Sept.	13 883	73 815	
Oct.	17 461	77 571	
Nov.	20 442	80 155	
Dec.	22 462	82 444	

Selling rates for foreign exchange			
July 31, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich ..... 100 Fr 7 340:—
London .....	1 £	895:—	Frankfurt a/M 100 DM 7 665:—
Stockholm ...	100 Kr	6 210:—	Prague ..... 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 628:—	Vienna ... .. 100 Sch 1 238:—
Oslo .....	100 Kr	4 478:—	Lisbon ..... 100 Es 1 118: 50
Paris .....	100 Fr	76: 37	Rome..... 100 Lit 51: 50
Brussels .....	100 Fr	644:—	Montreal ..... 1 \$ 334: 50
Amsterdam ...	100 G	8 476:—	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	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 472
1957									
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	110 355
Dec.	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 472
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 483
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	104 225
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	111 700
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	106 710
May	167 137	110 001	26 832	80 002	17 977	377 490	24 459	401 948	109 718
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	116 336
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	..

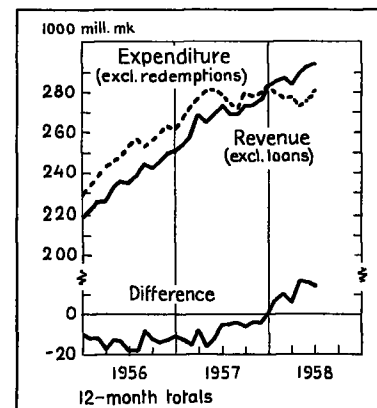


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—June		Expenditure	Jan.—June	
	1957	1958		1957	1958
Income and property tax (net) .....	36.6	27.0	Interest on State debt .....	3.2	3.7
Gross receipts .....	(62.2)	(61.3)	Child allowances .....	5.1	10.1
Refunds and communal income tax .....	(-25.6)	(-34.3)	The State's share in national pensions .....	5.7	3.7
Other direct taxes .....	0.6	0.5	Compensations to war-disabled .....	3.7	3.7
Purchase tax .....	30.6	30.3	Transfer of employers' payments for national pensions to the National Pensions Institution .....	1.9	4.1
Import duties .....	19.1	19.4	Subsidies .....	11.8	10.3
Revenue from Alcohol Monopoly .....	9.9	9.6	Net payments by Price Equalisation Fund .....	—	—
Excise duty on tobacco .....	6.6	8.6	State aid to agriculture .....	1.5	1.6
Excise duty on liquid fuel .....	—	1.9	State aid to communal and private schools .....	9.8	10.3
Other excise duties .....	2.2	2.0	Net loss of State enterprises .....	2.9	2.3
Tax on automobiles and motor cycles .....	—	0.9	Maintenance of roads .....	2.9	2.8
Stamp duties .....	5.6	6.3	Other current expenditure .....	40.8	42.3
Levy on export proceeds .....	—	11.2	<b>Current expenditure</b> .....	89.3	94.9
Employers' payments for child allowances and national pensions .....	9.9	11.1	Real investments .....	31.8	30.0
Net receipts of Price Equalisation Fund .....	3.3	3.2	(of which: unemployment grants) ..	(22.7)	(20.4)
Other revenue similar to taxes .....	2.2	1.5	Other capital expenditure .....	19.6	12.4
<b>Total taxes</b> .....	126.6	133.5	<b>Capital expenditure</b> .....	51.4	42.4
Interest and dividends .....	2.5	2.9	<b>Total expenditure</b> .....	140.7	137.3
Other current revenue .....	3.6	3.8	Redemption of external loans .....	1.1	1.4
<b>Current revenue</b> .....	132.7	140.2	Redemption of internal loans .....	4.1	5.0
Capital revenue proper .....	2.9	3.2	Redemption of indemnity bonds etc. ..	0.3	0.4
Decrease in inventories .....	—	2.8	Index premiums .....	0.3	0.5
<b>Capital revenue</b> .....	2.9	6.0	<b>Redemptions</b> .....	5.8	7.3
<b>Total revenue</b> .....	135.6	146.2	<b>Total</b> .....	146.5	144.6
External loans .....	0.0	—			
Internal loans .....	4.5	2.6			
<b>Loans</b> .....	4.5	2.6			
Short-term credit (increase +) .....	+1.6	+3.0			
<b>Deficit (+) or surplus (—)</b> .....	+4.8	—7.2			
<b>Total</b> .....	146.5	144.6			

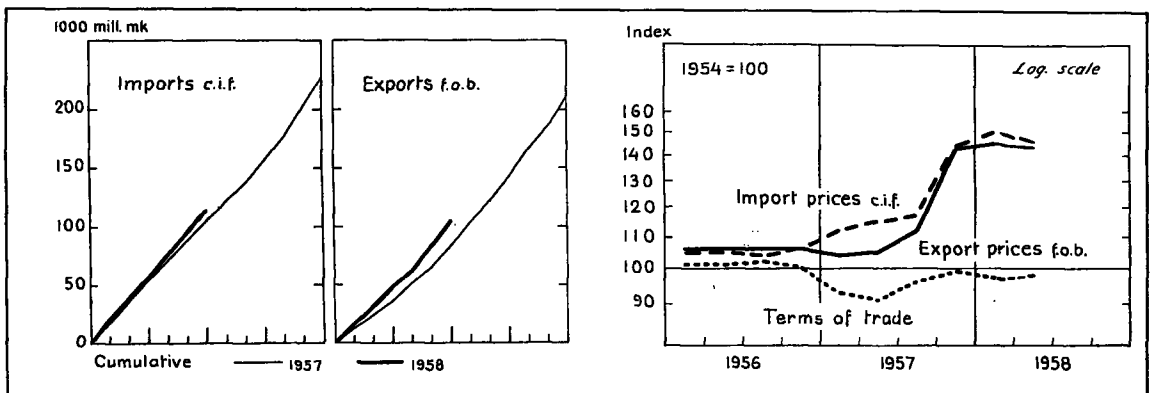
Debt	1955			1956			1957			1958		
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	May	June	July	May	June	July
<b>External debt</b> .....	61.3	61.5	81.8	80.8	80.8	80.7						
Ordinary loans .....	43.0	50.7	52.9	50.3	50.2	49.4						
Indemnity bonds etc. ..	6.8	7.1	7.4	7.6	7.6	7.7						
Short-term credit .....	—	—	—	3.0	3.0	3.0						
Cash debt (net) .....	5.9	8.8	9.6	2.5	2.8	..						
<b>Internal debt</b> .....	55.7	66.6	69.9	63.4	63.6	..						
<b>Total debt</b> .....	117.0	128.1	151.7	144.2	144.4	..						
<b>Total debt, mill. \$</b> .....	506.3	554.5	472.7	449.1	449.9	..						





FOREIGN TRADE

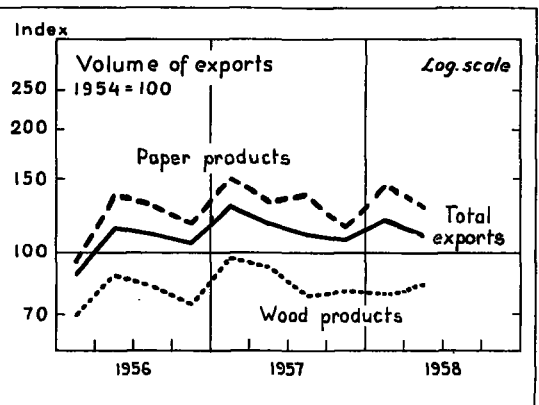
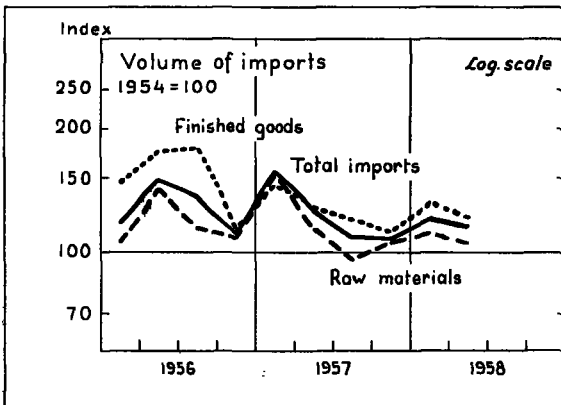
Period	Value, mill. mk			Price indexes, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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.— June										
1956	92 950	70 745	-22 205							
1957	105 005	83 054	-21 951							
1958*	115 215	105 802	- 9 413							
1957										
July	16 019	19 636	+ 3 617	} 112	} 112	} 110	} 113	} 120	} 117	} 96
Aug.	15 454	18 702	+ 3 248							
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 589	+ 2 268							
Nov.	25 034	22 257	- 2 777	} 143	} 145	} 144	} 147	} 143	} 144	} 99
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							
May	19 544	21 907	+ 2 363	} 143	} 140	} 141	} 140	} 163	} 146	} 98
June	20 249	21 793	+ 1 544							



FOREIGN TRADE BY MAIN GROUPS

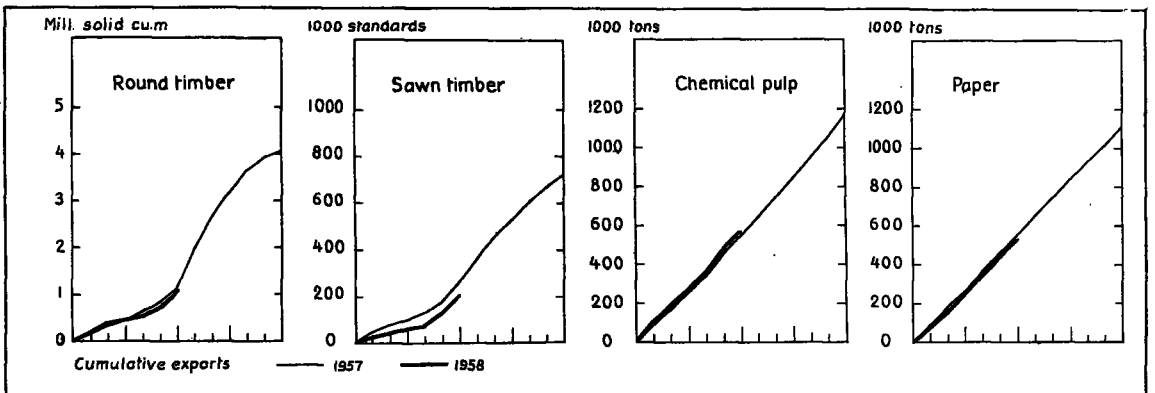
Mill. mk

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.—										
June										
1957	52 713	20 807	13 670	17 815	4 603	4 631	16 469	43 331	10 555	3 465
1958*	58 386	14 963	16 586	25 280	5 311	5 426	20 491	54 925	15 041	4 608
1957										
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	1 411	660
May	9 801	2 475	3 112	4 156	996	1 062	4 454	10 749	3 820	826
June	10 255	2 604	2 878	4 512	711	1 793	5 704	8 664	3 748	1 173



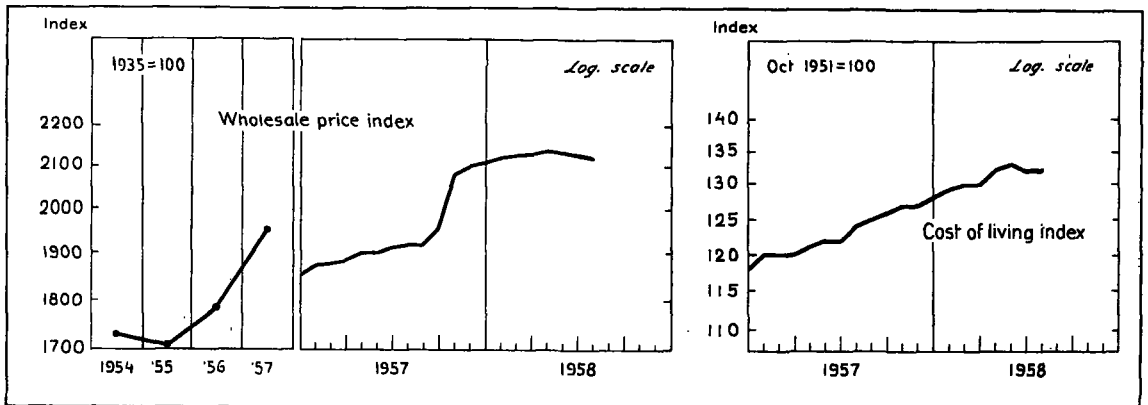
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
Jan.— June										
1956	1 011	218	110	87	303	199	49	23	241	447
1957	1 196	261	129	78	332	220	62	30	294	557
1958*	1 084	207	119	64	358	213	72	42	275	530
1957										
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	12	23	8	51	32	13	8	49	98
April	76	18	22	12	61	34	11	8	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	59	31	12	6	38	82



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-June			Whole year		Jan.-June		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	21.3	18.4	16.7	19.0	21 908	25.2	24.9	25.2	24.8	26 218
United Kingdom .....	20.4	17.6	16.0	18.5	21 265	21.4	21.8	22.0	21.2	22 469
<b>Other OEEC countries</b> ..	39.1	37.6	34.9	43.4	50 010	31.4	32.2	30.3	32.8	34 722
Belgium-Luxembourg ....	3.0	3.0	2.8	2.8	3 204	4.4	4.0	3.6	2.7	2 889
Denmark .....	2.6	2.1	2.2	2.5	2 849	2.5	2.5	2.7	2.6	2 768
France .....	5.7	5.2	5.5	4.6	5 305	5.3	5.6	4.3	6.4	6 783
Western Germany .....	11.8	11.4	9.5	16.0	18 462	8.6	8.9	8.6	9.5	10 017
Italy .....	1.4	1.5	1.8	1.6	1 822	1.4	1.3	1.7	1.9	2 036
Netherlands .....	4.0	4.1	3.0	3.7	4 333	3.6	4.2	4.2	3.7	3 946
Norway .....	1.8	1.2	1.5	1.3	1 558	0.6	0.4	0.5	0.5	483
Sweden .....	5.4	5.9	5.2	8.0	9 194	2.2	3.1	2.4	3.0	3 183
Switzerland .....	1.8	1.6	1.7	1.5	1 682	0.6	0.6	0.8	0.8	787
Turkey .....	0.4	0.3	0.3	0.2	274	0.7	0.4	0.2	0.2	231
<b>Eastern Bloc</b> .....	25.0	30.6	32.5	24.8	28 508	27.3	29.1	28.6	29.1	30 818
China .....	0.3	0.7	0.7	0.7	787	0.9	0.7	1.1	1.1	1 158
Czechoslovakia .....	2.4	2.9	4.0	1.3	1 539	1.2	1.6	1.0	1.8	1 962
Eastern Germany .....	2.3	2.5	2.4	1.6	1 881	2.2	1.9	1.7	2.1	2 215
Poland .....	4.4	5.2	6.2	2.2	2 514	2.3	3.4	3.6	2.8	2 953
Soviet Union .....	13.9	17.7	17.6	17.3	19 866	19.2	19.7	19.5	19.9	21 066
<b>U.S. and Canada</b> .....	6.7	5.7	7.3	6.3	7 266	6.7	5.1	6.1	5.0	5 256
United States .....	6.5	5.6	7.2	6.1	7 039	6.6	5.0	6.0	4.9	5 172
<b>Latin America</b> .....	5.6	5.1	5.3	4.3	4 972	6.0	4.8	5.9	4.6	4 834
Argentina .....	1.6	1.4	1.9	0.5	535	1.5	1.1	1.1	1.2	1 230
Brazil .....	3.3	3.3	3.0	3.4	3 932	3.2	2.7	3.6	2.3	2 470
<b>Others</b> .....	2.3	2.6	3.3	2.2	2 551	3.4	3.9	3.9	3.7	3 954
<b>Grand total</b>	100.0	100.0	100.0	100.0	115 215	100.0	100.0	100.0	100.0	105 802



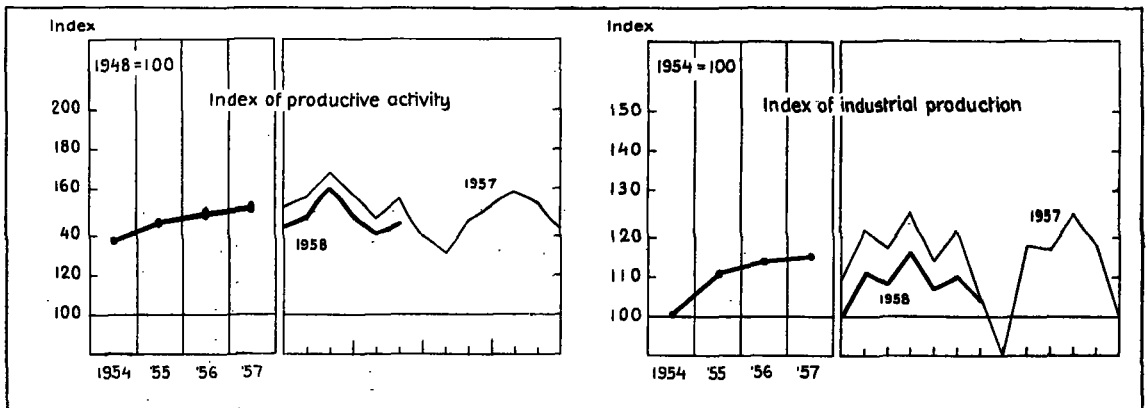
## PRICE INDEXES

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									
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
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 770	2 075	119	113	131

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												
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
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	..	..	..	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*											
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	158	104
April	106	102	105	109	95	117	98	106	2 201	181	108
May	109	97	112	110	101	131	94	110	9 370	207	111
June	104	98	105	105	76	122	94	106	1 646	218	103

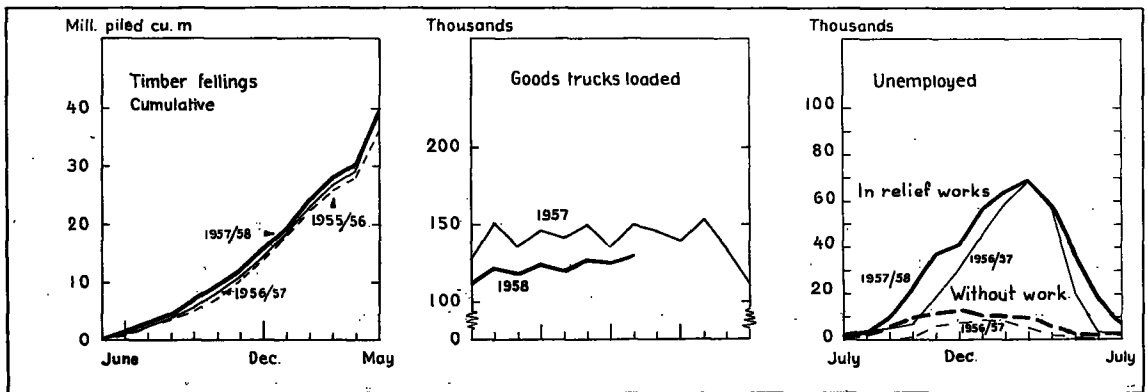


**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period <sup>1)</sup> 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*	..	90.5

<sup>1)</sup> 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		Vessels departed		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	125	421	580	543	956	173	2 016	3 314	18 147
July	149	130	429	575	678	1 272	459	1 979	1 730	12 955
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 Feb., May, Aug. and Nov. 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 1958 are as follows: People's Democrats 50, Social Democrats 38, Social Democrat Opposition 13, Agrarians 48, Conservatives 29, Swedish Party 14, and Finnish People's Party (liberal) 8.

### 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 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 %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

## PUBLIC FINANCE IN 1957

BY

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In order to prevent further inflation, efforts had already been made in 1956 to stabilise the State economy, in particular by the reduction of subsidies. Nevertheless, expenditure continued to increase during 1957. Exports of farm produce expanded, calling for the payment of more export subsidies, and the new National Pensions Act, which came into force at the beginning of the year, also increased State expenditure. Although the rise in wages was comparatively small during 1957, the expenditure on salaries and wages of Government employees continued to increase. The great deterioration in the state of employment also meant an increase in the expenses of the State. In January—February 1957, there was an overall deficit of 5 500 million marks in the State economy, in spite of the deferment of some Government payments.

As long-term internal loans were not available to any considerable extent owing to the stringency of the money market, steps were taken in the first half of the year to reduce public expenditure and to increase revenue.

The plan drawn up in March by the Government for stabilisation of the State economy was passed in its main features, and in accordance with this, price subsidies on dairy produce, amongst other things, were reduced. The corporate tax was raised retroactively from the beginning of the year

to 38 per cent on income and 1 per cent on property, the excise duty on tobacco was raised by 20 per cent from the beginning of April, and the price equalisation payments on fruit, petrol, petroleum and gas oil were increased by raising the selling prices of these commodities. It was decided to raise employees' and employers' payments towards national pensions from the beginning of 1958. On the basis of the level of the national income at that time, it was estimated that these measures would increase State revenue and reduce expenditure, by about 11 000 million marks in 1957 and by about 21 000 million in 1958.

However, these measures did not effect a sufficiently rapid change in the situation, and the overall deficit for January—May amounted to 8 400 million marks. In June, the Government issued a new plan, by which from the middle of June the price subsidies on dairy produce were further reduced, and the subsidies on artificial fertilisers lowered. By deferring the implementation of the new Road Act, a reduction of expenditure was achieved for 1958—1959. With a view to increasing the State revenue, the consumers' prices of margarine and grain products, and the telephone charges, were raised from the middle of June and the prices of alcoholic beverages at the beginning of July. In addition an extraordinary tax on motor vehicles was imposed for 1957. On the basis

Table 1. STATE REVENUE AND EXPENDITURE  
(Adjusted figures)

Revenue	1956	1957	Expenditure	1956	1957
	Mill.mk			Mill.mk	
Income and property tax (net)	59 111	64 451	Interest on State debt .....	5 585	6 597
Gross receipts .....	(117 384)	(132 499)	Net loss of State enterprises..	1 212	—
Refunds and communal income tax	(—58 273)	(—68 048)	Child allowances .....	19 938	20 196
Other direct taxes .....	969	1 303	The State's share in national pensions .....	5 589	12 280
Purchase tax .....	60 509	69 706	Transfer of employers' payments for national pensions to National Pensions Institution .....	4 691	5 481
Import duties .....	40 322	40 729	Compensations to war-disabled	7 559	7 342
Revenue from Alcohol Monopoly .....	20 040	21 337	Subsidies .....	32 612	24 317
Excise duty on tobacco .....	13 167	15 109	Net payments of price equalisation by extra-budgetary funds	2 366	—
Excise duty on sweetstuffs ...	1 884	1 983	State aid to agriculture .....	5 485	5 392
Excise duty on beer .....	936	978	State aid to communal and private schools .....	18 648	19 212
Extraordinary tax on motor vehicles .....	—	871	Military expenditure .....	12 520	14 640
Other excise duties .....	1 320	1 481	Maintenance of roads .....	6 941	7 880
Stamp duties .....	8 920	10 366	Pensions of State employees ..	5 599	5 943
Levy on export proceeds ....	—	3 599	Other current expenditure ....	63 148	69 899
Employers' payments for child allowances and national pensions .....	21 547	20 911	<b>Current Expenditure .....</b>	<b>191 893</b>	<b>199 179</b>
Net receipts of price equalisation by extra-budgetary funds	—	6 005	Investments in State enterprises, forests and landed property .....	12 641	17 704
Other revenue similar to taxes	3 911	4 404	Purchases of machinery and apparatus .....	3 044	2 699
<b>Total taxes</b>	<b>232 636</b>	<b>263 233</b>	House building .....	7 263	10 636
Interest and dividends .....	4 454	5 636	Roads, bridges and hydro-undertakings .....	17 493	21 889
Net profit of State enterprises	—	251	Real investments	40 441	52 928
Other current revenue .....	8 387	8 107	of which: unemployment grants.	(22 703)	(30 800)
<b>Current Revenue .....</b>	<b>245 477</b>	<b>277 227</b>	Loans granted .....	25 399	26 524
Provision for depreciation by State enterprises .....	1 437	1 637	Purchases of shares .....	2 987	2 348
Sales of State property .....	527	182	Purchases of shares of the international monetary institutions .....	97	769
Repayments of loans .....	2 984	4 418	Increase in inventories of State enterprises .....	595	—
Decrease in inventories of State enterprises .....	—	381	Increase in inventories of extra-budgetary funds .....	—	575
Decrease in inventories of extra-budgetary funds .....	865	—	<b>Capital Expenditure .....</b>	<b>69 519</b>	<b>83 144</b>
<b>Capital Revenue .....</b>	<b>5 813</b>	<b>6 618</b>	Redemption of external loans	1 912	2 280
Total Revenue .....	251 290	283 845	Redemption of internal loans	4 187	5 565
External loans .....	1 997	4	Redemption of Indemnity Bonds etc. ....	892	983
Internal loans .....	11 907	7 784	Index premiums .....	83	326
<b>Loans .....</b>	<b>13 904</b>	<b>7 788</b>	<b>Redemption .....</b>	<b>7 074</b>	<b>9 154</b>
Deficit (+) or Surplus (—)	+3 292	— 156	<b>Total</b>	<b>268 486</b>	<b>291 477</b>
<b>Total</b>	<b>268 486</b>	<b>291 477</b>			

of the existing level of national income it was estimated that these measures would improve the cash position of the State by about 7 000 million marks in 1957, and by about 12 000 million in 1958.

In July, the unpaid amounts postponed from previous months attained their peak of about 19 000 million marks, although the cumulative cash deficit was already less at the end of July than at the end of May. In August, the Government issued a third stabilisation plan. According to this, reductions were made in the subsidies on fertilisers, and the loans granted by the State. At the same time, the stamp duties and the excise duties on tobacco and matches were raised. The income and property tax payable by individuals for 1957 was raised as regards the higher classes of income and property. In addition, the collection of the purchase tax was expedited, and it was estimated that an additional revenue of about 3 500 million marks would be obtained from this source in 1957. In all, it was calculated, on the basis of the existing level of national income, that in 1957 these measures would improve the cash position of the State by about 6 000 million marks, and in the following year by about 2 000 million.

In the second half of the year, the cash position became less strained, and for the complete year there was a small overall surplus of 156 million marks. In judging this formal result, however, it should be noted that the levy on export proceeds referred to later was taken into account in the State revenue, and that 4 500 million marks of the expenditure due to be paid in 1957, was postponed until January 1958. Without the export levy and the deferred payments, there would have been an overall deficit of about 8 000 million marks.

The final calculations of State expenditure and revenue for 1956 and 1957 are given in Table 1. The figures in the official finance

accounts have been adjusted to correspond with those given on page 8 of this Bulletin.

The figures in the table show that in 1957 the revenue (excluding loans) amounted to 283 845 million marks, and the expenditure (excluding redemption) to 282 323 million. The increase from the previous year represents 13 per cent for revenue and 8 per cent for expenditure. Revenue exceeded expenditure by 1 522 million marks. If new loans and the redemption of loans are taken into account, the result is an overall surplus of 156 million marks.

The greater part of the increase in revenue was due to taxation. Taxes and similar revenue amounted to 263 233 million marks, and their increase on the previous year was proportionally the same as the increase in the total revenue. In view of the rise in the price level, about one half of this represents nominal increase. As regards the separate items of revenue, it should be mentioned that the increase in the income and property tax amounted to 9 per cent. This was partly due to the fact that the payment of the communes' share of pre-collected taxes was deferred until 1958. Part of the increase in the purchase tax was due to expediting tax collection. If this part be omitted, it is found that the yield of the purchase tax was slightly higher than the rise in the price level. As regards the increase in the other principal taxes, the growth of the excise duty on tobacco and the stamp duties should be noted. Although many taxes were increased during the year, their yield did not advance as much as had originally been expected. This was mainly due to the level of incomes having risen more slowly.

According to the act relating to the export levy, which came into force in September 1957, exporters are bound for one year to pay into a special account at the Bank of Finland part of the rise in export earnings due to the devaluation of the mark. These funds

are employed primarily in redeeming by 50 per cent the Treasury Bond Loan obtained from the Bank of Finland in 1953, and the remainder in granting loans to the forest industry beginning in July 1958 at the earliest. Last year the receipts from the export levy amounted to 3 599 million marks. Of this sum, 2 500 million marks were employed in redeeming Treasury bonds, the balance being left for employment in 1958.

A net revenue of 6 005 million marks was received from price equalisation charges, which are comparable to taxes. As regards other current revenue, it should be noted that the State-owned enterprises, which in 1956 reported a loss, in 1957 yielded a slight profit. Capital revenue increased by 14 per cent. The greater part of this consisted of repayments of loans granted by the State.

The increase in current expenditure is 4 per cent. In the first place, the expenditure on national pensions should be mentioned, this having grown as a result of the higher national pensions in accordance with the new law. Subsidies were reduced by 25 per cent, their total being 24 317 million marks. Of this sum, 11 033 million marks were paid (23 511 million in 1956) to reduce the retail prices of dairy produce, in order to encourage the output of milk and to assist transport and distribution. The export subsidies on dairy produce amounted to 10 676 million marks (3 916 million). For lowering the prices of artificial fertilisers and distributing them free of charge, 1 781 million marks (4 489 million) were expended directly from the budget, and 2 587 million from the price equalisation funds.

As regards capital expenditure, the increase on the previous year is about 20 per cent. One half of this is due to the growth of expenditure on unemployment. Of the investments in State-owned enterprises, the principal item is the investment of 12 325 million marks (8 530 million) in the railways.

Among the loans granted, the Arava housing loans at a low rate of interest amounted to 7 218 million marks (6 302 million), loans from the settlement fund to 4 143 million marks (4 721 million), and loans granted for the maintenance of employment to 4 792 million marks (5 884 million).

In maintaining employment, altogether 36 365 million marks (29 215 million) were expended, mainly on house building and roads and waterworks. The greater part of this sum is included in the capital expenditure.

New loans were obtained to the value of 7 788 million marks. As redemption amounted to 9 154 million marks, the net redemption represented 1 366 million. Internal loans totalled 7 784 million marks, bond loans at varying rates of interest amounting to 7 086 million, and a loan from the National Pensions Institution to 469 million. These loans were linked to the cost of living index.

Table 2. SHORT-TERM FINANCING  
(Adjusted figures)

	1956	1957
	Mill.mk	
Private funds (incr.+) ....	+1 443	— 316
Net debt to Bank of Finland (incr.+) .....	—2 699	+1 289
Export Levy deposited in Bank of Finland (incr.—) .....	—	— 751
Short-term debt to Post Office Savings Bank (incr.+) ....	+4 238	—3 870
Cash holdings (decr.+) ....	+ 310	+3 492
Deficit (+) or Surplus (—)	+3 292	— 156

Table 2 gives an analysis of the short-term financing, which also explains how the overall surplus or deficit is interpreted in these adjusted calculations. Among the private funds, the voluntary deposits of the home market industry in a special investment stabilisation fund increased by a further 44 million marks. Of the Treasury Bond Loan, a net amount of 3 750 million marks was redeemed from the Bank of Finland. The gross redemption amounted to 5 000 million marks, half of which consisted of normal

redemption, the other half being redemption by means of the export levy; on the other hand, in September the Treasury drew one of the bonds that had not been employed, amounting to 1 250 million marks. Altogether, however, the net liability of the Treasury to the Bank of Finland increased during the year by 1 289 million marks, as the cheque account of the Treasury fell off considerably. In addition, the sums of the export levy deposited in a special account at the Bank of Finland amounted at the end of the year to 751 million marks. The short-term liability of the Treasury to the Post Office Savings Bank was reduced by 3 870 million marks. The cash holdings decreased by about the same sum.

Table 3 illustrates the course of the Public Debt during the year. The foreign debt increased by 20 292 million marks. This was due to the devaluation, as no new foreign

Table 3. STATE DEBT

	(Adjusted figures)	
	1956	1957
	Mill.mk	
Loans .....	54 271	72 768
Promissory notes issued to IMF	7 235	9 030
<b>External Debt</b> .....	<b>61 506</b>	<b>81 798</b>
Ordinary loans .....	50 695	52 894
Indemnity bonds etc. ....	7 075	7 396
Cash debt (net) .....	7 140	7 914
Net debt to Bank of Finland including Export Levy deposited in Bank of Finland .....	9 280	10 432
Short-term debt to Post Office Savings Bank .....	21 061	17 191
less: Cash holdings .....	—23 201	—19 709
<b>Internal Debt</b> .....	<b>64 910</b>	<b>68 204</b>
<b>Total Debt</b> .....	<b>126 416</b>	<b>150 002</b>

loans were obtained. The devaluation increase in foreign loans amounted to 20 772 million marks, and the increase in the promissory note to the International Monetary Fund to 2 565 million. During the year the internal debt increased by 3 294 million marks. Altogether, the Public Debt recorded an increase of 19 per cent.

## ITEMS

**New Diet.** A new Diet was elected on July 1 and 2 for the following period of 4 years. Of the 2 597 000 electorate, 75.4 per cent cast their votes. In 1954, when the previous elections were held, a percentage of 79.9 was recorded. The approved votes were distributed as follows:

	1958		1954	
	Thousand	Per cent	Thousand	Per cent
People's Democrats ..	450	23.1	434	21.6
Social Democrats ..	449	23.1	527	26.2
Agrarians .....	448	23.0	484	24.1
Conservatives .....	297	15.2	257	12.8
Swedish Party ....	132	6.8	140	7.0
Finnish People's Party (liberal) .....	120	6.1	158	7.9
Independent Social Democrats .....	34	1.7	—	—
Others .....	19	1.0	8	0.4
<b>Total</b>	<b>1 949</b>	<b>100.0</b>	<b>2 008</b>	<b>100.0</b>

The seats in the Diet were divided as follows:

	1958	1954
People's Democrats .....	50	43
Social Democrats .....	48	54
Independent Social Democrats .....	3	—
Agrarians .....	48	53
Conservatives .....	29	24
Swedish Party .....	14	13
Finnish People's Party (liberal) ....	8	13
Others .....	—	—
<b>Total</b>	<b>200</b>	<b>200</b>

The election thus turned out to be a success for the extremist parties, the left-wing People's Democratic Party gaining 7 seats and the Conservatives gaining 5. The centre parties suffered the heaviest losses, the Agrarians and the liberal Finnish People's

Party losing 5 seats each. The Socialists lost 3 seats. Of the 51 seats falling to their share, the Social Democrat Party received 48, while 3 were taken by the opposition within that party, which had appeared as an independent group in the election.

Immediately after the opening of the parliamentary session on July 29, ten representatives of the Social Democrat Party went over to the opposition, which, at least so far, functions as an independent group within the Diet. The number of Social Democrat representatives thereby dropped to 38, while the total of the members of the Social Democrat Opposition increased to 13.

At its first sitting, the Diet elected Professor V. J. Sukselainen (Agr.) as Speaker, and Mr T. Kujala (People's Dem.) and Mr O. Peltonen (Soc. Dem.) as Deputy Speakers.

\*

**The Bank Supervisors of the Diet.** The Electors of the new Diet chose Bank Supervisors on August 12. Mr Kusti Eskola (Agr.), was elected chairman by the Bank Supervisors, and Mr Väinö Tanner (Soc. Dem.) vice-chairman. Mr Eskola and Mr Tanner performed these duties also during the previous Diet.

\*

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

*India*, on June 23. The period of validity of the indicative lists for 1957 was extended to December 31, 1958, and simultaneously supplemented. For imports from India, Finland applies the free list for the sterling area, and, for goods outside the free list, global quotas.

In 1957 Finnish exports amounted to 1 019 million marks, and imports to 100 million.

*Ireland*, on July 4. The agreement which expired at the end of March was extended by twelve months. Finnish exports will be granted the most liberal treatment, implying the application of the general free list permitted by Ireland. For imports into Finland, the free list for the sterling area is applied, and goods outside the free list are imported within the limits of the previous quotas, which are extended on the basis of pro rata temporis.

In 1957, Finnish exports to Ireland amounted to 1 581 million marks and imports therefrom to 129 million.

*Yugoslavia*, on July 17. The agreement which expired at the end of June was extended so as to be in force until the end of June 1959. According to the appended indicative lists, Finland will export products of the forest industry, machinery and other industrial products. Finnish imports will include agricultural products, various qualities of hardwood, metals and minerals, in addition to chemical and pharmaceutical products. For imports from Yugoslavia, Finland applies the free list for bilateral-agreement countries.

In 1957, the total value of exports to Yugoslavia amounted to 335 million marks, and imports to 428 million.

\*

**Levy on export proceeds.** On August 4, a fourth lowering of the rates of levy on export proceeds was put into effect, the reduction relating to paper and pulp. The new rates of levy on exports of wood and wood-processing products are 4—30 per cent, calculated on the rise in mark amounts due to devaluation. For other goods, the rate is 2 per cent, as before. For goods produced in the northernmost districts of the country, the levy is still one half of the percentages determined for the other districts.

# 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*

HEERO ASP,  
*Foreign affairs*

## HEADS OF DEPARTMENT

HEIKKI VALVANNE,  
*Institute for  
Economic Research*

G. ENGBERG,  
*Personnel*

C. G. SUNDMAN,  
*Foreign exchange  
(trade)*

P. BLOMQUIST,  
*Accounts*

P.-E. ÖSTERLUND,  
*Foreign exchange  
(services)*

A. KAJANTIE,  
*Documentary credits*

J. HELANDER,  
*Foreign exchange control*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

HELGE LINDSTRÖM,  
*Credits*

A. NENONEN,  
*Foreign correspondence*