



BANK OF FINLAND

MONTHLY BULLETIN

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OCTOBER

1956

RECENT DEVELOPMENTS

MONEY MARKET

The stringency in the money market continued during the second and third quarters of the year. As the measures which the Bank of Finland had introduced to check credit expansion had proved effective, the monetary policy of the Bank could be eased to some extent. Thus, on May 30, the Bank decided not to demand the renewal of the cash reserve agreement but to discontinue the system of cash reserve deposits. It was also considered possible to reduce the deposits against import licences by means of fixing their upper limit at 10 per cent of the value of the licences, and making the term of deposit three months (see Bulletin No. 6, 1956). Furthermore the Bank of Finland decided to reward those credit institutions which have not continuously resorted to the central bank by relieving, in certain cases, the conditions for rediscounting. Thus, if a credit institution has not during the twelve months preceding a month of rediscounting, been indebted to the Bank for more than 120 days in all, it will be exempted from the penalty rate for that proportion of its total debt to the central bank which does not exceed the amount of its own funds, while on the excess debt the penalty rate will be 1 per cent.

On September 27, 1956, the joint delegation of the credit institutions decided to cancel, with effect from January 1, 1957, the interest agreement of December 22, 1955. By the terms of that agreement, all categories of credit institutions have paid 5 $\frac{3}{4}$ per cent on deposit account; the commercial banks have paid 1 per cent and other credit institutions 1 $\frac{1}{2}$ per cent on cheque account, and the Post Office Savings Bank 1 per cent on postal giro account; the highest lending rate has in general been 8 per cent, though some small credit institutions have been allowed to charge a maximum rate of 8 $\frac{1}{2}$ per cent. As yet, no category of credit institutions has announced an intention of changing the rates of interest.

The result of the Bank's operations on the money market was different in the second and the third quarter. During the second quarter, a reduction by 10 200 mill. marks in foreign net assets, an increase by 1 400 million in deposits against import licences, and a net change by 3 100 million in other items, produced a net reduction of 14 700 mill. marks in the supply of money. On the other hand, net claims on trade and

On page 18, The Structure and Distribution of Credits to the Private Sector in Finland in 1948—1955

industry increased by 5 900 mill. marks, and net claims on the State by 3 300 million, which, together with the refund of 400 mill. marks of cash reserve deposits, eased the money market by a total of 9 600 mill. marks. Notes in circulation increased by 3 700 mill. marks and the banks' balances on cheque account with the Bank of Finland increased by 400 million. Rediscounts grew by 7 200 mill. marks.

During the third quarter, the Bank's net claims on trade and industry were reduced by 4 000 mill. marks and the net claims on the State by 3 300 million. The combined restrictive effect of these factors was 7 300 million, but, on the other hand the net foreign assets increased by 2 400 mill. marks, while 4 000 million in deposits against import licences and 1 000 million in cash reserve deposits were refunded, so that the total easing effect was 7 400 mill. marks. Notes in circulation grew by 900 million only, whereas the banks' balances on cheque account decreased by 300 million. Rediscounts were reduced by 100 mill. marks. Thus, the total of notes in circulation and the banks' balances on cheque account, that is, the amount of central bank money, increased by 4 000 mill. marks during the second quarter and by 700 million during the third quarter. During the first quarter there had been a decrease of 3 200 mill. marks, so that from the beginning of the year the total increase in central bank money was no more than 1 500 mill. marks.

The reduction in the public's deposits is a disquieting phenomenon. During January—September, deposits in all credit institutions diminished by 4 300 mill. marks; the decrease during March—September was as

high as 9 700 million. Index-tied deposits have, on the other hand, increased considerably: 6 500 million in each of the second and third quarters. By the end of September, the total of index-tied deposits was about 14 000 mill. marks of which 7 000 million were held by the savings banks, 5 600 million by the co-operative credit societies, 500 million by the Post Office Savings Bank and 700 million by the other credit institutions.

Total deposits by the public were reduced by 2 300 mill. marks during the second quarter and by 6 300 million during the third quarter. Advances to the public increased by 6 400 mill. marks during the second quarter, but were reduced by 1 600 million during the third. The net indebtedness of the commercial banks to other credit institutions was reduced by 3 700 million during April—September, and as the public's deposits in the commercial banks were at the same time reduced by 3 700 million, rediscounting was a prerequisite for the increase in advances to the public of 2 000 million. This increase in advances occurred during the second quarter; in the following quarter the lending of the commercial banks diminished.

The decrease in the public's deposits began in connection with the general strike, during which deposits were withdrawn. Since then, price rises and developing economic activity have tended to increase the public's need for ready money. At the same time, fear of inflation has made people cautious with regard to deposits. The fact of deposits being reduced has forced the credit institutions to restrict their lending, and this in turn has further reduced deposits.

October 18, 1956

BANK OF FINLAND

Mill. mk

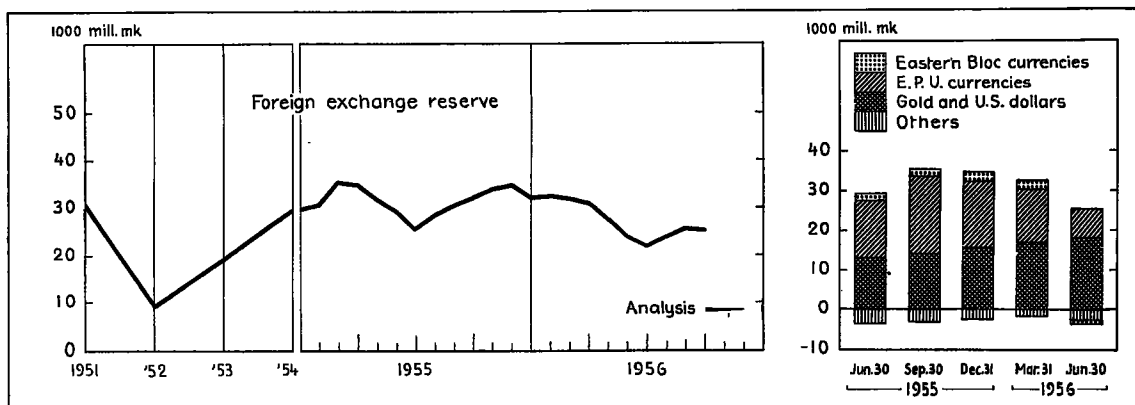
	1955		1956			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 22	Sept. 29
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	40 168	38 314	34 452	34 194	33 348	33 174
Gold	7 096	7 849	7 849	7 849	7 849	7 849
Foreign exchange	30 604	28 089	24 042	23 784	22 938	22 764
Foreign bills	116	116	116	116	116	116
Foreign bonds	2 353	2 260	2 445	2 445	2 445	2 445
<i>Supplementary note cover</i>	48 823	65 576	70 086	68 992	71 153	70 649
Inland bills discounted						
In foreign currency	8 292	8 511	9 313	9 315	9 326	9 326
In Finnish currency	13 780	14 437	17 319	17 167	17 009	16 600
Rediscounted bills	6 751	22 628	24 704	23 760	27 318	27 223
Treasury bond loan	20 000	20 000	18 750	18 750	17 500	17 500
<i>Other assets</i>	13 509	11 617	15 950	15 999	16 343	16 423
Finnish bonds	2 040	1 915	2 016	2 013	2 013	2 028
Cheque accounts	394	490	565	559	583	737
Finnish coin	265	195	348	388	303	298
Other claims	10 810	9 016	13 021	13 038	13 444	13 360
Total	102 500	115 506	120 487	119 184	120 844	120 246
Liabilities						
<i>Notes in circulation</i>	50 634	55 883	57 189	57 048	57 224	58 831
<i>Short-term liabilities</i>	28 591	33 309	19 166	19 006	20 180	21 634
Foreign exchange accounts	5 471	3 855	5 650	5 497	4 985	5 475
Mark accounts of holders abroad	3 422	3 898	5 765	5 837	5 918	6 119
Cheque account of the Treasury	8 803	9 816	6 466	6 215	7 538	8 310
Cheque accounts of banks	6 371	8 384	181	438	490	781
Other cheque accounts	3 344	6 733	190	178	197	154
Other short-term liabilities	1 181	624	913	841	1 051	794
<i>Long-term liabilities</i>	8 665	9 013	24 129	23 024	22 945	19 086
Foreign	7 372	7 719	8 100	8 103	8 123	8 236
Finnish	1 294	1 294	16 029	14 920	14 822	10 851
<i>Equalisation accounts</i>	4 158	5 690	8 043	8 113	8 446	8 592
<i>Bank's own funds</i>	10 452	11 612	11 961	11 993	12 050	12 102
Capital	5 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	4 479	—	806	806	806	806
Profits undisposed	—	—	6	6	6	6
Earnings less expenses	972	1 612	1 150	1 181	1 238	1 290
Total	102 500	115 506	120 487	119 184	120 844	120 246
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	40 168	38 314	34 452	34 194	33 348	33 174
Supplementary cover (Upper limit 58 000 mill. mk)	48 823	58 000	58 000	58 000	58 000	58 000
Total	88 991	96 314	92 452	92 194	91 348	91 174
Note issue						
Notes in circulation	50 634	55 883	57 189	57 048	57 224	58 831
Short-term liabilities	28 591	33 309	19 166	19 006	20 180	21 634
Undrawn on cheque credits	591	494	614	619	596	441
Unused right of note issue	9 175	6 627	15 483	15 521	13 348	10 267
Total	88 991	96 314	92 452	92 194	91 348	91 174

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

BANK OF FINLAND

Mill. mk

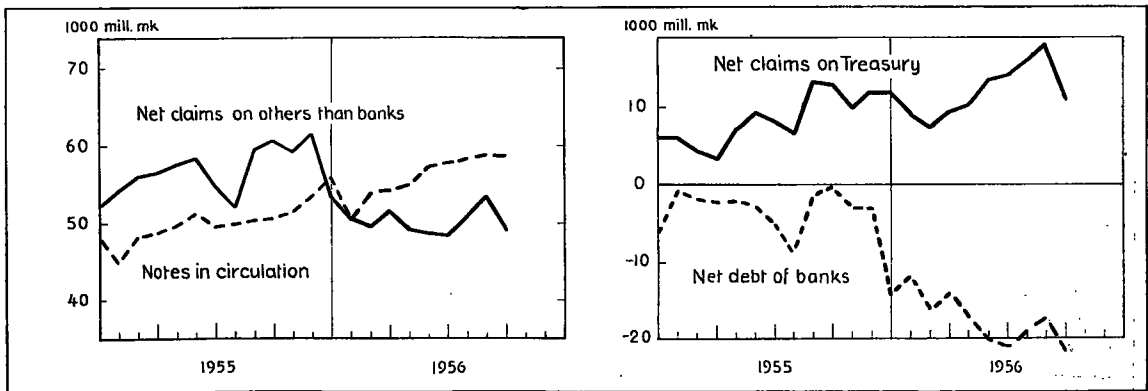
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1948	3 329	3 211	118	—	1 379	-1 261	1 697	—	473	1 224
1949	5 196	6 930	-1 734	—	2 561	-4 295	2 427	—	665	1 762
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	1 707	14 244
1955										
April	38 836	7 000	31 836	2 468	9 744	24 560	5 386	2 325	969	2 092
May	36 044	6 814	29 230	2 468	9 999	21 699	6 112	2 743	486	2 883
June	33 610	7 870	25 740	2 468	10 069	18 139	9 020	2 987	817	5 216
July	34 635	6 280	28 355	2 468	10 586	20 237	13 239	4 227	662	8 350
Aug.	36 148	5 818	30 330	2 468	10 300	22 498	5 335	2 808	1 138	1 389
Sept.	37 700	5 470	32 230	2 468	10 794	23 904	6 751	5 441	930	380
Oct.	38 660	4 989	33 671	2 468	11 186	24 953	9 472	5 498	972	3 002
Nov.	38 899	4 166	34 733	2 468	11 528	25 673	10 007	6 176	748	3 083
Dec.	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 707	14 244
1956										
Jan.	36 957	4 464	32 493	2 561	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 080	3 982	32 098	2 561	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 561	12 405	21 169	20 086	5 983	135	13 968
April	31 585	3 937	27 648	2 561	12 400	17 809	24 790	7 062	530	17 198
May	29 700	6 031	23 669	2 561	12 694	13 536	27 236	6 372	665	20 199
June	29 339	7 547	21 792	2 561	13 386	10 967	27 283	5 621	507	21 155
July	29 668	6 080	23 588	2 561	13 681	12 468	26 918	7 046	812	19 060
Aug.	31 220	5 745	25 475	2 561	13 725	14 311	23 513	5 498	689	17 326
Sept.	30 613	5 475	25 138	2 561	14 355	13 344	27 223	4 671	781	21 771



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
1948	19 230	19	19 211	13 591	1 387	14 978	—	207	14 771	27 369
1949	22 030	80	21 950	15 351	1 965	17 316	—	625	16 691	29 606
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
1955										
April	21 660	14 488	7 172	13 252	14 833	28 085	—	91	27 994	49 713
May	21 660	12 382	9 278	14 553	16 633	31 186	—	365	30 821	51 344
June	21 660	13 458	8 202	15 120	17 327	32 447	—	228	32 219	49 584
July	21 660	15 044	6 616	14 395	17 230	31 625	739	1 549	29 337	49 903
Aug.	21 660	8 342	13 318	13 470	16 786	30 256	1 600	2 068	26 588	50 376
Sept.	21 660	8 803	12 857	13 780	17 836	31 616	2 931	1 594	27 091	50 634
Oct.	21 660	11 854	9 806	14 339	17 832	32 171	3 922	1 180	27 069	51 433
Nov.	21 660	9 627	12 033	13 563	17 748	31 311	5 105	872	25 334	53 493
Dec.	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956										
Jan.	21 660	12 905	8 755	15 204	16 846	32 050	7 476	844	23 730	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	10 161	10 249	19 782	18 211	37 993	8 753	762	28 478	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 289	849	30 455	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 540	670	31 857	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 675	694	30 317	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 289	1 127	28 139	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 886	948	32 529	58 831



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

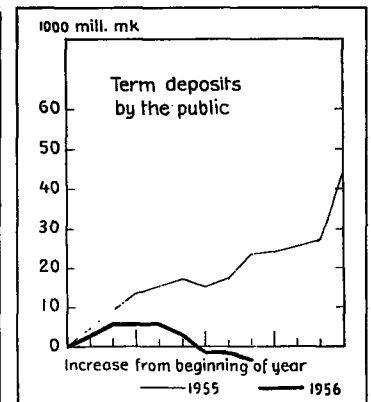
Mill. mk

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
1949	23 276	26 908	8 984	31 079	35 014	16 675	12 237	4 649	99 660	135 552
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	36 587	44 281	11 795	97 794	108 541	61 140	33 073	15 255	315 843	371 919
1955										
Feb.	34 937	42 045	8 109	86 430	94 915	54 119	30 784	14 048	280 328	330 482
March	36 572	44 019	10 676	88 113	95 948	54 949	30 968	14 335	284 347	339 042
April	36 289	43 521	9 294	88 742	96 910	55 540	30 822	14 464	286 510	339 325
May	36 037	43 279	8 462	89 001	97 668	56 135	30 671	14 585	288 094	339 835
June	40 007	47 426	10 920	88 173	97 285	55 766	30 640	14 349	286 260	344 606
July	34 979	42 488	8 825	88 776	98 210	56 221	30 927	14 308	288 491	339 804
Aug.	37 788	45 175	8 797	90 961	99 791	57 621	31 715	14 406	294 543	348 515
Sept.	37 399	44 979	10 715	90 823	100 548	57 581	31 777	14 458	295 236	350 930
Oct.	37 908	45 561	9 709	91 287	101 316	57 674	31 890	14 534	296 751	352 021
Nov.	38 521	45 887	8 718	91 516	102 211	57 927	32 074	14 608	298 384	352 989
Dec.	36 587	44 281	11 795	97 794	108 541	61 140	33 073	15 255	315 843	371 919
1956*										
Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 806	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	41 095	9 634	98 564	110 268	62 778	33 842	15 832	321 321	372 050
May	33 620	40 800	9 669	97 684	109 704	62 476	33 401	15 691	318 993	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 364	372 688
July	37 040	45 096	9 583	95 701	108 382	61 781	33 136	15 362	314 399	369 078
Aug.	34 995	43 118	7 618	94 685	107 983	61 583	33 096	15 284	312 673	363 409

Selling rates for foreign exchange

October 5, 1956

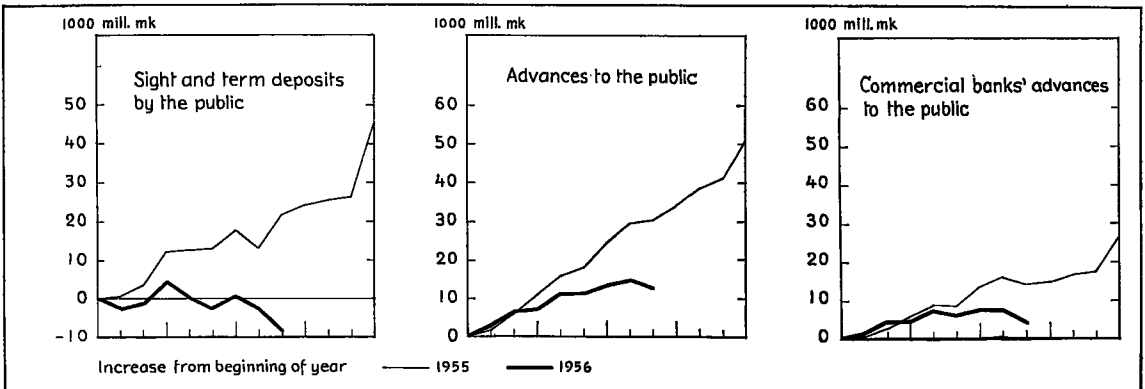
		mk			mk
New York	1 \$	231	Zürich	1 Fr	52.75
London	1 £	645	Frankfurt a/M ..	1 DM	55.12
Stockholm	1 Kr	44.67	Prague	1 Kz	32.08
Copenhagen	1 Kr	33.36	Vienna	1 Sch	8.90
Oslo	1 Kr	32.29	Lisbon	1 Es	8.04
Paris	1 Fr	0.66	Montreal	1 \$	234
Brussels	1 Fr	4.628	Moscow, clear. ...	1 Rbl.	57.75
Amsterdam	1 G	60.70			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1949	57 160	29 065	3 472	30 925	3 382	81 667	33 429	8 908	124 004
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	82 447	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
1955									
Feb.	131 673	84 328	23 147	64 936	12 940	216 614	80 134	20 276	317 024
March	134 881	85 204	22 990	65 700	12 982	218 163	82 590	21 004	321 757
April	137 728	86 211	23 183	66 675	12 945	220 561	85 841	20 340	326 742
May	137 630	87 394	23 474	67 600	12 979	223 275	85 401	20 401	329 077
June	142 305	88 533	23 691	67 962	13 042	226 137	87 218	22 178	335 533
July	144 995	90 087	23 817	68 461	13 170	229 737	88 513	22 280	340 530
Aug.	143 149	91 262	24 005	69 484	13 406	233 471	87 744	20 091	341 306
Sept.	143 785	93 062	24 141	70 476	13 517	236 197	87 237	21 547	344 981
Oct.	145 683	94 363	24 518	71 050	13 648	239 583	88 291	21 388	349 262
Nov.	146 531	95 477	24 804	71 454	13 766	242 132	88 476	21 424	352 032
Dec.	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
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	98 710	25 374	72 720	13 562	249 322	96 593	24 432	370 347
April	162 744	99 408	25 532	73 313	13 380	250 776	98 365	25 236	374 377
May	161 545	99 897	25 637	74 094	13 382	251 782	98 816	23 956	374 554
June	163 175	99 764	25 791	74 598	13 411	251 894	99 537	25 309	376 740
July	162 798	100 253	25 929	74 966	13 992	253 567	101 124	23 245	377 937
Aug.	159 760	100 951	26 211	74 978	14 059	255 663	98 018	22 277	375 958

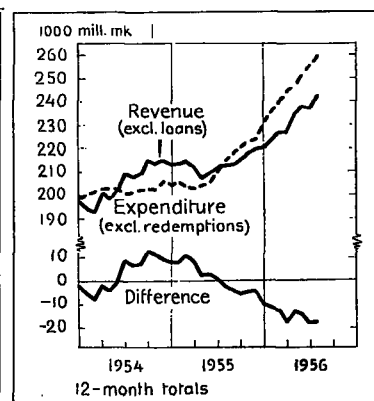


STATE FINANCES

1000 mill. mk

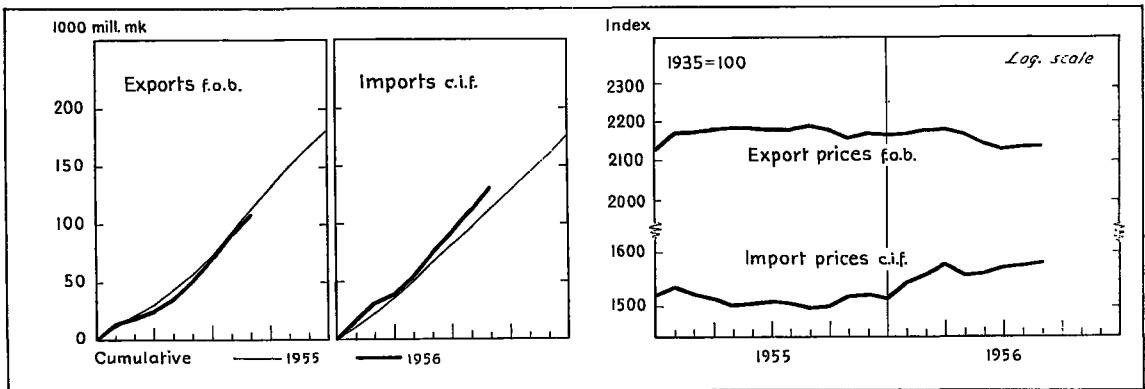
Revenue	Jan.—July		Expenditure	Jan.—July	
	1955	1956		1955	1956
Income and property tax (net)	28.4	34.3	Interest on State debt	3.5	3.8
Gross receipts	(51.7)	(60.3)	Child allowances	9.9	9.9
Refunds and communal income tax	(-23.3)	(-26.0)	Old age allowances	1.2	1.1
Other direct taxes	0.4	0.4	Compensations to war-disabled	3.8	4.6
Purchase tax	23.7	30.9	Transfer of employers' payments for national pensions to National Pensions Fund	2.1	2.6
Import duties	13.8	19.9	Subsidies	12.4	19.2
Revenue from Alcohol Monopoly	11.1	10.9	Payments by Price Equalisation Fund	1.4	4.8
Excise duty on tobacco	6.3	7.4	State aid to agriculture	2.1	2.1
Other excise duties	2.3	2.4	State aid to communal and private schools	8.0	10.9
Stamp duties	4.8	5.6	Net loss of State enterprises	2.8	5.1
Employers' payments for child allowances and national pensions	11.1	12.1	Maintenance of roads	2.5	2.8
Receipts of Price Equalisation Fund	6.1	4.6	Other current expenditure	35.0	43.1
Other revenue similar to taxes	2.1	2.3	Current expenditure	84.7	110.0
Total taxes	110.1	130.8	Real investments	19.1	24.1
Interest and dividends	2.1	2.4	(of which: unemployment grants) ..	(10.4)	(13.7)
Other current revenue	3.4	3.8	Other capital expenditure	18.1	18.7
Current revenue	115.6	137.0	Capital expenditure	37.2	42.8
Capital revenue proper	2.9	2.7	Total expenditure	121.9	152.8
Decrease in inventories	1.9	3.7	Redemption of external loans	1.3	1.0
Capital revenue	4.8	6.4	Redemption of internal loans	3.4	3.7
Total revenue	120.4	143.4	Redemption of indemnity bonds etc.	0.5	0.6
External loans	1.9	1.0	Index premiums	0.3	0.1
Internal loans	4.9	8.4	Redemptions	5.5	5.4
Loans	6.8	9.4			
Bills (increase +)	+2.0	—			
Deficit (+) or surplus (-)	-1.8	+5.4			
Total	127.4	158.2	Total	127.4	158.2

Debt	1953	1954	1955	1956			
	Dec.	Dec.	Dec.	May	June	July	Aug.
External debt	65.0	62.1	61.3	61.6	61.5	61.6	61.6
Ordinary loans	31.3	36.1	43.0	46.8	47.7	47.7	48.6
Indemnity bonds etc. ..	10.2	8.8	6.8	6.7	6.7	6.8	6.8
Bills	3.4	0.5	—	—	—	—	—
Cash debt (net)	11.3	4.3	5.9	9.2	14.1	12.5	11.9
Internal debt	56.2	49.7	55.7	62.7	68.5	67.0	67.3
Total debt	121.2	111.8	117.0	124.3	130.0	128.6	128.9
Total debt, mill. \$	524.7	484.0	506.3	537.9	562.9	556.6	558.0



FOREIGN TRADE

Period	Value, mill. mk			Imports by main groups, mill. mk				Price indices 1935 = 100	
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Raw materials	Machinery	Foodstuffs	Other consumer goods	Articles of import c. i. f.	Articles of export f. o. b.
1948	66 369	56 505	- 9 864	32 245	12 641	13 198	8 285	996	1 278
1949	66 278	65 606	- 672	30 248	15 191	9 370	11 469	1 063	1 201
1950	89 148	81 479	- 7 669	38 214	19 218	16 786	14 930	1 366	1 420
1951	155 464	186 883	+31 419	75 568	32 358	24 402	23 136	1 878	2 955
1952	182 186	156 829	-25 357	75 493	49 006	32 600	25 087	1 801	2 410
1953	121 860	131 555	+ 9 695	48 898	31 760	26 791	14 411	1 590	1 944
1954	152 137	156 618	+ 4 481	67 103	39 412	27 082	18 540	1 550	2 074
1955	176 960	181 259	+ 4 299	76 121	46 902	30 912	23 025	1 510	2 175
1955									
Feb.	11 962	10 926	- 1 036	5 226	2 711	2 453	1 572	1 519	2 173
March	12 088	7 572	- 4 516	5 581	2 836	2 265	1 406	1 514	2 176
April	15 395	13 821	- 1 574	5 731	4 359	2 975	2 330	1 500	2 181
May	16 525	12 683	- 3 842	7 122	4 620	2 781	2 002	1 504	2 184
June	15 252	16 273	+ 1 021	6 861	4 147	2 262	1 982	1 507	2 178
July	14 276	19 632	+ 5 356	6 126	4 467	2 053	1 630	1 503	2 180
Aug.	16 759	20 242	+ 3 483	7 114	4 929	2 712	2 004	1 497	2 189
Sept.	14 427	18 379	+ 3 952	6 251	3 944	2 342	1 890	1 498	2 180
Oct.	16 082	19 211	+ 3 129	7 119	4 170	2 718	2 075	1 516	2 159
Nov.	14 972	15 431	+ 459	6 502	3 826	2 650	1 994	1 519	2 170
Dec.	18 417	15 606	- 2 811	7 252	4 929	3 529	2 707	1 513	2 164
1956*									
Jan.	16 079	11 881	- 4 198	6 494	5 162	2 449	1 974	1 540	2 169
Feb.	14 629	7 458	- 7 171	6 012	4 611	2 159	1 847	1 557	2 178
March	7 826	5 466	- 2 360	2 758	3 295	1 023	750	1 575	2 180
April	15 769	9 979	- 5 790	6 027	4 454	2 521	2 767	1 557	2 169
May	19 717	16 162	- 3 554	8 115	5 369	3 525	2 708	1 559	2 145
June	18 907	19 809	+ 902	8 223	5 887	2 514	2 284	1 572	2 130
July	18 457	19 636	+ 1 179	7 356	6 568	2 166	2 368	1 575	2 131
Aug.	19 080	18 399	- 681	8 134	5 625	2 875	2 446	1 577	2 132



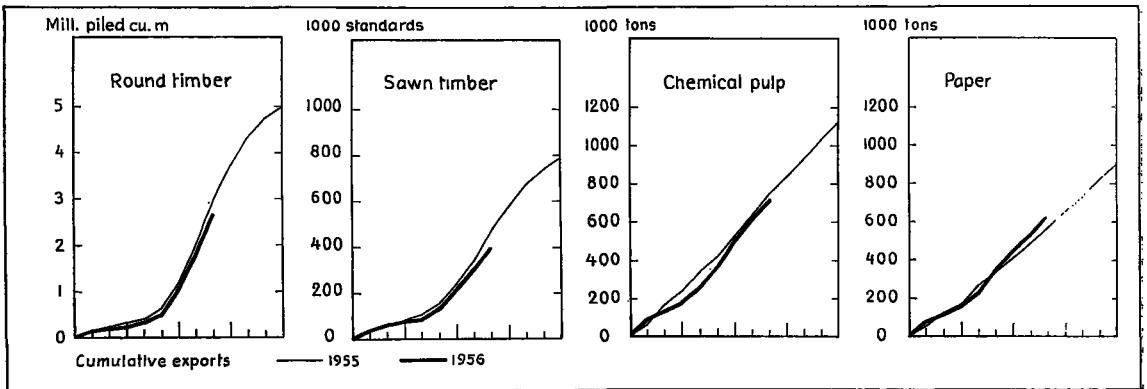
FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports c. i. f.				Exports f. o. b.			
	Whole year		Jan.—Aug.		Whole year		Jan.—Aug.	
	1954	1955	1955	1956	1954	1955	1955	1956
Dairy produce, eggs, honey	40	1 988	962	205	2 933	2 380	1 659	2 970
Other animal products, live animals ..	621	1 068	606	550	1 036	341	238	76
Vegetables	76	423	319	176	1	0	—	2
Edible fruit	3 173	3 915	2 794	3 160	29	16	2	4
Coffee, tea, spices	10 299	8 247	5 317	5 212	0	—	—	0
Cereals, milling products	7 079	10 570	6 131	7 741	493	1	1	5
Certain seeds and fruit, plants for industrial purposes	1 205	1 565	1 278	860	125	110	45	164
Raw materials for tanning and dyeing	120	108	74	59	3	2	2	0
Animal and vegetable fats	2 310	2 191	1 307	1 269	370	118	1	276
Meat and fish products	344	549	254	425	0	0	0	1
Sugar, sweets	2 673	3 812	2 606	2 462	17	20	9	13
Beverages, vinegars	820	654	341	479	400	141	36	91
Fodder	1 267	2 357	1 878	2 712	21	—	—	—
Tobacco	1 635	1 598	1 002	1 091	0	0	0	0
Minerals, ore	1 855	2 250	1 191	1 138	1 244	1 776	741	1 421
Mineral fuel and oils	18 118	22 321	13 725	15 486	25	13	9	11
Chemical and pharmaceutical products	6 592	7 210	4 667	4 853	254	332	196	319
Tanning and dyeing extracts, varnishes	1 925	2 041	1 390	1 483	6	3	1	12
Casein, albumen, glues	538	643	410	349	13	0	0	2
Fertilizers	3 312	3 129	1 819	1 985	0	0	—	0
Hides, skins, leather and furs; manufactures thereof	1 892	2 148	1 497	1 605	477	872	554	778
Rubber and rubber articles	2 247	3 100	2 225	2 546	18	23	15	12
Wood and wood products	306	587	287	340	62 191	69 917	43 495	35 087
Woodpulp	7	31	13	30	29 880	36 778	24 420	23 920
Board, paper, manufactures therefrom	212	238	149	174	32 909	40 329	25 374	28 128
Textile materials, textile goods	20 077	21 209	13 809	14 983	1 726	1 996	1 268	1 277
Footwear	55	57	38	56	101	45	29	14
Articles of stone and of other mineral material, glass	1 360	1 413	970	861	556	642	418	393
Base metals; manufactures therefrom	20 828	23 561	15 664	16 366	2 317	2 768	1 532	2 669
Machinery, apparatus	12 579	16 211	9 830	13 601	5 559	6 452	3 466	3 478
Electric machinery and apparatus ...	6 047	6 847	4 058	4 964	793	743	484	431
Transport material	15 761	17 706	12 026	17 779	12 066	14 589	8 142	6 724
Instruments, clocks and watches, musical instruments	1 634	2 181	1 402	1 891	94	72	26	59
All others	5 130	5 032	3 023	3 598	961	780	469	442
Total	152 137	176 960	113 062	130 487	156 618	181 259	112 632	108 780

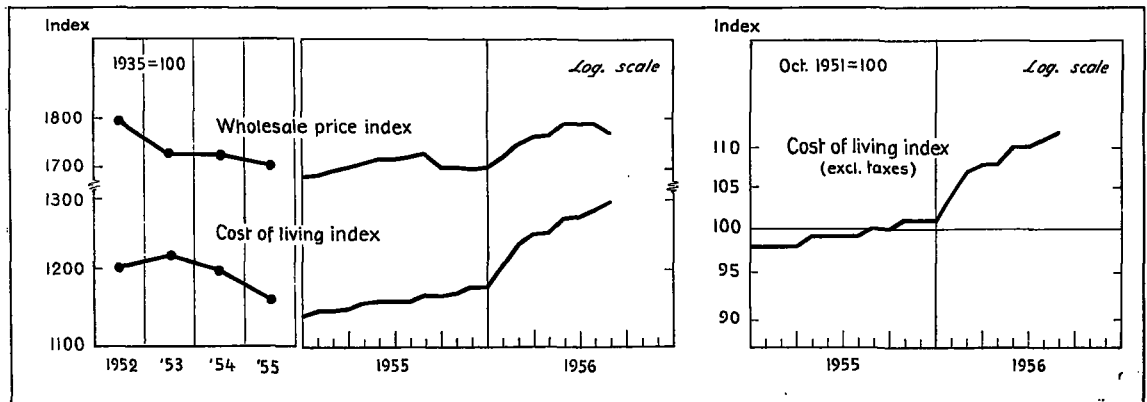
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round and hewn timber 1 000 cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1948	1 996	470	175	97	373	330	81	27	289	416
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
1955										
Jan.	134	38	26	17	41	31	7	5	33	57
Feb.	117	29	31	12	63	36	11	6	34	69
March	70	17	17	11	43	26	6	3	21	45
April	96	27	40	14	63	41	13	6	50	96
May	226	49	31	15	50	23	10	6	34	74
June	541	80	21	20	60	54	9	5	36	72
July	789	106	24	19	62	43	9	4	41	75
Aug.	967	128	26	19	72	45	9	4	43	82
Sept.	771	101	26	9	53	30	10	5	42	81
Oct.	633	96	27	17	55	37	9	6	48	88
Nov.	418	64	28	16	60	40	9	6	48	88
Dec.	215	51	24	14	60	41	8	5	40	78
1956*										
Jan.	139	40	21	14	57	37	9	5	35	69
Feb.	58	24	10	8	28	15	6	2	26	52
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	76	64	8	5	49	94
July	803	90	22	21	66	38	8	5	50	89
Aug.	856	91	15	14	55	45	9	2	51	94



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—Aug.			Whole year		Jan.—Aug.		
	1954	1955	1955	1956*		1954	1955	1955	1956*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	19.8	20.9	20.8	22.1	28 811	25.8	27.3	27.8	25.9	28 207
United Kingdom	18.8	20.3	20.3	21.2	27 696	22.5	24.0	24.5	21.8	23 699
Other OEEC countries ..	35.3	36.4	35.5	39.5	51 524	31.7	32.4	32.0	30.3	32 944
Belgium-Luxembourg	3.0	3.0	2.8	3.0	3 920	2.9	3.5	3.2	4.1	4 493
Denmark	2.4	3.6	3.6	2.8	3 607	3.4	3.0	3.1	2.6	2 838
France	6.2	6.0	6.0	5.9	7 668	4.7	4.7	4.7	5.1	5 531
Western Germany	6.7	9.0	8.5	11.7	15 210	7.4	9.1	8.8	8.7	9 453
Italy	1.2	1.1	1.0	1.3	1 737	1.4	1.2	1.1	1.2	1 283
Netherlands	6.5	3.6	3.5	4.2	5 456	4.5	4.4	4.8	3.4	3 751
Norway	1.9	2.2	2.2	2.0	2 600	1.3	1.3	1.4	0.7	709
Sweden	4.6	4.9	4.8	5.4	7 043	2.7	1.9	1.7	2.0	2 210
Switzerland	1.2	1.4	1.3	1.8	2 312	0.7	0.9	1.1	0.5	563
Turkey	0.7	0.5	0.6	0.4	521	1.5	1.0	0.7	0.6	611
Eastern Bloc	28.7	27.1	27.7	24.0	31 360	27.9	25.7	25.8	26.6	28 928
China	0.4	0.5	0.7	0.2	229	1.0	1.6	1.3	0.9	1 005
Czechoslovakia	2.7	2.7	3.1	2.2	2 890	0.7	1.0	0.8	1.3	1 375
Eastern Germany	2.6	2.7	2.9	2.0	2 631	1.7	2.2	1.9	2.5	2 686
Poland	4.2	4.8	5.0	4.3	5 638	2.1	2.0	2.0	2.3	2 508
Soviet Union	17.8	14.7	14.7	13.7	17 825	21.5	17.5	18.3	17.9	19 418
U.S. and Canada	4.7	5.4	4.9	6.0	7 879	5.9	5.8	6.0	7.6	8 241
United States	4.6	5.2	4.8	5.8	7 529	5.8	5.7	5.9	7.5	8 169
Latin America	7.8	7.5	7.6	5.9	7 694	4.8	5.5	5.5	5.9	6 466
Argentina	2.0	2.9	3.1	1.9	2 494	1.7	2.2	2.3	1.4	1 506
Brazil	5.5	4.1	4.3	3.3	4 278	2.1	2.6	2.5	3.0	3 256
Others	3.7	2.8	3.4	2.5	3 219	3.9	3.3	2.9	3.7	3 993
Grand total	100	100	100	100	130 487	100	100	100	100	108 780



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				
1938	114	118	117	145	110	104	108	111	90
1949	1 098	1 099	1 136	1 431	980	1 092	871	201	1 875
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									
Jan.	1 721	1 821	1 787	2 998	1 435	1 506	1 204	898	1 790
Feb.	1 751	1 858	1 937	3 025	1 438	1 522	1 240	898	1 790
March	1 760	1 869	1 976	3 026	1 444	1 529	1 249	898	1 790
April	1 764	1 866	1 955	3 026	1 446	1 546	1 253	898	1 790
May	1 790	1 884	1 958	3 026	1 474	1 591	1 274	898	1 790
June	1 789	1 884	1 928	3 042	1 479	1 586	1 277	898	1 790
July	1 791	1 881	1 925	3 015	1 484	1 598	1 286	898	1 790
Aug.	1 771	1 854	1 852	2 959	1 482	1 593	1 296	898	1 790

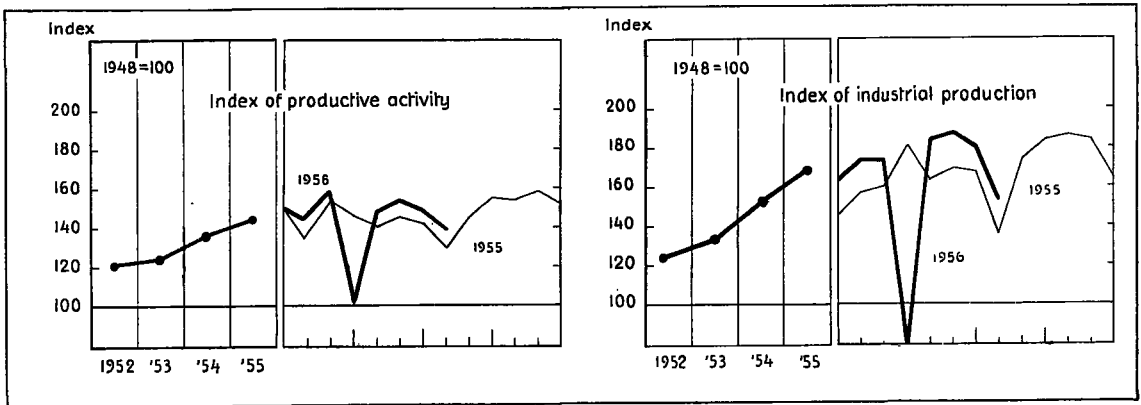
Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1952	101	107	105	97	88	102	103	104	103
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1955									
Sept.	100	103	179	85	74	102	105	96	119
Oct.	101	103	192	86	74	102	105	97	118
Nov.	101	104	193	87	74	102	105	97	117
Dec.	101	104	193	87	74	102	104	97	114
1956									
Jan.	104	105	215	92	74	103	104	98	113
Feb.	107	112	215	93	74	104	104	99	109
March	108	113	215	93	74	104	106	99	114
April	108	113	215	94	75	104	107	100	116
May	110	116	215	94	75	105	108	101	118
June	110	116	215	95	75	108	110	103	123
July	111	116	215	95	75	109	111	103	126
Aug.	112	117	215	96	77	110	112	103	129

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 ²⁾ 1954 = 100	Working-days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1949	105	109	106	96	93	101	23 010	1 021	70	1 195
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	1 705	116	345
1955										
Jan.	157	163	152	143	161	117	4 453	122	85	4
Feb.	160	165	155	148	160	133	5 075	113	95	9
March	181	186	172	168	179	154	4 254	131	107	251
April	163	172	156	144	153	134	2 961	150	119	25
May	169	176	158	153	171	127	7 970	166	118	16
June	167	176	156	148	162	129	1 014	174	118	10
July	135	127	97	150	169	123	1 220	182	107	4
Aug.	174	181	156	158	184	120	1 287	156	122	2
Sept.	184	193	167	164	187	129	1 589	137	130	12
Oct.	186	193	177	170	196	132	2 237	123	128	8
Nov.	184	195	175	160	191	112	3 000	121	128	2
Dec.	164	174	163	142	167	105	3 540	133	128	2
1956										
Jan.	174	179	169	162	191	119	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	6 950
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	214*	124	—
July	153	145	113	167	196	124	1 156	203*	119	1

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

²⁾ Converted from 1948 = 100.

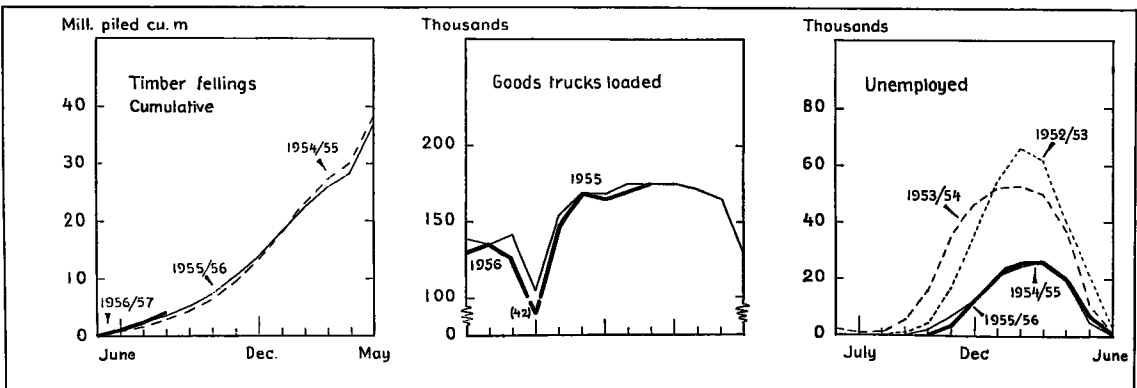


BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed ¹⁾ , mill. cu. m					Buildings under construction at end of period ¹⁾ mill. cu. m	Wages Oct. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1953	20.09	8.44	5.66	2.53	2.25	22.66	103.1	89.7	..
1954	22.02	9.36	5.24	3.54	2.87	22.85	105.6	93.4	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	110.4	113.3	..
1955									
Jan.-Mar.	3.20	1.56	0.20	0.76	0.57	22.02	107.3	104.7	104.2
Apr.-June	3.20	1.52	0.59	0.54	0.36	28.08	110.0	112.9	103.7
July-Sept.	5.56	2.41	1.50	0.77	0.53	28.32	112.2	118.4	101.5
Oct.-Dec.	8.25	3.94	2.00	1.05	0.83	23.75	112.2	117.1	102.0
1956									
Jan.-Mar.	3.45	1.71	0.15	1.10	0.35	23.86	112.2	117.4	104.2

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Registered		On relief work, %	
	1955	1956	1955	1956*	1955	1956*	1955	1956	1955	1956
Jan.	136	136	335	284	316	299	21 165	20 583	76.5	78.7
Feb.	142	126	252	154	258	142	24 305	25 751	86.5	84.1
March	105	42	226	74	201	53	26 053	26 047	91.1	89.1
April	154	147	313	225	307	188	19 434	19 992	92.0	94.4
May	169	168	446	419	405	370	5 008	7 231	92.2	98.9
June	168	166	440	410	582	551	—	—	—	—
July	175	170	413	470	684	679	—	—	—	—
Aug.	175	175	412	445	742	701	—	—	—	—
Sept.	175		384		614		—	—	—	—
Oct.	172		361		596		164		47.0	
Nov.	165		384		479		3 337		51.9	
Dec.	131		380		404		12 259		64.2	

¹⁾ Quarterly figures incomplete; those given for the previous year are adjusted so as to be comparable with the figures for the latest corresponding quarters.



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, up to June 1, 20% for goods for which licensing is not automatic). Included in Long-term Finnish liabilities. *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.

Beginning May 1956 figures have been rounded to the nearest final digit. For this reason there may be an appar-

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs, except for the price indices (p. 9), which are calculated by the Central Statistical Office.

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. Its base period changed to correspond with October 1951 by calculating a weighted average of the last two quarters of the year. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. Base calculated to correspond with Oct. 1951 by taking average from August to December 1951. *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.

ent slight discrepancy between the total and the sum of the constituent items.

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 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 (1955): 4.3 millions. Sweden (1954) 7.2, Switzerland (1954) 5.0, Denmark (1954) 4.4 and Norway (1954) 3.4 millions.

DENSITY OF POPULATION (1955): In South Finland 23.7, in North Finland 3.8 and in the whole country an average of 13.9 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1955): 65.8 % of the population inhabit the rural areas, 34.2 % 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 (1955): 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 (1954): Births 21.5 ‰, deaths 9.1 ‰, increase 12.1 ‰. Deaths in France (1954) 12.0 ‰ and in Great Britain (1954) 11.4 ‰.

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 1954/55: bread cereals 48 %, fertilizers 49 %, dairy products 102 %, meat 104 %, fodder 92 %.

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 (1955): Length 5 046 km, of which 4 859 km are State and 187 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Sept. 1, 1956): Steamers 293 (414 000 gross reg. tons), motor vessels 169 (309 000 gross reg. tons), sailing vessels with auxiliary engines 116 (12 000 gross reg. tons). Total 578 (735 000 gross reg. tons).

MOTOR VEHICLES (1955): Passenger cars 85 400, lorries and delivery vans 50 200, buses 4 300, others 1 700. Total 141 600.

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 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 1954 expenditure amounted to 111 000 mill. marks. Total revenue was 111 000 million, of which income from taxation 56 000 million. The municipal income tax (non-progressive) averaged 11.08 % 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 (1955). There are three big and three small commercial banks with in all 520 offices, 421 savings banks, 594 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. (April 19, 1956). Bank of Finland: discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¾ % and sight deposits 1—1 ½ %; lending rate 8 % in general.

THE STRUCTURE AND DISTRIBUTION OF CREDITS TO THE PRIVATE SECTOR IN FINLAND IN 1948—1955

BY

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The Bank of Finland Institute for Economic Research has drawn up annually an inventory of the credits granted by the financial institutions direct to the private sector since the turn of the year 1948/49. This shows the share in the total volume of credit of each category of financial institution, and the amount of credit obtained by various branches of trade.

The investigation includes all the financial institutions in Finland, i. e., the Bank of Finland, the Institute of National Pensions, the commercial banks, the mortgage institutions, the Post Office Savings Bank, the savings banks, the co-operative credit institutions (the Central Bank of the Co-operative Credit Societies and the co-operative credit societies) and the insurance companies. It illustrates the structure and distribution of the advances granted by these institutions to the private sector and to the communes. Credits granted to the business undertakings controlled by the State in the form of limited liability companies are included under the respective branches of trade, but direct loans to the State and holdings of State bonds have been left out of account.

The advances here dealt with are in the form of drawn amounts of credit, bills, overdrafts, letters of credit and holdings of private and communal bonds.

Thus, from the point of view of the financial institutions, the figures illustrate their advances direct to the private sector and the communes. Mutual loans, and loans through financial institutions from the State to the private sector, have been excluded.

From the point of view of the private sector, the figures illustrate the advances obtained from financial institutions. Credits granted by the State and the communes, as well as the intra-sectorial credits have been left out of account. Thus, as regards the private sector, the figures do not illustrate the total amount of credit it obtained.

In classifying the branches of trade the following main categories have been adopted: 1. industry, 2. power and electric stations, 3. building enterprises and private building, 4. commerce and transport, 5. agriculture, 6. communes, and 7. personal and sundry credits. In this classification the international division by trades has in the main been followed, but the credits are classified according to the decision-making units. Thus, for example, the credit granted for the power stations of industrial concerns or of communes has been treated as credit obtained by industry or by communes. Category 3 only comprises credit for the period of construction, or mortgage loans

granted to professional builders, private individuals and companies of flat-owners. Thus it does not cover all building activity, as credit granted for building carried out by industry, commerce and transport, agriculture and communes is treated as credit obtained by the branch of trade concerned. As far as services are concerned, the credits granted to these trades are divided in such a way that the credits of hotels, restaurants and cinemas are included under industry, credits of undertakers under commerce and transport, and others under personal and sundry credits. A change occurred during the investigation, slaughterhouses and dairies having been transferred to the category of industry since 1953. Previously, they had been referred to agriculture as had generally been the case in economic statistics until that time.

In view of these divergences in classification, it is impossible to make detailed comparisons with the calculation of the national income. Nor is it possible, on the basis of the nature of the credits, definitely to distinguish current credits from investment credits, for, owing to the poor development of the market for long-term loans in Finland, a very considerable part of what is formally current credit is actually of the nature of investment credit.

If one takes its *nominal value*, the volume of credit has increased year by year. In the Bank of Finland, credits were reduced in 1950, 1951 and 1954, and in the mortgage institutions in 1950 and 1951. The rate of growth of the volume of credit has been particularly large in the case of the Post Office Savings Bank. This is partly explained by the fact that the Post Office Savings Bank did not grant credit to the public until 1948, when this was authorised by an amendment to the law. The next largest rate of growth in the volume of credit is recorded by the Institute of

National Pensions. This is due to the insurance contributions accumulated which form the insurance funds on the basis of the National Pensions Act. The third largest relative growth has occurred in the insurance companies.

Among the private credit institutions proper, the mortgage institutions and the co-operative credit institutions have relatively increased their volume of credit most. In the savings banks, the comparative increase has been approximately equal to the increase in total credits, while the commercial banks have been left relatively far behind.

In the *distribution of the total volume of credit* between the various financial institutions no particular change has occurred. The commercial banks come first, though their relative share has been considerably reduced. The mortgage institutions have been in the last position throughout the period, but their percentual share has grown. Among the suppliers of credit to the private sector, the savings banks have been second in importance their share in the total volume of credit having to some extent increased. The co-operative credit institutions have increased their relative share and have risen from the fourth to the third place. The Institute of National Pensions has risen from the sixth to the fourth place. The insurance companies have to some extent increased their share and have retained the fifth place, though the Institute of National Pensions has by comparison gained in importance. The decrease in the share of the Bank of Finland represents the most notable change. The Bank has dropped from the third to the penultimate position and its share in the total volume of credit has fallen off from 14.3 to 3.6 per cent.

If deflated by employment of the wholesale price index, the changes in the volume of credit at the values current in 1948 show that, with the exception of 1951, the total

THE VOLUME OF CREDIT BY CATEGORIES OF FINANCIAL INSTITUTIONS IN 1948—1955
NOMINAL VALUES AND PERCENTUAL DISTRIBUTION

	1948		1949		1950		1951		1952		1953		1954		1955	
	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%
Bank of Finland	15 432	14.3	17 137	5.1	14 824	8.7	13 792	6.2	15 613	5.4	16 175	5.0	14 334	3.7	16 592	3.8
Inst. of National Pensions	4 899	4.5	8 202	9.9	12 958	7.6	19 750	8.9	27 650	9.7	34 022	10.4	43 254	11.2	54 251	11.8
Commercial banks	45 254	42.0	57 896	37.8	68 339	39.9	86 406	38.8	106 708	37.3	110 433	33.9	133 212	34.4	159 523	34.6
Mortgage institutions ..	1 252	1.2	1 567	0.9	1 557	0.9	1 426	0.6	1 601	0.6	4 850	1.5	7 127	1.8	7 578	1.6
Post Office Savings Bank	1 303	1.2	3 072	5.3	4 106	2.4	8 123	3.7	12 951	4.5	17 717	5.4	20 666	5.3	23 852	5.2
Savings banks	21 176	19.6	27 710	19.5	33 975	19.9	43 844	19.7	57 688	20.2	68 078	20.9	81 413	20.8	95 590	20.7
Co-op. credit institutions	11 914	11.1	16 310	13.2	22 510	13.1	30 831	13.9	40 008	14.0	45 338	13.9	53 711	13.8	61 800	13.4
Insurance companies ..	6 574	6.1	9 353	8.3	12 862	7.5	18 249	8.2	23 836	8.3	29 146	9.0	34 961	9.0	41 733	9.1
Total	107 804	100.0	141 247	100.0	171 131	100.0	222 421	100.0	286 055	100.0	325 759	100.0	388 678	100.0	460 919	100.0

THE VOLUME OF CREDIT BY CATEGORIES OF FINANCIAL INSTITUTIONS IN 1948—1955
INDICES OF NOMINAL AND REAL VALUES, 1948 = 100

	1948		1949		1950		1951		1952		1953		1954		1955	
	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real
Bank of Finland	100	100	111	110	96	83	89	54	101	62	105	67	93	59	108	69
Inst. of National Pensions	100	100	167	166	265	228	403	231	564	345	695	438	883	559	1 107	707
Commercial banks	100	100	128	127	151	130	191	115	236	143	244	154	294	186	353	225
Mortgage institutions ...	100	100	125	124	124	107	114	69	128	78	387	245	569	360	605	389
Post Office Savings Bank	100	100	236	234	315	272	623	376	994	604	1 360	858	1 586	1 004	1 831	1 169
Savings banks	100	100	131	130	160	138	207	125	272	166	322	203	385	243	451	288
Co-op. credit institutions	100	100	137	136	189	163	259	156	336	204	381	240	451	285	519	331
Insurance companies ..	100	100	142	141	169	169	278	167	363	220	443	280	532	337	635	403
Total	100	100	131	130	159	137	206	124	265	161	302	191	361	228	428	273

THE VOLUME OF CREDIT BY CATEGORIES OF BORROWERS IN 1948—1955
NOMINAL VALUES AND PERCENTUAL DISTRIBUTION

	1948		1949		1950		1951		1952		1953		1954		1955	
	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk	%
Industry	37 022	34.3	47 285	33.5	50 699	29.6	60 532	27.2	81 440	28.5	98 707 ¹⁾	30.3 ¹⁾	110 136	28.3	125 080	27.1
Power, electricity	7 077	6.6	10 552	7.5	14 138	8.3	20 492	9.2	27 527	9.6	33 165	10.2	39 784	10.3	47 266	10.3
Building	20 724	19.2	27 098	19.2	37 632	22.0	47 942	21.6	59 073	20.7	68 956	21.1	84 414	21.7	102 480	22.2
Commerce, transport ..	20 487	19.0	26 946	19.0	29 989	17.5	44 771	20.1	54 411	19.0	57 525	17.6	71 106	18.3	86 488	18.8
Agriculture	10 198	9.5	13 522	9.6	18 457	10.8	23 288	10.5	31 502	11.0	31 138 ¹⁾	9.6 ¹⁾	39 694	10.2	49 245	10.7
Communes	6 284	5.8	8 442	6.0	11 407	6.7	14 256	6.4	18 371	6.4	22 014	6.8	24 866	6.4	28 191	6.1
Personal, sundry	6 012	5.6	7 402	5.2	8 809	5.1	11 140	5.0	13 731	4.8	14 254	4.4	18 678	4.8	22 169	4.8
Total	107 804	100.0	141 247	100.0	171 131	100.0	222 421	100.0	286 055	100.0	325 759	100.0	388 678	100.0	460 919	100.0

THE VOLUME OF CREDIT BY CATEGORIES OF BORROWERS IN 1948—1955
INDICES OF NOMINAL AND REAL VALUES, 1948 = 100

	1948		1949		1950		1951		1952		1953		1954		1955	
	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real	Nom.	Real
Industry	100	100	127	127	137	118	164	99	220	134	267 ¹⁾	170 ¹⁾	298	188	338	216
Power, electricity	100	100	149	148	200	172	290	191	389	237	469	296	562	356	668	427
Building	100	100	131	130	182	157	231	139	285	173	333	210	407	258	495	316
Commerce, transport ..	100	100	132	131	146	126	219	132	266	162	281	177	347	220	422	270
Agriculture	100	100	133	132	181	156	234	138	309	188	305 ¹⁾	193 ¹⁾	389	246	483	308
Communes	100	100	134	133	182	156	227	137	292	178	350	221	396	250	449	287
Personal, sundry	100	100	123	122	146	126	185	112	228	139	237	146	311	197	369	236
Total	100	100	131	130	159	137	206	124	265	161	302	191	361	228	428	273

¹⁾ Dairies and slaughterhouses transferred from agriculture to industry.

real volume of credit increased every year. In 1951, the real volume of credit was reduced in all the financial institutions, excluding the Institute of National Pensions and the Post Office Savings Bank. The real volume of credit of the Bank of Finland attained its highest point in 1949, and was at its lowest in 1951. Not even at the end of 1955 did it attain its level of 1948. As regards the mortgage institutions, 1950, 1951 and 1952 were years in which their volume of credit was in a real sense at a lower level than in 1948 and 1949. Since 1948 the volume of credit in Finland has risen 2.73 times, but as the national income has risen during the same period by 1.42 times, the relative change in credits has been nearly twice as large.

The credits obtained by the different *branches of trade* have *nominally* increased in each year covered by the investigation. The largest relative increase occurred in regard to credits for power and electric stations, but credits to builders and agriculture have also risen more rapidly than the average. The increase in the credits obtained by industry has been the least of all.

In a *real* sense, only the credits for power and electric stations have increased year by year. The real value of credits to builders, agriculture, communes, and personal and sundry credits diminished in 1951 as compared with the previous year. The credits to commerce and transport were reduced in 1950, but the credits received by industry decreased both in 1950 and 1951.

With regard to their percentual shares in the volume of credit, the different branches of trade have retained their order of importance. Industry is still clearly first, though its proportion has dropped considerably. In addition to industry, only the shares of commerce and transport and of personal credits have decreased.

No great changes have occurred in the

relative position of the financial institutions in financing different branches of trade.

The commercial banks are the principal financiers of industry, and supply more than half of the total credits for industry. The Bank of Finland comes second. The third and fourth organisations are the Institute of National Pensions and the co-operative credit institutions. The rapid rise in the share of the latter is partly due to statistical reasons, principally to the transfer of dairies and slaughterhouses to the category of industry. These four groups of financial institutions supply more than 80 per cent of the total credits for industry.

The Institute of National Pensions and the Post Office Savings Bank have been the principal financiers of power stations. The share of the Bank of Finland in financing this branch of trade has declined, whereas the share of the commercial banks has remained more or less unaltered. The Institute of National Pensions, the Post Office Savings Bank and the commercial banks were altogether responsible for over 90 per cent of the credits for power stations.

The credits for building enterprises and private builders are principally obtained from the savings banks, the insurance companies and the commercial banks, their combined share being more than 80 per cent. Apart from these, only the co-operative credit institutions have for this purpose granted credit on any scale worth mentioning.

In providing credit for commerce and transport, the commercial banks hold a predominating position. The combined credits of the savings banks and co-operative credit institutions are less than the credits granted by the commercial banks. In all, these three categories have been responsible for more than 85 per cent of the credits obtained by commerce and transport.

Agriculture, as was to be expected, has obtained considerable amounts of credit

from the co-operative credit institutions and the savings banks. The share of the commercial banks in this category is 10—11 per cent. Altogether, the co-operative credit institutions, the savings banks and the commercial banks supply 99 per cent of agricultural credit.

The savings banks have been the principal suppliers of credit to the communes, but have had to surrender their position, especially as regards urban communes, to the Institute of National Pensions and the insurance companies. The Post Office Savings Bank and the co-operative credit institutions have also increased their share in the total credits to communes. In 1955 the four principal categories supplying credit were the Institute of National Pensions, the insurance companies, the savings banks and the Post Office Savings Bank, but their relative share only amounted to nearly 80 per cent of the total credits obtained by the communes.

Personal and sundry credits have been in the hands of the commercial banks and savings banks. The co-operative credit institutions form the third category in this sphere. The relative share of these three categories amounted to close on 95 per cent.

The nature of the financial institutions, grouped according to their borrowers, has not during the last eight years altered to any extent worthy of note. It may be said that, as regards their business, a considerable change has occurred only in the cases of the mortgage institutions and the Post Office Savings Bank.

The reduction in grants of credit by the Bank of Finland to the private sector has afforded more scope for its business as the bankers' bank. Of the private credits, the loans to industry are by far the most important, but the credits obtained by commerce and transport and by power stations also deserve note.

Of the total credits granted by the commercial banks, almost 85 per cent go to industry, commerce and transport, and building.

The Institute of National Pensions has specialised in credits to power stations, but industry and the communes each obtain more than 15 per cent of its total credits.

Until 1953, the customers of the mortgage institutions consisted chiefly of builders and farmers. In that year the Industrial Mortgage Bank of Finland took charge of the credits to the wood-processing industry, provided for by an agreement between the Bank of Finland and the International Bank for Reconstruction and Development. This raised industry from third to first place among the customers of the mortgage institutions. Builders come next, and comparatively speaking the communes have outstripped agriculture.

Of the total loans granted by the Post Office Savings Bank, the Government still claimed close on half, whereas in 1948 its share exceeded 90 per cent. In the private sector, the principal customers are the power and electric stations, builders and industry. The share of the communes in the total credits granted by the Post Office Savings Bank has in recent years amounted to about 8 per cent.

The most important customers of the savings banks consist of builders, agriculturists, and those engaged in commerce and transport. The last category and industry have together overtaken the communes in a relative sense.

The loans of the co-operative credit societies and their central bank are mainly granted to agriculture. In addition, industry, commerce and transport, and builders have a considerable share in the total volume of their credits.

The insurance companies have financed builders, industry, communes, and commerce and transport.

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