



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 32 No. 3

MARCH

1958

### RECENT DEVELOPMENTS

#### BALANCE OF PAYMENTS IN 1957

The deficit of 16 200 million marks in the merchandise transactions in 1957 also brought a deficit in the total balance of payments, although it was less than a year previously. Similarly, some services produced an excess of expenditure, which is normal, as for instance in travel, the receipts from which were below the corresponding payments by 2 600 million marks, and in interest and similar payments to a net amount of 2 900 million marks. A large part of the deficit was covered by the net current income from other sources, the most important of these being the income from transportation which is believed to have supplied a surplus of approximately 18 100 million marks. However, the gross freight included in this amount is based on rough estimates only. The total deficit in the balance of payments is estimated at 2 400 million marks. It was financed partly by long-term borrowing, and partly by a net consumption of short-term assets.

Some of the foreign loans received in earlier years had not been completely utilised by the beginning of 1957. Thus fully 4 000 million marks' worth of various loans from the IBRD had not yet been drawn. No new official loans were obtained during the year, but some State-owned companies and private firms obtained loans in various

currencies, with or without a State guarantee. As has been the rule of late, the loans were granted for the purchase of specific goods in the country of the lender. The whole amount of loans drawn was 8 200 million marks, of which 3 000 million related to the purchase of ships. Because of the devaluation, the nominal rise in the long-term debt was 27 300 million marks. The repayments on the debt amounted to 4 800 million marks. In addition to this, the Government repurchased 800 million marks against gold and dollars from the IMF, and after the devaluation 3 200 million was paid to the IMF and IBRD in marks, in order to maintain the gold value of Finland's subscription to these organisations. The payment to the IMF was made by means of promissory note. Some minor items included, the total long-term capital movement implied an increase of 1 500 million marks in net liabilities.

Short-term assets were reduced by 600 million marks, the nominal increase due to the devaluation not being taken into consideration. The most important assets, i.e. the foreign exchange holdings of the banks, did in fact increase, but this was more than counterbalanced by the de-

*On page 18, Finland's Foreign Trade in  
1957*

crease in the assets committed as cover for documentary credits. The private prepayments on imports were similarly reduced, as far as they are known. Short-term liabilities also dropped slightly, by 500 million marks, the foreign exchange accounts of the banks being reduced, while the mark accounts of foreign holders increased, as did export prepayments.

#### FOREIGN PAYMENTS POSITION

Since the devaluation carried out in the middle of September, the exchange reserve of the Bank of Finland has grown continuously. However, as will be seen from the table on page 4, the composition of the reserve has simultaneously changed in such a way as to make the improvement in the payments position far less favourable than would seem to be indicated by the increase in the net reserve.

Holdings of dollars and those EPU currencies that are transferable for Finland, amounted to 21 700 million marks at the end of December, or only 2 500 million more than immediately after the devaluation. This was so, even though Finland received in Western currencies from the USSR during those months the entire annual payments of 3 200 million marks due under the five-year trade pact, and despite the commercial banks reducing their reserves in these currencies by 1 200 million. Following a decrease in January, in February the reserve of convertible and transferable currencies again rose to their level for December 1957.

With regard to the currencies of the bilateral-agreement countries, the net liability of 6 200 million marks as per mid-September changed by the end of the year into a net asset of 4 400 million. Subsequently, the holdings of these currencies continued to increase, so that on the last day of February there was a net asset of 10 700 million. The

change principally related to Eastern Bloc currencies and non-transferable EPU currencies, mainly French francs.

Development since the devaluation is the outcome of considerable changes in the pattern of both exports and imports. As far as the convertible and transferable currencies are concerned, in the prevailing conditions the effect of the devaluation, as was expected, was confined to checking such reduction of export earnings as results from a weakening demand for Finland's major exports. On the other hand, the difficulties encountered in selling to Western markets have caused an appreciable increase in exports to other countries. Thus, disregarding the September—October increase in currency receipts that followed when the pre-devaluation speculation ended, the monthly level of export earnings in dollars and transferable EPU currencies has been a full 3 per cent below, and that of earnings in the currencies of bilateral-agreement countries 15 per cent above, the corresponding levels one year previously.

As regards imports during the first five months after the extensive liberalisation, the monthly level of import payments in convertible and transferable currencies was 8 per cent below the level for the corresponding period one year previously, while payments in non-transferable currencies were 22 per cent below that level. The fact that imports from bilateral-agreement countries have decreased to a greater extent has only in part been due to shifts in countries of purchase. The main cause has evidently been that the cut in imports, occasioned by receding economic activity and a shortage of money, and in many cases made possible by drawing on stocks, has affected imports from bilateral-agreement countries in particular.

*March 25, 1958.*

## BANK OF FINLAND

Mill. mk

	1957		1958			
	Feb. 28	Dec. 31	Feb. 8	Feb. 15	Feb. 22	Feb. 28
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	29 119	41 340	45 078	46 115	47 006	47 662
Gold .....	7 849	7 850	7 850	7 850	7 850	7 850
Foreign exchange .....	18 380	30 579	33 291	34 328	35 219	35 875
Foreign bills .....	115	136	1 162	1 162	1 162	1 162
Foreign bonds .....	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	69 752	64 811	51 427	50 788	52 075	52 240
Inland bills discounted						
In foreign currency .....	9 460	13 240	13 146	13 449	13 149	13 226
In Finnish currency .....	15 755	12 909	14 877	15 010	15 126	14 914
Rediscounted bills .....	27 037	24 912	13 404	12 629	13 800	15 350
Treasury bond loan .....	17 500	13 750	10 000	10 000	10 000	8 750
<i>Other assets</i> .....	13 155	19 786	18 980	18 792	18 784	18 758
Finnish bonds .....	1 756	1 258	1 246	1 246	1 246	1 246
Cheque accounts .....	580	619	724	608	629	641
Finnish coin .....	396	299	434	434	432	439
Other claims .....	10 423	17 610	16 576	16 504	16 477	16 432
Total	112 026	125 937	115 485	115 695	117 865	118 660
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	58 245	60 640	53 631	55 003	55 169	56 793
<i>Short-term liabilities</i> .....	16 755	20 581	20 596	19 544	21 255	20 449
Foreign exchange accounts .....	4 089	4 569	4 212	3 770	3 565	3 379
Mark accounts of holders abroad .....	7 169	7 901	7 251	7 248	7 246	7 225
Cheque account of the Treasury .....	4 103	5 145	6 861	7 366	9 229	7 916
Cheque accounts of banks .....	553	2 405	1 769	665	808	983
Other cheque accounts .....	201	189	182	170	143	213
Other short-term liabilities .....	640	372	321	325	264	733
<i>Long-term liabilities</i> .....	14 772	16 249	15 410	15 490	15 979	16 026
Foreign .....	8 405	12 284	12 144	12 146	12 146	12 224
Finnish .....	6 367	3 965	3 266	3 344	3 833	3 802
<i>Equalisation accounts</i> .....	9 020	14 458	11 625	11 377	11 101	11 007
<i>Bank's own funds</i> .....	13 234	14 009	14 223	14 281	14 361	14 385
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed .....	1 026	—	1 085	1 085	1 085	1 085
Earnings less expenses .....	370	2 171	214	272	352	376
Total	112 026	125 937	115 485	115 695	117 865	118 660
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	29 119	41 340	45 078	46 115	47 006	47 662
Supplementary cover (Upper limit 58 000 mill. mk) .....	58 000	58 000	51 427	50 788	52 075	52 240
Total	87 119	99 340	96 505	96 903	99 081	99 902
<b>Note issue</b>						
Notes in circulation .....	58 245	60 640	53 631	55 003	55 169	56 793
Short-term liabilities .....	16 755	20 581	20 596	19 544	21 255	20 449
Undrawn on cheque credits .....	594	624	529	645	625	612
Unused right of note issue .....	11 525	17 495	21 749	21 711	22 032	22 048
Total	87 119	99 340	96 505	96 903	99 081	99 902

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

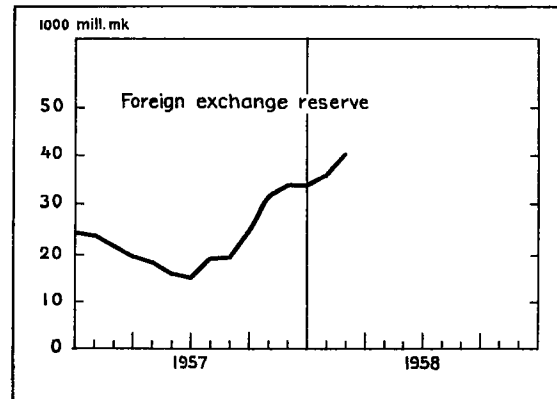
## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1956										
Nov.	29 676	3 682	25 994	3 022	15 003	14 013	25 177	3 755	464	20 958
Dec.	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 176
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	— 55	32 373
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	— 95	24 581
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept. <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

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

Foreign exchange reserve 1000 mill. mk	1957		1958	
	Sept. 16	Dec. 31	Jan. 31	Feb. 28
Gold .....	7.8	7.8	7.8	7.8
Convertible currencies	16.0	17.8	17.2	17.0
Transferable EPU »	3.2	3.9	3.1	4.8
Non-transferable EPU »	2.0	4.4	5.9	5.3
Eastern Bloc currencies ..	-3.4	2.0	3.2	6.5
Other currencies .....	-4.8	-2.0	-1.4	-1.1
Total	20.8	33.9	35.8	40.3

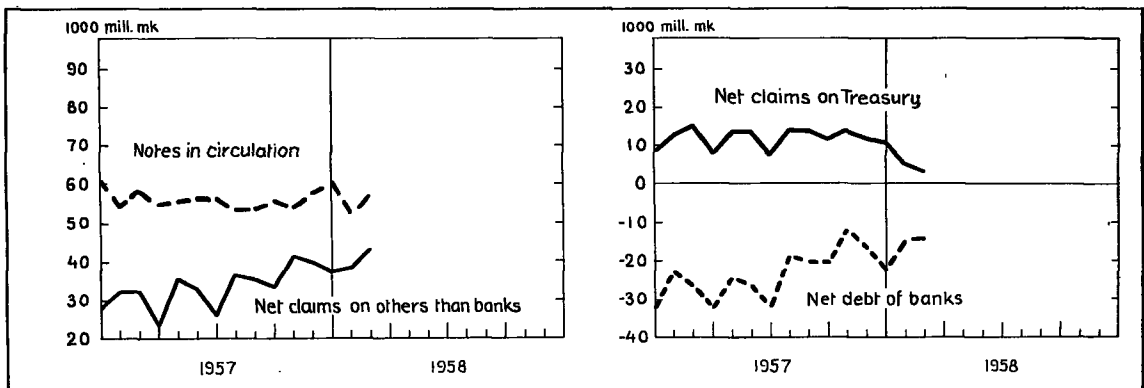


## BANK OF FINLAND

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 <sup>1)</sup> 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
1956										
Nov.	19 160	4 091	15 069	15 958	10 599	26 557	4 349	1 470	20 738	58 468
Dec.	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	10 228	25 655	4 151	1 060	20 444	54 160
Feb.	19 160	4 103	15 057	15 755	10 374	26 129	4 057	841	21 231	58 245
March	19 160	11 414	7 746	17 181	10 498	27 679	4 074	573	23 032	54 967
April	19 160	5 466	13 694	16 984	10 491	27 475	—	706	26 769	55 764
May	17 910	4 210	13 700	16 943	10 823	27 766	—	784	26 982	56 311
June	17 910	10 543	7 367	17 485	11 152	28 637	—	605	28 032	56 177
July	17 910	3 799	14 111	17 484	10 787	28 271	—	558	27 713	53 471
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793

<sup>1)</sup> Revised series, not including prepayments for exports.



## 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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1956										
Sept.	36 666	43 786	15 675	94 176	107 675	61 159	33 209	15 253	311 510	370 971
Oct.	40 382	48 603	8 877	93 059	107 979	61 218	33 170	15 380	310 844	368 324
Nov.	38 283	45 619	9 043	91 960	107 641	61 128	33 001	15 380	309 148	363 810
Dec.	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*										
Jan.	36 315	43 381	9 491	97 684	113 247	64 187	34 489	16 347	325 991	378 863
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227
June	31 562	37 718	16 026	98 735	112 709	64 938	34 215	16 578	327 210	380 954
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160

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

## Selling rates for foreign exchange

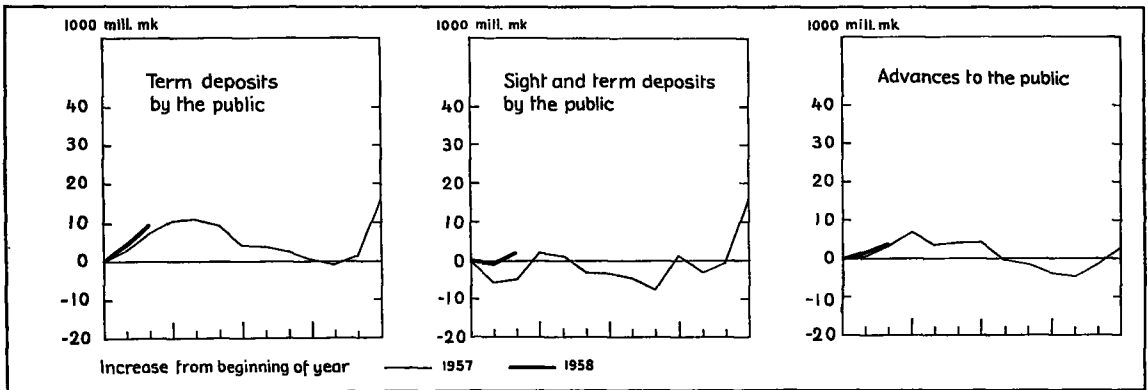
March 31, 1958

	mk		mk
New York ... 1 \$	321:—	Zürich . . . . . 100 Fr	7 324:—
London . . . . . 1 £	898:—	Frankfurt a/M 100 DM	7 646:—
Stockholm ... 100 Kr	6 185:—	Prague . . . . . 100 Kz	4 463:—
Copenhagen .. 100 Kr	4 640:—	Vienna . . . . . 100 Sch	1 235:—
Oslo . . . . . 100 Kr	4 490:—	Lisbon . . . . . 100 Es	1 118: 50
Paris . . . . . 100 Fr	76: 37	Rome . . . . . 100 Lit	51: 45
Brussels . . . . . 100 Fr	643:—	Montreal . . . . . 1 \$	327:—
Amsterdam ... 100 G	8 448:—	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	82 448	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957*	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	
1956									
Sept.	161 927	101 902	26 345	75 559	14 446	354 830	25 349	380 179	112 040
Oct.	158 945	102 418	25 940	75 244	14 646	354 767	22 426	377 193	107 759
Nov.	158 723	102 795	26 206	75 482	14 781	354 920	23 067	377 987	107 080
Dec.	162 663	102 830	26 232	76 761	14 690	357 802	25 374	381 376	109 559
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	359 066	24 948	384 014	100 184
Feb.	164 342	103 868	26 432	77 017	14 799	360 198	26 260	386 458	100 279
March	167 767	104 243	26 511	76 829	14 833	362 229	27 954	390 183	101 686
April	163 706	104 757	26 444	76 993	14 800	362 268	24 432	386 700	100 141
May	162 752	105 426	26 502	77 847	14 887	361 685	25 729	387 414	97 842
June	162 707	105 215	26 560	78 231	14 880	359 876	27 717	387 593	103 303
July	158 635	105 223	26 601	77 466	14 906	357 896	24 935	382 831	100 434
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 299
Dec.	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	112 147
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	113 258

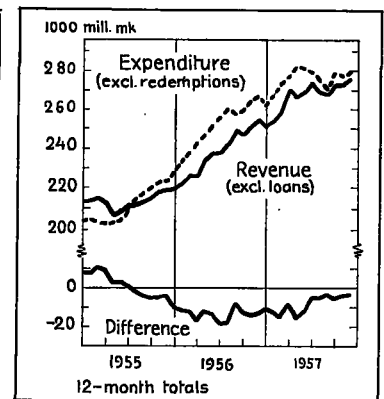


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1956	1957		1956	1957
Income and property tax (net) .....	54.4	59.2	Interest on State debt .....	5.0	5.5
Gross receipts .....	(94.2)	(108.8)	Child allowances .....	19.8	19.9
Refunds and communal income tax .....	(-39.8)	(-49.6)	The State's share in national pensions .....	4.9	10.8
Other direct taxes .....	0.8	1.9	Compensations to war-disabled .....	7.1	6.9
Purchase tax .....	53.6	61.6	Transfer of employers' payments for national pensions to the National Pensions Institution .....	3.7	4.3
Import duties .....	36.1	37.2	Subsidies .....	30.8	22.1
Revenue from Alcohol Monopoly .....	17.6	17.2	Payments by Price Equalisation Fund .....	8.9	7.5
Excise duty on tobacco .....	12.0	14.2	State aid to agriculture .....	4.4	4.1
Other excise duties .....	3.8	4.0	State aid to communal and private schools .....	17.2	17.8
Stamp duties .....	8.1	9.5	Net loss of State enterprises .....	2.2	0.2
Employers' payments for child allowances and national pensions .....	19.1	18.7	Maintenance of roads .....	5.6	6.4
Receipts of Price Equalisation Fund .....	7.6	13.0	Other current expenditure .....	68.5	75.9
Other revenue similar to taxes .....	3.4	3.7	<b>Current expenditure</b> .....	<b>178.1</b>	<b>181.4</b>
<b>Total taxes</b> .....	<b>216.5</b>	<b>240.2</b>	Real investments .....	35.3	45.6
Interest and dividends .....	2.8	3.6	(of which: unemployment grants) ..	(17.2)	(23.8)
Net profit of State enterprises .....	—	—	Other capital expenditure .....	28.2	31.5
Other current revenue .....	6.6	8.2	<b>Capital expenditure</b> .....	<b>63.5</b>	<b>77.1</b>
<b>Current revenue</b> .....	<b>225.9</b>	<b>252.0</b>	<b>Total expenditure</b> .....	<b>241.6</b>	<b>258.5</b>
Capital revenue proper .....	3.8	4.7	Redemption of external loans .....	1.7	2.1
Decrease in inventories .....	2.3	—	Redemption of internal loans .....	4.1	5.4
<b>Capital revenue</b> .....	<b>6.1</b>	<b>4.7</b>	Redemption of indemnity bonds etc. ....	0.8	0.9
<b>Total revenue</b> .....	<b>232.0</b>	<b>256.7</b>	Index premiums .....	0.2	0.4
External loans .....	1.6	0.0	<b>Redemptions</b> .....	<b>6.8</b>	<b>8.8</b>
Internal loans .....	10.6	7.0			
<b>Loans</b> .....	<b>12.2</b>	<b>7.0</b>			
Short-term credit (increase +) .....	—	—			
<b>Deficit (+) or surplus (-)</b> .....	<b>+4.2</b>	<b>+3.6</b>			
<b>Total</b> .....	<b>248.4</b>	<b>267.3</b>	<b>Total</b> .....	<b>248.4</b>	<b>267.3</b>

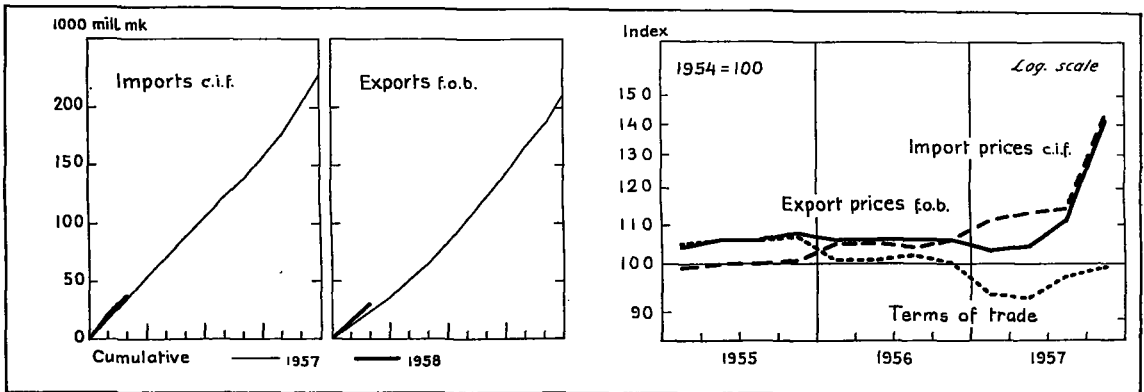
Debt	1954		1955		1956		1957		1958	
	Dec.	Dec.	Dec.	Dec.	Nov.	Dec.*	Jan.	Feb.	Jan.	Feb.
<b>External debt</b> .....	62.1	61.3	61.5	82.2	82.2	81.8	81.7			
Ordinary loans .....	36.1	43.0	50.7	52.2	52.7	50.5	49.6			
Indemnity bonds etc. ..	8.8	6.8	7.1	7.3	7.4	7.4	7.5			
Short-term credit .....	0.5	—	—	—	—	3.8	3.0			
Cash debt (net) .....	4.3	5.9	8.8	13.2	..	..	..			
<b>Internal debt</b> .....	49.7	55.7	66.6	72.7	..	..	..			
<b>Total debt</b> .....	<b>111.8</b>	<b>117.0</b>	<b>128.1</b>	<b>154.9</b>	..	..	..			
Total debt, mill. \$ .....	484.0	506.3	554.5	482.5	..	..	..			





FOREIGN TRADE

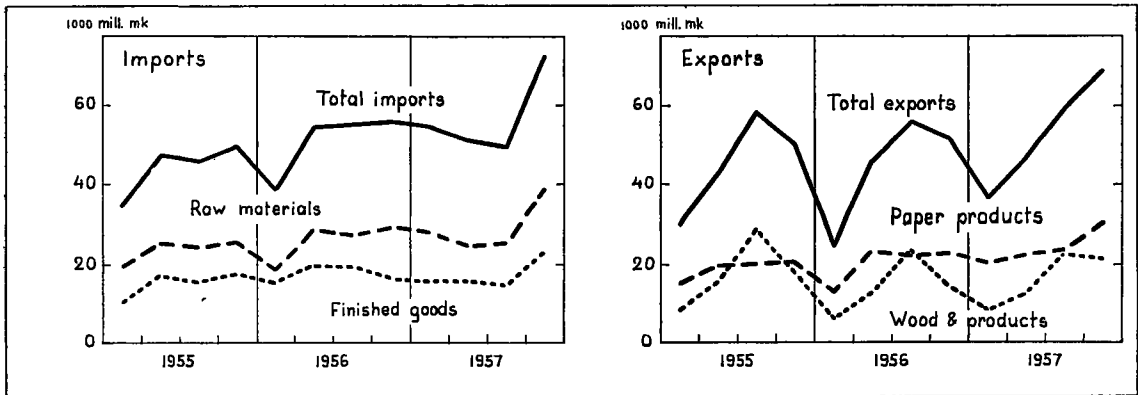
Period	Value, mill. mk			Price indexes, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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	211 502	-16 425	116	117	113	119	119	120	97
Jan.-Feb.										
1956	30 708	19 339	-11 369							
1957*	35 494	24 977	-10 517							
1958*	38 798	30 234	- 8 564							
1957*										
April	16 023	14 272	- 1 751	104	112	96	108	113	113	92
May	18 376	14 919	- 3 457							
June	16 325	17 625	+ 1 300							
July	16 019	19 636	+ 3 617							
Aug.	15 454	18 702	+ 3 248	111	112	107	113	121	114	97
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 589	+ 2 268							
Nov.	25 034	22 257	- 2 777							
Dec.	26 877	23 449	- 3 428	141	143	139	146	141	143	99
1958*										
Jan.	20 510	15 504	- 5 006							
Feb.	18 288	14 730	- 3 558							



## FOREIGN TRADE BY MAIN GROUPS

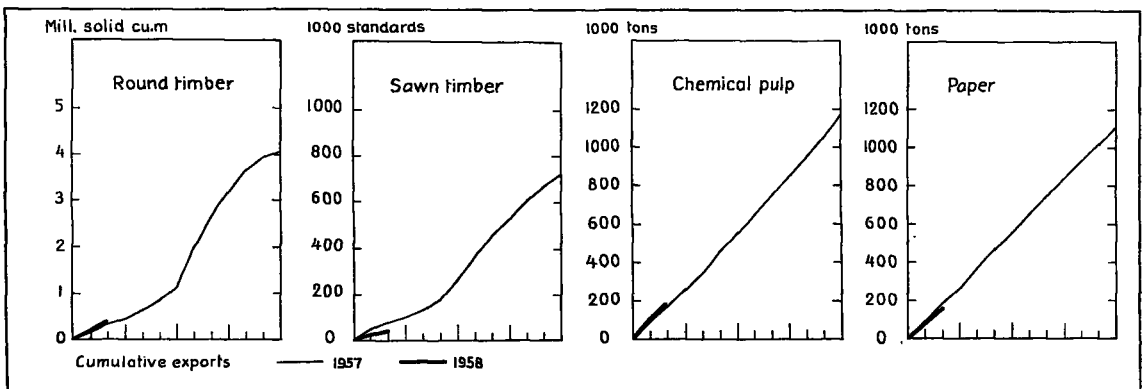
Mill. mk

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	40 819	10 169	17 095	48 287	97 638	29 560	8 753
Jan.-Feb.										
1957*	18 626	6 403	4 448	6 017	1 213	1 342	4 802	14 026	2 794	800
1958*	19 057	5 852	4 893	8 996	2 104	1 872	5 265	16 934	2 980	1 079
1957*										
Jan.	10 696	3 235	2 393	2 780	673	642	2 806	6 947	1 877	385
Feb.	7 930	3 168	2 055	3 237	540	700	1 996	7 079	917	415
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
April	7 880	2 857	2 283	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 462	2 098	707
June	7 695	3 938	1 871	2 821	909	1 401	4 622	7 252	2 447	994
July	7 765	3 492	1 877	2 885	700	2 821	5 089	7 291	2 783	952
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	4 732	958
1958*										
Jan.	10 578	2 944	2 680	4 308	841	1 077	2 762	8 592	1 700	532
Feb.	8 479	2 908	2 213	4 688	1 263	795	2 503	8 342	1 280	547



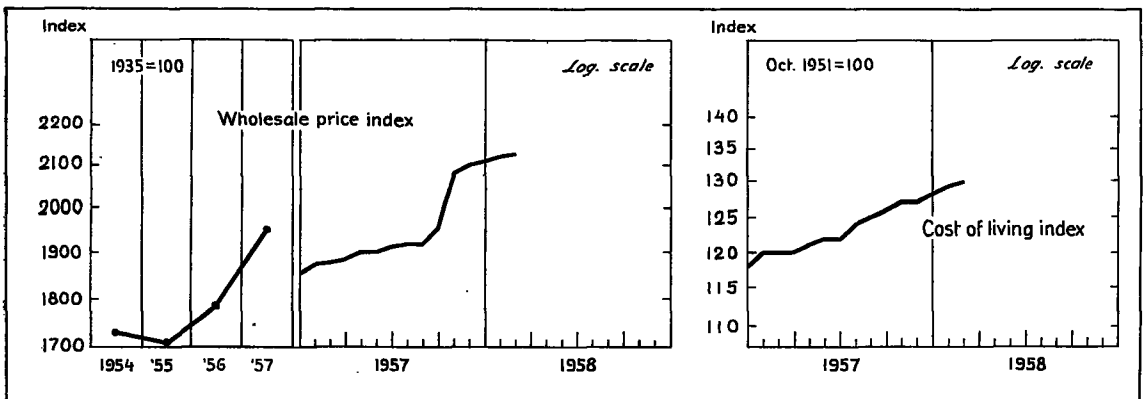
EXPORTS OF SOME IMPORTANT ARTICLES

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.-Feb.										
1956	197	64	31	22	84	52	16	7	61	121
1957*	329	74	42	23	103	67	21	11	97	185
1958*	396	45	42	19	113	73	22	14	82	155
1957*										
Jan.	160	48	19	12	55	36	10	6	49	89
Feb.	169	26	23	12	48	31	12	5	49	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	110
May	210	46	21	12	62	44	10	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	11	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year			Jan.-Feb.		Whole year			Jan.-Feb.	
	1955	1956	1957	1958*		1955	1956	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	18.4	21.2	8 208	27.3	25.2	24.9	26.0	7 867
United Kingdom .....	20.3	20.4	17.6	20.7	8 021	24.0	21.4	21.8	23.2	7 006
<b>Other OEEC countries</b> ..	36.4	39.1	37.6	42.8	16 615	32.4	31.4	32.2	36.4	11 013
Belgium-Luxembourg ....	3.0	3.0	3.0	2.8	1 098	3.5	4.4	4.0	3.0	923
Denmark .....	3.6	2.6	2.1	2.4	919	3.0	2.5	2.5	2.6	786
France .....	6.0	5.7	5.2	4.8	1 854	4.7	5.3	5.6	7.3	2 199
Western Germany .....	9.0	11.8	11.4	16.1	6 230	9.1	8.6	8.9	9.6	2 900
Italy .....	1.1	1.4	1.5	1.8	681	1.2	1.4	1.3	3.1	940
Netherlands .....	3.6	4.0	4.1	4.0	1 569	4.4	3.6	4.2	3.6	1 082
Norway .....	2.2	1.8	1.2	1.2	475	1.3	0.6	0.4	0.9	271
Sweden .....	4.9	5.4	5.9	6.9	2 704	1.9	2.2	3.1	2.6	789
Switzerland .....	1.3	1.8	1.6	1.5	580	0.9	0.6	0.6	1.0	309
Turkey .....	0.5	0.4	0.3	0.1	47	1.0	0.7	0.4	0.7	212
<b>Eastern Bloc</b> .....	27.1	25.0	30.6	22.6	8 771	25.7	27.3	29.1	25.3	7 638
China .....	0.5	0.3	0.7	0.3	104	1.6	0.9	0.7	0.8	229
Czechoslovakia .....	2.7	2.4	2.9	1.4	564	1.0	1.2	1.6	1.9	581
Eastern Germany .....	2.7	2.3	2.5	1.7	649	2.2	2.2	1.9	2.4	709
Poland .....	4.8	4.4	5.2	1.6	621	2.0	2.3	3.4	4.2	1 273
Soviet Union .....	14.7	13.9	17.7	15.5	6 015	17.5	19.2	19.7	14.0	4 234
<b>U.S. and Canada</b> .....	5.4	6.7	5.7	7.8	3 017	5.8	6.7	5.1	5.2	1 578
United States .....	5.2	6.5	5.6	7.7	2 984	5.7	6.6	5.0	5.2	1 564
<b>Latin America</b> .....	7.4	5.6	5.1	3.5	1 374	5.5	6.0	4.8	3.6	1 099
Argentina .....	2.9	1.6	1.4	0.0	15	2.2	1.5	1.1	0.5	145
Brazil .....	4.1	3.3	3.3	3.2	1 233	2.6	3.2	2.7	2.0	621
<b>Others</b> .....	2.8	2.3	2.6	2.1	813	3.3	3.4	3.9	3.5	1 039
<b>Grand total</b>	100.0	100.0	100.0	100.0	38 798	100.0	100.0	100.0	100.0	30 234



PRICE INDEXES

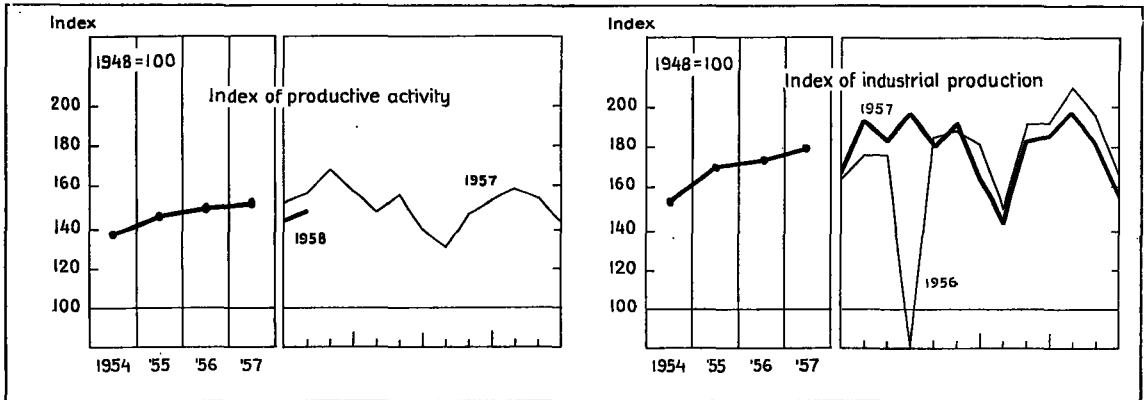
Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	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									
June	1 914	1 949	2 090	2 884	1 589	1 839	114	104	132
July	1 920	1 960	2 087	2 884	1 608	1 835	114	104	132
Aug.	1 919	1 958	2 123	2 834	1 610	1 834	113	104	127
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	113	104	126
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	114	107	126
Nov.	2 100	2 103	2 162	3 201	1 714	2 093	116	111	125
Dec.	2 111	2 122	2 180	3 205	1 739	2 086	116	113	124
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Others	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Others
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												
June	122	130	257	97	80	117						
July	124	134	257	97	80	118						
Aug.	125	135	257	101	80	118						
Sept.	126	136	257	99	80	119						
Oct.	127	137	266	101	81	122						
Nov.	127	136	272	104	81	123	100	100	100	100	100	100
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

PRODUCTION - INTERNAL TRADE - WORK CESSATIONS

Period	Index of industrial production <sup>1)</sup> 1948 = 100						Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index 1954 = 100	Working-days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1950	113	115	96	107	111	102	25 770	1 245	81	4 644
1951	131	133	122	126	130	120	36 070	1 447	85	324
1952	125	133	121	108	112	102	35 079	1 560	92	54
1953	133	140	120	116	121	108	29 170	1 657	93	64
1954	152	158	140	140	151	124	35 370	1 703	100	116
1955	170	177	156	153	173	125	38 600	1 709	116	344
1956	174	184	160	151	182	108	36 623	2 036	121	6 970
1957	179	187	163	162	199	109	40 919	2 148	114	223
1956										
Sept.	192	202	176	168	203	117	1 758	162	132	1
Oct.	210	224	195	179	216	124	2 463	148	136	4
Nov.	196	211	181	162	206	98	2 786	143	137	6
Dec.	166	177	158	139	177	85	3 287	155	118	1
1957										
Jan.	193	203	185	168	208	110	4 284	164	97	2
Feb.	183	192	171	162	194	115	4 658	151	106	6
March	197	207	183	176	217	117	3 481	170	125	9
April	180	190	165	157	184	118	2 323	195	119	4
May	191	198	172	175	213	120	11 010	220	121	76
June	164	177	153	135	163	95	1 492	224	111	16
July	145	141	108	153	194	94	1 613	217	106	—
Aug.	182	189	159	168	212	104	1 734	200	122	53
Sept.	185	190	167	173	214	114	1 991	176	132	28
Oct.	197	205	182	181	224	118	2 517	147	119	13
Nov.	181	190	167	162	202	106	2 697	138	105	14
Dec.	154	163	148	132	164	84	3 119	146	108	2
1958										
Jan.	..	..	..	..	..	..	4 120	151	89	8

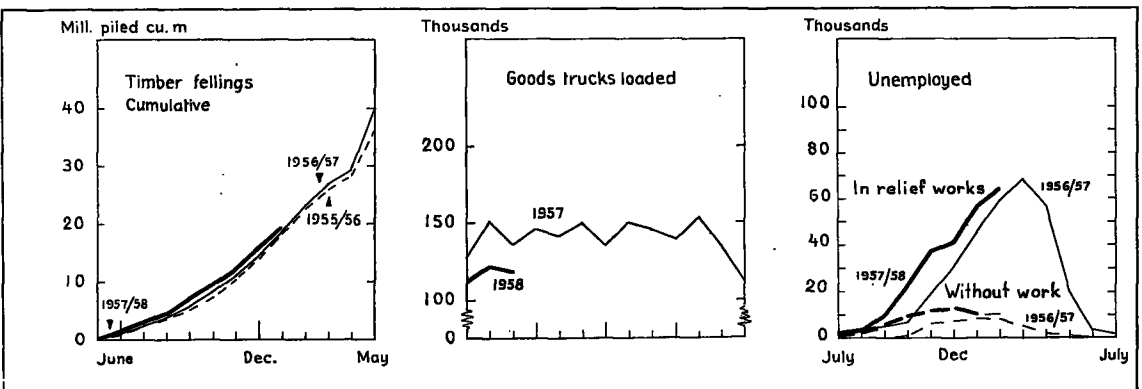
<sup>1)</sup> Figures for 1956 and 1957 revised but not final.



**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July—Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1957	20.71*	9.60*	3.19*	4.03*	2.65*	27.47*	..	..	..
1956									
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	128	130	98.0
Apr.-June	3.08*	1.58*	0.31*	0.61*	0.38*	31.89*	130	127	95.8
July-Sept.	5.92*	2.47*	0.93*	1.02*	1.08*	30.89*	131	129	96.3
Oct.-Dec.	7.84*	3.81*	1.67*	1.27*	0.59*	27.47*	..	..	91.3

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	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		251		248		5 204		68 489	
April	141		349		288		1 908		56 401	
May	150		415		409		607		19 974	
June	135		421		543		173		3 314	
July	149		429		678		459		1 730	
Aug.	145		436		676		2 040		3 092	
Sept.	139		353		500		5 315		9 126	
Oct.	153		380		478		8 997		22 234	
Nov.	132		419		449		11 302		37 106	
Dec.	111		391		347		12 418		41 056	



# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* consist of deposits made by the banks and tied by special conditions. Included in Long-term Finnish liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Prepayments for exports. *Deposits against import licences* = importers' obligatory deposits of 10 % of the value of the goods for which they have received import licences (from April 4, to June 1, 1956, 20 % for goods for which licensing is not automatic). Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance has been refunded in full by the end of August 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on others than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

## DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

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.

## SYMBOLS USED

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

## FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The price indexes* (p. 9) represent unit values. Seasonal variations 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. It is based on net values of industrial production at constant prices. Unadjusted for seasonal variations. Weights: Home market industry 69.5, of which metal industry 28.2, export industry 30.5, of which paper industry 18.0 and wood industry 12.5; total industry 100.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60 % of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade, volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the wholesale price index so revised that the combined weight of wood and paper products has been reduced from 17.6 to 3.2. *Working days lost in work cessations* calculated by the Ministry for Social Affairs. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

## BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. It is based on data compiled during a period of 12 working days in each of the months of Jan., Apr., July and Oct. The corresponding figure for the previous year = 100. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged as in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The president for the current period, March 1, 1956, to March 1, 1962, is Urho Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (liberal) 13.

### LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

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

### POPULATION

NUMBER OF INHABITANTS: (1956) 4.3 millions. Sweden (1956) 7.3, Switzerland (1956) 5.0, Denmark (1955) 4.4 and Norway (1956) 3.5 millions.

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

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

OCCUPATION (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communication 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1956): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

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

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1956, in thousand million marks): Gross domestic product at market price 1 118 Net domestic product at factor cost, by industrial origin: agriculture 109 (13 %), forestry and fishing 88 (10 %), manufacturing 272 (31 %), construction 84 (10 %), transport and communications 68 (8 %), commerce, banking and insurance 106 (12 %), public activities 88 (10 %), other services 55 (6 %), total 870. Volume index 146 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 491 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft).

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 118 for 1956 (1948 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

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

RAILWAYS (Dec. 31, 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, 1956). There are three big and three small commercial banks with in all 548 offices, 413 savings banks, 575 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST (January 1, 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.

# FINLAND'S FOREIGN TRADE IN 1957

BY

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## GENERAL DEVELOPMENTS

In 1953—55, very good export conditions obtained in the market for timber and products of the wood-processing industry, which represent about 80 per cent of the total value of Finland's exports. In 1956, on the contrary, the slackening of the international trend had a serious effect on the export of products of the mechanical woodworking industry. The volume of exports and the export prices of such products, particularly of sawn goods and plywood, were at that time considerably below those for the preceding years. In 1957, the position improved to some extent for these articles, but a distinct change for the worse occurred in the chemical wood-processing industry. Sales of many qualities of paper and pulp fell off in consequence of excessive supply in the market, and at the same time the slight rise in their prices that had continued since 1953 ceased, and changed in part into a fall.

The deterioration of export conditions during the last two years and the wage arrangements of 1956, which greatly increased industrial costs, placed the export industry in a difficult position. As a result, mills had to work below capacity. The position was most difficult in the sawmill and plywood industry, but during the latter half of 1957 the output of mechanical woodpulp and of some qualities of chemical pulp and paper also decreased as sales fell off.

At the same time, the difference between domestic and foreign prices, together with the rise in nominal incomes, greatly increased

the demand for imported goods. The subsequent growth of imports in 1956 and in the early months of 1957 led to a decrease in the foreign exchange reserve, so that the measures for liberalising imports, begun in 1955 and extended during the following year, could not be proceeded with. On the contrary, the degree of liberalisation — in 1956, licences granted automatically represented 43 per cent of all import licences — had to be reduced in the spring.

The devaluation undertaken in September, which raised the selling rates of exchange by 39 per cent, very considerably altered the conditions of foreign trade. The profitability of the export industry and its competitive power in foreign markets improved greatly, although, to arrest inflation, the increase in export earnings due to the devaluation was partly tied up by a levy on export proceeds. The devaluation was accompanied by a large-scale removal of the quantitative restrictions on imports. This liberalisation was accomplished from the beginning of October as far as the principal Western European countries were concerned. The free list represented about 78 per cent (at present 82 per cent) of the total imports on private account from these countries, according to the 1954 level of imports. In December, automatic licensing was adopted for imports from the dollar area and a number of countries with which Finland has bilateral trade agreements.<sup>1)</sup>

<sup>1)</sup> For details concerning devaluation and liberalisation of imports see Bulletin Nos. 9—12, 1957, and Nos. 1 and 2, 1958.

## THE VALUE AND VOLUME OF TRADE

In 1957, the value of exports and imports (Table 1) rose higher than ever before. As regards imports, the increase was due solely to the devaluation rise in prices, whereas in the case of exports the volume also grew.

During the first half of the year, the level of exports and, more especially, of imports, was considerably higher than in previous years. (The monthly figures for foreign trade will be found on page 9 in the statistical tables). This was partly due to the winter being particularly mild. The growth of imports, was also affected by the facts that the stock of licences was very large at the turn of the year, and that licences were utilised more rapidly than formerly. During the first half-year the trade deficit amounted to 21 900 million marks, or almost as much as during the corresponding period of 1956, when bad weather and the general strike had reduced and delayed export shipments.

In July—September, however, the volume of imports fell off very much in comparison with both the level at the beginning of the year and that of the previous year. This was partly due to a reduction of licensing in Western currencies, but was mainly brought about by weakened economic activity and a tightness of money in trade. After the October liberalisation, the volume of imports tended to grow at first, but later in the year it was further reduced, owing to the increased cost of foreign goods, the strict monetary policy in general, and the Bank of Finland's stipulation that goods other than raw materials and some requisites for production had to be paid for prior to customs clearance. The volume of exports also declined to some extent. The balance of trade improved during the latter half of the year by some 6 000 million marks, and a deficit of 15 900 million was recorded for the whole year.

1. VALUE OF EXPORTS AND IMPORTS IN 1956—57,  
1 000 MILL. MK

	1956	1957	Change in 1957 per cent
<i>Exports (fob)</i> .....	178.0	211.5	+ 19
Agricultural products ...	6.2	10.2	+ 65
Round and hewn timber ..	17.3	17.1	— 1
Wood industry products ..	40.5	48.3	+ 19
Paper industry products ..	81.8	97.6	+ 19
Metal, engin. ind. products	25.1	29.6	+ 18
Other goods .....	7.1	8.7	+ 23
<i>Imports (cif)</i> .....	203.6	227.4	+ 12
Raw materials and access.	104.3	117.4	+ 13
Fuels and lubricants ....	27.5	40.2	+ 46
Finished producer goods..	43.4	40.9	— 6
Finished consumer goods..	28.4	28.9	+ 2
<i>Balance of trade</i>	— 25.6	— 15.9	

2. VOLUME OF EXPORTS AND IMPORTS IN  
1956—57, 1954 = 100

	1956	1957*	Change in 1957 per cent
<i>Exports</i>	107	116	+ 8
Wood industry products ..	78	86	+ 10
Paper industry products ..	122	133	+ 9
Metal, engin. ind. products	113	118	+ 4
<i>Imports</i>	127	125	— 2
Raw materials and access.	117	117	± 0
Fuels and lubricants ....	124	151	+ 22
Finished producer goods..	155	129	— 17
Finished consumer goods..	143	122	— 15

The volume indexes of exports and imports are given in Table 2. The volume of exports was larger than ever before, and the volume of imports fell only slightly short of the 1956 peak.

The course of the unit value indexes of foreign trade is shown on page 9. As a result of the devaluation, export prices in terms of marks rose during the second half-year by 36 per cent, import prices rising by 26 per cent. That the latter percentage was so much smaller than the devaluation percentage was due, on the one hand, to the fall in world market prices for raw materials and in rates of freight, and on the other to the greater competition in prices brought about by the liberalising of imports. In consequence, the ratio of export prices to import prices (1954 = 100), which in the second quarter

of the year had dropped to 92 points, rose to 99, or by 8 per cent, during the last two quarters.

#### TRADE BY COMMODITIES

Foreign trade in 1956—57, classified according to main groups, was illustrated in Tables 1 and 2, and in Table 3 there are the volumes of exports and imports of some principal commodities in 1954—57.

#### *Exports*

Products of the paper industry form the largest group among the exported goods. In 1957, they represented 46.2 per cent of the total value of exports. The volume of exports in this group increased to record proportions. However, the trend was very uneven for different articles. As sales fell off, the output of mechanical pulp, chemical pulp and newsprint had to be reduced below full capacity. The quantity of mechanical pulp exported was thus appreciably lower than in 1953—56. Exports of chemical pulp and newsprint exceeded by only 3—5 per cent the figure for the previous year, which corresponds broadly with the reduction in output and exports caused by the 1956 general strike. On the other hand, exports of other paper products greatly increased.

The proportion of wood industry products to the total value of exports has dropped in recent years. In 1948—50, it averaged 36.3 per cent, in 1951—55 30.0 per cent and in 1956—57 only 22.8 per cent. The decrease was due principally to the growth of output and of exports of paper products and of metal and engineering products, but during the last two years more particularly to the worsened conditions for the export of timber products. In 1957, the exported quantities of sawn goods and plywood were considerably greater than in 1956, but much smaller than in 1955, the output being far below capacity.

The importance of prefabricated buildings as an export article has declined appreciably during the last few years, the USSR having ceased to buy.

The share of products of the metal and engineering industry in the total value of exports was 14.0 per cent in 1957. The principal articles of export consisted of machinery for the wood-processing industry and of vessels. The volume of exports for the whole group attained a new peak, this being partly due to a number of large orders being completed for delivery during the year.

Exports of round and hewn timber are very sensitive to business fluctuations. In 1950—57, their proportion to the total value of exports varied between 18.1 and 7.8 per cent, and last year amounted to 8.1 per cent. This was the single main group of exports in which both value and volume were less than in 1956.

The proportion of agricultural produce to the total value of exports was 4.8 per cent. During the last few years overproduction of milk has necessitated exports of dairy produce on a growing scale. These exports have been a heavy burden on the State economy, for it has been impossible to dispose of the surplus in foreign markets other than with the help of large export subsidies.

#### *Imports*

Of the total value of imports, raw materials and accessories represented 51.6, fuels and lubricants 17.7, finished producer goods 18.0 and finished consumer goods 12.7 per cent. In comparison with the previous year, the sole increase in quantity was in the fuel and lubricant group. Imports of finished goods decreased, whilst the imports of raw materials and accessories remained at the same level as in the previous year. The liberalisation did not produce any great change in the composition of imports during the last quarter of the year.

## 3. EXPORTS AND IMPORTS OF PRINCIPAL ARTICLES

<i>Exports</i>		1954	1955	1956	1957	Change in 1957 per cent
Round timber	1 000 cu. m	3 620	4 977	4 424	4 063	— 8
Sawn timber	1 000 stds	733	786	648	719	+ 11
Veneers and plywood	1 000 cu. m	298	321	230	260	+ 13
Spools	tons	1 542	1 595	1 783	1 967	+ 10
Prefabricated houses	1 000 sq. m	788	296	263	77	— 71
Mechanical pulp	1 000 tons	193	183	186	165	— 11
Sulphite pulp	1 000 tons	580	682	679	697	+ 3
Sulphate pulp	1 000 tons	375	447	452	474	+ 5
Newsprint	1 000 tons	392	470	537	551	+ 3
Kraft paper	1 000 tons	201	242	247	326	+ 32
Paper, other kinds	1 000 tons	158	193	213	232	+ 9
Board and cardboard	1 000 tons	101	110	106	134	+ 26
Products of board and paper	1 000 tons	17	23	34	46	+ 35
Fibreboard	1 000 tons	59	61	49	60	+ 22
Copper and copper products	tons	7 563	8 308	10 077	6 953	— 31
Machinery and apparatus	tons	21 351	21 779	22 691	32 600	+ 44
Vessels (minimum 20 tons net)	1 000 g. r. t.	146	117	142	132	— 7
Butter	tons	3 208	—	11 005	24 976	+ 127
Cheese	tons	11 299	11 566	12 484	13 182	+ 6
<i>Imports</i>						
Wheat and rye	1 000 tons	282	374	401	408	+ 2
Raw coffee	tons	27 956	29 786	32 649	30 281	— 7
Sugar	1 000 tons	102	154	141	132	— 6
Raw tobacco	tons	5 121	5 115	5 330	4 980	— 7
Edible fats	tons	17 298	27 351	18 895	26 273	+ 39
Wool	tons	5 245	5 407	5 996	5 117	— 15
Cotton	tons	19 305	14 632	14 927	16 163	+ 8
Wool and cotton fabrics	tons	3 457	4 001	4 610	4 182	— 7
Rubber and rubber products	tons	11 736	13 814	15 761	14 457	— 8
Concentrated fodder	1 000 tons	52	90	134	73	— 46
Fertilizers	1 000 tons	444	416	466	519	+ 11
Coal and coke	1 000 tons	2 177	2 508	2 511	2 864	+ 14
Fuel oil, petrol etc.	1 000 tons	906	1 089	1 467	1 975	+ 35
Iron and steel	1 000 tons	448	424	425	451	+ 6
Machinery and apparatus	tons	44 030	52 221	66 209	57 557	— 13
Automobiles and chassis	number	14 558	26 345	30 172	25 995	— 14
Tractors	number	4 777	10 361	10 009	9 616	— 4

## TRADE BY COUNTRIES

The proportionate distribution of trade according to currency areas and according to countries is shown on page 12 in the statistical tables.

Selling conditions in the export market and reasons of foreign currency policy occasioned a considerable change in 1957 as regards the geographical distribution of foreign trade, imports particularly. As import licensing in Western currencies had to be restricted in the Spring, imports from the OEEC countries, particularly those from the United Kingdom, was less, both relatively and absolutely, during the first half-year than during January—June 1956. At the

same time, imports of coal, fuel oil and some industrial raw materials, bought principally from Eastern Bloc countries, attained record proportions, so that by the end of June imports from these countries exceeded by 50 per cent the corresponding value for 1956. During the latter half-year, again, these particular imports were hardest hit by the reduction in import volume, which resulted in a slight rise in the relative share of imports from Western countries.

For the whole year, imports from the United Kingdom were less than imports from the USSR. The respective shares in the total value of imports were 17.6 per cent for the United Kingdom and 17.7 per cent

for the USSR, the corresponding figures for 1956 being 20.4 and 13.9 per cent. In exports, on the other hand, the United Kingdom retained her traditional first place with a share of 21.8 per cent against 19.7 per cent for the USSR, the latter coming second. The next most important trade partners were, as in previous years, Western Germany, France and the United States.

#### PROSPECTS FOR 1958

There are no signs of any considerable changes in the state of the export markets during 1958. To avoid overproduction, the output of mechanical and chemical pulp for export has been reduced by 10—20 per cent, or approximately by as much as during the latter half of 1957. Similarly, the newsprint mills will probably have to work at reduced capacity. As for sawn goods the ECE Timber Committee expects a balance of supply and demand in the market although the total volume of trade may be slightly less than last year. Demand for plywood is likely to remain at the 1957 level.

The total influence of the devaluation upon exports cannot yet be calculated exactly. It is certain that it has improved the profitability of the export industries to an extent sufficient to eliminate any output reduction that may have to be undertaken in 1958 to avoid losses. Further, the devaluation has obviously increased to some extent the possibilities of expanding the volume of secondary exports. Nevertheless there is no indication yet of the extent to which the improvement in competitive power caused by devaluation will lead to recovery of the export markets lost in recent years. There should be prospects of increasing Finland's share of exports, particularly of sawn goods and plywood.

As for imports, development since the beginning of the current year seems to justify the expectation that the improved competitive ability of domestic goods, together with the anti-inflationary monetary and financial policy, will continue to keep imports in check, thus protecting the country's reserve of foreign exchange.

### ITEMS

**The Board of Management of the Bank of Finland.** On March 21, the President of the Republic appointed Professor Reino Rossi and Mr Ahti Karjalainen to fill the vacancies in the Board of Management of the Bank, with effect from April 1. — Professor Rossi acted as Head of the Bank of Finland Institute for Economic Research from May 1955 to March 1956, after which he was the Head of the same Institute to the end of February 1957. Since the beginning of 1957 he has held a chair at the Helsinki School of Economics. Mr Karjalainen has been the Information Secretary of the Bank of Finland, and is holding the post of Second Minister of Finance in the present Cabinet.

\*

**Representation at the IMF and the IBRD.** The Government has appointed Dr Klaus Waris, Governor of the Bank of Finland, as Governor of the IMF for Finland for the five-year period beginning March 18, with Mr Eero Asp, Secretary of the Bank, as Alternate Governor. As the Governor of the IBRD for Finland for the same period was appointed Prime Minister R. v. Fieandt, with Dr Heikki Valvanne, Head of the Bank of Finland Institute for Economic Research, as Alternate Governor.

\*

**Liberalisation of imports.** On March 6, the Government took a further step towards free imports by adding some 90 items to the

free list applied to imports from those Western European countries who participate in multilateral trade and payments agreement (see Bulletin No. 1, 1958). The free list now covers about 82 per cent of the total imports on private account from the countries concerned. — On March 14, Portugal also became a party to the multilateral arrangement.

\*

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

*Morocco*, on February 12. Period: October 1957 to September 1958. Trade fixed by quotas. Principal Finnish exports: roundwood, sawn goods, chemical pulp, paper; imports: citrus fruits, tinned goods, phosphates.

*Iceland*, on February 20. The previous agreement, which expired at the end of January, was renewed unaltered for one year.

*Roumania*, on February 27. Period: 1958. Trade fixed by quotas. Principal Finnish exports: machinery for the wood-processing industry, chemical pulp, paper industry products, butter; imports: fuel oil and oil products.

*The United States.* By the terms of an agreement signed on February 21, Finland will buy cotton, wheat, tobacco and prunes from the US surplus stores to a total amount of \$ 9 million, payable in marks.

\*

**Consumer price index.** At the beginning of this year, the Research Office of the

Ministry for Social Affairs began calculation of a consumer price index (Oct.-Dec. 1957=100). It is based on consumption in 1955—56, valued at Oct.-Dec. 1957 prices. The basic budget includes about 350 items and relates to all wage earners, including single persons, in centres of population. The cost of living index (Oct. 1951=100) was based on consumption in 1950—51; it included some 250 items and related to the families of workers and certain other employees.

The percentual distribution of consumers' expenditure during Oct.—Dec. 1957 was as follows, according to the new and the old budgets.

	New budget per cent	Old budget per cent
Foodstuffs .....	38.7	46.2
Rent .....	12.9	11.8
Heating and lighting .....	4.3	4.7
Clothing and footwear ....	12.6	12.4
Other specific items .....	27.6	21.0
Unspecified .....	3.9	3.9
Total	100.0	100.0

The cost of living index will be linked to the consumer price index by the chain method, and will thus show the same percentual changes as the new index.

\*

**Changes in the statistical tables.** *Foreign exchange reserve*, p. 4. The column chart, showing the composition of the reserve by quarters, has been replaced by a series of monthly figures.

*Deposits by the public*, p. 6. Figures for index-tied deposits have been added.

*Money supply*, p. 7. New series inserted.

*Price indexes*, p. 13. The series 1935=100 of the cost of living index has been removed, and the new consumer price index inserted. See previous item.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

## SECRETARIES

U. A. VATANEN,  
*Credits*

PERTTI TAMMIVUORI,  
*Administration*

BERO ASP,  
*Foreign affairs*

AHTI KARJALAINEN,  
*Information*  
(Absent as a member of  
*Government*)

## HEADS OF DEPARTMENT

HEIKKI VALVANNE,  
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