



BANK OF FINLAND

MONTHLY BULLETIN

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FEBRUARY

1956

RECENT DEVELOPMENTS

PUBLIC FINANCES

One year ago, a considerable deficit was forecast for State finances. In October 1954, fiscal policy had been radically revised in order to prevent a rise in the cost of living index, which would automatically have occasioned an increase in the wage level. The changes undertaken — above all the considerable increases in subsidies and the release of textiles from purchase tax — were estimated, on the basis of the prevailing income level, to weaken by some 35 000 mill. marks the relationship between annual revenue and expenditure. To counterbalance the deficit, some increases in revenue, such as the raising of company income tax, were subsequently effected, but these were not by any means sufficient to close the gap.

However, the relation of revenue to expenditure proved to be far more favourable than had been expected. The boom continued unabated in spite of various contractive measures, particularly the increasing of imports and the tightening of the money market. This also determined the course of State revenue. Income from taxation reacts very sensitively to increases in demand and in earnings, as the bulk of it is derived from consumption and investment taxes — the

purchase tax in particular — and from the advance collections of income tax. Although expenditure grew considerably, the increase in revenue did not lag far behind.

The figures available for January—November show that State revenue totalled 208 700 mill. marks, and expenditure 210 500 million, so that the over-all deficit was only 1 800 million. Expenditure exceeded the corresponding amount for 1954 by 15 500 mill. marks, 11 900 million of this increase relating to subsidies. The corresponding increase in revenue was 7 400 mill. marks. Revenue from taxation grew by 13 300 mill. marks, despite the fact that the abolition of the purchase tax on textiles reduced the yield of this tax by 6 800 million. According to preliminary estimates for the whole of 1955, total State expenditure probably amounted to slightly more than 230 000 mill. marks, while revenue fell short of this amount by some 3 000 million.

The design of fiscal policy for the current year is still obscure. In January the Diet passed the budget for 1956, authorising

*On page 18,
The Finnish Economy in 1955*

expenditure of 217 000 mill. marks. When one considers the level of expenditure attained last year, however, it seems evident that the estimate will be far exceeded. The final repayment, in 1955, of the Second Indemnity Loan implies a reduction in expenditure by 10 000 mill. marks, but that saving will be spent on civil service salaries. At the end of last year the long-awaited adjustments of salaries were decided on, to be effected in the form of three successive increases: the first one retroactively from the beginning of 1955, the second one from the beginning of the current year, and the third one from the beginning of July this year. Taken together, they mean an increase of more than 10 000 mill. marks on the corresponding amount for 1955.

The greatest query in forecasting the development of State finances during 1956 is, however, represented by the question of the price and wage policy, as yet unsettled, on which the amount of subsidies depends. This is one of the most urgent problems to be solved by the new Cabinet due for appointment after the presidential election.

Since the end of last year the development of State finances has been favourable. The Treasury's balance on cheque account with the Bank of Finland grew until the middle of February, which indicates the existence of a surplus. Although, at the beginning of the year, income tax was reduced for the lower income groups, the total yield of this tax is likely to be augmented in consequence of the increases in wages and salaries. As the boom seems to be continuing, the purchase tax will also, in all probability, yield far more than it did in 1955.

THE BALANCE OF PAYMENTS IN 1955

Preliminary figures of the foreign payments position indicate that current transactions yielded a considerable surplus in 1955. The excess of exports produced 4 300

mill. marks, or approximately as much as it did in 1954. The earnings of the merchant fleet in international traffic may be estimated to have risen by some 2 000 mill. marks, owing to higher freight rates and an increase in tonnage; this brings the total net yield of freights up to about 12 000 million. With regard to expenditure, interest on foreign loans totalled 2 500 mill. marks. The net payments for foreign travel may have fallen off slightly, while the other items in the balance of payments probably remained about the same as they were in 1954. Thus, the balance of current transactions for 1955 can be estimated to show a surplus of nearly 14 000 mill. marks.

Long-term credits were drawn on to the amount of 6 800 mill. marks in total. Some of them were granted in previous years, but in 1955 one new loan was obtained from the USSR and another from the IBRD. In addition there are so-termed ship credits, old and new, granted as medium-term loans for vessels ordered by Finland. Contracted repayments and amortisations were made to a total amount of 4 900 mill. marks. At the end of 1955, the total of long-term and medium-term loans was 66 900 mill. marks. Purchases of securities represented a net expenditure of 2 500 mill. marks.

Short-term foreign assets — including cover for the documentary credits and prepayments for imports — increased during the year by 7 800 mill. marks, while short-term liabilities were reduced by 5 700 million, so that the net foreign assets increased by 13 500 mill. marks in all. If, moreover, the improvement in the composition of the foreign exchange reserve is taken into account, as well as the fact that the new payments agreements were concluded on more favourable terms than were the previous ones, the foreign payments position may be said to have improved during 1955.

February 18, 1956

BANK OF FINLAND

Mill. mk

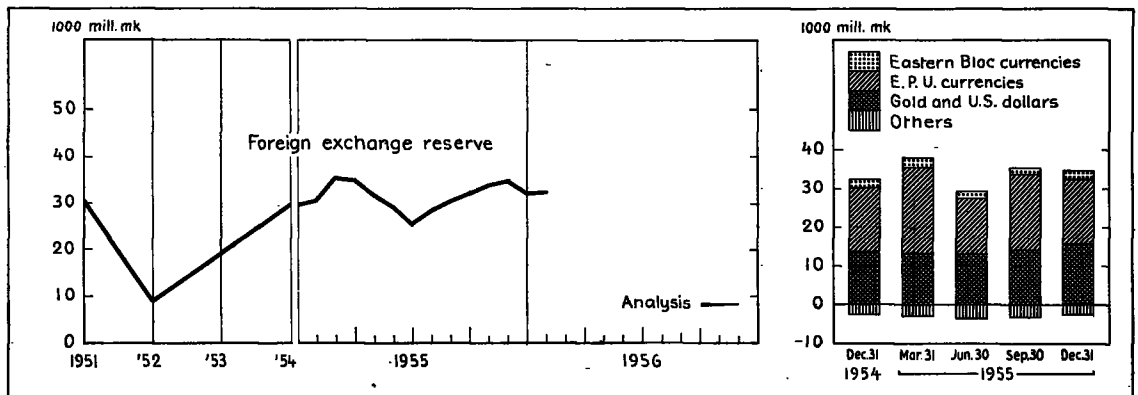
	1955		1956			
	Jan. 31	Dec. 31	Jan. 5	Jan. 14	Jan. 23	Jan. 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	38 100	38 314	39 114	38 652	39 252	39 518
Gold	6 909	7 849	7 849	7 849	7 849	7 849
Foreign exchange	30 219	28 089	28 890	28 243	28 843	29 109
Foreign bills	115	115	115	115	115	115
Foreign bonds	857	2 261	2 260	2 445	2 445	2 445
<i>Supplementary note cover</i>	40 306	65 576	63 604	60 986	60 757	63 045
Inland bills discounted						
In foreign currency	6 857	8 511	8 538	8 590	8 743	8 745
In Finnish currency	11 139	14 437	14 739	14 791	15 063	15 204
Rediscounted bills	2 310	22 628	20 327	17 605	16 951	19 096
Treasury bond loan	20 000		20 000	20 000	20 000	20 000
<i>Other assets</i>	11 674	11 617	11 788	11 951	12 144	11 947
Finnish bonds	2 177	1 915	1 902	1 902	1 902	1 901
Cheque accounts	156	490	535	456	486	371
Finnish coin	326	196	205	232	263	286
Other claims	9 015	9 016	9 146	9 361	9 493	9 389
Total	90 080	115 507	114 506	111 589	112 153	114 510
Liabilities						
<i>Notes in circulation</i>	44 764	55 883	53 761	52 088	50 348	50 539
<i>Short-term liabilities</i>	26 377	33 310	34 406	32 931	35 138	37 222
Foreign exchange accounts	6 436	3 855	3 776	4 144	4 578	4 464
Mark accounts of holders abroad	2 793	3 898	4 344	4 364	4 366	4 358
Cheque account of the Treasury	15 432	9 816	11 230	9 372	11 418	12 905
Cheque accounts of banks	1 386	8 384	7 625	7 186	6 668	7 175
Other cheque accounts	27	6 733	6 820	7 230	7 583	7 709
Other short-term liabilities	303	624	611	635	525	611
<i>Long-term liabilities</i>	6 574	9 013	9 039	9 092	9 246	9 248
Foreign	6 574	7 719	7 745	7 798	7 952	7 954
Finnish	—	1 294	1 294	1 294	1 294	1 294
<i>Equalisation accounts</i>	2 001	5 689	5 652	5 787	5 632	5 687
<i>Bank's own capital</i>	10 364	11 612	11 648	11 691	11 789	11 814
Original fund	5 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	4 444	—	806	806	806	806
Profits undisposed	796	—	806	806	806	806
Earnings less expenses	124	1 612	36	79	177	202
Total	90 080	115 507	114 506	111 589	112 153	114 510
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	38 100	38 314	39 114	38 652	39 252	39 518
Supplementary cover (Upper limit 58 000 mill. mk)	40 306	58 000	58 000	58 000	58 000	58 000
Total	78 406	96 314	97 114	96 652	97 252	97 518
Note issue						
Notes in circulation	44 764	55 883	53 761	52 088	50 348	50 539
Short-term liabilities	26 377	33 310	34 406	32 931	35 138	37 222
Undrawn on cheque credits	854	494	443	523	493	607
Note reserve	6 411	6 627	8 504	11 110	11 273	9 150
Total	78 406	96 314	97 114	96 652	97 252	97 518

Lowest discount rate since December 1, 1954, 5 per cent

BANK OF FINLAND

Mill. mk

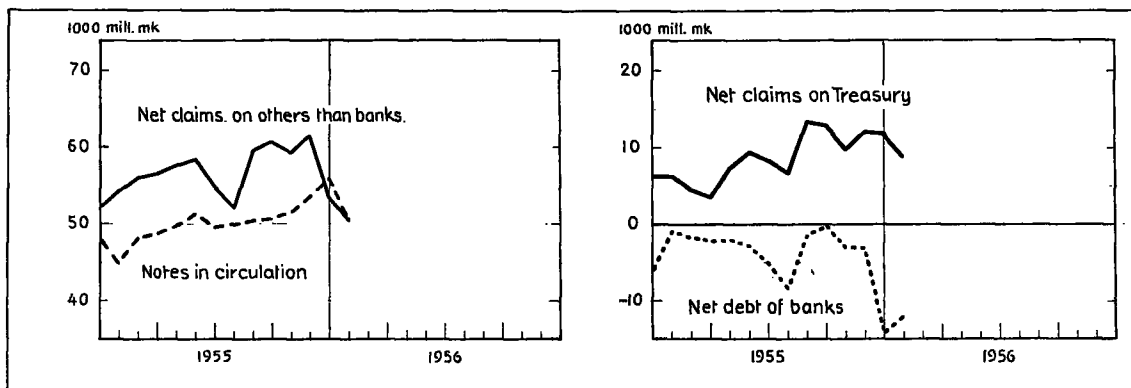
End of year and month	Gold and foreign accounts					Finnish credit institutions				
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted bills	Cash reserve accounts	Cheque accounts proper	Net claims on the banks (7-8-9)
	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	—	189	205
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
1954										
Sept.	34 294	7 555	26 739	1 079	9 992	17 826	5 138	—	402	4 736
Oct.	35 476	7 481	27 995	1 079	10 069	19 005	3 596	—	497	3 099
Nov.	36 452	7 435	29 017	1 079	10 055	20 041	4 342	—	297	4 045
Dec.	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955										
Jan.	37 128	6 436	30 692	972	9 367	22 297	2 310	—	1 386	924
Feb.	41 506	6 144	35 362	972	9 275	27 059	2 388	—	584	1 804
March	40 974	5 897	35 077	972	9 299	26 750	3 074	662	255	2 157
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



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	12 964	6 022	18 986	—	263	18 723	34 383
1951	8 685	—	8 685	11 567	6 222	17 789	—	301	17 488	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
1954										
Sept.	21 662	13 649	8 013	11 548	14 977	26 525	—	333	26 192	45 080
Oct.	21 662	11 102	10 560	11 306	14 615	25 921	—	276	25 645	46 498
Nov.	21 662	10 546	11 116	11 338	14 270	25 608	—	359	25 249	48 711
Dec.	21 662	15 470	6 192	11 940	14 129	26 069	—	791	25 278	47 902
1955										
Jan.	21 662	15 432	6 230	11 139	14 366	25 505	—	330	25 175	44 764
Feb.	21 662	17 216	4 446	11 393	13 160	24 553	—	409	24 144	48 151
March	21 660	18 320	3 340	12 380	14 020	26 400	—	94	26 306	48 746
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



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

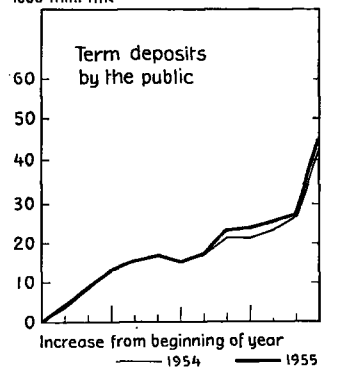
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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	44 247*	11 795	97 794	108 543*	61 157*	33 073	15 255	315 863*	371 905*
1954										
May	33 214	39 617	7 391	75 389	82 428	46 067	28 687	12 867	245 475	292 483
June	34 562	40 914	15 263	75 285	82 062	45 489	28 432	12 659	243 966	300 143
July	34 319	41 580	7 874	75 827	82 743	46 094	28 612	12 566	245 878	295 332
Aug.	34 176	41 298	7 592	77 249	83 602	47 505	29 087	12 621	250 099	298 989
Sept.	32 891	40 155	13 796	76 909	84 066	47 843	28 540	12 591	249 986	303 937
Oct.	34 832	42 305	8 470	77 107	85 340	48 325	28 644	12 644	252 096	302 871
Nov.	34 008	41 375	7 874	77 933	86 750	49 080	28 921	12 809	255 529	304 778
Dec.	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955										
Jan.	36 908	44 248	7 661	84 806	93 679	53 131	30 120	13 785	275 554	327 463
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	44 247*	11 795	97 794	108 543*	61 157*	33 073	15 255	315 863*	371 905*

Selling rates for foreign exchange

February 17, 1956

		mk			mk
New York	1 \$	231	Zürich	1 Fr	52.85
London	1 £	646	Frankfurt a/M . .	1 DM	55.16
Stockholm	1 Kr	44.49	Prague	1 Kz	32.08
Copenhagen	1 Kr	33.43	Vienna	1 Sch	8.90
Oslo	1 Kr	32.28	Lisbon	1 Es	8.04
Paris	1 Fr	0.66	Montreal	1 \$	231
Brussels	1 Fr	4.634	Moscow, clear. . .	1 Rbl.	57.75
Amsterdam	1 G	60.86			

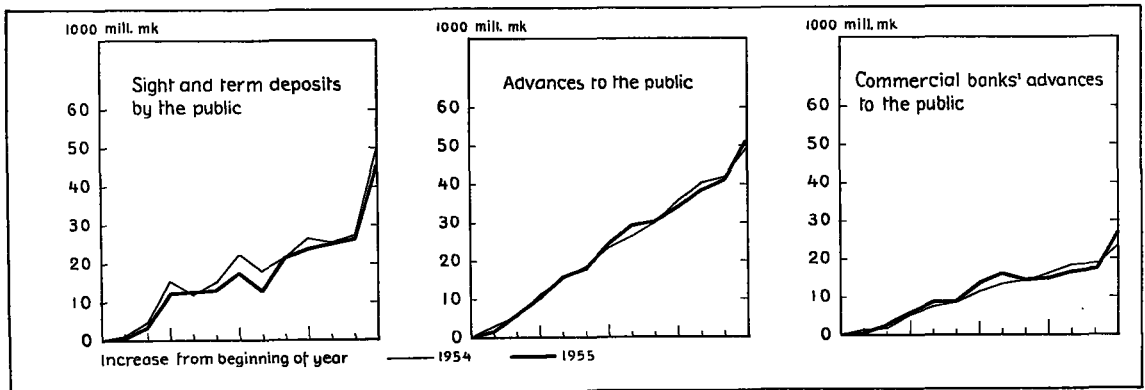
1000 mill. mk



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	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
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	56 757	9 847	177 706	67 572	16 278	261 556
1954	128 955	82 447	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955*	155 436	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189
1954									
May	114 298	75 284	20 455	59 020	11 011	189 662	73 599	16 807	280 068
June	117 220	76 137	20 556	60 073	11 041	191 754	74 287	18 986	285 027
July	119 010	77 654	20 421	59 934	11 121	194 480	75 162	18 498	288 140
Aug.	119 815	78 694	20 610	61 195	11 222	198 020	75 279	18 237	291 536
Sept.	121 744	79 968	20 271	62 441	11 582	201 411	75 576	19 019	296 006
Oct.	123 992	81 038	21 648	63 502	11 581	205 597	76 789	19 375	301 761
Nov.	124 677	81 767	21 446	63 875	11 723	207 896	76 494	19 098	303 488
Dec.	128 955	82 447	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955									
Jan.	129 474	83 547	22 581	64 430	12 868	214 300	79 174	19 426	312 900
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	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189

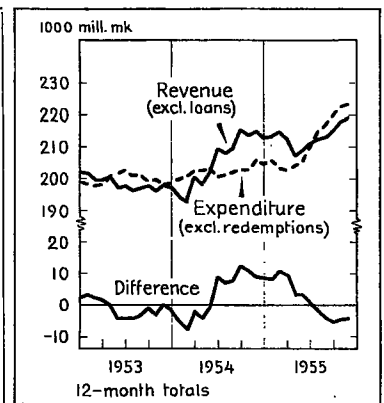


STATE FINANCES

1000 mill. mk

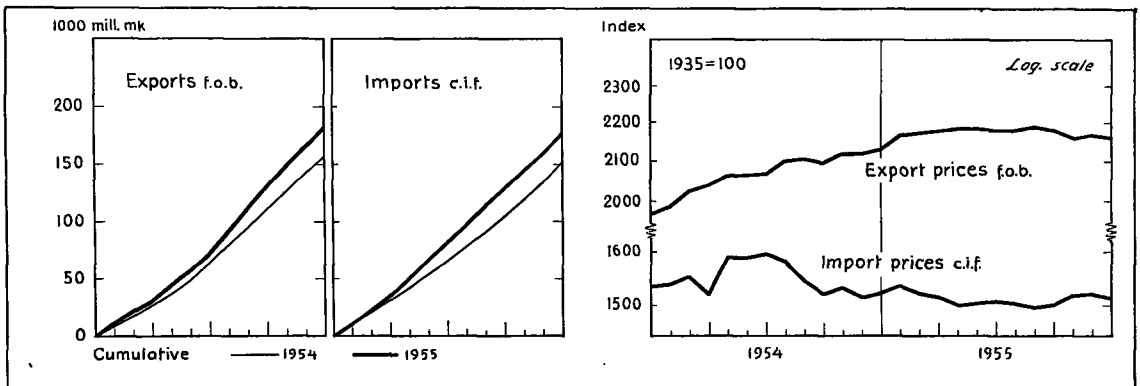
Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1954	1955		1954	1955
Income and property tax (net)	41.1	46.9	Interest on State debt	4.7	4.7
Gross receipts	(74.4)	(80.5)	Child allowances	19.4	19.5
Refunds and communal income tax	(-33.3)	(-33.6)	Old age allowances	2.6	2.3
Other direct taxes	0.8	0.9	Compensations to war-disabled	5.2	5.8
Purchase tax	50.3	43.5	Transfer of employers' payments for national pensions to National Pen- sions Fund	3.4	3.0
Import duties	16.9	23.4	Subsidies	9.7	21.6
Revenue from Alcohol Monopoly ...	14.8	16.6	Payments by Price Equalisation Fund ..	2.9	3.0
Excise duty on tobacco	9.6	10.1	Reimbursement of 1951 export tax ..	4.1	0.1
Other excise duties	3.6	3.7	State aid to agriculture	4.6	4.5
Stamp duties	6.0	7.4	State aid to communal and private schools	12.5	12.4
Employers' payments for child allow- ances and national pensions	16.4	18.3	Maintenance of roads	4.2	4.9
Receipts of Price Equalisation Fund ..	6.5	9.1	Other current expenditure	54.1	57.5
Other revenue similar to taxes	3.8	3.2	Current expenditure	127.4	139.3
Total taxes	169.8	183.1	Real investments	26.5	27.8
Interest and dividends	2.3	2.5	(of which: unemployment grants) ..	(14.4)	(12.5)
Net profits of State enterprises	0.9	0.0	Other capital expenditure	21.5	26.4
Other current revenue	5.0	5.6	Capital expenditure	48.0	54.2
Current revenue	178.0	191.2	Total expenditure	175.4	193.5
Capital revenue proper	4.1	4.0	Redemption of external loans	2.8	2.1
Decrease in inventories	8.9	2.0	Redemption of internal loans	6.2	3.8
Capital revenue	13.0	6.0	Redemption of Indemnity Bonds etc.	2.1	2.6
Total revenue	191.0	197.2	Index premiums	8.5	8.5
External loans	0.0	2.6	Redemptions	19.6	17.0
Internal loans	10.3	8.9			
Loans	10.3	11.5			
Bills (increase +)	-2.4	-0.5			
Deficit (+) or surplus (-)	-3.9	+2.3			
Total	195.0	210.5			

Debt	1952	1953	1954	1955		
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.*
External debt	67.7	65.0	62.1	63.2	63.0	61.6
Ordinary loans	30.3	31.3	36.1	39.8	41.2	43.1
Indemnity bonds etc.	11.5	10.2	8.8	6.7	6.7	6.8
Bills	—	3.4	0.5	—	—	—
Cash debt (net)	11.5	11.3	4.3	8.2	8.5	..
Internal debt	53.3	56.2	49.7	54.7	56.4	..
Total debt	121.0	121.2	111.8	117.9	119.4	..
Total debt, mill. \$	523.9	524.7	484.0	510.6	517.0	..



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*	176 959	181 259	+ 4 300	76 120	46 902	30 912	23 025	1 510	2 175
1954									
May	11 831	12 432	+ 601	4 864	3 023	2 486	1 458	1 588	2 063
June	11 874	14 557	+ 2 683	4 951	3 268	2 252	1 403	1 597	2 067
July	12 723	16 445	+ 3 722	5 421	3 023	2 721	1 558	1 581	2 097
Aug.	12 032	14 788	+ 2 756	5 599	3 316	1 703	1 414	1 545	2 102
Sept.	14 322	15 855	+ 1 533	6 764	3 610	2 340	1 608	1 521	2 093
Oct.	14 067	15 792	+ 1 725	6 931	3 571	1 931	1 634	1 531	2 118
Nov.	14 505	15 927	+ 1 422	5 878	4 200	2 624	1 803	1 515	2 116
Dec.	18 329	13 878	- 4 451	8 222	4 494	3 479	2 134	1 519	2 129
1955*									
Jan.	10 805	11 483	+ 678	5 236	1 964	2 172	1 433	1 533	2 167
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.	14 426	18 379	+ 3 953	6 250	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



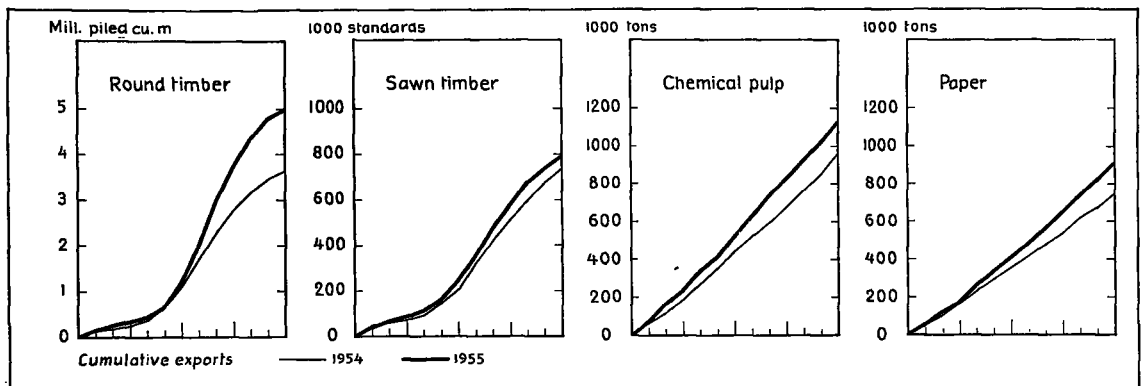
FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports c. i. f.				Exports f. o. b.			
	Whole year				Whole year			
	1952	1953	1954	1955*	1952	1953	1954	1955*
Dairy produce, eggs, honey	473	412	40	1 988	2 826	2 094	2 933	2 380
Other animal products, live animals ..	638	709	621	1 068	153	187	1 036	341
Vegetables	123	93	76	423	—	1	1	0
Edible fruit	3 594	2 150	3 173	3 915	152	10	29	16
Coffee, tea, spices	5 896	6 855	10 299	8 247	0	—	0	—
Cereals, milling products	15 911	10 641	7 079	10 570	643	1 164	493	1
Certain seeds and fruit, plants for industrial purposes	483	591	1 205	1 565	472	636	125	110
Raw materials for tanning and dyeing	65	85	120	108	1	3	3	2
Animal and vegetable fats	2 678	2 530	2 310	2 191	21	38	370	118
Meat and fish products	593	432	344	549	3	0	0	0
Sugar, sweets	4 611	3 722	2 673	3 812	19	22	17	20
Beverages, vinegars	739	547	820	654	438	234	400	141
Fodder	2 593	1 109	1 267	2 357	89	196	21	—
Tobacco	1 551	1 554	1 635	1 598	—	—	0	0
Minerals, ore	2 049	1 198	1 855	2 250	693	1 120	1 244	1 776
Mineral fuel and oils	22 715	16 396	18 118	22 321	10	30	25	13
Chemical and pharmaceutical products	4 445	3 663	6 592	7 210	246	256	254	332
Tanning and dyeing extracts, varnishes	1 645	1 321	1 925	2 041	6	6	6	3
Casein, albumen, glues	407	336	538	643	3	2	13	0
Fertilizers	4 272	2 662	3 312	3 129	0	1	0	0
Hides, skins, leather and furs; manufactures thereof	1 788	1 562	1 892	2 148	881	672	477	872
Rubber and rubber articles	1 941	1 359	2 247	3 100	7	18	18	23
Wood and wood products	248	234	306	587	70 312	53 085	62 191	69 917
Woodpulp	14	11	7	31	36 307	22 256	29 880	36 778
Board, paper, manufactures therefrom	209	116	212	238	30 077	26 530	32 909	40 329
Textile materials, textile goods	24 081	14 883	20 077	21 209	1 213	1 115	1 726	1 996
Footwear	108	46	55	57	21	23	101	45
Articles of stone and of other mineral material, glass	1 313	793	1 360	1 413	494	466	556	642
Base metals; manufactures therefrom	29 628	13 987	20 828	23 561	1 823	2 588	2 317	2 768
Machinery, apparatus	15 570	11 525	12 579	16 211	3 122	5 702	5 559	6 452
Electric machinery and apparatus ..	6 777	4 780	6 047	6 847	755	1 034	793	743
Transport material	19 975	11 851	15 761	17 706	5 083	11 077	12 066	14 589
Instruments, clocks and watches, musical instruments	1 676	1 082	1 634	2 181	62	54	94	72
All others	3 377	2 625	5 130	5 032	897	935	961	780
Total	182 186	121 860	152 137	176 960	156 829	131 555	156 618	181 259

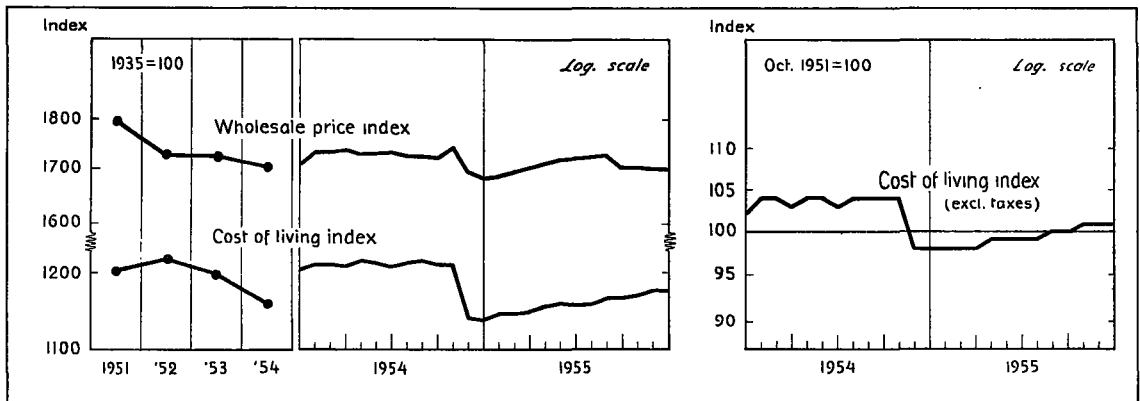
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round and hewn timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 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
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
1954										
April	127	21	27	12	49	33	10	7	36	67
May	276	36	30	25	48	37	7	6	34	63
June	467	78	25	20	56	35	8	5	28	56
July	623	113	26	18	48	32	9	5	31	63
Aug.	558	102	15	10	45	26	8	3	33	61
Sept.	468	89	30	17	48	34	9	4	34	65
Oct.	397	85	21	14	55	30	10	6	40	79
Nov.	274	77	30	17	53	39	9	6	24	56
Dec.	180	61	36	16	60	39	10	7	37	74
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



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year					Whole year				
	1952	1953	1954	1955*		1952	1953	1954	1955*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	20.0	16.3	19.8	20.9	36 914	26.2	24.8	25.8	27.3	49 441
United Kingdom	19.0	15.8	18.8	20.3	35 865	23.8	22.0	22.5	24.0	43 503
Other OEEC countries ..	47.3	36.3	35.3	36.4	64 369	36.7	29.9	31.7	32.4	58 738
Belgium-Luxembourg	3.3	2.9	3.0	3.0	5 277	2.7	2.8	2.9	3.5	6 292
Denmark	3.7	3.0	2.4	3.6	6 385	3.4	3.5	3.4	2.9	5 354
France	10.1	5.7	6.2	5.9	10 530	7.0	4.4	4.7	4.7	8 442
Western Germany	12.4	7.7	6.7	9.0	15 874	9.2	7.0	7.4	9.1	16 521
Italy	1.3	1.1	1.2	1.1	1 911	1.2	0.9	1.4	1.2	2 157
Netherlands	5.6	6.2	6.5	3.6	6 367	5.0	4.6	4.5	4.4	8 018
Norway	1.7	1.6	1.9	2.2	3 857	1.2	0.8	1.3	1.3	2 395
Sweden	5.8	4.3	4.6	4.9	8 728	4.0	3.2	2.7	1.9	3 398
Switzerland	1.2	1.6	1.2	1.3	2 387	1.3	0.3	0.7	0.9	1 671
Turkey	0.5	0.9	0.7	0.5	821	0.7	1.3	1.5	1.0	1 755
Eastern Bloc	19.3	34.5	28.7	27.1	48 000	21.7	31.3	27.9	25.8	46 685
China	—	0.3	0.4	0.5	918	1.0	0.9	1.0	1.6	2 864
Czechoslovakia	1.5	3.3	2.7	2.7	4 756	0.4	0.6	0.7	1.0	1 860
Eastern Germany	0.5	1.9	2.6	2.7	4 725	0.4	1.4	1.7	2.2	3 975
Poland	5.0	6.8	4.2	4.8	8 571	2.1	2.1	2.1	2.0	3 608
Soviet Union	12.1	21.4	17.8	14.7	26 045	17.5	25.4	21.5	17.5	31 705
U.S. and Canada	7.9	5.2	4.7	5.4	9 478	5.5	7.3	5.9	5.7	10 433
United States	7.7	5.0	4.6	5.3	9 290	5.5	7.2	5.8	5.7	10 351
Latin America	3.6	4.4	7.8	7.4	13 188	7.4	3.0	4.8	5.5	10 053
Argentina	1.4	1.5	2.0	2.9	5 172	5.1	0.9	1.7	2.1	3 919
Brazil	1.5	2.3	5.5	4.1	7 296	1.5	1.3	2.1	2.6	4 716
Others	1.9	3.3	3.7	2.8	5 011	2.5	3.7	3.9	3.3	5 909
Grand total	100.0	100.0	100.0	100.0	176 960	100.0	100.0	100.0	100.0	181 259



PRICE INDICES

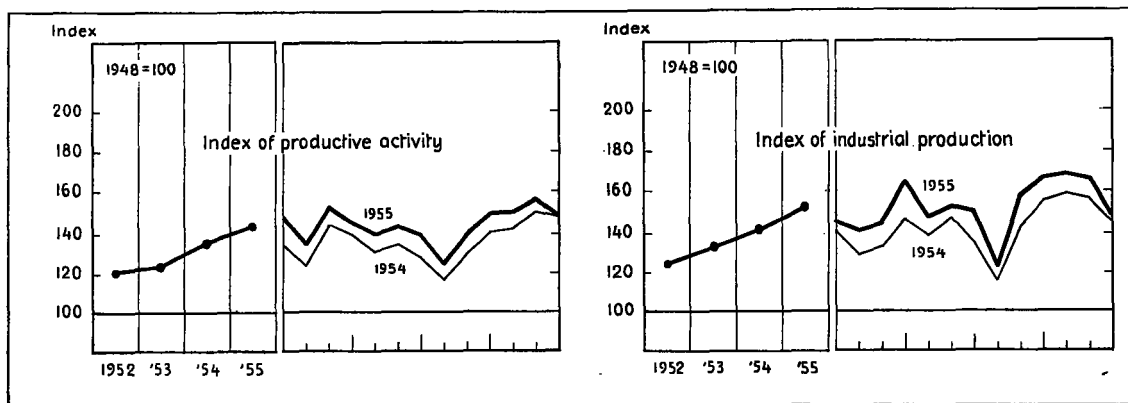
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1938	114	118	117	145	110	104	108	111	90
1949	1 098	1 099	1 136	1 431	980	1 092	871	201	1 875
1950	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
1955									
April	1 710	1 832	1 818	3 058	1 423	1 448	1 153	747	2 014
May	1 717	1 837	1 835	3 058	1 426	1 460	1 157	747	2 014
June	1 719	1 841	1 822	3 082	1 428	1 459	1 155	747	2 014
July	1 720	1 840	1 819	3 082	1 427	1 464	1 156	747	2 014
Aug.	1 727	1 850	1 847	3 109	1 425	1 467	1 163	747	2 014
Sept.	1 704	1 810	1 749	2 996	1 430	1 477	1 163	747	2 014
Oct.	1 703	1 804	1 703	2 996	1 434	1 488	1 168	799	1 836
Nov.	1 700	1 801	1 704	2 980	1 435	1 483	1 175	803	1 836
Dec.	1 701	1 801	1 707	2 980	1 434	1 487	1 175	803	1 836

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
1954									
Dec.	98	99	179	80	73	101	101	96	109
1955									
March	98	101	179	80	73	101	100	96	106
April	99	102	179	80	73	101	101	96	108
May	99	103	179	80	73	101	101	96	110
June	99	102	179	82	73	101	103	96	113
July	99	102	179	83	73	101	103	96	115
Aug.	100	103	179	84	73	102	104	96	118
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

PRODUCTION - INTERNAL TRADE - WORK CESSATIONS

Period	Index of industrial production ¹⁾ 1948 = 100						Commercial timber felling 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index 1948 = 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	115	1 195
1950	113	115	96	107	111	102	25 770	1 245	134	4 644
1951	131	133	122	126	130	120	36 070	1 447	140	324
1952	125	133	121	108	112	102	35 079	1 560	151	54
1953	133	140	120	116	121	108	29 170	1 657	153	64
1954	142	144	119	140	154	119	35 370	1 703	165	116
1955	153	153	129	152	178	114	38 600	345
1954										
June	135	140	118	126	135	113	807	186	161	34
July	116	109	77	134	150	111	752	166	162	15
Aug.	143	145	117	139	158	113	1 230	159	176	3
Sept.	156	159	134	148	166	122	1 390	146	182	2
Oct.	159	159	135	159	175	134	2 207	117	168	8
Nov.	157	161	135	149	170	118	3 000	111	186	0
Dec.	146	149	126	139	155	117	4 030	119	193	—
1955										
Jan.	142	143	125	140	165	105	4 453	122	141	4
Feb.	145	145	127	146	164	120	5 075	113	157	9
March	164	163	141	166	184	139	4 254	131	177	251
April	148	150	128	142	157	121	2 961	150	197	25
May	153	154	129	150	175	114	7 970	166	195	16
June	151	154	128	146	166	116	1 014	174*	195	10
July	123	112	79	148	173	111	1 220	178*	176	4
Aug.	158	159	128	156	188	109	1 287	156*	202	2
Sept.	166	169	137	161	192	117	1 589	137*	215	12
Oct.	168	169	145	167	201	119	2 237	124*	211	8
Nov.	166	171	143	157	196	101	3 000	122*	211	2
Dec.	149	153	134	140	172	94	3 540	2

¹⁾ Preliminary figures since 1954.

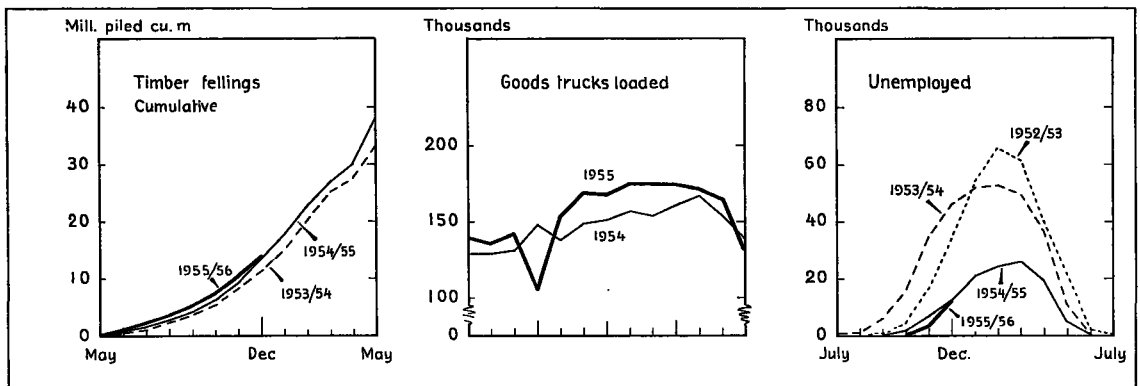


BUILDING - WAGES - EMPLOYMENT - TRANSPORT

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	
1952	21.06	8.84	5.74	3.09	2.04	20.75	101.6	94.6	..
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	..
1954									
Apr.-June	2.97	1.44	0.68	0.31	0.36	25.66	106.9	93.9	101.6
July-Sept.	7.02	2.75	1.85	1.03	1.07	27.08	106.5	98.7	105.4
1955									
Jan.-Mar.	3.20	1.56	0.20	0.76	0.57	19.11	107.3	104.7	104.2
Apr.-June	3.20	1.52	0.59	0.54	0.36	24.89	110.0	112.9	103.7
July-Sept.	5.56	2.41	1.50	0.77	0.53	28.41	..	118.4	101.5

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, %	
	1954	1955	1954	1955	1954	1955	1954	1955	1954	1955
Jan.	129	136	232	331	267	317	51 916	21 165	81.7	76.5
Feb.	131	142	164	253	181	254	52 840	24 305	88.1	86.5
March	148	105	204	226	222	201	49 837	26 053	92.5	91.1
April	138	154	239	314	280	308	36 985	19 434	92.4	92.0
May	149	169	348	445	397	410	11 010	5 008	94.4	92.2
June	151	168	348	442	513	586	268	—	78.7	—
July	157	175	386	423	637	688	—	—	—	—
Aug.	154	175	364	413	582	724	—	—	—	—
Sept.	161	175	395	386	547	617	—	—	—	—
Oct.	167	172	407	361	538	597	1 886	164	35.4	47.0
Nov.	154	165	397	384	444	483	6 751	3 337	59.6	51.9
Dec.	139	131	390	376	434	401	12 649	12 259	70.3	64.2
Jan.-Dec.	1 778	1 867	3 874	4 354	5 042	5 586				

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* + *Cheque accounts proper* = Cheque accounts of banks. The cash reserve accounts consist of deposits made by the banks and tied by special conditions.

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. Included in Other cheque accounts (liabs). *Other liabilities* = Other short-term liabilities + Other cheque accounts excl. deposits against import licences. — *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 — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

SYMBOLS USED

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

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs, 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.

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, 1950, to March 1, 1956, is Juho Kusti Paasikivi, who has been in office since March 11, 1946.

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 (1954): 4.2 millions. Sweden (1954) 7.2, Switzerland (1954) 4.9, Denmark (1953) 4.4 and Norway (1953) 3.4 millions.

DENSITY OF POPULATION (1954): In South Finland 23.5, in North Finland 3.7 and in the whole country an average of 13.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1954): 66.2 % of the population inhabit the rural areas, 33.8 % the towns and market towns. The largest towns are (1954): Helsinki (Helsingfors), the capital, 404,000 inhabitants, Turku (Åbo) 110,000, Tampere (Tammerfors) 109,600.

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 (1953): 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) 11.9 ‰ and in Great Britain (1954) 11.4 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1954, in thousand million marks): Gross national income at market price 890. Net national product at factor cost, by industrial origin: agriculture 83 (12 %), forestry and fishing 82 (12 %), manufacturing 221 (32 %), construction 65 (10 %), transport and communications 46 (7 %), commerce, banking and insurance 82 (12 %), public activities 63 (9 %), other services 41 (6 %), total 682. Volume index 134 (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 107 for 1954 (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 (Jan. 1, 1956): Steamers 315 (434,072 gross reg. tons), motor vessels 161 (303,254 gross reg. tons), sailing vessels with auxiliary engines 117 (11,608 gross reg. tons). Total 593 (748,934 gross reg. tons).

MOTOR VEHICLES (1954): Passenger cars 70,800, lorries and delivery vans 44,300, buses 4,100, others 1,500. Total 120,700.

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 1953 expenditure amounted to 106,000 mill. marks. Total revenue was 105,700 million, of which income from taxation 57,000 million. The municipal income tax (non-progressive averaged 11.34 % 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. (Jan. 1, 1956). Bank of Finland: discount rates 5—7 ½ %. Other credit institutions: term deposits 5 ¾ % and sight deposits 1—1 ½ %; lending rate 8 % in general.

THE FINNISH ECONOMY IN 1955

BY

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The continued boom in the world market kept economic activity in Finland at a high level during 1955, although production increased more slowly than it had done in 1954 by reason of the almost complete employment of the existing capacity. The steady demand for woodworking products, the slightly higher prices for some articles in this category and the increased capacity for the manufacture of paper and pulp enabled exports to attain record figures. The favourable conditions of foreign trade stimulated the supply of almost all goods and services in particular those for the home market as well as private investment and consumption in Finland.

THE NATIONAL PRODUCT

The growth of the different components of the gross national product in 1955, as compared with 1954, will be seen in the following table, in which the figures for 1954 are preliminary data and those for 1955 are rough estimates.

	1954	1955
	(1000 million marks at prices in 1954)	
Private consumption	503.9	536.2
Private investments in Finland ..	230.8	262.1
Public investments	45.1	44.7
Expenditure on defence	10.9	13.2
Consumption of public goods and services	85.9	85.9
Exports of goods and services	181.6	195.6
Imports of goods and services ..	168.2	198.5
Net transfers abroad	+ 2.1	+ 2.0
Gross national product	892.1	941.2
At current prices	892.1	971.9

Attention is called, above all, to the fact that the real increase in private and public investments, 13.5 per cent, was much larger than the real increase of 5.5 per cent in private and public consumption, although the policies for maintaining the value of the currency had chiefly aimed at curbing investment.

The greater increase in investments than in consumption, though typical of improving conditions, was, in this case, rather surprising, as the following measures either acted as a brake on investments or encouraged consumption: 1) the subsidies for consumer prices introduced in October 1954 and retained throughout 1955, which represented nearly 50 per cent of the retail price of milk and 30 per cent of that of butter; 2) the raising of the income tax of companies from 32 to 38 per cent from January 1, 1955, and the raising of their property tax from 0.8 to 1 per cent with effect from the same date together with the reduction of depreciation allowances; 3) the stringency of the money market throughout 1955 resulting from the monetary policy of the Bank of Finland (see Bulletin No. 1, 1956).

INDUSTRIAL PRODUCTION AND LUMBER WORK

Industrial production attained a new peak during 1955, for it advanced to 153 points, or about 8 per cent higher than the level of the previous year.

In the *forest industry*, the increase was slightly higher than it was in industry as a whole, or 9 per cent, but the course of development was very uneven in the principal articles of export. In the paper trade, the year brought a further big rise, production increasing by nearly 16 per cent. New records were established by almost all products in this field of industry. The output of newsprint exceeded the level of the previous year by 20 per cent. The output of mechanical pulp alone remained approximately the same as it had been in 1954 and was thus even below the pre-war level. In addition to a lively demand, the increase in the output of the paper trade was largely due to greater productive capacity, principally due to the completion of the mills at Kaipola and Summa.

The other main class of forest industry, the timber trade, did not record the same increase in production. On the contrary, its index fell about 4 per cent below that of 1954. The reduction was, however, entirely due to the drop in the output of pre-fabricated houses. This, again, was caused by the stoppage of USSR purchases. The output of plywood remained more or less on a par with that of the previous year. The output of sawn timber was comparatively large in the early months of the year, but decreased appreciably during the last quarter by reason of the demand for exports falling off and the growth of stocks.

The output of the *home market industry* also returned new record figures for 1955. The index was about 6 per cent higher than it was in 1954. The course of development was very unequal in the different branches of industry. The output of the electricity, gas and waterworks increased to the greatest extent, about 16 per cent, followed by the hosiery and clothing industry, the output of which increased by 12 per cent. The metal industry seems to have strengthened its posi-

tion both in the home market and in its present export markets, and its output grew by 8 per cent. A small decrease occurred only in the output of the food, drink and tobacco industry.

Lumber work and the quantity of fellings were influenced by the brisk demand for products of the woodworking industry. The quantity cut for commercial purposes, during the felling season that ended in May, amounted to 38.1 million piled cu.m, which was slightly above the record result of 1951/52, and which exceeded the result for the previous felling season by 15 per cent. The most striking increase, of nearly 100 per cent in comparison with the season of 1953/54, occurred in pine pulpwood. The quantities felled of spruce pulpwood and thick hardwood increased by about 30 per cent, but of actual pine logs for the saw-mills by only 4 per cent.

During the summer and autumn of 1955, fellings continued on a considerably larger scale than had been the case during the same period in 1954. The early arrival of winter had the effect that actual winter lumbering started earlier than is normally the case. By the turn of the year, about 3.5 per cent more had been cut than at the corresponding date in the previous felling season.

Building. In the beginning of 1955 it was generally estimated that building would increase by about 10 per cent from 1954. However, the weather conditions in the early spring and autumn were unfavourable and so shortened the building season particularly in the rural districts. A further restrictive effect was produced by the measures adopted by the Government and financial authorities to prevent overemployment in this important branch of production.

According to the preliminary information so far available, house building in the rural districts decreased by nearly 10 per cent on the figures for the previous year, while

an increase of 16 per cent occurred in the centres of population. The cubic contents of the buildings completed in the whole country are estimated at about 21.1 million cu.m, or approximately the same as in 1954. The cubic contents of the dwelling houses completed in the rural districts were about 10 per cent less than in the previous year and those of farm buildings were reduced by about 20 per cent. As regards factory buildings and business premises there was an increase of almost 10 per cent, and an increase of 5 per cent in dwelling houses in the towns. Public building was at the same level as it was in 1954.

AGRICULTURE

While excessive rainfall had an adverse effect on agricultural output in 1954, the weather conditions in 1955 were again unfavourable. Owing to a cold spring, the growing season began late and prolonged drought retarded growth. For these reasons there was a reduction in the crop in terms of fodder units, according to preliminary estimates, by about 11 per cent in comparison with the previous year, and by about 17 per cent compared with 1953. The total crop for the year was 3 236 million fodder units. Though the harvest was thus less than it was in the previous year, its quality was considerably better.

The poor harvests of 1954—1955 adversely affected the results of cattlefarming. The production of milk, butter and cheese showed, to some extent, a decrease on the quantities for 1954, and there was a great reduction in the production of pork. Owing to the subsidised consumer prices, exports of dairy butter, which amounted to 3.2 million kg in 1954, were replaced by net imports of 7.6 million kg in 1955. Exports of cheese corresponded in size to those of 1954, that is to say 11.6 million kg.

FOREIGN TRADE

As already mentioned, there was a good demand for the more important articles of export in 1955 and prices were favourable. The average level of export prices rose about 5 per cent in comparison with that of 1954. At the same time, import prices fell off slightly. The movement of prices thus brought about a further improvement in the terms of trade. The ratio of export prices to import prices advanced from 134 to 144 (1935=100).

In volume the total exports for the year were 8.5 per cent in excess of those for the previous year. Altogether, 181 300 million marks were earned by exports, or 15.8 per cent more than in 1954. The quantities of the principal products exported are shown in the table on page 11.

The proportion of the paper trade in the total value of exports amounted to 42 per cent (40 per cent in 1954) and of products of the timber trade to 39 per cent (40 per cent). The value of products of the metal industry increased to some extent, but its proportion to the total exports remained unchanged at about 14 per cent. The geographical distribution of exports is given in the table on page 12.

The total imports for the year were larger than ever before in point of quantity. Their volume index rose to 205 points (1935 = 100), so that the level they attained was almost 16 per cent higher than it had been in the previous year. The value of imports amounted to 177 000 million marks, or 16.3 per cent more than in 1954.

In the course of the year some measures were adopted to release imports from control. These measures were put into practice in the second half of the year, chiefly in the form of so-termed automatic licensing, which principally comprised imports of some food-stuffs, raw materials for industry, and chemicals. It is calculated that such im-

ports represent about 50 per cent of the total value of imports.

MONETARY DEVELOPMENT

As was shown in the article in the last issue of this Bulletin on the Bank of Finland in 1955, the central bank endeavoured by all available means to keep the money market stringent. Although these measures, principally the additional cash reserve deposits and the deposits against licences, proved successful — in spite of a deficit in the State economy — a large increase in grants of credit could not be avoided.

Despite weaker liquidity in cash, which is reflected in their net indebtedness to the Bank of Finland, the commercial banks increased their loans to the business world by 26 500 million marks, whereas the increase in 1954 amounted to 23 400 million. The loans granted by the savings banks increased by 13 900 million marks (11 900 million) and those granted by the co-operative credit societies by fully 8 500 million. The total increase in loans granted by all the credit institutions amounted to 51 200 million marks compared with 49 400 million in 1954.

On the other hand, the total increase in the term deposits of the credit institutions was 44 700 million marks during the year, of which the share of the commercial banks represented 14 400 million, of the savings banks 16 400 million and of the co-operative credit societies 9 100 million. The balances of the public on cheque accounts increased by 2 100 million marks, but its funds on the postal giro accounts decreased by 1 700 million so that the net increase in sight deposits was 400 million.

The index figures and other data available fail to show whether the expansion of credit that occurred was sufficiently large to upset the equilibrium between supply and demand for goods and labour. The cost

of living index recorded a slight rise in the course of the year, and the wholesale price index for Finnish goods remained practically unchanged. As already stated, the growth of exports made it possible additionally to increase imports to such an extent that the demand could be satisfied without creating difficulty in the balance of payments.

It may therefore be said that, in spite of certain inflationary pressure, a fair economic equilibrium seems to have prevailed in Finland in 1955. It was possible to finance investments without causing any (at any rate apparent) harm to the value of the currency, although the demand for labour at some times and in some spheres obviously tended to cause a rise in wages not evident from the index. It was also indicative of the position that the prices of shares and building sites — both of which have lagged behind the general rise in prices — rose very steeply last year.

On the wages front, the year passed comparatively calmly. The negotiations on collective agreements in the late winter led to some increases in hourly wages. The average hourly earnings in all industry rose by about 4 to 5 per cent during the year. When the *Emergency Act* was repealed at the end of the year, the automatic dependence of wages on the index was abandoned and wages were left to be settled between the labour market organisations.

Although, as shown above, some steps were taken during the year towards more liberal conditions in foreign trade and in the labour market, no essential improvement occurred in the basic position. The monetary equilibrium will still depend in great measure on the continuance of the policy of subsidies re-introduced in 1954. It remains to be seen whether an economic equilibrium based on a more lasting foundation can be attained without harm to the value of the mark.

ITEMS

Urho Kekkonen new President of the Republic. The term of office of the present President, Juho Kusti Paasikivi, ends on March 1. Elections to the electoral college which is to choose the President were held on the 16 and 17 of January. The seats in the electoral college were divided as follows:

Agrarians	88
Social Democrats	72
Conservatives	57
People's Democrats	56
Swedish Party	20
Finnish People's Party	7
Total	300

The presidential election was held on February 15. Mr Kekkonen, the present Prime Minister, received 151 votes and Mr Fagerholm, the present Speaker of the Diet, 149 votes. Mr Kekkonen was thus elected President of the Republic for the term March 1, 1956, to March 1, 1962.

*

The Porkkala territory recovered. The USSR has now relinquished the Porkkala territory and the property thereon. By the terms of the Armistice Agreement of 1944 and the Paris Peace Treaty of 1947, this area was leased to the USSR for 50 years for use as a naval base. — The official record of the transfer was signed on January 26. On that day the last USSR troops left Porkkala and the Finnish authorities took possession of the area.

*

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

Iceland, on January 13. Period: February 1, 1956, to January 31, 1957. Unless repealed by one of the parties before the end of 1956, the agreement will remain in force for another twelve months. Total trade is estimated at about £2.5 mill. Iceland will export salt herring and other fish products, and Finland will export wood products and paper.

United Kingdom, on January 20. Period: 1956. Finnish exports to the United Kingdom and the rest of the sterling area are expected to reach a record total this year, their total value being estimated at some £70 mill. Products of the mechanical and chemical wood processing industries will predominate. Imports will mainly include important raw materials and finished goods. The proportion of quota-bound imports was further reduced.

Democratic Republic of Germany, on January 25. Period: 1956. A new, separate payments agreement was signed at the same time. The trade agreement, which includes the quotas preliminarily agreed upon in August 1955, provides for an exchange of goods amounting to about \$41 mill. Finnish exports will include wood products, cellulose, veneers and plywood, block board and fibre board, cardboard, various qualities of paper, and also cheese. Finnish imports will include sodium sulphate, sugar, brown coal briquettes, fertilizers, chemicals and chemical products, machinery, and vehicles. — The exchange of goods will be balanced through third countries.

*

Imports of farm products from the USA.

In January it was agreed in principle that Finland will purchase during 1956 cotton, tobacco and cereals to a total amount of \$12' mill. and, from the US surplus stores, 500 tons of butter for about \$550 000. Payment will be made in marks, and the USA will use these marks for the purchase of wood products — principally prefabricated houses — which are to be delivered to other countries under the USA programme of aid.

*

Prepayments for exports to the USSR.

An agreement was concluded in January between the Bank of Finland and the Finnish Government concerning the prepayments for exports to the USSR. These prepayments are related to contracts for vessels and other goods with a long delivery period. By this agreement the Bank is authorised to block, out of the assets of the Treasury, an amount corresponding to that part of the prepayments which, together with the balance on the Finnish—Soviet clearing account, exceeds the credit limit fixed in the payments agreement between these countries, i.e. 60 mill. roubles (\$15 mill.). This procedure is to be applied only in respect of prepayments made after January 5, 1956, and its effects will therefore not be felt until a subsequent date. At the end of 1955, prepayments for exports amounted to 123 mill. roubles (\$31 mill.).

According to the previous practice the Bank of Finland advanced, without a counterpart fund arrangement these prepayments to Finnish exporters, debiting at the same time a special rouble account in the USSR State Bank. The assets on this special account are, however, not available for import payments before the delivery of the relevant goods has taken place.

*

Cash reserve agreement renewed. On January 31, the Bank of Finland and the various groups of credit institutions signed a new cash reserve agreement, to be in force until the end of June next. Its terms are the same as those of the previous agreement (see Bulletin No. 10, 1955), except that the credit institutions whose term and sight deposits totalled less than 100 mill. marks at the end of January 1956 are exempted from the obligation to make cash reserve deposits. The previous limit was 50 mill. marks.

*

Transport hindered by cold. The present winter has been exceptionally cold, and the snowfall has been abundant throughout the country. Shipping and railway traffic have been most affected. Only three ports in the south of Finland, namely Helsinki, Hanko and Turku, can be kept open, with the aid of icebreakers. The concentration of railway transport to these ports has caused stagnation in the railway yards, particularly at the junctions. The consequent shortage of goods trucks, breaking of rails and other damage to the equipment brought about by the cold, as well as the disturbances caused by snow storms, have reduced the capacity of the railways to such an extent that considerable restrictions of traffic have been necessary. In spite of the giving of preference to vital transport for industry, several factories are on the verge of having to stop production altogether, the conveyance of goods from the mills and the transportation of raw materials to them being equally obstructed. Motor vehicles are being employed as much as possible, but motor traffic is in its turn much hampered by the severe cold and the quantity of snow.

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