



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 33 No. 2

FEBRUARY

1959

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

The available statistical data suggest that the decline in economic activity in Finland came to an end during the last quarter of 1958. During that period, the Mercator index of productive activity was 1 per cent above the level reached one year before, whereas for the third quarter, this index was 1 per cent below the corresponding figure one year previously. However, this general tendency has in no way been uniform throughout the whole economy.

It seems that the cessation of decline related in the main to trades serving consumption, so that it was in fact only the short-term expectations that had until then to some extent improved. As for the long-term expectations, by the end of the year there were as yet no available data to indicate with certainty that there had been an increase in the willingness to invest. However the increase in the number of building permits granted may be a pointer in this direction. The fact that several industrial enterprises, particularly woodprocessing firms, began to carry into effect fairly large-scale plans for extension, conveys that investment activity is reviving.

Even though the prospects for the foreign demand for Finnish export products have not been good, the volume of exports was 2 per cent higher during the last quarter of

1958 than during the corresponding period in 1957. During the third quarter, the rise was 4 per cent, but this was mainly due to certain exceptional deliveries during that period. The level of exports was maintained as a consequence of the increase in the exports of the woodprocessing industry.

In October and November the volume of industrial production was 1 per cent less than in the corresponding months of 1957, whereas the December figure, as a sign of improvement in the economic situation, exceeded the corresponding figure for 1957 by 3 per cent.

As regards domestic trade, the sales figures for December indicate that an improvement may have occurred at the end of the year.

The decrease in the fellings as compared with their level one year ago is clearly reflected by the employment figures. At the end of the first week in February, the unemployment figure was 95 000 persons. The number of those engaged in work organized by the State and local authorities was, however, nearly 80 per cent of the total number of unemployed. Thus, the number of people completely without work was 20 000 persons, representing 1 per cent of the entire labour force.

*On page 18, The Finnish Economy in 1958*

## BALANCE OF PAYMENTS IN 1958

Full particulars are not as yet available concerning the balance of payments for 1958, but certain data have been compiled, and the remainder estimated. The deficit trade of the previous two years was replaced by a considerable export surplus. Both imports and exports shrank in real value, but this diminution was substantially more as far as imports were concerned, leaving the net receipts on merchandise at 14 400 million marks. The surplus on transportation is believed to have been less than in 1957. Declining rates and the fact that part of the tonnage was inactive reduced earnings on shipping. The actual amount will not be known until later, but total net receipts from transportation have been roughly estimated at 13 700 million marks. Net expenditure on investments totalled 4 200 million marks, the main part of this item consisting of the interest paid on long-term loans. Foreign travel caused a net expenditure of 3 400 million marks. Taken as a whole, the balance of current transactions is estimated to have provided a surplus of 24 400 million marks.

The net result of the long-term capital movement was of no great consequence last year, but certain structural changes were evident. Loans drawn amounted to 10 300 million marks, and loans repaid to 8 800 million, implying a formal capital inflow of 1 500 million. However, part of the amount drawn, 4 500 million marks, consisted of funds previously held on mark account in the Bank of Finland and now consolidated into a long-term loan, granted by the Export-Import Bank to the Mortgage Bank of Finland, the funds being derived from payments for purchases of American surplus goods.

Besides this, official loans were available only in the form of IBRD credits previously

granted. On the other hand, whereas since the war private credits have been obtained without an official guarantee almost exclusively for the purchase of ships, conditions have recently changed in this respect. There were already some signs of borrowing becoming easier in 1957, but last year more ample credit facilities were finally made available for imports from a number of foreign countries. Even though some of the arrangements were made too late in the year to have as yet been taken advantage of in practice, 4 400 million marks of the total amount of loans drawn as cited above consisted of private loans.

The surplus of current transactions made for a gratifying improvement in the foreign short-term position. Short-term assets accumulated by a total net amount of 28 800 million marks, most of this being on accounts held by the banks. The increase related both to convertible and transferable currencies and to clearing balances and other bilateral accounts. Similarly, there was an increase in the prepayments on ships and machinery.

Short-term liabilities also increased, but only by 800 million marks. This covered a reduction of the banks' liabilities which was more than offset by increases in other items. The debt on bank accounts was reduced by 5 400 million marks, including the consolidation of funds into the long-term loan referred to above. On the other hand, there was a rise in export prepayments by approximately 4 300 million. It is also known that short-term advances on imports increased, partly because the strict rules of cash payment for imports were relieved in that certain of the freelisted goods could be paid by 3 months' bills. The actual amount of the increase is hard to ascertain.

*February 20, 1959.*

## BANK OF FINLAND

Mill. mk

	1958		1959			
	Jan. 31	Dec. 31	Jan. 8	Jan. 15	Jan. 23	Jan. 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	44 078	60 642	62 264	62 619	63 143	65 615
Gold .....	7 850	7 850	7 850	7 850	7 850	7 850
Foreign exchange .....	32 291	49 708	51 362	51 728	51 952	54 414
Foreign bills .....	1 162	871	839	828	827	837
Foreign bonds .....	2 775	2 213	2 213	2 213	2 514	2 514
<i>Supplementary note cover</i> .....	54 358	47 049	41 369	36 095	34 096	33 538
Inland bills discounted						
In foreign currency .....	13 266	12 644	12 644	12 640	12 660	12 657
In Finnish currency .....	14 664	8 823	9 258	8 802	8 682	8 704
Rediscounted bills .....	15 178	18 707	12 592	7 778	5 879	5 302
Treasury bond loan .....	11 250	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i> .....	19 124	19 027	19 050	18 749	19 169	18 546
Finnish bonds .....	1 247	909	891	892	1 492	892
Cheque accounts .....	739	440	434	221	347	346
Finnish coin .....	442	438	464	537	589	639
Other claims .....	16 696	17 240	17 261	17 099	16 741	16 669
Total	117 560	126 718	122 683	117 463	116 408	117 699
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	52 837	65 075	61 445	58 280	56 809	57 777
<i>Short-term liabilities</i> .....	21 577	18 046	17 936	15 876	16 311	17 417
Foreign exchange accounts .....	4 329	2 178	2 184	1 964	1 964	1 996
Mark accounts of holders abroad .....	7 294	4 643	4 603	4 756	4 853	4 843
Cheque account of the Treasury .....	8 462	7 146	3 575	1 573	4 595	6 318
Cheque accounts of banks .....	254	1 474	4 656	4 602	2 196	1 665
Other cheque accounts .....	867	293	644	480	497	509
Other short-term liabilities .....	371	2 312	2 274	2 501	2 206	2 086
<i>Long-term liabilities</i> .....	16 600	20 872	20 902	20 900	20 883	20 658
Foreign .....	12 307	11 370	11 369	11 376	11 371	11 371
Finnish .....	4 293	9 502	9 533	9 524	9 512	9 287
<i>Equalisation accounts</i> .....	12 357	8 170	7 814	7 770	7 744	7 147
<i>Bank's own funds</i> .....	14 189	14 555	14 586	14 637	14 661	14 700
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	2 924	2 924	3 739	3 739	3 739	3 739
Profits undisposed .....	1 085	—	815	815	815	815
Earnings less expenses .....	180	1 631	32	83	107	146
Total	117 560	126 718	122 683	117 463	116 408	117 699
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	44 078	60 642	62 264	62 619	63 143	65 615
Supplementary cover (Upper limit 58 000 mill. mk) .....	54 358	47 049	41 369	36 095	34 096	33 538
Total	98 436	107 691	103 633	98 714	97 239	99 153
<b>Note issue</b>						
Notes in circulation .....	52 837	65 075	61 445	58 280	56 809	57 777
Short-term liabilities .....	21 577	18 046	17 936	15 876	16 311	17 417
Undrawn on cheque credits .....	504	814	819	1 032	906	907
Unused right of note issue .....	23 518	23 756	23 433	23 526	23 213	23 052
Total	98 436	107 691	103 633	98 714	97 239	99 153

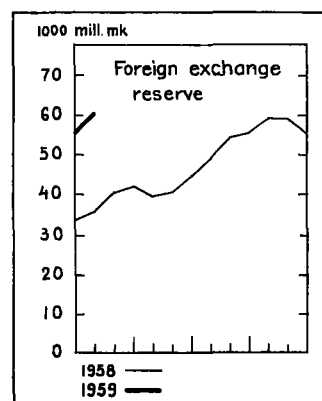
Lowest Bank rate since April 19, 1956, 6 <sup>1</sup>/<sub>8</sub> per cent

## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted bills	Liabilities		Net claims on the banks (7-8-9)
	1	2	3	4	5	6	7	Cash reserve accounts	Cheque accounts of banks	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
1958	57 558	2 178	55 380	3 084	16 013	42 451	18 707	—	1 474	17 233
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673
May	43 553	2 831	40 722	3 937	15 556	29 103	12 970	—	271	12 699
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	-145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189
Aug.	57 759	3 315	54 444	3 685	16 456	41 673	8 688	—	570	8 118
Sept.	58 966	3 224	55 742	3 709	16 694	42 757	11 038	—	— 4	11 042
Oct.	61 533	2 407	59 126	3 712	15 940	46 898	8 627	—	1 554	7 073
Nov.	61 294	2 268	59 026	3 711	15 925	46 812	8 714	—	1 079	7 635
Dec.	57 558	2 178	55 380	3 084	16 013	42 451	18 707	—	1 474	17 233
1959										
Jan.	62 264	1 996	60 268	3 351	16 214	47 405	5 302	—	1 665	3 637

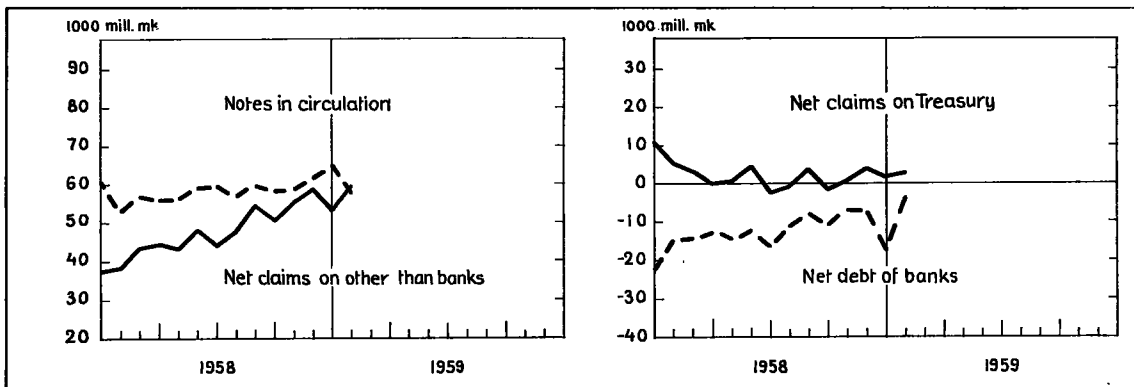
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957	1958			1959
	Dec. 31	Oct. 30	Nov. 29	Dec. 31	Jan. 31
Gold .....	7.8	7.9	7.9	7.8	7.8
Convertible currencies	17.8	17.0	16.8	31.2	36.0
Transferable OEEC	3.9	11.8	13.2		
Non-transferable OEEC	4.4	8.1	8.5		
Eastern Bloc currencies ..	2.0	14.2	12.1	8.2	10.3
Other currencies .....	-2.0	0.1	0.5	0.5	0.5
Total	33.9	59.1	59.0	55.4	60.3



## 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 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
1958	9 033	7 146	1 887	8 823	18 631	27 454	—	2 605	24 849	65 075
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174
May	10 396	6 155	4 241	17 710	14 860	32 570	—	2 884	29 686	59 038
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824
Aug.	10 396	6 941	3 455	14 748	14 856	29 604	—	4 269	25 335	59 511
Sept.	9 146	10 953	— 1 807	13 493	15 986	29 479	—	3 222	26 257	58 191
Oct.	9 146	8 620	526	11 448	16 151	27 599	—	3 073	24 526	58 681
Nov.	9 146	5 371	3 775	10 141	17 250	27 391	—	2 969	24 422	61 755
Dec.	9 033	7 146	1 887	8 823	18 631	27 454	—	2 605	24 849	65 075
1959										
Jan.	9 033	6 318	2 715	8 704	18 303	27 007	—	2 595	24 412	57 777



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*	39 568	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311
1957										
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778
Aug.	38 509	47 961	10 836	111 848	123 175	70 714	36 322	18 107	360 199	418 996
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155
Oct.	38 352	48 337	10 656	115 048	125 455	71 155	36 539	18 356	366 583	425 576
Nov.	37 271	46 811	9 750	116 434	126 869	71 890	36 933	18 611	370 767	427 328
Dec.	39 568	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311

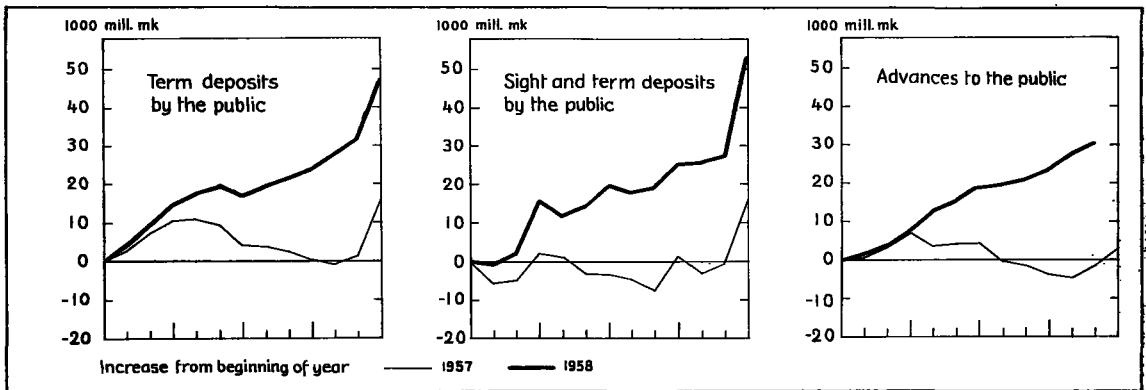
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	91 543
Sept.	13 883	73 815	87 640
Oct.	17 461	77 571	85 954
Nov.	20 442	80 155	84 711
Dec.	22 462	82 444	83 312

Selling rates for foreign exchange			
January 31, 1959			
	mk		mk
New York ... 1 \$	320: 40	Zurich .....	100 Fr 7 430: —
London .....	1 £ 900: —	Frankfurt a/M	100 DM 7 670: —
Stockholm ... 100 Kr	6 196: —	Prague .....	100 Kz 4 463: —
Copenhagen .. 100 Kr	4 645: —	Vienna ... ..	100 Sch 1 236: —
Oslo .....	100 Kr 4 492: —	Lisbon .....	100 Es 1 118: 50
Paris .....	100 Fr 64: 98	Rome .....	100 Lit 51: 55
Brussels .....	100 Fr 641: —	Montreal .....	1 \$ 331: 30
Amsterdam ... 100 G	8 496: —	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
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	99 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*	174 542	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603
1957									
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 355
Dec.	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 611
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	106 309
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	112 220
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	107 476
May	167 137	110 001	26 832	80 002	17 976	377 489	24 459	401 948	111 310
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	117 431
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	108 551
Aug.	167 422	111 831	27 819	81 521	18 993	384 843	22 743	407 586	115 649
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	115 057
Oct.	168 537	114 134	28 833	82 240	19 822	390 366	23 200	413 566	112 748
Nov.	170 157	115 230	28 840	82 823	20 141	393 321	23 870	417 191	113 356
Dec.	174 542	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603

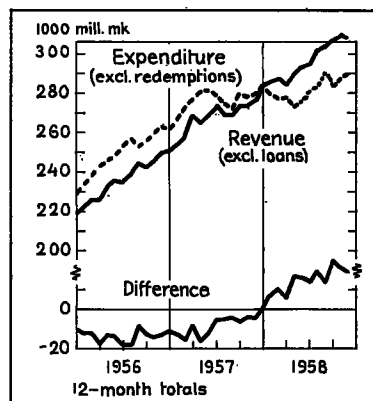


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1957	1958		1957	1958
Income and property tax (net) . . . . .	59.2	54.4	Interest on State debt . . . . .	5.5	6.3
Gross receipts . . . . .	(108.8)	(106.3)	Child allowances . . . . .	19.9	20.0
Refunds and communal income tax . . . . .	(-49.6)	(-51.9)	The State's share in national pensions . . . . .	10.8	7.4
Other direct taxes . . . . .	1.9	1.3	Compensations to war-disabled . . . . .	6.9	7.0
Purchase tax . . . . .	61.6	58.3	Transfer of employers' payments for national pensions to the National Pensions Institution . . . . .	4.3	5.9
Import duties . . . . .	37.2	36.3	Subsidies . . . . .	22.1	23.6
Revenue from Alcohol Monopoly . . . . .	17.2	18.8	State aid to agriculture . . . . .	4.1	4.8
Excise duty on tobacco . . . . .	14.2	15.9	State aid to communal and private schools . . . . .	17.8	19.9
Excise duty on liquid fuel . . . . .	—	5.1	Net loss of State enterprises . . . . .	0.2	—
Other excise duties . . . . .	4.0	3.9	Maintenance of roads . . . . .	6.4	6.1
Tax on automobiles and motor cycles . . . . .	—	1.6	Other current expenditure . . . . .	75.9	80.3
Stamp duties . . . . .	9.5	10.8	<b>Current expenditure</b> . . . . .	<b>173.9</b>	<b>181.3</b>
Levy on export proceeds . . . . .	—	15.2	Real investments . . . . .	45.6	48.0
Employers' payments for child allowances and national pensions . . . . .	18.7	21.2	(of which: unemployment grants) . . . . .	(27.2)	(27.1)
Net receipts of Price Equalisation Fund . . . . .	5.5	3.7	Other capital expenditure . . . . .	31.5	27.1
Other revenue similar to taxes . . . . .	3.7	3.2	<b>Capital expenditure</b> . . . . .	<b>77.1</b>	<b>75.1</b>
<b>Total taxes</b> . . . . .	<b>232.7</b>	<b>249.7</b>	<b>Total expenditure</b> . . . . .	<b>251.0</b>	<b>256.4</b>
Interest and dividends . . . . .	3.6	4.0	Redemption of external loans . . . . .	2.1	2.6
Net profit of State enterprises . . . . .	—	1.9	Redemption of internal loans . . . . .	5.4	7.4
Other current revenue . . . . .	8.2	8.1	Redemption of indemnity bonds etc. . . . .	0.9	1.2
<b>Current revenue</b> . . . . .	<b>244.5</b>	<b>263.7</b>	Index premiums . . . . .	0.4	0.7
Capital revenue proper . . . . .	4.7	5.6	<b>Redemptions</b> . . . . .	<b>8.8</b>	<b>11.9</b>
Decrease in inventories . . . . .	—	4.9	<b>Total</b> . . . . .	<b>259.8</b>	<b>268.3</b>
<b>Capital revenue</b> . . . . .	<b>4.7</b>	<b>10.5</b>			
<b>Total revenue</b> . . . . .	<b>249.2</b>	<b>274.2</b>			
External loans . . . . .	0.0	—			
Internal loans . . . . .	7.0	8.3			
<b>Loans</b> . . . . .	<b>7.0</b>	<b>8.3</b>			
Short-term credit (increase +) . . . . .	—	+4.3			
<b>Deficit (+) or surplus (-)</b> . . . . .	<b>+3.6</b>	<b>-18.5</b>			
<b>Total</b> . . . . .	<b>259.8</b>	<b>268.3</b>			

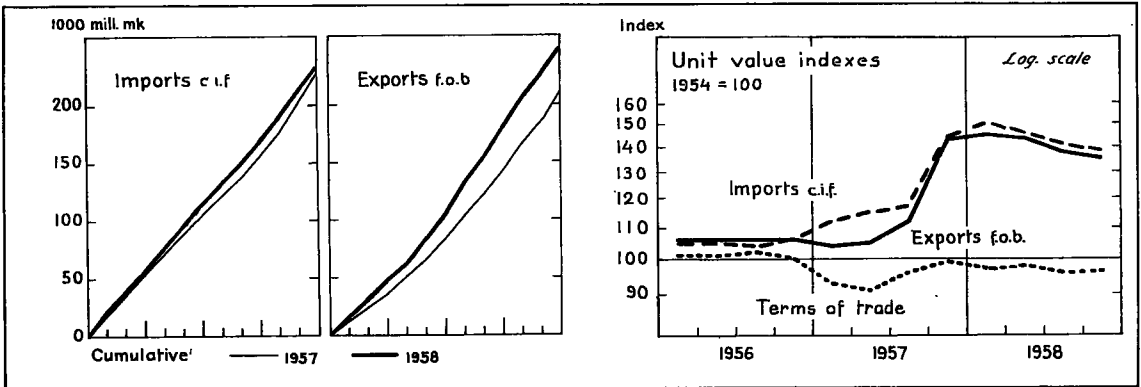
Debt	1955	1956	1957	1958			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
External debt . . . . .	61.3	61.5	81.8	80.6	80.0	79.9	79.5
Ordinary loans . . . . .	43.0	50.7	52.9	50.7	51.5	52.6	53.7
Indemnity bonds etc. . . . .	6.8	7.1	7.4	7.4	7.3	7.3	7.3
Short-term credit . . . . .	—	—	—	3.3	4.3	5.3	4.3
Cash debt (net) . . . . .	5.9	8.8	9.6	-0.6	-5.8	-11.4	-8.6
Internal debt . . . . .	55.7	66.6	69.9	60.8	57.3	53.8	56.7
<b>Total debt</b> . . . . .	<b>117.0</b>	<b>128.1</b>	<b>151.7</b>	<b>141.4</b>	<b>137.3</b>	<b>133.7</b>	<b>136.2</b>
<b>Total debt, mill. \$</b> . . . . .	<b>506.3</b>	<b>554.5</b>	<b>472.7</b>	<b>440.7</b>	<b>427.9</b>	<b>416.6</b>	<b>424.3</b>





FOREIGN TRADE

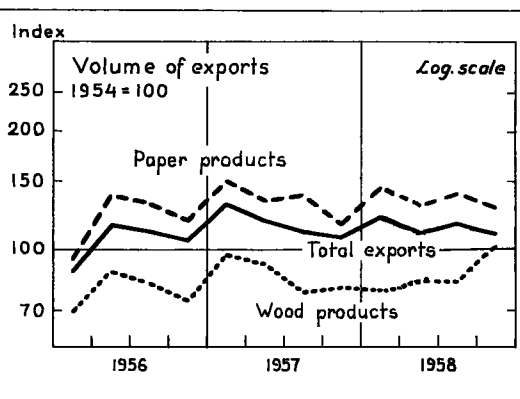
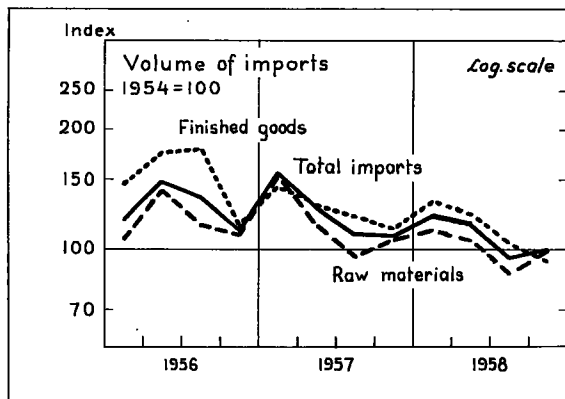
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958*	233 132	247 866	+14 734							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	149	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 815	- 1 152							
April	18 661	15 050	- 3 611	143	140	141	140	163	145	99
May	19 544	21 905	+ 2 361							
June	20 250	21 793	+ 1 543							
July	16 759	25 301	+ 8 542	136	140	134	139	136	141	96
Aug.	16 337	22 292	+ 5 955							
Sept.	19 500	26 689	+ 7 189							
Oct.	21 031	24 933	+ 3 902	135	136	120	135	172	139	97
Nov.	22 029	21 250	- 779							
Dec.	22 260	21 600	- 660							



## FOREIGN TRADE BY MAIN GROUPS

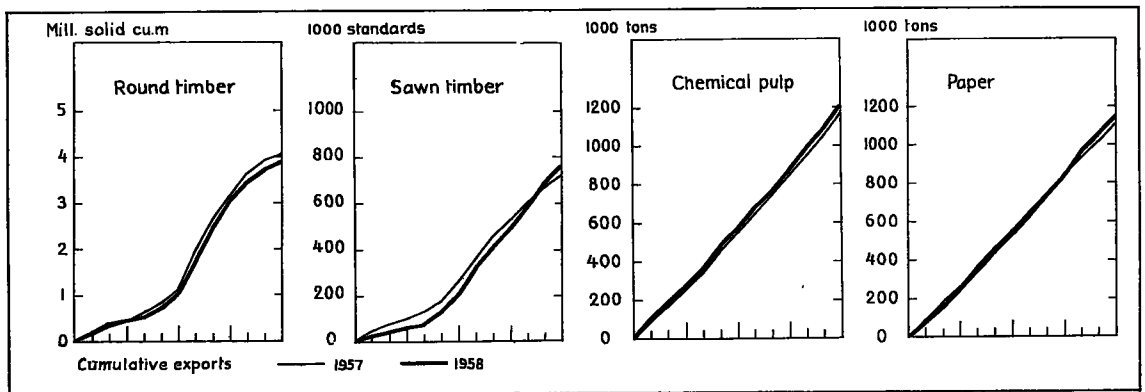
Mill. mk

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
			Producer goods	Consumer goods						
1950	50 638	10 242	12 619	15 649	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	22 004	21 910	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958*	119 502	32 658	48 627	32 345	10 651	19 346	57 818	115 173	33 968	10 910
1957										
Oct.	11 856	3 013	3 809	2 643	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	5 338	2 977	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	5 534	3 538	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	4 304	2 680	841	1 077	2 772	8 582	1 700	538
Feb.	8 479	2 908	4 688	2 213	1 267	795	2 509	8 336	1 280	541
March	9 621	1 885	3 820	2 641	770	325	2 505	9 262	3 082	871
April	9 652	2 147	3 800	3 062	726	374	2 576	9 303	1 411	660
May	9 801	2 475	4 156	3 112	996	1 062	4 463	10 740	3 820	824
June	10 256	2 604	4 512	2 878	711	1 793	5 711	8 657	3 748	1 173
July	8 704	1 964	3 692	2 399	850	3 643	7 577	9 635	2 393	1 203
Aug.	8 129	2 520	3 407	2 281	967	3 365	5 909	9 478	1 706	867
Sept.	10 129	2 801	4 141	2 429	723	2 663	5 876	10 546	5 878	1 003
Oct.	9 633	4 231	4 196	2 971	818	2 105	6 319	11 507	2 788	1 396
Nov.	12 481	2 840	3 874	2 834	671	1 378	6 103	9 423	2 669	1 006
Dec.	12 039	3 339	4 037	2 845	1 311	766	5 498	9 704	3 493	828



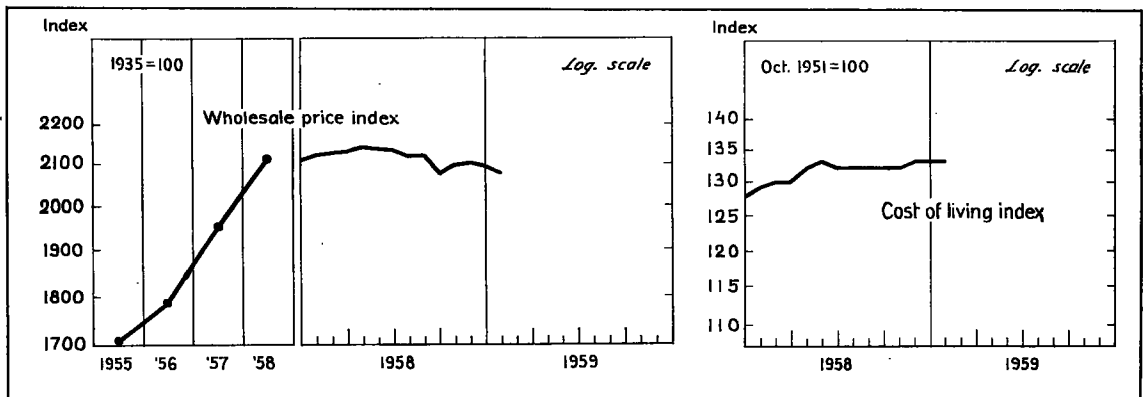
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
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
1958*	3 861	762	239	143	725	476	145	83	585	1 147
1957										
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	8	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	12	23	9	51	32	13	8	49	98
April	76	18	22	11	61	34	11	7	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	60	31	12	6	38	82
July	702	115	13	10	53	42	12	4	52	100
Aug.	680	85	16	14	57	36	12	6	48	97
Sept.	559	84	19	11	63	42	12	8	57	110
Oct.	401	93	24	17	71	52	13	7	57	115
Nov.	277	93	23	13	57	41	12	8	45	100
Dec.	158	85	25	14	65	50	13	8	51	95



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year					Whole year				
	1955	1956	1957	1958*		1955	1956	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	18.4	17.9	41 736	27.3	25.2	24.8	25.6	63 377
United Kingdom .....	20.3	20.4	17.6	17.2	40 124	24.0	21.4	21.7	22.1	54 811
<b>Other OEEC countries</b> ..	36.4	39.1	37.6	44.7	104 248	32.4	31.4	32.0	36.6	90 827
Belgium-Luxembourg ....	3.0	3.0	3.0	2.8	6 561	3.5	4.4	3.9	3.6	9 001
Denmark .....	3.6	2.6	2.1	2.3	5 501	3.0	2.5	2.5	3.0	7 420
France .....	6.0	5.7	5.1	4.7	10 885	4.7	5.3	5.6	6.2	15 328
Western Germany .....	9.0	11.8	11.4	16.6	38 607	9.1	8.6	8.9	10.9	26 946
Italy .....	1.1	1.4	1.5	1.5	3 602	1.2	1.4	1.3	1.7	4 353
Netherlands .....	3.6	4.0	4.1	4.3	9 973	4.4	3.6	4.1	4.4	10 924
Norway .....	2.2	1.8	1.3	1.1	2 658	1.3	0.6	0.4	0.7	1 670
Sweden .....	4.9	5.4	5.9	8.3	19 285	1.9	2.2	3.1	3.6	8 925
Switzerland .....	1.3	1.8	1.6	1.7	3 919	0.9	0.6	0.6	0.7	1 769
Turkey .....	0.5	0.4	0.3	0.2	543	1.0	0.7	0.4	0.2	557
<b>Eastern Bloc</b> .....	27.1	25.0	30.6	25.7	59 834	25.7	27.3	29.4	24.9	61 635
China .....	0.5	0.3	0.7	0.5	1 220	1.6	0.9	0.7	1.1	2 694
Czechoslovakia .....	2.7	2.4	2.9	1.2	2 776	1.0	1.2	1.6	1.2	2 959
Eastern Germany .....	2.7	2.3	2.5	1.7	3 982	2.2	2.2	1.9	1.8	4 320
Poland .....	4.8	4.4	5.2	3.1	7 276	2.0	2.3	3.4	2.6	6 563
Soviet Union .....	14.7	13.9	17.7	18.0	41 937	17.5	19.2	20.0	17.3	42 780
<b>U.S. and Canada</b> .....	5.4	6.7	5.7	5.5	12 886	5.8	6.7	5.1	4.7	11 662
United States .....	5.2	6.5	5.6	5.3	12 478	5.7	6.6	5.0	4.6	11 471
<b>Latin America</b> .....	7.4	5.6	5.1	4.4	10 316	5.5	6.0	4.8	4.5	11 186
Argentina .....	2.9	1.6	1.4	0.3	756	2.2	1.5	1.1	1.0	2 556
Brazil .....	4.1	3.3	3.3	3.7	8 586	2.6	3.2	2.7	2.4	5 922
<b>Others</b> .....	2.8	2.3	2.6	1.8	4 112	3.3	3.4	3.9	3.7	9 179
<b>Grand total</b>	100.0	100.0	100.0	100.0	233 132	100.0	100.0	100.0	100.0	247 866



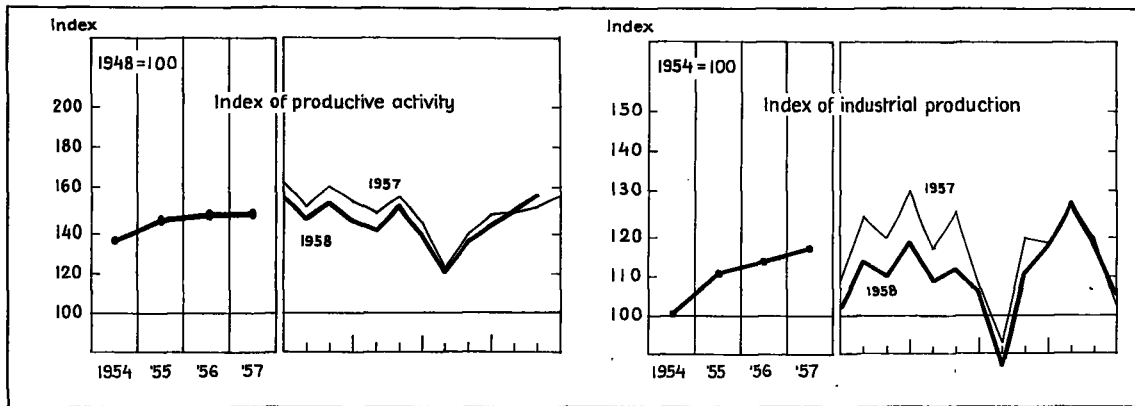
## PRICE INDEXES

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
1958	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1958									
May	2 133	2 155	2 232	3 154	1 794	2 086	118	113	125
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 769	2 075	119	113	131
Aug.	2 116	2 137	2 253	3 127	1 766	2 070	118	112	126
Sept.	2 076	2 082	2 124	2 990	1 761	2 066	117	111	125
Oct.	2 092	2 097	2 115	3 034	1 775	2 081	117	110	125
Nov.	2 099	2 106	2 144	3 031	1 782	2 085	116	110	124
Dec.	2 092	2 101	2 159	2 997	1 781	2 072	116	110	125
1959									
Jan.	2 077	2 101	2 161	2 998	1 779	2 024	116	110	122

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1958	132	140	277	102	83	129	103	103	102	99	103	105
1958												
May	133	142	276	105	83	129	104	104	102	102	104	105
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106
Aug.	132	140	276	100	84	130	104	103	102	97	104	106
Sept.	132	140	276	99	84	131	104	103	102	96	104	106
Oct.	132	139	277	99	84	131	104	102	103	96	104	107
Nov.	133	141	277	99	84	131	104	104	103	96	105	107
Dec.	133	141	277	99	84	132	104	103	103	96	105	108
1959												
Jan.	133	140	279	99	84	133	104	103	103	96	105	108

PRODUCTION - INTERNAL TRADE

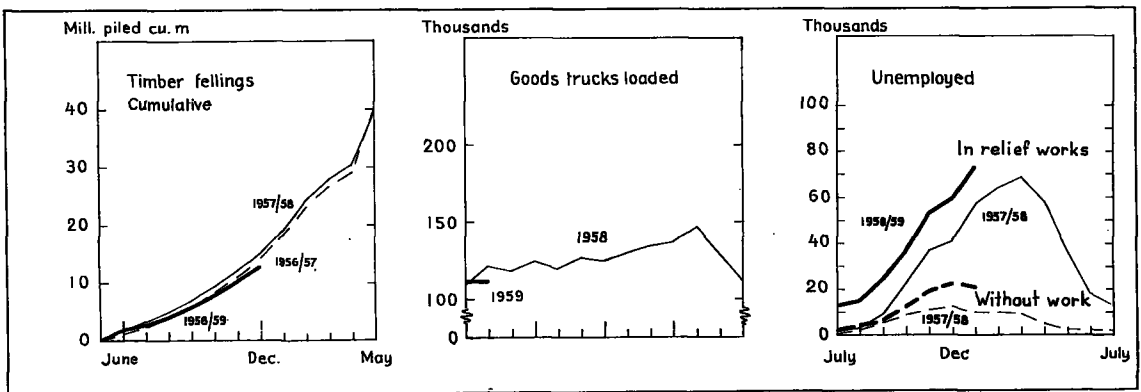
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957*	117	118	118	117	81	134	117	116	40 919	2 085	114
1958*	111	110	113	109	89	133	107	107	37 981	2 108	109
1957*											
Oct.	128	131	131	123	91	151	131	124	2 517	143	119
Nov.	120	124	123	113	78	134	121	117	2 697	134	105
Dec.	102	108	104	96	74	109	106	95	3 119	142	108
1958*											
Jan.	114	122	115	108	85	129	116	106	4 120	147	89
Feb.	110	119	111	104	95	127	115	101	4 882	136	93
March	119	118	121	115	105	144	115	111	3 857	158	104
April	109	112	107	110	100	115	107	105	2 201	181	108
May	112	106	113	111	107	129	104	108	10 118	206	111
June	106	107	105	107	81	119	104	103	1 646	218	105
July	87	67	95	82	87	127	66	80	982	216	109
Aug.	112	104	114	112	87	133	103	111	1 337	193	116
Sept.	118	118	118	119	80	148	113	117	1 674	179	121
Oct.	127	124	129	126	90	155	121	126	2 140	161	131
Nov.	119	114	124	112	80	145	112	118	2 456	149	106
Dec.	105	104	106	104	75	119	103	102	2 568	164	116



**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1954	22.02	9.36	5.24	3.54	2.87	..	78	77	75	81
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1957										
July-Sept.	5.95	2.44	0.94	1.06	1.09	24.44	101	100	100	101
Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	101	100	98	101
1958*										
Jan.-Mar.	3.20	1.46	0.26	0.87	0.44	19.85	101	101	101	101
Apr.-June	3.28	1.33	0.34	0.75	0.64	23.04	106	101	105	106
July-Sept.	5.32	2.28	0.98	0.59	1.03	22.94	106	103	105	106

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	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
Jan.	122	112	254	307	320	359	9 988	20 520	56 871	72 956
Feb.	118		196		259		9 982		64 227	
March	124		243		236		9 475		68 649	
April	120		280		270		5 160		57 627	
May	127		314		380		2 169		36 876	
June	125		415		544		2 016		18 147	
July	130		470		715		1 979		12 955	
Aug.	134		463		664		4 353		14 756	
Sept.	137		418		580		6 108		23 786	
Oct.	147		418		561		11 998		35 827	
Nov.	129		421		485		19 387		52 330	
Dec.	112		400		404		22 171		59 805	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

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

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

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Prepayments for exports. *Deposits against import licences* = importers' obligatory prior deposits of 10 % of the value of the goods concerned. Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance was refunded in full by the end of August 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on other than banks might be more clearly evident.

### DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public — Cash holdings of the State.

### STATE FINANCES

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

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): 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. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in 1954. Monthly figures are unadjusted for seasonal variations. Commodities according to use: investment goods weight 12.7, other producer goods weight 54.6 and consumer goods weight 32.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 8.6, paper industry no. 27, weight 8.6, metal industry nos. 34—38, weight 25.4, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.9. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60 % of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade, volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

### SYMBOLS USED

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

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 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 38, Conservatives 29, Swedish Party 14, Social Democrat Opposition 13, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

### 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 (1957): 4.4 million. Sweden 7.4, Switzerland 5.1, Denmark 4.5 and Norway 3.5 million.

DENSITY OF POPULATION (1957): In South Finland 24.3, in North Finland 3.9 and in the whole country an average of 14.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1957): 63.4 % of the population inhabit the rural areas, 36.6 % the towns and market towns. The largest towns are: Helsinki (Helsingfors), the capital, 436 852 inhabitants, Tampere (Tammerfors) 119 250, Turku (Åbo) 117 464.

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 (1957): 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 (1957): births 20.1 ‰, deaths 9.4 ‰, increase 9.7 ‰. Deaths in France 12.0 ‰ and in Great Britain 11.5 ‰.

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1957, in thousand million marks): Gross domestic product at market prices 1 104. Net domestic product at factor cost, by industrial origin: agriculture 99 (11 %), forestry and fishing 86 (10 %), manufacturing 284 (31 %), construction 88 (10 %), transport and communications 74 (8 %), commerce, banking and insurance 111 (12 %), general government 99 (11 %), other services 60 (7 %), total 901. Index of real domestic product 146 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft).

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 46 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 357 000, of which 162 000 are of more than 5 ha. Index of agricultural production 118 for 1956 (1948 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

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

RAILWAYS (Dec. 31, 1957): Length 5 252 km, of which 5 096 km are State and 156 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Dec. 1, 1958): Steamers 252 (362 398 gross reg. tons), motor vessels 183 (382 819 gross reg. tons), sailing vessels with auxiliary engines 106 (10 423 gross reg. tons). Total 541 (755 640 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 (Oct. 1, 1958). There are three big and two small commercial banks with in all 537 offices, 407 savings banks, 559 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 (Oct. 1, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 % (index-tied 4 %) and sight deposits in savings banks and co-operative credit societies 7/8 %; lending rate 7/8 % on an average.

# THE FINNISH ECONOMY IN 1958

BY

ERKKI LAATTO, Pol. lic.

FELLOW OF THE INSTITUTE FOR ECONOMIC RESEARCH OF THE BANK OF FINLAND

Economic development in Finland during the past year was marked by the deterioration of international business conditions, and by the devaluation effected in the autumn of 1957 and the subsequent extensive abolition of import controls. After the devaluation and the liberalisation of imports, the economy had to adapt itself to the new market conditions, a process all the more difficult because of the falling trend abroad. Thus the downward movement which had begun in Finland as early as the spring of 1957, accelerated during the latter half of that year and in the early months of 1958. The competitive ability of the export industries improved, it is true, but as foreign demand declined at the same time, the volume of exports failed to grow. To some branches of the export industry, however, the devaluation brought immediate stimulus, and in several of those branches whose activity was impaired by the change in the rates of exchange and the liberalisation of imports, the conditions for future industrial development improved. In the third quarter of 1958, the downward movement retarded quite distinctly, and during the last quarter it ceased, while some signs of recovery even began to appear.

## ECONOMIC POLICY

The limitation imposed by the balance of payments made difficult the process of adaptation that followed upon devaluation.

It was therefore imperative that receipts for exports, higher now in terms of marks, were not allowed to cause an inflationary rise in incomes and prices, as this would have led to heavier imports and so endangered the balance of payments. To preclude this, a levy on export proceeds had been introduced in connection with the devaluation, the principle being that a proportion of the increase in exporters' receipts in marks was frozen in the Bank of Finland on a special account of the Treasury's.

The link between wages and the cost of living index constituted another reason why domestic prices should not be permitted to rise more than was necessary in consequence of the rise in marks in import prices. This alone would have made it important that imports be immediately set free on as large a scale as possible. As was expected, foreign sellers reduced their prices after the liberalisation in order to maintain their sales in Finland. Owing to this, and to the simultaneous drop in world market prices, the increase in the mark prices of imported goods was less, percentually, than the rise in rates of exchange. For this reason, and partly also because of weakening demand at home, the increase in the domestic price level was comparatively modest, which, in turn, contributed to the relative stability of the wage level.

At the beginning of 1958, it was already evident that the steps taken to avoid infla-

tion and balance of payments difficulties were having the desired effect. As a result of the policies aimed at restricting a growth in demand, the reserve of foreign exchange advanced despite the liberalisation of imports. Since measures of re-organisation were adopted for State finances in the summer and the autumn of 1957, no particular impulses towards inflation have issued from this section of the economy. As, however, unemployment increased and productive capacity was partly unused, indicating that the economy needed stimulating, numerous measures of monetary and financial policy were taken, aimed principally at easing the credit market and the financial position of enterprises.

The Government relaxed taxation by extending the right of depreciation; it reduced the levy on export proceeds on four occasions; and in the autumn, when the collection of levy had ceased, it granted loans from export levy funds for industrial investments. In addition, towards the end of the year the Government agreed with the export industries upon extraordinary fellings of pulpwood. The Bank of Finland, on its part, eased the credit market in many ways, such as relaxation of rediscounting terms and lowering of interest rates; further, industrial capital needs were met by long-term issues in which the Bank of Finland participated. These measures and their influence on the money market are recorded in more detail in the previous number of this Bulletin.

#### NATIONAL INCOME

During the first quarter of 1958, total production fell short of the corresponding result for 1957 by 2 per cent, during the second quarter the difference was almost 4 per cent, during the third quarter less than 1 per cent, and during the last quarter production was nearly 1 per cent higher than

in the fourth quarter of 1957. This means that the downward movement ceased, yet the end-of-year level of production was still somewhat below the corresponding figure two years previously.

For the whole of 1958, total production was about 1 per cent less than for 1957. The following table, which is based on data provided by the National Income Statistics Department of the Central Statistical Office, shows a preliminary estimate of total supply and demand and their components. It will be seen that total domestic demand fell off more, in real terms, than did the real national income. A considerable proportion of income was used for increasing claims abroad, i.e., for creating an excess of exports.

	1958 1 000 mill. mk	Real change in 1958 per cent
<i>Total supply</i>		
Gross national product at market prices .....	1 254	— 1
Import of goods and services	264	— 10
	Total 1 518	— 3
<i>Total demand</i>		
Exports of goods and services	288	— 2
Domestic gross investment ..	390	— 3
Private gross investment ....	317	— 5
Public gross investment ....	73	+ 4
Consumption .....	837	— 2
Private consumption .....	677	— 3
Public consumption .....	160	+ 2
Transfers of income abroad..	3	+ 17
	Total 1 518	— 3

The demand for consumer goods decreased by about 2 per cent and that for investment goods by 3 per cent. It is to be noted, however, that the reduction only related to private consumption (minus 3 per cent) and private investment (minus 5 per cent). Public consumption and public investment grew appreciably. Another noteworthy feature is that, although private investment fell off, gross investment represented 31 per cent of the gross national product, or slightly less than in 1957.

## FOREIGN TRADE

The values of exports and imports reached fresh record figures in consequence of the devaluation. Exports amounted to 247 900 million marks in 1958 and imports to 233 100 million. The volume of exports, on the other hand, was reduced by about 3 per cent, and that of imports by as much as 11 per cent, in spite of the liberalisation. Foreign trade resulted in a surplus of 14 800 million marks, and the total exchange of goods and services yielded a surplus of about 24 400 million. When, at the end of December, the majority of West European countries introduced convertibility of non-resident assets, Finland had no difficulty in following suit.

The average unit value index of exports was 20 per cent higher and that of imports 14 per cent higher than the corresponding indexes for 1957. The terms of trade (ratio of the unit value index of exports f. o. b. to the unit value index of imports c. i. f.) improved by 5 per cent. Wood and wood-processing goods were responsible for 77.6 per cent of the total value of exports, and metal industry products for 13.7 per cent. Of the total value of imports, raw materials represented 51.3 per cent, fuels and lubricants 14.0 per cent, and finished consumption and investment goods 34.7 per cent.

## INDUSTRY

Industrial production was about 5 per cent less than in 1957. The result for the first half-year fell short of the corresponding volume for the previous year by as much as about 8 per cent, and not until the last quarter did signs of improvement begin to appear.

The main categories of industry developed differently, the result being much poorer in the home market industries than in the export industries. The difficulties of adaptation

to post-devaluation conditions were greatest in home market industry. The textile industry was most severely hit; in some months output was as much as 40 per cent less than one year previously. At the very end of the year, however, a slight recovery could be observed in those home market industries that directly serve consumption.

In the metal industry, on the other hand, the decrease in production accelerated towards the end of the year owing to the weakening of export markets. In the wood and paper industries, production was somewhat lower during the first half-year than during the corresponding months of 1957, but in June a slight improvement set in. For the whole year, the output of the wood and paper industries was 3 per cent higher than in 1957. In the paper industry, output remained broadly speaking unchanged, the increase relating solely to the wood industry.

## AGRICULTURE

Weather conditions were comparatively favourable to growth during last year, although autumn frosts did some damage to the crops. According to preliminary calculations, total crops, in terms of fodder units, increased by 6.7 per cent in comparison with 1957. For bread grains (rye and wheat) the increase was 18.5 per cent.

The output of milk is estimated to have remained at the level of the previous year. The production of dairy butter grew by a full 2 per cent, whereas cheese production fell off by about 5 per cent. Owing to difficulty in selling butter abroad, domestic consumption was encouraged by means of a reduction of the retail price. Consumption increased by about 18 per cent, or 8 million kilogrammes during the year, whilst exports dropped by 4 million kilogrammes.

In October, an act was issued concerning agricultural prices, this act replacing that of 1956 relating to farmers' income. By the terms of the new act, the prices of agricultural products will be adjusted if the costs of agriculture, including the estimated income from the farmer's own work, change in comparison with their level of August 1958. The act will be in force during the crop years 1958/59 to 1960/61. The agricultural prices for the current crop year were determined according to the new stipulations.

The volume of agricultural production is estimated to have remained at the 1957 level. As, however, some prices were raised, farmers' earnings also rose slightly.

#### LUMBERING

Commercial fellings were about 7 per cent less than in 1957. Considerable structural changes are to be recorded. Fellings of heavy softwood increased by about 45 per cent, whereas fellings of spruce pulpwood were reduced by about 14 per cent and those of fuel wood by 44 per cent. By the end of June, slightly more had been cut than during the first half of 1957. As it appeared that, owing to the international decline in trade conditions, exports would not come up to the high expectations created by the devaluation, 16 per cent less was felled in the second half-year than in the latter half of 1957.

#### EMPLOYMENT

The employment situation was worse in 1958 than in any previous year since the war. The peak of unemployment during the period July 1957 — June 1958 was reached in March, when the number of registered unemployed totalled 78 100, or 2.6 per cent of the total active population. Nevertheless

the number of people actually without work was comparatively moderate, in that the majority were placed in various works arranged by the State and the local authorities. At the end of March, there were 9 500 persons without work, or 0.3 per cent of the active population.

The unemployment registers had to be kept open throughout the summer. In July, for instance, when unemployment was at its lowest, there were about 15 000 persons on the register. In the autumn, the number grew again, and at the end of December reached a fresh post-war peak of 81 800. The majority of the registered persons had formerly been engaged in road and water works, house building, forestry and floating.

At the end of 1958, the number of industrial workers was about 10 per cent less than two years previously. A similar percentage reduction of labour was recorded for house building and forestry. This decrease in employment is partly attributable to the decline in economic activity, but also in part to an increase in productivity in industry and forestry. While the demand for labour has been reduced, the supply of it has increased, by reason of the growth in population. In recent years, the structural changes in the economy have affected employment more than before.

#### PRICES AND WAGES

The level of prices was comparatively stable in 1958. This was due, amongst other things, to the continuous fall in raw material prices in the world market. As freight rates also decreased, import prices, in terms of marks, rose far less than had been expected. The fact that the rise in wages was moderate also helped to keep prices stable. Similarly, the price competition that accompanied the liberalisation of imports, and the partial control of prices, together with the budgetary

policy pursued, tended to restrict the rise in the Finnish cost level. The worsened employment situation and the provisions for two-thirds compensation for rises in the cost of living index worked in the same direction. As a result, the wholesale price index, practically speaking, remained stable, and the cost of living index rose by only 4 per cent.

Nominal wages were about 4 per cent higher, on the average, than in 1957. The real level of wages decreased by about 2 per cent, or by approximately as much as did the real national income per head of population. The rise in nominal wages was due to the 4 per cent increase granted in late March and

early April, in accordance with the two-thirds compensation clause in collective agreements. Civil service salaries were also raised. During the latter half of the year there were no wage increases worthy of mention.

Towards the end of 1958, negotiations were initiated regarding the renewal of collective agreements in all the principal branches of industry. The most outstanding change in the agreements concluded at the end of the year was the foregoing of the index clause. Wages were raised by 3 per cent from the beginning of 1959 in anticipation of a rise in the cost of living, and working hours were shortened in some special cases.

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## ITEMS

**Fmk quotations abroad.** In the course of the month of January, the central banks of Sweden, Denmark and Norway started quoting daily official exchange rates for the Finmark.

\*

**Interest on war-time credits from Sweden.** In January, the Swedish Riksdag (Parliament) approved a Government proposal concerning partial relief from the payment of interest on credit that the Swedish Government had granted Finland during the war. Negotiations on this point had been conducted between the two countries in October last year. According to the agreement arrived at, during 1959—1968, 3.5 million Swedish crowns will be written off each semi-annual interest payment. Thus in all 70 million Sw. crowns (4 300 million marks) will be written off in this manner. In addition, during the two years beginning June 30, 1959, 5 million Sw. crowns in equal semi-annual instalments

— half in marks, half in crowns — will be set aside to form a fund for the promotion of cultural exchange between Finland and Sweden.

The credits concerned date from the years 1939—1946, although in 1949 they were combined into one, which amounted to 455 million Sw. crowns. This credit bears interest at 3 per cent and is to be repaid during 1959—1983.

\*

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

*Democratic Republic of Germany*, on February 9. Period: 1959. Trade is fixed by quotas. Finland will import motor vehicles, machinery, tools, sugar and chemicals. Finnish exports will mainly comprise wood goods, paper, chemical pulp and cheese. — In 1958, imports from Eastern Germany amounted to 3 982 million marks, and exports to Eastern Germany to 4 320 million.

*Iceland*, on February 3. Period: 1959. Trade is fixed by quotas. Finnish imports will principally consist of herring and fish products, Finnish exports of products of the woodprocessing and the metal industry. — In 1958, the value of imports from Iceland totalled 792 million marks, and of exports to Iceland 1 058 million.

*Imports of farm products from the USA.* By the terms of an agreement signed on December 30, 1958, Finland will purchase cotton, tobacco and lemons from the US surplus stores during 1959 to a total value of 3.9 million dollars. The goods will be paid for in marks.

\*

**Import Fund.** In December, the Diet passed an Act relating to the setting up of an extra-budgetary fund, the Import Fund, to replace the Trade and Industry Fund and the Price Equalisation Fund. Its object is that of assisting in the financing of purchases from abroad which are necessary for the maintenance of imports, as well as that of smoothing out price fluctuations in foreign trade. The Import Fund was initially provided with funds by means of transfer of the balance left in the Trade and Industry Fund, which amounted at the end of November to 2 700 million marks. This

Act came into force at the beginning of 1959, and will be valid for three years.

\*

**Global licensing.** The Licensing Board has confirmed the 1959 programme for licensing in Western currencies under the global scheme. Global imports have been fixed at 21 200 million marks, or approximately the same amount as that for 1958.

\*

**Levy on export proceeds, use of funds.** On February 12, the Government granted loans to a total amount of 493 million marks from the export levy funds. Of this sum, 179 million were distributed among a number of small saw mills for renewals calculated to raise their competitive ability; a cellulose mill obtained 125 million for investment purposes; and 100 million was granted for the improvement of floating channels in Northern Finland. — The remainder of the export levy funds, some 150 million marks, will shortly be distributed.

\*

**New political party.** On February 9, the Finnish Small Farmers' Party was founded. Its chairman is Mr. Vennamo, who also represents the party in the Diet. Mr Vennamo was elected to the Diet as a representative of the Agrarian Party.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

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

REINO ROSSI

## SECRETARIES

U. A. VATANEN,  
*Credits*

FERTTI TAMMIVUORI,  
*Administration*

EERO ASP,  
*Foreign affairs  
(On leave of absence)*

JOUKO J. VOUTILAINEN  
*Information  
(Foreign affairs ad int.)*

## HEADS OF DEPARTMENT

HEIKKI VALVANNE,  
*Institute for  
Economic Research*

G. ENGBERG,  
*Personnel*

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

P. BLOMQUIST,  
*Accounts*

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

A. KAJANTIE,  
*Documentary credits*

J. HELANDER,  
*Foreign exchange control*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

HELGE LINDSTRÖM,  
*Credits*

A. NENONEN,  
*Foreign correspondence*