



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 30 No. 1

JANUARY

1956

RECENT DEVELOPMENTS

ECONOMIC POLICY

Last November, the central organs of the labour market organisations agreed to recommend a new procedure with regard to collective agreements. By this recommendation, wages would not, as hitherto, be automatically dependent on the cost of living index; the labour market organisations could, however, negotiate on wage increases during the period of validity of the collective agreements, should a considerable increase occur in the index. If this principle be adopted and applied in the agreements to be made by the various branches, it means a substantial change in the policy of the trade unions.

In December, the Diet rejected the proposal regarding the renewal for 1956 of the Emergency Act, which had authorised the Government to introduce and maintain controls in various spheres of the economy. The abrogation of this act does not, however, involve the abolition of controls, as the Government has been granted special powers to maintain most the regulations hitherto in force. The only exception is in connection with the control of wages and the prices of Finnish goods, the act relevant thereto failing to receive the necessary majority in

the Diet. By the terms of this act the Government had a possibility of restricting the freedom of the labour market organisations to make wage agreements, and of fixing the salaries of communal civil servants and the wages of forest workers. The price control of domestic goods had, in the main, related to some agricultural products and requisites, and certain charges which particularly influenced the cost of living index. Its abolition is, however, more significant than the release of these prices would imply, as it also deprived the Government of its powers to reintroduce controls of such prices as could be considered to have risen too much. Seeing that the majority of the released prices are subsidised, their development is still highly dependent on the price policy of the Government. Prices of imported goods are still controlled by virtue of a special act. Thus, the Government still has possibilities of decisively influencing the movements of prices. Apart from the cessation of wage control and of the control of prices of domestic goods, the abolition of

*On page 18,
The Bank of Finland in 1955*

the Emergency Act has considerable importance in that the Government may no longer introduce new measures of control without the consent of the Diet.

At the beginning of the current year, there came into force a new act regarding rent control, according to which landlord and tenant are allowed to fix the amount of rent between them. Without the consent of the tenant, rents may not, however, be increased by more than 3—25 per cent, depending on the age of the house. In several places rents have been free for some time. Business premises are now free from all rent restrictions.

FOREST WORKS AND EMPLOYMENT

Activity in the forests during the present felling season, which began in June, has been brisker than in the early part of the season of 1954/55, despite the fact that total fellings during that season reached a record level of 38.1 mill. piled cu.m. As compared with the previous year higher wages apparently stimulated lumbering last summer. By the end of July, cuts exceeded last season's corresponding figure by 40 per cent; by the end of September the excess was more than 20 per cent. As winter proceeds, the pace of lumbering seems to be falling off. Up to the end of November, altogether 10.4 mill. piled cu.m. had been cut, or 10 per cent more than for the corresponding period one year previously. Of this, 6.4 mill. cu.m. consisted of roundwood and 2.1 mill. cu.m. of fuel wood. At the end of November 95,000 men were employed in the forests, or 5,000 more than at the same date in 1954. Winter having come earlier than normal this season, haulage could also start earlier and on a larger scale than usual.

Although lumber work has proceeded favourably it is still not possible to judge whether last season's record level will be

reached. Forest sales were rather slow all autumn, and the tendency was uneven. Both buyers and sellers have been cautious and in particular there has been difficulty in agreement on prices of raw timber for industry. The growth of the productive capacity of the pulp and paper industries and the steady markets for their output make it fairly safe to assume that sales and fellings of pulpwood will remain at about their earlier level. With regard to sawn goods, on the other hand, the markets have clearly weakened. Owing to transport difficulties last summer and the hindrance from ice setting in exceptionally early this winter, it seems that, of the sold goods, about double the quantity of last season will have to winter in the Finnish timber yards. As, moreover, stocks are large in the purchasing countries, sales for the coming shipping season have been slow. In so far as the selling difficulties for sawn timber continue, fellings of sawlogs may have to be reduced. So far, however, no such tendencies are reflected in the available figures concerning fellings.

Economic activity has continued brisk and the employment situation was satisfactory all autumn. The unemployment registers were opened three weeks later than in the autumn of 1954, and the numbers registered have stayed on the reasonably low level of that year. In mid-January there were 17,928 persons registered as unemployed, or about 400 more than at the corresponding date of 1954. Owing to the early arrival of winter, forest works got under way about one month earlier than usual, and it seems probable that they will end before spring. In February and March the numbers of unemployed registered may therefore exceed last year's corresponding figures. This unemployment is, however, of a seasonal character and will disappear before summer.

January 14, 1956

BANK OF FINLAND

Mill. mk

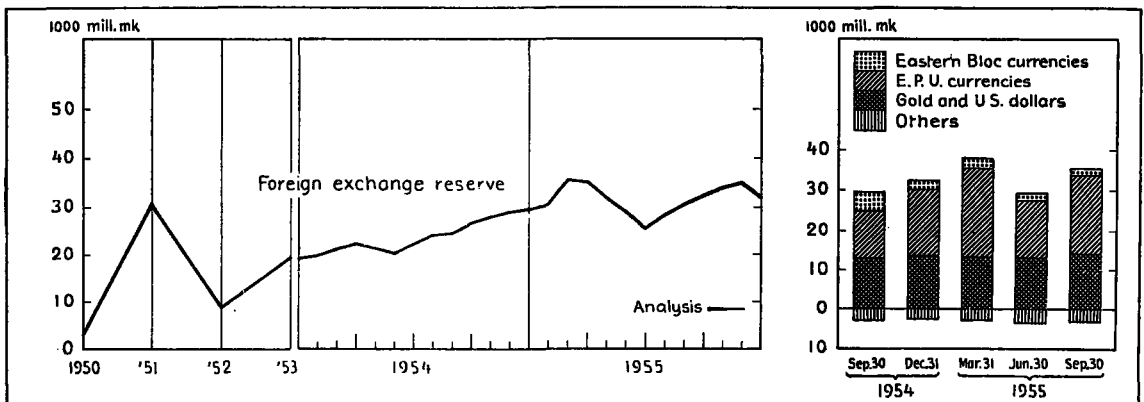
	1954		1955			
	Dec. 31	Nov. 30	Dec. 8	Dec. 15	Dec. 23	Dec. 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	37 545	41 367	41 432	42 004	39 501	38 314
Gold	6 934	7 879	7 879	7 879	7 849	7 849
Foreign exchange	29 639	31 020	31 085	31 657	29 277	28 089
Foreign bills	115	115	115	115	115	115
Foreign bonds	857	2 353	2 353	2 353	2 260	2 261
<i>Supplementary note cover</i>	47 142	52 070	55 206	58 796	68 833	65 576
Inland bills discounted						
In foreign currency	6 737	8 499	8 386	8 447	8 510	8 511
In Finnish currency	11 940	13 563	13 776	13 982	14 264	14 437
Rediscounted bills	8 465	10 008	13 044	16 367	26 059	22 628
Treasury bond loan	20 000	20 000	20 000	20 000	20 000	20 000
<i>Other assets</i>	11 544	13 145	13 519	11 934	11 825	11 616
Finnish bonds	2 248	1 999	1 935	1 935	1 935	1 915
Cheque accounts	—	294	756	460	577	490
Finnish coin	242	237	222	216	184	195
Other claims	9 054	10 615	10 606	9 323	9 129	9 016
Total	96 231	106 582	110 157	112 734	120 159	115 506
Liabilities						
<i>Notes in circulation</i>	47 902	53 493	52 979	53 668	55 216	55 883
<i>Short-term liabilities</i>	29 060	30 640	33 646	35 589	40 286	33 309
Foreign exchange accounts	7 017	4 166	3 894	3 826	3 274	3 855
Mark accounts of holders abroad	3 595	3 946	3 909	3 907	3 937	3 898
Cheque account of the Treasury	15 470	9 627	13 052	13 858	18 907	9 816
Cheque accounts of banks	2 187	6 924	6 500	7 465	7 139	8 384
Other cheque accounts	69	5 323	5 743	5 953	6 470	6 732
Other short-term liabilities	722	654	548	580	559	624
<i>Long-term liabilities</i>	6 507	8 876	8 889	8 950	9 013	9 013
Foreign	6 507	7 582	7 595	7 656	7 719	7 719
Finnish	—	1 294	1 294	1 294	1 294	1 294
<i>Equalisation accounts</i>	2 522	2 232	3 219	3 058	4 077	5 689
<i>Bank's own capital</i>	10 240	11 341	11 424	11 469	11 567	11 612
Original fund	5 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	3 683	—	—	—	—	—
Profits undisposed	36	—	—	—	—	—
Earnings less expenses	1 521	1 341	1 424	1 469	1 567	1 612
Total	96 231	106 582	110 157	112 734	120 159	115 506
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	37 545	41 367	41 432	42 004	39 501	38 314
<i>Supplementary cover</i> (Upper limit 58 000 mill. mk)	47 142	50 000	50 000	50 000	58 000	58 000
Total	84 687	91 367	91 432	92 004	97 501	96 314
Note issue						
<i>Notes in circulation</i>	47 902	53 493	52 979	53 668	55 216	55 883
<i>Short-term liabilities</i>	29 060	30 640	33 646	35 589	40 286	33 309
<i>Undrawn on cheque credits</i>	1 009	690	228	524	408	494
<i>Note reserve</i>	6 716	6 544	4 579	2 223	1 591	6 628
Total	84 687	91 367	91 432	92 004	97 501	96 314

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

BANK OF FINLAND

Mill. mk

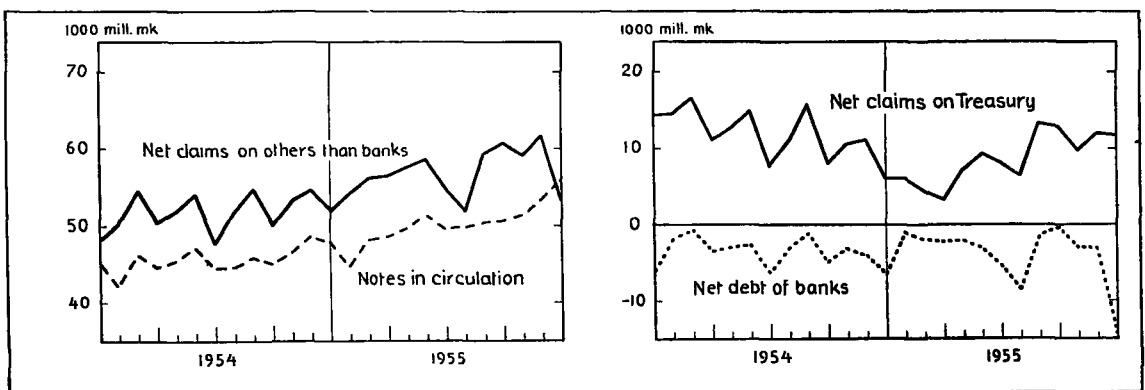
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Redis-counted bills	Cash reserve accounts	Cheque accounts proper	Net claims on the banks (7—8—9)
	1	2	3	4	5	6	7	8	9	10
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										
Jan.	28 492	8 642	19 850	313	9 306	10 857	3 068	—	1 339	1 729
Feb.	30 326	9 169	21 157	521	9 434	12 244	1 550	—	856	694
March	31 444	9 036	22 408	521	9 539	13 390	3 529	—	96	3 433
April	31 718	10 413	21 305	521	8 628	13 198	2 944	—	— 236	3 180
May	32 139	11 602	20 537	521	8 864	12 194	3 677	—	1 108	2 569
June	33 039	10 976	22 063	521	9 398	13 186	7 679	—	1 426	6 253
July	33 394	9 333	24 061	756	10 183	14 634	3 042	—	58	2 984
Aug.	32 533	8 083	24 450	756	9 937	15 269	1 083	—	11	1 072
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



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
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										
Jan.	21 662	7 186	14 476	13 345	14 289	27 634	—	1 448	26 186	42 230
Feb.	21 662	5 041	16 621	12 769	14 779	27 548	—	1 257	26 291	46 225
March	21 662	10 503	11 159	12 694	15 024	27 718	—	1 315	26 403	44 658
April	21 662	9 007	12 655	12 916	15 791	28 707	—	1 352	27 355	45 508
May	21 662	6 751	14 911	13 892	16 013	29 905	—	1 380	28 525	47 169
June	21 662	13 967	7 695	14 004	15 647	29 651	—	1 354	28 297	44 605
July	21 662	10 650	11 012	13 034	16 044	29 078	—	1 223	27 855	44 720
Aug.	21 662	5 853	15 809	11 894	15 118	27 012	—	1 337	25 675	45 850
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



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

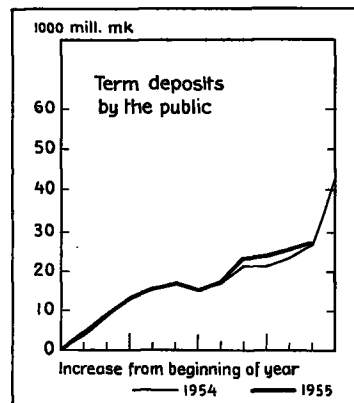
Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1948	19 577	22 947	6 642	24 468	27 218	12 700	9 593	3 665	77 649	107 238
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	10 672	70 455	76 709	42 537	27 074	11 951	228 762	280 441
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1954										
April	31 790	37 860	7 194	74 922	81 841	45 849	28 688	12 896	244 232	289 286
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

Selling rates for foreign exchange

January 20, 1956

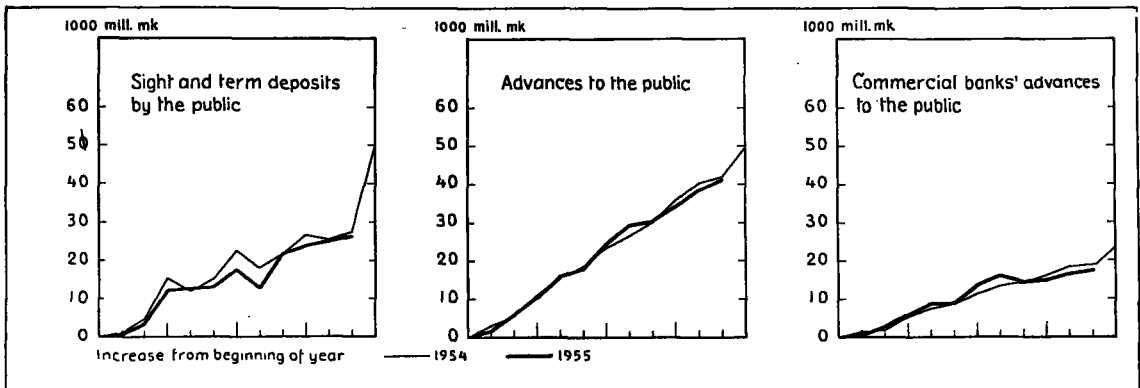
		mk			mk
New York	1 \$	231	Zürich	1 Fr	52.75
London	1 £	646	Frankfurt a/M ..	1 DM	55.04
Stockholm	1 Kr	44.51	Prague	1 Kz	32.08
Copenhagen	1 Kr	33.46	Vienna	1 Sch	8.90
Oslo	1 Kr	32.28	Lisbon	1 Es	8.04
Paris	1 Fr	0.66	Montreal	1 \$	231
Brussels	1 Fr	4.625	Moscow, clear. ...	1 Rbl.	57.75
Amsterdam	1 G	60.86			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total
	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
1948	44 317	21 766	1 415	22 142	2 454	59 290	25 801	7 003	92 094
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	37 984	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	79 184	19 419	310 995
1954									
April	113 128	74 408	20 190	58 423	10 945	186 666	72 882	17 546	277 094
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	212 365	79 184	19 417	310 966
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

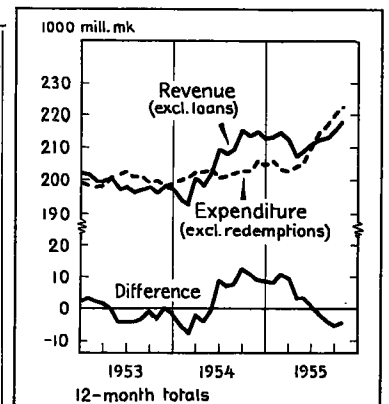


STATE FINANCES

1000 mill. mk

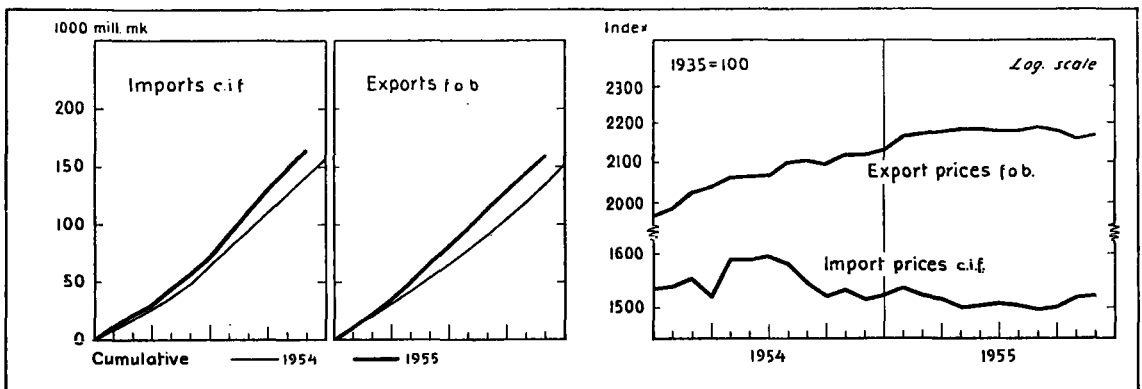
Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1954	1955		1954	1955
Income and property tax (net)	36.1	41.1	Interest on State debt	4.6	4.6
Gross receipts	(69.3)	(74.5)	Child allowances	14.7	14.8
Refunds and communal income tax	(-33.2)	(-33.4)	Old age allowances	2.0	1.8
Other direct taxes	0.7	0.7	Compensations to war-disabled	4.8	5.4
Purchase tax	45.4	38.4	Transfer of employers' payments for national pensions to National Pen- sions Fund	3.4	3.0
Import duties	15.4	20.8	Subsidies	6.8	18.7
Revenue from Alcohol Monopoly ...	14.1	15.9	Payments by Price Equalisation Fund	2.3	2.5
Excise duty on tobacco	8.6	9.0	Reimbursement of 1951 export tax ..	4.1	0.1
Other excise duties	3.4	3.5	State aid to agriculture	4.1	3.8
Stamp duties	5.6	6.6	State aid to communal and private schools	11.5	11.1
Employers' payments for child allow- ances and national pensions	14.8	16.5	Maintenance of roads	3.6	4.1
Receipts of Price Equalisation Fund ..	5.6	8.2	Other current expenditure	48.9	51.9
Other revenue similar to taxes	3.3	3.0	Current expenditure	110.8	121.8
Total taxes	153.0	163.7	Real investments	24.8	25.8
Interest and dividends	2.2	2.4	(of which: unemployment grants) ..	(14.0)	(12.0)
Net profits of State enterprises	0.4	0.3	Other capital expenditure	19.4	25.1
Other current revenue	4.6	5.2	Capital expenditure	44.2	50.9
Current revenue	160.2	171.6	Total expenditure	155.0	172.7
Capital revenue proper	3.9	3.8	Redemption of external loans	2.5	1.8
Decrease in inventories	8.6	2.3	Redemption of internal loans	6.2	3.8
Capital revenue	12.5	6.1	Redemption of Indemnity Bonds etc.	2.1	2.5
Total revenue	172.7	177.7	Index premiums	8.5	8.5
External loans	0.0	2.6	Redemptions	19.3	16.6
Internal loans	9.5	7.5			
Loans	9.5	10.1			
Bills (increase +)	-2.4	-0.5			
Deficit (+) or surplus (-)	-5.5	+2.0			
Total	174.3	189.3			

Debt	1952	1953	1954	1955		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.*
External debt	67.7	65.0	62.1	63.3	63.2	63.0
Ordinary loans	30.3	31.3	36.1	39.7	39.8	41.2
Indemnity bonds etc.	11.5	10.2	8.8	6.7	6.7	6.7
Bills	—	3.4	0.5	0.5	—	—
Cash debt (net)	11.5	11.3	4.3	12.3	8.2	8.5
Internal debt	53.3	56.2	49.7	59.2	54.7	56.4
Total debt	121.0	121.2	111.8	122.5	117.9	119.4
Total debt, mill. \$	523.9	524.7	484.0	530.2	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 ex- ports (+)	Raw materials	Machinery	Foodstuffs	Other consumer goods	Articles of import (c. i. f.)	Articles of export (f. o. b.)
	1	2	3	4	5	6	7	8	9
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
Jan.-Nov.									
1953	109 710	119 467	+ 9 757	43 513	28 950	24 240	13 007
1954	133 807	142 740	+ 8 933	58 881	34 918	23 603	16 406
1955*	158 542	165 653	+ 7 111	68 869	41 973	27 383	20 318
1954									
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	12 087	7 572	- 4 515	5 581	2 836	2 264	1 406	1 514	2 176
April	15 395	13 821	- 1 574	5 731	4 360	2 975	2 330	1 500	2 181
May	16 524	12 683	- 3 841	7 122	4 620	2 780	2 002	1 504	2 184
June	15 252	16 273	+ 1 021	6 861	4 147	2 262	1 982	1 507	2 178
July	14 276	19 632	+ 5 356	6 126	4 467	2 053	1 630	1 503	2 180
Aug.	16 759	20 242	+ 3 483	7 114	4 929	2 712	2 004	1 497	2 189
Sept.	14 427	18 379	+ 3 952	6 252	3 944	2 342	1 889	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



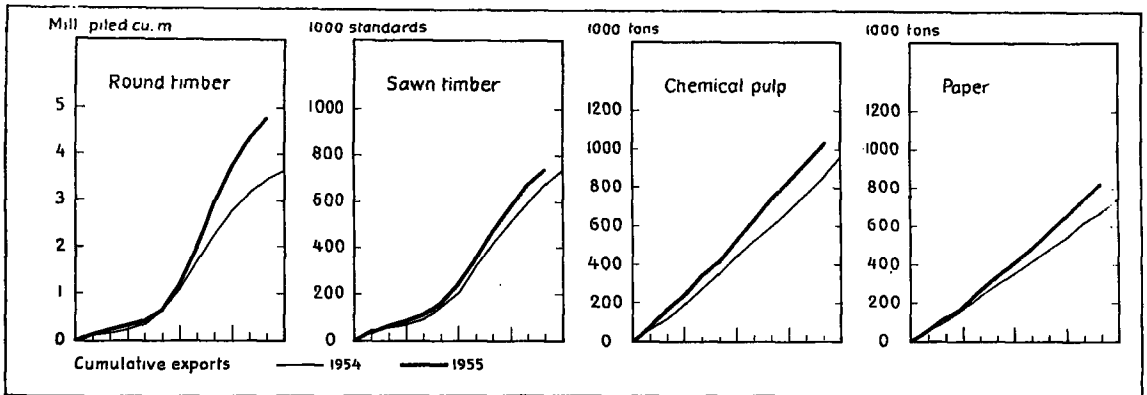
FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports (c. i. f.)				Exports (f. o. b.)			
	Whole year		Jan.—Nov.		Whole year		Jan.—Nov.	
	1953	1954	1954	1955*	1953	1954	1954	1955*
Dairy produce, eggs, honey	412	40	35	1 716	2 094	2 933	2 785	2 079
Other animal products, live animals ..	709	621	471	990	187	1 036	876	310
Vegetables	93	76	69	387	1	1	1	—
Edible fruit	2 150	3 173	2 623	3 339	10	29	25	13
Coffee, tea, spices	6 855	10 299	9 266	7 440	—	0	0	—
Cereals, milling products	10 641	7 079	5 469	9 224	1 164	493	443	1
Certain seeds and fruit, plants for industrial purposes	591	1 205	1 115	1 343	636	125	82	95
Raw materials for tanning and dyeing	85	120	107	100	3	3	3	2
Animal and vegetable fats	2 530	2 310	1 951	1 665	38	370	369	80
Meat and fish products	432	344	283	484	0	0	0	0
Sugar, sweets	3 722	2 673	2 597	3 465	22	17	16	18
Beverages, vinegars	547	820	758	575	234	400	392	138
Fodder	1 109	1 267	989	2 201	196	21	21	—
Tobacco	1 554	1 635	1 537	1 463	—	0	0	0
Minerals, ore	1 198	1 855	1 660	1 964	1 120	1 244	1 165	1 636
Mineral fuel and oils	16 396	18 118	15 882	19 737	30	25	14	12
Chemical and pharmaceutical products	3 663	6 592	5 953	6 643	256	254	225	283
Tanning and dyeing extracts, varnishes	1 321	1 925	1 708	1 879	6	6	3	3
Casein, albumen, glues	336	538	487	577	2	13	13	0
Fertilizers	2 662	3 312	3 077	2 791	1	0	—	0
Hides, skins, leather and furs; manufactures thereof	1 562	1 892	1 707	1 946	672	477	457	776
Rubber and rubber articles	1 359	2 247	1 978	2 866	18	18	17	20
Wood and wood products	234	306	275	551	53 085	62 191	57 313	65 798
Woodpulp	11	7	5	23	22 256	29 880	26 818	33 474
Board, paper, manufactures therefrom	116	212	187	213	26 530	32 909	29 638	36 739
Textile materials, textile goods	14 883	20 077	17 832	19 327	1 115	1 726	1 531	1 742
Footwear	46	55	52	55	23	101	71	39
Articles of stone and of other mineral material, glass	793	1 360	1 179	1 294	466	556	501	564
Base metals; manufactures therefrom	13 987	20 828	17 903	21 581	2 588	2 317	2 127	2 391
Machinery, apparatus	11 525	12 579	11 081	14 554	5 702	5 559	5 013	5 668
Electric machinery and apparatus ...	4 780	6 047	5 431	5 922	1 034	793	685	706
Transport material	11 851	15 761	14 040	15 888	11 077	12 066	11 162	12 289
Instruments, clocks and watches, musical instruments	1 082	1 634	1 444	1 933	54	94	83	59
All others	2 625	5 130	4 656	4 406	935	961	891	718
Total	121 860	152 137	133 807	158 542	131 555	156 618	142 740	165 653

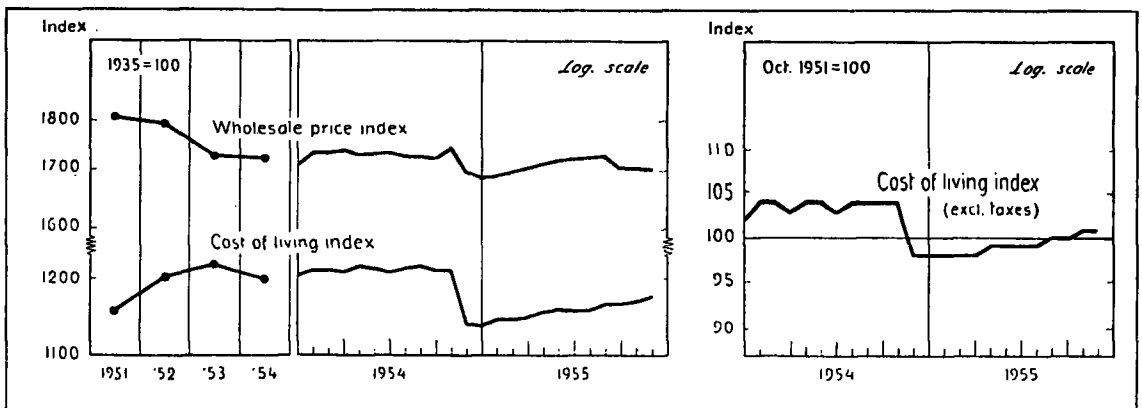
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round and hewn timber 1 000 cu. m.	Sawn timber 1 000 stds.	Veneers and plywood 1 000 cu. m.	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
	1	2	3	4	5	6	7	8	9	10
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
Jan.-Nov.										
1953	2 200	633	191	187	419	293	69	40	368	612
1954	3 440	672	263	177	521	336	91	53	355	677
1955*	4 762	735	297	169	622	406	101	56	430	826
1954										
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	16	41	31	7	5	32	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	790	106	24	19	62	43	9	4	40	75
Aug.	967	128	25	19	72	45	9	4	43	82
Sept.	771	101	25	9	53	30	10	4	42	81
Oct.	633	96	27	17	55	37	9	6	48	88
Nov.	418	64	28	16	60	40	9	6	47	88



FOREIGN TRADE BY COUNTRIES

Area and country	Imports (c. i. f.)					Exports (f. o. b.)				
	Whole year		January—November			Whole year		January—November		
	1953	1954	1954	1955*		1953	1954	1954	1955*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	16.3	19.8	20.1	21.1	33 380	24.8	25.8	25.6	27.7	45 905
United Kingdom	15.8	18.8	19.1	20.5	32 430	22.0	22.5	22.2	24.5	40 644
Other OEEC countries ..	36.3	35.3	35.9	36.2	57 343	29.9	31.7	31.9	32.7	54 221
Belgium-Luxembourg	2.9	3.0	2.9	3.0	4 737	2.8	2.9	3.0	3.5	5 828
Denmark	3.0	2.4	2.4	3.7	5 840	3.5	3.4	3.5	3.0	4 947
France	5.7	6.2	6.1	6.1	9 608	4.4	4.7	4.7	4.7	7 836
Western Germany	7.7	6.7	6.7	8.8	14 040	7.0	7.4	7.3	9.3	15 407
Italy	1.1	1.2	1.2	1.0	1 663	0.9	1.4	1.4	1.0	1 748
Netherlands	6.2	6.5	7.0	3.5	5 592	4.6	4.5	4.6	4.6	7 568
Norway	1.6	1.9	1.9	2.0	3 179	0.8	1.3	1.3	1.4	2 293
Sweden	4.3	4.6	4.5	4.9	7 717	3.2	2.7	2.8	1.8	3 022
Switzerland	1.6	1.2	1.1	1.4	2 184	0.3	0.7	0.7	0.9	1 551
Turkey	0.9	0.7	0.8	0.5	782	1.3	1.5	1.5	1.0	1 590
Soviet Bloc	34.5	28.7	28.6	27.1	43 009	31.3	27.9	28.4	25.2	41 755
China	0.3	0.4	0.4	0.5	781	0.9	1.0	1.0	1.7	2 813
Czechoslovakia	3.3	2.7	2.8	2.8	4 494	0.6	0.7	0.7	0.9	1 546
Eastern Germany	1.9	2.6	2.7	2.7	4 228	1.4	1.7	1.7	2.0	3 350
Poland	6.8	4.2	4.2	4.9	7 774	2.1	2.1	2.1	2.1	3 373
Soviet Union	21.4	17.8	17.5	14.6	23 150	25.4	21.5	22.0	17.1	28 292
U.S. and Canada	5.2	4.7	4.6	5.2	8 322	7.3	5.9	5.8	5.7	9 480
United States	5.0	4.6	4.5	5.1	8 148	7.2	5.8	5.7	5.7	9 402
Latin America	4.4	7.8	7.7	7.5	11 833	3.0	4.8	4.4	5.5	9 030
Argentina	1.5	2.0	1.9	2.9	4 649	0.9	1.7	1.5	2.2	3 620
Brazil	2.3	5.5	5.6	4.2	6 605	1.3	2.1	2.1	2.5	4 159
Others	3.3	3.7	3.1	2.9	4 655	3.7	3.9	3.9	3.2	5 262
Grand total	100.0	100.0	100.0	100.0	158 542	100.0	100.0	100.0	100.0	165 653



PRICE INDICES

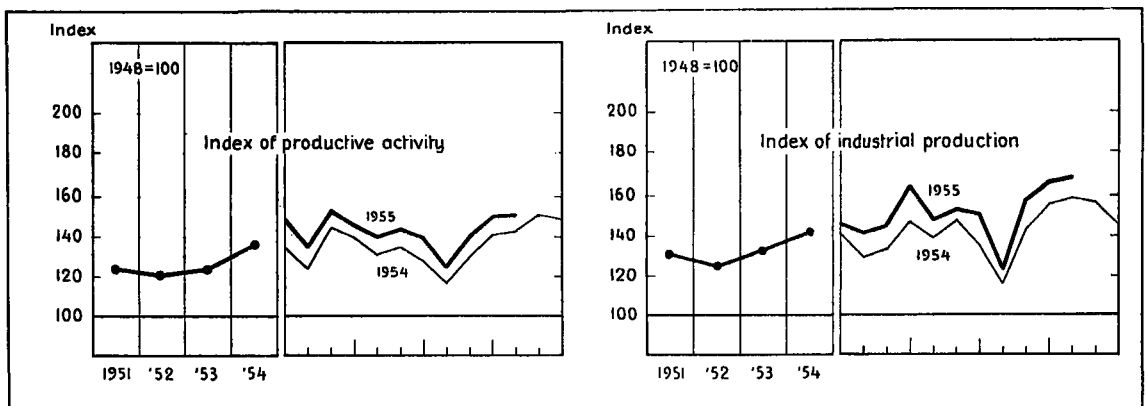
Period	Wholesale prices 1935 = 100						Cost of living 1935 = 100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
	1	2	3	4	5	6	7	8	9
1938	114	118	117	145	110	104	108	111	90
1948	1 090	1 117	1 397	1 499	903	1 022	856	161	1 604
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									
March	1 702	1 824	1 786	3 053	1 421	1 443	1 146	747	2 014
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

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
	10	11	12	13	14	15	16	17	18
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
1954									
Dec.	98	99	179	80	73	101	101	96	109
1955									
Jan.	98	100	179	80	73	101	101	95	109
Feb.	98	100	179	80	73	101	101	96	108
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

PRODUCTION-INTERNAL TRADE-WORK CESSATIONS

Period	Index of industrial production ¹⁾ 1948 = 100						Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index 1948 = 100	Working- days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
	1	2	3	4	5	6	7	8	9	10
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
Jan.-Oct.										
1953	125	131	109	111	117	102	23 300	1 418	150	53
1954	141	141	117	139	152	120	28 340	1 472	160	116
1955	152	152	127	152	177	117	32 060	1 451*	187	340
1954										
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	168	145	167	201	119	2 237	124*	211	8

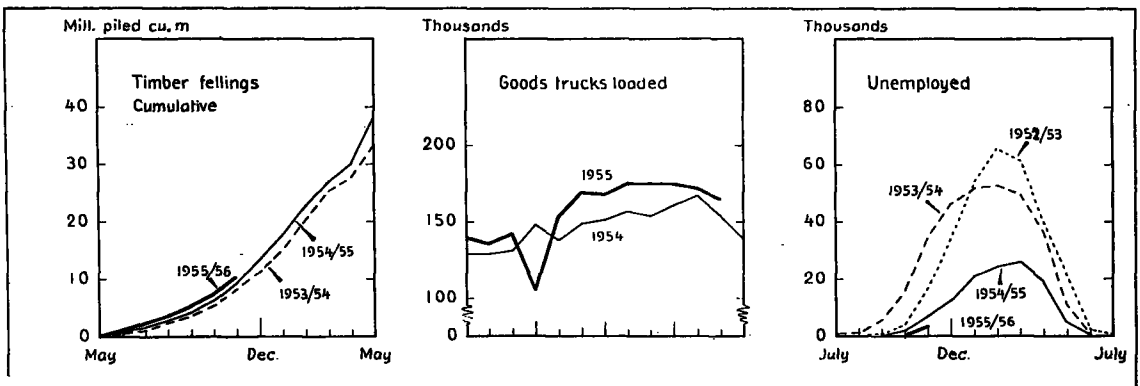
¹⁾ Preliminary figures since 1954



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period 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.	10	11	12	13	14	15	16	17	18	19
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	—	390	—	434	—	12 649	—	70.3	—
Jan.-Nov.	1 639	1 736	3 484	3 978	4 608	5 185	—	—	—	—



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, saving 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 CESSATION

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 cessation* 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 COMMUNICATION

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 communication 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 (1938 = 100) 107 for 1954. Measure of self-sufficiency in the crop year 1953/54: bread cereals 62 %, fertilizers 47 %, dairy products 10 %, meat 102 %, fodder 97 %.

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 industrial production (1938 = 100) 200 for 1954.

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

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 management is divided between the Bank Supervisors, appointed by the Diet, and the Board of Management, appointed by the President of the Republic. 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 ¼ % and sight deposits 1—1 ½ %; lending rate 8 % in general.

THE BANK OF FINLAND IN 1955

BY

REINO ROSSI, Ph. D.

HEAD AD INT. OF THE INSTITUTE FOR ECONOMIC RESEARCH OF THE BANK OF FINLAND

THE GOALS AND ACHIEVEMENTS OF MONETARY POLICY

At the beginning of 1955, the Board of Management of the Bank of Finland based its estimate of the business conditions on the assumption that, after the recovery which started in 1954, the economy would continue to expand in 1955. Thus, a restrictive monetary policy was requisite to control the boom and to curb the inflationary tendencies, but not, however, by letting exchange reserves fall.

In order to strengthen the restrictive monetary policy, voluntary cash reserve agreements were signed by the Bank of Finland and the various credit institutions, such agreements coming into force from February 1, 1955. By the terms of these agreements, the credit institutions had to deposit a certain proportion of the monthly increase of the deposits of the public in a special cash reserve account with the Bank of Finland. The period of validity of the agreements, originally fixed at eight months, was extended, without major changes, to January 31, 1956.

On July 1, a special deposit procedure against import licences was introduced as the second measure to tighten the money market as well as to check the growth of unused licences. The importer had to deposit with the Bank of Finland an amount corresponding to 10 per cent of the value of the licence. This deposit obligation was

extended on September 1 to imports from all countries.

The granting of special import licences was the third measure used to check, in particular, the seasonal easing of the money market. In this case, the total value of the licence had to be paid to the Bank of Finland within a short period of time.

The way in which the Bank of Finland succeeded in tightening the credit market is evidenced by the following figures:

FACTORS AFFECTING CENTRAL BANK MONEY IN PRIVATE HANDS IN 1955

	Effect, mill.mk (increasing + decreasing -)
Net foreign balances, increase	+ 2,416
Net debt of the Treasury, increase	+ 5,652
Advances to business enterprises, incr. +	4,737
Cash reserve accounts, increase	- 6,677
Deposits against import licences, incr. -	6,578
Bank's own funds, increase	- 1,372
Other factors, net change	- 4,840
Effect of the factors above	- 6,662
Rediscounts, increase	+ 14,163
	<hr/>
	Net change + 7,501

CATEGORIES OF CENTRAL-BANK MONEY

	Change, mill.mk
Notes in circulation	+ 7,981
Cheque accounts of banks excl. cash reserve accounts	- 480
	<hr/>
	Net change + 7,501

As these figures indicate, the net increases of foreign balances, Government debt and advances to businesses were the primary factors increasing the amount of central bank money. Their total expansive effect amounted to 12,800 mill. marks. It was,

however, more than neutralised by the increases in cash reserve accounts, deposits against import licences and the Bank's own funds. These items amounted to 14,600 mill. marks, while other counterbalancing items totalled over 4,800 mill. marks. Thus the net effect of the restrictive monetary measures mentioned above was 6,700 mill. marks.

These monetary measures did not, however, succeed in preventing the expansion of bank loans and economic activity and in this way the increase in the demand for notes in circulation. This resulted in the increase of rediscounts — in spite of the exceptionally high bank rate, up to 11 per cent — by nearly 14,200 mill. marks, which approximately equals the sum total of the net effect of the restrictive measures and the increase of notes in circulation.

THE BALANCE SHEET

The balance sheet of the Bank of Finland was reconstituted so that the statement might give a better account of the position of the Bank (see Bulletin No. 10, 1955). The first statement in accordance with the new principles is that from August 31, 1955.

The following table shows the changes in the various items of the balance sheet in 1955.

Foreign balances

As is shown in the balance sheet, the gold and foreign exchange assets were reduced in 1955 by 600 mill. marks. The net increase of exchange reserves was, however, 2,500 mill. marks. This is explained by the fact that the short-term liabilities on the foreign exchange account were reduced by 3,200 mill. marks. The exchange reserves amounted to 32,100 mill. marks at the end of 1955.

The foreign bonds increased in the course of the year by 1,400 mill. marks. On the

BALANCE SHEET

<i>Assets</i>	Dec. 31	Change
	1955	in 1955
	Mill. mk	
Ordinary note cover	38,314	+ 769
Gold	7,849	+ 915
Foreign exchange	28,089	— 1,550
Foreign bills	115	—
Foreign bonds	2,261	+ 1,404
Supplementary note cover	65,576	+ 18,434
Inland bills discounted		
In foreign currency	8,511	+ 1,774
In Finnish currency	14,437	+ 2,497
Rediscounted bills	22,628	+ 14,163
Treasury bond loan	20,000	—
Other assets	11,616	+ 72
Finnish bonds	1,915	— 333
Cheque accounts	490	+ 490
Finnish coin	195	— 47
Other claims	9,016	— 38
	Total 115,506	+ 19,275
<i>Liabilities</i>		
Notes in circulation	55,883	+ 7,981
Short-term liabilities	33,309	+ 4,249
Foreign exchange accounts .	3,855	— 3,162
Mark accounts of holders abroad	3,898	+ 303
Cheque account of the Treas- ury	9,816	— 5,654
Cheque accounts of banks ..	3,384	+ 6,197
Other cheque accounts	6,732	+ 6,663
Other short-term liabilities .	624	— 98
Long-term liabilities	9,013	+ 2,506
Foreign	7,719	+ 1,212
Finnish	1,294	+ 1,294
Equalisation accounts	5,689	+ 3,167
Bank's own capital	11,612	+ 1,372
Original fund	10,000	+ 5,000
Reserve fund	—	— 3,683
Profits undisposed	—	— 36
Earnings less expenses	1,612	+ 91
	Total 115,506	+ 19,275

other hand, the mark accounts of holders abroad increased by 300 million, and the long-term foreign liabilities increased by 1,200 mill. marks, the latter reflecting the disbursement of loans granted by the IBRD.

The above mentioned changes resulted in an improvement of 2,400 mill. marks in the *net foreign assets* of the Bank of Finland.

The major changes made during the course of the year in the statement of foreign balances were the adoption of presentation of the exchange reserves in gross figures, the inclusion of the exchange on clearing

accounts in Foreign exchange accounts, and the inclusion, under the heading of Inland bills discounted in foreign currency, of the majority of the bills previously grouped as Foreign bills. These are, in fact, bills in foreign currency covering loans received by businesses from the IBRD.

Credits granted to trade and industry

In spite of the efforts of the Bank of Finland to reduce direct lending to its customers in industry and trade, inland bills discounted in Finnish currency rose by 2,500 mill. marks in 1955. This was a consequence of the fact that businesses, to a more marked extent than previously, made use of their right to borrow within the credit limits set out at the beginning of the year. The total increase of inland bills discounted amounted to 4,300 mill. marks in 1955 by reason of the additional fact that the bills in foreign currency covering the loans from the IBRD rose by 1,800 mill. marks.

In connection with the reconstruction of the statement of the Bank of Finland, the prepayments to Finnish exporters for exports to the USSR, previously grouped under Clearing accounts on the assets side, were transferred to the group Other claims. It is worth noting that, among liabilities, the deposits against licences form a part of the group Other cheque accounts.

Accounts of the Treasury

The reduction of the cheque account of the Treasury by 5,700 mill. marks was the most noticeable change in the accounts of the Treasury with the Bank of Finland.

Of other items of the balance sheet associated with the accounts of the Treasury it is worth noting the new item Finnish

long-term liabilities. In 1955 it amounted to 1,300 mill. marks representing part of the debt of the Treasury to the USSR. This amount was reloaned by the Treasury to the Bank of Finland for strengthening of the foreign exchange reserve.

RIGHT TO ISSUE NOTES

The following table shows changes for 1955 in the right to issue notes, and the amount of the note issue used.

STATEMENT OF NOTE ISSUE		
	Dec. 31 1955	Change in 1955
	Mill. mk	
<i>Right of note issue</i>		
Ordinary cover	38,314	+ 769
Supplementary cover (upper limit mk 58,000 m.)	58,000	+ 10,858
Total	96,314	+ 11,627
<i>Note issue</i>		
Notes in circulation	55,883	+ 7,981
Short-term liabilities	33,309	+ 4,249
Undrawn on cheque credits ..	494	— 515
Note reserve	6,628	— 88
Total	96,314	+ 11,627

The introduction of the cash reserve deposits and the deposits against import licences plus the sharp rise in the amount of notes in circulation necessitated the raising of the upper limit of the supplementary cover to 58,000 mill. marks, to be in force from December 1955 to the end of 1956. This action was based on 6 § in the Regulations for the Bank of Finland.

BANK'S OWN CAPITAL

The most important change in the Bank's own capital was the rise on November 30, 1955, of the original fund to 10,000 mill. marks. The increase was carried out by transferring funds from Reserve fund and Equalisation accounts. The profit of the Bank for 1955 amounted to 1,612 mill. marks.

ITEMS

Finland becomes a member of the United Nations. On December 14, 1955, the General Meeting of the United Nations decided to adopt Finland and fifteen other countries as members. In 1947, when Finland applied for membership, the Finnish Diet had accepted the obligations contained in the Charter of the UN. Previously, Finland had an observer in the UN. A permanent delegation will now be appointed, comprising an ambassador and one or two assistant delegates.

*

Liberalisation of imports. On December 22, 1955, the Licensing Office further increased the number of goods for which import licences are granted automatically. The increase is estimated to represent about 8,000 mill. marks per annum, and brings the total of imports released from quantity restrictions up to 85,000 mill. marks a year, or about 50 per cent of the total value of imports.

Previously, the liberalisation concerned no dollar goods, but the latest list published contains a separate group of articles which may be paid for in dollars.

*

Varying rates of exchange. On December 31, 1955, the Bank of Finland introduced variable rates of exchange for sterling, Swedish, Danish and Norwegian crowns, Guilders, Swiss and Belgian francs, and DM. The range of fluctuations will be the same as stipulated in the 1953 arbitrage agreement of certain OEEC countries, i.e. $\frac{3}{4}$ per cent below or above par. The official sight selling rates will be quoted once daily.

At the same time the banks dealing in foreign exchange were authorised to perform arbitrage dealings both with each other and with foreign banks holding similar rights. In the case of the foreign banks, however, transactions are so far permitted only between sterling and the currencies of those countries whose payments agreements with Finland do not prevent such operations.

*

Travellers' exchange. On December 15, 1955, the Bank of Finland lowered the tourist rates of exchange by 6 per cent. These rates had been about 50 per cent higher than the official ones. At the same time the mark amount for which people travelling to other than the Scandinavian countries are allowed to buy foreign currencies was raised from 30,000 marks to 50,000 marks. The corresponding quota for Scandinavia was retained at 25,000 marks.

*

Trade agreement. On December 29, 1955, an agreement was signed with *Sweden* covering the exchange of goods during 1956. No quotas are fixed for Finnish exports, which are estimated at 65 mill. Swedish crowns. Of the imports from Sweden, the number of commodities fixed by quota has been further reduced, so that quota-bound imports now represent only 9 mill. Swedish crowns.

*

Reduction of the Government's economic control. Last December the Diet rejected the bill for the renewal, for 1956, of the Emergency Act. This Act was first passed

in 1941 and had been in force ever since, granting the Government the right of economic control. — Rent control was also relaxed and partly abolished. For details, see Recent Developments.

*

New interest agreement. Last December the joint delegation of the financial institutions recommended a new interest agreement, which came into force on January 1. Under this agreement, the maximum rate of interest paid on deposits by the public was lowered to $5\frac{3}{4}$ per cent. The savings banks, co-operative credit societies, and savings departments of co-operative stores reduced their highest deposit rate by $\frac{1}{2}$ per cent, and the commercial banks and the Post Office Savings Bank theirs by $\frac{1}{4}$ per cent. By this means there was eliminated the difference between the rates credited by different categories of credit institutions. — Other rates are applied as provided for in the agreement of May 1955 (see Bulletin No. 6, 1955).

*

New Bond Loans. On January 2 the Government issued three new bond loans to a total value of 4,500 mill. marks. 1) The 1956 $6\frac{1}{2}$ % bond loan amounts to 1,000 mill. marks and will expire in 1976. An index clause is attached to the loan providing for a rise of 1 per cent in interest payments and amortisation for each 2 per cent rise in the cost of living index. No premium will, however, be paid until the index has risen by 5 %. 2) The 1956 bond loan with a varying rate of interest amounts to 2,000 mill. marks and will expire in 1966. The rate of interest is to be 2 % per cent above the rate credited on deposit accounts by the largest two commercial banks. The loan is tied to the cost of living index in the same way as is mentioned above. 3)

The 1956 $8\frac{1}{2}$ % bond loan amounts to 1,500 mill. marks and will expire in 1960. No index clause is attached to this loan.

*

The right to issue notes. On December 23, 1955, an act was passed by which the upper limit of the supplementary note cover was raised from 50,000 mill. marks to 58,000 million. This stipulation will be valid to the end of 1956.

*

New mortgage institution. On December 23, 1955, the Government granted the Mortgage Bank of Finland Oy the right to commence business. Its share capital is 100 mill. marks, and this may be increased to 300 million by decision at the annual meeting. Of the 100 shares, the Bank of Finland subscribed 98 and the National Pensions Fund and Tervakoski Oy one each. The Mortgage Bank of Finland will grant long-term mortgage loans for industrial purposes and procure the necessary funds by raising long-term loans abroad. The object of the Bank is to release the Bank of Finland from dealing with long-term foreign loans.

*

Changes in the Bulletin. Considerable changes with regard to contents and typography have been introduced in the present issue. The statistical section has been thoroughly revised, several old series have been replaced by new ones, while a number of diagrams have been inserted to illustrate figures of particular interest. All data formerly given in footnotes are now combined on the last page of the statistical section. In view of the condensed and permanent form of the Bulletin it has not been considered necessary to maintain the table of contents.

BANK OF FINLAND

(Cable address Suomenpankki)

BOARD OF MANAGEMENT

v. Fieandt, R., Governor
Waris, Klaus, Deputy Governor
Juttila, K. T.
Kekkonen, Urho, absent as Prime Minister
Leinonen, Esko K., ad int.
Sundman, C. G., ad int.

HEADS OF DEPARTMENT

Leinonen, Esko K., Secretariat	Aspelund, Arthur, Cash
Rossi, Reino, ad int., Institute for Economic Research	Helander, J., Foreign currency control
Engberg, G., Personnel	Österlund, P.-E., Foreign currency
Sundman, C. G., Foreign currency	Jussila, Eino, Office
Blomquist, P., Accounts and Control	Nenonen, A., Foreign correspondence
Kajantie, A., Documentary credits	Lindström, Helge, Credits

THE BANK OF FINLAND MONTHLY BULLETIN

is sent free of charge to anyone wishing to receive it. Should extracts from the Bulletin be printed, the source should be stated. Correspondence with regard to the Bulletin should be addressed to the Bank of Finland Institute for Economic Research, Helsinki, Finland.
