



# BANK OF FINLAND

## MONTHLY BULLETIN

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NOVEMBER

1957

### RECENT DEVELOPMENTS

#### IMMEDIATE EFFECTS OF DEVALUATION

The effects of the devaluation carried out on September 15 have so far appeared mainly in the foreign exchange position and on the money market. As yet, it is too early to forecast what the process of adaptation following the devaluation and the large-scale liberalisation of imports will mean to the economy as a whole.

As expected, the exchange position improved immediately after the devaluation. The Bank of Finland's gold and foreign exchange reserves, which during the first half of this year had fallen by 9 600 million to 15 200 million marks, had again dropped after the July—August period of reinforcement, so that at the date of devaluation they amounted to only 17 200 million marks. If the rise in the book value of the reserves is not taken into consideration, their net amount rose by more than 4 000 million marks during the last two weeks of September. The same development continued through October, at the end of which month the reserves exceeded by 10 900 million marks those immediately following the devaluation.

If this improvement is expressed in terms of dollars, the exchange reserves increased by well over 34 million from mid-September to the end of October. Of this total, 20 million consisted of dollars and the currencies

of the Western European arbitrage group. If the gold reserve, whose book value has not so far been changed, is calculated at its true dollar value, the Bank's gold and foreign exchange reserves amounted to 110 million dollars at the end of October, or the same as at the end of 1956.

There is no reason to believe that this increase in the exchange reserves indicates a permanent improvement in the currency position, as it was mainly the result of pre-devaluation speculation. Actually, the increase in the exchange reserves is already ceasing. Since no rise can at present be expected in the foreign exchange earnings, the exchange position will depend on how the large-scale liberalisation affects imports. As the liberalised imports, with the exception of raw materials and large capital goods, must be paid for before clearance at the customs, the volume of imports simply cannot grow very much from its present level as long as the money market is tight.

The increase in the foreign exchange reserves temporarily eased the money market. Below are shown the factors which, according to the balance sheet of the Bank of Finland, had an expanding (+) or contractive (—) impact on the money market

*On page 18, The National Income of Finland, 1954—1956*

as from the date of devaluation to the end of October:

	1 000 million marks
Gold and foreign exchange reserves ....	+ 10.9
Bills rediscounted .....	— 9.9
Bills discounted .....	— 2.1
Cheque account of the Treasury .....	— 0.8
Equalisation accounts and Bank funds ..	+ 1.1
Other items (net) .....	+ 0.9
Total = increase of note circulation	<u>+ 0.1</u>

The banks thus cut down their rediscounts by nearly as much as the exchange reserves grew. The cut in the rediscounts of the commercial banks in fact amounted to 10 700 million marks, whereas the Central Bank of the Co-operative Credit Societies increased its rediscounts by 800 million marks. So far, the rise in the exchange earnings has brought about a relaxation with regard to the commercial banks only as loans were repaid and funds accumulated on cheque accounts. The term deposits of all credit institutions show no rise due to the devaluation, but only a transfer of funds from ordinary to index-tied accounts. For these reasons, lending diminished in the whole banking sector.

Undoubtedly the commercial banks have not used the relaxation in their position to increase their lending to the public, because they understand the relief to be only temporary. The export levy introduced on September 16 will not begin to tighten the money market with full force until mid-November. Furthermore, the need for credits will increase as stocks will have to be replenished with goods purchased at the new and higher rates of exchange. Consequently, the commercial banks have had to prepare for future credit requirements, since the progressive excess interest rates debited for rediscounts effectively reduce their enthusiasm for procuring additional funds at the Bank of Finland.

The money market has also been tightened by the Bank of Finland cutting down its

advances to private clients, and by the balance on the cheque account of the Treasury having slightly risen as a result of the stabilisation measures taken and also in part of normal seasonal fluctuations. The surplus of revenue has actually been increasing, but it has been used for the settlement of overdue obligations.

On the whole, the financial situation has been mastered since the devaluation, and no uncontrolled factors have appeared. There has been a shortage of money, and a monetary expansion has so far been completely avoided. The note circulation has remained practically unchanged. The tendency on the Stock Exchange also corroborates this view. The index for industrial shares, which before the devaluation was 518, and within five days afterwards rose to 536, has thereafter considerably declined and was only 469 at the end of October.

So far the devaluation has had a fairly small effect on the prices. The cost of living index, which in August was 125, was 126 in September and rose to 127 in October. And even this latter increase was only in part due to the devaluation, and chiefly to the fact that rises in rents are annually taken into account in the index for October. Wholesale prices were, of course, affected more rapidly, the index rising from 1 919 in August to 1 955 in September and 2 080 in October. The full impact of the new import prices will not be felt in the general price level for many months. The danger seems remote that the price level would rise more than the increase in import prices occasions. Apart from the fact that the price stop announced in connection with the devaluation has been extended until the end of this year, business is wrestling with marketing difficulties, which necessarily checks the enticement to raise prices.

*November 16, 1957.*

## BANK OF FINLAND

Mill. mk

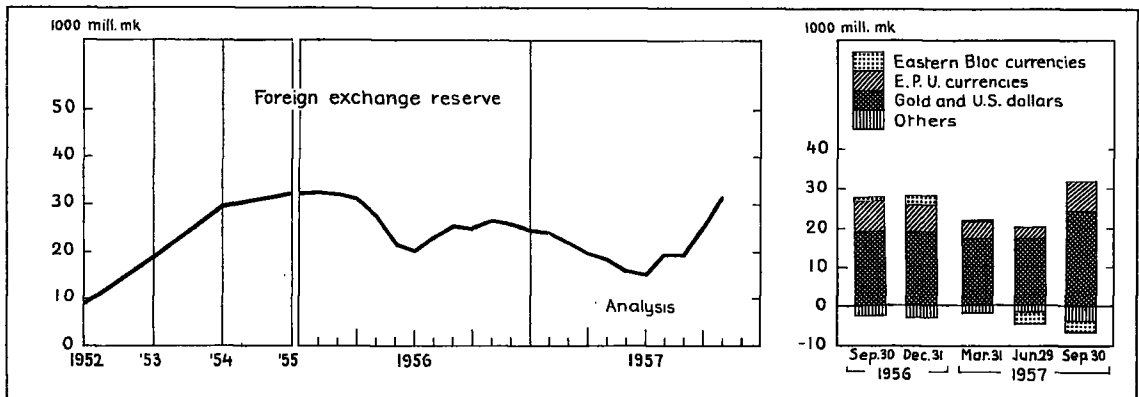
	1956		1957			
	Oct. 31	Dec. 31	Oct. 8	Oct. 15	Oct. 23	Oct. 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	33 541	32 300	38 724	39 377	40 803	41 066
Gold .....	7 849	7 849	7 850	7 850	7 850	7 850
Foreign exchange .....	22 670	21 561	27 963	28 616	30 042	30 305
Foreign bills .....	115	115	136	136	136	136
Foreign bonds .....	2 907	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	64 348	75 453	60 328	57 226	57 118	57 483
Inland bills discounted						
In foreign currency .....	9 439	9 366	13 228	13 233	13 233	13 252
In Finnish currency .....	16 517	14 922	15 868	15 816	15 586	15 088
Rediscounted bills .....	20 892	33 665	14 982	11 927	12 049	12 893
Treasury bond loan .....	17 500	17 500	16 250	16 250	16 250	16 250
<i>Other assets</i> .....	14 694	13 370	18 858	18 708	18 923	18 514
Finnish bonds .....	1 998	1 794	1 511	1 477	1 473	1 474
Cheque accounts .....	573	862	645	350	697	422
Finnish coin .....	337	354	346	374	378	377
Other claims .....	11 786	10 360	16 356	16 507	16 375	16 241
Total	112 583	121 123	117 910	115 311	116 844	117 063
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	56 795	60 735	52 876	53 017	52 125	54 094
<i>Short-term liabilities</i> .....	16 905	24 725	21 302	18 701	21 256	19 522
Foreign exchange accounts .....	3 801	4 601	7 979	7 297	7 175	6 433
Mark accounts of holders abroad .....	6 516	7 047	7 562	7 540	7 691	7 675
Cheque account of the Treasury .....	4 906	10 550	3 071	1 289	5 224	4 008
Cheque accounts of banks .....	447	1 167	2 142	1 931	553	771
Other cheque accounts .....	387	367	147	246	209	130
Other short-term liabilities .....	848	993	401	398	404	505
<i>Long-term liabilities</i> .....	17 836	14 725	15 343	15 370	15 391	15 441
Foreign .....	8 257	8 290	12 100	12 102	12 101	12 122
Finnish .....	9 579	6 435	3 243	3 268	3 290	3 319
<i>Equalisation accounts</i> .....	8 707	8 074	15 190	14 994	14 804	14 673
<i>Bank's own funds</i> .....	12 340	12 864	13 199	13 229	13 268	13 333
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	806	812	1 838	1 838	1 838	1 838
Profits undisposed .....	6	—	—	—	—	—
Earnings less expenses .....	1 528	2 052	1 361	1 391	1 430	1 495
Total	112 583	121 123	117 910	115 311	116 844	117 063
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	33 541	32 300	38 724	39 377	40 803	41 066
<i>Supplementary cover</i>						
(Upper limit 58 000 mill. mk) .....	58 000	58 000	58 000	57 226	57 118	57 483
Total	91 541	90 300	96 724	96 603	97 921	98 549
<b>Note issue</b>						
<i>Notes in circulation</i> .....	56 795	60 735	52 876	53 017	52 125	54 094
<i>Short-term liabilities</i> .....	16 905	24 725	21 302	18 701	21 256	19 522
<i>Undrawn on cheque credits</i> .....	606	316	579	873	526	802
<i>Unused right of note issue</i> .....	17 235	4 524	21 967	24 012	24 014	24 131
Total	91 541	90 300	96 724	96 603	97 921	98 549

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

## BANK OF FINLAND

Mill. mk

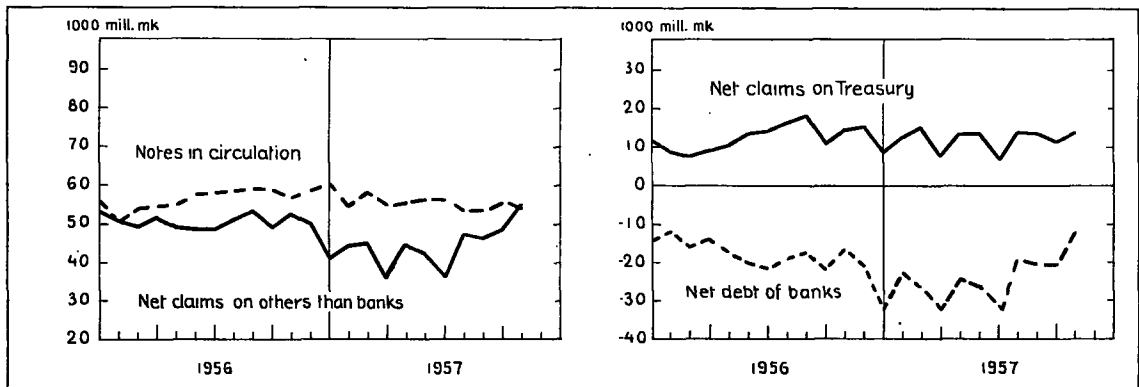
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1956										
April	31 086	3 937	27 149	2 560	12 400	17 309	24 790	7 062	530	17 198
May	27 877	6 031	21 846	2 560	12 694	11 712	27 236	6 373	665	20 198
June	28 020	7 547	20 473	2 560	13 387	9 646	27 283	5 622	507	21 154
July	29 148	6 080	23 063	2 560	13 681	11 947	26 918	7 046	812	19 060
Aug.	31 221	5 745	25 476	2 560	13 726	14 310	23 513	5 497	690	17 326
Sept.	30 613	5 475	25 138	2 560	14 355	13 343	27 223	4 671	782	21 770
Oct.	30 519	3 801	26 718	3 022	14 773	14 967	20 892	3 960	447	16 485
Nov.	29 676	3 682	25 994	3 022	15 003	14 013	25 177	3 755	464	20 958
Dec.	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 176
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	—	32 318
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	—	24 486
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept.	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	—	20 494
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122



## 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	5 470	18 986	—	263	18 723	34 383
1951	8 685	—	8 685	11 567	6 193	17 760	—	301	17 459	44 774
1952	14 738	—	14 738	14 678	12 696	27 374	—	2 185	25 189	46 153
1953	21 662	7 281	14 381	13 812	15 525	29 337	—	2 314	27 023	45 019
1954	21 662	15 470	6 192	11 940	14 129	26 069	—	791	25 278	47 902
1955	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1956										
April	20 410	10 162	10 248	19 782	18 210	37 992	8 753	1 192	28 047	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 290	1 279	30 024	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 541	1 100	31 426	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 674	1 124	29 888	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 288	1 127	28 140	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 885	948	32 530	58 831
Oct.	19 160	4 906	14 254	16 517	20 138	36 655	4 325	1 235	31 095	56 795
Nov.	19 160	4 091	15 069	15 958	19 260	35 218	4 349	1 470	29 399	58 468
Dec.	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	18 294	33 721	4 151	1 060	28 510	54 160
Feb.	19 160	4 103	15 057	15 755	18 803	34 558	4 057	841	29 660	58 245
March	19 160	11 414	7 746	17 181	19 201	36 382	4 074	573	31 735	54 967
April	19 160	5 466	13 694	16 984	19 628	36 612	—	706	35 906	55 764
May	17 910	4 210	13 700	16 943	20 252	37 195	—	784	36 411	56 311
June	17 910	10 543	7 367	17 485	21 873	39 358	—	605	38 753	56 177
July	17 910	3 799	14 111	17 484	21 633	39 117	—	558	38 559	53 471
Aug.	17 910	4 148	13 762	17 213	21 252	38 465	—	746	37 719	53 736
Sept.	17 910	6 406	11 504	16 269	29 465	45 734	—	370	45 364	55 828
Oct.	17 910	4 008	13 902	15 088	28 255	43 343	—	635	42 708	54 094



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

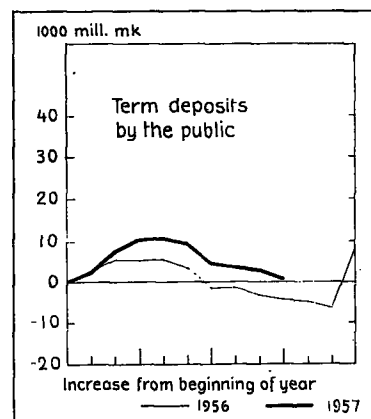
Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1956										
April	33 982	41 093	9 634	98 564	110 268	62 778	33 842	15 832	321 322	372 049
May	33 620	40 799	9 669	97 684	109 704	62 476	33 401	15 691	318 994	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 365	372 689
July	37 040	45 098	9 583	95 701	108 382	61 779	33 136	15 362	314 398	369 079
Aug.	34 995	43 119	7 618	94 685	107 983	61 586	33 096	15 284	312 672	363 409
Sept.	36 666	43 786	15 675	94 176	107 675	61 159	33 209	15 253	311 510	370 971
Oct.	40 382	48 603	8 877	93 059	107 979	61 218	33 170	15 380	310 844	368 324
Nov.	38 283	45 619	9 043	91 960	107 641	61 128	33 001	15 380	309 148	363 810
Dec.	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*										
Jan.	36 315	43 381	9 491	97 684	113 247	64 187	34 489	16 347	325 991	378 863
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227
June	31 562	37 718	16 026	98 735	112 709	64 938	34 215	16 578	327 210	380 954
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579

## Selling rates for foreign exchange:

October 31, 1957

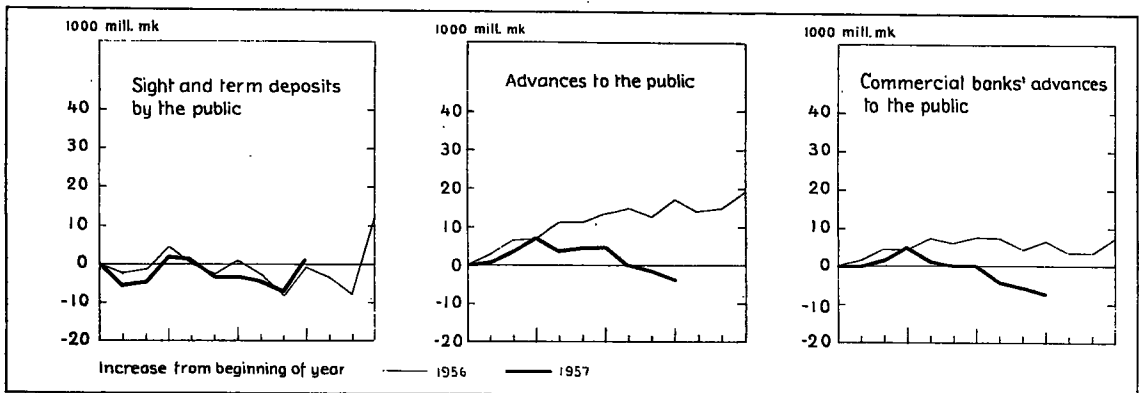
		mk		mk
New York ...	1 \$	321:—	Zürich .....	100 Fr 7 325:—
London .....	1 £	898: 50	Frankfurt a/M	100 DM 7 633:—
Stockholm ...	100 Kr	6 200:—	Prague .....	100 Kz 4 463:—
Copenhagen ..	100 Kr	4 634:—	Vienna .....	100 Sch 1 234:—
Oslo .....	100 Kr	4 495:—	Lisbon .....	100 Es 1 118: 50
Paris .....	100 Fr	75: 98	Montreal .....	1 \$ 334:—
Brussels .....	100 Fr	642:—	Moscow, clear	100 Rbl 8 035:—
Amsterdam ...	100 G	8 450:—		



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	97 375	37 934	11 025	146 334
1951	85 578	45 554	8 508	41 849	4 425	117 358	54 645	13 911	185 914
1952	104 881	59 824	13 402	50 694	5 379	147 035	70 106	17 039	234 180
1953	105 659	70 511	18 782	56 765	9 847	177 703	67 572	16 289	261 564
1954	128 955	82 448	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
1956	162 663	102 830	26 232	76 761	14 690	261 185	96 617	25 374	383 176
1956									
April	162 745	99 408	25 532	73 313	13 380	250 775	98 366	25 237	374 378
May	161 545	99 897	25 637	74 094	13 382	251 782	98 817	23 956	374 555
June	163 175	99 764	25 791	74 598	13 411	251 893	99 537	25 309	376 739
July	162 798	100 253	25 929	74 966	13 992	253 567	101 125	23 246	377 938
Aug.	159 760	100 951	26 210	74 978	14 059	255 663	98 018	22 277	375 958
Sept.	161 927	101 902	26 345	75 559	14 446	257 649	97 181	25 349	380 179
Oct.	158 945	102 418	25 940	75 244	14 646	258 633	96 134	22 426	377 193
Nov.	158 723	102 795	26 206	75 482	14 781	260 214	94 706	23 067	377 987
Dec.	162 663	102 830	26 232	76 761	14 690	261 185	96 617	25 374	383 176
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	261 165	97 901	24 948	384 014
Feb.	164 342	103 868	26 432	77 017	14 799	261 921	98 277	26 260	386 458
March	167 767	104 243	26 511	76 829	14 833	261 755	100 474	27 954	390 183
April	163 706	104 757	26 444	76 993	14 800	262 539	99 729	24 432	386 700
May	162 752	105 426	26 502	77 847	14 887	263 196	98 489	25 729	387 414
June	162 707	105 215	26 560	78 231	14 880	262 330	97 546	27 717	387 593
July	158 635	105 223	26 601	77 466	14 906	262 569	95 327	24 935	382 831
Aug.	156 906	105 840	26 708	77 277	15 033	262 949	94 007	24 808	381 764
Sept.	155 366	105 817	26 645	76 272	15 208	263 331	92 977	23 000	379 308

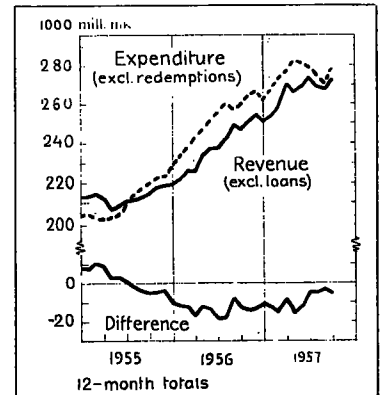


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1956	1957		1956	1957
Income and property tax (net) .....	40.1	46.3	Interest on State debt .....	4.8	5.3
Gross receipts .....	(79.6)	(93.5)	Child allowances .....	14.9	14.8
Refunds and communal income tax .....	(-39.5)	(-47.2)	The State's share in national pensions .....	3.7	8.8
Other direct taxes .....	0.6	1.6	Compensations to war-disabled .....	5.6	5.5
Purchase tax .....	42.5	46.7	Transfer of employers' payments for national pensions to National Pensions Fund .....	3.6	4.3
Import duties .....	27.8	29.2	Subsidies .....	24.1	18.6
Revenue from Alcohol Monopoly .....	14.8	15.7	Payments by Price Equalisation Fund .....	7.4	5.7
Excise duty on tobacco .....	9.6	10.6	State aid to agriculture .....	3.3	2.8
Other excise duties .....	3.2	3.3	State aid to communal and private schools .....	13.7	14.4
Stamp duties .....	6.8	8.0	Net loss of State enterprises .....	3.0	1.2
Employers' payments for child allowances and national pensions .....	15.6	15.5	Maintenance of roads .....	4.1	4.8
Receipts of Price Equalisation Fund .....	6.2	11.5	Other current expenditure .....	53.9	61.1
Other revenue similar to taxes .....	2.8	2.9	<b>Current expenditure</b> .....	<b>142.1</b>	<b>147.3</b>
<b>Total taxes</b> .....	<b>170.0</b>	<b>191.3</b>	Real investments .....	29.4	38.8
Interest and dividends .....	2.6	3.2	(of which: unemployment grants) ..	(15.2)	(21.5)
Other current revenue .....	5.0	6.7	Other capital expenditure .....	25.6	27.4
<b>Current revenue</b> .....	<b>177.6</b>	<b>201.2</b>	<b>Capital expenditure</b> .....	<b>55.0</b>	<b>66.2</b>
Capital revenue proper .....	3.2	4.1	<b>Total expenditure</b> .....	<b>197.1</b>	<b>213.5</b>
Decrease in inventories .....	3.6	1.1	Redemption of external loans .....	1.4	1.7
<b>Capital revenue</b> .....	<b>6.8</b>	<b>5.2</b>	Redemption of internal loans .....	4.1	5.3
<b>Total revenue</b> .....	<b>184.4</b>	<b>206.4</b>	Redemption of indemnity bonds etc. ....	0.7	0.8
External loans .....	1.0	0.0	Index premiums .....	0.1	0.4
Internal loans .....	9.9	6.8	<b>Redemptions</b> .....	<b>6.3</b>	<b>8.2</b>
<b>Loans</b> .....	<b>10.9</b>	<b>6.8</b>	<b>Total</b> .....	<b>203.4</b>	<b>221.7</b>
Short-term credit (increase +) .....	—	—			
<b>Deficit (+) or surplus (-)</b> .....	<b>+8.1</b>	<b>+8.5</b>			
<b>Total</b> .....	<b>203.4</b>	<b>221.7</b>			

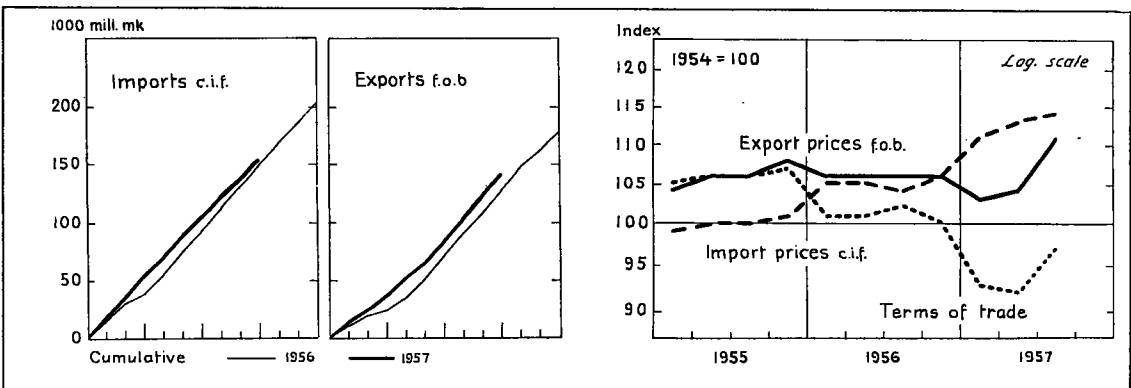
Debt	1954	1955	1956	1957			
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.
<b>External debt</b> .....	62.1	61.3	61.5	59.9	59.9	82.7	82.6
Ordinary loans .....	36.1	43.0	50.7	51.3	51.4	52.1	52.1
Indemnity bonds etc. ....	8.8	6.8	7.1	7.4	7.2	7.2	7.3
Short-term credit .....	0.5	—	—	0.3	—	—	—
Cash debt (net) .....	4.3	5.9	8.8	13.9	12.7	18.0	..
<b>Internal debt</b> .....	49.7	55.7	66.6	72.9	71.3	77.3	..
<b>Total debt</b> .....	<b>111.8</b>	<b>117.0</b>	<b>128.1</b>	<b>132.8</b>	<b>131.2</b>	<b>160.0</b>	<b>..</b>
Total debt, mill. \$ .....	484.0	506.3	554.5	574.8	567.8	498.3	..





FOREIGN TRADE

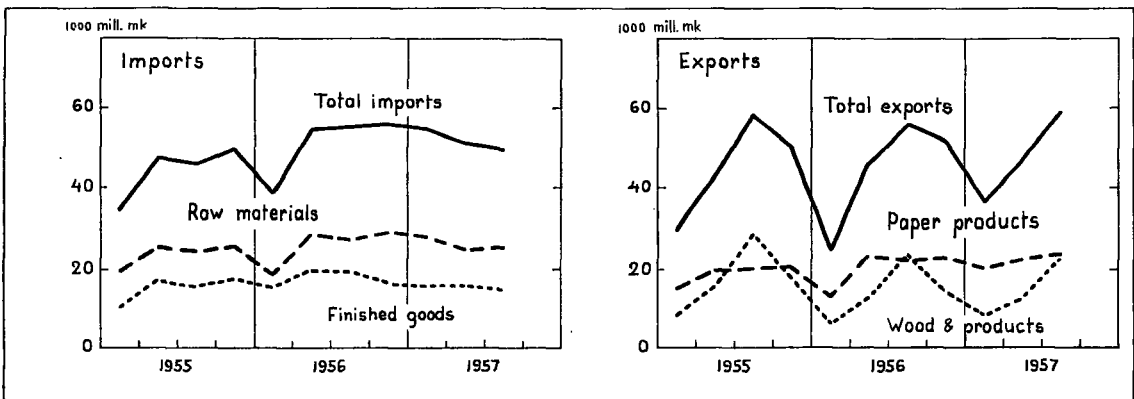
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
Jan.-Sept.										
1955	127 488	131 011	+ 3 523							
1956	147 975	126 523	-21 452							
1957*	154 516	142 207	-12 309							
1956										
July	18 457	19 617	+ 1 159	106	109	104	110	109	104	102
Aug.	19 067	18 399	- 668							
Sept.	17 502	17 763	+ 261							
Oct.	20 149	20 600	+ 451	106	111	99	109	108	106	100
Nov.	18 251	14 836	- 3 415							
Dec	17 182	16 027	- 1 155							
1957*										
Jan.	19 104	13 332	- 5 772	103	104	95	108	110	111	93
Feb.	16 390	11 647	- 4 743							
March	18 787	11 261	- 7 526							
April	16 023	14 272	- 1 751	104	112	96	108	113	113	92
May	18 376	14 917	- 3 459							
June	16 325	17 625	+ 1 300							
July	16 019	19 636	+ 3 617	111	112	107	113	121	114	97
Aug.	15 454	18 702	+ 3 248							
Sept.	18 038	20 815	+ 2 777							



## FOREIGN TRADE BY MAIN GROUPS

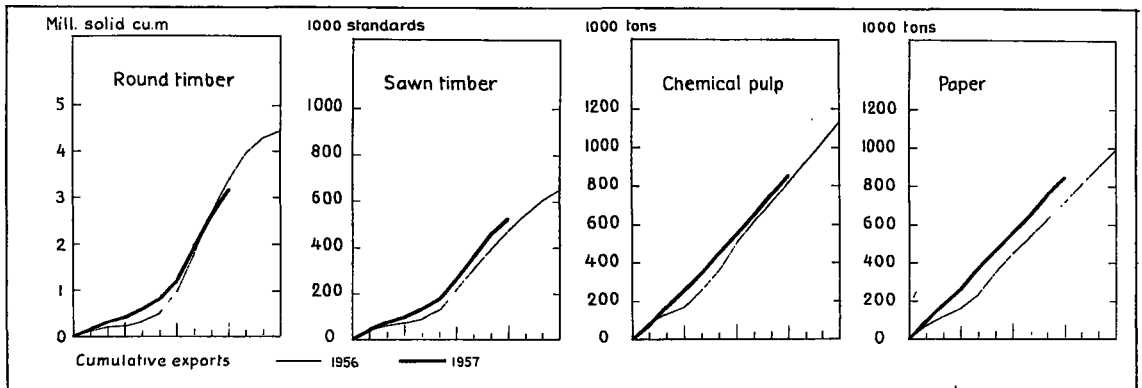
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1955										
Jan.-Mar.	19 393	5 169	5 160	5 132	1 190	1 329	6 959	15 098	4 629	774
Apr.-June	25 284	4 822	7 538	9 528	767	3 440	12 313	19 865	5 043	1 348
July-Sept.	24 392	5 422	5 798	9 850	874	10 161	18 871	20 171	6 805	1 373
Oct.-Dec.	25 850	6 127	7 780	9 715	1 049	4 975	13 178	20 659	8 326	2 061
1956										
Jan.-Mar.	18 642	4 349	5 017	10 526	1 120	909	5 198	13 046	3 823	708
Apr.-June	28 857	5 810	8 569	11 181	1 738	3 062	9 855	23 466	6 204	1 614
July-Sept.	27 518	7 854	7 035	12 618	1 569	9 323	14 758	22 315	5 077	2 736
Oct.-Dec.	29 266	9 451	7 832	9 032	1 779	3 949	10 674	22 953	10 019	2 090
1957*										
Jan.-Mar.	27 907	10 684	6 719	8 971	2 017	1 711	6 607	20 517	4 105	1 282
Apr.-June	24 805	10 123	6 951	8 844	2 587	2 920	9 863	22 814	6 450	2 181
July-Sept.	25 774	8 976	6 083	8 679	2 240	7 863	14 986	23 971	7 584	2 509
July	7 765	3 492	1 877	2 886	700	2 820	5 089	7 291	2 783	953
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 004	715
Sept.	9 581	2 735	2 201	3 521	766	2 269	5 085	9 056	2 797	842
Jan.-Sept.	78 487	29 783	19 753	26 494	6 843	12 494	31 456	67 302	18 139	5 972



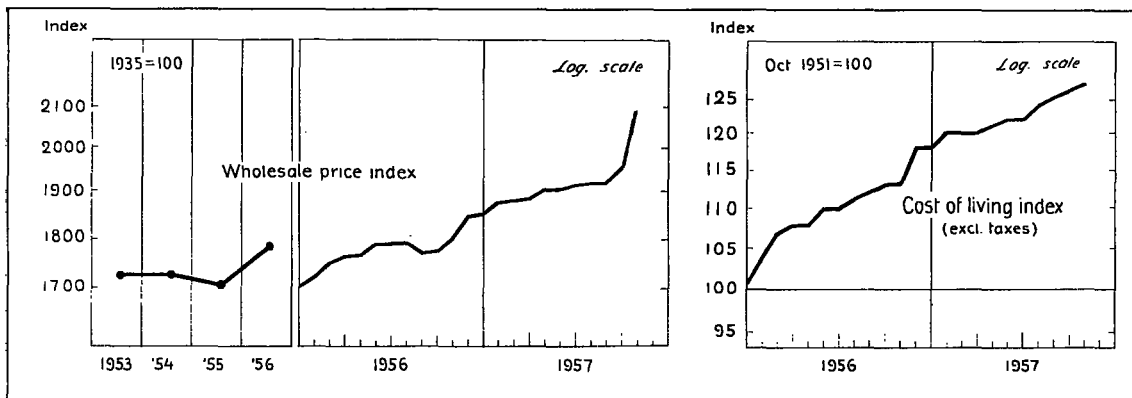
EXPORTS OF SOME IMPORTANT ARTICLES

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	185	680	452	105	48	537	998
Jan.-Sept.										
1955	3 711	574	241	135	507	330	83	44	334	650
1956	3 401	480	164	135	488	325	74	35	388	718
1957*	3 156	529	183	121	511	338	98	43	435	846
1956										
May	166	45	26	22	68	38	10	6	74	125
June	511	85	23	23	75	64	8	5	49	94
July	803	90	22	20	68	38	8	5	50	89
Aug.	856	91	15	14	55	45	9	2	51	94
Sept.	732	81	18	13	62	42	9	4	46	89
Oct.	581	71	22	23	69	41	10	5	50	92
Nov.	308	53	21	12	53	40	10	5	50	94
Dec.	134	44	22	16	69	47	11	4	48	93
1957*										
Jan.	160	48	19	12	55	36	10	6	49	89
Feb.	169	26	23	12	48	31	12	5	48	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	110
May	210	46	21	12	62	44	10	6	54	91
June	369	85	21	15	54	43	9	4	49	94
July	745	101	15	13	56	39	11	5	47	93
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—Sept.			Whole year		Jan.—Sept.		
	1955	1956	1956	1957*		1955	1956	1956	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	22.1	17.3	26 689	27.3	25.2	26.1	25.6	36 385
United Kingdom .....	20.3	20.4	21.2	16.5	25 418	24.0	21.4	22.0	22.5	31 975
<b>Other OEEC countries</b> ..	36.4	39.1	39.5	35.1	54 186	32.4	31.4	31.0	31.5	44 808
Belgium-Luxembourg ....	3.0	3.0	3.0	2.9	4 459	3.5	4.4	4.3	4.1	5 834
Denmark .....	3.6	2.6	2.8	2.0	3 102	3.0	2.5	2.6	2.7	3 842
France .....	6.0	5.8	5.8	5.2	8 052	4.7	5.3	5.0	5.0	7 113
Western Germany .....	9.0	11.8	11.8	10.1	15 635	9.1	8.7	9.0	9.1	12 947
Italy .....	1.1	1.4	1.3	1.7	2 548	1.2	1.4	1.2	1.4	1 939
Netherlands .....	3.6	4.0	4.2	3.3	5 114	4.4	3.6	3.6	4.3	6 141
Norway .....	2.2	1.8	1.9	1.2	1 846	1.3	0.6	0.7	0.4	588
Sweden .....	4.9	5.4	5.4	5.3	8 220	1.9	2.2	2.0	2.3	3 316
Switzerland .....	1.3	1.8	1.8	1.7	2 561	0.9	0.6	0.5	0.8	1 097
Turkey .....	0.5	0.4	0.4	0.3	509	1.0	0.7	0.6	0.2	309
<b>Eastern Bloc</b> .....	27.1	25.0	24.5	32.0	49 477	25.7	27.7	26.2	28.4	40 287
China .....	0.5	0.3	0.2	0.7	1 095	1.6	1.0	0.9	0.9	1 284
Czechoslovakia .....	2.7	2.4	2.3	3.5	5 349	1.0	1.3	1.3	1.4	1 949
Eastern Germany .....	2.7	2.3	2.1	2.7	4 142	2.2	2.2	2.5	1.9	2 648
Poland .....	4.8	4.4	4.5	6.1	9 481	2.0	2.3	2.2	3.5	4 927
Soviet Union .....	14.7	13.9	13.8	17.5	27 078	17.5	19.2	17.5	19.0	26 998
<b>U.S. and Canada</b> .....	5.4	6.7	6.0	6.7	10 396	5.8	6.7	7.3	5.3	7 564
United States .....	5.2	6.5	5.8	6.6	10 255	5.7	6.7	7.3	5.2	7 448
<b>Latin America</b> .....	7.4	5.6	5.6	5.9	9 173	5.5	5.7	5.8	5.3	7 607
Argentina .....	2.9	1.6	1.7	1.9	2 940	2.2	1.5	1.3	1.1	1 552
Brazil .....	4.1	3.3	3.2	3.6	5 535	2.6	2.9	3.1	3.2	4 536
<b>Others</b> .....	2.8	2.3	2.3	3.0	4 595	3.3	3.3	3.6	3.9	5 556
<b>Grand total</b>	100.0	100.0	100.0	100.0	154 516	100.0	100.0	100.0	100.0	142 207



## PRICE INDICES

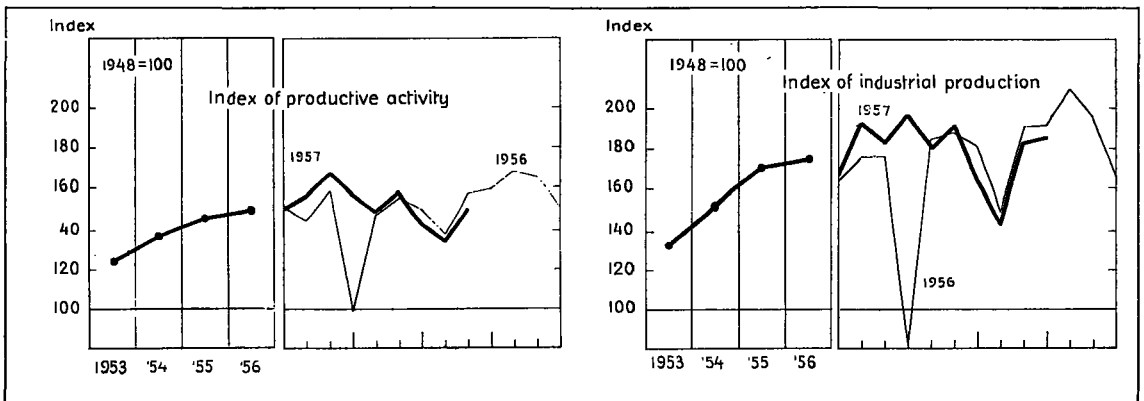
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1956	1 785	1 869	1 926	2 975	1 478	1 605	1 293	909	1 901
1957									
Jan.	1 877	1 908	2 048	2 884	1 533	1 811	1 409	1 070	2 108
Feb.	1 881	1 915	2 082	2 884	1 534	1 809	1 411	1 070	2 108
March	1 882	1 914	2 075	2 884	1 535	1 813	1 414	1 070	2 108
April	1 902	1 936	2 070	2 884	1 574	1 830	1 429	1 070	2 108
May	1 903	1 938	2 067	2 884	1 578	1 828	1 431	1 070	2 108
June	1 914	1 949	2 090	2 884	1 589	1 839	1 441	1 070	2 108
July	1 920	1 960	2 087	2 884	1 608	1 835	1 466	1 070	2 108
Aug.	1 919	1 958	2 123	2 834	1 610	1 834	1 472	1 070	2 108
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	1 480	1 070	2 108
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	1 546	1 107	3 168

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
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1956	111	117	218	95	76	108	109	101	123
1956									
Dec.	118	128	228	97	79	111	112	103	128
1957									
Jan.	120	128	257	97	79	112	112	103	126
Feb.	120	128	257	97	79	112	112	103	127
March	120	128	257	97	79	112	112	103	125
April	121	129	257	98	79	116	113	104	128
May	122	129	257	97	80	117	113	104	129
June	122	130	257	97	80	117	114	104	132
July	124	134	257	97	80	118	114	104	132
Aug.	125	135	257	101	80	118	113	104	127
Sept.	126	136	257	99	80	119	113	104	126
Oct.	127	137	266	101	81	122	114	107	126

PRODUCTION - INTERNAL TRADE - WORK CESSATIONS

Period	Index of industrial production <sup>1)</sup> 1948 = 100						Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index 1954 = 100	Working- days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1950	113	115	96	107	111	102	25 770	1 245	81	4 644
1951	131	133	122	126	130	120	36 070	1 447	85	324
1952	125	133	121	108	112	102	35 079	1 560	92	54
1953	133	140	120	116	121	108	29 170	1 657	93	64
1954	152	158	140	140	151	124	35 370	1 703	100	116
1955	170	177	156	153	173	125	38 600	1 709	116	344
1956	174	184	160	151	182	108	36 623	2 036	121	6 970
1956										
Feb.	176	187	173	151	186	101	4 176	141	102	1
March	81	92	70	54	60	45	3 450	149	91	6 945
April	185	196	173	160	183	127	2 399	180	124	4
May	188	198	168	164	187	132	8 083	208	138	—
June	181	192	172	154	175	123	1 131	215	124	—
July	150	145	114	161	193	115	1 156	204	119	1
Aug.	191	201	167	168	205	116	1 659	185	139	1
Sept.	192	202	176	168	203	117	1 758	162	132	1
Oct.	210	224	195	179	216	124	2 463	148	136	4
Nov.	196	211	181	162	206	98	2 786	143	137	6
Dec.	166	177	158	139	177	85	3 287	155	118	1
1957										
Jan.	193	203	185	168	208	110	4 284	164	97	2
Feb.	183	192	171	162	194	115	4 658	152	106	6
March	197	207	183	176	217	117	3 481	170	125	9
April	180	190	165	157	184	118	2 323	195	119	3
May	191	198	172	175	213	120	11 010	220	121	76
June	164	177	153	135	163	95	1 492	225	111	16
July	145	141	108	153	194	94	1 613	215	106	—
Aug.	182	189	159	168	212	104	1 734	201	122	53
Sept.	185	190	167	173	214	114	1 991	176	132	28

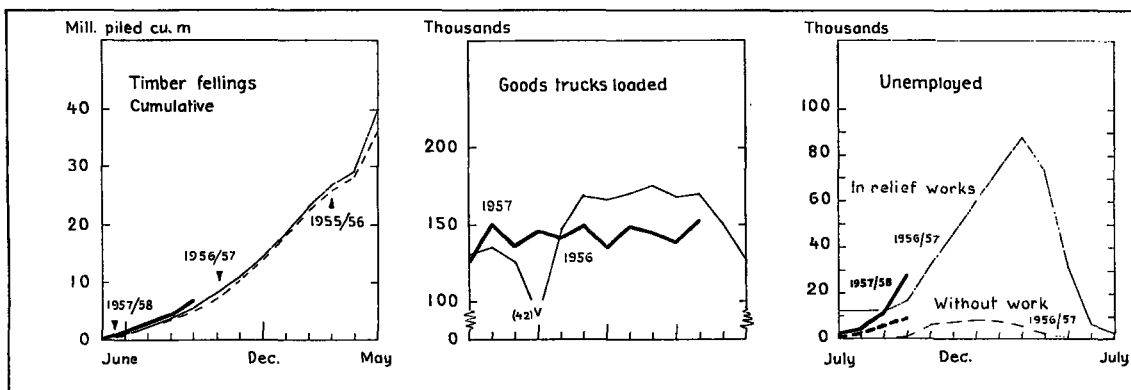
<sup>1)</sup> Figures for 1956 and 1957 revised but not final.



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July-Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1956									
Jan.-Mar.	3.59	1.73	0.15	1.13	0.44	25.25	113	119	104.2
Apr.-June	3.84	1.53	0.38	1.11	0.58	28.58	127	122	104.2
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	128	130	98.0
Apr.-June	3.08*	1.58*	0.31*	0.61*	0.38*	31.89*	128	127	99.6

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	
	1956	1957	1956	1957*	1956	1957*	1956	1957	1956	1957
Jan.	136	151	283	372	298	310	4 374	8 296	33 447	60 169
Feb.	126	136	153	268	142	255	4 097	7 856	45 960	74 931
March	42	146	72	251	52	248	2 827	5 204	51 216	88 133
April	147	141	225	349	187	288	1 118	1 908	48 898	73 386
May	168	150	419	415	371	409	80	607	33 547	30 598
June	166	135	410	421	52	543	—	173	7 847	6 353
July	170	149	470	429	679	678	—	459	12 092	3 043
Aug.	175	145	442	436	699	676	—	2 040	12 209	4 140
Sept.	168	139	384	353	605	500	—	5 315	12 243	11 496
Oct.	170	153	434	380	567	478	847	8 997	16 698	27 877
Nov.	151		422		430		6 079		32 062	
Dec.	127		438		354		7 366		45 094	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

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

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

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

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

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

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

### STATE FINANCES

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

### SYMBOLS USED

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

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

### FOREIGN TRADE

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

### PRICE INDICES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living indices* calculated by the Ministry for Social Affairs. The series based on Oct. 1951 does not include direct taxes.

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. It is based on net values of industrial production at constant prices. Unadjusted for seasonal variations. Weights: Home market industry 69.5, of which metal industry 28.2, export industry 30.5, of which paper industry 18.0 and wood industry 12.5; total industry 100.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60% of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade, volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50% of all internal wholesale trade. Price fluctuations have been eliminated by means of the wholesale price index so revised that the combined weight of wood and paper products has been reduced from 17.6 to 3.2. *Working days lost in work cessations* calculated by the Ministry for Social Affairs. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

More detailed statistical information about Finland is obtained from the Finnish Official Statistics: Statistical Yearbook of Finland, Bulletin of Statistics (monthly), Foreign Trade (yearly and monthly), Bank Statistics concerning commercial banks and mortgage institutions (yearly and monthly).



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage. The number of seats of the different parties in the Diet elected in 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (liberal) 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: (1956) 4.3 millions. Sweden (1956) 7.3, Switzerland (1956) 5.0, Denmark (1955) 4.4 and Norway (1956) 3.5 millions.

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

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

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

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

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

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

### TRADE AND COMMUNICATIONS

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

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

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 101 for 1955 (1938 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

INDUSTRY (1954): Gross value of industrial production 580 000 mill. marks, number of workers 288 000, administrative employees 46 000, motive power (1953) 1.9 mill. HP. Index of industrial production 200 for 1954 (1938 = 100).

RAILWAYS (Dec. 31, 1956): Length 5 180 km, of which 5 020 km are State and 160 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (July 1, 1957): Steamers 283 (411 000 gross reg. tons), motor vessels 177 (341 000 gross reg. tons), sailing vessels with auxiliary engines 117 (12 000 gross reg. tons). Total 577 (764 000 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1956): Passenger cars 102 400, lorries and delivery vans 61 500, buses 4 900, others 2 700. Total 171 500.

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1955 expenditure amounted to 122 500 mill. marks. Total revenue was 125 000 million, of which income from taxation 62 500 million. The municipal income tax (non-progressive) averaged 11.07 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 12 branch offices in other towns.

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

RATES OF INTEREST (January 1, 1957). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¾ %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

# THE NATIONAL INCOME OF FINLAND, 1954—1956

BY

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This article gives a summarised account of the development of national income and its various components and of factors which have affected it, the attached tables being intended to supplement the treatment. In addition, consideration has been given to certain concepts and methods of computation, the cognisance of which has some bearing on the interpretation of the information thus set out.

The development of national income by industrial origin is presented, at current as well as constant prices, in Tables 1 and 2. It should be noted that in Table 1 the gross domestic product has been calculated in accordance with the definition suggested by the United Nations Organisation, which is at variance with the Scandinavian definition, applied in official Finnish calculations, in that repairs and maintenance are not in-

cluded in the gross domestic product. The indices of production in Table 2 have been computed for the commodity producing industries, i.e. for agriculture, forestry, manufacture and construction, in the main from quantity figures, whereas the calculations for other industries are based partly on quantity, and partly on current value figures, the latter having been deflated by their own appropriate price indices.

Inspection of the tables reveals that at current prices the net domestic product rose by about 13 per cent in both 1955 and 1956. The major part of this rise was occasioned, however, by a rise in factor costs, which amounted to 6 per cent in 1955, and to 11 per cent in 1956. That in real terms the rise of the net domestic product remained small in 1956 was due in part to the general strike in March, which according to estimates

## 1. GROSS AND NET DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRIAL ORIGIN IN 1954—56, 1 000 MILL. MK

	1954		1955		1956	
	Gross domestic product	Net domestic product	Gross domestic product	Net domestic product	Gross domestic product	Net domestic product
Agriculture .....	88.16	81.69	94.56	87.13	117.85	109.25
Hunting and fishing .....	3.89	3.61	4.69	4.42	4.79	4.54
Forestry .....	79.39	79.00	92.91	92.48	83.54	83.12
Manufacturing .....	235.61	221.08	265.89	248.75	294.95	272.27
Construction .....	65.98	65.61	70.75	70.22	84.75	84.01
Transport and communications ..	50.54	45.60	61.86	55.95	74.77	67.78
Commerce, banking, insurance ..	85.62	82.42	96.44	93.13	110.50	106.24
General government .....	63.93	62.54	74.56	72.75	90.76	88.50
Other services .....	48.08	40.45	53.09	45.10	63.22	54.63
<b>Total .....</b>	<b>721.20</b>	<b>682.00</b>	<b>814.75</b>	<b>769.93</b>	<b>925.13</b>	<b>870.34</b>
Indirect taxes less subsidies ..	102.19	102.19	96.54	96.54	109.05	109.05
<b>Domestic product at market prices .....</b>	<b>823.39</b>	<b>784.19</b>	<b>911.29</b>	<b>866.47</b>	<b>1034.18</b>	<b>979.39</b>

2. INDICES OF PRODUCTION FOR DIFFERENT INDUSTRIES IN 1954—56, 1954 = 100

	1955	1956	Change 1955/56, %
Agriculture .....	92	95	+ 3
Hunting and fishing ..	109	98	-11
Forestry .....	107	99	- 7
Manufacturing .....	110	113	+ 3
Construction .....	100	111	+11
Transport and communi- cations .....	111	112	+ 2
Commerce, banking, insurance .....	113	117	+ 3
General government ..	104	106	+ 2
Other services .....	105	106	+ 1
Net domestic product ..	106	109	+ 2

resulted in a fall in the real national income, by nearly 2 per cent; and in part to the depressed business conditions in forestry. As regards the development of labour productivity in the national economy as a whole, it increased — when calculated as the ratio of the real domestic product to employment — in 1955 by less than 2 per cent only, whereas in 1956 there was scarcely any increase.

In connection with Table 3, which relates to the distribution of national income, it must be pointed out that, as a consequence of the imperfect statistics available, some of the items in the households' income from property have been estimated as residual amounts. The figures relating to the savings of corporations are also rough estimates, since there are no proper statistics in regard to this form of saving, in addition to which

the information relating to depreciation is uncertain, and that referring to the influence of changes in inventories upon profits almost non-existent. The proportion of the labour income to the national income was 61—62 per cent in the years under consideration. In „good” years, this share has, as a general rule, been somewhat below the average, the contrary being true of the income from property, and, in particular, of the income of corporations.

The prominent part played by the income transfer policy of the public sector in modern society, and the share thereby taken from the national income, is illustrated in Tables 4 and 5. As is evident from Table 4, the public sector for instance received in 1956, about 323 000 million marks, or 33 per cent of the national income, in the form of taxes and other transfers (32 per cent in 1954—1955). However, one third of this was re-transferred to the private sector, so that some 240 000 million marks, or 25 per cent of the total disposable income, remained as the disposable income of the public sector.

Table 5 contains figures concerning the disposable income of the various main sectors — households, corporations and the government — and relating to the distribution of this income between consumption and saving. As regards the figures for households, it must be noted that, as a result of the lack of statistics on saving in this sector, saving

3. DISTRIBUTION OF THE NATIONAL INCOME IN 1954—56, 1 000 MILL. MK

	1954	1955	1956
Compensation of employees .....	418.79	470.54	539.50
Income from unincorporated enterprises .....	166.08	183.74	208.55
Income from property to households .....	29.31	33.73	36.46
Income from property and entrepreneurship to general government .....	23.39	27.77	28.47
Direct taxes on corporations .....	30.67	36.44	38.93
Saving of corporations .....	17.08	21.39	22.04
Less interest on the public debt .....	5.32	5.27	5.50
Less interest on consumers debt .....	0.44	0.54	0.60
National income .....	679.56	767.80	867.85
Net factor income to abroad .....	2.44	2.13	2.49
Net domestic product at factor cost .....	682.00	769.93	870.34

## 4. DISPOSABLE INCOME OF THE GENERAL GOVERNMENT IN 1954—56, 1 000 MILL. MK

	1954	1955	1956
Income from property and entrepreneurship	23.39	27.77	28.47
Direct taxes	104.39	118.86	139.13
Indirect taxes	116.65	125.23	152.41
Other transfers from private sector	28.24	29.97	31.27
Current revenue	272.67	301.83	351.28
Less interest on the public debt	7.19	7.11	7.35
Less current transfers to private sector	69.08	82.40	103.42
Disposable income	196.40	212.32	240.51

## 5. DISPOSABLE INCOME AT MARKET PRICES, CONSUMPTION AND SAVING IN 1954—56, 1 000 MILL. MK

	1954	1955	1956
<i>Households:</i>			
Disposable income	568.60	630.99	714.84
Consumption	500.69	545.31	629.79
Saving	67.91	85.68	85.05
<i>Corporations:</i>			
Disposable income (= Saving)	17.08	21.39	22.04
<i>General government:</i>			
Disposable income	196.40	212.32	240.51
Consumption	95.53	113.02	137.61
Saving	100.87	99.30	102.90
<i>Total:</i>			
Disposable income	782.08	864.70	977.39
Consumption	596.22	658.33	767.40
Saving	185.86	206.37	209.99

has been estimated as a residual. The figures may thus be uncertain, even in cases where it has been possible with a fair degree of accuracy to estimate the disposable income and the consumption. The figures in this table relating to public saving are somewhat higher than some of the estimates previously presented. This discrepancy derives from the fact that the index premiums on indexed indemnity bonds, as well as capital transfers for investment purposes, have not been considered as items of the current account, so that they have not been deducted from current income in computing the disposable income of the public sector (Table 3). The figures indicate that in 1954—1956 the saving in the public sector

amounted to about one half of the nation's total saving. In turn, the saving of the national economy amounted, on the average, to 23 per cent of the total of disposable income. In 1956, there came into existence a considerable decline in the average propensity to save; and the slight absolute rise in saving was fully accountable to the public sector.

Table 6 contains figures which refer to the most important items of expenditure on the gross national product. It must be pointed out, that the figures relating to capital formation refer to fixed capital only, since lack of the requisite information has made it impossible to take the changes in inventories into account. This fact may also have influenced the estimates of private consumption expenditure. Repairs and maintenance of productive machinery have not been included in capital formation, so that in this respect the concept applied is identical with that suggested by the United Nations Organisation. In 1956, the share of domestic capital formation in the gross domestic product was 27 per cent, corresponding to 26 per cent in the years 1954—1955. Nevertheless, the nation's gross capital formation (domestic capital formation plus investment abroad) was percentually somewhat lower in 1956 than it was in 1954—1955 because of the fact that the export surplus of 1954—1955 was in 1956 replaced by an import surplus.

According to Table 6, consumption and domestic capital formation have risen, when valued at current prices, at approximately equal rates. As regards the development of volumes, domestic capital formation increased in both 1955 and 1956 by about 9 per cent. On the other hand, in the volume of consumption there was a rise of about 10 per cent in 1955, and a rise of about 5 per cent in 1956. Consequently, the development of the prices of capital goods and the prices of

## 6. EXPENDITURE ON GROSS NATIONAL PRODUCT IN 1954—56, 1 000 MILL. MK

	1954	1955	1956
Private consumption expenditure .....	500.69	545.31	629.79
General government consumption expenditure .....	95.53	113.02	137.61
Gross private capital formation .....	177.83	199.99	230.87
Gross general government capital formation .....	33.77	36.44	46.91
Exports of goods and services .....	184.58	215.70	217.30
Less imports of goods and services .....	-169.01	-199.17	-228.30
Expenditure on gross domestic product .....	823.39	911.29	1 034.18
Net factor income from abroad .....	- 2.44	- 2.13	- 2.49
Expenditure on gross national product .....	820.95	909.16	1 031.69

consumer goods reveals dissimilarity consequent upon the fact that when the Government has interfered in price development, it is the consumer goods that have primarily been affected. The price index relating to private consumption, which can be computed from the figures of Table 6, showed a fall in excess of 1 per cent in 1955, but a rise of more than 10 per cent in 1956. When these changes in the prices of consumer

goods are compared with the development of the general level of earnings of the wage and salary earners, which in 1955 rose by 7 and in 1956 by 13 per cent, it can further be ascertained, that the development of the volume of consumption is in good accord with the development of real earnings of wage and salary earners, and that there was a substantial rise in these earnings in 1956, and in 1955 in particular.

## ITEMS

**The third supplementary Budget.** On October 31, the President of the Republic signed the third supplementary Budget for the current year. As will be seen below, it provides for additional revenue of 7 500 million marks, and additional expenditure of 9 680 million.

	1957 3rd suppl. budget	1957 Ordinary and suppl. budgets Mill.mk	1956 Finance report
<b>Revenue:</b>			
Current .....	7 500	255 786	250 095
Capital .....	—	5 171	5 744
Loans .....	—	19 313	13 166
	Total 7 500	280 270	269 005
<b>Expenditure:</b>			
Current .....	1 730	196 566	188 885
Capital .....	450	86 515	79 425
Redemptions ..	7 500	18 910	10 263
	Total 9 680	301 991	278 573

The revenue is derived in total from the levy on export proceeds. This sum of 7 500 million marks will be used for the redemption of the Treasury Bond Loan granted by the Bank of Finland in 1953. The remaining expenditure, 2 180 million in all, is principally appropriated to various road and water works.

**Price control.** In connection with the devaluation, the Government declared a price-freeze from September 16 to the end of October. Towards the end of September, the principal foodstuffs, fuel wood and wood products were released from price control, as were, from October 1, those import goods

that were then freed from import restrictions, and the corresponding Finnish goods. As regards other commodities, it was decided on November 1 that price-freeze should be maintained until the end of the year, but should be gradually reduced in scope.

**The Stock Exchange.** The marked increase in industrial share quotations that in 1954 began on the Helsinki Stock Exchange continued until August 1956, when the highest point to date was reached, the Unitas index (1948 = 100) being 679. Bank shares, which have risen far less, had their maximum of 163 as early as in February 1956. Since those dates, share prices have declined almost without a break. In December 1956 the monthly index was 528 for industrial shares, 142 for bank shares and 456 for all shares. The development during the current year is seen from the following series of monthly averages.

	Industrial shares	Bank shares	All shares
January .....	535	143	462
February .....	539	141	465
March .....	557	138	479
April .....	507	134	438
May .....	496	134	429
June .....	473	130	408
July .....	471	131	406
August .....	493	132	424
September .....	521	135	447
October .....	485	130	417

The rise in February and March was a seasonal phenomenon due to the yearly payments of dividends. The second rise, which began in August, was evidently produced by expectations of devaluation, as the Govern-

ment's short-term programme included the levy on export proceeds. In September, when the devaluation was put into effect, the Stock Exchange prices were not much affected. Immediately following the devaluation, the weekly index of industrial shares rose from 518 to 536, but during the following weeks it fell below its pre-devaluation level, and at the end of October stood at 469.

The falling tendency is also reflected in sales figures. During January—October, the turnover on the Stock Exchange amounted to 2 360 million marks and was thus 23 per cent less than the corresponding figure for last year.

There are many reasons for the decline in quotations and sales. Most important are probably the shortage of money, the reduction in the profitability of industry, and the increase in corporate taxes, announced in the spring. In addition, the fact that all banks have again accepted index-tied deposits since the beginning of this year, has evidently to some extent reduced the general interest in shares.

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**Crop prospects.** Abundant rainfall during August and September weakened the quality of the crops, and hindered harvesting. In terms of fodder units, total crops are estimated at 3 809 million, which is 9.5 per cent more than the corresponding figure for 1956, and also more than for 1955 and 1954.

The crops of bread grains (wheat and rye) are about the same as last year. As was the case in 1956, when weather conditions were also unfavourable, two-thirds only is faultless in quality. On the average other grain crops exceed the corresponding quantities for 1956 by 14 per cent, and percentually more than in 1956 is now of high quality. Hay suffered from the rains, but in quantity the hay crops exceeds last year's figure by 17 per cent. Of potatoes, about one fourth less were obtained than last year, and even they are poorer in quality.

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**Board of Management of the Bank of Finland.** On November 1, Mr A. Simonen took up his appointment as a member of the Board of Management of the Bank. He was appointed to this post from September 1, but was granted a two month leave of absence.

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**Economic Survey.** The customary economic report, attached as a supplement to the Budget Proposal for 1958, has been published. It contains reviews of the course of the national income until 1956, the economic conditions in 1957, and Public Finance, also an account of the National Budget for 1957. The Economic Survey was compiled by the Economic Department of the Ministry of Finance. An offprint of the Survey is published in Finnish, Swedish and English.

# BANK OF FINLAND

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KLAUS WARIS,  
*Deputy Governor*

K. T. JUTILA

ESKO K. LEINONEN

A. SIMONEN

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*Credits*

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*Administration*

EERO ASP,  
*Foreign affairs*

AHTI KARJALAINEN,  
*Information*

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*Institute for  
Economic Research*

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*Personnel*

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*Foreign exchange  
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P. BLOMQUIST,  
*Accounts*

P.-E. ÖSTERLUND,  
*Foreign exchange  
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*Documentary credits*

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*Foreign exchange control*

ARTHUR ASPELUND,  
*Cash*

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