



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 32 No. 9

SEPTEMBER

1958

### RECENT DEVELOPMENTS

#### THE MONEY MARKET

The continued improvement in the money market has created favourable conditions for the measures adopted by the authorities to raise the continually low level of economic activity.

Table on page 2 illustrates, to the extent that it is possible, the changes in the demand for and supply of money by giving the most important changes in the items of the statement of the Bank of Finland this year and since the devaluation. The first series is calculated from January 15, in order to eliminate the strong seasonal increase in rediscounts, in notes in circulation and in the Treasury at the turn of the year.

The increase in the gold and foreign exchange reserve of the Bank has brought about a striking growth in the supply of money. Since the devaluation, the increase has been 33 600 million marks, of which less than two thirds has occurred this year. It is, however, quite another thing that the increase in the exchange reserve is in fact almost entirely due to the rise in the holdings of bilateral currencies, the reserve of convertible and transferable currencies having remained nearly unchanged. Two further factors which have increased the supply of money have been the refunding of the vol-

untary deposits in the business cycle fund made by the wood-processing industry during 1955—56, and the drawing on the loan obtained from the Export-Import Bank granted from the US credit balance in marks, which had accumulated from Finland's payments for purchases made from US surplus stores. During the current year, these factors have eased the money market by 2 300 million marks.

Above all, the principal contractive factor has been the levy on export proceeds, by which there has been tied up a part of the excess earnings obtained by the export industry through the devaluation. Accumulations of the levy now amount to 16 900 million marks. Of this fund, 10 625 million has been used for the redemption of the Treasury Bond Loan. This transaction has not been taken into account in the Table. The remainder of 6 300 million marks, which will increase within the months to follow, will be used for the granting of loans with a low rate of interest for investments in the export industry.

Since mid-January, the expansive factors of the supply of money have exceeded by

*On page 18. The National Income  
of Finland, 1956—1957*

## NET CHANGES IN THE STATEMENT OF THE BANK OF FINLAND

	Change in	
	15. 1.—30. 8. 1957— 1958	16. 9. 1957— 30. 8. 1958
	1 000 Mill. mk	
Foreign exchange reserve, incr.+	+18.6	+33.6
Foreign bills, incr.+ .....	- 0.2	+ 0.8
Inland bills discounted, incr.+ ..	+ 1.2	- 2.5
Prepayments for exports, decr.—	- 3.6	- 1.9
Levy on export proceeds, incr.— <sup>1)</sup>	-13.0	-16.9
Treasury Bond Loan, incr.+ <sup>1)</sup> ..	+ 2.5	+ 2.5
Cheque account of the Treasury, incr.— .....	- 0.7	- 3.8
Deposits in business cycle fund, decr.+ .....	+ 1.3	+ 1.3
Export-Import Bank loan .....	+ 1.0	+ 1.0
Other .....	+ 5.6	+ 5.5
	+12.7	+19.6
Notes in circulation, incr.+ ....	+ 6.5	+ 5.5
Rediscounted bills, decr.+ ....	+ 6.9	+14.1
Cheque accounts of banks, incr.+	- 0.7	+ 0.0
	+12.7	+19.6

1) The redemption of the Treasury Bond Loan from the Levy on export proceeds has not been taken into account.

12 700 million marks the contractive factors, which has been reflected in the reduction of the debt of the credit institutions to the Bank of Finland by a net amount of 6 200 million marks and in the increase of the notes in circulation by 6 500 million marks. Since the devaluation, the corresponding net increase has been 19 600 million.

It is to be expected that the supply of money will further increase within the coming months, and particularly because the autumn months normally record an export surplus. It should also be taken into account that the accumulation of the levy on export proceeds will end in the middle of November, but that the granting of the loans mentioned above will soon be begun.

The easing in the money market is not only a consequence of the factors apparent in the statement of the Bank of Finland, but has other explanations as well. It should primarily be stated that the increase in deposits by the public which started in January is still continuing. At the end of August the total deposits by the public of the credit institutions have increased by 23 000 million marks, corresponding to a decrease of 1 400

million one year previously. On this total, the increase in term deposits was 21 200 million. Particular note should be taken that the increase in term deposits is almost entirely concerned with ordinary deposits, whereas that relating to index-tied deposits has almost come to a standstill during the last few months. (See page 6). This apparently means that public trust has grown in the stability of the value of money. The favourable development of deposits has essentially improved the possibilities of the credit institutions to lend. They have in fact increased advances to the public by almost the same amount as that of the increase in deposits. From the beginning of the year to the end of August, advances to the public increased by 20 700 million marks, corresponding to a decrease of 1 400 million one year previously.

Although the easing in the money market has improved the credit conditions, the Bank of Finland has considered it necessary to take more active measures to raise the level of economic activity, and particularly by encouraging investments. To this end, the Bank of Finland has endeavoured to lower the rates of interest, a measure which is also expected to depress the price level, and to increase the country's competitive power in foreign markets. As early as last spring, the Bank of Finland started negotiations with the credit institutions for lowering the rate of interest. These negotiations led to a result at the beginning of this month, when the credit institutions concluded a new interest agreement according to which the lending rate will be lowered from the beginning of October from 8 per cent to an average of 7  $\frac{1}{4}$  per cent, to which is to be added the compensation for the rise in the index charged on borrowers. The rates on deposits will fall correspondingly. (See Item).

September 20, 1958.

## BANK OF FINLAND

Mill. mk

	1957		1958			
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 30
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	29 600	41 340	57 111	58 531	61 190	61 444
Gold .....	7 847	7 850	7 866	7 866	7 866	7 866
Foreign exchange .....	18 863	30 579	45 560	46 980	49 639	49 893
Foreign bills .....	115	136	910	910	910	910
Foreign bonds .....	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	63 857	64 811	47 321	44 458	43 076	44 735
Inland bills discounted						
In foreign currency .....	9 492	13 240	13 223	13 208	13 218	13 174
In Finnish currency .....	17 213	12 909	16 119	16 117	15 664	14 748
Rediscounted bills .....	20 902	24 912	9 854	7 008	6 069	8 688
Treasury bond loan .....	16 250	13 750	8 125	8 125	8 125	8 125
<i>Other assets</i> .....	15 267	19 786	17 346	17 047	17 074	17 209
Finnish bonds .....	1 514	1 258	1 642	1 642	1 643	1 644
Cheque accounts .....	661	619	315	274	372	363
Finnish coin .....	333	299	551	541	535	542
Other claims .....	12 759	17 610	14 838	14 590	14 524	14 660
Total	108 724	125 937	121 778	120 036	121 340	123 388
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	53 736	60 640	57 541	57 865	57 724	59 511
<i>Short-term liabilities</i> .....	20 290	20 581	19 639	17 770	19 578	19 337
Foreign exchange accounts .....	7 343	4 569	3 226	3 197	3 407	3 315
Mark accounts of holders abroad .....	7 596	7 901	4 040	4 098	4 185	4 242
Cheque account of the Treasury .....	4 148	5 145	7 797	5 798	8 097	6 941
Cheque accounts of banks .....	457	2 405	1 101	1 054	345	570
Other cheque accounts .....	434	189	231	380	283	203
Other short-term liabilities .....	312	372	3 244	3 243	3 261	4 066
<i>Long-term liabilities</i> .....	11 077	16 249	20 895	21 001	21 228	21 711
Foreign .....	8 767	12 284	12 215	12 214	12 214	12 214
Finnish .....	2 310	3 965	8 680	8 787	9 014	9 497
<i>Equalisation accounts</i> .....	10 642	14 458	9 849	9 500	8 894	8 893
<i>Bank's own funds</i> .....	12 979	14 009	13 854	13 900	13 916	13 936
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed .....	—	—	—	—	—	—
Earnings less expenses .....	1 141	2 171	930	976	992	1 012
Total	108 724	125 937	121 778	120 036	121 340	123 388
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	29 600	41 340	57 111	58 531	61 190	61 444
Supplementary cover (Upper limit 58 000 mill. mk) .....	58 000	58 000	47 321	44 458	43 076	44 735
Total	87 600	99 340	104 432	102 989	104 266	106 179
<b>Note issue</b>						
Notes in circulation .....	53 736	60 640	57 541	57 865	57 724	59 511
Short-term liabilities .....	20 290	20 581	19 639	17 770	19 578	19 337
Undrawn on cheque credits .....	563	624	939	980	882	891
Unused right of note issue .....	13 011	17 495	26 313	26 374	26 082	26 440
Total	87 600	99 340	104 432	102 989	104 266	106 179

Lowest Bank rate since April 19, 1956, 6½ per cent

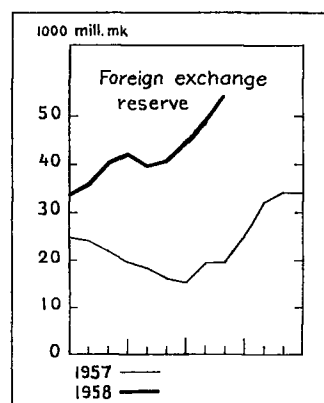
## BANK OF FINLAND

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)	Redia-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept. <sup>1)</sup>	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	— 565	21 059
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122
Nov.	39 825	5 947	33 878	2 911	19 422	17 367	17 553	—	558	16 995
Dec.	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673
May	43 553	2 831	40 722	3 937	15 556	29 103	12 970	—	271	12 699
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	—145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189
Aug.	57 759	3 315	54 444	3 685	16 456	41 673	8 688	—	570	8 118

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

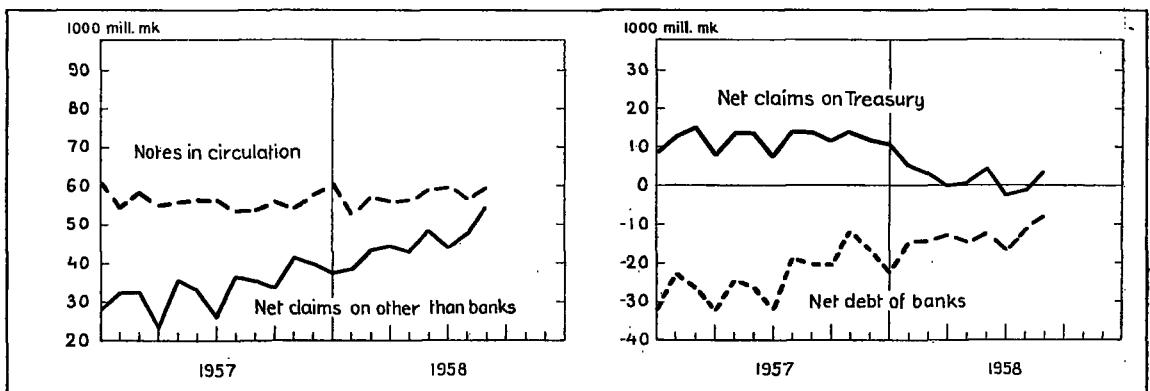
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	June 30	July 31	August 30
Gold .....	7.8	7.8	7.8	7.9	7.9
Convertible currencies	16.0	17.8	12.1	13.9	16.4
Transferable EPU »	3.2	3.9	5.5	6.1	7.5
Non-transferable EPU »	2.0	4.4	7.8	8.5	8.9
Eastern Bloc currencies ..	-3.4	2.0	12.5	14.4	15.5
Other currencies .....	-4.8	-2.0	-1.2	-1.7	-1.8
Total	20.8	33.9	44.5	49.1	54.4



## BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1957										
June	17 910	10 543	7 367	17 485	11 152	28 637	—	605	28 032	56 177
July	17 910	3 799	14 111	17 484	10 787	28 271	—	558	27 713	53 471
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174
May	10 396	6 155	4 241	17 710	14 860	32 570	—	2 884	29 686	59 038
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824
Aug.	10 396	6 941	3 455	14 748	14 856	29 604	—	4 269	25 335	59 511



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1957										
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778
Aug.	38 509	47 961	10 836	111 848	123 175	70 714	36 322	18 107	360 199	418 996

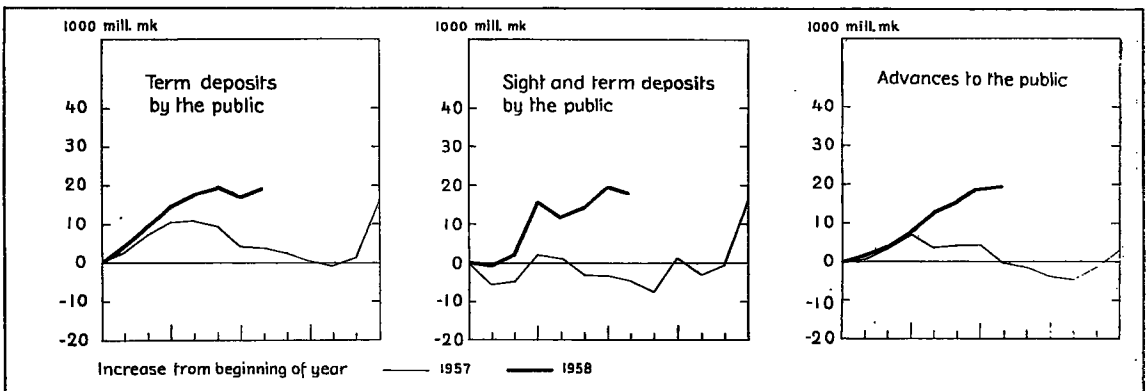
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	91 543
Sept.	13 883	73 815	
Oct.	17 461	77 571	
Nov.	20 442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

Selling rates for foreign exchange			
August 30, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich ..... 100 Fr 7 340:—
London .....	1 £	895: 50	Frankfurt a/M 100 DM 7 658:—
Stockholm ...	100 Kr	6 205:—	Prague ..... 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 634:—	Vienna ... .. 100 Sch 1 238:—
Oslo .....	100 Kr	4 478:—	Lisbon ..... 100 Es 1 118: 50
Paris .....	100 Fr	76: 37	Rome ..... 100 Lit 51: 55
Brussels .....	100 Fr	644: 50	Montreal ..... 1 \$ 331:—
Amsterdam ...	100 G	8 476:—	Moscow, clear. 100 Rbl 8 035:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	99 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1957									
July	158 635	105 223	26 601	77 466	14 906	357 896	24 935	382 831	100 434
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 355
Dec.	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 611
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	106 309
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	112 220
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	107 476
May	167 137	110 001	26 832	80 002	17 977	377 490	24 459	401 948	111 310
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	117 431
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	108 651
Aug.	167 422	111 831	27 819	81 521	18 993	384 843	22 743	407 586	..

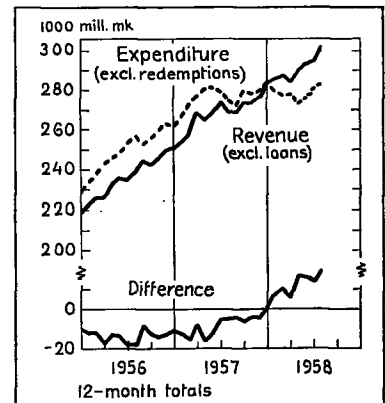


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—July		Expenditure	Jan.—July	
	1957	1958		1957	1958
Income and property tax (net) .....	39.7	32.8	Interest on State debt .....	4.2	4.7
Gross receipts .....	(70.5)	(69.2)	Child allowances .....	5.5	10.2
Refunds and communal income tax .....	(-30.8)	(-36.4)	The State's share in national pensions .....	6.7	4.4
Other direct taxes .....	0.6	0.6	Compensations to war-disabled .....	4.6	4.5
Purchase tax .....	36.1	36.0	Transfer of employers' payments for national pensions to the National Pensions Institution .....	3.2	4.1
Import duties .....	21.8	23.2	Subsidies .....	13.4	12.7
Revenue from Alcohol Monopoly .....	12.5	12.1	Net payments by Price Equalisation Fund .....	—	—
Excise duty on tobacco .....	7.7	10.0	State aid to agriculture .....	1.9	2.1
Excise duty on liquid fuel .....	—	2.2	State aid to communal and private schools .....	11.8	12.4
Other excise duties .....	2.5	2.4	Net loss of State enterprises .....	3.1	2.7
Tax on automobiles and motor cycles .....	—	1.1	Maintenance of roads .....	3.6	3.5
Stamp duties .....	6.7	7.6	Other current expenditure .....	46.9	48.8
Levy on export proceeds .....	—	12.4	<b>Current expenditure</b> .....	104.9	110.1
Employers' payments for child allowances and national pensions .....	11.7	13.2	Real investments .....	34.5	33.3
Net receipts of Price Equalisation Fund .....	4.0	3.7	(of which: unemployment grants) ..	(23.5)	(21.7)
Other revenue similar to taxes .....	2.3	2.3	Other capital expenditure .....	21.1	15.5
<b>Total taxes</b> .....	145.6	159.6	<b>Capital expenditure</b> .....	55.6	48.8
Interest and dividends .....	2.9	3.4	<b>Total expenditure</b> .....	160.5	158.9
Other current revenue .....	4.9	4.8	Redemption of external loans .....	1.1	1.6
<b>Current revenue</b> .....	153.4	167.8	Redemption of internal loans .....	4.8	5.9
Capital revenue proper .....	3.4	3.9	Redemption of indemnity bonds etc. ....	0.4	0.4
Decrease in inventories .....	0.0	3.5	Index premiums .....	0.3	0.6
<b>Capital revenue</b> .....	3.4	7.4	<b>Redemptions</b> .....	6.6	8.5
<b>Total revenue</b> .....	156.8	175.2	<b>Total</b> .....	167.1	167.4
External loans .....	0.0	—			
Internal loans .....	5.5	2.7			
<b>Loans</b> .....	5.5	2.7			
Short-term credit (increase +) ....	+0.3	+3.3			
<b>Deficit (+) or surplus (-)</b> .....	+4.5	-13.8			
<b>Total</b> .....	167.1	167.4			

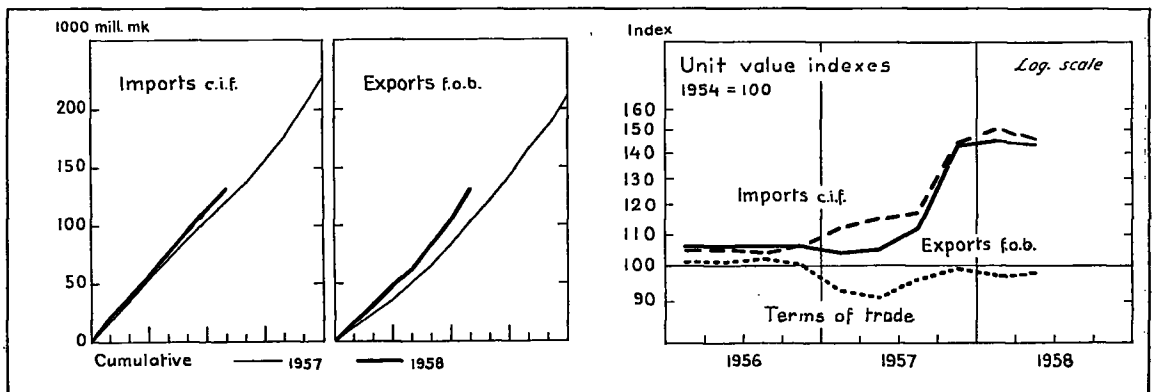
Debt	1955	1956	1957	1958		
	Dec.	Dec.	Dec.	June	July	Aug.*
<b>External debt</b> .....	61.3	61.5	81.8	80.8	80.7	80.6
Ordinary loans .....	43.0	50.7	52.9	50.2	49.4	50.7
Indemnity bonds etc. ..	6.8	7.1	7.4	7.6	7.7	7.3
Short-term credit .....	—	—	—	3.0	3.3	3.3
Cash debt (net) .....	5.9	8.8	9.6	2.8	-3.9	..
<b>Internal debt</b> .....	55.7	66.6	69.9	63.6	56.5	..
<b>Total debt</b> .....	117.0	128.1	151.7	144.4	137.2	..
<b>Total debt, mill. \$</b> .....	506.3	554.5	472.7	449.9	427.3	..





FOREIGN TRADE

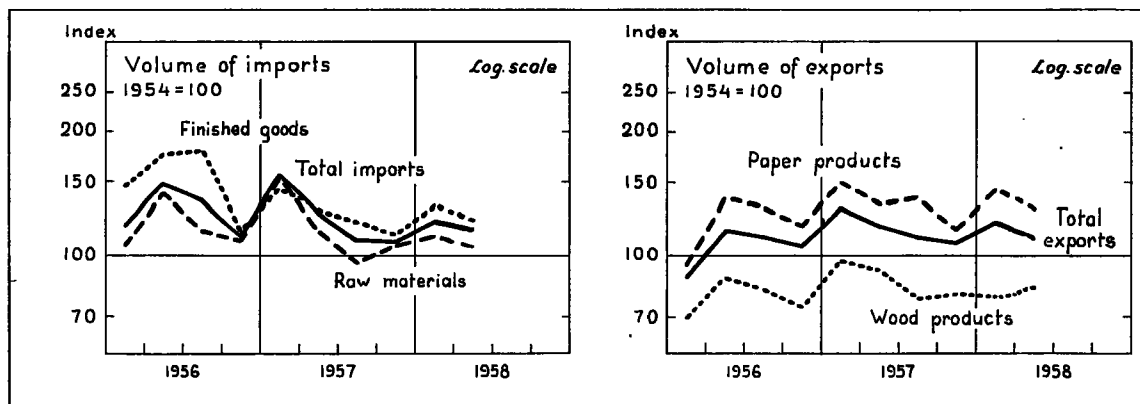
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
Jan.— July										
1956	111 407	90 361	-21 046							
1957	121 024	102 690	-18 334							
1958*	131 975	131 101	- 874							
1957										
Oct.	21 321	23 589	+ 2 268	143	145	144	147	143	144	99
Nov.	25 034	22 257	- 2 777							
Dec.	26 877	24 332	- 2 545							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	150	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 814	- 1 153							
April	18 661	15 050	- 3 611	143	140	141	140	163	146	98
May	19 544	21 905	+ 2 361							
June	20 250	21 793	+ 1 543							
July	16 759	25 301	+ 8 542							



## FOREIGN TRADE BY MAIN GROUPS

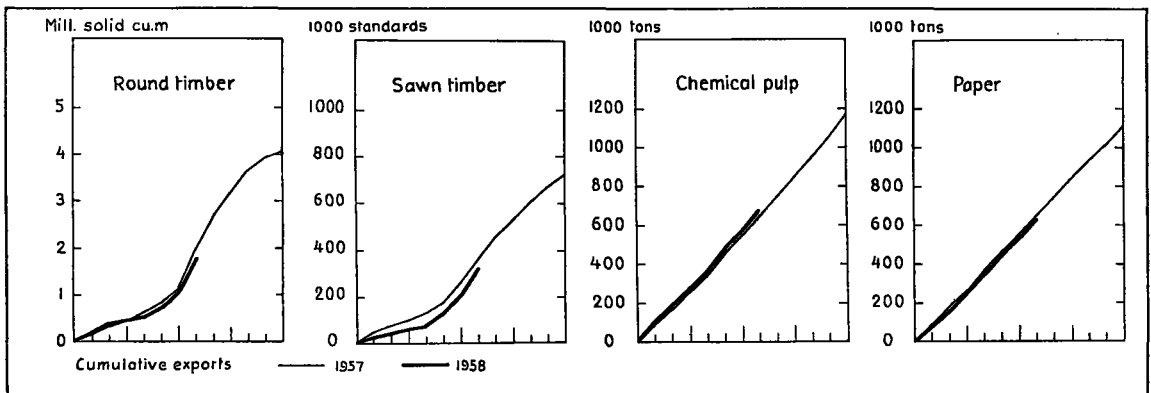
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	28 912	41 353	10 169	17 095	48 287	97 638	30 433	8 763
Jan.— July										
1957	60 477	24 299	15 547	20 701	5 304	7 452	21 559	50 622	13 337	4 416
1958*	67 091	16 927	18 985	28 972	6 161	9 069	28 067	64 561	17 435	5 808
1957										
June	7 695	3 938	1 871	2 821	909	1 401	4 622	7 252	2 447	994
July	7 765	3 492	1 877	2 885	700	2 821	5 089	7 291	2 783	952
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 304	841	1 077	2 764	8 590	1 700	538
Feb.	8 479	2 908	2 213	4 688	1 267	795	2 505	8 340	1 280	541
March	9 621	1 885	2 641	3 820	770	325	2 497	9 270	3 082	870
April	9 652	2 147	3 062	3 800	726	374	2 567	9 312	1 411	660
May	9 801	2 475	3 112	4 156	996	1 062	4 454	10 749	3 820	826
June	10 255	2 604	2 878	4 512	711	1 793	5 704	8 664	3 748	1 173
July	8 704	1 964	2 399	3 692	850	3 643	7 576	9 636	2 393	1 203



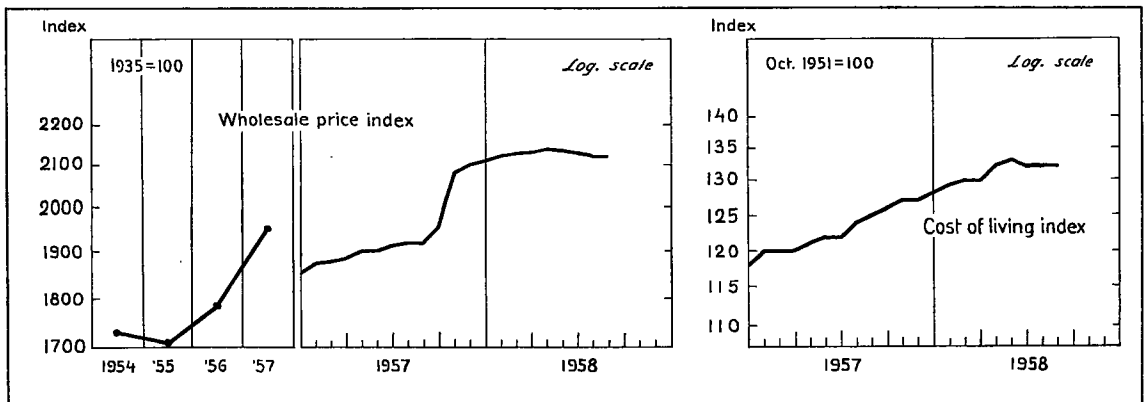
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
Jan.—										
July										
1956	1 813	308	131	107	371	237	57	28	291	536
1957	1 940	362	144	92	388	259	73	34	341	651
1958*	1 786	323	132	74	412	255	84	46	327	630
1957										
June	369	85	21	15	54	43	9	4	49	94
July	745	101	15	13	56	39	11	5	47	93
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	489	71	22	17	57	42	12	5	41	89
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	12	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	12	23	8	51	32	13	8	49	98
April	76	18	22	12	61	34	11	8	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	59	31	12	6	38	82
July	702	116	13	10	54	42	12	4	52	100



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-July			Whole year		Jan.-July		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	21.3	18.4	16.5	18.7	24 661	25.2	24.9	25.2	25.6	33 546
United Kingdom .....	20.4	17.6	15.8	18.1	23 925	21.4	21.8	22.3	22.2	29 043
<b>Other OEEC countries</b> ..	39.1	37.6	34.7	44.1	58 148	31.4	32.2	31.1	34.4	45 054
Belgium-Luxembourg ....	3.0	3.0	2.8	2.9	3 802	4.4	4.0	4.1	3.2	4 195
Denmark .....	2.6	2.1	2.1	2.5	3 317	2.5	2.5	2.6	2.8	3 606
France .....	5.7	5.2	5.5	4.8	6 316	5.3	5.6	4.6	6.5	8 521
Western Germany .....	11.8	11.4	9.6	16.3	21 497	8.6	8.9	9.0	9.7	12 757
Italy .....	1.4	1.5	1.8	1.6	2 038	1.4	1.3	1.6	1.9	2 486
Netherlands .....	4.0	4.1	2.9	3.8	4 955	3.6	4.2	4.3	4.1	5 365
Norway .....	1.8	1.2	1.3	1.3	1 714	0.6	0.4	0.4	0.5	644
Sweden .....	5.4	5.9	5.2	8.1	10 670	2.2	3.1	2.3	3.2	4 216
Switzerland .....	1.8	1.6	1.8	1.5	2 021	0.6	0.6	0.8	0.8	1 017
Turkey .....	0.4	0.3	0.3	0.2	307	0.7	0.4	0.2	0.2	234
<b>Eastern Bloc</b> .....	25.0	30.6	33.2	24.6	32 469	27.3	29.1	28.5	27.7	36 258
China .....	0.3	0.7	0.7	0.6	825	0.9	0.7	1.1	1.1	1 438
Czechoslovakia .....	2.4	2.9	3.8	1.4	1 849	1.2	1.6	1.0	1.7	2 210
Eastern Germany .....	2.3	2.5	2.6	1.7	2 214	2.2	1.9	1.7	2.1	2 768
Poland .....	4.4	5.2	6.4	2.4	3 167	2.3	3.4	3.4	2.9	3 829
Soviet Union .....	13.9	17.7	18.1	17.0	22 412	19.2	19.7	19.6	18.7	24 503
<b>U.S. and Canada</b> .....	6.7	5.7	7.1	6.1	8 032	6.7	5.1	5.8	4.5	5 888
United States .....	6.5	5.6	7.0	5.9	7 795	6.6	5.0	5.7	4.4	5 791
<b>Latin America</b> .....	5.6	5.1	5.3	4.4	5 824	6.0	4.8	5.4	4.2	5 608
Argentina .....	1.6	1.4	1.8	0.4	545	1.5	1.1	1.0	1.1	1 470
Brazil .....	3.3	3.3	3.1	3.5	4 677	3.2	2.7	3.2	2.2	2 913
<b>Others</b> .....	2.3	2.6	3.2	2.1	2 841	3.4	3.9	4.0	3.6	4 747
<b>Grand total</b>	100.0	100.0	100.0	100.0	131 975	100.0	100.0	100.0	100.0	131 101



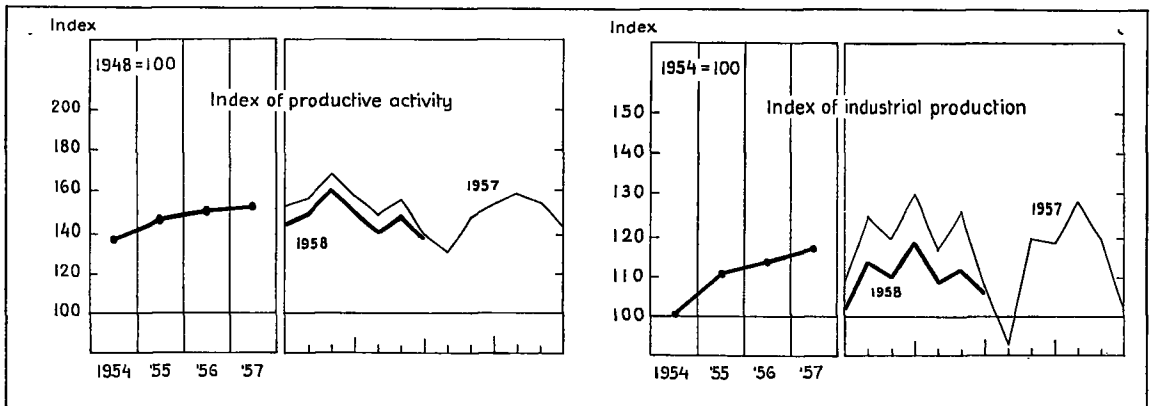
## PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1957 Dec.	2 111	2 122	2 180	3 205	1 739	2 086	116	113	124
1958 Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121
April	2 136	2 153	2 199	3 154	1 800	2 100	117	113	124
May	2 133	2 155	2 232	3 154	1 794	2 086	118	113	125
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 769	2 075	119	113	131
Aug.	2 116	2 137	2 253	3 127	1 766	2 070	118	112	126

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1957 Dec.	128	136	272	104	81	124						
1958 Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104
April	132	141	276	105	83	128	103	103	102	102	103	104
May	133	142	276	105	83	129	104	104	102	102	104	105
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106
Aug.	132	140	276	100	84	130	104	103	102	97	104	106

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	..	..	..	99	115	111	111	38 600	1 659	116
1956	114	..	..	..	76	122	113	118	36 623	1 977	121
1957*	117	118	118	117	81	134	117	116	40 919	2 085	114
1957*											
March	130	133	128	131	89	146	132	130	3 481	165	125
April	117	116	116	121	86	124	117	121	2 323	189	119
May	126	122	124	130	90	143	112	130	11 010	213	121
June	108	107	104	116	75	111	107	113	1 492	218	111
July	93	76	100	87	76	130	74	89	1 613	211	106
Aug.	120	117	120	122	77	144	117	121	1 734	194	122
Sept.	119	121	121	117	77	144	120	116	1 991	170	132
Oct.	128	131	131	123	91	151	131	124	2 517	143	119
Nov.	120	124	123	113	78	134	121	117	2 697	134	105
Dec.	102	108	104	96	74	109	106	95	3 119	142	108
1958*											
Jan.	114	122	115	108	85	129	116	106	4 120	147	89
Feb.	110	119	111	104	95	127	115	101	4 882	136	93
March	119	118	121	115	105	144	115	111	3 857	158	104
April	109	112	107	110	100	115	107	105	2 201	181	108
May	112	106	113	111	107	129	104	108	9 370	207	111
June	106	107	105	107	81	119	104	103	1 646	218	103

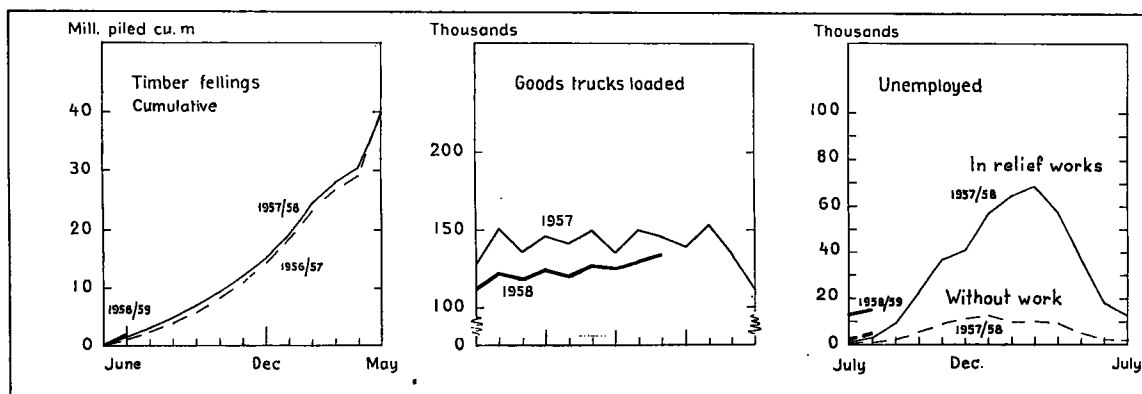


**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period <sup>1)</sup> 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	..	106	95	.
1955	20.25	9.47	4.29	3.12	2.29	..	111	115	.
1956	19.92	8.82	2.83	4.59	2.42	22.98	124	125	.
1957	20.81	9.56	3.20	4.14	2.68	20.86	130	129	.
1957									
Apr.-June	3.15	1.57	0.31	0.68	0.40	24.56	130	127	95.8
July-Sept.	5.95	2.44	0.94	1.06	1.09	24.44	131	129	96.3
Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	132	129	91.3
1958									
Jan.-Mar.	3.20*	1.46*	0.26*	0.87*	0.44*	19.85*	131*	..	90.5
Apr.-June	3.28*	1.33*	0.34*	0.75*	0.64*	23.04*	..	..	..

<sup>1)</sup> Revised series, excluding building permits not used.

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	373	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	254	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141	120	349	280	288	270	1 908	5 160	56 401	57 627
May	150	127	415	314	408	380	607	2 169	19 974	36 876
June	135	125	420	580	542	956	173	2 016	3 314	18 147
July	149	130	428	575	679	1 272	459	1 979	1 730	12 955
Aug.	145	134	435	463	674	664	2 040	4 353	3 092	14 756
Sept.	139		353		499		5 315		9 126	
Oct.	153		380		477		8 997		22 234	
Nov.	132		419		449		11 302		37 106	
Dec.	111		392		347		12 418		41 056	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

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

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

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

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

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

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

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

### STATE FINANCES

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

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first

according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDEXES

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

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *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 ind. ex. *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 Feb., May, Aug. and Nov. The corresponding figure for the previous year = 100. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

### SYMBOLS USED

\* Preliminary    0 Less than half the final digit shown    . Logically impossible    .. Not available    — Nil



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Social Democrats 38, Social Democrat Opposition 13, Agrarians 48, Conservatives 29, Swedish Party 14, and Finnish People's Party (liberal) 8.

### LAND

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

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

### POPULATION

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

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

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

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

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

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

RAILWAYS (Dec. 31, 1957): Length 5 252 km, of which 5 096 km are State and 156 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Jan. 1, 1958): Steamers 276 (401 332 gross reg. tons), motor vessels 185 (356 801 gross reg. tons), sailing vessels with auxiliary engines 116 (11 535 gross reg. tons) Total 577 (769 668 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1957): Passenger cars 126 900, lorries and delivery vans 50 800, buses 5 000, others 2 100. Total 184 800.

### FINANCE AND BANKING

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

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1957). There are three big and three small commercial banks with in all 553 offices, 411 savings banks, 563 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST (January 1, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¼ % and sight deposits 1—1 ¼ %; lending rate 8 % in general.

# THE NATIONAL INCOME OF FINLAND, 1956—1957

BY  
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The arrangement of this article is such that the tables presented here are a direct continuation of those in the article „The National Income of Finland, 1954—56” in Bulletin No. 11, 1957. Thus the interested reader is offered the possibility of making detailed comparisons extending over a somewhat longer period than that covered by the present article alone. The figures for 1956 here set out are in a revised form. In some contexts, the anticipated development in 1958 is also touched upon, though it should be emphasised that the figures relating to it are founded upon very rough estimates only.

To provide a background for the figures given in the tables, there is reason to give a brief comment on the postwar development as a whole.

In Finland, the second world war was followed by a period of economic upswing, which compared quite favourably in strength with the corresponding development abroad, as well as with the progress made at home during earlier periods. Immediately after the war, the outlook was far from promising, however. The country had suffered material damages during the war, losses of territories had been considerable, the displaced population of the ceded areas had to be resettled, heavy and quite inflexible war reparations were to be paid, the productive machinery was worn-out and technically obsolete, political and monetary instability prevailed in the country, and so forth. Despite all this, Finland's real domestic product per capita exceeded its 1938 level as early as in 1947.

## 1. GROSS AND NET DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRIAL ORIGIN IN 1956—57, 1 000 MILL. MK <sup>1)</sup>

	1956		1957	
	Gross domestic product	Net domestic product	Gross domestic product	Net domestic product
Agriculture .....	116.31	107.91	108.89	99.55
Hunting and fishing .....	4.76	4.48	5.00	4.70
Forestry .....	83.26	82.81	81.71	81.19
Manufacturing .....	293.93	271.25	314.87	284.41
Construction .....	85.10	84.36	88.59	87.62
House construction .....	52.04	51.55	52.14	51.49
Other construction .....	33.06	32.81	36.45	36.13
Transport and communications .....	74.80	68.07	81.38	74.14
Commerce .....	90.51	86.67	95.93	91.09
Banking, insurance .....	19.56	19.13	20.90	20.39
General government .....	91.12	88.97	101.24	98.70
Other services .....	62.82	54.24	69.56	59.64
<b>Total</b>	<b>922.17</b>	<b>867.89</b>	<b>968.07</b>	<b>901.43</b>
Indirect taxes less subsidies .....	108.25	108.25	135.73	135.73
<b>Domestic product at market prices</b> .....	<b>1 030.42</b>	<b>976.14</b>	<b>1 103.80</b>	<b>1 037.16</b>

<sup>1)</sup> The gross domestic product has been computed according to the definition suggested by UNO, i. e. including depreciation, but not repairs and maintenance.

2. INDEXES OF PRODUCTION FOR DIFFERENT INDUSTRIES IN 1956—57, 1954 = 100

	1956	1957	Change <sup>1)</sup> 1956/57 %
Agriculture .....	92	91	- 2
Hunting and fishing ..	97	99	+ 2
Forestry .....	96	100	+ 4
Manufacturing .....	114	117	+ 3
Construction .....	109	109	- 1
House construction ..	105	101	- 4
Other construction ..	117	123	+ 5
Transport and commu- nication .....	111	110	- 1
Commerce, banking, in- surance .....	117	112	- 4
General government ..	108	112	+ 4
Other services .....	106	106	- 1
Net domestic product	108	108	+ 1

<sup>1)</sup> The changes were calculated before rounding off the figures.

Nevertheless, this rise did not with its full weight affect the standard of living, as a very appreciable part of it was swallowed by war reparations and renewals of productive machinery.

By and large — and disregarding the setback experienced in 1952 — the rise was continued almost unabated for over a decade. In 1948—55, the annual rate of increase in the real domestic product averaged 5.4 per cent. Investment activity was brisk. In the leading industry of the country, that of manufacturing, for instance, the expansion was so powerful that the average annual increase in the output volume was in excess of 8 per cent. In the same years, there was also a considerable rise in the standard of living, one evidence of which was the fact that the total consumption per capita was increased by 43 per cent.

The first serious setback after that of 1952 was due to the general strike in 1956. It resulted in a loss of some 40 million man-hours, and instead of the anticipated 3 per cent, the rise in the real domestic product was only little more than 1 per cent. Nevertheless, the economic upsurge had not yet altogether lost its strength although its foundation had been weakened. In the period

January—February 1957, the real domestic product still continued to be 5—6 per cent above its level of twelve months previously, justifying the expectations of a satisfactory result for the year as a whole.

These hopes were not realised, however, as the upward trend was broken around April—May 1957. The first industries to run into difficulties were those engaged in construction, manufacture, commerce, and transport and communications. In May 1957, the volume of commerce was for instance already 8—9 per cent below its May 1956 level.

The weakening trend that had set in during the second quarter of the year was continued all through the third and fourth quarters also. The result was, despite the promising start, that the real domestic product for 1957 exceeded that the previous year by less than 1 per cent only.

Now it should be borne in mind that the general strike had taken place in 1956. If we eliminate the effects of the strike from the production figures for 1956, it may be concluded that in 1957 the real domestic product was more than 1 per cent below its level one year earlier. Calculated per capita, the real domestic product fell below the level of 1955, as is evident from the following figures.

Indexes:	Real domestic product	Population	Real domestic product per capita
1954	100	100	100
1955	106.3	101.2	105.0
1956	107.8	102.4	105.3
1957	108.4	103.5	104.8
1958*	106	104.5	102
Change per cent:			
1954/55	+ 6.3	+ 1.2	+ 5.0
1955/56	+ 1.4	+ 1.2	+ 0.3
1956/57	+ 0.6	+ 1.1	- 0.5
1957/58*	- 2	+ 1.1	- 3

This turn in the economic trend can on the one hand be attributed to the difficulties in the export markets, and on the other to the measures of the economic policy adopted to restrain the increasing home demand.

3. DISTRIBUTION OF THE NATIONAL INCOME  
1956—57, 1 000 MILL. MK <sup>1)</sup>

	1956	1957
Compensation of employees .....	539.36	569.08
Income from unincorporated enterprises .....	204.83	203.08
Income from property to households .....	37.93	39.50
Income from property and entrepreneurship to general government	29.09	34.11
Direct taxes on corporations ....	33.63	38.14
Saving of corporations .....	26.81	21.98
Less interest on the public debt ..	-5.65	-6.70
Less interest on consumers debt ..	-0.60	-0.60
National income .....	865.40	898.59
Net factor income to abroad ....	2.49	2.84
Net domestic product at factor cost	867.89	901.43

4. DISPOSABLE INCOME OF THE GENERAL GOVERNMENT 1956—57, 1 000 MILL. MK

	1956	1957
Income from property and entrepreneurship .....	29.09	34.11
Direct taxes .....	138.55	159.55
Indirect taxes .....	151.15	169.60
Other transfers from private sector	28.55	32.02
Current revenue .....	347.34	395.28
Less interest on the public debt ..	-7.50	-8.89
Less current transfers to private sector .....	-104.99	-108.73
Disposable income .....	234.84	277.66

5. DISPOSABLE INCOME AT MARKET PRICES, CONSUMPTION AND SAVING 1956—57, 1 000 MILL. MK

	1956	1957
Households:		
Disposable income .....	712.49	735.16
Consumption .....	619.16	663.22
Saving .....	93.33	71.94
Corporations:		
Disposable income (=Saving) ..	26.81	21.98
General government:		
Disposable income .....	234.84	277.66
Consumption .....	133.51	147.75
Saving .....	101.33	129.91
Total:		
Disposable income .....	974.14	1 034.80
Consumption .....	752.67	810.97
Saving .....	221.47	223.83

1) Some of the items in the „household income from property” have, owing to the imperfect statistics, been estimated as a residual. The figures relating to the savings of corporations are also rough estimates, since there are no proper statistics regarding this form of saving; in addition to this, the information relating to depreciation is uncertain, and that referring to the influence of changes in inventories upon profits almost non-existent.

The devaluation carried out in September 1957 admittedly alleviated the difficulties,

but it was not capable of occasioning any notable increase in economic activity; nor was there any turn for the better during the first half of the current year. At the time of writing, however, signs of a slight improvement in the situation are visible in that the downward trend has apparently come to a standstill. Nevertheless it is as yet too early to say whether or not a new upward tendency has already set in. In any case, the real domestic product may remain 1—2 per cent below the level of 1957; computed per capita, it is bound to remain much smaller than it was in 1955.

The development of domestic products according to industry of origin, at current prices and in real terms, is presented in Tables 1 and 2 respectively. Table 3 is concerned with the distribution of national income, and Table 4 (together with Table 3) is intended to give a picture of the part played by the general government of the redistribution of income. Table 5 indicates how the disposable income is distributed between consumption and saving, giving figures for the whole economy as well as for households, corporations and the general government. The most important components of the expenditure on the gross national product are presented in Table 6.

To form at least a rough picture of the significance of the level of, and the changes in, the components of domestic product originating in the different industries, which were set out in Tables 1 and 2, there is reason briefly to consider their previous development. From 1948 to 1956 the real domestic product increased by 47 per cent. Larger than average increases were registered in construction (60 per cent), manufacture (73 per cent) and commerce (71 per cent). The increase in traffic and communications was somewhat less than the average (44 per cent), while the rises in agriculture (15 per cent), forestry (3 per cent) general

government (29 per cent) and other services (16 per cent) were lagging far behind the average. The changes registered in 1957 departed from the above „long-run” pattern, in that above-average increases appeared not only in manufacture (2 per cent), but also in forestry (4 per cent) and general government (4 per cent). Declines took place in agriculture (—2 per cent), traffic and communications (—1 per cent) and in other services (—1 per cent), as well as in construction (—1 per cent). The change in construction can be split into two parts, however, as the volume of house building fell off by 4 per cent, whereas that of road and waterway construction showed a 5 per cent increase. The above-average rise in the construction of roads and waterways and in general government is actually something quite characteristic of the down-swing phase under review, and it is also reflected in the preliminary figures for the current year. The volume of road and waterway construction, as well as that of general government may be expected to increase by about 3 per cent, and a just discernible rise may also be expected to occur in primary industries (agriculture and forestry together with hunting and fishing), whereas the aggregate volume of secondary industries (manufacture and construction) will decline by about 6 per cent. A somewhat minor fall may appear in distribution (commerce, traffic and communications). As for the other services, they may retain, on the average, the level which they attained in 1957. The real domestic product as a whole is likely to decline by 2 per cent.

In the years 1948—56 the proportion of the labour income to the national income averaged 61 per cent. The figures for 1956 and 1957 were 62.3 and 63.3 per cent, respectively. Such a relative increase of labour income in „bad” years was actually to be expected (for the record year of 1951 the

corresponding figure was no more than 58.7 per cent).

6. EXPENDITURE ON GROSS NATIONAL PRODUCT, 1956—57, 1 000 MILL. MK <sup>1)</sup>

	1956	1957
Private consumption expenditure	619.16	663.22
General government consumption expenditure .....	133.51	147.75
Gross private capital formation	242.39	241.84
Gross general government capital formation .....	46.36	50.51
Exports of goods and services ..	217.30	258.79
Less imports of goods and services	—228.30	—258.31
Expenditure on gross domestic product .....	1 030.42	1 103.80
Net factor income from abroad	—2.49	—2.84
Expenditure on gross national product .....	1 027.93	1 100.96

1) The figures relating to capital formation refer to fixed capital alone, since lack of the requisite information has made it impossible to take into account the changes in inventories. This fact may also have influenced the estimates of the expenditure on private consumption. Repairs and maintenance of productive machinery have not been included in capital formation, the concept applied being in this respect in agreement with that suggested by UNO.

Inspection of Table 4 reveals that in Finland the influence of the general government as a redistributor of income is very considerable.

In 1956, the public sector received 318 300 million marks, and in 1957 a corresponding figure of 361 200 million marks in taxes and other transfer payments. In agreement with expectations, the percentual share of income transfers of income available showed a slight increase (34.9 per cent in 1957 corresponding to 32.7 per cent in 1956). Of these transfers the government sector re-transferred less than one third to the private sector, so that in 1956 its disposable income amounted to 24.1 per cent, and in 1957 to 26.8 per cent of the total disposable income.

In recent years the nation's total saving has been 21—23 per cent of the total of disposable income. In turn, the saving in the government sector has generally amounted to about one half of the nation's total saving. In 1957, savings amounted to 23 per cent of

the total of disposable income, and the share of the savings of the public sector in the savings total showed a considerable increase (58.0 per cent in 1957 compared to 45.8 per cent in 1956). It is only a relatively small proportion of these savings that the public sector uses for its own investment purposes, a considerable part of them being returned, mostly in the form of loans, to the private sector in which it is invested. In 1956 the administrative investments of the public sector amounted to 16 per cent, and in 1957 to 18 per cent of the total of gross domestic capital formation.

It may be of some interest to consider the development of gross capital formation and that of consumption in rather more detail. The changes in volume and price, in addition to those in value, are as follows.

Gross domestic capital for- mation . . . .	Value	Percentual change				
		1955/56		1956/57		
	Volume	Price	Value	Volume	Price	
Capital formation . . . .	+19	+10	+ 8	+3	-2	+ 5
Consumption . . . .	+14	+ 3	+11	+8	-3	+10

As regards gross private capital formation and private consumption, in 1957 the volume of the former fell by 4 per cent, and that of the latter by 3 per cent. The same trend also seems to be continued this year, which is to say that the gross private capital formation will decline somewhat more than private consumption. A structural change corresponding to this change in the composition of total demand is also discernible in consumption. In 1957 the decline was, and in 1958 will be, smaller in nondurable consumer goods (foodstuffs) and services, whereas decreases which are considerably above average are encountered in the production and sales figures for semi-durable (clothing) and durable (furniture, household equipment, etc.) consumer goods. This is only natural, as even a long delay in the acquisition of these commodities may occur when the income is decreasing.

## ITEMS

**The New Government.** Negotiations lasting a month for the formation of a majority government were concluded on August 29, when Mr K.-A. Fagerholm (Soc.Dem.) formed the new Cabinet in which Social Democrats and Agrarians hold five seats each, Conservatives three and the Swedish Party and the liberal Finnish People's Party one each. Of the parties represented in the Diet, only the People's Democrats and the Social Democrat Opposition remained outside the new Government. The new Government is thus backed by 137 votes of the 200 in the Diet. The Deputy Prime Minister and Minister for

Foreign Affairs is Mr Johannes Virolainen (Agr.), the Ministers of Finance are Mr Päiviö Hetemäki (Conserv.) and Mr Mauno Jussila (Agr.), and the Minister for Trade and Industry is Mr Onni Hiltunen (Soc. Dem.).

Government was previously in the hands of Mr Kuuskoski's caretaker Cabinet, which was formed on April 26 to hold office during the period until formation of the new Cabinet after the general election.

\*

**Interest rates reduced.** Negotiations between the Bank of Finland and the credit

institutions for lowering the level of interest rates led on September 5 to the Joint Delegation of Financial Institutions deciding that the previous rates of interest, stipulated under the agreement of December, 1956 would be changed from October 1, as follows:

The lending rates will be lowered by an average of  $\frac{3}{4}$  percentage point.

The rate of interest paid on ordinary term deposits by the public will be lowered from  $5\frac{3}{4}$  per cent to 5 per cent, and the rate for index-tied deposits from  $4\frac{3}{4}$  to 4 per cent. The rate on cheque accounts of the commercial banks, as well as on postal giro accounts, which has been 1 per cent, will be abolished. The savings banks and the co-operative credit societies will reduce their rate on sight deposits from  $1\frac{1}{2}$  per cent to  $\frac{1}{2}$  per cent.

Consequently, on September 12, the Bank of Finland decided to change the terms of rediscounting, with effect from October 1. The rate of interest applied by the Bank to rediscounted bills is fixed to  $7\frac{1}{4}$  per cent. The rate previously applied was the same as the discount rate charged by the credit institutions on borrowers. The stipulations concern-

ing the rate of additional interest remain as described in Bulletin No. 5, 1958.

\*

**Second supplementary budget.** On August 26, the President of the Republic signed the second supplementary budget for the current year. The main groups of revenue and expenditure are given below, separately and combined with the ordinary budget, and compared with the finance accounts for 1957.

	1958 2nd suppl. budget	1958 Ordinary and suppl. budgets Mill. mk	1957 Finance report
<i>Revenue:</i>			
Current .....	—	290 813	274 708
Capital .....	—	5 311	8 028
Loans .....	—	11 440	12 153
	Total	307 564	294 889
<i>Expenditure:</i>			
Current .....	6 000	210 100	198 667
Capital .....	5 700	95 773	84 401
Redemptions ....	—	17 638	17 535
	Total	11 700	323 511
			300 603

Amongst items of expenditure, subsidies have been increased by 5 700 million marks, and employment grants by 5 700 million.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

## SECRETARIES

U. A. VATANEN,  
*Credits*

PERTTI TAMMIVUORI,  
*Administration*

EERO ASP,  
*Foreign affairs*

## HEADS OF DEPARTMENT

HEIKKI VALVANNE,  
*Institute for  
Economic Research*

G. ENGBERG,  
*Personnel*

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

P. BLOMQUIST,  
*Accounts*

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

A. KAJANTIE,  
*Documentary credits*

J. HELANDER,  
*Foreign exchange control*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

HELGE LINDSTRÖM,  
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A. NENONEN,  
*Foreign correspondence*