



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 30 No. 9

SEPTEMBER

1956

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

The favourable general trend in productive activity, which began in 1953, still continues. Nevertheless, in comparison with the past two years, the advance is clearly slowing down, as the limits of the physical possibilities of output are coming nearer. During the current year, however, there was one very special disturbance, the general strike, which for nearly three weeks of March paralysed many important spheres of activity. In consequence of the strike, the Mercator index of productive activity was 7 per cent lower for the first quarter of the year than it was for January—March 1955. The index for the second quarter was again some 6 per cent higher than the corresponding figure for 1955.

During six of the first seven months of the year, *industrial production* exceeded by 8—12 per cent the corresponding figures for last year. In March, however, production decreased to less than half the quantity recorded one year previously, so that the index for the period January—July was 146 (1948 = 100), or one point lower than the corresponding index number for 1955. The output of the export industry fell short of the 1955 figure by about 1.5 per cent. This decrease was entirely caused by the wood industry, the output of which was reduced

by some 11 per cent. It was occasioned, in addition to the effects of the strike, principally by the weakening of the foreign markets for sawn goods and plywood. The production of the paper industry, on the contrary, increased by some 3.5 per cent on the corresponding figure for last year. The output of the home market industry was about the same as it was in 1955. With regard to the individual branches, the principal changes in production results were as follows: a decrease of 7 per cent in the stone, glass and clay industry, of 5 per cent in printing, of 4 per cent in the electricity, gas and waterworks, of 3 per cent in the leather and rubber industry, and of 2 per cent in the metal industry; and an increase of 11 per cent in the foodstuffs industry and of 7 per cent in the chemical industry.

*Building activity* has been reduced to some extent this year. According to preliminary data, building permits for 11.30 mill. cu.m were granted during the first half of the year, or about 18 per cent less than in January—June last year. The volume of buildings completed, however, grew by about 12 per cent to 7.21 mill. cu.m. The increase related to buildings in centres of population;

*On page 18, The Reorganisation  
of Old Age and Disability Pensions*

in the rural districts the volume of buildings completed was 27 per cent less than during the first half of 1955. Buildings under construction in the whole of the country totalled 25.39 mill. cu.m at the end of June, or 9 per cent less than one year previously. The decrease in building activity was due to several circumstances. The exceptionally severe winter obstructed building, particularly in the country districts, and in several places the strike stopped building work altogether. In addition, the stringency of the money market which prevailed throughout the first half-year affected building considerably by reason of the difficulty in obtaining finance.

In 1954 and 1955, unsatisfactory weather conditions had caused the development of *agriculture* to lag behind the general favourable economic development, but this year there has been a change for the better. This is evident both from the crop estimates for the present growing season, which indicate a considerable improvement on the result for 1955, and from the steeply rising figures for dairy output. According to estimates made in mid-August the average crop per hectare will exceed that of last year by some 14 per cent (for details see Items). The output of milk grew considerably during the period January—June, largely owing to the policy of reducing prices of artificial fertilizers. In comparison with the period January—June 1955, the quantity of milk delivered to the dairies increased by about 21 per cent, while the production of butter grew from 23.8 mill. kg to 32.7 mill. kg and that of cheese from 11.2 mill. kg to 15.0 mill. kg. This marked increase in the output of dairy products, combined with the fact that their domestic prices were raised in January, greatly increased the need for export of butter and cheese. During the period January—July, 7.0 mill. kg of butter were exported, whereas during the whole of last year 7.6 mill. kg had to be imported.

As regards cheese, 6.1 mill. kg were exported, against 7.0 mill. kg during the period January—July 1955. For the whole of the current year, it is estimated that exports of butter will amount to 10 mill. kg and those of cheese to 13 mill. kg. If this forecast proves accurate, butter exports will approach the level achieved during the peak years of the 1930's, while exports of cheese will be larger than for any preceding year.

*Net national product.* According to preliminary figures, the nominal value of the net national product for 1955 amounted to 770 000 mill. marks. It exceeded the 1954 total by 88 000 million, or some 13 per cent, of which about half was due to rises in prices. The latest figures available indicate that the net national product for the current year will exceed the 1955 quantity by 2—3 per cent. The percentual increase would thus be less than one half of the increase in 1955. The strike is estimated to have reduced the net national product by 1.5 to 2 per cent. As far as the different fields of activity are concerned, the output of farming is expected to rise by some 10 per cent in comparison with 1955, industrial production by 3 per cent, trade by 5 per cent and transport by about 2 per cent. On the other hand, it is estimated that the net output of forestry will decrease by about 6 per cent, and total building activity remain approximately unchanged, because the increase in the building of roads and waterworks will probably balance the decrease expected to occur in house building. During the current year there has been an appreciable increase in both factor cost prices and market prices. By the end of the year the former are estimated to have risen by nearly 9 per cent on those for 1955, assuming that wages and prices can be kept in check. Thus, the net national product for 1956 would rise, nominally, to about 860 000 mill. marks, and exceed the figure for 1955 by 11 per cent.

September 15, 1956

## BANK OF FINLAND

Mill. mk

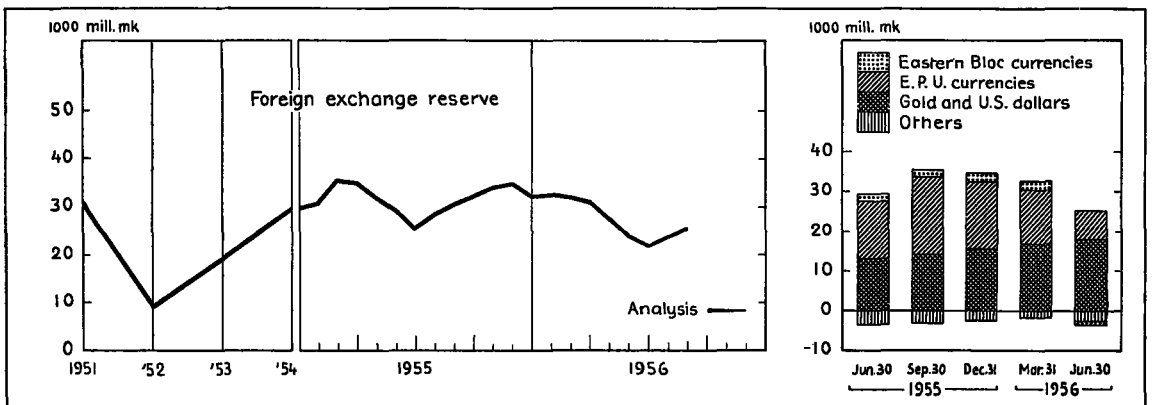
	1955		1956			
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	38 616	38 314	32 381	32 316	32 942	33 781
Gold .....	6 882	7 849	7 849	7 849	7 849	7 849
Foreign exchange .....	29 266	28 089	21 971	21 907	22 532	23 371
Foreign bills .....	116	116	116	116	116	116
Foreign bonds .....	2 353	2 260	2 445	2 445	2 445	2 445
<i>Supplementary note cover</i> .....	46 835	65 576	72 806	69 631	69 413	68 559
Inland bills discounted						
In foreign currency .....	8 030	8 511	9 148	9 246	9 248	9 271
In Finnish currency .....	13 470	14 437	18 169	17 640	17 519	17 025
Rediscounted bills .....	5 335	22 628	26 739	23 996	23 896	23 513
Treasury bond loan .....	20 000	20 000	18 750	18 750	18 750	18 750
<i>Other assets</i> .....	12 742	11 617	16 513	16 224	16 352	16 276
Finnish bonds .....	2 065	1 915	2 011	2 011	2 011	2 011
Cheque accounts .....	58	490	687	387	510	617
Finnish coin .....	261	195	309	312	333	346
Other claims .....	10 358	9 016	13 507	13 514	13 498	13 302
Total	98 193	115 506	121 700	118 172	118 707	118 616
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	50 376	55 883	58 792	58 911	58 929	58 927
<i>Short-term liabilities</i> .....	24 973	33 309	16 463	14 800	15 526	15 523
Foreign exchange accounts .....	5 818	3 855	5 530	5 496	6 062	5 745
Mark accounts of holders abroad .....	3 199	3 898	5 471	5 630	5 454	5 668
Cheque account of the Treasury .....	8 342	9 816	3 945	1 717	2 211	2 292
Cheque accounts of banks .....	3 946	8 384	782	863	674	690
Other cheque accounts .....	2 032	6 733	276	226	196	179
Other short-term liabilities .....	1 636	624	460	868	930	948
<i>Long-term liabilities</i> .....	8 395	9 013	26 688	24 341	24 206	24 136
Foreign .....	7 101	7 719	8 373	8 003	8 019	8 057
Finnish .....	1 294	1 294	18 314	16 338	16 187	16 079
<i>Equalisation accounts</i> .....	4 086	5 690	7 960	8 299	8 202	8 128
<i>Bank's own funds</i> .....	10 363	11 612	11 796	11 821	11 845	11 903
Capital .....	5 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	4 479	—	806	806	806	806
Profits undisposed .....	—	—	6	6	6	6
Earnings less expenses .....	884	1 612	984	1 009	1 033	1 091
Total	98 193	115 506	121 700	118 172	118 707	118 616
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	38 616	38 314	32 381	32 316	32 942	33 781
<i>Supplementary cover</i> (Upper limit 58 000 mill. mk) .....	46 835	58 000	58 000	58 000	58 000	58 000
Total	85 451	96 314	90 381	90 316	90 942	91 781
<b>Note issue</b>						
<i>Notes in circulation</i> .....	50 376	55 883	58 792	58 911	58 929	58 927
<i>Short-term liabilities</i> .....	24 973	33 309	16 463	14 800	15 526	15 523
Undrawn on cheque credits .....	926	494	506	807	684	577
Unused right of note issue .....	9 176	6 627	14 619	15 798	15 804	16 754
Total	85 451	96 314	90 381	90 316	90 942	91 781

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

## BANK OF FINLAND

Mill. mk

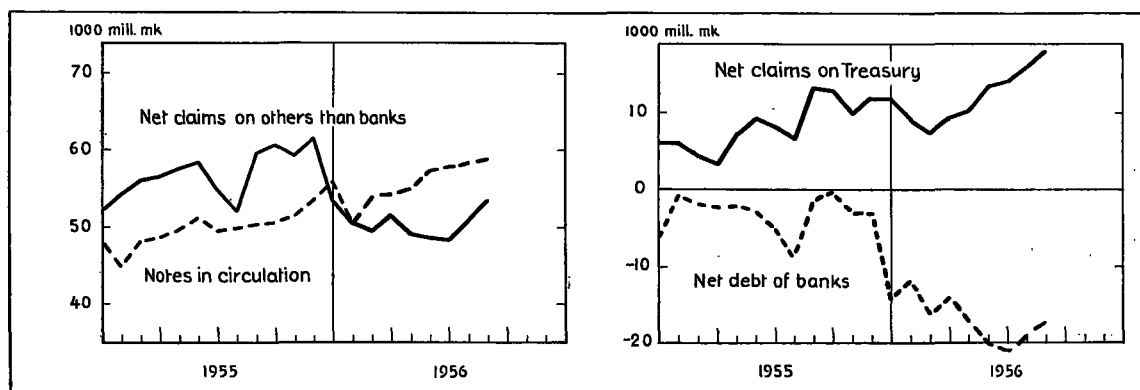
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1948	3 329	3 211	118	—	1 379	-1 261	1 697	—	473	1 224
1949	5 196	6 930	-1 734	—	2 561	-4 295	2 427	—	665	1 762
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	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	1 707	14 244
1955										
March	40 974	5 897	35 077	972	9 299	26 750	3 074	662	255	2 157
April	38 836	7 000	31 836	2 468	9 744	24 560	5 386	2 325	969	2 092
May	36 044	6 814	29 230	2 468	9 999	21 699	6 112	2 743	486	2 883
June	33 610	7 870	25 740	2 468	10 069	18 139	9 020	2 987	817	5 216
July	34 635	6 280	28 355	2 468	10 586	20 237	13 239	4 227	662	8 350
Aug.	36 148	5 818	30 330	2 468	10 300	22 498	5 335	2 808	1 138	1 389
Sept.	37 700	5 470	32 230	2 468	10 794	23 904	6 751	5 441	930	380
Oct.	38 660	4 989	33 671	2 468	11 186	24 953	9 472	5 498	972	3 002
Nov.	38 899	4 166	34 733	2 468	11 528	25 673	10 007	6 176	748	3 083
Dec.	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 707	14 244
1956										
Jan.	36 957	4 464	32 493	2 561	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 080	3 982	32 098	2 561	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 561	12 405	21 169	20 086	5 983	135	13 968
April	31 585	3 937	27 648	2 561	12 400	17 809	24 790	7 062	530	17 198
May	29 700	6 031	23 669	2 561	12 694	13 536	27 236	6 372	665	20 199
June	29 339	7 547	21 792	2 561	13 386	10 967	27 283	5 621	507	21 155
July	29 668	6 080	23 588	2 561	13 681	12 468	26 918	7 046	812	19 060
Aug.	31 220	5 745	25 475	2 561	13 725	14 311	23 513	5 498	689	17 326



## BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1948	19 230	19	19 211	13 591	1 387	14 978	—	207	14 771	27 369
1949	22 030	80	21 950	15 351	1 965	17 316	—	625	16 691	29 606
1950	19 730	34	19 696	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
1955										
March	21 660	18 320	3 340	12 380	14 020	26 400	—	94	26 306	48 746
April	21 660	14 488	7 172	13 252	14 833	28 085	—	91	27 994	49 713
May	21 660	12 382	9 278	14 553	16 633	31 186	—	365	30 821	51 344
June	21 660	13 458	8 202	15 120	17 327	32 447	—	228	32 219	49 584
July	21 660	15 044	6 616	14 395	17 230	31 625	739	1 549	29 337	49 903
Aug.	21 660	8 342	13 318	13 470	16 786	30 256	1 600	2 068	26 588	50 376
Sept.	21 660	8 803	12 857	13 780	17 836	31 616	2 931	1 594	27 091	50 634
Oct.	21 660	11 854	9 806	14 339	17 832	32 171	3 922	1 180	27 069	51 433
Nov.	21 660	9 627	12 033	13 563	17 748	31 311	5 105	872	25 334	53 493
Dec.	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956										
Jan.	21 660	12 905	8 755	15 204	16 846	32 050	7 476	844	23 730	50 539
Feb.	21 660	14 292	7 368	16 626	17 134	33 760	7 929	709	25 122	53 870
March	20 410	11 521	8 889	18 992	17 501	36 493	8 131	997	27 365	54 252
April	20 410	10 161	10 249	19 782	18 211	37 993	8 753	762	28 478	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 289	849	30 455	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 540	670	31 857	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 675	694	30 317	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 289	1 127	28 139	58 927



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

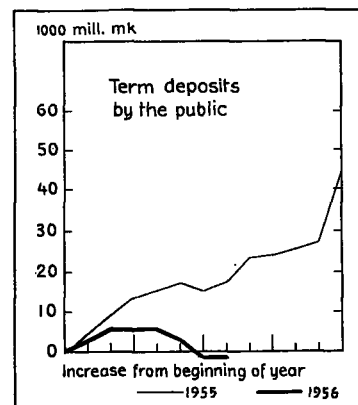
Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1949	23 276	26 908	8 984	31 079	35 014	16 675	12 237	4 649	99 660	135 552
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 587	44 247*	11 795	97 794	108 543*	61 158*	33 073	15 255	315 863*	371 905*
1955										
Jan.	36 908	44 248	7 661	84 806	93 679	53 131	30 120	13 785	275 554	327 463
Feb.	34 937	42 045	8 109	86 430	94 915	54 119	30 784	14 048	280 328	330 482
March	36 572	44 019	10 676	88 113	95 948	54 949	30 968	14 335	284 347	339 042
April	36 289	43 521	9 294	88 742	96 910	55 540	30 822	14 464	286 510	339 325
May	36 037	43 279	8 462	89 001	97 668	56 135	30 671	14 585	288 094	339 835
June	40 007	47 426	10 920	88 173	97 285	55 766	30 640	14 349	286 260	344 606
July	34 979	42 488	8 825	88 776	98 210	56 221	30 927	14 308	288 491	339 804
Aug.	37 788	45 175	8 797	90 961	99 791	57 621	31 715	14 406	294 543	348 515
Sept.	37 399	44 979	10 715	90 823	100 548	57 581	31 777	14 458	295 236	350 930
Oct.	37 908	45 561	9 709	91 287	101 316	57 674	31 890	14 534	296 751	352 021
Nov.	38 521	45 887	8 718	91 516	102 211	57 927	32 074	14 608	298 384	352 989
Dec.	36 587	44 247	11 795	97 794	108 543	61 158	33 073	15 255	315 863	371 905
1956*										
Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 806	39 429	9 634	98 990	110 233	62 204	34 292	15 762	321 519	370 582
March	35 545	42 643	12 629	98 745	110 080	62 567	34 002	15 805	321 237	376 509
April	33 982	41 095	9 634	98 564	110 268	62 778	33 842	15 832	321 321	372 050
May	33 620	40 800	9 669	97 684	109 704	62 476	33 401	15 691	318 993	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 364	372 688
July	37 040	45 096	9 583	95 701	108 382	61 781	33 136	15 362	314 399	369 078

## Selling rates for foreign exchange

September 5, 1956

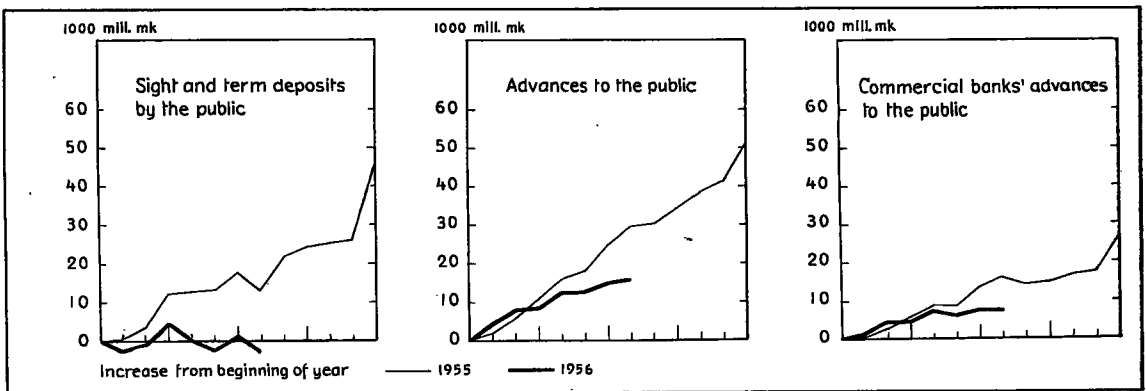
		mk			mk
New York .....	1 \$	231	Zürich .....	1 Fr	52.88
London .....	1 £	644.50	Frankfurt a/M ..	1 DM	55.17
Stockholm .....	1 Kr	44.76	Prague .....	1 Kz	32.08
Copenhagen .....	1 Kr	33.33	Vienna .....	1 Sch	8.90
Oslo .....	1 Kr	32.25	Lisbon .....	1 Es	8.04
Paris .....	1 Fr	0.66	Montreal .....	1 \$	234
Brussels .....	1 Fr	4.635	Moscow, clear. ...	1 Rbl.	57.75
Amsterdam ....	1 G	60.60			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1949	57 160	29 065	3 472	30 925	3 382	81 667	33 429	8 908	124 004
1950	67 438	35 511	4 507	35 048	3 830	97 375	37 934	11 025	146 334
1951	85 578	45 554	8 508	41 849	4 425	117 358	54 645	13 911	185 914
1952	104 881	59 824	13 402	50 694	5 379	147 035	70 106	17 039	234 180
1953	105 659	70 511	18 782	56 765	9 847	177 703	67 572	16 289	261 564
1954	128 955	82 447	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189
1955									
Jan.	129 474	83 547	22 581	64 430	12 868	214 300	79 174	19 426	312 900
Feb.	131 673	84 328	23 147	64 936	12 940	216 614	80 134	20 276	317 024
March	134 881	85 204	22 990	65 700	12 982	218 163	82 590	21 004	321 757
April	137 728	86 211	23 183	66 675	12 945	220 561	85 841	20 340	326 742
May	137 630	87 394	23 474	67 600	12 979	223 275	85 401	20 401	329 077
June	142 305	88 533	23 691	67 962	13 042	226 137	87 218	22 178	335 533
July	144 995	90 087	23 817	68 461	13 170	229 737	88 513	22 280	340 530
Aug.	143 149	91 262	24 005	69 484	13 406	233 471	87 744	20 091	341 306
Sept.	143 785	93 062	24 141	70 476	13 517	236 197	87 237	21 547	344 981
Oct.	145 683	94 363	24 518	71 050	13 648	239 583	88 291	21 388	349 262
Nov.	146 531	95 477	24 804	71 454	13 766	242 132	88 476	21 424	352 032
Dec.	155 436	96 374	24 866	71 914	13 599	244 704	94 121	23 364	362 189
1956*									
Jan.	157 132	97 784	24 893	72 824	13 607	246 784	95 688	23 768	366 240
Feb.	159 944	98 334	24 994	73 114	13 626	248 233	96 773	25 006	370 012
March	159 981	98 710	25 374	72 720	13 562	249 322	96 593	24 432	370 347
April	162 744	99 408	25 532	73 313	13 380	250 776	98 365	25 236	374 377
May	161 545	99 897	25 637	74 094	13 382	251 782	98 816	23 956	374 554
June	163 175	99 764	25 791	74 598	13 411	251 894	99 537	25 309	376 740
July	162 798	100 253	25 929	74 966	13 992	253 567	101 124	23 245	377 937

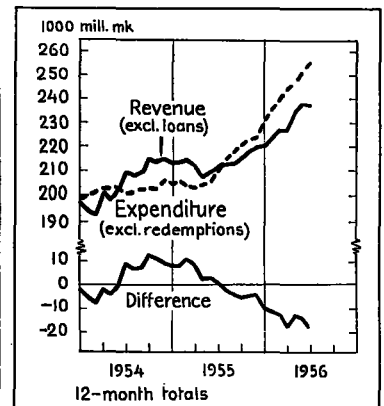


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—June		Expenditure	Jan.—June	
	1955	1956		1955	1956
Income and property tax (net) .....	22.6	27.2	Interest on State debt .....	2.9	3.0
Gross receipts .....	(45.8)	(53.2)	Child allowances .....	9.8	9.9
Refunds and communal income tax .....	(-23.2)	(-26.0)	Old age allowances .....	1.2	1.1
Other direct taxes .....	0.4	0.3	Compensations to war-disabled .....	2.8	3.8
Purchase tax .....	18.7	25.2	Transfer of employers' payments for national pensions to National Pensions Fund .....	2.1	2.6
Import duties .....	11.7	16.0	Subsidies .....	10.1	15.7
Revenue from Alcohol Monopoly .....	9.3	9.1	Payments by Price Equalisation Fund .....	1.3	4.1
Excise duty on tobacco .....	5.4	6.3	State aid to agriculture .....	1.7	1.5
Other excise duties .....	1.9	2.0	State aid to communal and private schools .....	6.7	8.7
Stamp duties .....	4.0	4.6	Net loss of State enterprises .....	2.7	4.9
Employers' payments for child allowances and national pensions .....	9.3	10.3	Maintenance of roads .....	2.0	2.3
Receipts of Price Equalisation Fund .....	5.7	4.1	Other current expenditure .....	30.0	36.3
Other revenue similar to taxes .....	2.0	2.1	<b>Current expenditure</b> .....	<b>73.3</b>	<b>93.9</b>
<b>Total taxes</b> .....	<b>91.0</b>	<b>107.2</b>	Real investments .....	16.9	21.3
Interest and dividends .....	2.0	2.1	(of which: unemployment grants) ..	(9.6)	(12.6)
Other current revenue .....	2.6	2.7	Other capital expenditure .....	11.6	12.8
<b>Current revenue</b> .....	<b>95.6</b>	<b>112.0</b>	<b>Capital expenditure</b> .....	<b>28.5</b>	<b>34.1</b>
Capital revenue proper .....	2.5	2.2	<b>Total expenditure</b> .....	<b>101.8</b>	<b>128.0</b>
Decrease in inventories .....	0.9	2.7	Redemption of external loans .....	1.3	1.0
<b>Capital revenue</b> .....	<b>3.4</b>	<b>4.9</b>	Redemption of internal loans .....	3.1	3.0
<b>Total revenue</b> .....	<b>99.0</b>	<b>116.9</b>	Redemption of indemnity bonds etc. ....	0.4	0.5
External loans .....	1.3	1.0	Index premiums .....	0.3	0.1
Internal loans .....	4.7	7.7	<b>Redemptions</b> .....	<b>5.1</b>	<b>4.6</b>
<b>Loans</b> .....	<b>6.0</b>	<b>8.7</b>	<b>Total</b> .....	<b>106.9</b>	<b>132.6</b>
Bills (increase +) .....	+2.0	—			
<b>Deficit (+) or surplus (—)</b> .....	<b>-0.1</b>	<b>+7.0</b>			
<b>Total</b> .....	<b>106.9</b>	<b>132.6</b>			

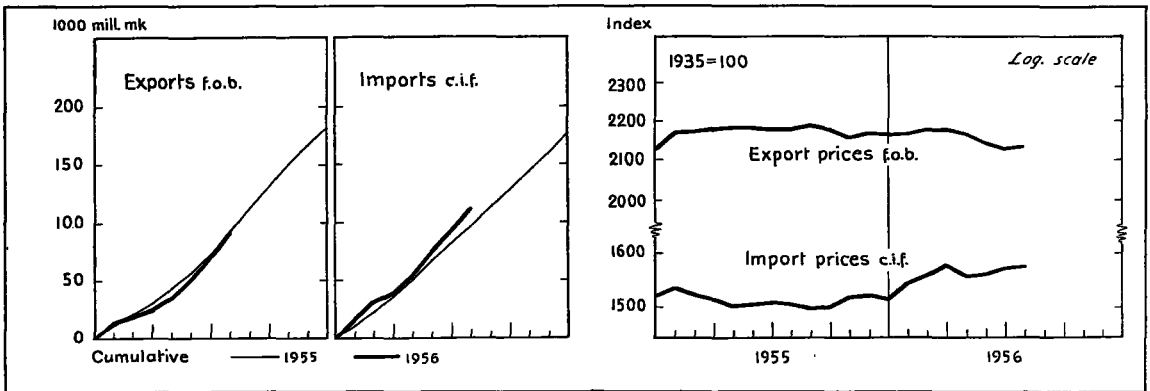
Debt	1953	1954	1955	1956			
	Dec.	Dec.	Dec.	April	May	June	July
<b>External debt</b> .....	65.0	62.1	61.3	61.8	61.6	61.5	61.6
Ordinary loans .....	31.3	36.1	43.0	46.0	46.8	47.7	47.7
Indemnity bonds etc. ..	10.2	8.8	6.8	6.6	6.7	6.7	6.8
Bills .....	3.4	0.5	—	—	—	—	—
Cash debt (net) .....	11.3	4.3	5.9	7.0	9.2	14.1	..
<b>Internal debt</b> .....	56.2	49.7	55.7	59.6	62.7	68.5	..
<b>Total debt</b> .....	121.2	111.8	117.0	121.4	124.3	130.0	..
<b>Total debt, mill. \$</b>	<b>524.7</b>	<b>484.0</b>	<b>506.3</b>	<b>525.3</b>	<b>537.9</b>	<b>562.9</b>	..





FOREIGN TRADE

Period	Value, mill. mk			Imports by main groups, mill. mk				Price indices 1935 = 100	
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Raw materials	Machinery	Foodstuffs	Other consumer goods	Articles of import c. i. f.	Articles of export f. o. b.
1948	66 369	56 505	- 9 864	32 245	12 641	13 198	8 285	996	1 278
1949	66 278	65 606	- 672	30 248	15 191	9 370	11 469	1 063	1 201
1950	89 148	81 479	- 7 669	38 214	19 218	16 786	14 930	1 366	1 420
1951	155 464	186 883	+31 419	75 568	32 358	24 402	23 136	1 878	2 955
1952	182 186	156 829	-25 357	75 493	49 006	32 600	25 087	1 801	2 410
1953	121 860	131 555	+ 9 695	48 898	31 760	26 791	14 411	1 590	1 944
1954	152 137	156 618	+ 4 481	67 103	39 412	27 082	18 540	1 550	2 074
1955	176 960	181 259	+ 4 299	76 121	46 902	30 912	23 025	1 510	2 175
1955									
Jan.	10 805	11 483	+ 678	5 236	1 964	2 172	1 433	1 533	2 167
Feb.	11 962	10 926	- 1 036	5 226	2 711	2 453	1 572	1 519	2 173
March	12 088	7 572	- 4 516	5 581	2 836	2 265	1 406	1 514	2 176
April	15 395	13 821	- 1 574	5 731	4 359	2 975	2 330	1 500	2 181
May	16 525	12 683	- 3 842	7 122	4 620	2 781	2 002	1 504	2 184
June	15 252	16 273	+ 1 021	6 861	4 147	2 262	1 982	1 507	2 178
July	14 276	19 632	+ 5 356	6 126	4 467	2 053	1 630	1 503	2 180
Aug.	16 759	20 242	+ 3 483	7 114	4 929	2 712	2 004	1 497	2 189
Sept.	14 427	18 379	+ 3 952	6 251	3 944	2 342	1 890	1 498	2 180
Oct.	16 082	19 211	+ 3 129	7 119	4 170	2 718	2 075	1 516	2 159
Nov.	14 972	15 431	+ 459	6 502	3 826	2 650	1 994	1 519	2 170
Dec.	18 417	15 606	- 2 811	7 252	4 929	3 529	2 707	1 513	2 164
1956*									
Jan.	16 079	11 881	- 4 198	6 494	5 162	2 449	1 974	1 540	2 169
Feb.	14 629	7 458	- 7 171	6 012	4 611	2 159	1 847	1 557	2 178
March	7 826	5 466	- 2 360	2 758	3 295	1 023	750	1 575	2 180
April	15 769	9 979	- 5 790	6 027	4 454	2 521	2 767	1 557	2 169
May	19 717	16 162	- 3 554	8 115	5 369	3 525	2 708	1 559	2 145
June	18 907	19 809	+ 902	8 223	5 887	2 514	2 284	1 572	2 130
July	18 457	19 636	+ 1 179	7 356	6 568	2 166	2 368	1 575	2 131



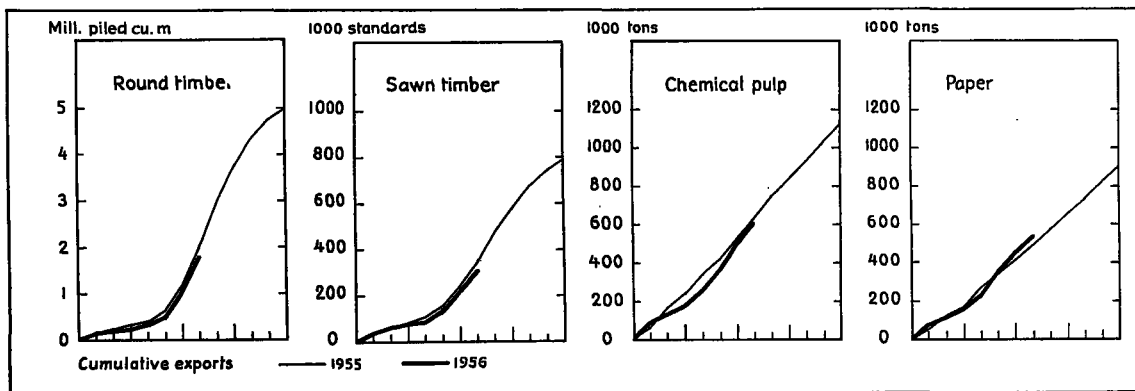
## FOREIGN TRADE BY CLASSES OF GOODS

Mill. mk

Classes of goods	Imports c. i. f.				Exports f. o. b.			
	Whole year		Jan.—July		Whole year		Jan.—July	
	1954	1955	1955	1956	1954	1955	1955	1956
Dairy produce, eggs, honey . . . . .	40	1 988	961	198	2 933	2 380	1 457	2 634
Other animal products, live animals . .	621	1 068	446	441	1 036	341	221	59
Vegetables . . . . .	76	423	312	168	1	0	—	2
Edible fruit . . . . .	3 173	3 915	2 712	2 993	29	16	2	3
Coffee, tea, spices . . . . .	10 299	8 247	4 350	4 265	0	—	—	0
Cereals, milling products . . . . .	7 079	10 570	5 346	6 516	493	1	1	1
Certain seeds and fruit, plants for industrial purposes . . . . .	1 205	1 565	1 271	801	125	110	45	163
Raw materials for tanning and dyeing	120	108	64	49	3	2	2	0
Animal and vegetable fats . . . . .	2 310	2 191	987	1 001	370	118	1	193
Meat and fish products . . . . .	344	549	191	344	0	0	0	0
Sugar, sweets . . . . .	2 673	3 812	2 146	2 025	17	20	7	11
Beverages, vinegars . . . . .	820	654	327	443	400	141	33	80
Fodder . . . . .	1 267	2 357	1 846	2 490	21	—	—	—
Tobacco . . . . .	1 635	1 598	849	912	0	0	0	0
Minerals, ore . . . . .	1 855	2 250	1 005	914	1 244	1 776	541	918
Mineral fuel and oils . . . . .	18 118	22 321	11 911	12 502	25	13	7	9
Chemical and pharmaceutical products	6 592	7 210	3 965	4 103	254	332	179	273
Tanning and dyeing extracts, varnishes	1 925	2 041	1 195	1 283	6	3	1	9
Casein, albumen, glues . . . . .	538	643	368	303	13	0	0	0
Fertilizers . . . . .	3 312	3 129	1 684	1 862	0	0	—	0
Hides, skins, leather and furs; manufactures thereof . . . . .	1 892	2 148	1 255	1 370	477	872	499	726
Rubber and rubber articles . . . . .	2 247	3 100	1 950	2 201	18	23	14	10
Wood and wood products . . . . .	306	587	251	293	62 191	69 917	32 664	26 797
Woodpulp . . . . .	7	31	13	21	29 880	36 778	20 597	20 622
Board, paper, manufactures therefrom	212	238	128	138	32 909	40 329	21 795	24 049
Textile materials, textile goods . . . .	20 077	21 209	11 730	13 054	1 726	1 996	1 078	1 089
Footwear . . . . .	55	57	37	55	101	45	29	12
Articles of stone and of other mineral material, glass . . . . .	1 360	1 413	832	736	556	642	375	333
Base metals; manufactures therefrom	20 828	23 561	12 800	13 851	2 317	2 768	1 385	2 488
Machinery, apparatus . . . . .	12 579	16 211	8 109	11 560	5 559	6 452	2 891	3 154
Electric machinery and apparatus . . .	6 047	6 847	3 452	4 238	793	743	442	398
Transport material . . . . .	15 761	17 706	9 995	15 583	12 066	14 589	7 699	5 951
Instruments, clocks and watches, musical instruments . . . . .	1 634	2 181	1 213	1 616	94	72	20	53
All others . . . . .	5 130	5 032	2 598	3 098	961	780	406	349
Total	152 137	176 960	96 303	111 407	156 618	181 259	92 390	90 388

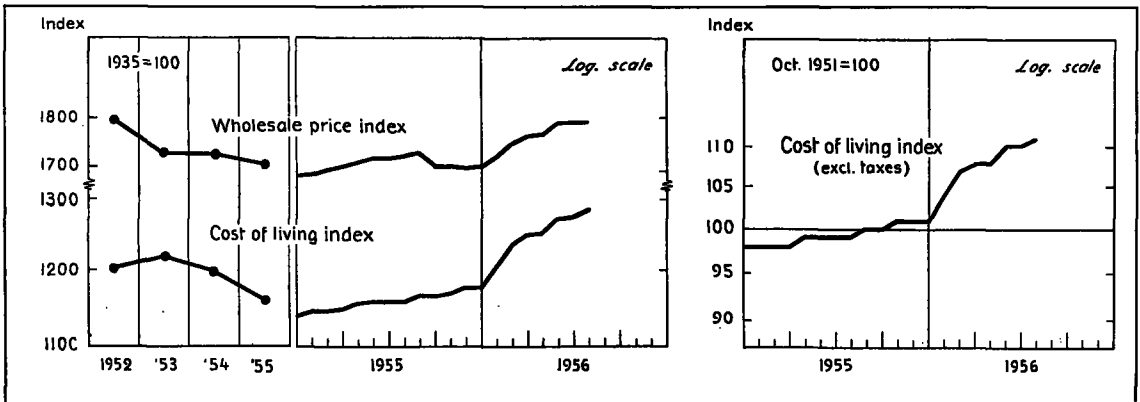
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round and hewn timber 1 000 cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1948	1 996	470	175	97	373	330	81	27	289	416
1949	2 251	607	208	160	449	311	61	31	348	455
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1954 Dec.	180	61	36	16	60	39	10	7	37	74
1955 Jan.	134	38	26	17	41	31	7	5	33	57
Feb.	117	29	31	12	63	36	11	6	34	69
March	70	17	17	11	43	26	6	3	21	45
April	96	27	40	14	63	41	13	6	50	96
May	226	49	31	15	50	23	10	6	34	74
June	541	80	21	20	60	54	9	5	36	72
July	789	106	24	19	62	43	9	4	41	75
Aug.	967	128	26	19	72	45	9	4	43	82
Sept.	771	101	26	9	53	30	10	5	42	81
Oct.	633	96	27	17	55	37	9	6	48	88
Nov.	418	64	28	16	60	40	9	6	48	88
Dec.	215	51	24	14	60	41	8	5	40	78
1956* Jan.	139	40	21	14	57	37	9	5	35	69
Feb.	58	24	10	8	28	15	6	2	26	52
March	35	8	8	8	19	16	4	2	24	40
April	101	16	22	12	57	29	11	3	34	67
May	166	45	26	22	68	38	10	6	74	125
June	511	85	23	23	76	64	8	5	49	94
July	803	90	22	21	66	38	8	5	50	89



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—July			Whole year		Jan.—July		
	1954	1955	1955	1956*		1954	1955	1955	1956*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	19.8	20.9	20.3	22.4	24 914	25.8	27.3	26.9	25.4	23 003
United Kingdom .....	18.8	20.3	19.8	21.5	23 964	22.5	24.0	23.6	21.3	19 228
<b>Other OEEC countries</b> ..	35.3	36.4	35.8	39.7	44 180	31.7	32.4	30.8	29.1	26 329
Belgium-Luxembourg ....	3.0	3.0	2.7	3.0	3 363	2.9	3.5	2.9	3.9	3 566
Denmark .....	2.4	3.6	3.9	2.9	3 223	3.4	3.0	3.2	2.6	2 327
France .....	6.2	6.0	5.9	5.8	6 410	4.7	4.7	4.6	4.9	4 410
Western Germany .....	6.7	9.0	8.4	11.7	12 979	7.4	9.1	8.3	8.1	7 317
Italy .....	1.2	1.1	1.0	1.3	1 502	1.4	1.2	1.2	1.3	1 148
Netherlands .....	6.5	3.6	3.5	4.1	4 518	4.5	4.4	4.6	3.3	2 997
Norway .....	1.9	2.2	2.2	2.0	2 206	1.3	1.3	1.2	0.6	572
Sweden .....	4.6	4.9	5.0	5.7	6 354	2.7	1.9	1.7	2.0	1 818
Switzerland .....	1.2	1.4	1.4	1.8	1 956	0.7	0.9	1.0	0.4	390
Turkey .....	0.7	0.5	0.6	0.4	469	1.5	1.0	0.7	0.4	392
<b>Eastern Bloc</b> .....	28.7	27.1	27.9	23.8	26 510	27.9	25.7	28.0	27.8	25 165
China .....	0.4	0.5	0.8	0.2	213	1.0	1.6	1.4	1.1	963
Czechoslovakia .....	2.7	2.7	3.2	2.0	2 237	0.7	1.0	0.8	1.3	1 172
Eastern Germany .....	2.6	2.7	3.0	1.9	2 164	1.7	2.2	1.8	2.4	2 213
Poland .....	4.2	4.8	5.2	3.9	4 384	2.1	2.0	1.9	2.4	2 150
Soviet Union .....	17.8	14.7	14.3	14.1	15 665	21.5	17.5	20.3	18.8	17 014
<b>U.S. and Canada</b> .....	4.7	5.4	4.7	5.7	6 348	5.9	5.8	6.2	7.6	6 820
United States .....	4.6	5.2	4.6	5.4	6 050	5.8	5.7	6.1	7.5	6 753
<b>Latin America</b> .....	7.8	7.5	7.6	5.9	6 548	4.8	5.5	5.2	6.3	5 732
Argentina .....	2.0	2.9	3.2	2.0	2 282	1.7	2.2	2.1	1.5	1 333
Brazil .....	5.5	4.1	4.2	3.1	3 477	2.1	2.6	2.4	3.2	2 859
<b>Others</b> .....	3.7	2.8	3.7	2.6	2 907	3.9	3.3	2.8	3.7	3 336
<b>Grand total</b>	100	100	100	100	111 407	100	100	100	100	90 386



## PRICE INDICES

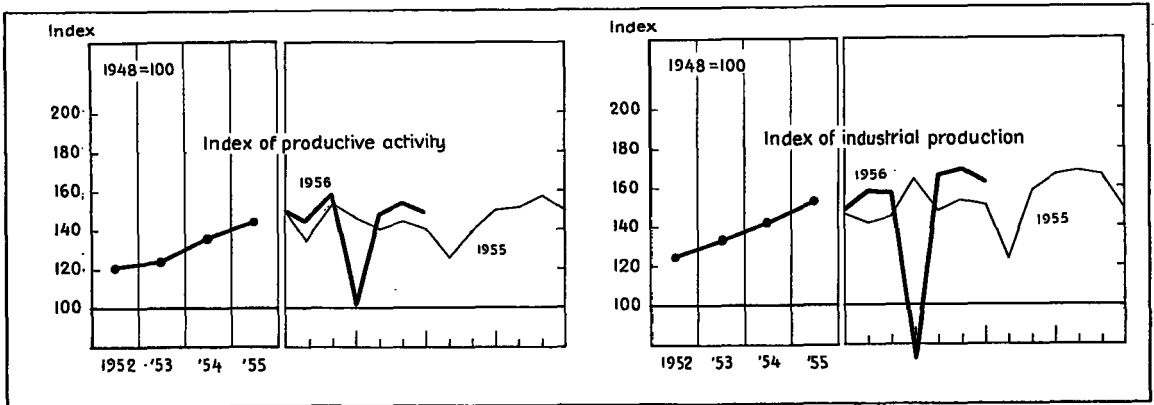
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1938	114	118	117	145	110	104	108	111	90
1949	1 098	1 099	1 136	1 431	980	1 092	871	201	1 875
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1955 Dec.	1 701	1 801	1 707	2 980	1 434	1 487	1 175	803	1 836
1956 Jan.	1 721	1 821	1 787	2 998	1 435	1 506	1 204	898	1 790
Feb.	1 751	1 858	1 937	3 025	1 438	1 522	1 240	898	1 790
March	1 760	1 869	1 976	3 026	1 444	1 529	1 249	898	1 790
April	1 764	1 866	1 955	3 026	1 446	1 546	1 253	898	1 790
May	1 790	1 884	1 958	3 026	1 474	1 591	1 274	898	1 790
June	1 789	1 884	1 928	3 042	1 479	1 586	1 277	898	1 790
July	1 791	1 881	1 925	3 015	1 484	1 598	1 286	898	1 790

Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1952	101	107	105	97	88	102	103	104	103
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1955 Aug.	100	103	179	84	73	102	104	96	118
Sept.	100	103	179	85	74	102	105	96	119
Oct.	101	103	192	86	74	102	105	97	118
Nov.	101	104	193	87	74	102	105	97	117
Dec.	101	104	193	87	74	102	104	97	114
1956 Jan.	104	105	215	92	74	103	104	98	113
Feb.	107	112	215	93	74	104	104	99	109
March	108	113	215	93	74	104	106	99	114
April	108	113	215	94	75	104	107	100	116
May	110	116	215	94	75	105	108	101	118
June	110	116	215	95	75	108	110	103	123
July	111	116	215	95	75	109	111	103	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 <sup>2)</sup> 1954 = 100	Working-days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1949	105	109	106	96	93	101	23 010	1 021	70	1 195
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	142	144	119	140	154	119	35 370	1 703	100	116
1955	153	153	129	152	178	114	38 600	1 705	116	345
1955										
Jan.	142	143	125	140	165	105	4 453	122	85	4
Feb.	145	145	127	146	164	120	5 075	113	95	9
March	164	163	141	166	184	139	4 254	131	107	251
April	148	150	128	142	157	121	2 961	150	119	25
May	153	154	129	150	175	114	7 970	166	118	16
June	151	154	128	146	166	116	1 014	174	118	10
July	123	112	79	148	173	111	1 220	182	107	4
Aug.	158	159	128	156	188	109	1 287	156	122	2
Sept.	166	169	137	161	192	117	1 589	137	130	12
Oct.	168	169	145	167	201	119	2 237	123	128	8
Nov.	166	171	143	157	196	101	3 000	121	128	2
Dec.	149	153	134	140	172	94	3 540	133	128	2
1956										
Jan.	158	157	138	160	196	108	4 275	146*	93	6
Feb.	157	158	139	155	194	98	4 176	141*	102	1
March	72	79	57	56	63	47	3 450	149*	91	6 950
April	166	168	140	163	192	122	2 399	180*	124	4
May	169	170	136	168	195	129	8 083	208*	138	—
June	163	166	139	157	183	119	1 131	214*	124	—
July	138	127	93	165	201	111	1 156	..	..	1

<sup>1)</sup> Preliminary figures since 1954.  
<sup>2)</sup> Converted from 1948 = 100.

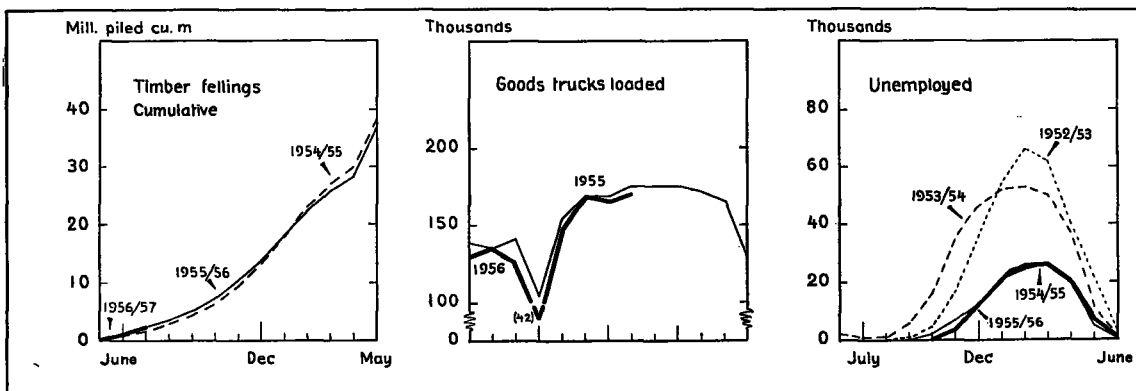


**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed <sup>1)</sup> , mill. cu. m					Buildings under construction at end of period <sup>1)</sup> mill. cu. m	Wages Oct. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1953	20.09	8.44	5.66	2.53	2.25	22.66	103.1	89.7	..
1954	22.02	9.36	5.24	3.54	2.87	22.85	105.6	93.4	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	110.4	113.3	..
1955									
Jan.-Mar.	3.20	1.56	0.20	0.76	0.57	22.02	107.3	104.7	104.2
Apr.-June	3.20	1.52	0.59	0.54	0.36	28.08	110.0	112.9	103.7
July-Sept.	5.56	2.41	1.50	0.77	0.53	28.32	112.2	118.4	101.5
Oct.-Dec.	8.25	3.94	2.00	1.05	0.83	23.75	112.2	117.1	102.0
1956									
Jan.-Mar.	3.45	1.71	0.15	1.10	0.35	23.86	..	117.4	104.2

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				Registered		On relief work, %	
	1955	1956	1955	1956*	1955	1956*	1955	1956	1955	1956
Jan.	136	136	335	284	316	299	21 165	20 583	76.5	78.7
Feb.	142	126	252	154	258	142	24 305	25 751	86.5	84.1
March	105	42	226	74	201	53	26 053	26 047	91.1	89.1
April	154	147	313	225	307	188	19 434	19 992	92.0	94.4
May	169	168	446	419	405	370	5 008	7 231	92.2	98.9
June	168	166	440	410	582	551	—	—	—	—
July	175	170	413	470	684	679	—	—	—	—
Aug.	175	—	412	—	742	—	—	—	—	—
Sept.	175	—	384	—	614	—	—	—	—	—
Oct.	172	—	361	—	596	—	164	—	47.0	—
Nov.	165	—	384	—	479	—	3 337	—	51.9	—
Dec.	131	—	380	—	404	—	12 259	—	64.2	—

<sup>1)</sup> Quarterly figures incomplete; those given for the previous year are adjusted so as to be comparable with the figures for the latest corresponding quarters.



# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* 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, up to June 1, 20 %, for goods for which licensing is not automatic). Included in Long-term Finnish liabilities. *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 of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

## DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

## STATE FINANCES

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

## SYMBOLS USED

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

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

Beginning May 1956 figures have been rounded to the nearest final digit. For this reason there may be an appar-

## FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs, except for the price indices (p. 9), which are calculated by the Central Statistical Office.

## PRICE INDICES

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

## PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

## BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. Its base period changed to correspond with October 1951 by calculating a weighted average of the last two quarters of the year. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. Base calculated to correspond with Oct. 1951 by taking average from August to December 1951. *Index of working hours in industry* calculated by the Ministry for Social Affairs. The index is based on the number of working hours during the corresponding quarter of the previous year. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works.

ent slight discrepancy between the total and the sum of the constituent items.

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 Kaleva 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 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 (1955): 4.3 millions. Sweden (1954) 7.2, Switzerland (1954) 5.0, Denmark (1954) 4.4 and Norway (1954) 3.4 millions.

DENSITY OF POPULATION (1955): In South Finland 23.7, in North Finland 3.8 and in the whole country an average of 13.9 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1955): 65.8 % of the population inhabit the rural areas, 34.2 % the towns and market towns. The largest towns are (1956): Helsinki (Helsingfors), the capital, 412 200 inhabitants, Turku (Åbo) 112 800, Tampere (Tammerfors) 114 200.

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 (1955): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1954): Births 21.5 ‰, deaths 9.1 ‰, increase 12.1 ‰. Deaths in France (1954) 12.0 ‰ and in Great Britain (1954) 11.4 ‰.

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1954, in thousand million marks): Gross national income at market price 892. Net national product at factor cost, by industrial origin: agriculture 83 (12 %), forestry and fishing 82 (12 %), manufacturing 221 (32 %), construction 65 (10 %), transport and communications 46 (7 %), commerce, banking and insurance 82 (12 %), public activities 63 (9 %), other services 41 (6 %), total 682. Volume index 134 (1948 = 100).

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

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 107 for 1954 (1938 = 100). Measure of self-sufficiency in the crop year 1954/55: bread cereals 48 %, fertilizers 49 %, dairy products 102 %, meat 104 %, fodder 92 %.

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

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

MERCHANT FLEET (Sept. 1, 1956): Steamers 293 (414 000 gross reg. tons), motor vessels 169 (309 000 gross reg. tons), sailing vessels with auxiliary engines 116 (12 000 gross reg. tons). Total 578 (735 000 gross reg. tons).

MOTOR VEHICLES (1955): Passenger cars 85 400, lorries and delivery vans 50 200, buses 4 300, others 1 700. Total 141 600.

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish *markka*). Its official par value is 230 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1954 expenditure amounted to 111 000 mill. marks. Total revenue was 111 000 million, of which income from taxation 56 000 million. The municipal income tax (non-progressive) averaged 11.08 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (1955). There are three big and three small commercial banks with in all 520 offices, 421 savings banks, 594 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST. (April 19, 1956). Bank of Finland: discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % and sight deposits 1—1 ½ %; lending rate 8 % in general.

## THE REORGANISATION OF OLD AGE AND DISABILITY PENSIONS

BY

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The system of old age and disability pensions in Finland has hitherto been based upon three Acts: the National Pensions Act, passed in 1937, which came into force at the beginning of 1939, the Old Age Assistance Act, supplementing the former act, which came into force in 1952, and the Disability Assistance Act which came into force in 1955. By the terms of the National Pensions Act, persons of 19 years of age resident in Finland, who were born in 1884 or later, are covered by insurance. Insured persons are entitled to an old age pension at the age of 65, and to a disability pension, if they become permanent invalids before attaining that age. It is a further condition for obtaining a pension that not less than half of the prescribed contributions must have been paid. The pension consists of two parts, of which the „basic pension” is equal to the capital value of the contributions paid plus an additional amount prescribed by law. The other part is a supplementary pension, the size of which depends upon the income, the place of residence and the family circumstances of the pensioner. By the Old Age Assistance Act, a pension was granted to people born before 1884, the amount of which corresponds to that of the supplementary pensions provided for in the National Pensions Act. The original National Pensions Act made no provision for the disability of

those who had become incapacitated before the Act came into force or prior to the calendar year in which they attained the age of 19. The Disability Assistance Act granted such persons a pension, the amount of which is calculated on the same principles as the supplementary pension of the National Pensions Act. The application of these three Acts, which embrace practically the whole population of Finland from the age of 19 onwards, is entrusted to the Institute of National Pensions. This is a public institution under the supervision of representatives appointed by the Diet.

The following table contains some figures illustrating the average pensions and the total pensions paid.

	Average pensions Dec. 31, 1955	Paid during 1955
	Marks	Mill. marks
Basic pensions .....	3 807	809
<b>Total national pensions</b>	—	<b>4 145</b>
Supplementary pensions ....	24 589	3 336
Old age assistance .....	26 448	2 936
Disability assistance .....	29 560	516
<b>Total</b>	—	<b>7 597</b>

As the table indicates, the basic pension according to the National Pensions Act is very small. This is due to the technical system of insurance adopted, and to the fact that the contribution, of which the employer pays one-half on behalf of his employee, is

only 2 per cent of earnings and is at most 5 000 marks a year. As the greater part of the paid-in contributions is funded, these funds have been of considerable economic importance. On 31 December 1955 the total invested funds amounted to 64 300 million marks of which 14 600 million had been invested during that year.

The basic pensions are entirely financed by the contributions paid and from the interest on the funds, but the supplementary pensions and old age assistance are paid out of public funds, the State contributing 77 per cent and the communes 23 per cent.

#### THE REORGANISATION OF THE SYSTEM

The revision of the system of national pensions was considered by various commissions, and in 1954 the Social Insurance Commission drafted a proposal for reorganising the whole system. According to the proposal, the pension was to consist of a basic pension, financed out of contributions, and an assistance pension, financed out of public funds, which was reminiscent in its structure of the present supplementary pension. Funding was radically reduced, the size of the basic pension being made chiefly dependent on the level of the contributions paid and not on their total amount. The contributions were to be raised by degrees, and the funds would at first be increased approximately by the amount of interest received but would decrease later. According to the proposal of the Commission, the amount to be paid annually in pensions would increase to about double the present sum. On the basis of the Commission's proposals, the Government introduced early in the spring of 1955 a bill for a new National Pensions Act. After being debated for over a year the National Pensions Act was in May this year adopted for three years, in a greatly altered form. It will come into force at the beginning of 1957.

#### THE NEW NATIONAL PENSIONS ACT

Persons subject to the Old Age Assistance and Disability Acts will also come within the scope of the new National Pensions Act. In addition, the lower age limit has been reduced, so that every person resident in Finland who has attained the age of 16 is insured according to this Act. For an old age pension the age is 65. Insured persons who are permanent invalids and under 65 years of age will be paid a disability pension. By „permanent invalids” are meant those who are permanently incapable, owing to sickness, disablement or injury, of supporting themselves by work suitable to their strength and ability. In addition, insured single females of 63 and 64 years of age, if they are indigent, will be paid a pension to be known as „old age assistance”.

#### PENSIONS

The new law retains the division of pensions into a basic part and an assistance part, subject to a means test, and paid out of public funds. Both categories are linked by a special Act to the fluctuations in the cost of living. The basic part is the same for everyone, 24 000 marks per annum, and the right of obtaining it is not dependent on the payment of contributions. The basic part is included in the old age pension and the disability pension, but not in old age assistance. If a claim to an old age pension is postponed to a greater age than 65, the basic part is increased by 12.5 per cent for every year of postponement, the maximum increase being 62.5 per cent.

In addition to the basic part of pension, a pensioner with small means will receive a supplementary pension as assistance. The amount of this depends, amongst other things, upon the cost of living in the district in which the pensioner is resident. For this purpose the communes are divided into three classes, the highest or full assistance in the



In addition to the pensions referred to above, in the event of the death of an insured person the widower or widow and some others who are next-of-kin are paid a burial allowance of 24 000 marks. If the pension has already been drawn, the basic pension drawn is deducted from the payment.

In addition to cash payments, the Institute of National Pensions may provide medical care, instruction and rehabilitation for an insured person with a view to preventing permanent disability or to the recovery of working and earning ability.

#### FINANCE

National pensions are financed entirely on a collective basis. To finance the costs of administration of the system and the basic pensions a contribution is levied, amounting to 1 per cent of the taxable income in communal taxation. In contrast to former legislation there is no upper limit to the contribution. In addition to the contribution payable by the insured person, a contribution of 1 per cent of the total wages paid is levied from employers for financing the basic pensions.

According to the new law, the funding of premiums will cease, but the funds already accumulated will not be employed for paying pensions, but retained such as they were when the Act came into force, and their yield will be used for financing the basic pensions. If these sources of income do not suffice, the State will pay the difference. The assistance part of the pensions will be financed, as hitherto, entirely by the Government and the communes. On the basis of their financial position the communes are divided into 5 classes, the ratio of each commune varying accordingly between 10 and 30 per cent, while the Government will pay the rest.

#### ADMINISTRATION

The system of old age and disability pensions will be administered by the Institute of National Pensions as hitherto. The assessment of pensioners' incomes will be made, in contrast with the former practice, by a local pensions committee with the local agent of the Institute of National Pensions as chairman. The estimates of disability, on the contrary, will be made at headquarters on the basis of doctors' reports etc. Complaints regarding pensions can be made to the administrative organs of the Institute of National Pensions and to the Insurance Court.

The funds of the Institute of National Pensions are to be invested for productive purposes, but funds can also be invested for purposes directly connected with the preservation and recovery of working capacity and in buildings for the care of old people. The indebtedness of the Government must not exceed a total of 10 per cent of all the investments of the Institute of National Pensions, nor may the Institute hold more than 10 per cent of the capital of any one company. The regulations concerning investments are approximately the same as in the former National Pensions Act; the main new point lies in the possibility of investing in social undertakings.

#### THE NEW SYSTEM IN PRACTICE

Detailed figures for the new system are not yet available. However, some summarised preliminary estimates can already be given. Thus in 1957 about 10 000 million marks are likely to be paid in basic pensions and 16 800 million in assistance pensions. Also, funeral allowances, hospital treatment and current expenses are estimated at about 1 000 million marks, so that the total expenditure will amount to about 28 000 million. Of the assistance pensions, Government funds will

finance about 77 per cent and communal funds 23 per cent. Of the remaining expenditure about two-thirds are expected to be financed by insurance contributions and about one-third by earned interest.

The total expenditure will be about three times that of the present system. At present, however, pensions are confined mainly to the poor, as the basic pension has been only about one-sixth of the new basic pension. The distribution of the assistance part of pensions is indicated by the fact that of all those in receipt of pensions 82 per cent will also receive the assistance pension. The average pension of those in receipt of the assistance part is 71 000 marks.

If the new system continues on the same lines, the expenditure should be approximately as follows.

At the present moment it is very difficult to give precise details of how the financing

Year	Basic pensions	Assistance parts 1 000 mill. marks	Other expenses	Total
1960	11	18	1	30
1965	12	20	1	33
1970	14	23	1	38

of the system will be distributed, as the recent increase in wages affects the calculations, besides which some particulars in the legislation affecting income are still an open question; there are, for example, no regulations for the executive. The following estimate should, however, be applicable to the initial period:

Employers	15 per cent
Insured persons	16 " "
Funds	17 " "
Government	40 " "
Communes	12 " "
	100 per cent

The funds should amount to 76 000 million marks on 31 December 1956.

## ITEMS.

**The Budget for 1957.** On September 10, the Government presented its Budget Estimate for 1957. Revenue and expenditure, considered in the main categories, compare as follows with the finance account figures for 1955 and the totals of the ordinary budget and two supplementary budgets for 1956.

	1955 Finance Report	1956 Ordinary and suppl. budgets	1957 Budget proposal
<b>Revenue</b>			
Current	205 615	201 220	233 338
Capital	16 237	4 530	4 303
Loans	13 530	16 356	11 313
<b>Total</b>	<b>235 382</b>	<b>222 107</b>	<b>248 954</b>
<b>Expenditure</b>			
Current	168 211	167 814	182 293
Capital	64 732	60 109	55 615
Redemptions	10 045	9 120	10 923
<b>Total</b>	<b>242 988</b>	<b>237 043</b>	<b>248 831</b>

In the estimate for 1957, current revenue exceeds the 1955 figure by some 14 per cent. Income and property tax amounts to 63 000 mill. marks (57 000 million in 1955) and purchase tax to 59 000 million (50 000). At the beginning of the year the income tax of companies was reduced from 38 per cent to 32 per cent and their property tax from 1.0 to 0.8 per cent, in addition to which depreciation allowances were increased.

Current expenditure, according to the estimate, is 8 per cent higher than in 1955. The grant for the maintenance of employment was reduced by 5 000 mill. marks from that for 1955. The increase in wages and salaries during the current year represents annual expenditure of about 17 000 mill. marks, of which part is included in the

supplementary budget for the current year. The new National Pensions Act will raise expenditure by more than 8 000 mill. marks. Price subsidies are to be reduced; the amount included in the 1957 budget is about 16 000 mill. marks (25 000 in 1955). As the adjustment of civil service salaries is not yet completed, there will evidently be a further increase in Government expenditure which has not been taken into account here. Similarly the present system of price subsidies, amongst other things, and the normal unemployment in winter will raise State expenditure above the figures in the present estimate.

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**Bond loans.** On August 16, the Government raised the amount of the 1956 bond loan II, with a varying rate of interest from 3 000 to 3 500 million marks. (See Items in Nos. 5 and 7, 1956, of this Bulletin.)

On September 15, the Government issued a third bond loan, with a varying rate of interest, amounting to 2 000 mill. marks. The rate of interest will be 2 per cent above the rate paid by the two largest commercial banks on six month deposits. The loan will be redeemed in 1957—1966, by 10 per cent of the nominal value of bonds every year. It is tied to the cost of living index (Oct. 1951 = 100) to the extent of 50 per cent. The basic index number is to be that for September 1956.

**Vanadium factory.** In August, operations were begun in a factory, built in connection with the Otanmäki ore mine, where vanadium is extracted from iron concentrate. Initially, the annual output of vanadium will be 300 tons, which corresponds to about 6 per cent of world consumption, but in one year, it is intended that capacity will be doubled. The major proportion of the output will be exported.

\*

**Crop prospects.** Until mid-July weather conditions were satisfactory for plant growth, but later, rains and a low temperature hampered development to some extent. According to estimates made in the middle of August, crops will be considerably larger than last year, when unfavourable weather affected the results. The average crop per hectare is expected to exceed by some 14 per cent the corresponding figure for 1955. Nearly all important plants will yield more than was the case last year. The greatest increase is expected to occur in regard to beet-sugar, 70 per cent, and potatoes, 40 per cent. Some 15—20 per cent more grain is expected per hectare, and the hay crop will probably be about the same as it was last year. However, the abundant rains during August and September, and the autumn frosts, may make the final crop figures fall short of the estimates quoted.

# BANK OF FINLAND

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