



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 32 No. 10

OCTOBER

1958

RECENT DEVELOPMENTS

BUDGETARY POLICY

Last year, with the slowing down of economic activity, the increase in State revenue came to an end. As a deficit policy was incompatible with the plans for stabilization, numerous cuts in expenditure were made, and revenue was increased, in order to balance the budget. Government payments had to be deferred on a number of occasions, until these measures had had time to improve the cash position. All this had, of course, a contractive effect on income formation in the economy.

During the current year, balancing the budget has not presented similar difficulty. There has been no rise in activity, it is true, but many of last year's measures of economy have this year favourably affected development, this being partly, also, a consequence of further reductions in expenditure made by the Government at the beginning of the year. Deferments of payment have not been necessary — with the exception of certain end-of-quarter arrangements aimed at leveling seasonal cash fluctuations — and all arrears from 1957 were settled in January.

According to adjusted calculations (see Table on p. 8), revenue excl. loans exceeded expenditure excl. redemption by 12 300 million marks, whereas by the end of August

1957 there was a deficit of 2 000 million. Actually, the proportion between revenue and expenditure has even more improved, for if all payments had been made on time in 1957, there would have been a surplus of 16 900 million marks at the end of last August, and a deficit of 16 500 million at the end of August 1957.

The increase in State revenue is largely due to the levy on export proceeds, of which 13 400 million marks had been collected during January—August. Of that total, 8 125 million was used for redemption of the Treasury Bond Loan; as this was a transaction between the Government and the central bank, it has not been regarded as expenditure in the above calculation, but as employment of surplus. The level of expenditure is actually lower than last year. The fact that the Table on p. 8 records lower expenditure for 1957 is ascribable to the deferred payments.

No substantial changes are expected to occur in State finances during the last months of the current year. The slight revival of economic activity that has recently been evident is reflected in an increase in precollected taxes and the yield from pur-

On page 18. The Finnish Labour Force

chase tax. Although it is anticipated that expenditure on unemployment next winter will exceed the amounts needed one year before, it seems probable that the end of the year will be reached without particular financial difficulties being encountered.

The budget estimate for 1959, delayed as a result of the parliamentary election and the change of Government, was presented to the Diet at the beginning of October. Total expenditure is estimated at 299 400 million marks, of which 17 100 million represents debt amortisation. The estimate of revenue shows a similar total, which includes 15 100 million marks in borrowing (see Item).

The actual volume of expenditure is obscured by the antiquated structure of the budget. According to the adjusted calculations, expenditure excl. redemption totalled 290 200 million marks for the 12-month period September 1957 to August 1958. In the budget for 1959, expenditure excl. redemption amounts to 282 300 million. To this there should be added the loans to be granted out of export levy funds — such loans having already been included in the budget for the current year — and the „normal” increases in appropriations, as well as other expenditure that will be fixed later in supplementary budgets. If these additions and, on the other hand, the rise in prices, are taken into account, it seems that the volume of expenditure will not rise next year, even though unemployment grants cannot be expected to decrease.

In view of the present outlook for economic activity, the Government has thought it impossible to reduce taxes, if revenue is to be maintained at its previous level. The only exception is the lowering, from 25—30 per cent to 20 per cent, of the tax on motor vehicles. A Government proposal has been announced concerned with the early transfer

of purchase tax from the producer stage to the wholesale and retail trade, although in such a way that the yield of the tax remains unchanged.

As regards expenditure, the Government has proposed considerable cuts in subsidies. The price subsidy for butter has been lowered by means of higher consumer prices, this representing a saving of 3 900 million marks annually. By means of a special excise duty, the price of oleo-margarine has been raised in proportion. The export subsidy to farmers has been lowered by one third, which has reduced expenditure by an annual 3 200 million marks.

Grants or loans for the maintenance of employment, which appear under various headings, amount in all to nearly 30 000 million marks. Of these, the total of loans is considerably reduced, to 1 500 million, under the assumption that the former loans will be replaced by the improved lending capacity of credit institutions and the State loans from export levy funds.

A fairly high proportion of expenditure, 15 100 million marks, is estimated to be financed from loans. This should not be too difficult to obtain, seeing that an exceptionally large amount, 13 100 million marks, will be paid out in amortisation of the internal debt. The need for new net borrowing will thus be comparatively small.

The Government has tried to design its budget estimate in a way that will increase activity and employment without jeopardising the stability of prices. As the estimate is a result of compromise in a coalition Cabinet, which represents the majority of the Diet, one feels entitled to expect that the Diet will not make any substantial alterations.

October 15, 1958.

BANK OF FINLAND

Mill. mk

	1957		1958			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	37 696	41 340	62 636	63 981	64 365	62 675
Gold	7 850	7 850	7 866	7 866	7 866	7 866
Foreign exchange	26 935	30 579	51 065	52 406	52 790	51 100
Foreign bills	136	136	930	934	934	934
Foreign bonds	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	66 240	64 811	42 664	39 797	38 104	44 449
Inland bills discounted						
In foreign currency	13 227	13 240	13 198	13 168	13 159	13 043
In Finnish currency	16 269	12 909	14 634	14 121	13 633	13 493
Rediscounted bills	20 494	24 912	6 707	4 383	4 437	11 038
Treasury bond loan	16 250	13 750	8 125	8 125	6 875	6 875
<i>Other assets</i>	19 753	19 786	17 502	17 177	17 441	18 302
Finnish bonds	1 515	1 258	1 789	1 787	1 787	1 788
Cheque accounts	1 224	619	518	247	315	416
Finnish coin	340	299	547	558	551	544
Other claims	16 674	17 610	14 648	14 585	14 788	15 554
Total	123 689	125 937	122 802	120 955	119 910	125 426
Liabilities						
<i>Notes in circulation</i>	55 828	60 640	57 491	57 538	56 703	58 191
<i>Short-term liabilities</i>	24 087	20 581	20 852	19 235	18 696	21 882
Foreign exchange accounts	9 687	4 569	3 532	3 360	3 299	3 224
Mark accounts of holders abroad	7 624	7 901	4 272	4 226	4 488	4 483
Cheque account of the Treasury	6 406	5 145	9 138	7 973	7 205	10 953
Cheque accounts of banks	—	2 405	429	47	409	—
Other cheque accounts	119	189	284	330	353	319
Other short-term liabilities	251	372	3 197	3 299	2 942	2 903
<i>Long-term liabilities</i>	15 336	16 249	21 867	21 883	22 177	22 484
Foreign	12 101	12 284	12 213	12 209	12 209	12 211
Finnish	3 235	3 965	9 654	9 674	9 968	10 273
<i>Equalisation accounts</i>	15 284	14 458	8 652	8 332	8 330	8 799
<i>Bank's own funds</i>	13 154	14 009	13 940	13 967	14 004	14 070
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	1 316	2 171	1 016	1 043	1 080	1 146
Total	123 689	125 937	122 802	120 955	119 910	125 426
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	37 696	41 340	62 636	63 981	64 365	62 675
Supplementary cover						
(Upper limit 58 000 mill. mk)	58 000	58 000	42 664	39 797	38 104	44 449
Total	95 696	99 340	105 300	103 778	102 469	107 124
Note issue						
Notes in circulation	55 828	60 640	57 491	57 538	56 703	58 191
Short-term liabilities	24 087	20 581	20 852	19 235	18 696	21 882
Undrawn on cheque credits	564	624	736	1 007	938	841
Unused right of note issue	15 217	17 495	26 221	25 998	26 132	26 210
Total	95 696	99 340	105 300	103 778	102 469	107 124

Lowest Bank rate since April 19, 1956, 6 $\frac{1}{2}$ per cent

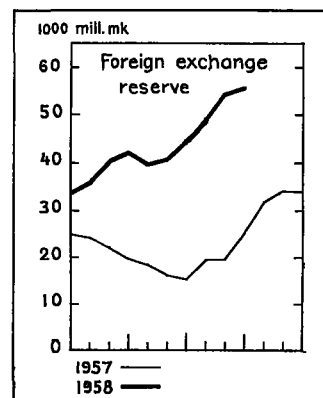
BANK OF FINLAND

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
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										
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. ¹⁾	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
Sept.	58 966	3 224	55 742	3 709	16 694	42 757	11 038	—	— 4	11 042

¹ Devaluation, September 16.

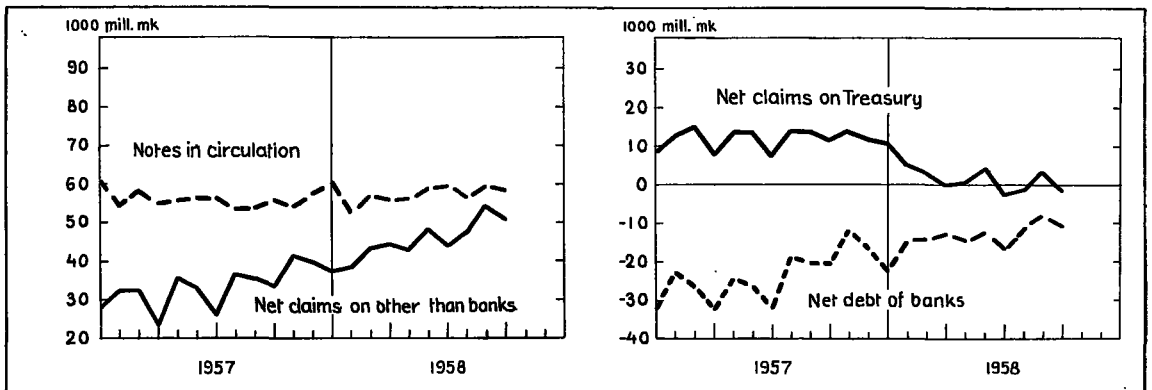
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	July 30	August 31	Sept. 30
Gold	7.8	7.8	7.9	7.9	7.9
Convertible currencies	16.0	17.8	13.9	16.4	16.9
Transferable EPU »	3.2	3.9	6.1	7.5	9.5
Non-transferable EPU »	2.0	4.4	8.5	8.9	9.1
Eastern Bloc currencies ..	-3.4	2.0	14.4	15.5	13.7
Other currencies	-4.8	-2.0	-1.7	-1.8	-1.4
Total	20.8	33.9	49.1	54.4	55.7



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										
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
Sept.	9 146	10 953	— 1 807	13 493	15 986	29 479	—	3 222	26 257	58 191



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
						†				
1957										
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
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155

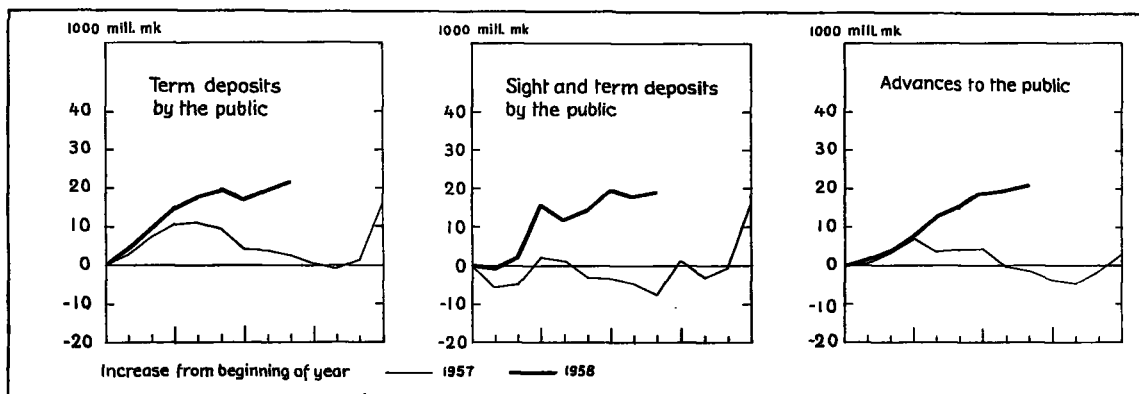
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	91 543
Sept.	13 883	73 815	87 640
Oct.	17 461	77 571	
Nov.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

Selling rates for foreign exchange			
September 30, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich 100 Fr 7 340:—
London	1 £	896:—	Frankfurt a/M 100 DM 7 667:—
Stockholm ...	100 Kr	6 190:—	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: 40
Brussels	100 Fr	644:—	Montreal 1 \$ 328:—
Amsterdam ...	100 G	8 482:—	Moscow, clear. 100 Rbl 8 035:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral 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									
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	115 549
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	..

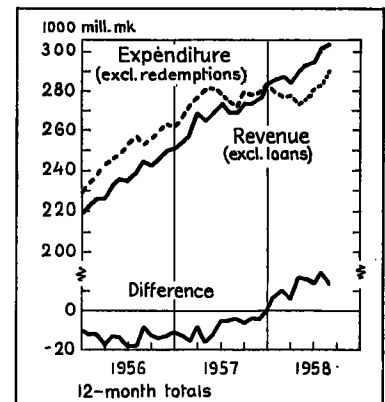


STATE FINANCES

1000 mill. mk

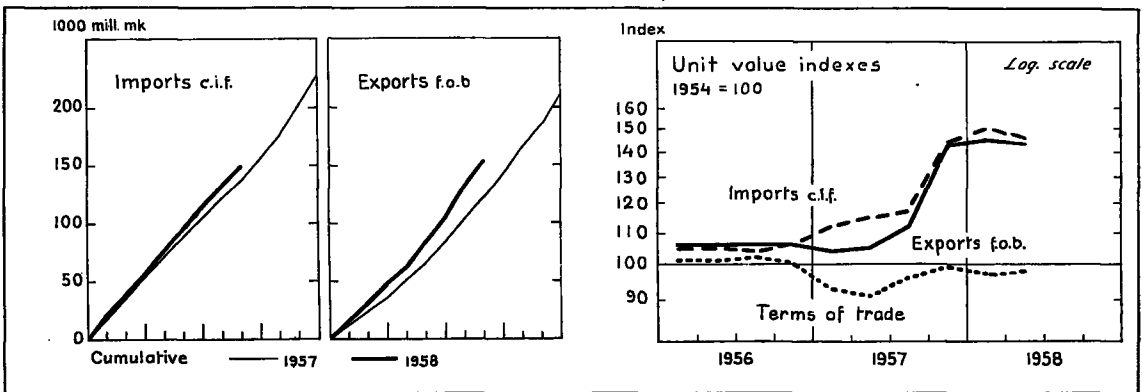
Revenue	Jan.—Aug.		Expenditure	Jan.—Aug.	
	1957	1958		1957	1958
Income and property tax (net)	43.5	39.7	Interest on State debt	4.3	4.9
Gross receipts	(77.9)	(76.4)	Child allowances	7.5	15.1
Refunds and communal income tax	(-34.4)	(-36.7)	The State's share in national pensions	7.8	5.2
Other direct taxes	1.4	0.7	Compensations to war-disabled	5.0	5.0
Purchase tax	41.4	42.0	Transfer of employers' payments for national pensions to the National Pensions Institution	3.2	4.1
Import duties	25.8	26.0	Subsidies	16.6	15.8
Revenue from Alcohol Monopoly	14.3	12.1	Net payments by Price Equalisation Fund	—	—
Excise duty on tobacco	9.2	11.1	State aid to agriculture	2.2	2.5
Excise duty on liquid fuel	—	3.0	State aid to communal and private schools	13.1	14.9
Other excise duties	2.9	2.8	Net loss of State enterprises	2.9	1.9
Tax on automobiles and motor cycles	—	1.3	Maintenance of roads	4.1	4.0
Stamp duties	7.3	8.2	Other current expenditure	53.9	57.4
Levy on export proceeds	—	13.4	Current expenditure	120.6	130.8
Employers' payments for child allowances and national pensions	13.6	15.2	Real investments	36.5	36.6
Net receipts of Price Equalisation Fund	5.0	4.3	(of which: unemployment grants) ..	(24.0)	(22.6)
Other revenue similar to taxes	2.5	2.4	Other capital expenditure	24.7	20.3
Total taxes	166.9	182.2	Capital expenditure	61.2	56.9
Interest and dividends	3.1	3.5	Total expenditure	181.8	187.7
Other current revenue	5.8	5.4	Redemption of external loans	1.1	1.6
Current revenue	175.8	191.1	Redemption of internal loans	5.2	6.3
Capital revenue proper	3.8	4.3	Redemption of indemnity bonds etc. ..	0.7	1.0
Decrease in inventories	0.2	4.6	Index premiums	0.3	0.6
Capital revenue	4.0	8.9	Redemptions	7.3	9.5
Total revenue	179.8	200.0			
External loans	0.0	—			
Internal loans	6.1	4.4			
Loans	6.1	4.4			
Short-term credit (increase +)	—	+3.3			
Deficit (+) or surplus (-)	+3.2	-10.5			
Total	189.1	197.2			

Debt	1955	1956	1957	1958		
	Dec.	Dec.	Dec.	July	Aug.	Sept.*
External debt	61.3	61.5	81.8	80.7	80.6	80.8
Ordinary loans	43.0	50.7	52.9	49.4	50.7	51.5
Indemnity bonds etc. ..	6.8	7.1	7.4	7.7	7.4	7.3
Short-term credit	—	—	—	3.3	3.3	4.3
Cash debt (net)	5.9	8.8	9.6	-3.9	-0.6	..
Internal debt	55.7	66.6	69.9	56.5	60.8	..
Total debt	117.0	128.1	151.7	137.2	141.4	..
Total debt, mill. \$..	506.3	554.5	472.7	427.3	440.7	..



FOREIGN TRADE

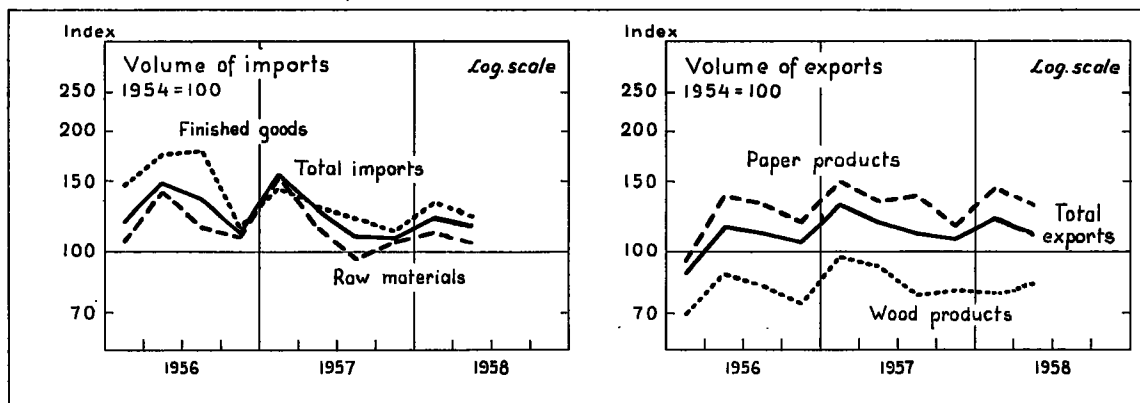
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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.— Aug. 1956	130 474	108 760	-21 714	143	145	144	147	143	144	99
1957	136 478	121 392	-15 086							
1958*	148 314	153 393	+ 5 079							
1957 Oct. Nov. Dec.	21 321 25 034 26 877	23 589 22 257 24 332	+ 2 268 - 2 777 - 2 545	143	140	141	140	163	146	98
1958* Jan. Feb. March April May June July Aug.	20 506 18 288 17 967 18 661 19 544 20 250 16 759 16 339	15 510 14 728 16 814 15 050 21 905 21 793 25 301 22 292	- 4 996 - 3 560 - 1 153 - 3 611 + 2 361 + 1 543 + 8 542 + 5 953							



FOREIGN TRADE BY MAIN GROUPS

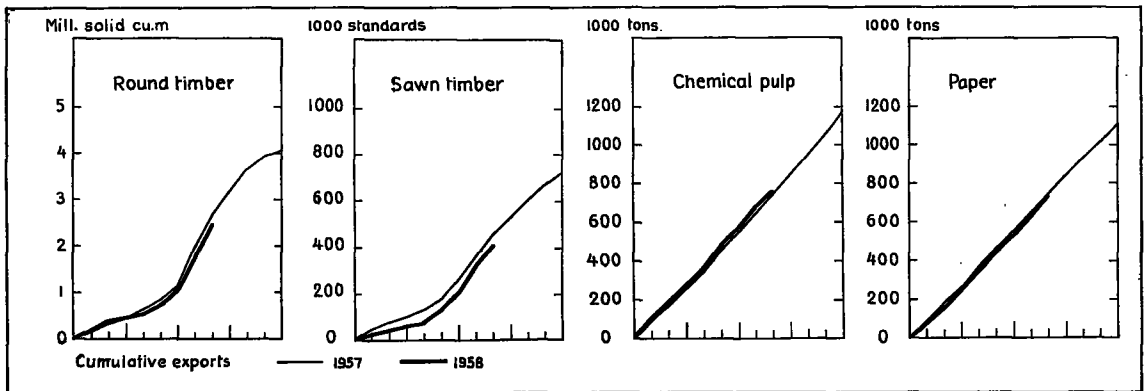
Mill. mk

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.— Aug.										
1957	68 906	27 047	17 553	22 972	6 079	10 225	26 371	58 246	15 342	5 129
1958*	75 222	19 447	21 266	32 379	7 128	12 434	33 971	74 044	19 140	6 676
1957										
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	824
June	10 256	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
Aug.	8 131	2 520	2 281	3 407	967	3 365	5 904	9 483	1 706	867



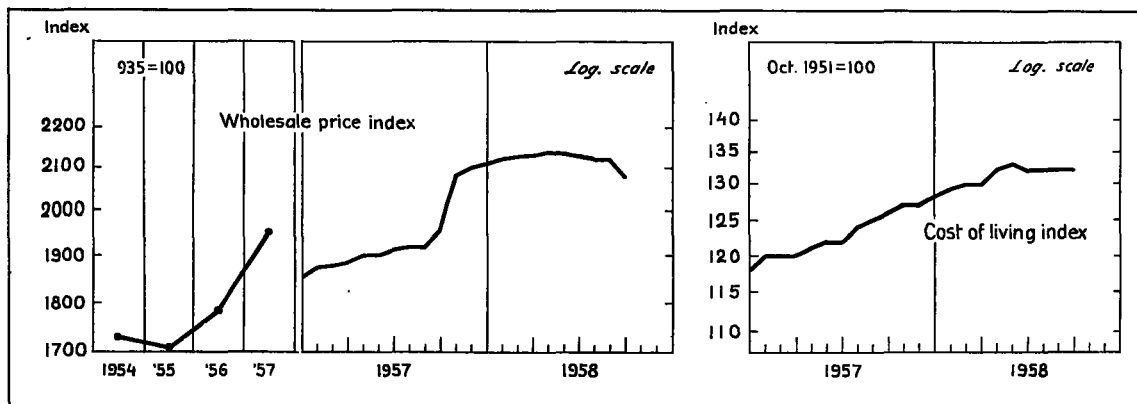
EXPORTS OF SOME IMPORTANT ARTICLES

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.—										
Aug. 1956	2 669	400	146	122	426	283	65	31	342	629
1957	2 662	455	159	106	450	299	85	38	388	745
1958*	2 467	408	149	88	468	291	96	52	374	727
1957										
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	24	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
Aug.	681	85	16	14	56	36	12	6	47	97



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-Aug.			Whole year		Jan.-Aug.		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	21.3	18.4	16.8	18.7	27 790	25.2	24.9	25.6	25.7	39 506
United Kingdom	20.4	17.6	16.0	18.1	26 837	21.4	21.8	22.6	22.2	34 106
Other OEEC countries ..	39.1	37.6	34.7	44.4	65 805	31.4	32.2	31.6	35.0	53 658
Belgium-Luxembourg	3.0	3.0	2.9	2.9	4 242	4.4	4.0	4.1	3.4	5 223
Denmark	2.6	2.1	2.1	2.4	3 576	2.5	2.5	2.7	2.8	4 330
France	5.7	5.2	5.4	4.8	7 158	5.3	5.6	4.9	6.3	9 657
Western Germany	11.8	11.4	9.9	16.5	24 471	8.6	8.9	9.2	10.1	15 565
Italy	1.4	1.5	1.7	1.6	2 308	1.4	1.3	1.5	1.8	2 744
Netherlands	4.0	4.1	2.9	4.0	5 986	3.6	4.2	4.3	4.2	6 470
Norway	1.8	1.2	1.3	1.2	1 789	0.6	0.4	0.4	0.5	736
Sweden	5.4	5.9	5.1	7.9	11 749	2.2	3.1	2.3	3.3	5 046
Switzerland	1.8	1.6	1.7	1.7	2 493	0.6	0.6	0.8	0.8	1 196
Turkey	0.4	0.3	0.3	0.3	356	0.7	0.4	0.2	0.2	303
Eastern Bloc	25.0	30.6	32.8	24.3	36 104	27.3	29.1	28.2	27.0	41 445
China	0.3	0.7	0.7	0.6	869	0.9	0.7	1.0	1.2	1 871
Czechoslovakia	2.4	2.9	3.7	1.4	2 048	1.2	1.6	1.2	1.5	2 366
Eastern Germany	2.3	2.5	2.7	1.7	2 596	2.2	1.9	1.9	2.2	3 306
Poland	4.4	5.2	6.5	2.6	3 800	2.3	3.4	3.6	2.9	4 449
Soviet Union	13.9	17.7	17.7	16.6	24 708	19.2	19.7	18.8	18.1	27 809
U.S. and Canada	6.7	5.7	6.9	6.0	8 885	6.7	5.1	5.5	4.4	6 688
United States	6.5	5.6	6.8	5.8	8 637	6.6	5.0	5.4	4.3	6 585
Latin America	5.6	5.1	5.7	4.5	6 637	6.0	4.8	5.2	4.4	6 745
Argentina	1.6	1.4	1.9	0.4	558	1.5	1.1	1.1	1.1	1 686
Brazil	3.3	3.3	3.4	3.7	5 418	3.2	2.7	3.0	2.3	3 485
Others	2.3	2.6	3.1	2.1	3 093	3.4	3.9	3.9	3.5	5 351
Grand total	100.0	100.0	100.0	100.0	148 314	100.0	100.0	100.0	100.0	153 393



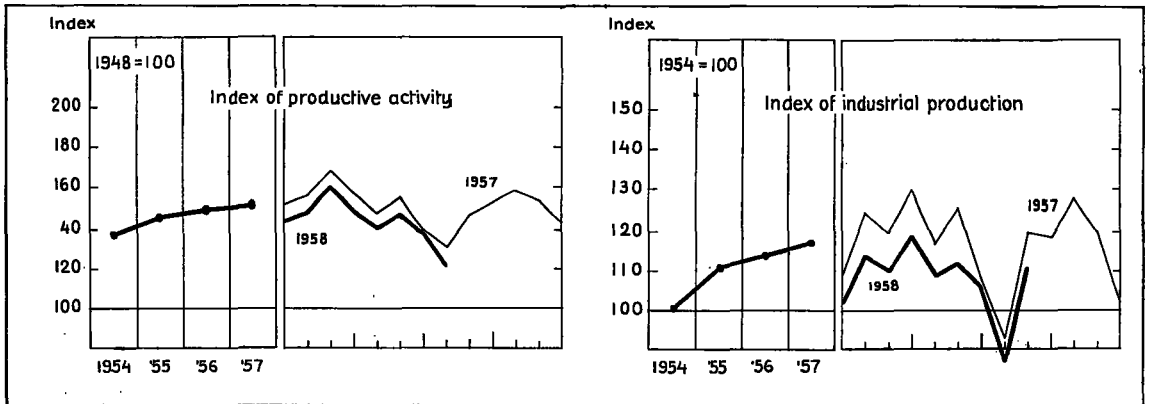
PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1958									
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
Sept.	2 076	2 082	2 124	2 990	1 761	2 066	117	111	125

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1958												
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
Sept.	132	140	276	99	84	131	104	103	102	96	104	106

PRODUCTION - INTERNAL TRADE

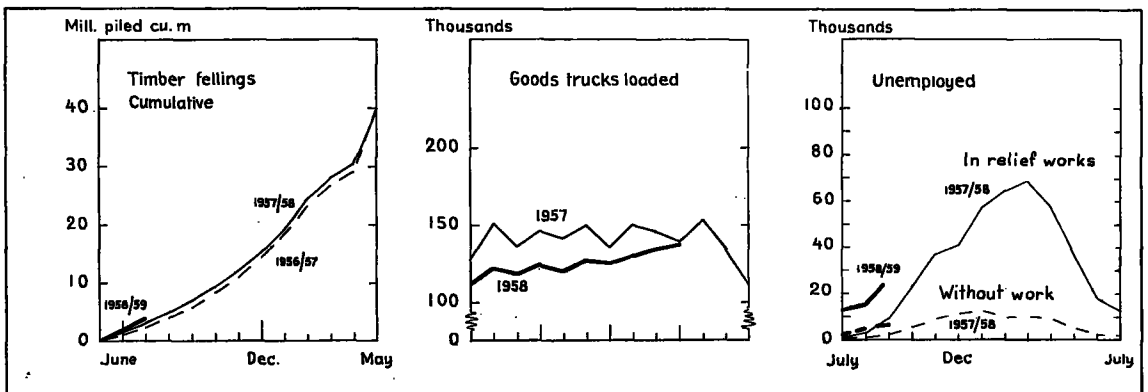
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper 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*											
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
July	87	67	95	80	87	127	66	79	982	215	109
Aug.	111	104	114	109	87	133	103	109	1 337	195	116



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July—Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	..	106	95	.
1955	20.25	9.47	4.29	3.12	2.29	..	111	111	.
1956	19.92	8.82	2.83	4.59	2.42	22.98	124	123	.
1957	20.81	9.56	3.20	4.14	2.68	20.86	130	127	.
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	132	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*	132	128	90.5
Apr.- June	3.28*	1.33*	0.34*	0.75*	0.64*	23.04*	137	128	88.7

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	137	353	418	499	580	5 315	6 108	9 126	23 786
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 Bureau of Social Research. *Wages of forest workers* calculated by the Bureau of Social Research. *Index of working hours in industry* calculated by the Bureau of Social Research. 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 o 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 (1957): 4.4 million. Sweden 7.4, Switzerland 5.1, Denmark 4.5 and Norway 3.5 million.

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

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

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

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

EDUCATION (1957): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

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

TRADE AND COMMUNICATIONS

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

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

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

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

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

MERCHANT FLEET (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 (Oct. 1, 1958). There are three big and two small commercial banks with in all 537 offices, 407 savings banks, 559 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST (Oct. 1, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 % (index-tied 4 %) and sight deposits in savings banks and co-operative credit societies ½ %, lending rate 7¼ % on an average.

THE FINNISH LABOUR FORCE

BY

ELISABETH ELFVENGREN, Mag. Phil.

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

In the 1950 Census, it was for the first time possible to obtain reliable information regarding the structure and characteristics of the entire Finnish labour force. In this paper, which is in the main based upon the results of the Census, an attempt is made to throw light upon the labour force from different aspects. I have also tried to show the topical and future problems in Finnish manpower, and some forecasts for the development of the labour force are presented.

DEMOGRAPHIC COMPOSITION OF THE LABOUR FORCE

Finland is a small country, and its labour force, which in 1950 amounted to a little less than two million, is rather negligible in comparison with that of most European countries. In proportion to the total Finnish population (4.03 million in 1950) the size of the working force must be considered large. Of all males aged 14 years and upwards, 87.6 per cent were gainfully employed at the end of 1950, and of all women aged from 14 years upwards, 52.4 per cent belonged to the working force. The latter figure is particularly high owing to the fact that farmers' wives and daughters generally take part in the work on the farms, and are therefore counted as workers. Taking care of the livestock is in Finland generally considered to be women's work. In urban areas also, Finnish women to a great extent work outside their homes. Of the total population,

nearly one half (49.2 per cent) were economically active, and in addition there were about 510 000 housewives or other female members of families engaged in domestic work.

The figures in Table 1 indicate the size of the labour force¹⁾ according to the earlier decennial statistics and to the 1950 Census.

1. FINNISH GAINFUL WORKERS, 1920—1950, IN
THOUSANDS OF PERSONS

	1920	1930	1940	1950
Men	886.9	1 032.6	1 150.2	1 176.1
Women ..	598.5	722.7	865.8	808.2
Total ...	1 485.4	1 755.3	2 016.0	1 984.3

The figures indicate a small decrease between 1940 and 1950. This may be due to an overestimation of the female labour force in 1940, but it seems apparent that the size of the working force, after a period of growth, remained fairly constant during the 1940's. The decrease in the number of working women is partly caused by the exceptionally high birthrate immediately after the war.

Persons aged between 25 and 54 accounted for 67.7 per cent of the urban labour force, but only 59.6 per cent of the workers in the rural districts. This is a sign of the large migration to the towns, mainly of those age groups in which the working capacity is at its peak. Another reason for the urban-rural difference is that the average working life

¹⁾ The concept „labour force” as used in this paper is not the same for example as in the United States statistics, based upon labour force sample surveys, but corresponds to the „gainful worker” approach to labour force measurement, based upon census results.

begins earlier and finishes later in agriculture than in other industries.

The average age of retirement is high in Finland. Nearly 57 per cent of the men, and slightly more than 20 per cent of the women of 65 and older were reported in 1950 as still being in the labour force.

INDUSTRIAL COMPOSITION OF THE LABOUR FORCE

Of the total labour force, about 912 000, or 46.0 per cent, were engaged in the agricultural industries (agriculture, forestry, fishing etc.). The second largest group is that comprising manufacturing, mining, handicrafts and construction (27.7 per cent), while services, public and private, ranked third with 11.4 per cent of the labour force. Of all persons gainfully occupied, 8.1 per cent were engaged in commerce, 5.4 per cent in transport and communications, and 1.4 per cent were in the group „others and unknown”.

According to these figures, Finland can still be considered as a country which is primarily agricultural, as far more people are engaged in agriculture and forestry than in any of the main non-agricultural industries. A distribution of the national income, however, shows a different picture. In 1950 the share of the agricultural industries in the national income was only about 25 per cent, whereas manufacturing, mining and handicrafts together contributed 32 per cent. The corresponding figures for 1956 were about 23 and 31 per cent. Only 21.5 per cent of all gainful workers were in 1950 engaged in manufacturing, mining and handicrafts, and 6.2 per cent were in construction.

The share of the agricultural industries in the labour force has diminished rapidly, and this process is still continuing. As there was no true population census before 1950, and earlier figures are based on inventories of

the population taken from church registers, it is not possible to give reliable figures concerning the rate of diminution of the agricultural labour force. The details in the church registers concerning occupations used to „lag behind” to a large extent.

If employers, self-employed workers and unpaid family workers are reckoned to be independent, and all other categories considered as dependent workers, the former group contained in 1950 about 42 per cent of the total labour force. Of the labour force in farming, 90 per cent consisted in 1950 of independent farmers and members of their families.

According to the industrial statistics, the number of industrial workers averaged 318 600 in 1956 and 308 800 in 1957 (preliminary figure). Mining and electricity, gas and water services are included, but construction is not. The decline of about 3.1 per cent is due to the deterioration in economic conditions. This phenomenon has particularly affected the number of workers in the leather, rubber, footwear and clothing, and wood industries. In addition to the manual workers, about 58 300 other persons, mainly clerical and technical employees, worked in industry in 1957. Preliminary figures indicate that the metal industry employed some 27 per cent of the industrial manual workers, while the wood and paper industries employed 21 per cent, and textiles and clothing (including footwear) ranked third with 20 per cent.

FORECASTS FOR THE FUTURE DEVELOPMENT OF THE LABOUR FORCE

Table 2 shows the expected size of age groups 15—64, generally called the „working ages”, up to 1970. This group is often considered to correspond with the actual manpower. It is to be remembered, however, that it does not cover the same group as the gainful workers, as it includes housewives,

but excludes the gainfully employed persons below 15 and above 64 years of age. The table also shows the development of the number of young workers aged 15—24, as well as that of the number of persons aged 65 and over. Both these groups will increase substantially.

2. POPULATION IN CERTAIN AGE GROUPS IN 1950 AND 1955, AND PROJECTIONS FOR THE YEARS 1960, 1965 AND 1970, IN THOUSANDS OF PERSONS

	1950	1955	1960	1965	1970
Age groups 15—64					
Men	1 209	1 266	1 348	1 476	1 561
Women	1 344	1 392	1 461	1 575	1 646
Total	2 553	2 658	2 809	3 051	3 207
Age group 15—19	312	327	373	494	435
„ „ 20—24	327	306	324	371	490
„ „ 65 and over	268	293	318	355	399

The growth of the Finnish labour force will be particularly large at the beginning of the 1960's, due to the large number of births immediately after the war. The increase in the population of working age during the ten-year period 1950—60 is expected to be about 10 per cent, and the rise during the following ten-year period is estimated at 14 per cent. While the whole of the Finnish population is expected to increase by about 24 per cent from 1950 to 1970, the increase in the 15—24 age group is expected to be about 45 per cent.

It will not be easy to create employment opportunities for this great influx of young workers, and avoid an increase in unemployment and large-scale emigration. State committees have been dealing with this problem, and plans have been made for an enlargement and improvement of the country's vocational training system. Although the opportunities for technical and other vocational schooling, as well as those for higher education, will increase, the demand for these educational facilities is likely to a great extent to exceed the supply, when the „big age groups” have finished their elementary schooling.

The last row of the table indicates that the number of old persons is rising considerably. The number of persons aged 65 and over will increase by about 49 per cent in the 20-year period 1950—1970. A rising trend is thus apparent in the relation of the number of old persons to that of persons of working age. In 1950, there were 10.5 persons aged 65 and over against 100 persons aged 15—64, and the corresponding figure for 1970 is expected to be 12.4. In comparison with the development in other Western countries, however, the Finnish population can be considered to be rather young and vigorous. The birth rate and the excess of births over deaths are both fairly high, so that the population has a strong capacity for reproduction.

Forecasts have also been made of the number of gainful workers up to 1970. Table 3 presents these estimates, which are made with a view to two alternatives regarding the future labour force participation rates, in the different age groups. According to the first alternative (A) these rates will remain on the 1950 level, whereas according to the second alternative (B) they will change. In this case, it was assumed that the high labour force participation rates, for men in the lowest age class, and for both sexes in the highest age classes, will diminish because of a higher average degree of schooling and a general rise in the standard of living. The difference between the two alternatives is very great as far as the female labour force is concerned, because the 1950 labour force participation rates in nearly all age groups were so high in comparison with those in other Western countries that one might presume that a higher general standard of living in the future will lead to a levelling of this difference. This forecast (B) was first made up to 1965 only, and when it was extended to 1970, no further cuts were made in the labour force partici-

pation rates, so that these are equal in the forecasts for 1965 and 1970. This approach was made because the 1960 and 1965 figures were considered to be underestimated, and accordingly the 1970 figure might be nearer to reality.

8. FINNISH GAINFUL WORKERS IN 1950, AND PROJECTIONS FOR 1960, 1965 AND 1970. WORKERS AGED 15 AND OVER, IN THOUSANDS OF PERSONS¹⁾

	Men	Women	Total
1950	1 173	806	1 979
1960			
A	1 307	875	2 182
B	1 287	834	2 121
1965			
A	1 423	942	2 365
B	1 385	880	2 265
1970			
A	1 518	991	2 509
B	1 479	924	2 403

¹⁾ There is a slight difference between the figures for 1950 and those of Table 1, because workers aged 14 are omitted in this table.

As until now there have not been noticed any special signs of those traits of change that were assumed in Alternative B — increased time of schooling, earlier retirement and decreasing labour force participation of married women — the first alternative seems at present to be the more probable. It does not seem likely, however, that the labour force will exceed the figures presented as alternative A, at any rate not if emigration is taken into consideration. The figures of Alternative A may be considered as maxima, and those of Alternative B as minima for the real future figures of the Finnish labour force.

In the projections of the future labour force, no account has been taken of persons emigrating to other countries. In fact, there has been quite a large stream of emigrants since the war, but there are no relevant statistics concerning their total. The number of emigrants to countries other than those in Scandinavia has during the last few years been about 2 000 a year, but the number of Finnish citizens working occasionally or

permanently in Scandinavia, particularly on the Swedish labour market, is considerable. In any case, the prospective emigrants will make the future labour force less than was estimated in the projections.

The problem of sufficient employment opportunities for a large increase in the labour force is also urgent because there is now considerable unemployment, due to the prevailing unfavourable economic conditions. In addition, there is the question of alteration in the industrial and occupational structure of the labour force. The number of gainful workers in agriculture and forestry is diminishing steadily, and at least a number of workers equal to the net increase in the agricultural labour force need employment in the non-agricultural industries. During the winter season, there is much underemployment on the small Finnish farms, at least when there are slack periods in forestry work. Also, it is likely that a large number of former agricultural workers will move into the non-agricultural sector of the economy, so that manufacturing and mining, construction, commerce, transport and communications, and the service industries have to be prepared to increase their activities considerably, unless a large part of the population is going to be unemployed. Table 4 indicates the scope of this problem.

4. ESTIMATED NUMBER OF NEW JOBS NEEDED IN NON-AGRICULTURAL INDUSTRIES TO SATISFY EXPECTED INCREASE IN MANPOWER

A. At constant rates of labour force participation:

	Alternative I	Alternative II	Alternative III
1955—1960	117 000	160 000	199 000
1960—1965	183 000	224 000	257 000
1965—1970	144 000	183 000	210 000
1955—1970	444 000	567 000	666 000

B. At changing rates of labour force participation:

1955—1970	367 000	490 000	589 000
----------------	---------	---------	---------

According to Alternative I, the number of gainful workers in the agricultural industries would remain constant (at the 1950 level)

which implies that the number of new jobs to be created equals the total expected net increase in the labour force. This assumption does not seem realistic, as it is known that the agricultural labour force has diminished since 1950. According to Alternative II, this decrease takes place at a rate of 5 per cent each 5-year-period, and according to Alternative III the corresponding rate of decrease is 10 per cent. The share of the agricultural industries in the total Finnish labour force is estimated to decrease from 46 per cent in 1950 to something between 24 and 38 per cent in 1970, according to which alternative is used.

It is apparent that the period 1960—1965 is the most critical one, after which the speed of growth in the labour force slackens.

The next Census (at the end of 1960) will show which of the two last alternatives has been nearer to reality. Some experience indicates that the true development in the 1950's probably approaches Alternative III. It can be stated without too much risk that the country has to be prepared to supply non-agricultural means of employment for at least 500 000 new workers between 1955 and 1970.

It has been considered that the maximum of new jobs that manufacturing and mining together can be expected to create will amount to about $\frac{2}{5}$ of all the new jobs needed. The remaining $\frac{3}{5}$ have to be found in the other non-agricultural industries: construction, commerce, transport and communications, and services.

ITEMS

The Budget for 1959. On October 2, the Government presented its Budget proposal for 1959. Revenue and expenditure, considered in the main categories, compared as follows with the finance account figures for 1957 and the totals of the ordinary budget and two supplementary budgets for 1958. (See Recent Developments).

	1957 Finance report	1958 Ordinary and suppl. budgets Mill. mk	1959 Budget proposal
<i>Revenue:</i>			
Current	274 708	290 813	274 932
Capital	8 028	5 311	9 402
Loans	12 153	11 440	15 145
Total	294 889	307 564	299 479
<i>Expenditure:</i>			
Current	198 667	210 100	212 194
Capital	84 401	95 773	70 132
Redemption ...	17 535	17 638	17 075
Total	300 603	323 511	299 401

*

Farmers' income. On October 10, the Diet passed a new act concerning agricultural income for the crop years 1958/59 to 1960/61.

The prices of farm products are linked to agricultural costs, and are to be determined according to a special calculation based on average quantities for 1954/55—1956/57 and prices for August 1958. The agricultural work carried out by the members of farmers' families is taken into account among the costs. It is valued according to farm wages, so long as these do not substantially deviate from the general level of wage earners' incomes, in which case the latter is used as a basis for valuation. Changes in export subsidies to agriculture will not bring about changes in the prices of farm products, as was the case under the previous act. Calculations will be made in August each year for the coming crop year, which begins in September. If, later in the year, there is a general wage increase of at least 5 per cent, the prices of farm products will be adjusted immediately.

According to the calculation relating to 1958/59 — exceptionally made in October —

the gross value of agricultural production will be raised by about 2 100 million marks in all, by means of price increases. According to the previous act, the total rise would have amounted to 11 000 million marks.

*

Levy on export proceeds, use of funds. On September 25, for the first time, the Government granted loans from the funds accumulated from levies on exports. A total of 6 600 million marks was distributed, of which 6 000 million went to nine wood-processing firms for the extension of pulp production, and 600 to three mining companies. All loans were given to established enterprises, particularly those situated in the northern areas of underemployment. The rate of interest is 5 per cent, and the term of the loans 18 years. Amortisation begins after three free years.

*

State timber auctions. The State's annual timber auctions were held from September 23 to 25. These represent some 10 per cent of the sawmills' annual purchases of logs, and they decisively influence the course of timber prices. At this year's auctions, 14.2 mill. cu. ft of logs were sold, or 71.6 per cent of the total quantity offered for sale (84 per cent in 1957). The quantities sold, are given below, together with the average prices that have been obtained during the last few years.

	Quantity sold	Average price at place of delivery
	Mill. cu. ft	Mk per cu. ft
1954	13.5	121: 50
1955	12.1	103: 30
1956	9.3	85: 10
1957	21.2	106: 50
1958	14.2	105: —

The prices are not fully comparable owing, amongst other things, to the varying locations of delivery points in different years.

*

Amalgamation of banks. On October 1, in accordance with decisions made by shareholders' meetings, the two commercial banks Kansallis-Osake-Pankki (KOP) and Suomen Maatalous-Osake-Pankki (SMOP) amalgamated. Thereby, the share capital of KOP rose by 200 million marks to 3 800 million. The 33 SMOP banking offices were absorbed by KOP offices. — There are now five commercial banks in operation in Finland: Kansallis-Osake-Pankki, Oy Pohjoismaiden Yhdyspankki/Ab Nordiska Föreningsbanken, Helsingin Osakepankki/Helsingfors Aktiebank, Säästöpankkien Keskus-Osake-Pankki and Ålands Aktiebank. The total number of banking offices is 537.

*

Index charges on lending. On October 1, the commercial banks lowered from 1 per cent to $\frac{1}{2}$ per cent the additional charge on lending which is collected in order to cover the premiums due to holders of index-tied deposit accounts. The rate of 1 per cent had been in force since the beginning of April 1957. The co-operative credit societies and their central bank fix their rate of index charge for half-year periods, the rate applied during 1958 being an annual 1 per cent. The index charge debited by the savings banks varies in individual banks: the weighted average was 0.9 per cent for the first half of this year, but for the second half it will probably be lower. In 1957, the savings banks charged an average 0.8 per cent for the first half-year and 1.1 per cent for the second. In other credit institutions, where a 25 per cent or a 50 per cent index clause is applied to capital and interest, the rate of the charge has remained unaltered.

*

Correction to Bulletin No. 9. On page 2, last line but three, the percentage to which the lending rate was lowered should be $7\frac{1}{4}$, not $7\frac{1}{2}$ as given.

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

ERRO 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,
Credits

A. NENONEN,
Foreign correspondence