



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 31 No. 5

MAY

1957

### RECENT DEVELOPMENTS

#### MONEY MARKET

During the first four months of the current year the money market remained stringent. The excess of imports over exports formed the principal restrictive factor, reducing foreign exchange reserves to a greater extent than is usual for the time of year. On the other hand, State finances showed a deficit, but this was limited by the lowness of the balance on cheque account of the Treasury. The Bank of Finland maintained its strict monetary policy, keeping rediscounting in check in order to prevent the banks from inflationary expanding of advances with the aid of central bank credit.

On examination of the statements of the Bank of Finland, it should be noted that the changes from December to January are exceptional, in that the Government postponed to January certain payments which are usually made in December, above all the transfer to local governments of their share in the advance collection of taxes. This accounts for the January decrease of 4 100 mill. marks in the cheque account of the Treasury. The reduction of the note circulation by 6 600 million was a seasonal phenomenon. Taken in conjunction, these changes explain the decrease in rediscounts by as much as 10 500 million in January.

During the period February—April, the net foreign claims were reduced by 6 200

mill. marks. The Bank's own funds, and the net amount of some minor items, increased by 2 300 million in total. The combined effect of these factors was a decrease of 8 500 mill. marks in central bank money, whereas for February—April 1956 the reduction had been 6 900 million.

Among factors which eased the money market during February—April, the principal one was the increase by 4 700 mill. marks in the Treasury's net debt to the Bank of Finland. The corresponding figure for 1956 was 1 500 million. The seasonal increase in Bank of Finland advances to business enterprises amounted to 3 600 mill. marks, compared with 4 300 million in 1956. Rediscounts grew by 1 300 mill. marks only, as against 5 700 million. The combined effect of these expansive factors was 9 600 mill. marks, compared with 11 500 million during the corresponding period of last year.

The net increase in central bank money during the period February—April was 1 100 mill. marks (9 600 less 8 500). Notes in circulation in fact increased to the extent of 1 600 mill. marks, but this was counterbalanced by a reduction of 500 million in the banks' cheque accounts with

*On page 18, The Consolidated Balance Sheet  
and Profit and Loss Account of Industry for  
1948—1955*

the Bank of Finland. For February—April 1956, the net increase in central bank money was 4 500 million. This year, therefore, the customary early-year growth in the money supply was considerably smaller than it was in 1956, which serves as an illustration of the effects of the strict monetary policy.

In order to assist the State in overcoming its seasonal cash difficulties during the second quarter, on April 30 the Bank of Finland transferred the deposits against import licences — 3 800 mill. marks — to the cheque account of the Treasury. This transfer has not been taken into account in compiling the figures presented above. At the same time, the Bank abolished the obligation to make such deposits (see Item), as the system was no longer necessary as a measure of import policy, and because by this method the Bank wished to avoid excessive stringency in the money market. On the other hand, the Bank had earlier decided to set a limit to rediscounts from August 1 (see Item in Bulletin No. 4), in order to prevent a further increase in lending based on central bank credit. Some influence will undoubtedly be exerted by this decision even before it comes into force.

The measures of monetary policy have not been without effect on the activities of the banks. During the months January—April, total advances grew by 4 300 mill. marks, which corresponds to 11 200 million in 1956. Total deposits increased by 7 200 mill. marks, as against 2 300 million in January—April 1956. The necessity to reduce rediscounts kept the increase in lending below the increase in deposits.

## PRODUCTIVE ACTIVITY

Despite the stringency in the money market economic activity was in general on a higher level than it was during the early months of 1956 and 1955. The Mercator index of productive activity exceeded the corresponding 1956 figure by 8 per cent in January and by 4 per cent in February. For March, the increase was as much as 58 per cent, by reason of the effect of the General Strike on last year's figure.

The volume index of industrial production during January—February was 8 per cent higher than it was last year. The index rose from 180 in February (1948=100) to 195 in March. The average index for the first quarter was 188, compared with 142 last year, and 166 in 1955.

Building activity has been on a slightly higher level than in 1956.

The weakening of the export market for the wood industry had an immediate effect on log fellings, reducing them considerably in comparison with the results for the felling season of 1955/56. Nevertheless, from June 1, 1956, when the current felling season began, to the end of March, total fellings exceeded by 3 per cent the fellings during the corresponding months of the previous season, because of the increase in fuel wood in particular, and the increase in pulp wood.

The above report indicates a relatively favourable development. On the other hand, the regular winter unemployment was unusually extensive, but after the end of March, when it reached its peak, there followed the normal marked decrease in unemployment figures.

*May 22, 1957.*

## BANK OF FINLAND

Mill. mk

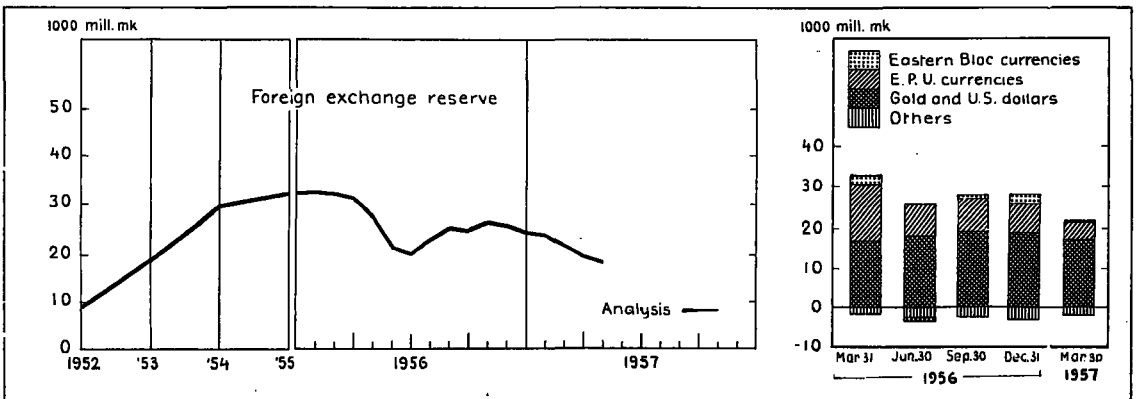
	1956		1957			
	April 30	Dec. 31	April 8	April 15	April 23	April 30
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	33 646	32 300	26 031	26 065	26 259	26 139
Gold .....	7 849	7 849	7 849	7 849	7 849	7 849
Foreign exchange .....	23 237	21 561	15 292	15 326	15 520	15 400
Foreign bills .....	115	115	115	115	115	115
Foreign bonds .....	2 445	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	72 193	75 452	72 507	69 594	70 866	68 526
Inland bills discounted						
In foreign currency .....	8 871	9 366	9 543	9 545	9 545	9 556
In Finnish currency .....	19 782	14 922	17 187	17 152	17 850	16 984
Rediscounted bills .....	24 790	33 665	28 277	25 397	25 971	24 486
Treasury bond loan .....	18 750	17 500	17 500	17 500	17 500	17 500
<i>Other assets</i> .....	13 166	13 370	13 453	13 035	13 511	13 690
Finnish bonds .....	1 814	1 794	1 613	1 583	1 583	1 583
Cheque accounts .....	515	862	500	308	513	607
Finnish coin .....	353	354	374	385	373	375
Other claims .....	10 484	10 360	10 966	10 759	11 042	11 125
Total	119 005	121 123	111 991	108 694	110 636	108 355
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	54 951	60 735	53 967	54 780	56 035	55 764
<i>Short-term liabilities</i> .....	20 092	24 725	19 646	15 472	16 429	18 213
Foreign exchange accounts .....	3 937	4 601	3 878	3 713	4 265	4 833
Mark accounts of holders abroad .....	4 271	7 047	7 212	7 208	7 205	7 208
Cheque account of the Treasury .....	10 162	10 550	7 137	3 851	3 526	5 466
Cheque accounts of banks .....	530	1 167	1 013	217	610	—
Other cheque accounts .....	142	367	127	140	152	102
Other short-term liabilities .....	1 050	993	279	343	671	604
<i>Long-term liabilities</i> .....	25 238	14 725	15 018	15 002	14 720	10 894
Foreign .....	8 129	8 290	8 584	8 624	8 625	8 584
Finnish .....	17 109	6 435	6 434	6 378	6 095	2 310
<i>Equalisation accounts</i> .....	7 331	8 074	9 933	9 981	9 974	9 995
<i>Bank's own funds</i> .....	11 393	12 864	13 427	13 459	13 478	13 489
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	806	812	1 838	1 838	1 838	1 838
Profits undisposed .....	6	—	1 026	1 026	1 026	1 026
Earnings less expenses .....	581	2 052	563	595	614	625
Total	119 005	121 123	111 991	108 694	110 636	108 355
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	33 646	32 300	26 031	26 065	26 259	26 139
<i>Supplementary cover</i> (Upper limit 58 000 mill. mk) .....	58 000	58 000	58 000	58 000	58 000	58 000
Total	91 646	90 300	84 031	84 065	84 259	84 139
<b>Note issue</b>						
<i>Notes in circulation</i> .....	54 951	60 735	53 967	54 780	56 035	55 764
<i>Short-term liabilities</i> .....	20 092	24 725	19 646	15 472	16 429	18 213
Undrawn on cheque credits .....	528	316	674	865	660	661
Unused right of note issue .....	16 075	4 524	9 744	12 948	11 135	9 501
Total	91 646	90 300	84 031	84 065	84 259	84 139

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

## BANK OF FINLAND

Mill. mk.

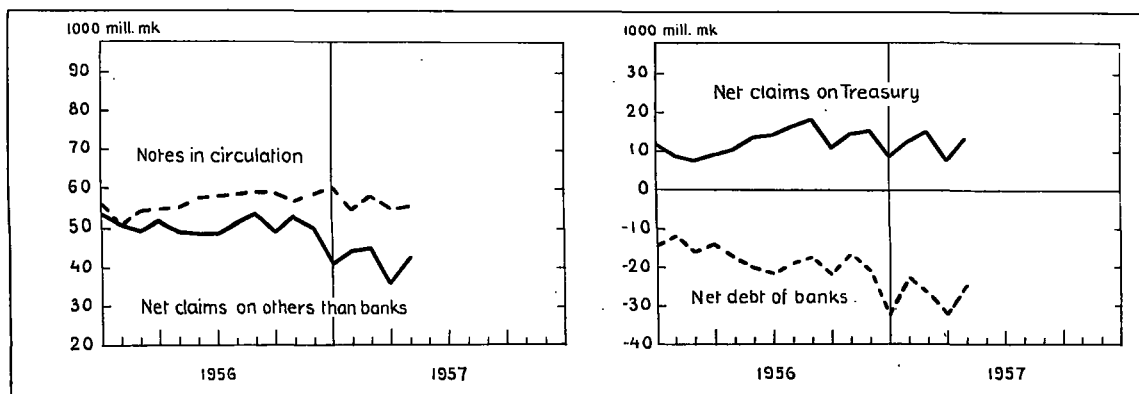
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted bills -	Liabilities		Net claims on the banks (7-8-9)
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2-187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1956										
Jan.	36 958	4 464	32 494	2 560	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 081	3 982	32 099	2 560	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 560	12 404	21 169	20 086	5 983	135	13 968
April	31 086	3 937	27 149	2 560	12 400	17 309	24 790	7 062	530	17 198
May	27 877	6 031	21 845	2 560	12 694	11 712	27 236	6 373	665	20 198
June	28 020	7 547	20 473	2 560	13 387	9 646	27 283	5 622	507	21 154
July	29 148	6 080	23 063	2 560	13 681	11 947	26 918	7 046	812	19 060
Aug.	31 221	5 745	25 476	2 560	13 726	14 310	23 513	5 497	690	17 326
Sept.	30 613	5 475	25 138	2 560	14 355	13 343	27 223	4 671	782	21 770
Oct.	30 519	3 801	26 718	3 022	14 773	14 967	20 892	3 960	447	16 485
Nov.	29 676	3 682	25 994	3 022	15 003	14 013	25 177	3 755	464	20 958
Dec.	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 716
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	—	32 318
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	—	24 486



## BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 470	18 986	—	263	18 723	34 383
1951	8 685	—	8 685	11 567	6 193	17 760	—	301	17 459	44 774
1952	14 738	—	14 738	14 678	12 696	27 374	—	2 185	25 189	46 153
1953	21 662	7 281	14 381	13 812	15 525	29 337	—	2 314	27 023	45 019
1954	21 662	15 470	6 192	11 940	14 129	26 069	—	791	25 278	47 902
1955	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1956										
Jan.	21 660	12 905	8 755	15 204	16 845	32 049	7 476	844	23 729	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	10 162	10 248	19 782	18 210	37 992	8 753	1 192	28 047	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 250	1 279	30 024	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 541	1 100	31 426	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 674	1 124	29 888	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 288	1 127	28 140	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 885	948	32 530	58 831
Oct.	19 160	4 906	14 254	16 517	20 138	36 655	4 325	1 235	31 095	56 795
Nov.	19 160	4 091	15 069	15 958	19 260	35 218	4 349	1 470	29 399	58 468
Dec.	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	18 294	33 721	4 151	1 060	28 510	54 160
Feb.	19 160	4 103	15 057	15 755	18 803	34 558	4 057	841	29 660	58 245
March	19 160	11 414	7 746	17 181	19 201	36 382	4 074	573	31 735	54 967
April	19 160	5 466	13 694	16 984	19 628	36 612	—	706	35 906	55 764



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

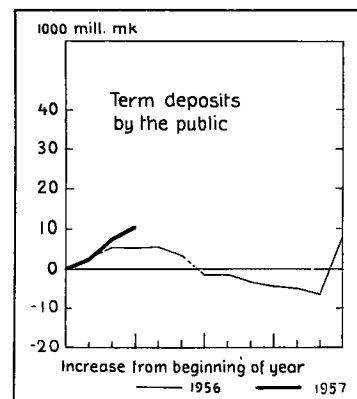
Mill. mk

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	45 936	15 265	96 807	112 505	63 589	34 162	16 013	323 114	384 315
1955										
Nov.	38 521	45 887	8 718	91 516	102 211	57 927	32 074	14 608	298 384	352 989
Dec.	36 588	44 281	11 795	97 794	108 541	61 140	33 073	15 255	315 842	371 918
1956*										
Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 805	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	41 093	9 634	98 564	110 268	62 778	33 842	15 832	321 322	372 049
May	33 620	40 799	9 669	97 684	109 704	62 476	33 401	15 691	318 994	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 365	372 689
July	37 040	45 098	9 583	95 701	108 382	61 779	33 136	15 362	314 398	369 079
Aug.	34 995	43 119	7 618	94 685	107 983	61 586	33 096	15 284	312 672	363 409
Sept.	36 666	43 786	15 675	94 176	107 675	61 159	33 209	15 253	311 510	370 971
Oct.	40 382	48 603	8 877	93 059	107 979	61 218	33 170	15 380	310 844	368 324
Nov.	38 283	45 619	9 043	91 960	107 641	61 128	33 001	15 380	309 148	363 810
Dec.	38 614	45 936	15 265	96 807	112 505	63 589	34 162	16 013	323 114	384 315
1957*										
Jan.	36 315	43 381	9 491	97 684	113 247	64 187	34 489	16 347	325 991	378 863
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409

## Selling rates for foreign exchange

April 30, 1957

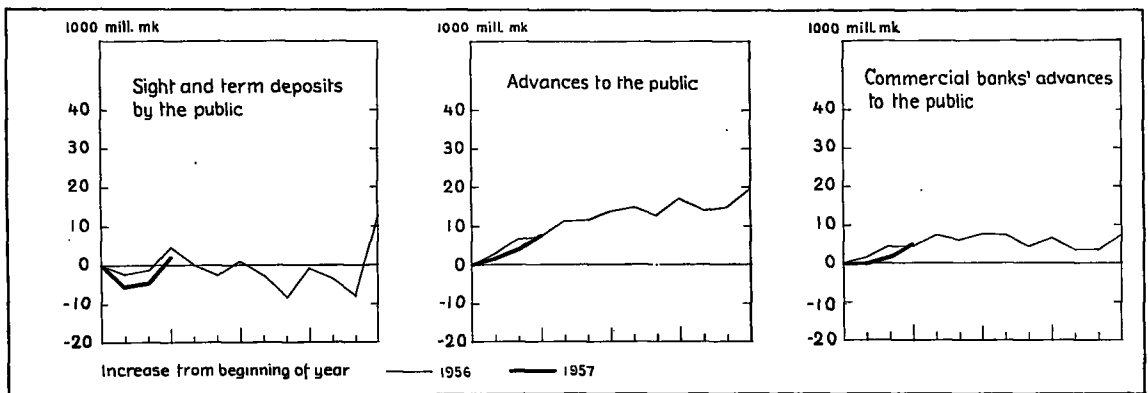
		mk		mk
New York ...	1 \$	231:—	Zürich .....	100 Fr 5 282:—
London .....	1 £	648:25	Frankfurt a/M	100 DM 5 515:—
Stockholm ...	100 Kr	4 470:—	Prague .....	100 Kz 3 208:—
Copenhagen ..	100 Kr	3 334:—	Vienna .....	100 Sch 890:—
Oslo .....	100 Kr	3 243:—	Lisbon .....	100 Es 804:—
Paris .....	100 Fr	65:70	Montreal .....	1 \$ 238:—
Brussels .....	100 Fr	459:90	Moscow, clear	100 Rbl 5 775:—
Amsterdam ...	100 G	6 083:—		



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	97 375	37 934	11 025	146 334
1951	85 578	45 554	8 508	41 849	4 425	117 358	54 645	13 911	185 914
1952	104 881	59 824	13 402	50 694	5 379	147 035	70 106	17 039	234 180
1953	105 659	70 511	18 782	56 765	9 847	177 703	67 572	16 289	261 564
1954	128 955	82 448	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
1956*	162 663	102 812	26 232	76 047	14 691	260 496	96 621	25 328	382 445
1955									
Nov.	146 531	95 477	24 804	71 453	13 766	242 132	88 475	21 424	352 031
Dec.	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
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	98 709	25 374	72 720	13 562	249 322	96 593	24 431	370 346
April	162 745	99 408	25 532	73 313	13 380	250 775	98 366	25 237	374 378
May	161 545	99 897	25 637	74 094	13 382	251 782	98 817	23 956	374 555
June	163 175	99 764	25 791	74 598	13 411	251 893	99 537	25 309	376 739
July	162 798	100 253	25 929	74 966	13 992	253 567	101 125	23 246	377 938
Aug.	159 760	100 951	26 210	74 978	14 059	255 663	98 018	22 277	375 958
Sept.	161 927	101 902	26 345	75 559	14 446	257 649	97 181	25 349	380 179
Oct.	158 945	102 418	25 940	75 244	14 646	258 633	96 134	22 426	377 193
Nov.	158 723	102 795	26 206	75 482	14 781	260 214	94 706	23 067	377 987
Dec.	162 663	102 812	26 232	76 047	14 691	260 496	96 621	25 328	382 445
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	261 165	97 901	24 948	384 014
Feb.	164 342	103 868	26 432	77 017	14 799	261 921	98 277	26 260	386 458
March	167 767	104 243	26 511	76 829	14 833	261 756	100 474	27 953	390 183

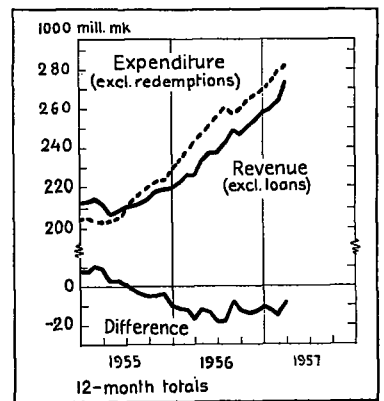


STATE FINANCES

1000 mill. mk

Revenue	Jan.—March		Expenditure	Jan.—March	
	1956	1957		1956	1957
Income and property tax (net) .....	15.1	25.0	Interest on State debt .....	1.9	1.9
Gross receipts .....	27.2	33.5	Child allowances .....	5.0	5.0
Refunds and communal income tax	(-12.1)	(-8.5)	The State's share in national pensions	1.3	2.7
Other direct taxes .....	0.1	0.3	Compensations to war-disabled .....	1.8	1.9
Purchase tax .....	12.0	15.3	Transfer of employers' payments for national pensions to National Pensions Fund .....	1.0	1.2
Import duties .....	5.5	9.3	Subsidies .....	7.2	5.6
Revenue from Alcohol Monopoly ...	3.2	4.6	Payments by Price Equalisation Fund	1.3	2.0
Excise duty on tobacco .....	3.3	2.9	State aid to agriculture .....	0.6	0.7
Other excise duties .....	0.9	1.1	State aid to communal and private schools .....	5.2	6.1
Stamp duties .....	2.4	3.2	Net loss of State enterprises .....	3.6	1.1
Employers' payments for child allowances and national pensions .....	5.1	4.8	Maintenance of roads .....	0.8	1.1
Receipts of Price Equalisation Fund	2.6	3.6	Other current expenditure .....	17.0	20.3
Other revenue similar to taxes .....	0.6	0.8	<b>Current expenditure</b> .....	46.7	49.6
<b>Total taxes</b> .....	50.8	70.9	Real investments .....	9.1	15.5
Interest and dividends .....	1.3	0.6	(of which: unemployment grants) ..	(4.6)	(9.9)
Other current revenue .....	1.2	1.7	Other capital expenditure .....	6.2	12.0
Net profit of State enterprises .....	—	—	<b>Capital expenditure</b> .....	15.3	27.5
<b>Current revenue</b> .....	53.3	73.2	<b>Total expenditure</b> .....	62.0	77.1
Capital revenue proper .....	1.0	1.7	Redemption of external loans .....	0.6	0.7
Decrease in inventories .....	2.3	—	Redemption of internal loans .....	2.0	3.5
<b>Capital revenue</b> .....	3.3	1.7	Redemption of indemnity bonds etc.	0.4	0.2
<b>Total revenue</b> .....	56.6	74.9	Index premiums .....	0.1	0.2
External loans .....	1.0	—	<b>Redemptions</b> .....	3.1	4.6
Internal loans .....	4.5	3.3			
<b>Loans</b> .....	5.5	3.3			
<b>Bills</b> (increase +) .....	—	—			
<b>Deficit (+) or surplus (-)</b> .....	+3.0	+3.5			
<b>Total</b> .....	65.1	81.7	<b>Total</b> .....	65.1	81.7

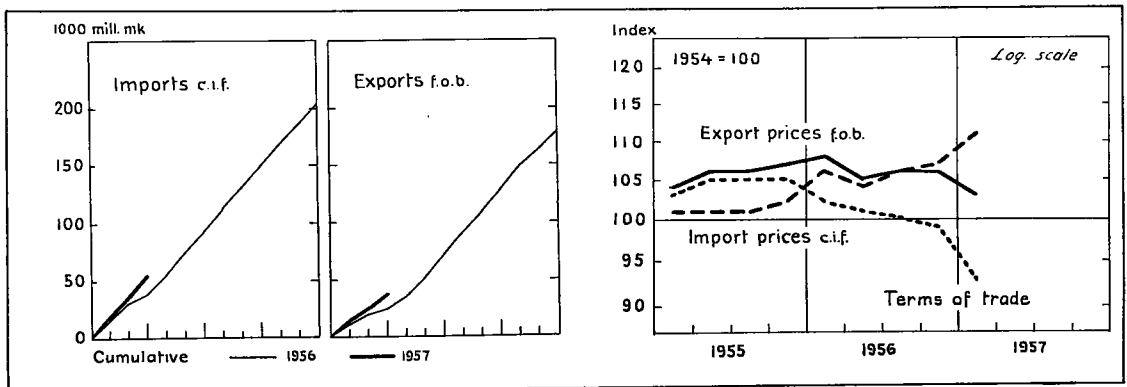
Debt	1954	1955	1956	1957			
	Dec.	Dec.	Dec.*	Jan.	Feb.	March	April
<b>External debt</b> .....	62.1	61.3	61.9	61.5	60.8	60.4	60.3
Ordinary loans .....	36.1	43.0	50.6	49.3	49.1	50.4	50.8
Indemnity bonds etc. ...	8.8	6.8	7.1	7.2	7.2	7.2	7.3
Bills .....	0.5	—	—	—	—	—	—
Cash debt (net) .....	4.3	5.9	8.4	13.5	15.0	13.0	..
<b>Internal debt</b> .....	49.7	55.7	66.1	70.0	71.3	70.6	..
<b>Total debt</b> .....	111.8	117.0	128.0	131.5	132.1	131.0	..
Total debt, mill. \$	484.0	506.3	554.0	569.4	571.9	567.0	..





FOREIGN TRADE

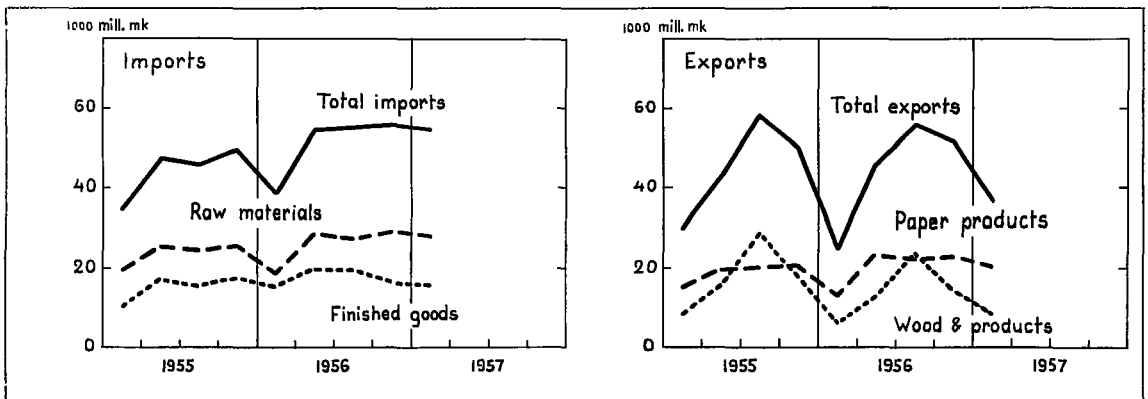
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1949	66 278	65 606	- 672	70	77	63	64	94	77	91
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	109	105	109	103	104	102
Jan.- Mar.										
1955	34 854	29 981	- 4 873	104	106	102	104	112	101	103
1956*	38 534	24 806	-13 728	108	104	112	109	107	106	102
1957*	54 281	36 240	-18 041	103	104	95	108	109	111	93
1956*										
March	7 826	5 467	- 2 359	105	113	106	108	101	104	101
April	15 769	9 979	- 5 790							
May	19 739	16 159	- 3 580							
June	18 907	19 801	+ 894							
July	18 457	19 617	+ 1 159							
Aug.	19 067	18 399	- 668							
Sept.	17 502	17 763	+ 261	106	108	105	110	110	106	100
Oct.	20 149	20 600	+ 451							
Nov.	18 251	14 836	- 3 415							
Dec	17 182	16 027	- 1 155							
1957*				103	104	95	108	109	111	93
Jan.	19 104	13 332	- 5 772							
Feb.	16 390	11 647	- 4 743							
March	18 787	11 261	- 7 526							



## FOREIGN TRADE BY MAIN GROUPS

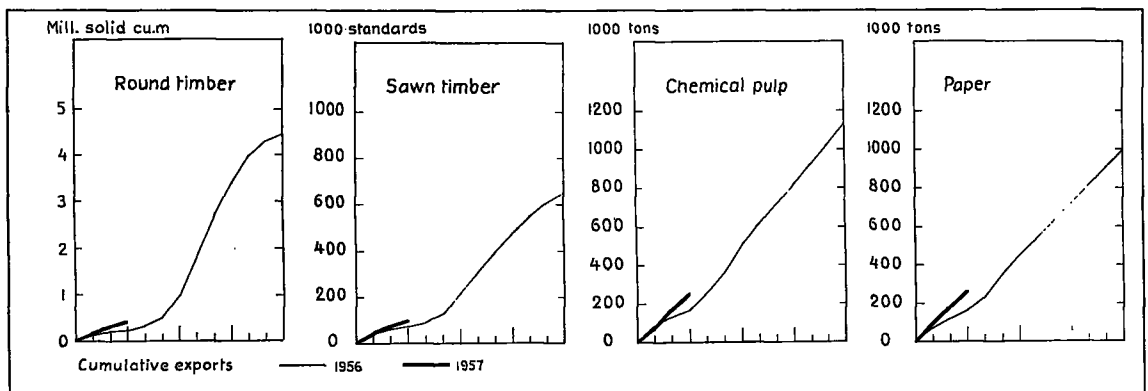
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. f.					
	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						
1949	38 564	5 886	12 048	9 780	2 186	5 653	26 013	26 058	2 798	2 898
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956*	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1955										
Jan.-Mar.	19 393	5 169	5 160	5 132	1 190	1 329	6 959	15 098	4 629	774
Apr.-June	25 284	4 822	7 538	9 528	767	3 440	12 313	19 865	5 043	1 348
July-Sept.	24 392	5 422	5 798	9 850	874	10 161	18 871	20 171	6 805	1 373
Oct.-Dec.	25 850	6 127	7 780	9 715	1 049	4 975	13 178	20 659	8 326	2 061
1956*										
Jan.-Mar.	18 642	4 349	5 017	10 526	1 120	909	5 198	13 046	3 823	708
Apr.-June	28 857	5 810	8 569	11 181	1 738	3 062	9 855	23 466	6 204	1 614
July-Sept.	27 518	7 854	7 035	12 618	1 569	9 323	14 758	22 315	5 077	2 736
Oct.-Dec.	29 266	9 451	7 832	9 032	1 779	3 949	10 674	22 953	10 019	2 090
1957*										
Jan.	10 696	3 235	2 393	2 780	675	642	2 805	6 947	1 877	386
Feb.	7 930	3 168	2 055	3 237	540	699	1 997	7 079	917	415
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
Jan.-Mar.	27 907	10 684	6 719	8 971	2 019	1 710	6 607	20 517	4 105	1 282



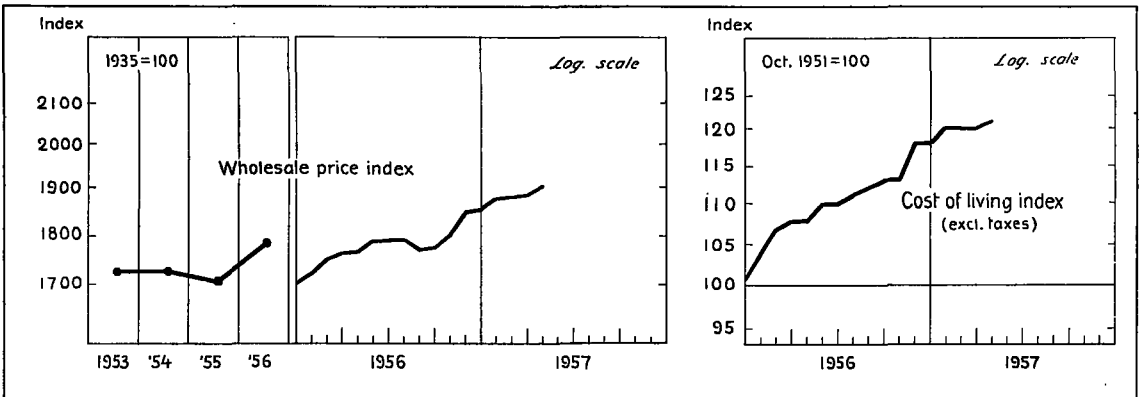
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1956*	4 424	648	230	185	680	452	105	48	537	998
Jan.-Mar.										
1955	321	84	74	39	147	93	24	15	88	229
1956*	232	72	39	30	104	68	19	9	85	161
1957*	428	98	65	34	160	97	30	15	137	263
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	75	64	8	5	49	94
July	803	90	22	20	68	38	8	5	50	89
Aug.	856	91	15	14	55	45	9	2	51	94
Sept.	732	81	18	13	62	42	9	4	46	89
Oct.	581	71	22	23	69	41	10	5	50	92
Nov.	308	53	21	12	53	40	10	5	50	94
Dec.	134	44	22	16	69	47	11	4	48	93
1957*										
Jan.	160	48	19	12	56	36	10	6	49	89
Feb.	169	26	23	12	48	31	11	5	49	96
March	99	24	23	10	56	30	9	4	39	78



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—March			Whole year		Jan.—March		
	1955	1956*	1956*	1957*		1955	1956*	1956*	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	21.5	19.1	10 381	27.3	25.2	22.3	24.3	8 789
United Kingdom .....	20.3	20.4	20.7	18.3	9 948	24.0	21.4	19.1	21.6	7 817
<b>Other OEEC countries</b> ..	36.4	39.1	40.8	36.9	20 017	32.4	31.4	26.5	29.8	10 814
Belgium-Luxembourg .....	3.0	3.0	3.0	3.1	1 697	3.5	4.4	3.5	3.3	1 205
Denmark .....	3.6	2.6	3.2	2.3	1 244	3.0	2.5	2.4	2.7	989
France .....	6.0	5.8	6.0	5.5	2 962	4.7	5.3	5.1	4.7	1 702
Western Germany .....	9.0	11.8	10.2	9.9	5 353	9.1	8.7	6.7	8.6	3 119
Italy .....	1.1	1.4	0.9	1.6	861	1.2	1.4	1.1	1.7	629
Netherlands .....	3.6	4.0	4.6	3.8	2 038	4.4	3.6	2.6	3.2	1 150
Norway .....	2.2	1.8	3.0	1.0	556	1.3	0.6	0.6	0.4	157
Sweden .....	4.9	5.4	6.4	5.9	3 219	1.9	2.2	2.0	2.8	1 001
Switzerland .....	1.3	1.8	2.1	1.9	1 023	0.9	0.6	0.2	0.9	324
Turkey .....	0.5	0.4	0.3	0.4	229	1.0	0.7	1.0	0.2	87
<b>Eastern Bloc</b> .....	27.1	25.0	21.8	28.2	15 287	25.7	27.7	31.8	29.4	10 659
China .....	0.5	0.3	0.1	0.2	87	1.6	1.0	0.9	1.3	485
Czechoslovakia .....	2.7	2.4	1.0	3.8	2 072	1.0	1.3	1.4	0.6	199
Eastern Germany .....	2.7	2.3	1.8	2.0	1 071	2.2	2.2	2.1	1.1	408
Poland .....	4.8	4.4	3.1	4.0	2 172	2.0	2.3	2.5	4.6	1 645
Soviet Union .....	14.7	13.9	13.7	16.2	8 804	17.5	19.2	23.4	20.3	7 363
<b>U.S. and Canada</b> .....	5.4	6.7	6.4	8.0	4 356	5.8	6.7	7.0	6.2	2 260
United States .....	5.2	6.5	6.4	7.8	4 265	5.7	6.7	6.9	6.1	2 236
<b>Latin America</b> .....	7.4	5.6	6.5	5.0	2 696	5.5	5.7	7.9	5.7	2 060
Argentina .....	2.9	1.6	2.3	1.8	955	2.2	1.5	1.2	0.9	331
Brazil .....	4.1	3.3	3.6	2.8	1 504	2.6	2.9	4.7	3.7	1 344
<b>Others</b> .....	2.8	2.3	3.0	2.8	1 544	3.3	3.3	4.5	4.6	1 658
<b>Grand total</b>	100.0	100.0	100.0	100.0	54 281	100.0	100.0	100.0	100.0	36 240



## PRICE INDICES

Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1956	1 785	1 869	1 926	2 975	1 478	1 605	1 293	909	1 901
1956									
Oct.	1 804	1 872	1 926	2 914	1 503	1 659	1 338	938	2 234
Nov.	1 849	1 890	1 985	2 869	1 530	1 762	1 394	948	2 234
Dec.	1 855	1 897	2 000	2 884	1 530	1 767	1 392	948	2 234
1957									
Jan.	1 877	1 908	2 048	2 884	1 533	1 811	1 409	1 070	2 108
Feb.	1 881	1 915	2 082	2 884	1 534	1 809	1 411	1 070	2 108
March	1 882	1 914	2 075	2 884	1 535	1 813	1 414	1 070	2 108
April	1 902	1 936	2 070	2 884	1 574	1 830	1 429	1 070	2 108

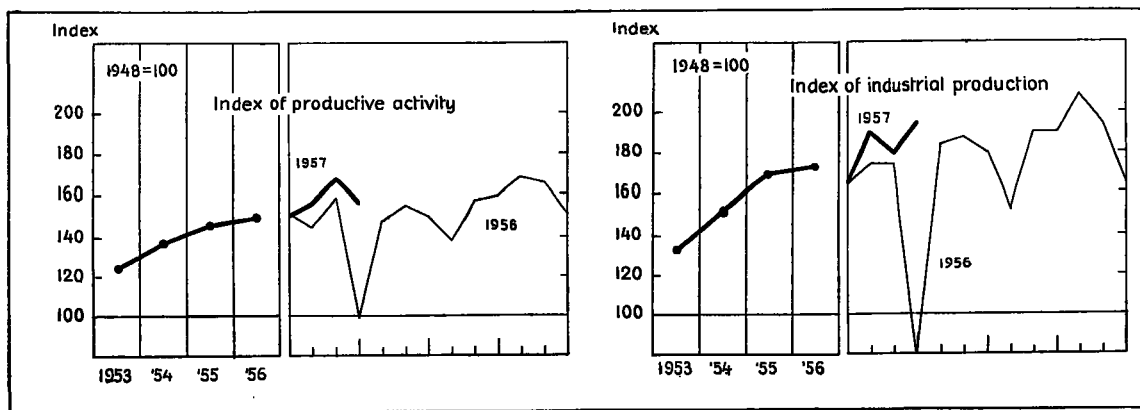
Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1956	111	117	218	95	76	108	109	101	123
1956									
June	110	116	215	95	75	108	110	103	123
July	111	116	215	95	75	109	111	103	126
Aug.	112	117	215	96	77	110	112	103	129
Sept.	113	119	215	97	78	111	113	103	131
Oct.	113	118	225	97	79	111	114	102	134
Nov.	118	128	228	97	79	111	113	103	130
Dec.	118	128	228	97	79	111	112	103	128
1957									
Jan.	120	128	257	97	79	112	112	103	126
Feb.	120	128	257	97	79	112	112	103	127
March	120	128	257	97	79	112	112	103	125
April	121	129	257	98	79	116	113	104	128

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				
1950	113	115	96	107	111	102	25 770	1 245	81	4 644
1951	131	133	122	126	130	120	36 070	1 447	85	324
1952	125	133	121	108	112	102	35 079	1 560	92	54
1953	133	140	120	116	121	108	29 170	1 657	93	64
1954	152	158	140	140	151	124	35 370	1 703	100	116
1955	169	175	157	154	173	126	38 600	1 709	116	344
1956	173	180	158	155	185	111	36 623	2 036*	121	6 970
1955										
Oct.	186	193	177	170	196	132	2 237	123	128	8
Nov.	184	195	175	160	191	112	3 000	121	128	2
Dec.	164	174	163	142	167	105	3 540	133	128	2
1956										
Jan.	174	179	169	160	191	113	4 275	146	93	6
Feb.	174	181	170	157	189	109	4 176	141	102	1
March	80	91	69	57	61	52	3 450	149	91	6 945
April	184	192	171	166	187	135	2 399	180	124	4
May	187	194	166	171	190	143	8 083	208	138	—
June	180	190	169	159	179	132	1 131	215	124	—
July	153	145	113	168	196	125	1 156	204	119	1
Aug.	190	197	164	174	209	124	1 659	185	139	1
Sept.	190	198	174	174	207	126	1 758	162	132	1
Oct.	209	219	192	185	220	134	2 463	148	136	4
Nov.	194	206	178	168	210	107	2 786	143	137	6
Dec.	164	173	156	142	181	87	3 287	155*	118	1
1957										
Jan.	189	197	182	171	212	112	4 284	164*	97	2
Feb.	180	186	169	165	198	118	4 658	154*	106	6
March	195	202	180	180	221	120	3 481	..	125	9

<sup>1)</sup> Figures for 1955 and 1956 revised but not final.

<sup>2)</sup> Converted from 1948 = 100.

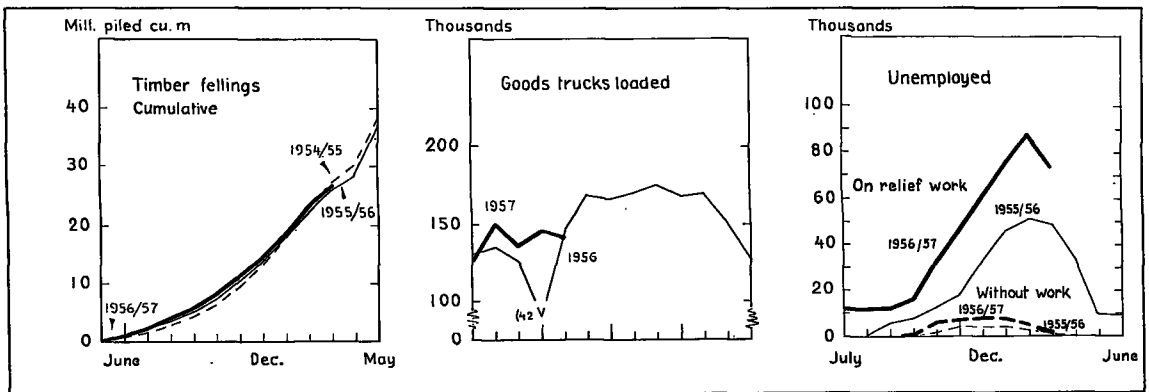


**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed <sup>1)</sup> , mill. cu. m					Buildings under construction at end of period <sup>1)</sup> mill. cu. m	Wages July—Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956*	19.54	8.73	2.77	4.51	2.24	28.75	124	125	..
1955 Oct.-Dec.	8.25	3.94	2.00	1.05	0.83	23.75	113	119	102.0
1956 Jan.-Mar.	3.45*	1.71*	0.15*	1.10*	0.35*	23.86*	113	119	104.2
Apr.-June	3.76*	1.52*	0.38*	1.08*	0.51*	25.39*	127	122	104.2
July-Sept.	5.19*	2.16*	0.81*	1.01*	0.77*	29.68*	128	129	103.3
Oct.-Dec.	7.14*	3.34*	1.43*	1.32*	0.61*	28.75*	128	130	101.1

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1956	1957	1956*	1957*	1956*	1957*	1956	1957	1956	1957
Jan.	136	151	284	373	299	310	4 374	8 296	33 447	60 169
Feb.	126	136	154	268	142	253	4 097	7 856	45 960	74 931
March	42	146	74	251	53	248	2 827	5 204	51 216	88 133
April	147	141	225	349	188	288	1 118	1 908	48 898	73 386
May	168		419		370		80		33 547	
June	166		410		551		—		7 847	
July	170		470		679		—		12 092	
Aug.	175		445		701		—		12 209	
Sept.	168		384		609		—		12 243	
Oct.	170		436		568		847		16 698	
Nov.	151		426		434		6 079		32 062	
Dec.	127		438		354		7 366		45 094	

<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, to June 1, 1956, 20% for goods for which licensing is not automatic). Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance will be refunded in full by the end of July, 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on others than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt 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.

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *Terms of trade* (p. 9): the ratio of export prices to import prices. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDICES

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

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. 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. The first column shows the number of persons actually without work, while the second one comprises all labour engaged in relief works or other works financed from relief funds.

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The president for the current period, March 1, 1956, to March 1, 1962, is Urho 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 (liberal) 13.

### LAND

THE AREA is 337 009 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total area 9.4 % are inland waters. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

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

### POPULATION

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

DENSITY OF POPULATION (1956): In South Finland 23.9, in North Finland 3.9 and in the whole country an average of 14.0 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1956): 64.9 % of the population inhabit the rural areas, 35.1 % 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 (1956): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1955): births 21.2 ‰, deaths 9.3 ‰, increase 11.8 ‰. Deaths in France (1955) 12.2 ‰ and in Great Britain (1955) 11.7 ‰.

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1955, in thousand million marks): Gross national income at market price 985. Net national product at factor cost, by industrial origin: agriculture 89 (12 %), forestry and fishing 96 (13 %), manufacturing 250 (33 %), construction 69 (9 %), transport and communications 55 (7 %), commerce, banking and insurance 93 (12 %), public activities 72 (9 %), other services 45 (6 %), total 770. Volume index 143 (1948 = 100).

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

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 101 for 1955 (1938 = 100). Measure of self-sufficiency in the crop year 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 (Dec. 31, 1956): Length 5 180 km, of which 5 020 km are State and 160 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (May 1, 1957): Steamers 283 (411 000 gross reg. tons), motor vessels 172 (342 000 gross reg. tons), sailing vessels with auxiliary engines 117 (12 000 gross reg. tons). Total 572 (765 000 gross reg. tons).

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

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 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 (Dec. 31, 1956). There are three big and three small commercial banks with in all 548 offices, 413 savings banks, 575 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

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

# THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF INDUSTRY FOR 1948—1955

BY

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In 1947, the Economic Research Institute undertook an investigation which had as object the drawing up of an aggregate balance sheet and profit and loss account for all industries on the basis of the balance sheets and the income statements of individual concerns. Subsequently similar investigations were undertaken annually, though for 1949—1951 as regards the profit and loss accounts only. The details given in the present article are based on these investigations.

## THE METHOD OF INVESTIGATION

For 1947—1953, the method adopted consisted in the grouping of industrial enterprises by branches of industry and size-classes according to official industrial statistics and the selection of representative samples by purposive selection. Owing to the existence of special conditions of activity or ownership there were omitted from the investigation the group comprising lighting, power transmission and water works, the small group representing „other” industry, together with the non-commercial industry carried on by the State and the communes. Thus, the industry examined for those years embraced some 95 per cent of all industry included in the official statistics, calculated according to the number of workers. The balance sheet data relative to the sample concerns were then combined according to the fields and size-classes of

the enterprises, then being multiplied by coefficients obtained by comparison of the number of workers in the sample concerns with the number of workers in the corresponding branch and size-class of all industry. By addition of the figures thus obtained, the items of the condensed accounts of all industry were found. In this way, the samples are represented according to the weights indicated by the ratio of the number of workers in the selected concerns to the number of all industrial workers.

The investigations for 1954 and 1955 were carried out in a rather different manner. The principal changes relate to the structure of industry according to concerns and to the method of sampling. After the census of business establishments was taken in 1953, these figures were employed as a basis for the investigation, instead of employment of the official industrial statistics. For 1954—1955, consequently, „all industry” corresponds to the group of industry and handicrafts in the census calculation, omitting small enterprises employing 1—5 people, and omitting the group of electrical, gas and water supply establishments; it thus covered 75.4 per cent of the census group of industry and handicrafts according to the number of people employed. The other important change was in connection with the method of sampling. Whereas the principle of purposive selection was formerly applied,

random sampling was adopted for the investigation for 1954. The results for 1954 and 1955 are as a result not fully comparable with those previously obtained, the difficulty of comparison being particularly felt as far as absolute figures are concerned.

As regards the reliability of the investigations in other respects, it is impossible to estimate the error due to the necessity for basing calculations on the structure of industry as it was in a preceding year, or the error that may arise from a lack of comparability between individual balance sheets. The margin of error resulting from the method of calculation has been established at 4—5 per cent.

#### BALANCE SHEET ITEMS

By the terms of the Accountancy Act of 1946 there was provision for a certain degree of uniformity in the balance sheets of business concerns, and the investigations detailed here necessitate further unification and regrouping of balance sheet items. The assets are divided into three main classes, that is to say financial assets, liquid assets and fixed assets. In addition to the financial assets proper, the financial assets comprise special financial assets and transitory assets. The liquid assets are taken as given in the balance sheets, while the fixed assets comprise, in addition to the fixed assets figuring in the balance sheets, such part of the valuation items as corresponds with the direct appreciation of fixed assets. Depreciation is deducted from the total thus arrived at. The liabilities in the condensed balance sheets consist of the categories of borrowed capital, i.e., short-term and long-term liabilities, and the capital of the concern itself, that is to say, share capital, funds and profits. Short-term liabilities include transitory liabilities and sums reserved for taxes. Long-term liabilities and share capital appear in accordance with the balance sheets.

Funds comprise actual funds and adjustments of value, and profits include the amounts brought forward from previous years.

With regard to the profit and loss accounts, the turnover is calculated exclusive of sales tax and excise dues. Wages consist of the wages of workers, the salaries of the staff and, to a small extent, the remuneration of the management. Interest appears as entered in the balance sheets, and taxes comprise local and church taxes, Government income and property tax and sums set aside for these purposes. Refunds of taxes, which appear as revenue, are deducted from the total of taxes and reserves for taxes. Depreciation relates to amounts written off the fixed assets, although in some cases, owing to the difficulty of analysis, depreciation of claims has been included under this heading. Sundry expenditure is taken as it figures in the balance sheets, as are the net profits. On the other hand, the category of raw materials and other costs is a residual item, obtained by deduction of wages, interest, taxes and reserves for taxes, depreciation, sundry expenditure and net profits from the turnover as calculated exclusive of sales tax and excise duty. This item of expenditure, however, consists in the main of the cost of raw materials, lighting and power.

#### CONSOLIDATED BALANCE SHEETS

The following tables illustrate the items in the consolidated balance sheets and profit and loss accounts of industry in 1948—1955, adjusted in the manner described above.

During the period covered by the investigation, the balance sheet totals of industry increased from 140 960 mill. marks to 408 620 million, or by 2.9 times. As the increase was not uniform as regards various items of assets and of capital, their mutual proportion changed during the period under review. The relative share of the

## THE CONSOLIDATED BALANCE SHEET OF INDUSTRY

	1948		1952		1953		1954 <sup>1)</sup>		1955 <sup>1)</sup>	
	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%
<b>Assets</b>										
<i>Financial assets</i> .....	42.23	29.9	76.37	25.4	83.59	26.4	94.46	26.4	111.05	27.2
<i>Liquid assets</i> .....	45.05	32.0	77.92	26.0	70.00	22.1	71.12	19.8	77.36	18.9
<i>Fixed assets</i> .....	53.68	38.1	145.85	48.6	163.00	51.5	192.62	53.8	220.21	53.9
<b>Total</b>	140.96	100.0	300.14	100.0	316.59	100.0	358.20	100.0	408.62	100.0
<b>Liabilities</b>										
<i>Borrowed capital</i> .....	92.83	65.9	201.57	67.2	205.21	64.8	237.17	66.2	269.42	65.9
Short-term .....	88.51	62.8	172.96	57.7	166.51	52.6	176.10	49.2	199.66	48.8
Long-term .....	4.32	3.1	28.61	9.5	38.70	12.2	61.07	17.0	69.76	17.1
<i>Own capital</i> .....	48.13	34.1	98.57	32.8	111.38	35.2	121.03	33.8	139.20	34.1
Share capital .....	19.48	13.8	46.32	15.4	50.08	15.8	53.15	14.9	62.34	15.3
Funds .....	20.81	14.7	37.43	12.5	45.99	14.5	52.41	14.6	57.88	14.2
Profits .....	7.84	5.6	14.82	4.9	15.31	4.9	15.47	4.3	18.98	4.6
<b>Total</b>	140.96	100.0	300.14	100.0	316.59	100.0	358.20	100.0	408.62	100.0

## ITEMS OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF INDUSTRY

	1948		1949		1950		1951		1952		1953		1954 <sup>1)</sup>		1955 <sup>1)</sup>	
	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%	1 000 mill. mk	%
Wages and salaries .....	59.59	25.3	61.42	25.2	76.10	24.4	112.32	21.7	114.81	22.8	112.86	23.2	115.50	21.0	129.00	20.9
Expenditure on interest .....	4.56	1.9	4.96	2.0	5.40	1.7	8.22	1.6	8.79	1.7	9.40	1.9	10.24	1.9	11.89	1.9
Taxes and tax reserves .....	6.64	2.8	7.85	3.2	12.27	3.9	17.35	3.4	18.30	3.6	16.48	3.4	16.05	2.9	19.22	3.1
Sums written off .....	2.77	1.2	3.69	1.5	5.49	1.8	7.63	1.5	8.67	1.7	13.51	2.8	13.03	2.4	15.41	2.5
Sundry expenditure .....	0.19	0.1	0.28	0.1	0.58	0.2	0.33	0.1	0.32	0.1	0.34	0.1	0.26	0.1	1.02	0.2
Net profit .....	5.68	2.4	6.11	2.5	8.00	2.6	11.94	2.3	8.27	1.6	8.39	1.7	11.26	2.0	13.23	2.1
Raw materials and other costs <sup>2)</sup> ..	156.24	66.3	159.70	65.5	204.19	65.4	359.15	69.4	345.25	68.5	325.09	66.9	383.48	69.7	427.52	69.3
Turnover omitting sales tax and excise duty .....	235.67	100.0	244.01	100.0	312.03	100.0	516.94	100.0	504.41	100.0	486.07	100.0	549.82	100.0	617.29	100.0

<sup>1)</sup> Investigation based on census of business establishments in 1953.

<sup>2)</sup> Residual item: turnover less wages, expenditure on interest, taxes and tax reserves, sums written off, sundry expenditure and net profits.

fixed assets increased to more than one half of the total assets. At the same time, the share of the liquid assets was greatly reduced, whereas the proportion of the financial assets remained comparatively steady. This development, which seems to have come to an end in the last years of the period under investigation, was due in part to the alteration in values caused by inflation. It may also to a certain extent reflect the postwar renewal of fixed assets.

As regards the liabilities, of which the concerns' borrowed capital represents about two thirds, and their own capital one third, no great changes occurred as far as these two categories were concerned. On the other hand, the internal proportion between short-term and long-term liabilities was altered, in that while the proportion of long-term liabilities to the total of borrowed capital amounted in 1948 to 4.7 per cent, the corresponding proportion in 1955 was 25.9 per cent. The debts of industry have thus become markedly long-term in character, a tendency to which foreign loans have contributed. Nevertheless, this tendency appears to have ceased during the later years of the investigation.

#### LIQUIDITY AND SOLVENCY

The extent of influence of the items of assets and liabilities on the development of the liquidity and the solvency of industry is apparent from the following table.

	Financial assets		Financial and liquid assets	
	% of short-term liabilities	% of total liabilities	% of short-term liabilities	% of total liabilities
1948 .....	47.7	45.5	98.6	94.0
1952 .....	44.2	37.9	89.2	76.5
1953 .....	50.2	40.7	92.2	74.8
1954 .....	53.6	39.8	94.0	69.8
1955 .....	55.6	41.2	94.4	69.9

In 1952, the liquidity and the solvency of industry were considerably lower than

they had been in 1948. During the period 1953—1955, the proportion of financial assets, and of financial and liquid assets, to short-term liabilities improved continuously, but the possibilities of industry covering total liabilities with financial and liquid assets were reduced year by year. The change in the burden of indebtedness is clearly visible. As, however, the proportion of financial and liquid assets to liabilities in particular is affected by the changes in the method adopted to value the liquid assets, it may, perhaps, be of advantage to gauge the liquidity of industry by the less general ratio of liabilities to turnover.

	Short-term liabilities	Total liabilities
	% of turnover, omitting sales tax and excise dues	
1948 .....	37.6	39.4
1952 .....	34.3	39.4
1953 .....	34.3	42.2
1954 .....	32.0	43.1
1955 .....	32.3	43.6

This comparison illustrates the improvement in the liquidity of short-term liabilities, while the ratio of total liabilities to turnover continuously increased.

#### CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The total turnover in industry, omitting sales tax and excise dues, increased by 2.6 times during the period under review. The growth was not uniform, for, after the Korean boom in 1951, the turnover diminished initially and then again increased during the last two years of the investigated period. It was in part a nominal growth, occasioned by inflation; during that time the total wholesale price index rose by 56.6 per cent and the wholesale price index for Finnish industrial products by approximately the same extent. A major proportion of the growth is, however, a consequence of in-

creased output and higher activity, as borne out by the rise of 53.0 per cent in the volume index of industrial production. To what extent the fluctuations in turnover of different years were connected with changes in stocks, cannot be estimated with accuracy owing to the absence of statistics relating to stocks.

With the growth of turnover, there was also a rise in cost factors. Wages increased by 2.2 times, interest by 2.6 times, taxes and reserves for taxes by 2.9 times, depreciation by 5.5 times, sundry expenditure by 5.4 times, net profits by 2.3 times and the residual item of raw materials and other costs by 2.7 times.

Among the items of expenditure, interest payments alone displayed a tendency which corresponded to that of turnover, so that in 1955 the proportion of interest to turnover was the same as it had been in 1948. The ratio of wages dropped and the ratios of taxes and reserves for taxes, depreciation, sundry expenditure, and raw materials and other costs increased. The drop in the ratio of wages is, however, not a result of a relative decline in the level of wages, nor of wages failing to keep pace with the general economic development, but of the structural changes in industry, such as an increase in mechanisation; during the years under review the average hourly earnings of industrial workers rose by 92.2 per cent for men, and by 96.0 per cent for women. The changes in taxes, and in reserves for taxes, reflect not only the changes in taxed profits, but also the alterations in tax rates. The substantial rise in depreciation is explained partly by the increase in the proportion of new and dearer fixed assets acquired since the war. As regards the figure for 1953, it also indicates the influence of Government measures, as, by reason of the decline in value of the currency, for 1953 larger depreciation than usual was authorised by decree.

## PROFITABILITY

If measured in the normal way, that is to say as the proportion of net profits to capital, the profitability of industry in 1948—1955 was as follows.

	Net profits, % of own capital	Net profits, % of total capita
1948 .....	11.0	4.0
1952 .....	8.4	2.8
1953 .....	7.5	2.7
1954 .....	9.3	3.1
1955 .....	9.5	3.2

As, however, the increase in capital during a period of inflation does not follow the fluctuations in the price level, it is worthwhile also to compare the size of profits with the turnover so that one may obtain a clearer idea of the profitability of industry, and its trend.

	Net profits % of turnover, omitting sales tax and excise dues	Total of net profits, taxes and reserves for taxes
1948 .....	2.4	5.2
1949 .....	2.5	5.7
1950 .....	2.6	6.5
1951 .....	2.3	5.7
1952 .....	1.6	5.3
1953 .....	1.7	5.1
1954 .....	2.0	5.0
1955 .....	2.1	5.3

In the light of these figures, it appears that the profitability of industry was slightly lower during the latter years of the investigation than it was in 1948.

The above-presented figures concern total industry, and they have been analysed against the background of such economic factors, or of such factors of economic policy, as relate to industry as a whole. No account has been taken of the fact that the whole of industry is composed of numerous branches working under different conditions and developing in different directions, nor of the special measures of economic policy which affect these individual branches of industry.

## ITEMS

**Imports of farm products from the USA.** On May 10, an agreement was signed by the terms of which Finland will purchase 3.4 million dollars' worth of cotton, wheat and tobacco from the USA surplus stores. The goods will be paid for in marks, which the USA will use for purchases of Finnish export goods, for delivery to third countries.

\*

**Deposits against import licences.** The system of demanding deposits as a prerequisite for obtaining an import licence was abolished from May 1. As these deposits will be repaid to importers within three months from the day of deposit, the total will have been refunded by the end of July.

By agreement between the Government and the Bank of Finland, made on April 30, the deposits against import licences were placed at the disposal of the Treasury in order to ease the Government cash position. Since then, therefore, these deposits, which amounted to 3 763 mill. marks at the end of April, are no longer included in Finnish long-term liabilities in the Bank's statement, but in the cheque account of the Treasury.

\*

**Index-tied deposits.** The development of index-tied deposits in various groups of

credit institutions is seen below, given in millions of marks.

	1956		1957	
	Dec. 31	Jan. 31	Feb. 28	March 30
Commercial banks	64	2 799	5 005	8 117
Savings banks ..	11 394	14 326	16 067	18 421
Co-operative credit societies and their central bank .....	9 308	10 853	11 679	12 932
Post Office Savings Bank ....	1 424	1 699	1 902	2 558
Savings departments of co-operative stores ..	273	474	648	861
<b>Total</b>	<b>22 463</b>	<b>30 151</b>	<b>35 301</b>	<b>42 689</b>

In 1955 and 1956 deposits were tied to the cost of living index to the extent of 100 per cent. At the beginning of the current year, fifty per cent index clauses were also introduced (see Item in Bulletin No. 1, 1957). At the end of March, of all index-tied deposits, 30 478 mill. marks were placed on 100 per cent accounts and 12 211 million on 50 per cent accounts.

\*

**Economic Commission for Europe.** On April 17, Mr Sakari Tuomioja was appointed General Secretary to the ECE with effect from September 1, 1957, following Professor Gunnar Myrdal. In 1945—1955 Mr Tuomioja held the post of Governor of the Bank of Finland, and since March 1955 has been Finland's Ambassador to London.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

R. V. FIBANDT,  
*Governor*

KLAUS WARIS,  
*Deputy Governor*

K. T. JUTILA

ESKO K. LEINONEN

C. G. SUNDMAN,  
*ad int.*

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Economic Research*

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*Personnel*

C. G. SUNDMAN,  
*Foreign currency*

P. BLOMQUIST,  
*Accounts and Personnel*

P.-E. ÖSTERLUND,  
*Foreign currency*

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*Documentary credits  
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*Foreign currency control*

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*Cash*

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*Office*

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