



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 31 No. 4

APRIL

1957

### RECENT DEVELOPMENTS

#### ECONOMIC POLICY AND THE STABILISATION PROGRAMME

The wage negotiations begun last autumn between the labour market organisations yielded no results, despite the efforts of the arbitrator appointed by the Government in November. In consequence, at the turn of the year, almost all collective agreements were open insofar as the wage clauses were concerned. At the same time, the State finances were growing exceedingly strained as a result of the great increases in expenditure. The political parties were unable to agree on a stabilisation programme, and the economic problems became more and more difficult, provoking a political crisis at the end of February.

The ultimate cause of the crisis was the question of farmers' income. Heavy over-production of milk since the summer of 1956 had necessitated large, subsidised exports of butter and cheese, which called for an adjustment of farmers' income. Thus, on February 28, the Government lowered farmers' income by reducing the producer price of milk and the consumer prices of butter and cheese. As this decision was contrary to the views held by the Agrarians, their Ministers immediately tendered their resignations. The President of the Republic, however, refused to accept their resignations at a time when the country's finances were in

a critical state, and the creation of a comprehensive stabilisation programme was most urgent. A preliminary agreement on the outlines of a programme was arrived at on March 7, and the Agrarian Ministers cancelled their resignations. In its final form, the programme was presented by the Government on March 21 as a question of confidence, and was approved by the Diet. Its main points are as follows.

Corporate tax for 1957 will be raised from 32 to 38 per cent on income, and from 8 to 10 per thousand on property. From the beginning of 1958, employees' and employers' payments towards national pensions will be raised from 1 to 1.5 per cent. Excise duty on tobacco is to be raised by 20 per cent from the beginning of April. The net income of the Price Equalisation Fund will be increased by means of changes in the principles of charging and of paying price equalisation. One fourth of child allowances will be deposited in the Post Office Savings Bank on an account with a 50 per cent index clause; the funds to be released when the child reaches the age of 17. These measures are estimated to reduce expenditure or to increase revenue by a total of 16 600 mill.

*On page 18, The Averting of Unemployment in Finland*

marks during the current year, and by 25 000 million in 1958. A committee will be appointed to draw up, before the summer, a proposal for reducing expenditure by another 25 000 to 30 000 mill. marks beginning 1958.

As a measure of monetary policy, the Bank of Finland has proposed the introduction of an Act by the terms of which the credit institutions can, if necessary, be obliged to deposit with the Bank of Finland extra cash reserves in the same way as was previously practised on the basis of voluntary agreements. Another proposed Act will authorise the levying of a special export tax, should conditions so demand. According to this Act, exporters may be obliged to pay 20 per cent of the value of the goods exported. The funds thus accrued are to be used primarily for redeeming to the Bank of Finland the Treasury Bond Loan of 1953, while the remainder of the export tax will be funded in the Bank, to be used, from 1960, for loans for the extension of the forest industry, and for the development of other natural resources.

As it is necessary for the time being to intensify import restrictions, a system of global quotas on a nondiscriminatory basis will be adopted with regard to imports from most Western European countries (for details see Item). As soon as circumstances permit, the Government will take steps towards more liberal trade. A preliminary free list has already been outlined, covering nearly 60 per cent of Finland's imports from Western countries in 1954.

The index clause tying farmers' income to the general level of earnings will be so revised that farmers do not profit by increases in productivity in other trades, and that agricultural income is tied to the general level of earnings to the extent of 100 per cent, instead of 85 per cent. From the beginning of 1959, a new consumer price

index (4th quarter of 1958 = 100) will be adopted as a basis.

With regard to labour agreements, the Government recommends the renewal of all collective agreements on the following principles. Wage earners should obtain two-thirds compensation for the change in the cost of living index from November 1955 to the fourth quarter of 1958, insofar as the level of earnings has not already risen, for instance owing to wage-drift or transfers to higher wage classes or as a result of increases in productivity or similar circumstances. In 1957 and 1958, the necessary adjustments of wages should be carried out each August, agricultural income also being adjusted then. The collective agreements should be made at least to the end of 1958. From the beginning of 1959, the determination of wages should be based on the new consumer price index. The connection between wages and the new index should not be automatic, but index premiums should be dependent on regularly recurring discussions between the labour market organizations.

Some points of the programme were immediately realised. The excise duty on tobacco was raised, and the price equalisation system was revised in the case of liquid fuel. Similarly, steps were taken to change over to the global import system. All Government bills necessary for the realisation of the programme are being handled in the Diet. The most difficult problem seems to be that concerning wages, a question which is to be solved by the labour market organisations. In spite of the Social Democrat backing of the programme in the Diet, The Confederation of Finnish Trade Unions rejected as insufficient the two-thirds index compensation proposed by the Government. To date, no agreement has been reached.

*April 23, 1957.*

## BANK OF FINLAND

Mill. mk

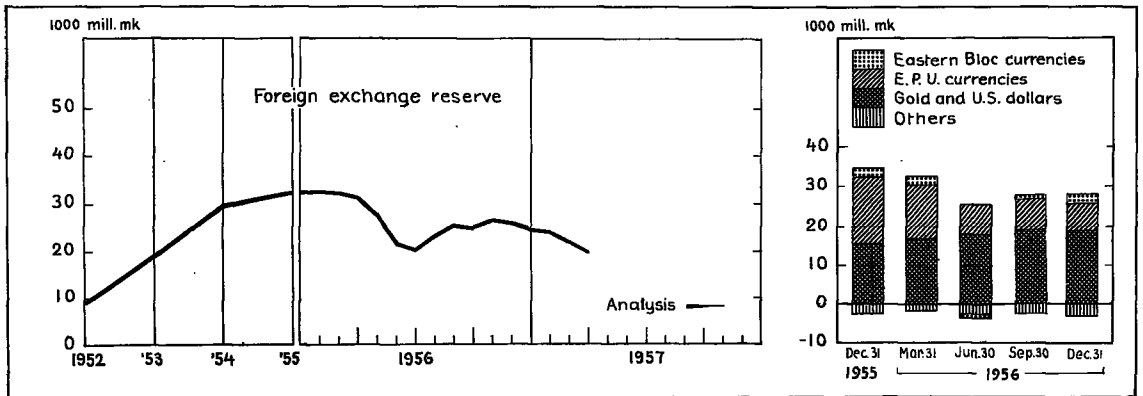
	1956		1957			
	Feb. 29	Dec. 31	March 8	March 15	March 23	March 30
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	38 641	32 300	29 439	28 131	26 764	26 248
Gold .....	7 849	7 849	7 849	7 849	7 849	7 849
Foreign exchange .....	28 232	21 561	18 700	17 392	16 025	15 509
Foreign 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> .....	68 928	75 453	66 682	65 954	69 983	76 558
Inland bills discounted						
In foreign currency .....	8 751	9 366	9 463	9 468	9 559	9 559
In Finnish currency .....	16 626	14 922	16 216	16 330	16 885	17 181
Rediscounted bills .....	23 551	33 665	23 503	22 656	26 039	32 318
Treasury bond loan .....	20 000	17 500	17 500	17 500	17 500	17 500
<i>Other assets</i> .....	12 261	13 370	12 997	12 884	13 171	13 280
Finnish bonds .....	1 888	1 794	1 752	1 740	1 740	1 620
Cheque accounts .....	419	862	652	425	553	647
Finnish coin .....	330	354	375	371	363	358
Other claims .....	9 624	10 360	10 218	10 348	10 515	10 655
Total	119 830	121 123	109 118	106 969	109 918	116 086
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	53 870	60 735	55 863	55 384	53 562	54 967
<i>Short-term liabilities</i> .....	24 030	24 725	16 276	14 315	18 457	22 808
Foreign exchange accounts .....	3 982	4 601	3 760	3 815	3 997	3 677
Mark accounts of holders abroad .....	4 324	7 047	7 164	7 155	7 146	7 144
Cheque account of the Treasury .....	14 292	10 550	3 202	1 982	6 492	11 414
Cheque accounts of banks .....	723	1 167	1 261	649	6	—
Other cheque accounts .....	153	367	297	221	326	197
Other short-term liabilities .....	556	993	592	493	490	376
<i>Long-term liabilities</i> .....	23 853	14 725	14 665	14 667	14 826	15 009
Foreign .....	8 023	8 290	8 414	8 515	8 611	8 624
Finnish .....	15 830	6 435	6 251	6 152	6 215	6 385
<i>Equalisation accounts</i> .....	6 123	8 074	9 027	9 296	9 715	9 909
<i>Bank's own funds</i> .....	11 954	12 864	13 287	13 307	13 358	13 393
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 .....	806	—	1 026	1 026	1 026	1 026
Earnings less expenses .....	342	2 052	423	443	494	529
Total	119 830	121 123	109 118	106 969	109 918	116 086
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	38 641	32 300	29 439	28 131	26 764	26 248
<i>Supplementary cover</i>						
(Upper limit 58 000 mill. mk) .....	58 000	58 000	58 000	58 000	58 000	58 000
Total	96 641	90 300	87 439	86 131	84 764	84 248
<b>Note issue</b>						
<i>Notes in circulation</i> .....	53 870	60 735	55 863	55 384	53 562	54 967
<i>Short-term liabilities</i> .....	24 030	24 725	16 276	14 315	18 457	22 808
Undrawn on cheque credits .....	555	316	522	749	621	581
Unused right of note issue .....	18 186	4 524	14 778	15 683	12 124	5 892
Total	96 641	90 300	87 439	86 131	84 764	84 248

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

## BANK OF FINLAND

Mill. mk

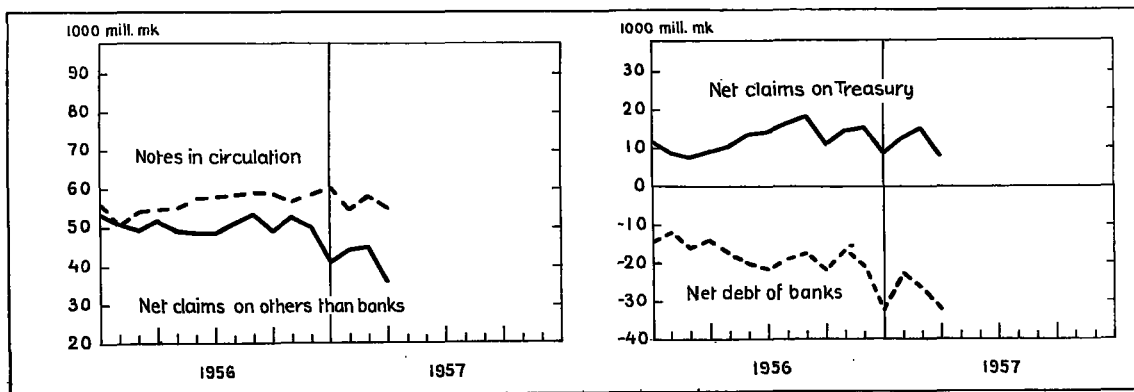
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
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	21 846	2 560	12 694	11 712	27 236	6 373	665	20 198
June	28 020	7 547	20 473	2 560	13 387	9 646	27 283	5 622	507	21 154
July	29 148	6 080	23 068	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



## 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	9 290	1 279	30 024	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 541	1 100	31 426	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 674	1 124	29 888	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 288	1 127	28 140	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 885	948	32 530	58 831
Oct.	19 160	4 906	14 254	16 517	20 138	36 655	4 325	1 235	31 095	56 795
Nov.	19 160	4 091	15 069	15 958	19 260	35 218	4 349	1 470	29 399	58 468
Dec.	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	18 294	33 721	4 151	1 060	28 510	54 160
Feb.	19 160	4 103	15 057	15 755	18 803	34 558	4 057	841	29 660	58 245
March	19 160	11 414	7 746	17 181	19 201	36 382	4 074	573	31 735	54 967



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

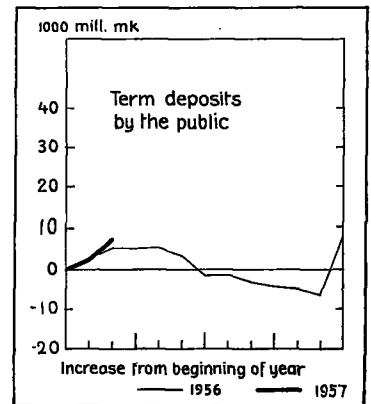
Mill. mk

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

## Selling rates for foreign exchange

March 30, 1956

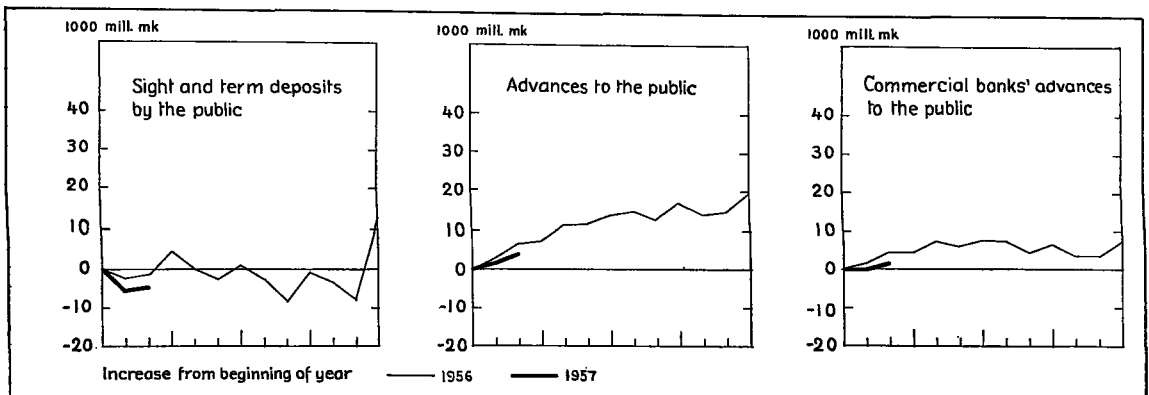
	mk		mk
New York . . . . . 1 \$	231: —	Zürich . . . . . 100 Fr	5 282: —
London . . . . . 1 £	648: —	Frankfurt a/M 100 DM	5 515: —
Stockholm . . . . . 100 Kr	4 478: —	Prague . . . . . 100 Kz	3 208: —
Copenhagen . . . . . 100 Kr	3 334: —	Vienna . . . . . 100 Sch	890: —
Oslo . . . . . 100 Kr	3 243: —	Lisbon . . . . . 100 Es	804: —
Paris . . . . . 100 Fr	65: 70	Montreal . . . . . 1 \$	238: —
Brussels . . . . . 100 Fr	460: 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

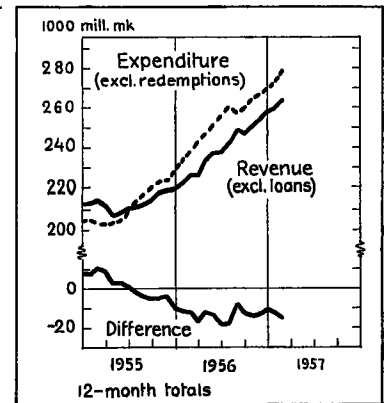


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Feb.		Expenditure	Jan.—Feb.	
	1956	1957		1956	1957
Income and property tax (net) .....	14.6	17.1	Interest on State debt .....	0.9	1.1
Gross receipts .....	16.3	19.5	Child allowances .....	4.8	4.9
Refunds and communal income tax .....	(-1.7)	(-2.4)	The State's share in national pensions .....	1.3	1.8
Other direct taxes .....	0.1	0.2	Compensations to war-disabled .....	1.4	1.4
Purchase tax .....	8.3	10.2	Transfer of employers' payments for national pensions to National Pensions Fund .....	0.0	0.0
Import duties .....	4.2	5.9	Subsidies .....	5.0	4.5
Revenue from Alcohol Monopoly .....	1.6	1.8	Payments by Price Equalisation Fund .....	1.2	1.2
Excise duty on tobacco .....	2.3	2.0	State aid to agriculture .....	0.2	0.3
Other excise duties .....	0.6	0.6	State aid to communal and private schools .....	3.2	3.8
Stamp duties .....	1.7	2.0	Net loss of State enterprises .....	1.6	0.5
Employers' payments for child allowances and national pensions .....	3.4	3.1	Maintenance of roads .....	0.6	0.7
Receipts of Price Equalisation Fund .....	2.1	2.3	Other current expenditure .....	11.6	13.7
Other revenue similar to taxes .....	0.4	0.5	<b>Current expenditure</b> .....	<b>31.8</b>	<b>33.9</b>
<b>Total taxes</b> .....	<b>39.3</b>	<b>45.7</b>	Real investments .....	5.4	9.7
Interest and dividends .....	0.3	0.4	(of which: unemployment grants) ..	(2.4)	(5.7)
Other current revenue .....	0.8	1.2	Other capital expenditure .....	4.2	8.7
Net profit of State enterprises .....	—	—	<b>Capital expenditure</b> .....	<b>9.6</b>	<b>18.4</b>
<b>Current revenue</b> .....	<b>40.4</b>	<b>47.3</b>	<b>Total expenditure</b> .....	<b>41.4</b>	<b>52.3</b>
Capital revenue proper .....	0.5	1.4	Redemption of external loans .....	0.2	0.3
Decrease in inventories .....	1.1	—	Redemption of internal loans .....	1.0	2.4
<b>Capital revenue</b> .....	<b>1.6</b>	<b>1.4</b>	Redemption of indemnity bonds etc. ....	0.1	0.0
<b>Total revenue</b> .....	<b>42.0</b>	<b>48.7</b>	Index premiums .....	0.0	0.1
External loans .....	0.6	—	<b>Redemptions</b> .....	<b>1.3</b>	<b>2.8</b>
Internal loans .....	3.6	0.9			
Loans .....	4.2	0.9			
Bills (increase +) .....	—	—			
<b>Deficit (+) or surplus (-)</b> .....	<b>-3.5</b>	<b>+5.5</b>			
<b>Total</b> .....	<b>42.7</b>	<b>55.1</b>	<b>Total</b> .....	<b>42.7</b>	<b>55.1</b>

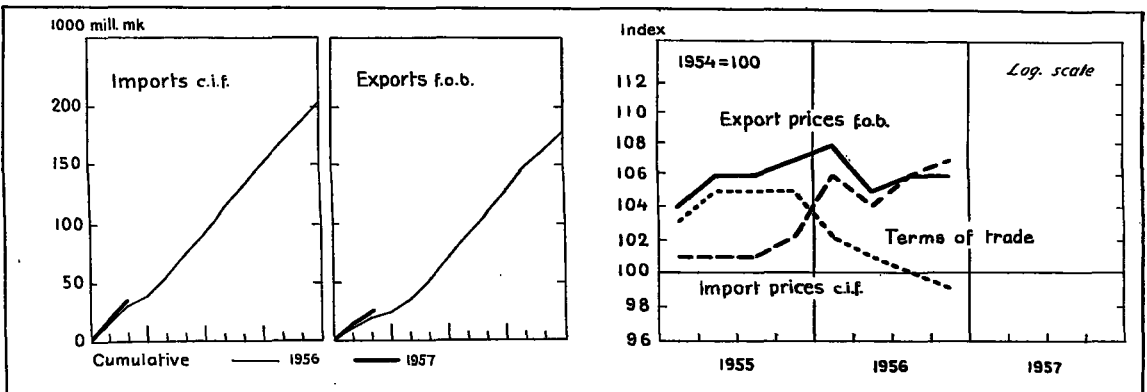
Debt	1953	1954	1955	1956		1957	
	Dec.	Dec.	Dec.	Dec.*	Jan.	Feb.	March
<b>External debt</b> .....	65.0	62.1	61.3	61.9	61.5	60.8	60.4
Ordinary loans .....	31.3	36.1	43.0	50.6	49.3	49.1	50.4
Indemnity bonds etc. ..	10.2	8.8	6.8	7.1	7.2	7.2	7.2
Bills .....	3.4	0.5	—	—	—	—	—
Cash debt (net) .....	11.3	4.3	5.9	8.4	13.5	15.0	..
<b>Internal debt</b> .....	56.2	49.7	55.7	66.1	70.0	71.3	..
<b>Total debt</b> .....	121.2	111.8	117.0	128.0	131.5	132.1	..
Total debt, mill. \$ ..	524.7	484.0	506.3	554.0	569.4	571.9	..





FOREIGN TRADE

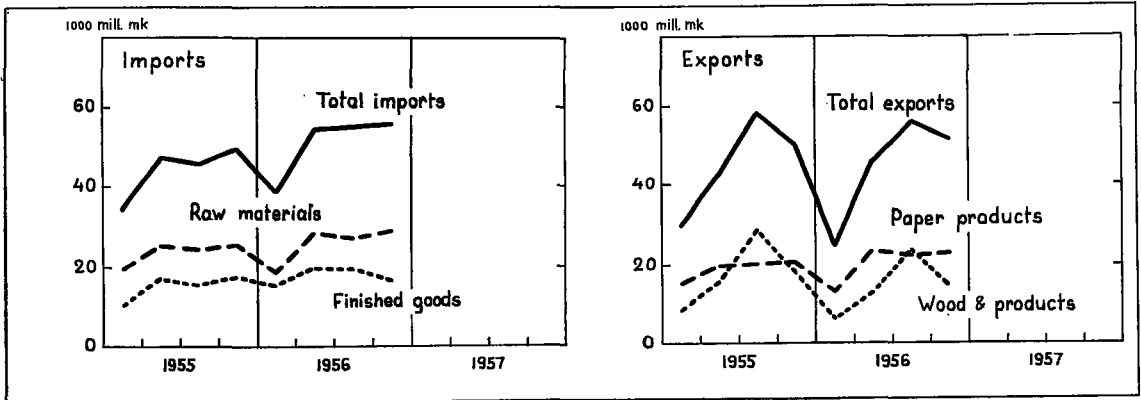
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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. - Feb.										
1955	22 767	22 409	- 358							
1956*	30 708	19 339	-11 369							
1957*	35 494	24 979	-10 515							
1956*										
Jan.	16 079	11 881	- 4 198	108	104	112	109	107	106	102
Feb.	14 629	7 458	- 7 171							
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	106	108	105	110	110	106	100
June	18 907	19 801	+ 894							
July	18 458	19 617	+ 1 159	106	110	98	109	117	107	99
Aug.	19 067	18 399	- 668							
Sept.	17 502	17 763	+ 261	106	110	98	109	117	107	99
Oct.	20 149	20 600	+ 451							
Nov.	18 251	14 836	- 3 415	106	110	98	109	117	107	99
Dec.	17 182	16 027	- 1 155							
1957*										
Jan.	19 104	13 332	- 5 772							
Feb.	16 390	11 647	- 4 743							



FOREIGN TRADE BY MAIN GROUPS

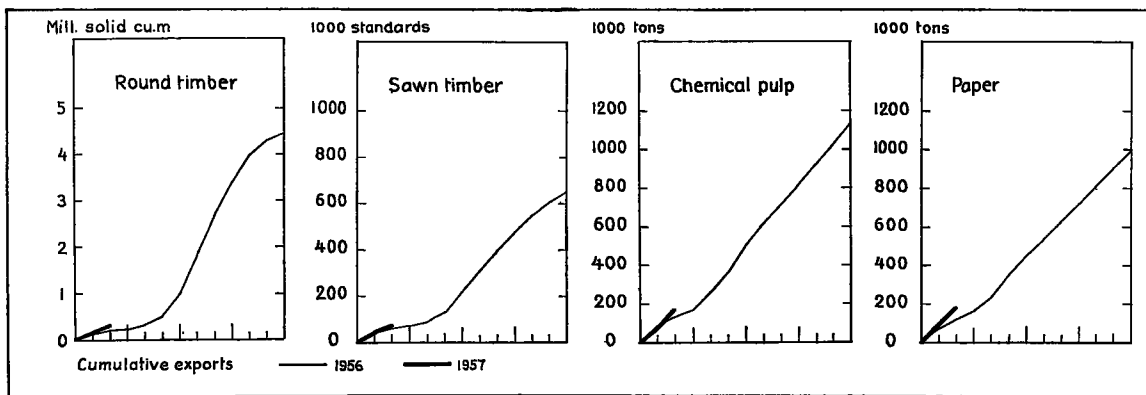
Mill. mk

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	4 080
1952	97 500	21 952	27 072	35 662	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	776
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
Jan.-Feb.	18 626	6 403	4 448	6 017	1 215	1 341	4 802	14 026	2 794	801



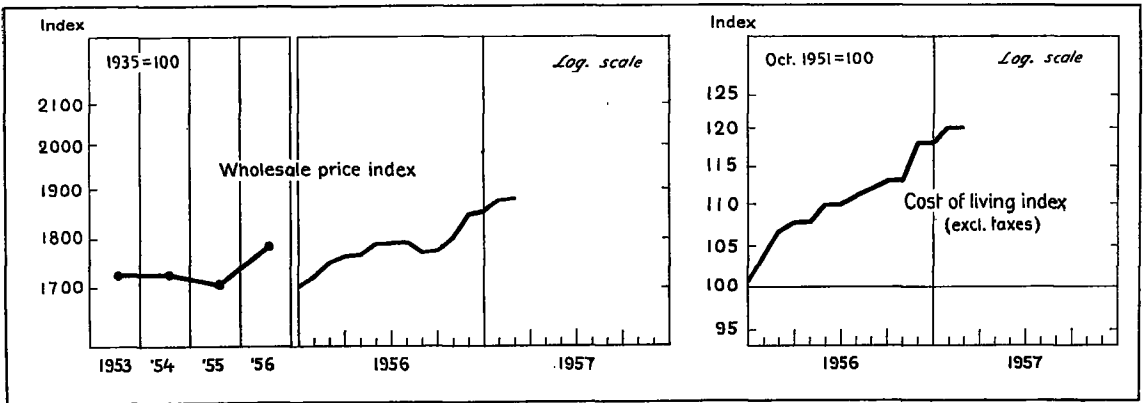
### EXPORTS OF SOME IMPORTANT ARTICLES

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. - Feb.										
1955	251	67	57	28	104	67	18	11	67	126
1956*	197	64	31	22	85	52	15	7	61	121
1957*	329	74	42	24	104	67	21	11	98	185
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



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—Feb.			Whole year		Jan.—Feb.		
	1955	1956	1956*	1957*		1955	1956	1956*	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	21.5	19.4	6 901	27.3	25.2	22.8	25.0	6 253
United Kingdom .....	20.3	20.4	20.7	18.6	6 625	24.0	21.4	19.2	22.0	5 493
<b>Other OEEC countries</b> ..	36.4	39.1	40.8	38.3	13 596	32.4	31.4	24.7	29.8	7 454
Belgium-Luxembourg ....	3.0	3.0	2.9	3.4	1 196	3.5	4.4	2.0	3.3	817
Denmark .....	3.6	2.6	3.4	2.5	897	3.0	2.5	2.5	2.7	685
France .....	6.0	5.8	6.8	5.1	1 826	4.7	5.3	4.6	4.3	1 066
Western Germany .....	9.0	11.8	10.7	10.5	3 719	9.1	8.7	6.7	8.8	2 208
Italy .....	1.1	1.4	1.0	1.5	523	1.2	1.4	1.3	2.0	503
Netherlands .....	3.6	4.0	3.9	4.6	1 620	4.4	3.6	2.5	3.4	852
Norway .....	2.2	1.8	3.2	1.2	439	1.3	0.6	0.7	0.4	97
Sweden .....	4.9	5.4	5.3	5.6	1 995	1.9	2.2	2.1	2.3	571
Switzerland .....	1.3	1.8	2.2	1.7	611	0.9	0.6	0.2	0.9	227
Turkey .....	0.5	0.4	0.3	0.5	173	1.0	0.7	0.9	0.3	86
<b>Eastern Bloc</b> .....	27.1	25.0	21.8	25.6	9 100	25.7	27.7	33.4	28.0	6 995
China .....	0.5	0.3	0.0	0.2	60	1.6	1.0	1.0	1.8	453
Czechoslovakia .....	2.7	2.4	1.1	3.7	1 330	1.0	1.3	1.3	0.2	61
Eastern Germany .....	2.7	2.3	1.9	2.1	757	2.2	2.2	2.7	1.2	302
Poland .....	4.8	4.4	3.5	2.6	935	2.0	2.3	1.9	4.8	1 197
Soviet Union .....	14.7	13.9	13.1	14.8	5 246	17.5	19.2	25.1	19.2	4 783
<b>U.S. and Canada</b> .....	5.4	6.7	6.6	9.2	3 244	5.8	6.7	6.6	6.6	1 641
United States .....	5.2	6.5	6.6	9.0	3 182	5.7	6.7	6.6	6.5	1 621
<b>Latin America</b> .....	7.4	5.6	6.5	4.7	1 658	5.5	5.7	7.3	6.0	1 491
Argentina .....	2.9	1.6	2.5	2.2	759	2.2	1.5	1.0	1.0	254
Brazil .....	4.1	3.3	3.4	2.1	742	2.6	2.9	4.0	3.9	955
<b>Others</b> .....	2.8	2.3	2.8	2.8	995	3.3	3.3	5.2	4.6	1 144
<b>Grand total</b>	100.0	100.0	100.0	100.0	35 494	100.0	100.0	100.0	100.0	24 979



## PRICE INDICES

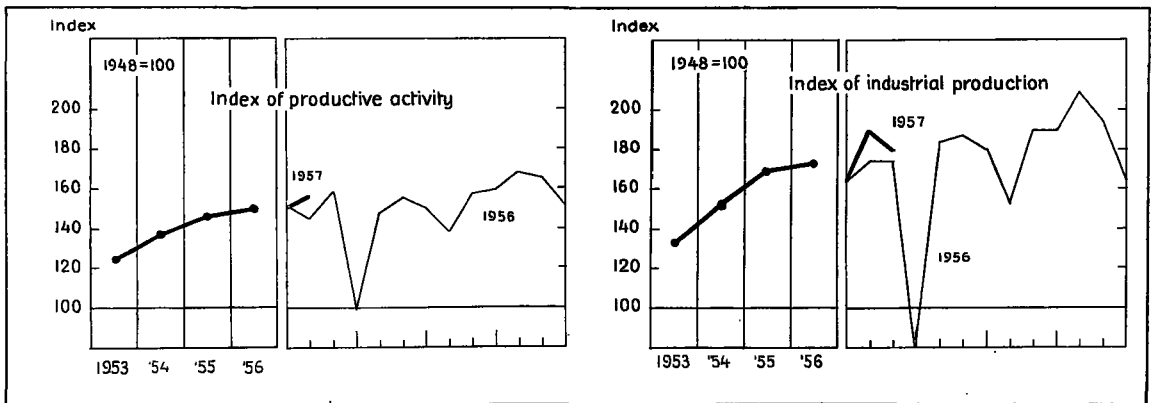
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1949	1 098	1 099	1 136	1 431	980	1 092	871	201	1 875
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1956	1 785	1 869	1 926	2 975	1 478	1 605	1 293	909	1 901
1956									
Sept.	1 774	1 856	1 887	2 914	1 490	1 599	1 311	898	1 790
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

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

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										
Sept.	184	193	167	164	187	129	1 589	138	130	12
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.	190	199	182	170	212	108	4 284	164	97	2
Feb.	180	187	169	165	198	118	4 658	..	106	5

<sup>1)</sup> Figures for 1955 and 1956 revised but not final.  
<sup>2)</sup> Converted from 1948 = 100.



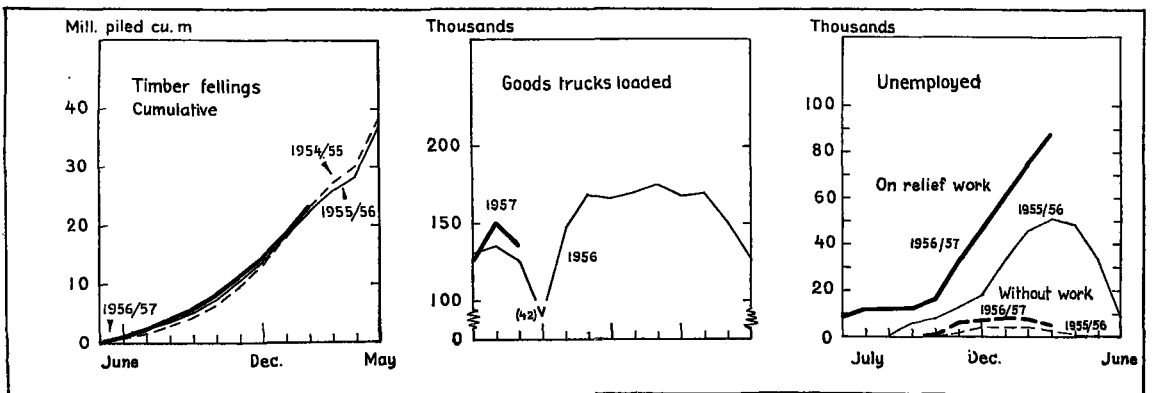
**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed <sup>1)</sup> , mill. cu. m					Buildings under construction at end of period <sup>2)</sup> mill. cu. m	Wages <sup>3)</sup> 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	..	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*	..	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		74		53		2 827	5 204	51 216	88 133
April	147		225		188		1 118		48 898	
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.

<sup>2)</sup> Revised series.



# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

## DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

## STATE FINANCES

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

## SYMBOLS USED

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

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

## 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 13.

### LAND

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

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

### POPULATION

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

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

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

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

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

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

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

### TRADE AND COMMUNICATIONS

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

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

MOTOR VEHICLES (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 ¾ %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

# THE AVERTING OF UNEMPLOYMENT IN FINLAND

BY

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COUNSELLOR OF GOVERNMENT, MINISTRY OF COMMUNICATIONS AND PUBLIC WORKS, EMPLOYMENT DEPARTMENT

In some spheres of activity in Finland the changes of the seasons cause considerable fluctuations in the demand for and the availability of labour. In agriculture, the need for manpower is greatest in the spring and in the autumn during harvest time in particular, whereas in the winter there is very little demand for labour. All traffic on inland waterways, as well as timber floating is suspended during the winter. Some ports can be kept open by the employment of icebreakers, but a considerable number are completely closed for the winter season. Building also decreases regularly in winter, because it calls for special protective measures. Some branches of industry as, for instance, brickmaking are mainly active during the summer. In forestry also, the aim has been to carry out the piling of timber, and forest improvement work, during periods that are free from snow, as owing to the snow and frost operations during the winter are either more expensive or cannot be carried on during the winter. The same applies to several forms of soil improvement work and to work on the roads. The felling of trees, and the haulage of timber from the forests are the only forms of work which are possible in winter. If sufficient labour has been available during snowless periods, piled wood has also been cut during the winter. Formerly, bark stripping provided considerable additional work in the early spring, but latterly this manual operation has decreased in volume, as mechanical bark stripping at the mills has been adopted on

an ever growing scale. Furthermore, work in the forests themselves is today being mechanised and rationalised, with the result that proportionately less manual labour is required.

As forest work is not able to offer employment to all those who are released from other spheres in winter, unemployment is normally experienced during that season. Moreover, in some parts of the country the available manpower is generally larger than can be made use of today in the local centres of employment. This occurs in some localities where considerable numbers of Karelian refugees have settled. The same conditions obtain in a number of farming districts, in which, owing to mechanisation, the demand for labour has not kept pace with the increase in manpower, and other productive work has not developed on a scale sufficient to absorb the manpower.

In Finland, the relief of unemployment is mainly proceeding on the lines of providing work. Unemployment insurance, which is voluntary, only applies to a small proportion of the workers, and has little significance. At present, a commission is engaged in drawing up a scheme of unemployment insurance, but it will probably be some time before it is ready to submit its proposals.

After having been subject to more or less casual regulations the control of employment was placed on a legal footing at the beginning of this year, when the first Employment Act came into force. This act is based on the principle that it is the duty of the com-

munity to ensure that those who are able to work, who require work, and are willing to work, should have the opportunity of obtaining employment. The State should, by general measures of economic policy, promote the disposal of manpower in the labour market with the object of attaining an equal balance between the supply and demand for labour. If, however, unemployment should occur or threaten, for seasonal, structural, cyclical or other causes, the Government and communes should adopt special measures necessary for ensuring employment. In addition, the Government and communes should endeavour, as far as possible, to organise works, irrespective of the state of employment, in accordance with their budgets, in such a manner that at different seasons the total demand for labour in the country should be equal.

Efforts should be made, by utilising the available opportunities, to direct those who are without employment to work in the free labour market in the first place. Those who have to be given employment should be provided with work for which they are suited by training or, if that be not possible, suitable work corresponding to their ability which will ensure a livelihood for them and their dependants.

If all these measures prove insufficient, the commune should institute a register of unemployed. The placing in work of those included in the register is the duty of the communes and the Government, in proportions varying according to the resources of the communes. For this purpose, the communes are divided annually into ten classes. If a commune fails to fulfil its duty, and therefore the Government has to provide more than its share, the commune is bound to repay the Government the consequent expenditure on wages.

Detailed conditions are laid down for inclusion in the register, as well as for

removal therefrom and from the place of employment. The main points are that only such persons may be included in the register as are at least 17 years of age, able-bodied and willing to work, have become unemployed through no fault of their own, are not unemployed owing to a strike or lock-out, and do not refuse to accept suitable employment.

Unemployed persons may be provided with work either in their own commune or elsewhere; if the latter be the case board and lodging has to be arranged for them.

In Finland, unemployment has been almost exclusively of a seasonal nature of recent years. For this reason, the main object has been to spread employment evenly throughout the year. The Government has issued a decree, that in regard to all Government building work the cost of which exceeds 5 million marks, a statement by the labour authorities should be required concerning the time of starting and the duration of the work. The greater part of Government house-building work has been organised in such a way that it is carried on in the winter and suspended during the summer. The building of State-aided elementary schools has been planned on the same principles. Government-aided building of dwelling houses has also been organised in such a manner as to equalise employment, and not to concentrate it on the summer. The same object is aimed at in other work that is State-aided or which is assisted by State loans. The experience gained in housebuilding in the winter shows that properly organised building can be carried out during the winter without much extra expense, even in such cold conditions as obtain in Northern Finland.

The construction of roads, railways, forest motor roads, floating channels, etc. is at present carried out almost exclusively with the help of employment grants. All work that is suitable for performance in winter can

thus be carried out during the season of unemployment. In the same way, the draining of land, the clearing of rivers, etc. are now effected with the assistance of employment grants during the winter, and in such a manner as to keep considerations of employment in view.

In recent years loans have also been granted out of employment funds for the maintenance of employment. The loans have been extended to communes, private individuals and various educational establishments, on the condition that the work is carried out during the period of unemployment, and that the workpeople are engaged from among the unemployed. In the last few years such loans have also been granted to productive enterprises. In these cases, the loans were granted for the payment of wages for building to be done during the period of unemployment, and to some extent also for the supply of Finnish machinery. It is a condition for obtaining a loan, in addition to the engagement of unemployed for the work of building, that the productive enterprise should be situated in a place where unemployment exists, and that, when it starts operation, it should provide continuous work for a number of people. Loans have also been granted for land and forest improvement work, in accordance with the regulations in force for obtaining loans for such operations.

To avert unemployment among young people, the main object has been the organisation of suitable trade courses for them. As technique progresses more and more skilled workers are required, not only in factories and in workshops, but also everywhere for servicing. There is still a shortage of such skilled workers in Finland. Attention has also been devoted to the extension and improvement of professional training. Special attention is also given to the selection of pupils, and to the organisation of elimina-

tion tests in connection with the courses for unemployed young people. When it is a question of young people with no means, daily allowances have to be arranged for them.

The provision of work for unemployed women has presented great difficulties, but so far this question has not been of any great practical importance, as in the whole country only a few hundred women have been registered as unemployed. As most of these have been accustomed to outdoor work, it has been possible to organise suitable light outdoor work for them. Some of them have been placed in communal workshops to which the Government and the communes have each contributed 50 per cent.

In all these works, wages and other conditions are fixed in accordance with the general terms of labour agreements. They differ from the standards of free work only in the fact that the workers, with exception of such necessary skilled workers as are not to be found among the unemployed, are engaged through the labour authorities, and that a worker who is offered a job elsewhere, may leave without notice.

The present period of unemployment has in the main been seasonal, and has been accentuated in part by the deterioration of export conditions. It has scarcely affected industry which is in operation the year round, excepting that auxiliary manpower and investment activity have been reduced. In the near future, when the age-classes born during the years immediately following the war, in much larger numbers than is normally the case, enter the labour market, the question of employment will encounter fresh difficulties. Undoubtedly, the Government will have to endeavour, by the general measures of economic policy referred to in the Employment Act, to create conditions for a more rapid development of productive life.

There is all the more reason for this in that the great rationalisation and mechanisation of production that is proceeding simultaneously, result in a reduction of the need for human labour per unit of output.

In order to obtain a general idea of the extent of unemployment, and the numbers provided with work through measures adopted by the Government and communes, we give below the figures for the last two unemployment periods, grouped according to the new statistics.

The Government working sites all consist of useful and important forms of productive activity that would in any case have to be carried out sooner or later. Plans for suitable work are collected annually from all Government departments, and these are classified according to urgency, importance and suitability for winter work. It then depends upon the state of employment, how large a proportion of them can be undertaken.

End of month	Registered unemployed, without work	In relief works			Other labour engaged in works financed from relief funds
		Registered unemployed	Unregistered unemployed, placed by authorities	Necessary skilled labour employed	
1955/56					
July .....	—	—	—	—	—
August .....	—	—	—	—	—
September .....	—	96	1 106	3 243	1 672
October .....	87	323	1 944	3 754	2 112
November ...	1 604	3 055	3 311	3 958	2 234
December ...	4 383	5 572	6 759	3 654	2 135
January .....	4 374	15 642	7 602	5 719	4 484
February ...	4 097	21 798	10 278	9 205	4 679
March .....	2 827	22 790	12 972	10 353	5 101
April .....	1 118	19 538	10 445	10 362	8 553
May .....	80	5 484	10 443	9 812	7 808
June .....	—	—	2 554	5 008	285
1956/57					
July .....	—	—	2 381	7 137	2 574
August .....	—	—	2 591	6 561	3 057
September ...	—	—	2 984	5 796	3 463
October .....	847	662	4 826	6 069	5 141
November ...	6 079	9 317	5 729	7 534	9 482
December ...	7 366	15 763	10 785	7 723	10 823
January .....	8 296	24 889	14 725	8 329	12 226
February ...	7 856	31 637	20 861	9 503	12 930
March .....	5 204	35 469	26 879	12 905	12 880

## ITEMS

**Trade agreements.** Finland has recently concluded trade agreements with the following countries.

*Hungary*, on March 22. Period: 1957. Total trade is estimated at some 15 mill. dollars. Finnish exports will comprise round wood, sawn goods, chemical pulp, paper products, and machinery. Finnish imports will include sugar, concentrated fodder, bitumen, rolled products, semi-manufactured aluminium goods, machinery, and furs.

*India*, on March 21. The period of validity of the agreement of March 1956, was extended to December 1, 1957.

\*

**Import licensing.** In March, the Government issued to the Licensing Board instructions relating to the revision of import

licensing. By the provisions of the new system, automatic licensing — which was practised on a restricted scale from December 13, 1956, to March 31, 1957 — will be discontinued. As regards a major proportion of imports from most Western European countries, a transition to global quotas will come into force. Under this schedule, import licences in the respective Western currencies may be granted to a maximum of 70—75 per cent of the amount for 1956. The Licensing Board has drafted a programme for the six-month period April 1 to September 30.

Imports will fall into three categories. *A: globalised imports*, which comprise industrial raw materials, semi-manufactured goods and accessories etc., finished producer goods,

and the principal consumer items. Each importer's share in the different global quotas is to be determined on the basis of licences granted during the last one or two years, after which he has a free choice from the countries and the commodities in question, the country of purchase and the commodity, as well as the time of purchase. *B: semi-restricted imports*, which in the main comprise industrial raw materials, semi-manufactured goods, and machinery and equipment. As far as these commodities are concerned, the importer must apply for a licence, but when he has obtained it, he is free to choose the country of purchase. *C: restricted imports*, for which the importer is not allowed to choose the country of purchase.

The above mentioned six-month programme covers imports for 37 800 million marks, of which 28 200 million come in the category of group A, 3 600 million in group B, and 6 000 million in group C.

This system is planned to embrace Austria, Belgium, Denmark, Western Germany, France, Great Britain and the sterling area, Eire, Italy, the Netherlands, Norway, Portugal, Sweden, and Switzerland. The procedure will be put into practice as soon as the respective trade partners have agreed on terms. Negotiations started on April 24.

As concerns other Western countries, and the Eastern Bloc, licensing will proceed on the former lines, that is to say on the basis of bilateral trade agreements.

\*

**Maximum fixed for rediscounts.** In order to prevent a further rise in the loans granted by credit institutions the Bank of Finland has decided to set a limit to the rediscounting of bills on the present terms. For each individual credit institution, this maximum equals an amount double that of its own funds, plus its credit balance on cheque

account with the Bank of Finland. The total of these maximum amounts may be increased if, and to the extent that, the Treasury's credit balance on cheque account with the Bank of Finland exceeds 6 000 mill. marks. The increases occasioned by a swelling of the Treasury's balance on cheque account will be divided between the credit institutions in proportion to their own funds. The new stipulations will come into force on August 1.

\*

**Collection of funds for paying index premiums to depositors.** On April 1, the commercial banks raised their lending rates by 1 per cent, and since then the rate most usually charged has been 9 per cent. It is, however, no question of an ordinary rise in the rates of interest, as the funds accruing as a result of this measure will be placed to a special account, and will be used for the payment of index premiums to holders of index-tied deposit accounts. The step was occasioned by the fact that at the beginning of the year the commercial banks again began to accept such deposits.

The other credit institutions, which have accepted index-tied deposits uninterruptedly since May 1955, cover the costs of index premiums in the following manner. The savings banks charge their borrowers index compensation to an amount corresponding to the total of index premiums to be paid to depositors. In this case, the burden which will be caused to the borrowers by a rise in the cost of living index, is dependent, with the exception of the size of a rise in the index, on the proportion of index-tied deposits to credits granted by each particular savings bank. Most co-operative credit societies have adopted a similar procedure, except that all of them charge their borrowers similar percentages, and then settle between themselves the differences which are due to the proportion of index-tied deposits to the

credits granted being different in the individual credit societies. The Post Office Savings Bank has tied its most important loans to the cost of living index in such a way that the borrowers pay amounts of compensation corresponding to one fourth of the rise in the index.

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**Changes in statistical tables.** *Unemployment.* The changes in the Finnish employment policy during recent years have made the old employment statistics inadequate, as these were based solely on the unemployment registers. During the last two or three years, in addition to the unemployment relief works proper, special public works have been planned, which at need are set in motion to prevent open unemployment; persons engaged in these „relief works” are not registered as unemployed. Thus, in fact, unemployment has been far more extensive than is indi-

cated by the number of registered unemployed.

The new statistics cover both the registered unemployed and those other persons who are engaged in works arranged under the present employment scheme. The statistical grouping and the figures since June 1955 can be seen from the article in this issue, page 21.

The table on page 15 has been revised in accordance with the new statistics. 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.

*Foreign trade.* The table on page 10 presents foreign trade by principal categories of goods, according to the grouping adopted by the Board of Customs at the beginning of this year. On page 9, the import and export price indices of the Central Statistical Office (1935 = 100) have been replaced by new indices (1954 = 100) calculated by the Statistical Department of the Board of Customs.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

R. v. FIEANDT,  
*Governor*

KLAUS WARIS,  
*Deputy Governor*

K. T. JUTILA

ESKO K. LEINONEN

C. G. SUNDMAN,  
*ad int.*

## HEADS OF DEPARTMENT

HEIKKI VALVANNE, *ad int.*,  
*Institute for  
Economic Research*

G. ENGBERG,  
*Personnel*

C. G. SUNDMAN,  
*Foreign currency*

P. BLOMQUIST,  
*Accounts and Personnel*

P.-E. ÖSTERLUND,  
*Foreign currency*

A. KAJANTIE,  
*Documentary credits  
and Control*

J. HELANDER,  
*Foreign currency control*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

HELGE LINDSTRÖM,  
*Credits*

A. NENONEN,  
*Foreign correspondence*