



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 32 No. 4

APRIL

1958

### RECENT DEVELOPMENTS

#### FINLAND AND INTERNATIONAL COMPETITION

Before devaluation of September 1957, the international competitive ability of Finnish industry was relatively weak. This was due partly to a falling tendency in the foreign prices of Finnish export articles, sawn goods in particular, and partly to a rise in the Finnish costs of production, mainly in consequence of the general strike in March 1956. The home market industries were largely protected by the strict licensing policy — necessitated by balance of payments difficulties — which ensured the sales of domestic products at home in spite of high production costs.

The devaluation and the following large-scale liberalisation of imports radically changed the situation in this respect. Already before the devaluation, the paper and pulp industries, despite difficulties, had worked at comparatively high capacity, but their profitability had been low. To them, the devaluation was of great importance as a stimulus to investments, seeing that the demand for paper products is likely to rise in the long run. Last year's weakening of activity in the pulp and paper mills was due less to poor competitiveness than to reduced demand. For, as economic growth has slowed down in Western Europe

and the USA during the last two years, supply, even at the current slightly reduced prices, has exceeded demand, causing producer countries to restrict output to some extent.

The high level of costs had to a marked extent forced exporters of sawn goods to abandon markets to foreign competitors. In this field the improvement due to devaluation is obvious. This is reflected in output figures, for instance, which were 9 per cent higher in January 1958, and 23 per cent higher in February, than during the corresponding months of 1957. As for fellings, 6.6 mill. piled cu.m of heavy softwood logs were cut during the current season of 1957/58 up to the end of February, or 50 per cent more than during the corresponding period of the previous felling season, the figures for heavy softwood logs being 1.2 mill. piled cu.m and 33 per cent respectively.

In addition to these traditional articles of export, some other goods also — particularly metal industry products — have become capable of competition in the world market. There is in fact every possibility that secondary exports will increase when marketing problems are solved.

*On page 18, Finland's Comparative  
Position in Nordic Agriculture*

The home market industries present a less clear picture. Competition has hardened in most branches as a natural result of the liberalisation of imports. But even despite the rise in the rates of exchange, there are still branches of production in which costs exceed the foreign prices. For this reason, it is only natural that the home market industries, which have for a long time been sheltered by import licensing, should now have to undergo a process of adaptation. There is a structural rationalisation going on, which is characterised by improved opportunities for expansion in some spheres, a necessity to restrict output in others, and an all-round need of investment.

It is to be noted that, so far, the measures taken as preliminaries to devaluation, together with the stringent monetary policy, have made it possible to control the consequences of devaluation to such an extent that the improvement in the industries' competitive capacity can be regarded as being more than just a temporary phenomenon. Nevertheless there have been observed some tendencies of costs to rise. During the third quarter of last year, the costs of wages per working hour in industry were about 47 per cent higher in Sweden than in Finland, about 20 per cent higher in Denmark, and about 15 per cent higher in Norway. Since then Finnish wage rates have been raised by the terms of the collective agreements, which provide for two-thirds compensation for rises in the cost of living index. This index rose to 130 in February, automatically producing a 4 per cent increase in wage rates at the end of March. (See Item on p. 23.)

However, Finnish industry is in a position to secure relatively more and cheaper labour than the other countries mentioned, although on the other hand in Finland the supply of capital is comparatively scarce and expensive. With the exception of paper production, the

degree of mechanisation in industry is higher in Sweden and Norway than in Finland. The shortage of capital is also reflected by the lending rates of interest, which have varied as follows: 7½—8½ per cent in Finland, 5½—7 per cent in Sweden, 4—6 per cent in Norway and 5½—8 per cent in Denmark. In addition, the growing use of index clauses in the money market has greatly raised the Finnish costs of loan service in comparison with the other countries. However, there is under consideration a revision of the index-clause system applied in the credit market.

The structure of costs is another factor worthy of notice in its effecting on the competitive power of Finnish industry. Costs of transport form a considerable item of expenditure, and foreign raw materials play an important role, particularly in the home market industries. The decline during the last few months in foreign freight rates and in the prices of raw materials, has, of course, checked the rise in the Finnish cost level, and the price reduction granted by foreign producers for the sake of competition has had a similar effect. Thus, in spite of a 39 per cent rise in rates of exchange, by the end of December 1957 the index of import goods (c.i.f.) calculated by the Central Statistical Office, was no more than 31 per cent above its predevaluation level, and by the end of February 1958, only 28 per cent above it.

Economic policy has a substantial bearing on the development of production costs, and that development will in future, apart from international influences, also depend on several internal factors: the extent to which investments can be so directed as to promote the necessary structural changes; the development of productivity in different branches of trade; and, above all, the extent to which the economic policy of the Central Bank and the Government is able to secure a smooth adaptation to the new conditions.

*April 15, 1958.*

## BANK OF FINLAND

Mill. mk

	1957		1958			
	March 30	Dec. 31	March 8	March 15	March 22	March 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	26 248	41 340	48 094	48 202	47 717	48 739
Gold .....	7 849	7 850	7 850	7 850	7 850	7 850
Foreign exchange .....	15 509	30 579	36 307	36 415	35 930	36 952
Foreign bills .....	115	136	1 162	1 162	1 162	1 162
Foreign bonds .....	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	76 558	64 811	49 827	49 075	47 328	49 878
Inland bills discounted						
In foreign currency .....	9 559	13 240	13 251	13 255	13 289	13 223
In Finnish currency .....	17 181	12 909	14 766	15 213	15 418	16 122
Rediscounted bills .....	32 318	24 912	13 060	11 857	11 121	13 033
Treasury bond loan .....	17 500	13 750	8 750	8 750	7 500	7 500
<i>Other assets</i> .....	13 280	19 786	18 598	18 661	18 589	18 711
Finnish bonds .....	1 620	1 258	1 245	1 244	1 236	1 236
Cheque accounts .....	647	619	594	645	546	802
Finnish coin .....	358	299	437	451	483	546
Other claims .....	10 655	17 610	16 322	16 321	16 324	16 127
Total	116 086	125 937	116 519	115 938	113 634	117 328
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	54 967	60 640	55 035	55 285	55 183	55 877
<i>Short-term liabilities</i> .....	22 808	20 581	19 703	18 803	17 039	19 116
Foreign exchange accounts .....	3 677	4 569	3 397	3 273	3 077	2 773
Mark accounts of holders abroad .....	7 144	7 901	7 230	7 226	2 738	2 729
Cheque account of the Treasury .....	11 414	5 145	7 713	7 217	7 348	9 889
Cheque accounts of banks .....	—	2 405	885	375	230	100
Other cheque accounts .....	197	189	169	431	325	203
Other short-term liabilities .....	376	372	309	281	3 321	3 422
<i>Long-term liabilities</i> .....	15 009	16 249	16 474	16 542	15 917	16 966
Foreign .....	8 624	12 284	12 225	12 230	12 241	12 240
Finnish .....	6 385	3 965	4 249	4 312	3 676	4 726
<i>Equalisation accounts</i> .....	9 909	14 458	10 906	10 876	11 040	10 872
<i>Bank's own funds</i> .....	13 393	14 009	14 401	14 432	14 455	14 497
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed .....	1 026	—	1 085	1 085	1 085	1 085
Earnings less expenses .....	529	2 171	392	423	446	488
Total	116 086	125 937	116 519	115 938	113 634	117 328
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	26 248	41 340	48 094	48 202	47 717	48 739
Supplementary cover (Upper limit 58 000 mill. mk) .....	58 000	58 000	49 827	49 075	47 328	49 878
Total	84 248	99 340	97 921	97 277	95 045	98 617
<b>Note issue</b>						
Notes in circulation .....	54 967	60 640	55 035	55 285	55 183	55 877
Short-term liabilities .....	22 808	20 581	19 703	18 803	17 039	19 116
Undrawn on cheque credits .....	581	624	659	609	707	451
Unused right of note issue .....	5 892	17 495	22 524	22 580	22 116	23 173
Total	84 248	99 340	97 921	97 277	95 045	98 617

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

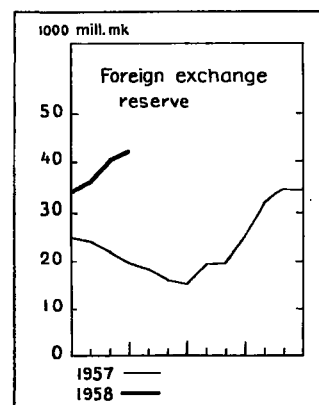
## BANK OF FINLAND

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
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 176
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	—	— 55	32 373
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	— 95	24 581
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept. <sup>1)</sup>	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	— 565	21 059
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122
Nov.	39 825	5 947	33 878	2 911	19 422	17 367	17 553	—	558	16 995
Dec.	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933

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

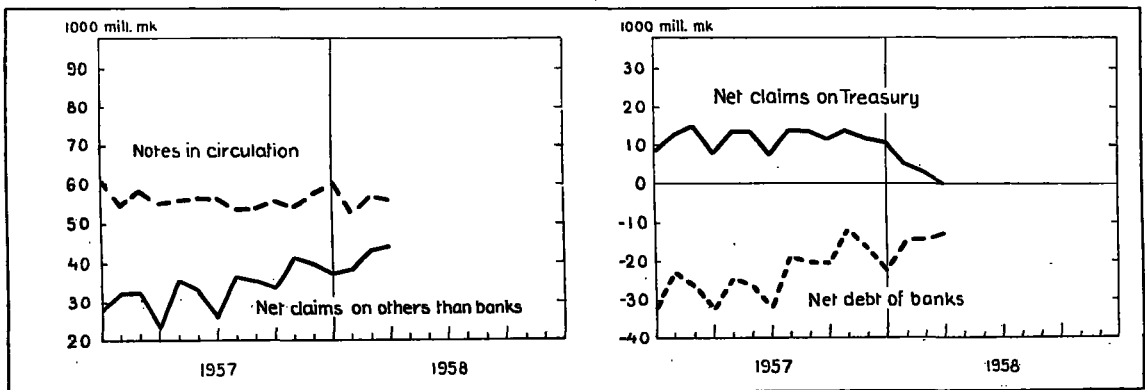
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	Jan. 31	Feb. 28	March 31
Gold .....	7.8	7.8	7.8	7.8	7.8
Convertible currencies	16.0	17.8	17.2	17.0	16.1
Transferable EPU	3.2	3.9	3.1	4.8	5.1
Non-transferable EPU	2.0	4.4	5.9	5.3	6.0
Eastern Bloc currencies ..	—3.4	2.0	3.2	6.5	7.8
Other currencies .....	—4.8	—2.0	—1.4	—1.1	—0.8
Total	20.8	33.9	35.8	40.3	42.0



## 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 <sup>1)</sup> advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1957										
Jan.	19 160	6 420	12 740	15 427	10 228	25 655	4 151	1 060	20 444	54 160
Feb.	19 160	4 103	15 057	15 755	10 374	26 129	4 057	841	21 231	58 245
March	19 160	11 414	7 746	17 181	10 553	27 734	4 074	573	23 087	54 967
April	19 160	5 466	13 694	16 984	10 586	27 570	—	706	26 864	55 764
May	17 910	4 210	13 700	16 943	10 823	27 766	—	784	26 982	56 311
June	17 910	10 543	7 367	17 485	11 152	28 637	—	605	28 032	56 177
July	17 910	3 799	14 111	17 484	10 787	28 271	—	558	27 713	53 471
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 903	31 172	—	370	30 802	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877

<sup>1)</sup> Revised series, not including prepayments for exports.

## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
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
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227
June	31 562	37 718	16 026	98 735	112 709	64 938	34 215	16 578	327 210	380 954
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720

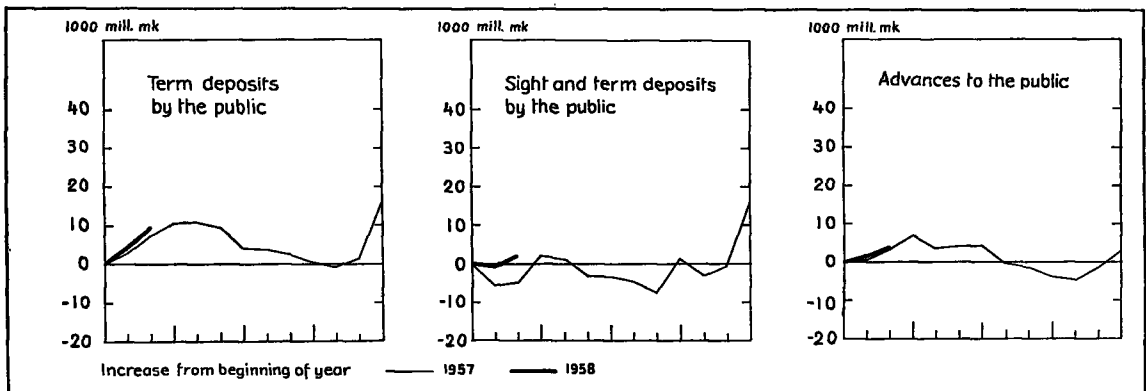
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	
May	6 268	50 034	
June	8 253	53 325	
July	10 227	55 500	
Aug.	12 235	58 398	
Sept.	13 883	73 815	
Oct.	17 461	77 571	
Nov.	20 442	80 155	
Dec.	22 462	82 443	

Selling rates for foreign exchange			
March 31, 1958			
		mk	mk
New York ...	1 \$	321:—	Zürich ..... 100 Fr 7 324:—
London .....	1 £	898:—	Frankfurt a/M 100 DM 7 646:—
Stockholm ...	100 Kr	6 185:—	Prague ..... 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 640:—	Vienna ..... 100 Sch 1 235:—
Oslo .....	100 Kr	4 490:—	Lisbon ..... 100 Es 1 118: 50
Paris .....	100 Fr	76: 37	Rome ..... 100 Lit 51: 45
Brussels .....	100 Fr	643:—	Montreal ..... 1 \$ 327:—
Amsterdam ...	100 G	8 448:—	Moscow, clear. 100 Rbl 8 035:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	99 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 448	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957*	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	359 066	24 948	384 014	100 184
Feb.	164 342	103 868	26 432	77 017	14 799	360 198	26 260	386 458	100 279
March	167 767	104 243	26 511	76 829	14 833	362 229	27 954	390 183	101 686
April	163 706	104 757	26 444	76 993	14 800	362 268	24 432	386 700	100 141
May	162 752	105 426	26 502	77 847	14 887	361 685	25 729	387 414	97 842
June	162 707	105 215	26 560	78 231	14 880	359 876	27 717	387 593	103 303
July	158 635	105 223	26 601	77 466	14 906	357 896	24 935	382 831	100 434
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 299
Dec.	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	112 147
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	113 258
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	

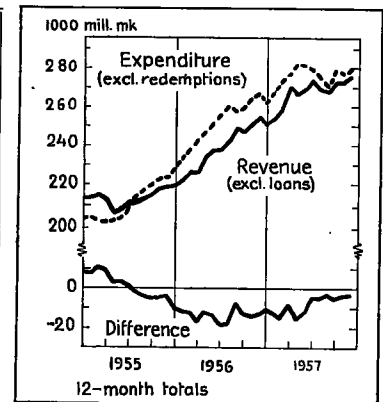


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1956	1957		1956	1957
Income and property tax (net) .....	54.4	59.2	Interest on State debt .....	5.0	5.5
Gross receipts .....	(94.2)	(108.8)	Child allowances .....	19.8	19.9
Refunds and communal income tax .....	(-39.8)	(-49.6)	The State's share in national pensions .....	4.9	10.8
Other direct taxes .....	0.8	1.9	Compensations to war-disabled .....	7.1	6.9
Purchase tax .....	53.6	61.6	Transfer of employers' payments for national pensions to the National Pensions Institution .....	3.7	4.3
Import duties .....	36.1	37.2	Subsidies .....	30.8	22.1
Revenue from Alcohol Monopoly ...	17.6	17.2	Payments by Price Equalisation Fund .....	8.9	7.5
Excise duty on tobacco .....	12.0	14.2	State aid to agriculture .....	4.4	4.1
Other excise duties .....	3.8	4.0	State aid to communal and private schools .....	17.2	17.8
Stamp duties .....	8.1	9.5	Net loss of State enterprises .....	2.2	0.2
Employers' payments for child allowances and national pensions .....	19.1	18.7	Maintenance of roads .....	5.6	6.4
Receipts of Price Equalisation Fund .....	7.6	13.0	Other current expenditure .....	68.5	75.9
Other revenue similar to taxes .....	3.4	3.7	<b>Current expenditure</b> .....	178.1	181.4
<b>Total taxes</b> .....	216.5	240.2	Real investments .....	35.3	45.6
Interest and dividends .....	2.8	3.6	(of which: unemployment grants) ..	(17.2)	(23.8)
Net profit of State enterprises .....	—	—	Other capital expenditure .....	28.2	31.5
Other current revenue .....	6.6	8.2	<b>Capital expenditure</b> .....	63.5	77.1
<b>Current revenue</b> .....	225.9	252.0	<b>Total expenditure</b> .....	241.6	258.5
Capital revenue proper .....	3.8	4.7	Redemption of external loans .....	1.7	2.1
Decrease in inventories .....	2.3	—	Redemption of internal loans .....	4.1	5.4
<b>Capital revenue</b> .....	6.1	4.7	Redemption of indemnity bonds etc. ....	0.8	0.9
<b>Total revenue</b> .....	232.0	256.7	Index premiums .....	0.2	0.4
External loans .....	1.6	0.0	<b>Redemptions</b> .....	6.8	8.8
Internal loans .....	10.6	7.0			
<b>Loans</b> .....	12.2	7.0			
Short-term credit (increase +) .....	—	—			
<b>Deficit (+) or surplus (-)</b> .....	+4.2	+3.6			
<b>Total</b> .....	248.4	267.3	<b>Total</b> .....	248.4	267.3

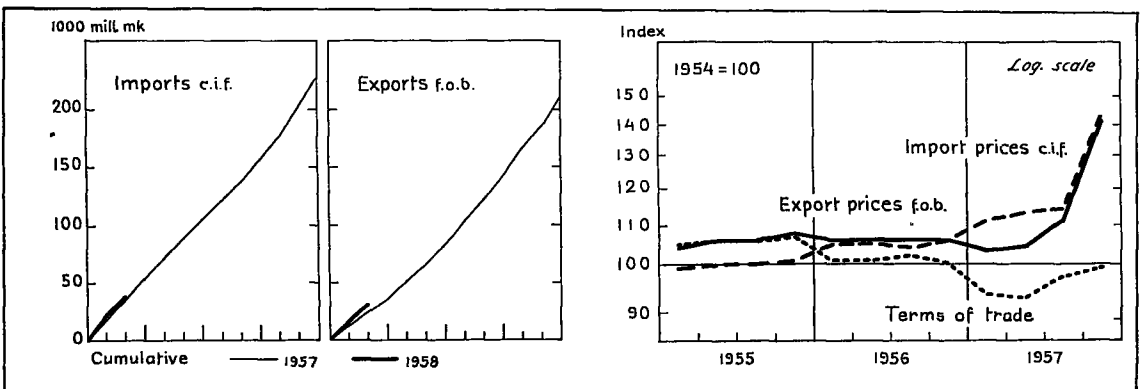
Debt	1955		1956		1957		1958		
	Dec.	Dec.	Nov.	Dec.*	Jan.	Feb.	March		
<b>External debt</b> .....	61.3	61.5	82.2	82.2	81.8	81.7	81.1		
Ordinary loans .....	43.0	50.7	52.2	52.7	50.5	49.6	48.8		
Indemnity bonds etc. ...	6.8	7.1	7.3	7.4	7.4	7.5	7.4		
Short-term credit .....	—	—	—	—	—	3.8	3.0		
Cash debt (net) .....	5.9	8.8	13.2	10.7	5.8	..	..		
<b>Internal debt</b> .....	55.7	66.6	72.7	70.8	67.5	..	..		
<b>Total debt</b> .....	117.0	128.1	154.9	153.0	149.3	..	..		
Total debt, mill. \$	506.3	554.5	482.5	476.7	465.1	..	..		





FOREIGN TRADE

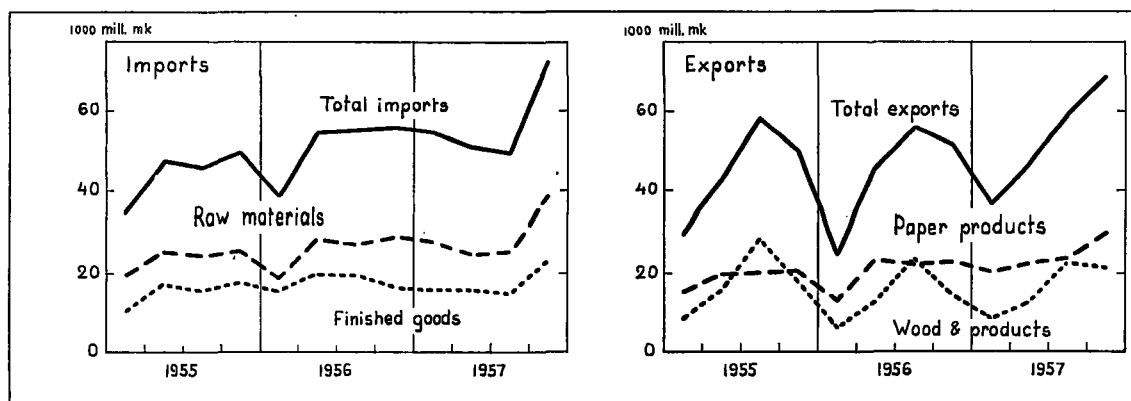
Period	Value, mill. mk			Price indexes, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957*	227 927	212 385	-15 542	116	117	113	119	119	120	97
Jan.-Feb.										
1956	30 708	19 339	-11 369							
1957*	35 494	24 977	-10 517							
1958*	38 798	30 234	- 8 564							
1957*										
April	16 023	14 272	- 1 751	104	112	96	108	113	113	92
May	18 376	14 919	- 3 457							
June	16 325	17 625	+ 1 300							
July	16 019	19 636	+ 3 617							
Aug.	15 454	18 702	+ 3 248	111	112	107	113	121	114	97
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 589	+ 2 268	141	143	139	146	141	143	99
Nov.	25 034	22 257	- 2 777							
Dec.	26 877	24 332	- 2 545							
1958*										
Jan.	20 510	15 504	- 5 006							
Feb.	18 288	14 730	- 3 558							



## FOREIGN TRADE BY MAIN GROUPS

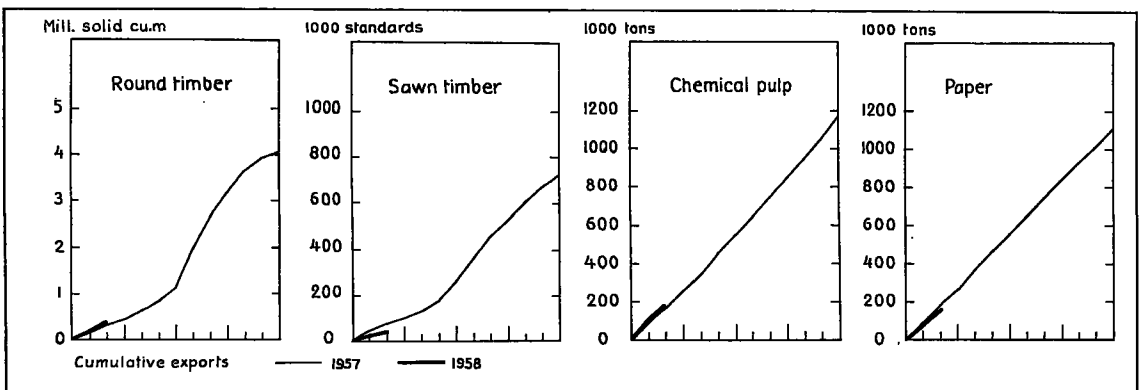
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1957*	117 424	40 238	28 912	41 353	10 169	17 095	48 287	97 638	30 433	8 763
Jan.-Feb.										
1957*	18 626	6 403	4 448	6 017	1 213	1 342	4 802	14 026	2 794	800
1958*	19 057	5 852	4 893	8 996	2 104	1 872	5 265	16 934	2 980	1 079
1957*										
Jan.	10 696	3 235	2 393	2 780	673	642	2 806	6 947	1 877	385
Feb.	7 930	3 168	2 055	3 237	540	700	1 996	7 079	917	415
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
April	7 880	2 857	2 283	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 462	2 098	707
June	7 695	3 938	1 871	2 821	909	1 401	4 622	7 252	2 447	994
July	7 765	3 492	1 877	2 885	700	2 821	5 089	7 291	2 783	952
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 308	841	1 077	2 762	8 592	1 700	532
Feb.	8 479	2 908	2 213	4 688	1 263	795	2 503	8 342	1 280	547



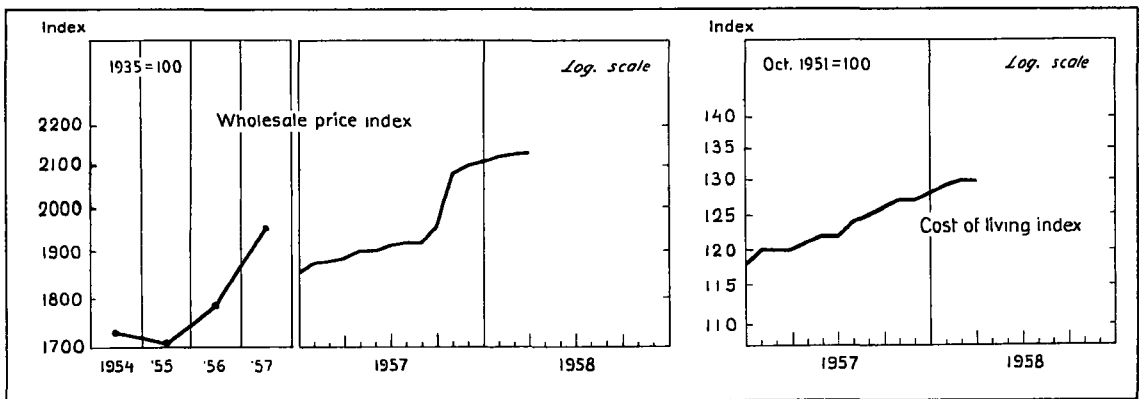
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957*	4 063	719	260	165	697	474	134	60	551	1 108
Jan.-Feb.										
1956	197	64	31	22	84	52	16	7	61	121
1957*	329	74	42	24	103	67	22	11	98	185
1958*	396	45	42	19	113	73	22	14	82	155
1957*										
Jan.	160	48	19	12	55	36	10	6	49	89
Feb.	169	26	23	12	48	31	12	5	49	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	110
May	210	46	21	12	62	44	10	5	54	91
June	369	85	21	15	54	43	9	4	49	94
July	745	101	15	13	56	39	11	5	47	93
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	489	71	22	17	57	42	12	5	41	89
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	11	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78



## 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	1957	1958*		1955	1956	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	18.4	21.2	8 208	27.3	25.2	24.9	26.0	7 867
United Kingdom .....	20.3	20.4	17.6	20.7	8 021	24.0	21.4	21.8	23.2	7 006
<b>Other OEEC countries</b> ..	36.4	39.1	37.6	42.8	16 615	32.4	31.4	32.2	36.4	11 013
Belgium-Luxembourg ....	3.0	3.0	3.0	2.8	1 098	3.5	4.4	4.0	3.0	923
Denmark .....	3.6	2.6	2.1	2.4	919	3.0	2.5	2.5	2.6	786
France .....	6.0	5.7	5.2	4.8	1 854	4.7	5.3	5.6	7.3	2 199
Western Germany .....	9.0	11.8	11.4	16.1	6 230	9.1	8.6	8.9	9.6	2 900
Italy .....	1.1	1.4	1.5	1.8	681	1.2	1.4	1.3	3.1	940
Netherlands .....	3.6	4.0	4.1	4.0	1 569	4.4	3.6	4.2	3.6	1 082
Norway .....	2.2	1.8	1.2	1.2	475	1.3	0.6	0.4	0.9	271
Sweden .....	4.9	5.4	5.9	6.9	2 704	1.9	2.2	3.1	2.6	789
Switzerland .....	1.3	1.8	1.6	1.5	580	0.9	0.6	0.6	1.0	309
Turkey .....	0.5	0.4	0.3	0.1	47	1.0	0.7	0.4	0.7	212
<b>Eastern Bloc</b> .....	27.1	25.0	30.6	22.6	8 771	25.7	27.3	29.1	25.3	7 638
China .....	0.5	0.3	0.7	0.3	104	1.6	0.9	0.7	0.8	229
Czechoslovakia .....	2.7	2.4	2.9	1.4	564	1.0	1.2	1.6	1.9	581
Eastern Germany .....	2.7	2.3	2.5	1.7	649	2.2	2.2	1.9	2.4	709
Poland .....	4.8	4.4	5.2	1.6	621	2.0	2.3	3.4	4.2	1 273
Soviet Union .....	14.7	13.9	17.7	15.5	6 015	17.5	19.2	19.7	14.0	4 234
<b>U.S. and Canada</b> .....	5.4	6.7	5.7	7.8	3 017	5.8	6.7	5.1	5.2	1 578
United States .....	5.2	6.5	5.6	7.7	2 984	5.7	6.6	5.0	5.2	1 564
<b>Latin America</b> .....	7.4	5.6	5.1	3.5	1 374	5.5	6.0	4.8	3.6	1 099
Argentina .....	2.9	1.6	1.4	0.0	15	2.2	1.5	1.1	0.5	145
Brazil .....	4.1	3.3	3.3	3.2	1 233	2.6	3.2	2.7	2.0	621
<b>Others</b> .....	2.8	2.3	2.6	2.1	813	3.3	3.4	3.9	3.5	1 039
<b>Grand total</b>	100.0	100.0	100.0	100.0	38 798	100.0	100.0	100.0	100.0	30 234



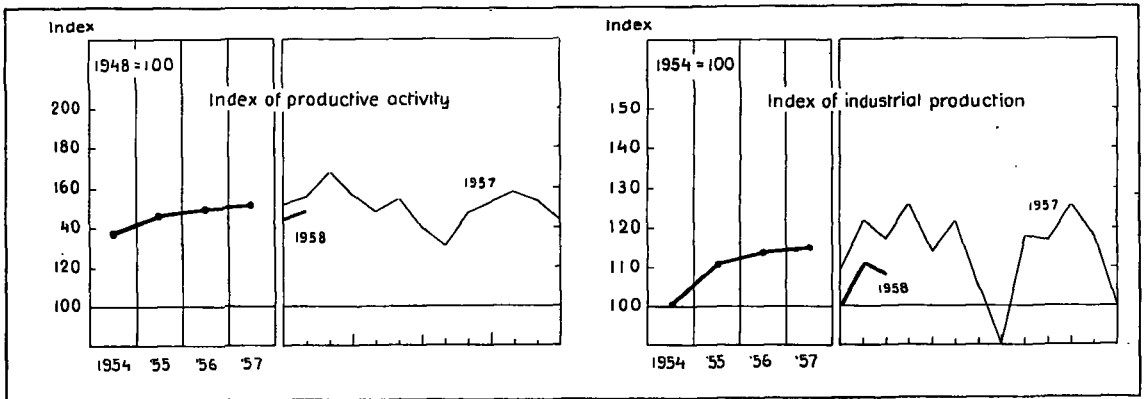
## PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1957									
July	1 920	1 960	2 087	2 884	1 608	1 835	114	103	132
Aug.	1 919	1 958	2 123	2 834	1 610	1 834	113	103	127
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	113	103	126
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	114	106	126
Nov.	2 100	2 103	2 162	3 201	1 714	2 093	116	111	125
Dec.	2 111	2 122	2 180	3 205	1 739	2 086	116	113	124
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1957												
July	124	134	257	97	80	118						
Aug.	125	135	257	101	80	118						
Sept.	126	136	257	99	80	119						
Oct.	127	137	266	101	81	122						
Nov.	127	136	272	104	81	123	100	100	100	100	100	100
Dec.	128	136	272	104	81	124						
1958												
Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104

PRODUCTION - INTERNAL TRADE

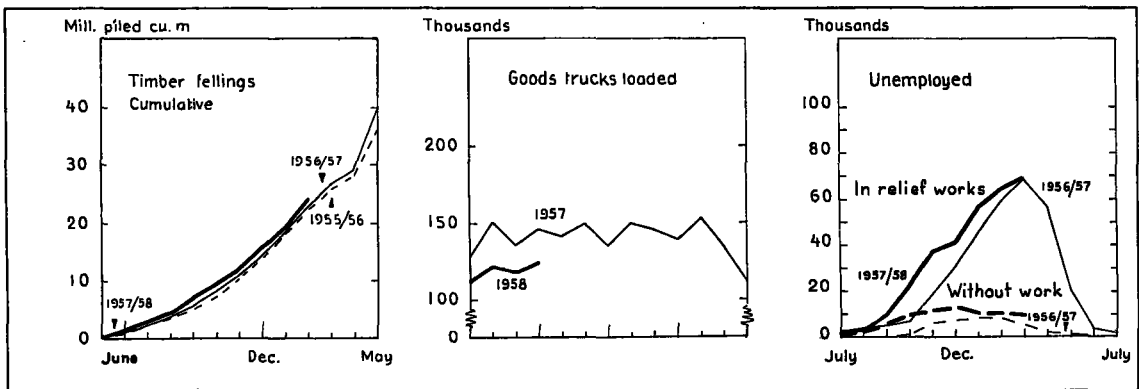
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	..	..	..	99	115	111	111	38 600	1 659	116
1956	114	..	..	..	76	122	113	118	36 623	1 977	121
1957*	115	108	115	116	77	137	107	117	40 919	2 085	114
1957*											
Jan.	122	126	120	124	74	143	122	121	4 284	159	97
Feb.	117	116	116	119	77	134	113	120	4 658	147	106
March	126	121	125	129	84	149	120	130	3 481	165	125
April	114	105	113	120	81	127	107	121	2 323	189	119
May	122	111	121	129	85	146	111	130	11 010	213	121
June	105	98	102	115	71	113	97	113	1 492	218	111
July	90	69	98	86	72	133	68	88	1 613	211	106
Aug.	118	107	118	121	73	147	106	122	1 734	194	122
Sept.	117	110	119	116	73	147	109	117	1 991	170	132
Oct.	126	120	130	123	86	154	119	126	2 517	143	119
Nov.	118	113	122	112	74	137	110	119	2 697	134	105
Dec.	100	99	103	95	70	111	96	97	3 119	142	108
1958*											
Jan.	111	111	114	107	80	131	106	108	4 120	147	89
Feb.	108	108	110	103	90	130	104	102	4 882	137	93



**BUILDING - WAGES - EMPLOYMENT - TRANSPORT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July-Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1957	20.71*	9.60*	3.19*	4.03*	2.65*	27.47*	..	129	..
1956									
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	128	130	98.0
Apr.-June	3.08*	1.58*	0.31*	0.61*	0.38*	31.89*	130	127	95.8
July-Sept.	5.92*	2.47*	0.93*	1.02*	1.08*	30.89*	131	129	96.3
Oct.-Dec.	7.84*	3.81*	1.67*	1.27*	0.59*	27.47*	..	129	91.3

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	372	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	255	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141		349		288		1 908		56 401	
May	150		415		409		607		19 974	
June	135		421		543		173		3 314	
July	149		429		678		459		1 730	
Aug.	145		436		676		2 040		3 092	
Sept.	139		353		500		5 315		9 126	
Oct.	153		380		478		8 997		22 234	
Nov.	132		419		449		11 302		37 106	
Dec.	111		391		347		12 418		41 056	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

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

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

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

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

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

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

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

### STATE FINANCES

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

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The price indexes* (p. 9) represent unit values. Seasonal varia-

tions are not eliminated. The indexes are calculated first according to the Laspeyres' formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. *Terms of trade*: 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 INDEXES

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

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building figures* supplied by the Central Statistical Office. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. It is based on data compiled during a period of 12 working days in each of the months of Jan., Apr., July and Oct. The corresponding figure for the previous year = 100. *Railway figures* supplied by the Board of Railways. *Shipping figures* supplied by the Shipping Board. *Unemployment figures* supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

### SYMBOLS USED

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 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 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

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

### POPULATION

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

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

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

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

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

EDUCATION (1956): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1956): births 20.7 ‰, deaths 9.0 ‰, increase 11.4 ‰. Deaths in France (1956) 12.4 ‰ and in Great Britain (1956) 11.7 ‰.

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1956, in thousand million marks): Gross domestic product at market price 1 118 Net domestic product at factor cost, by industrial origin: agriculture 109 (13 %), forestry and fishing 88 (10 %), manufacturing 272 (31 %), construction 84 (10 %), transport and communications 68 (8 %), commerce, banking and insurance 106 (12 %), public activities 88 (10 %), other services 55 (6 %), total 870. Volume index 146 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 491 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 17 %, 5 to 15 ha 46 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 357 000, of which 162 000 are of more than 5 ha. Index of agricultural production 118 for 1956 (1948 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40 %, fertilizers 51 %, dairy products 106 %, meat 98 %, fodder 86 %.

INDUSTRY (1955): Gross value of industrial production 730 000 mill. marks, number of workers 320 000, administrative employees 55 000, motive power (1955) 2.4 mill. HP. Index of industrial production 170 for 1955 (1948 = 100).

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

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

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

### FINANCE AND BANKING

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

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

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

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

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

# FINLAND'S COMPARATIVE POSITION IN NORDIC AGRICULTURE

BY

SAMULI SUOMELA, Dr Ag. and For.

HEAD OF THE RESEARCH INSTITUTE FOR AGRICULTURAL ECONOMY

From the point of view of agriculture, the Nordic countries do not represent a uniform area, as the natural conditions vary greatly between the different countries and different regions. The most favourable conditions exist in Denmark, which may be considered one of the best agricultural countries in the world as regards natural conditions also. It is a typical lowland country with soils that are to a great extent calciferous and very fertile and which accumulated during the glacial period. In Norway, Sweden and Finland the loose soils were formed mainly as a result of weathering. Norway consists largely of mountainous regions in which there is little land suitable for cultivation. The best areas are in the neighbourhood of the Oslo and Trondheim fjords, and in a small district in south-western Norway. The principal agricultural region in Sweden, Skåne, differs markedly from the rest of the country, and resembles Denmark in its natural conditions. Broadly speaking, the rest of Sweden may be compared with Finland, both countries being characterised by great differences between their various regions.

Social conditions have to a great extent developed along similar lines in all the Nordic countries. A common and characteristic feature is thus that agriculture is largely

carried on by peasant farmers. The farming population mostly owns the land it cultivates, and most of the agricultural work is carried out by the farmers' own families. In 1950 the proportionate numbers of the agricultural population and the total population were as follows.

	Agricultural population		
	Total, in millions	Per cent of the whole population	Number per 100 ha of field area
Finland .....	1.4	33.8	56
Sweden .....	1.8	23.4	50
Norway .....	0.8	24.8	72
Denmark .....	1.1	22.5	31

The agricultural population per hectare of field area is much less in Denmark than in the other countries. This is partly due to the fact that Danish farmers do not generally own forest land, which is of considerable importance in the other Nordic countries. Another reason is that the average size of holdings is largest in Denmark, although this country is regarded as a typical country of smallholders. This will be seen from the following figures, which relate to about 1950.

	Arable field area	
	Total, mill. ha	Hectares per farm of more than 2 ha
Finland .....	2.5	8.8
Sweden .....	3.6	12.5
Norway .....	0.8	5.1
Denmark .....	2.7	14.1

The area figures given refer to the whole agricultural area in Denmark and Norway, and to arable land in Finland and Sweden. The forest area forming a part of farms in

Finland and Sweden averages nearly 40 ha, and in Norway about 30 ha, but holdings in Denmark are for the greater part entirely devoid of forest.

Areas under different crops, per cent of all arable land

	Wheat and rye	Other grain	Potatoes and root crops	Hay and pasture	Fallow	Sundry	Total
Finland .....	11	25	5	54	4	1	100
Sweden .....	13	26	6	45	5	5	100
Norway .....	3	17	10	67	(0.4)	3	100
Denmark .....	9	34	19	33	(0.3)	5	100

The output in all the countries concerned is marked by a predominance of fodder production. Bread grains occupy only about 10 per cent of the entire field area. In Sweden they are grown slightly more extensively than in the other countries. In Denmark the cultivation of fodder grain, and especially of potatoes and root crops, is considerably larger than elsewhere. In Norway, owing to the natural conditions, agriculture is to a great extent based on growing hay and on pasturage, the cultivation of cereals being negligible.

The average crops of wheat, potatoes and hay per hectare were as follows for 1948—54.

	Crops per hectare, kg		
	Wheat	Potatoes	Hay
Finland .....	1 700	14 700	2 900
Sweden .....	2 200	13 400	3 700
Norway .....	2 100	19 600	5 600
Denmark .....	3 500	17 100	6 300

The natural conditions for cultivation play a considerable part in the crop yields. The difference in the crops per hectare is affected appreciably by the fact that in Finland the majority of the fields are drained by open ditches, whereas in the other countries open ditches are, practically speaking, not used at all. In any case, the crops in Denmark, with the exception of potatoes, are much larger than those obtained in the other countries.

In 1955 the numbers of cows and their average yield were as follows.

	Number of cows	Milk per cow, kg
Finland .....	1 155 000	2 500
Sweden .....	1 514 000	2 750
Norway .....	658 000	2 530
Denmark .....	1 479 000	3 470

In the production of bacon and eggs Denmark is in a class of its own. Sheep farming is of importance in Norway alone.

The employment of labour is calculated solely on the basis of farms keeping books of record. As all the countries have not calculated national averages from these figures, the following comparison relates only to book-keeping farms of 10—20 hectares (in Finland 10—25 ha) of farm land, situated in certain districts, with the exception of Denmark, where the uniformity of national conditions allows of the inclusion of all book-keeping farms of that size. In Finland the main agricultural district, Southern Finland, has been selected, in Sweden the corresponding district to the west and north of Stockholm, and in Norway the best farming districts in the neighbourhood of the Oslo and Trondheim fjords. The consumption of labour per hectare on these farms, in terms of man-hours, is shown in the following table, in which the corresponding figures are also

given for the fiscal year 1938/39 (in Sweden 1939/40). For Denmark, the figures of working hours are calculated on the basis of working days, a working day being estimated at an average of 8.5 hours in 1938/39, and at 8 hours in 1954/55.

	Consumption of labour per ha, hours		
	1938/39	1954/55	Percentual decrease
Finland .....	439	341	22
Sweden .....	290	205	29
Norway .....	600	519	14
Denmark .....	345	289	16

These figures refer to regular agricultural work only. The least labour is employed in Sweden, and for natural reasons the most labour in Norway.

In addition to other factors, the employment of labour depends upon the use of machinery. The degree of mechanisation of agriculture is indicated, amongst other things, by the numbers of tractors, which were as follows in 1956 (in Norway in 1955) according to the FAO statistics.

	Number of tractors	Arable land per tractor, ha
Finland .....	55 000	47
Sweden .....	120 000	30
Norway .....	32 000	26
Denmark .....	68 500	40

The arable field area per tractor in Norway is not strictly comparable with the others, because, in addition to fields, there are a considerable number of meadows and natural pastures.

Sweden is self-supporting as regards the principal products; in addition to this, there is some exportation (including cereals) in most years. Norway exports some quantities of animal products, but as regards cereals it is almost entirely dependent on imports. In Finland the position is similar, except that in comparison with Norway grain imports are smaller in proportion, and exports of dairy produce larger. Denmark's output of farm produce is in a class by itself. It is

only in cereals that the output is restricted approximately to self-sufficiency, whereas Denmark exports large quantities of other produce. The importance of agriculture there is indicated by the fact that of the total 1956 Danish exports more than 60 per cent consisted of farm produce.

The average indexes of the prices of agricultural products, farm supplies and of wages are calculated below, the quantities of products used in the Finnish calculations of agricultural incomes being employed for weighting. All the principal items are included, and the prices relate to the farming year 1956/57. The conversion into marks has been carried out at the rates of exchange quoted in March 1958.

	Selling prices of farm products	Purchase prices of farm supplies	Wages of agricultural workers
Finland .....	100	100	100
Sweden .....	97	100	177
Norway .....	109	94	97
Denmark .....	78	92	111

The prices of products and supplies are lower in Denmark than in the other Nordic countries. In Sweden wages are on a much higher level than elsewhere.

The structure of production and costs is seen in the total calculations, in which the value and costs of the whole quantity of agricultural production is calculated for each country. These calculations are not quite exact, as the bases of calculation differ slightly in the different countries and the statistics are partly incomplete. In particular, the determination of the cost of labour, which forms the largest item of costs, is based in all the countries on very summary estimates. The same applies to the costs of building and of farm supplies. The output figures are based on more complete statistics, although there is the difference that the Danish and Norwegian calculations include garden produce, which is omitted from the Finnish and Swedish figures. The possibility

of comparison is also reduced by a different level of prices and the inaccuracy introduced by conversion into marks. The rates of exchange quoted after the devaluation in Finland in September 1957 are employed for conversion, although the calculations relate to an earlier year.

The ratios of the principal items of production and costs per hectare during the farming year 1955/56 (in Denmark 1954) are illustrated in the following table.

<i>Value of production</i>	Finland %	Sweden %	Norway %	Denmark %
Crops .....	15	20	23	14
Livestock products ..	85	80	77	86
milk .....	60	41	39	29
beef and veal .....	9	15	12	14
bacon .....	10	17	10	33
eggs .....	5	6	10	7
<i>Costs of production</i>				
Farm supplies .....	15	20	22	34
fertilisers .....	4	6	4	7
bought fodder .....	5	11	14	16
Building .....	3	5	7	} 12
Equipment .....	5	9	4	
Cost of labour .....	76	62	65	52

There is a noteworthy difference in the mutual proportions of milk and other products obtained from domestic animals. In Finland, milk represents 60 per cent of the total output, whereas in the other countries it is but 30—40 per cent. In Denmark the proportion of bacon is even higher than that of milk, and in Sweden and Norway the animal production is clearly more varied than in Finland. As regards costs, the picture given here is not quite reliable, owing to differences in prices and wages. Thus, for instance, the high ratio for labour in Finland is due, among other things, to fertiliser and concentrated fodder prices having been abnormally low during the farming year in question.

However, these figures, which relate to actual agriculture, do not give a clear idea of farming economy, for the importance of other sources of income — forestry and aux-

iliary earnings — varies between the different countries. The following figures, relating to book-keeping farms, illustrate the percentage distribution of farmers' earnings from agriculture, forestry and various auxiliary activities.

	Agri- culture	Forestry	Other earnings
Finland .....	67	19	14
Sweden .....	65	20	15
Norway .....	75	18	7
Denmark .....	96	—	4

In Finland and Sweden, the distribution of incomes was similar, but in Norway the proportion of agriculture was higher than in Finland and Sweden. It is to be remembered, however, that the figures relate to the book-keeping farms in the best agricultural districts of Norway; in the other districts the proportion of agriculture is lower, even constituting less than 50 per cent. On the contrary, Danish farmers are, practically speaking, entirely dependent on the income derived from agriculture.

To summarise, it may be said that Danish agriculture, owing to its natural advantages, is in a considerably more favourable position than that of the other Nordic countries. Its production is also much larger and more varied, and the level of prices and costs lower. Consequently, Danish agriculture is in almost every respect superior to the agriculture of the other countries. Evidently the future position will remain unchanged. Swedish agriculture is the most highly mechanised, yet its level of production is below that of Denmark. In Norway, the average level of agricultural production is comparatively high, but, owing to unfavourable conditions, costs are also high. In Finland both production and costs per unit of area are lower than in the other countries. One important factor contributing to this is the absence of soil improvement, especially of drainage, the open ditches making the

hectare of growth less in Finland than elsewhere.

Producers' average prices for produce are on approximately the same level in Finland and Sweden. Norway's prices are about 10 per cent above that level and Denmark's at least 20 per cent below it. The prices of supplies are lowest in Denmark, and in Norway, too they are lower than in Finland and Sweden. The level of agricultural wages

is much higher in Sweden than in the other countries.

On the whole, it may be stated that animal production predominates in the agriculture of all the Nordic countries, and that there is a general need to export livestock products. In agriculture, therefore, these countries are not complementary one to the other, but are rather to be viewed as competitors as regards both exports and imports.

## ITEMS

**Change of Government.** On April 18, interpellations made by Agrarians and Social Democrats in the Diet, concerning the Government decisions with regard to prices of agricultural products (see next Item), led to a vote of censure being taken. On the same day, v. Fieandt's caretaker Cabinet, formed on November 29, tendered their resignation to the President of the Republic.

On April 26, a new caretaker Cabinet was formed with Mr Reino Kuuskoski, member of the Board of Governors of the National Pensions Institution, as Prime Minister. Mrs Tyne Leivo-Larsson was appointed Deputy Premier and Mr I. O. Nurmela Minister of Finance, while Mr P. J. Hynninen was reappointed as Minister for Foreign Affairs and Mr Lauri Kivekäs reappointed as Minister of Trade and Industry.

\*

**Prices of agricultural products.** Based upon a calculation of agricultural income, on March 19 the Government decided to raise the producer price of milk by 1:75 marks per kilogramme. Consumer prices of dairy produce were altered as follows: the price of milk was raised by 2 mk/litre, the price of butter was lowered by 40 mk/kg, and the prices of cheese were raised by 15—20 mk/kg.

At the same time, consumer prices of grain

products were raised to cover an increase in flour prices.

The reduction of the retail price of butter was made possible by an increase in the price subsidy to 150 mk/kg, or to double its former amount. This measure was aimed at stimulating home consumption and thus reducing the need to export butter. To compensate for the consequent increase in subsidy expenditure, the prices of foreign grains sold by the State Granary to the flour mills for compulsory blending with the home-grown grains were raised to the domestic grain price level. This caused an increase of 10 mk/kg for blended flour, which occasioned the above-mentioned rise in the retail prices of grain products.

\*

**New multilateral trade agreement.** On April 15, a new multilateral agreement came into force between Finland and her principal West European trade partners. The agreement covers the period from April 1 to the end of the year. It is a direct continuation of the multilateral agreement for the period October 1, 1957 to March 31, 1958 (see Bulletin No. 1).

To date, the foreign parties to the agreement are: the Belgo-Luxembourg Economic Union, the Netherlands and the United

Kingdom and their overseas territories; and in addition Austria, Denmark, the Federal Republic of Germany, Norway, Sweden, and Switzerland. The previous agreement also included Italy and Portugal, which are expected to join in the present one before long. Furthermore, negotiations will be initiated with Ireland and Greece as to their participation.

By the terms of the agreement, Finnish exports will be granted the most liberal possible treatment, implying application of the OEEC free list. For her part, Finland has during the period of agreement undertaken to maintain the free list on an average level of at least 80 per cent of 1954 imports from these countries. As regards imports outside the free list, global quotas will continue to be applied.

As far as payments are concerned, the agreement gives Finland an unlimited right to transfer foreign exchange from one participating country to another.

\*

**Wages.** The collective agreement concluded in the late summer of 1957, together with the metal industries' agreements concluded early in 1958 contain clauses providing for two-thirds compensation in the event of a rise in the cost of living index. The first adjustment point was reached when the index for February rose to 130 (Oct. 1951 = 100), and at the end of March wage rates were raised by 4 per cent. The next adjustment point is 136, which will occasion a wage increase of 3 per cent.

The building trade collective agreements will expire in May, whereas the majority of the other principal agreements will be effective until the end of the year.

In March, the Diet passed an Act, to be in force to the end of this year, by the terms of which civil service salaries were also, on the two-thirds compensation principle, tied to the cost of living index. This 4 per cent increase will be paid from the beginning of April. In addition, the Government has submitted to the Diet a proposal concerning the payment, as from April 1, a further 2.5 per cent to make up the lag that arose in 1957 when civil servants were left outside the general wage increase.

\*

**Change in the statistical tables.** The index of industrial production on page 14 has been replaced by a new series based on 1954 = 100. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The new groups are not comparable with those of the former index (1948 = 100). The weight of each group represents the ratio of its value added to the total value added of industrial production in 1954.

Commodities are here divided into three categories according to use: investment goods (machines and transport equipment intended for productive activity, weight 12.7), other producer goods (raw materials, fuel, lubricants etc., weight 54.6) and consumer goods (weight 32.7).

In addition to these groups, the following special manufacturing indexes are included in the table: wood industry (weight 8.6), paper industry (weight 10.6), metal industry (weight 25.4), and other manufactures (weight 44.9).

The index is calculated by the Central Statistical Office.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

## SECRETARIES

U. A. VATANEN,  
*Credits*

PERTTI TAMMIVUORI,  
*Administration*

HERO ASP,  
*Foreign affairs*

## HEADS OF DEPARTMENT

HEIKKI VALVANNE,  
*Institute for  
Economic Research*

G. ENGBERG,  
*Personnel*

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

P. BLOMQUIST,  
*Accounts*

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

A. KAJANTIE,  
*Documentary credits*

J. HELANDER,  
*Foreign exchange control*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

HELGE LINDSTRÖM,  
*Credits*

A. NENONEN,  
*Foreign correspondence*