



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 32 No. 11

NOVEMBER

1958

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

In the early summer of 1957 there occurred a decline in economic activity in Finland. As a result, the increase in the total production in 1957 amounted to less than one per cent only. As far as the current year is concerned, the estimates show a decrease by approximately 2 per cent as compared with 1957. This would mean that total production is now at the same level as in 1955.

Production remained at its lower level through the first half of this year, and the data so far available do not indicate any substantial improvement during the autumn. Yet it seems probable that the downward movement has come to an end, and the immediate danger of a further decline in activity seems to have passed.

According to the Mercator index of productive activity (see diagram on page 14), the difference between this year's figures and those for 1957 has to some extent diminished. During the first quarter of the current year, total activity was still some 5 per cent less than during the first quarter of 1957, for the second quarter the difference was 4 per cent, and during the third quarter it shrank to less than 2 per cent. Thus for

the whole period January—September, total activity fell short of last year's corresponding figure by about 3 per cent.

The international slackening in economic activity has been felt in Finland also, in the form of a reduced demand for her export goods. Exports of goods and services in 1958 will probably be about 5 per cent below the total for 1957. A rapid recovery of activity as a result of increased foreign demand seems improbable.

The volume of exports was 7 per cent less during the first quarter, and 8 per cent less during the second quarter, than during the corresponding periods of 1957. Thanks to certain deliveries in September, the exports in the third quarter exceeded by 4 per cent the corresponding 1957 figure.

The reduction in exports is, of course, reflected in the output of the export industries. Less paper products have been manufactured than in 1957, but the wood industry has evidently revived since the devaluation. During January—September, the combined output of these two industries was about the same as last year.

***On page 18. Gross Fixed Capital  
Formation in Finland, 1948—1957***

Total consumption is expected to remain at a comparatively high level owing to an increase in public consumption; in comparison with 1957 a reduction of about 2 per cent is anticipated. Domestic trade has also been influenced by the decline in activity and weaker income formation, but during the third quarter signs of improvement were shown in this branch as well. There has been a change in the structure of consumption, which is indicated in the output of consumer goods. The demand for durable consumer goods has decreased most, but the production of textiles and clothing, including footwear, and of some other commodities, has also fallen off percentually more than the total output of consumer goods.

Transport and communications have followed the general course of development but railway transport and sea traffic have advanced, however, this autumn.

Total domestic gross investment will probably be 4 per cent lower this year than it was in 1957. The production of investment goods decreased by some 8 per cent during January—September. House building, which had expanded very considerably during recent years, has experienced a setback, but available figures relating to the output of building materials seem to indicate that the decline in building has also come to an end. The total building activity in 1958 will probably be only about 2 per cent less than it was in 1957, thanks to more extensive road and water construction.

The employment situation has been considerably affected by the fact that fellings have been less extensive than they were last year. Figures for the first three quarters indicate a decrease by about 8 per cent on

January—September 1957. In particular, the cut of fuel wood was reduced. On the other hand, it should be borne in mind that very large quantities were felled in the season of 1957/58, so that stocks, particularly those of the exporting enterprises, have probably been fairly ample.

Considerable unemployment is to be anticipated during the current employment year of 1958/59. The figures available to date indicate an increase on last year. At the end of October, 2.8 per cent of the active male population were unemployed. One year previously the corresponding figure was 2.5 per cent.

World economic conditions in general, and the marketing conditions for Finnish export goods in particular, give no hope of any decisive improvement of activity in the near future. Nor does an autonomous increase in domestic consumption seem probable. Thus, an advance in total activity during the next few months will be primarily dependent on private and public investment. As the possibilities of the public sector increasing its investments are limited, interest naturally centres on the investments made by the private sector.

From the point of view of money supply, there is nothing to prevent a mild expansion of investment, although balance-of-payment considerations still curtail the possibilities of expanding credits. As it is known that, since the devaluation, investment schemes have been put under way, especially in the export industry, one is entitled to expect that, when plans have matured, an increase in activity, generated by investments, will begin to appear in the near future.

*November 25, 1958*

## BANK OF FINLAND

Mill. mk

	1957		1958			
	Oct. 31	Dec. 31	Oct. 8	Oct. 15	Oct. 23	Oct. 31
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	41 066	41 340	64 688	63 951	64 986	65 245
Gold .....	7 850	7 850	7 866	7 866	7 866	7 866
Foreign exchange .....	30 305	30 579	53 102	52 365	53 400	53 667
Foreign bills .....	136	136	945	945	945	937
Foreign bonds .....	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	57 483	64 811	38 098	36 801	37 208	39 864
Inland bills discounted						
In foreign currency .....	13 252	13 240	13 039	12 985	12 923	12 914
In Finnish currency .....	15 088	12 909	13 267	12 698	11 919	11 448
Rediscounted bills .....	12 893	24 912	4 917	4 243	5 491	8 627
Treasury bond loan .....	16 250	13 750	6 875	6 875	6 875	6 875
<i>Other assets</i> .....	18 514	19 786	18 205	18 248	18 400	18 112
Finnish bonds .....	1 474	1 258	1 785	1 755	1 755	1 757
Cheque accounts .....	422	619	316	349	328	295
Finnish coin .....	377	299	524	526	519	512
Other claims .....	16 241	17 610	15 580	15 618	15 798	15 548
<b>Total</b>	<b>117 063</b>	<b>125 937</b>	<b>120 991</b>	<b>119 000</b>	<b>120 594</b>	<b>123 221</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	54 094	60 640	56 867	57 206	56 944	58 681
<i>Short-term liabilities</i> .....	19 522	20 581	19 336	16 966	18 958	20 195
Foreign exchange accounts .....	6 433	4 569	3 364	3 290	2 780	2 407
Mark accounts of holders abroad .....	7 675	7 901	4 372	4 458	4 546	4 541
Cheque account of the Treasury .....	4 008	5 145	6 004	4 430	8 082	8 620
Cheque accounts of banks .....	771	2 405	2 320	1 493	278	1 554
Other cheque accounts .....	130	189	302	261	434	243
Other short-term liabilities .....	505	372	2 974	3 034	2 838	2 830
<i>Long-term liabilities</i> .....	15 441	16 249	22 737	22 493	22 511	22 012
Foreign .....	12 122	12 284	12 211	12 092	12 092	11 399
Finnish .....	3 319	3 965	10 526	10 401	10 419	10 613
<i>Equalisation accounts</i> .....	14 673	14 458	7 974	8 208	8 045	8 159
<i>Bank's own funds</i> .....	13 333	14 009	14 077	14 127	14 136	14 174
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed .....	—	—	—	—	—	—
Earnings less expenses .....	1 495	2 171	1 153	1 203	1 212	1 250
<b>Total</b>	<b>117 063</b>	<b>125 937</b>	<b>120 991</b>	<b>119 000</b>	<b>120 594</b>	<b>123 221</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	41 066	41 340	64 688	63 951	64 986	65 245
<i>Supplementary cover</i> (Upper limit 58 000 mill. mk) .....	57 483	58 000	38 098	36 801	37 208	39 864
<b>Total</b>	<b>98 549</b>	<b>99 340</b>	<b>102 786</b>	<b>100 752</b>	<b>102 194</b>	<b>105 109</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	54 094	60 640	56 867	57 206	56 944	58 681
<i>Short-term liabilities</i> .....	19 522	20 581	19 336	16 966	18 958	20 195
<i>Undrawn on cheque credits</i> .....	802	624	938	905	925	958
<i>Unused right of note issue</i> .....	24 131	17 495	25 645	25 675	25 367	25 275
<b>Total</b>	<b>98 549</b>	<b>99 340</b>	<b>102 786</b>	<b>100 752</b>	<b>102 194</b>	<b>105 109</b>

Lowest Bank rate since April 19, 1956, 6 <sup>1</sup>/<sub>8</sub> per cent

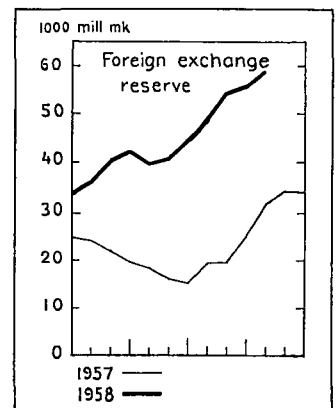
## BANK OF FINLAND

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										
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
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673
May	43 553	2 831	40 722	3 937	15 556	29 103	12 970	—	271	12 699
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	— 145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189
Aug.	57 759	3 315	54 444	3 685	16 456	41 673	8 688	—	570	8 118
Sept.	58 966	3 224	55 742	3 709	16 694	42 757	11 038	—	— 4	11 042
Oct.	61 533	2 407	59 126	3 712	15 940	46 898	8 627	—	1 554	7 073

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

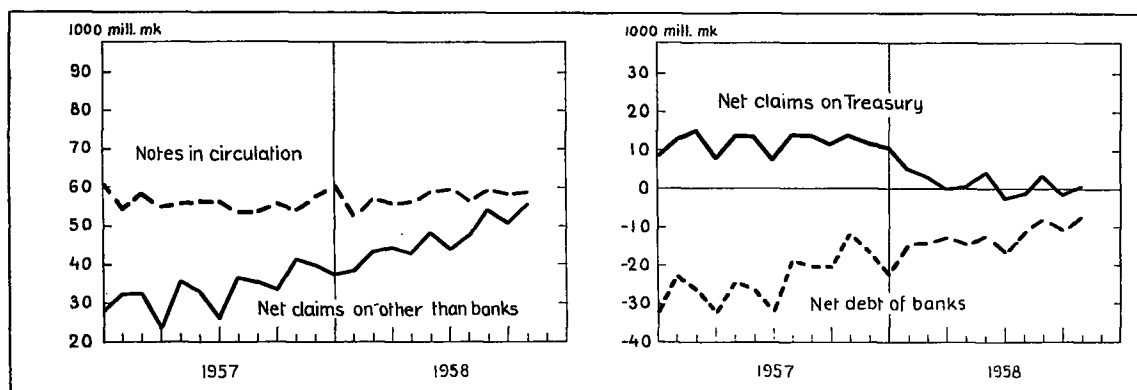
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	August 31	Sept. 30	Oct. 30
Gold .....	7.8	7.8	7.9	7.9	7.9
Convertible currencies	16.0	17.8	16.4	16.9	17.0
Transferable EPU »	3.2	3.9	7.5	9.5	11.8
Non-transferable EPU »	2.0	4.4	8.9	9.1	8.1
Eastern Bloc currencies ..	-3.4	2.0	15.5	13.7	14.2
Other currencies .....	-4.8	-2.0	-1.8	-1.4	0.1
Total	20.8	33.9	54.4	55.7	59.1



## BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1957										
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174
May	10 396	6 155	4 241	17 710	14 860	32 570	—	2 884	29 686	59 038
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824
Aug.	10 396	6 941	3 455	14 748	14 856	29 604	—	4 269	25 335	59 511
Sept.	9 146	10 953	— 1 807	13 493	15 986	29 479	—	3 222	26 257	58 191
Oct.	9 146	8 620	526	11 448	16 151	27 599	—	3 073	24 526	58 681



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1957										
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778
Aug.	38 509	47 961	10 836	111 848	123 175	70 714	36 322	18 107	360 199	418 996
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155
Oct.	38 352	48 337	10 656	115 048	125 455	71 155	36 539	18 356	366 583	425 576

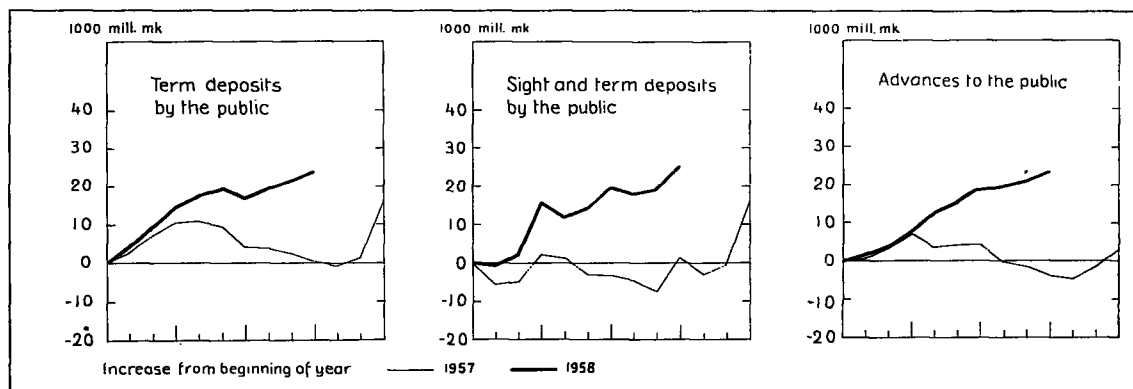
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	91 543
Sept.	13 883	73 815	87 640
Oct.	17 461	77 571	85 954
Nov.	20 442	80 155	
Dec.	22 462	82 444	

Selling rates for foreign exchange			
October 31, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich ..... 100 Fr 7 335:—
London .....	1 £	896: 50	Frankfurt a/M 100 DM 7 667:—
Stockholm ...	100 Kr	6 190:—	Prague ..... 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 634:—	Vienna ... .. 100 Sch 1 238:—
Oslo .....	100 Kr	4 482:—	Lisbon ..... 100 Es 1 118: 50
Paris .....	100 Fr	76: 37	Rome ..... 100 Lit 51: 40
Brussels .....	100 Fr	643:—	Montreal ..... 1 \$ 330:—
Amsterdam ...	100 G	8 482:—	Moscow, clear. 100 Rbl 8 035:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	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	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	99 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1957									
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 355
Dec.	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 611
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	106 309
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	112 220
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	107 476
May	167 137	110 001	26 832	80 002	17 977	377 490	24 459	401 948	111 310
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	117 431
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	108 551
Aug.	167 422	111 831	27 819	81 521	18 993	384 843	22 743	407 586	115 649
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	115 057
Oct.	168 537	114 134	28 833	82 240	19 822	390 366	23 200	413 566	..

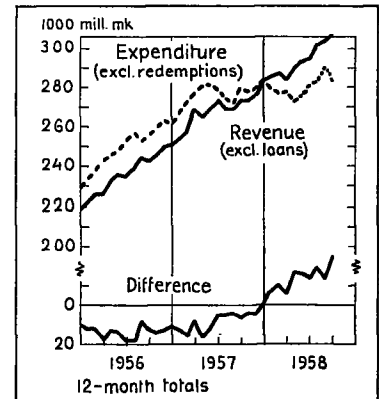


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1957	1958		1957	1958
Income and property tax (net) .....	46.3	40.6	Interest on State debt .....	5.3	5.9
Gross receipts .....	(93.5)	(90.6)	Child allowances .....	14.8	15.2
Refunds and communal income tax .....	(-47.2)	(-50.0)	The State's share in national pensions .....	8.8	5.9
Other direct taxes .....	1.6	0.9	Compensations to war-disabled .....	5.5	5.5
Purchase tax .....	46.7	46.8	Transfer of employers' payments for national pensions to the National Pensions Institution .....	4.3	5.7
Import duties .....	29.2	29.4	Subsidies .....	18.6	18.8
Revenue from Alcohol Monopoly .....	15.7	16.3	Net payments by Price Equalisation Fund .....	—	—
Excise duty on tobacco .....	10.6	12.7	State aid to agriculture .....	2.8	3.4
Excise duty on liquid fuel .....	—	3.7	State aid to communal and private schools .....	14.4	16.2
Other excise duties .....	3.3	3.1	Net loss of State enterprises .....	1.2	—
Tax on automobiles and motor cycles .....	—	1.4	Maintenance of roads .....	4.8	4.7
Stamp duties .....	8.0	9.0	Other current expenditure .....	61.1	65.5
Levy on export proceeds .....	—	14.1	<b>Current expenditure</b> .....	<b>141.6</b>	<b>146.8</b>
Employers' payments for child allowances and national pensions .....	15.5	17.2	Real investments .....	38.8	40.0
Net receipts of Price Equalisation Fund .....	5.8	4.3	(of which: unemployment grants) ..	(24.5)	(23.6)
Other revenue similar to taxes .....	2.9	2.8	Other capital expenditure .....	27.4	20.5
<b>Total taxes</b> .....	<b>185.6</b>	<b>202.3</b>	<b>Capital expenditure</b> .....	<b>66.2</b>	<b>60.5</b>
Interest and dividends .....	3.2	3.7	<b>Total expenditure</b> .....	<b>207.8</b>	<b>207.3</b>
Net profit of State enterprises .....	—	1.0	Redemption of external loans .....	1.7	2.2
Other current revenue .....	6.7	6.7	Redemption of internal loans .....	5.3	6.9
<b>Current revenue</b> .....	<b>195.5</b>	<b>213.7</b>	Redemption of indemnity bonds etc. ....	0.8	1.0
Capital revenue proper .....	4.1	4.8	Index premiums .....	0.4	0.7
Decrease in inventories .....	1.1	5.4	<b>Redemptions</b> .....	<b>8.2</b>	<b>10.8</b>
<b>Capital revenue</b> .....	<b>5.2</b>	<b>10.2</b>	<b>Total</b> .....	<b>216.0</b>	<b>218.1</b>
<b>Total revenue</b> .....	<b>200.7</b>	<b>223.9</b>			
External loans .....	0.0	—			
Internal loans .....	6.8	5.7			
<b>Loans</b> .....	<b>6.8</b>	<b>5.7</b>			
Short-term credit (increase +) .....	—	+4.3			
<b>Deficit (+) or surplus (-)</b> .....	<b>+8.5</b>	<b>-15.8</b>			
<b>Total</b> .....	<b>216.0</b>	<b>218.1</b>			

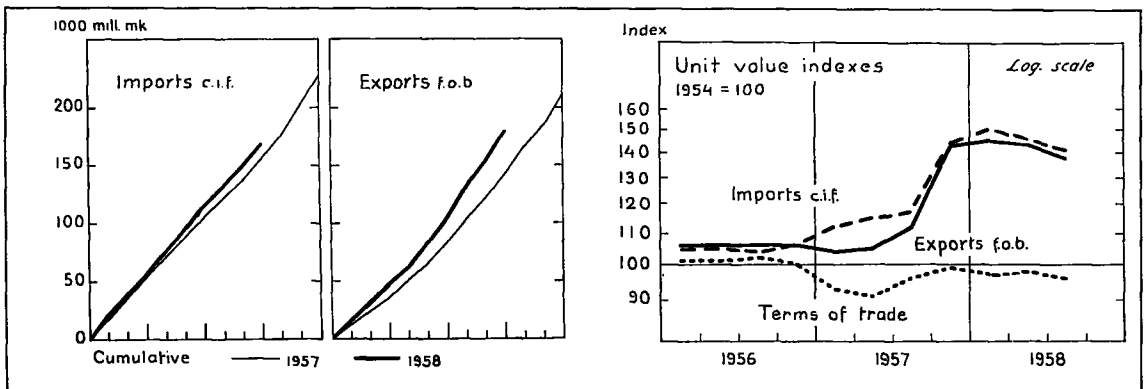
Debt	1955	1956	1957	1958			
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.*
<b>External debt</b> .....	<b>61.3</b>	<b>61.5</b>	<b>81.8</b>	<b>80.7</b>	<b>80.6</b>	<b>80.0</b>	<b>79.9</b>
Ordinary loans .....	43.0	50.7	52.9	49.4	50.7	51.5	52.6
Indemnity bonds etc. ..	6.8	7.1	7.4	7.7	7.4	7.3	7.3
Short-term credit .....	—	—	—	3.3	3.3	4.3	5.3
Cash debt (net) .....	5.9	8.8	9.6	-3.9	-0.6	-5.8	..
<b>Internal debt</b> .....	<b>55.7</b>	<b>66.6</b>	<b>69.9</b>	<b>56.5</b>	<b>60.8</b>	<b>57.3</b>	<b>..</b>
<b>Total debt</b> .....	<b>117.0</b>	<b>128.1</b>	<b>151.7</b>	<b>137.2</b>	<b>141.4</b>	<b>137.3</b>	<b>..</b>
<b>Total debt, mill. \$</b> .....	<b>506.3</b>	<b>554.5</b>	<b>472.7</b>	<b>427.3</b>	<b>440.7</b>	<b>427.9</b>	<b>..</b>





FOREIGN TRADE

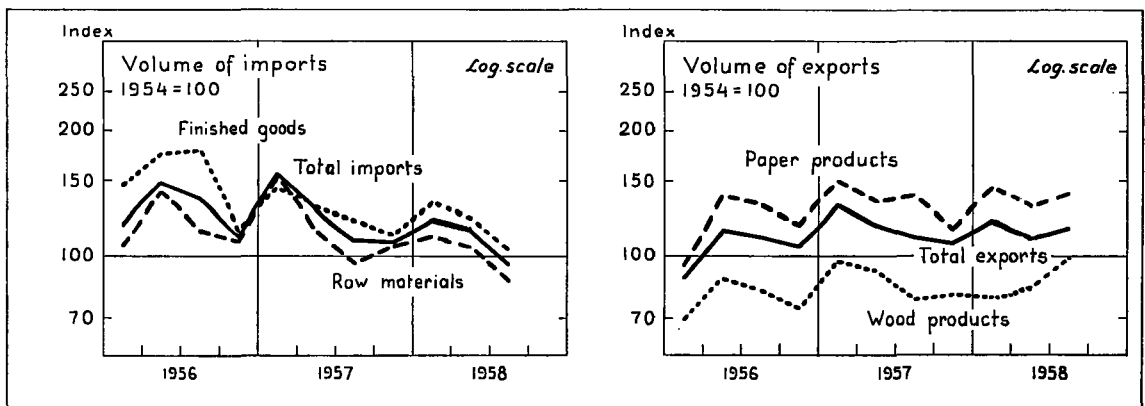
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
Jan.— Sept. 1956	147 975	126 523	-21 452							
1957	154 695	142 207	-12 488							
1958*	167 811	180 082	+12 271							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	150	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 814	- 1 153							
April	18 661	15 050	- 3 611							
May	19 544	21 905	+ 2 361	143	140	141	140	163	146	98
June	20 249	21 793	+ 1 544							
July	16 759	25 301	+ 8 542							
Aug.	16 337	22 292	+ 5 955							
Sept.	19 500	26 689	+ 7 189	136	140	134	139	136	141	96



FOREIGN TRADE BY MAIN GROUPS

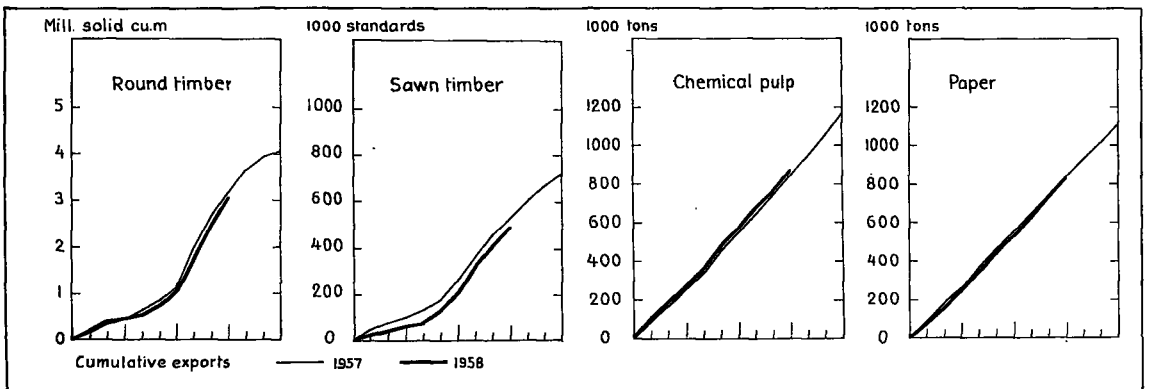
Mill. mk

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.—Sept. 1956	75 017	18 013	20 621	34 325	4 427	13 294	29 811	58 827	15 104	5 058
1957	78 487	29 783	19 753	26 672	6 844	12 494	31 456	67 302	18 139	5 972
1958*	85 348	22 248	23 695	36 520	7 851	15 097	39 847	84 590	25 018	7 679
1957										
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 304	841	1 077	2 764	8 590	1 700	538
Feb.	8 479	2 908	2 213	4 688	1 267	795	2 505	8 340	1 280	541
March	9 621	1 885	2 641	3 820	770	325	2 497	9 270	3 082	870
April	9 652	2 147	3 062	3 800	726	374	2 567	9 312	1 411	660
May	9 801	2 475	3 112	4 156	996	1 062	4 454	10 749	3 820	824
June	10 256	2 604	2 878	4 512	711	1 793	5 704	8 664	3 748	1 173
July	8 704	1 964	2 399	3 692	850	3 643	7 576	9 636	2 393	1 203
Aug.	8 129	2 520	2 281	3 407	967	3 365	5 904	9 483	1 706	867
Sept.	10 129	2 801	2 429	4 141	723	2 663	5 876	10 546	5 878	1 003



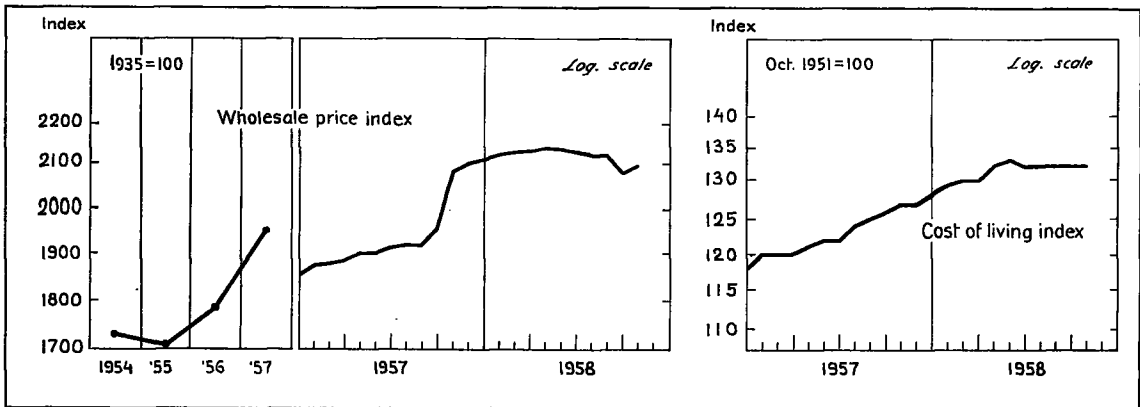
EXPORTS OF SOME IMPORTANT ARTICLES

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.— Sept. 1956	3 401	480	164	135	488	325	74	35	388	718
1957	3 156	529	183	121	511	338	98	43	435	846
1958*	3 026	492	167	100	532	333	108	60	432	837
1957										
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	489	71	22	17	57	42	12	5	41	89
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	12	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	12	23	8	51	32	13	8	49	98
April	76	18	22	12	61	34	11	8	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	59	31	12	6	38	82
July	702	116	13	10	54	42	12	4	52	100
Aug.	681	85	16	14	56	36	12	6	47	97
Sept.	559	84	19	12	64	42	12	8	58	110



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-Sept.			Whole year		Jan.-Sept.		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	21.3	18.4	17.3	18.4	30 879	25.2	24.9	25.6	25.0	45 082
United Kingdom .....	20.4	17.6	16.5	17.8	29 818	21.4	21.8	22.5	21.7	39 111
<b>Other OEEC countries</b> ..	39.1	37.6	35.1	44.8	75 102	31.4	32.2	31.5	35.9	64 607
Belgium-Luxembourg ....	3.0	3.0	2.9	2.8	4 730	4.4	4.0	4.1	3.5	6 207
Denmark .....	2.6	2.1	2.0	2.4	4 005	2.5	2.5	2.7	2.9	5 246
France .....	5.7	5.2	5.2	4.7	7 869	5.3	5.6	5.0	6.3	11 402
Western Germany .....	11.8	11.4	10.1	16.7	27 914	8.6	8.9	9.1	10.4	18 699
Italy .....	1.4	1.5	1.6	1.6	2 707	1.4	1.3	1.4	1.8	3 174
Netherlands .....	4.0	4.1	3.4	4.2	7 029	3.6	4.2	4.3	4.3	7 821
Norway .....	1.8	1.2	1.2	1.2	1 968	0.6	0.4	0.4	0.5	892
Sweden .....	5.4	5.9	5.3	8.2	13 787	2.2	3.1	2.3	3.7	6 634
Switzerland .....	1.8	1.6	1.7	1.7	2 826	0.6	0.6	0.8	0.8	1 394
Turkey .....	0.4	0.3	0.3	0.2	386	0.7	0.4	0.2	0.2	348
<b>Eastern Bloc</b> .....	25.0	30.6	32.0	24.3	40 892	27.3	29.1	28.3	27.2	48 873
China .....	0.3	0.7	0.7	0.6	914	0.9	0.7	0.9	1.3	2 253
Czechoslovakia .....	2.4	2.9	3.5	1.3	2 236	1.2	1.6	1.4	1.4	2 537
Eastern Germany .....	2.3	2.5	2.7	1.8	3 061	2.2	1.9	1.8	2.0	3 677
Poland .....	4.4	5.2	6.1	2.9	4 883	2.3	3.4	3.5	2.8	5 046
Soviet Union .....	13.9	17.7	17.5	16.4	27 576	19.2	19.7	19.0	18.7	33 581
<b>U.S. and Canada</b> .....	6.7	5.7	6.7	5.8	9 764	6.7	5.1	5.3	4.3	7 691
United States .....	6.5	5.6	6.6	5.6	9 468	6.6	5.0	5.2	4.2	7 578
<b>Latin America</b> .....	5.6	5.1	5.9	4.6	7 671	6.0	4.8	5.4	4.2	7 646
Argentina .....	1.6	1.4	1.9	0.3	578	1.5	1.1	1.1	1.0	1 869
Brazil .....	3.3	3.3	3.6	3.8	6 350	3.2	2.7	3.2	2.2	3 905
<b>Others</b> .....	2.3	2.6	3.0	2.1	3 503	3.4	3.9	3.9	3.4	6 183
<b>Grand total</b>	100.0	100.0	100.0	100.0	167 811	100.0	100.0	100.0	100.0	180 082



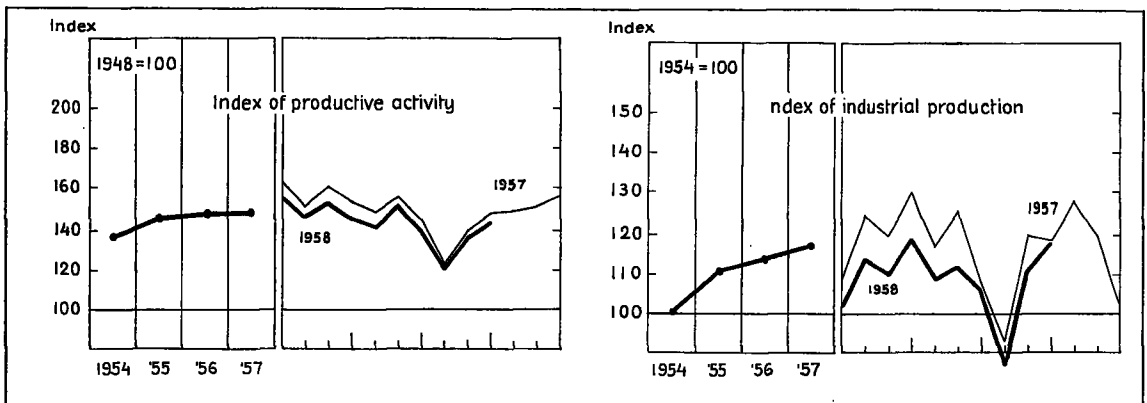
## PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121
April	2 136	2 153	2 199	3 154	1 800	2 100	117	113	124
May	2 133	2 155	2 232	3 154	1 794	2 086	118	113	125
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 769	2 075	119	113	131
Aug.	2 116	2 137	2 253	3 127	1 766	2 070	118	112	126
Sept.	2 076	2 082	2 124	2 990	1 761	2 066	117	111	125
Oct.	2 092	2 097	2 115	3 034	1 775	2 081	117	110	125

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1958												
Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104
April	132	141	276	105	83	128	103	103	102	102	103	104
May	133	142	276	105	83	129	104	104	102	102	104	105
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106
Aug.	132	140	276	100	84	130	104	103	102	97	104	106
Sept.	132	140	276	99	84	131	104	103	102	96	104	106
Oct.	132	139	277	99	84	131	104	102	103	96	104	107

PRODUCTION - INTERNAL TRADE

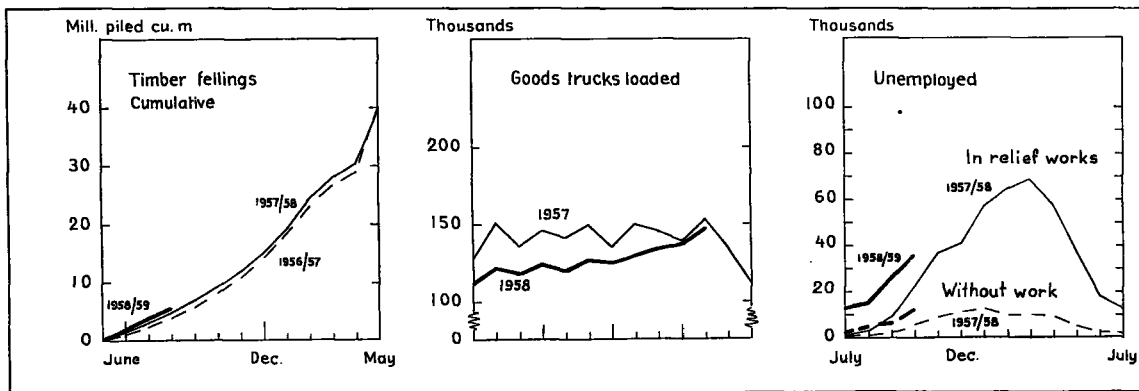
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper 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	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957*	117	118	118	117	81	134	117	116	40 919	2 085	114
1957*											
June	108	107	104	116	75	111	107	113	1 492	213	111
July	93	76	100	87	76	130	74	89	1 613	218	106
Aug.	120	117	120	122	77	144	117	121	1 734	211	122
Sept.	119	121	121	117	77	144	120	116	1 991	194	132
Oct.	128	131	131	123	91	151	131	124	2 517	170	119
Nov.	120	124	123	113	78	134	121	117	2 697	143	105
Dec.	102	108	104	96	74	109	106	95	3 119	134	108
										142	
1958*											
Jan.	114	122	115	108	85	129	116	106	4 120	147	89
Feb.	110	119	111	104	95	127	115	101	4 882	136	93
March	119	118	121	115	105	144	115	111	3 857	158	104
April	109	112	107	110	100	115	107	105	2 201	181	108
May	112	106	113	111	107	129	104	108	9 370	206	111
June	106	107	105	107	81	119	104	103	1 646	218	105
July	87	67	95	82	87	127	66	80	982	216	109
Aug.	112	104	114	112	87	133	103	111	1 337	193	116
Sept.	118	118	118	119	80	148	113	117	1 674	179	121



## BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1954	22.02	9.36	5.24	3.54	2.87	..	78	77	75	81
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1957 Apr.-June	3.15	1.57	0.31	0.68	0.40	24.56	99	100	98	100
July-Sept.	5.95	2.44	0.94	1.06	1.09	24.44	101	100	100	101
Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	101	100	98	101
1958* Jan.-Mar.	3.20	1.46	0.26	0.87	0.44	19.85	101	101	100	101
Apr.-June	3.28	1.33	0.34	0.75	0.64	23.04	105	101	104	105

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	373	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	254	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141	120	349	280	288	270	1 908	5 160	56 401	57 627
May	150	127	415	314	408	380	607	2 169	19 974	36 876
June	135	125	420	580	542	956	173	2 016	3 314	18 147
July	149	130	428	575	679	1 272	459	1 979	1 730	12 955
Aug.	145	134	435	463	674	664	2 040	4 353	3 092	14 756
Sept.	139	137	353	418	499	580	5 315	6 108	9 126	23 786
Oct.	153	147	380	419	477	560	8 997	11 998	22 234	35 827
Nov.	132		419		449		11 302		37 106	
Dec.	111		392		347		12 418		41 056	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC —  
ADVANCES TO THE PUBLIC

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

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

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

## STATE FINANCES

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

## FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

## PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE —  
WORK CESSATIONS

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

## BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

## SYMBOLS USED

\* Preliminary    o Less than half the final digit shown    . Logically impossible    .. Not available    — Nil  
A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Social Democrats 38, Social Democrat Opposition 13, Agrarians 48, Conservatives 29, Swedish Party 14, and Finnish People's Party (liberal) 8.

### LAND

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

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

### POPULATION

NUMBER OF INHABITANTS (1957): 4.4 million. Sweden 7.4, Switzerland 5.1, Denmark 4.5 and Norway 3.5 million.

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

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

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

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

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

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

### TRADE AND COMMUNICATIONS

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

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

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

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

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

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

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

### FINANCE AND BANKING

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

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

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

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

RATES OF INTEREST (Oct. 1, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 % (index-tied 4 %) and sight deposits in savings banks and co-operative credit societies ½ %; lending rate 7 ¼ % on an average.

# GROSS FIXED CAPITAL FORMATION IN FINLAND, 1948—1957

BY

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The years 1948—1957 were characterised in Finnish economy by a powerful rise in production, significant changes in industrial structure, and a decline in the value of money. All these factors were in a cause and effect relationship with the investment activity, which was on a high level, investments amounting on the average to 25 per cent of the gross national product (excl. repairs and maintenance). It should be stated that international capital transactions and credit operations did not play any considerable part in the financing of Finnish investments.

Calculations concerning the total capital formation are deficient, as no reliable data are available on the changes in inventories. In the long run, however, the data relating to fixed capital formation are sufficient to give a satisfactory picture of investment activity. — The figure series set out in this article are preliminary, as it has not been possible

to carry out any general survey of fixed capital formation since 1951. In practice, the statistics have been compiled by recording the production, the imports and the exports of capital goods according to type, and aggregating by industries the increases in the fixed assets of firms and different kinds of associations. The direction of the development of capital formation has thus been recorded by employing what is termed the production method. Owing to the deficient primary statistics, however, it has not been possible to record the fixed capital formation both by types of capital goods and by industries. It should further be mentioned that it has not been possible to record the transfers of real estate from one industry to another.

Structural changes in investments are of particular interest from the point of view of economic analysis. Considered by industries,

TABLE 1. GROSS FIXED CAPITAL FORMATION IN 1948—1957 (REPAIRS AND MAINTENANCE EXCLUDED),  
1 000 MILL. MK

	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
Agriculture .....	13.71	15.35	17.64	23.56	26.32	23.83	23.74	25.09	27.30	27.01
Forestry .....	0.68	1.05	1.46	1.80	2.31	2.32	2.81	2.78	3.60	3.46
Manufacturing .....	25.10	23.29	27.25	46.55	54.86	49.95	67.17	72.08	90.40	92.13
Transport and Communi- cations .....	5.84	7.94	9.50	13.73	18.40	12.63	13.05	16.31	22.55	24.46
Commerce, Banking, Insu- rance .....	5.10	5.24	7.53	13.30	11.01	6.13	7.84	10.26	7.41	4.26
General Government ...	8.14	14.68	20.30	22.46	27.83	34.90	33.77	36.43	46.36	50.51
Other industries 1) ....	1.56	1.69	2.76	4.42	4.39	3.33	3.83	4.71	5.98	5.75
Private persons and asso- ciations 2) .....	21.88	23.41	30.60	47.29	53.06	50.89	59.39	68.76	85.15	84.77
Total .....	82.01	92.65	117.04	173.11	198.18	183.98	211.60	236.42	288.75	292.35
Of which new dwellings	22.62	24.12	31.89	46.10	52.65	55.74	56.84	61.88	69.46	70.63

1) Fixed capital formation in handicrafts, building and construction, etc. included.

2) New dwellings, e.g., are mostly included here, and so are cars which cannot be regarded as acquired by other industries.

TABLE 2. DISTRIBUTION OF GROSS FIXED CAPITAL FORMATION BY DEGREES OF MANUFACTURE

	1948 %	1951 %	1957 %
Primary producers .....	18	15	11
Secondary producers .....	32	29	33
Tertiary producers .....	50	56	56
Total .....	100	100	100

say, such structural changes may reflect changes in productive techniques, in the volume of output, or in both. The changes in the distribution of investments by industries and by types of capital goods have here been made the subject of examination from among a number of different alternatives.

In considering the changes that took place in the distribution of fixed capital formation by industries, the industries may be classified according to the degree of manufacture of the goods and services which they produce (Table 2). Agriculture and forestry have been included among primary producers, whilst the whole of manufactures (including mining), together with handicrafts, and building and construction, have been included among secondary producers. The group of tertiary producers includes all industries which neither produce raw materials, nor directly participate in the manufacture of these raw materials into other commodities. In addition, private persons acquiring capital goods are also classified in this group. On the other hand, the output of private households has not, of course, been taken into account.

The most conspicuous structural change in investments was the decrease in the relative share of primary producers. This was chiefly due to the fact that the resettlement of the displaced agricultural population had in the main been brought to an end before the beginning of 1953. It should be mentioned, moreover, that neither in Finland nor in other countries can primary producers expand their production as rapidly as is pos-

sible for the industries engaged in further manufacture of the products.

The share of secondary producers in the total capital formation increased as a result of the industrialisation tendencies and the urgent need for building.

Several different kinds of development are discernible among the tertiary producers. Transport and communication is an industry which typically consumes a great deal of fixed assets, so that an increase in its share is an immediate consequence of the increase in the demand for its services. Moreover, attempts to increase productivity are in themselves liable to lead to an increase in the investments of transport and communication. On the other hand, in these years there seems to be no close interdependence between the changes in the output and productivity of commerce, banking and insurance and, on the other hand, of the fixed capital formation. The increase in the investments of the general government is a natural consequence of an increase in public services, especially in the form of the supply of communication facilities.

The changes in the distribution of investments by industries, together with the general changes in productive methods, caused drastic changes in the distribution of investments according to the type of capital goods. Immediately after the war, the need for dwellings and other housing accommodation was felt to be relatively speaking the most urgent need. In later years, acquisition of machines and means of communication has been more in the foreground. This change has in itself contributed to increasing the marketing possibilities of the products of Finnish industries. About 50 per cent of the demand for machines and means of communication, valued at market prices, is satisfied by domestic supply.

To illustrate matters, the distribution for 1954 has been included in the Table 3, since

TABLE 3. GROSS FIXED CAPITAL FORMATION BY TYPES OF CAPITAL GOODS, AT CURRENT PRICES

	1948		1951		1954		1957	
	1 000 mill.mk	%	1 000 mill.mk	%	1 000 mill.mk	%	1 000 mill.mk	%
Dwellings .....	22.62	28	46.10	27	56.84	27	72.33	25
Other house building .....	27.25	33	53.69	31	57.49	27	57.71	20
Road and water works .....	16.00	19	28.23	16	47.00	22	65.04	22
Machines, means of communication and appliances .....	16.14	20	45.09	26	50.27	24	97.27	33
Total .....	82.01	100	173.11	100	211.60	100	292.35	100

TABLE 4. VOLUME OF GROSS FIXED CAPITAL FORMATION BY INDUSTRIES IN 1948—1957, (REPAIRS AND MAINTENANCE EXCLUDED)

	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
Agriculture .....	100	107	105	106	113	104	103	108	111	104
Forestry .....	100	144	171	166	200	202	244	238	291	268
Manufacturing .....	100	87	87	114	129	118	158	168	201	195
Transport and communications .....	100	127	130	152	194	130	131	163	215	222
Commerce, Banking, Insurance .....	100	99	120	160	126	72	92	118	81	44
General Government .....	100	175	205	173	199	257	250	265	317	330
Other industries .....	100	105	144	175	165	128	147	180	256	199
Private persons and associations .....	100	105	116	135	141	140	164	186	217	206
Total .....	100	108	116	131	142	134	154	170	197	189
Of which new dwellings .....	100	105	117	127	135	148	152	162	171	166

TABLE 5. CHANGES IN THE VOLUME OF GROSS FIXED CAPITAL FORMATION AND OUTPUT<sup>1)</sup> ANNUAL AVERAGE CHANGES

	1948—1957		1948—1951		1952—1957	
	Capital formation %	Output %	Capital formation %	Output %	Capital formation %	Output %
Primary production .....	+ 1.2	+ 1.3	+ 3.0	+ 4.7	+ 0.7	— 0.3
Secondary production .....	+ 8.8	+ 6.4	+ 7.0	+ 8.3	+ 9.7	+ 5.5
Tertiary production .....	+ 8.0	+ 4.0	+ 11.0	+ 6.3	+ 6.5	+ 2.8

1) Changes in net domestic product.

it was approximately from this year on that there took place a drastic change in the distribution of fixed capital formation, as regards types of capital goods, towards machines and appliances at the cost of house building. The change would probably have been even more marked had it not been for the increased unemployment. To alleviate the situation, the State and the communes arranged or otherwise financed employment works, which were in the main road and water construction schemes, and also in part house building; the other undertakings were on a more limited scale.

Among the numerous effects of the structural changes described above, one of the most interesting was the change in the demand for labour in both the fixed asset producing industries and in the industries

acquiring them. As a general rule, it may be considered that the production of machines requires more training of the workers concerned than does the building of houses. In the first place, it is the attainment of international competitive power that necessitates a training of the labour force by methods which become increasingly efficient.

As a consequence of inflation, a comparison of the amounts of money spent in different years and by different industries does not give a sufficiently clear picture of the acquisition of capital goods. The volume series set out in the Table 4. has been prepared by deflating the capital formation in each individual industry according to its own separately constructed price index.

Particular consideration should be given to the effect of the base year upon the series. In 1948, there were in force a strict rationing

of building and the quantitative restrictions of imports, so that it was not only the inducement to invest within the bounds of existing resources that determined the realised investments. As regards the different industries, it should be mentioned that the relatively high figures for manufacturing in 1948 were mainly due to the construction of power stations. The steep rise in public investments from 1948 to 1949, again, was attributable to the fact that in the last mentioned year it was already regarded as appropriate — or necessary — to begin to make good the investment deficit that had arisen during the war years as regards buildings and roads.

The output of dwellings was on a high level all through the period under consideration, the large demand for them being due in the first place to the deficit that had arisen in the war years, the migration into towns and the resettlement of the displaced population. As stated above, there already appeared a retardation in the increase in the production of dwellings.

The fixed capital formation in a certain given year in a certain given industry is no indication of the productive development during the year concerned. It is evident, however, that the series descriptive of a number of years are indicative of the degree of expansion and of structural changes.

The result set out in the Table 5 is in surprisingly close agreement with the current conception relating to the inter-relation between the volume of output and investments, even though the changes in productivity have not been taken into account. The only exception is observed in tertiary industries, where the annual increase in the volume of investments considerably larger than the corresponding increase in the volume of output. This was due to the marked increase in public investments, which was only partly reflected by the volume of the net production of tertiary industries.

Within the limits of a short article such as this, it is not possible to shed light upon all the aspects of the events connected with the fixed capital formation. In conclusion, there will be considered only the part played by foreign trade in the fixed capital formation in Finland by presenting, for the year 1957, the total demand for and the supply of fixed assets according to productive sectors.

As is evident from the Table 6, the share of imports in the total supply of fixed assets, valued at market prices, was approximately 15 per cent. Correspondingly, the proportion of exports in the total demand for fixed assets was about 7 per cent. Admittedly, the figures do not in themselves give a correct picture of the share of foreign supply in the fixed capital formation, for raw materials have not been taken into account in the table. Obviously, the need for the imports of capital assets will continue to increase, notwithstanding the expansion of the domestic machine manufacturing industry.

The volume of fixed capital formation is anticipated to decrease in 1958 by about 3 per cent in comparison with the previous year. As the prices rose by about 7 per cent, mainly owing to the devaluation in the autumn of 1957, the value of fixed capital formation may none the less rise by about 3 to 4 per cent. The decrease in volume is estimated as being distributed between the

TABLE 6. PRODUCTION AND SUPPLY OF FIXED ASSETS IN 1957, 1 000 MILL. MK

Production of fixed assets (incl. reparations and maintenance)	
Industry .....	88.17
Handicrafts .....	4.65
Building .....	155.42
Other construction .....	86.13
<hr/> Total .....	<hr/> 334.37
+ Import of fixed assets .....	51.02
— Export of fixed assets .....	26.83
<hr/> Total at factor costs .....	<hr/> 358.56
+ Indirect taxes — subsidies .....	24.19
<hr/> Total at market prices .....	<hr/> 382.75
— Reparations and maintenance .....	90.40
<hr/> Gross fixed domestic capital formation ..	<hr/> 292.35

various industries so that the domestic supply of the capital assets of manufacture will decrease by about 2 to 4 per cent, imports by 5 to 8 per cent, and house building by 4 to 8 per cent. On the other hand, the volume of road and water construction works

may increase by 1 to 4 per cent. For the time being, the decrease in the volume of fixed capital formation seems to have come to a standstill, but a revival of investment activity can hardly be assumed to take place before the spring of 1959.

## ITEMS

### **Levy on export proceeds, use of funds.**

On November 20, for the second time, the Government distributed loans from the funds accumulated from the export levies. The total amount of loans was 864 million marks. A number of cellulose mills obtained altogether 450 million marks for the raising of production and modernisation of plants, while 200 million were granted to saw mills situated in underemployment areas, for improvement of their competitive ability. The rate of interest is 5—5½ per cent, and the term of the loans 10—18 years.

\*

**New bond loans.** On November 13, the Government authorised the issue of a number of new bond loans to a total amount of 11 200 million marks.

Suomen Teollisuus-Hypoteekkipankki Oy (Industrial Mortgage Bank of Finland) will issue two loans for financing investments in industry. One will be a 10-year loan of 6 000 million marks, to be subscribed by the commercial banks and the Bank of Finland. The other will be a 20-year loan of 2 000 million and will be subscribed by insurance companies. Both are to be tied to the selling rate for Sterling to the extent of 50 per cent, and in both cases the rate of interest is to be 7 per cent.

The city of Helsinki will issue two loans of 1 500 million marks in all, the Osuus-

kassojen Keskus Oy (Central Bank of the Co-operative Credit Societies, Ltd.) one of 1 000 million, the Osuustukkukauppa (Co-operative Wholesale Association) one of 200 million, and the Suomen Kiinteistöpankki Oy (Real Estate Bank in Finland, Ltd.) one of 500 million marks. All except the last mentioned are tied to the cost of living index to the extent of 50 or 25 per cent. They will run for 10—25 years, and the rate of interest will in most cases be 7 per cent. All loans will be subscribed by credit institutions.

\*

**The crop yield.** In consequence of the favourable weather conditions prevailing during the latter half of the growing period, the crops turned out to be among the best since the war, both in quantity and in quality. In terms of fodder units, total crops are estimated at 3 943 million units, or 6.7 per cent more than in 1957.

The crops of bread grains (wheat and rye) are estimated to amount to about 346 000 tons, or 18 per cent more than last year. A considerably higher proportion than last year is of high quality. Hay crops will probably be 3 per cent less than last year but considerably better in quality. The potato crop will be about 15 per cent greater than last year, and is of high quality almost throughout.

\*

**Board of Executive Directors of the IMF.**

Mr Eero Asp, Secretary for Foreign Affairs of the Bank of Finland, has been elected Executive Director of the International Monetary Fund for the two-year period beginning November 1. He will represent Denmark, Finland, Iceland, Norway and Sweden.

\*

**The Bank of Finland.** Mr Jouko J. Voutilainen has been appointed Information Secretary of the Bank of Finland from November 1. In addition, he will handle the duties of the Secretary for Foreign Affairs in the absence of Mr Asp. Mr Voutilainen served as Alternate Executive Director of the International Monetary Fund during the two-year period which ended on October 31.

\*

**Wage statistics.** New quarterly statistics of wages and salaries in different industries have been compiled by the Central Statistical Office. Those wage-earners whose earnings are reported each quarter represent slightly less than 50 per cent of all wage earners, and those whose earnings are reported once a year represent 40 per cent. In the case of the remaining 10 per cent, the calculations are based upon other related series or on experts' estimates. Thus the quarterly indexes published during the course of the year are provisional, and will be revised in connection with the calculation of the annual figures. As regards salaried people, their earnings by industries will be calculated once a year only,

as the quarterly data obtainable are insufficient. The new index series, as well as the distribution of total earnings by industries, are published in full in the Bulletin of Statistics of the Central Statistical Office.

In the Bank of Finland Monthly Bulletin, p. 15, the following indexes will be given: All salary and wage earners, Wage earners in agriculture, Wage earners in forestry, and Wage earners in manufacturing. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957. For 1954—1956, the weights are in accordance with earnings in 1951, the index numbers of the new series being obtained by the chain method.

These series will replace the formerly published indexes of industrial and forest worker's wages and the index of working hours in industry.

The trend of earnings since 1948 is illustrated by the following figures.

	Level of salary and wage earners' earnings	Level of real earnings of salary and wage earners <sup>1)</sup>
1948 .....	100	100
1949 .....	106	104
1950 .....	132	108
1951 .....	175	116
1952 .....	184	116
1953 .....	185	116
1954 .....	190	121
1955 .....	203	129
1956 .....	231	132
1957 .....	242	126

<sup>1)</sup> Deflated by the index of consumer goods prices in the gross national product.

# 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*

EERO ASP,  
*Foreign affairs*  
(*On leave of absence*)

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