



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 35 No. 9

SEPTEMBER

1961

RECENT DEVELOPMENTS

SHIPPING

For some eighteen months, shipping has shown a very favourable development, mainly brought about by the expansion of foreign trade. In 1960, the transport figures were 21 per cent in excess of those for 1959.

Activity was particularly brisk during the second and third quarters of the year. Transportation by Finnish vessels rose proportionately more slowly than the total, especially in the first two quarters, and for the whole year took a share which was 19 per cent above that for 1959. Thus Finnish shipping did not extract so much profit from the upswing as did foreign shipping. The proportion of Finnish vessels in the total of sea transport to and from Finland fell off from 40.3 per cent in 1959 to 39.6 per cent in 1960.

The course of development, by quarters from the beginning of 1960, is seen from the following figures for the totals of tonnage arrived and departed. The percentages represent changes on the corresponding quarters of the previous year.

	1960		1961	
	1 000 net reg. tons	Change, per cent	1 000 net reg. tons	Change, per cent
1st qr.	2 565	+ 3	3 102	+ 21
2nd qr.	4 610	+ 21	5 151	+ 12
3rd qr.	6 732	+ 34		
4th qr.	4 819	+ 15		

The Table shows that shipping has continued to be lively during the current year, although the rate of increase has slowed down to some extent. The past winter was mild, so that most harbours could be kept open almost without interruption, and shipping got well under way at the very beginning of the year. For the first six months the rate of increase averaged 15 per cent, against 14 per cent during the first half of 1960. However, shipping activity in June was no more than 8 per cent above the figure for June 1960, whereas the corresponding advance one year before had been 22 per cent. It seems probable that the whole-year result will fall short of last year's level.

The part played by Finnish vessels was on the rise during the first half of this year. In June, 42.1 per cent of the total sea transport was in Finnish ships, in comparison with 35.9 per cent one year earlier. During the first six months, their share was 25 per cent higher than in the first half of 1960.

The quantity of goods carried by sea increased during 1960 from 15.6 to 19.4 million tons, or by 24 per cent. Of this increase, Finnish vessels handled 1.2 million tons only, so that their relative share in the total

On page 18, Public Finance in 1960

of sea-borne goods transport fell from 48.6 to 46.1 per cent. The quantitative rise mainly related to the transportation of import goods, which was much higher than one year before, and particularly during the first six months. The total of import goods carried in 1960 was 32 per cent higher than in 1959. As for the transport of export goods, the advance over the year was far less, only 18 per cent, but in this case the increase accelerated during the second half-year. During the whole of 1960, Finnish vessels carried 23 per cent more import goods and 11 per cent more export goods than in 1959.

The figures for the current year indicate that the development of goods transport by sea has differed from last year in two respects. First of all, the shipping of export goods has grown comparatively more than that of import goods; secondly, the proportion of goods carried by Finnish vessels has grown. During the first five months, the shipping of export goods was 14 per cent above the figure for January—May 1960, while the corresponding rise for import goods was 9 per cent. However, it should be noted that in May last year import figures were exceptionally high owing to the impending change in Customs tariffs. It was thus mainly on this account that the transportation of goods advanced only 6 per cent from May 1960 to May 1961.

Sea-borne passenger traffic increased by 40 per cent during 1960; the increase was larger in respect of outward traffic. In the current year, the tourist season proper seems to have started one month earlier than in 1960, for in May there was a rise of record

proportions in passenger traffic through the harbours. In that month, the number of persons arriving in Finland by boat amounted to 30 891, or 64 per cent more than in May 1960. The number of persons leaving was 32 319, the increase on May 1960 being as much as 80 per cent. For January—May, the total of arriving and departing passengers was 52 per cent higher than one year earlier.

According to preliminary estimates of the balance of payments, gross shipping receipts amounted to 27 300 million marks in 1960, or 13 per cent more than in 1959. This was mainly occasioned by an increase in volume, for the small rise in freight rates towards the end of the year did not affect receipts to any marked extent. The expenditure of Finnish ships abroad approximately retained its proportion to the corresponding earnings, or 44 per cent of gross freight receipts. For the first quarter of 1961, these receipts were estimated at 6 700 million marks.

The Finnish merchant fleet comprised 521 units of 800 000 gross tons in all at the end of 1960. By the end of July this year, the number had risen by 15 units with a combined tonnage of nearly 20 000 tons. As for the age of the fleet, at the end of last year 40 per cent consisted of vessels of more than 25 years of age. For the sake of comparison, it may be mentioned that the proportion of over-aged ships in Sweden was 13 per cent. The average age at mid-1961 has not been calculated, but thanks to the vessels recently built in Finland it is probably somewhat lower than in 1960.

August 15, 1961.

BANK OF FINLAND

Mill. mk

	1960		1961			
	July 30	Dec. 31	July 22	July 31	Aug. 8	Aug. 15
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	72 482	75 305	80 797	81 405	81 579	82 921
Gold	8 455	9 120	10 031	10 031	10 031	10 031
Foreign exchange	57 013	59 482	62 329	62 864	63 223	64 574
Foreign bills	449	870	769	768	767	758
Foreign bonds	6 565	5 833	7 668	7 742	7 558	7 558
<i>Supplementary note cover</i>	39 190	41 992	46 223	41 823	37 867	35 596
Inland bills discounted						
In foreign currency	11 021	10 496	10 060	10 060	9 877	9 877
In Finnish currency	6 498	7 232	11 658	11 628	11 350	11 173
Rediscounted bills	16 046	20 514	22 005	17 635	14 140	12 046
Treasury bond loan	5 625	3 750	2 500	2 500	2 500	2 500
<i>Other assets</i>	12 226	7 822	6 957	7 526	3 346	3 334
Finnish bonds	2 887	3 070	4 329	5 004	909	909
Cheque accounts	348	418	546	452	379	333
Finnish coin	811	719	835	836	813	825
Other claims	8 180	3 615	1 247	1 234	1 245	1 267
Total	123 898	125 119	133 977	130 754	122 792	121 851
Liabilities						
<i>Notes in circulation</i>	69 463	72 735	75 693	75 098	75 697	74 713
<i>Short-term liabilities</i>	17 574	16 676	20 303	17 792	9 431	9 745
Foreign exchange accounts	3 904	4 057	1 417	1 500	1 480	1 429
Mark accounts of holders abroad	3 777	4 241	4 068	4 034	4 025	4 007
Cheque account of the Treasury	9 107	6 187	13 127	11 014	881	1 109
Cheque accounts of banks	294	1 683	509	80	1 938	2 057
Other cheque accounts	321	167	255	203	254	317
Other short-term liabilities	171	341	927	961	853	826
<i>Long-term liabilities</i>	11 777	10 633	10 321	10 321	10 137	10 137
Foreign	10 553	10 030	9 607	9 607	9 423	9 423
Finnish	1 224	603	714	714	714	714
<i>Equalisation accounts</i>	9 196	9 085	10 615	10 452	10 408	10 073
<i>Bank's own funds</i>	15 888	15 990	17 045	17 091	17 119	17 183
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	4 362	4 362	5 176	5 176	5 176	5 176
Profits undisposed	624	—	814	814	814	814
Earnings less expenses	902	1 628	1 055	1 101	1 129	1 193
Total	123 898	125 119	133 977	130 754	122 792	121 851
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	72 482	75 305	80 797	81 405	81 579	82 921
Supplementary cover (Upper limit 50 000 mill. mk)	39 190	41 992	46 223	41 823	37 867	35 596
Total	111 672	117 297	127 020	123 228	119 446	118 517
Note issue						
Notes in circulation	69 463	72 735	75 693	75 098	75 697	74 713
Short-term liabilities	17 574	16 676	20 303	17 792	9 431	9 745
Undrawn on cheque credits	849	978	844	939	1 011	1 058
Unused right of note issue	23 786	26 908	30 180	29 399	33 307	33 001
Total	111 672	117 297	127 020	123 228	119 446	118 517

Rediscount rate since April 1, 1959, 6,75 per cent.

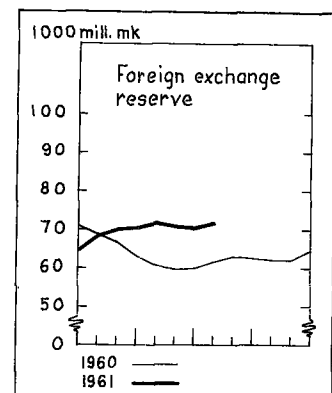
BANK OF FINLAND

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)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1952	22 099	13 141	8 958	7 024	5 524	10 458	17 217	2 088	—	15 129
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 ¹⁾	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1960										
July	65 468	3 904	61 564	9 659	14 330	56 893	16 046	294	83	15 669
Aug.	66 894	3 993	62 901	9 187	14 106	57 982	16 028	332	169	15 527
Sept.	66 270	3 870	62 400	10 304	14 251	58 453	17 699	105	309	17 285
Oct.	65 938	3 789	62 149	9 459	14 180	57 428	18 660	— 26	267	18 419
Nov.	66 048	3 998	62 050	9 632	14 175	57 507	16 977	208	138	16 631
Dec.	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961										
Jan.	71 597	3 306	68 291	6 627	14 571	60 347	10 701	572	351	9 778
Feb.	72 452	2 688	69 764	7 516	14 124	63 156	11 636	— 55	510	11 181
March	72 443	2 115	70 328	8 417	14 108	64 637	14 317	313	745	13 259
April	74 016	2 446	71 570	8 401	13 968	66 003	18 441	642	865	16 934
May	72 972	2 305	70 667	8 736	13 804	65 599	17 099	702	813	15 584
June	72 440	1 856	70 584	8 475	13 564	65 495	18 277	1 528 ²⁾	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563 ²⁾	885	16 187

¹⁾ Including cash reserve accounts 6 677. ²⁾ Including cash reserve accounts.

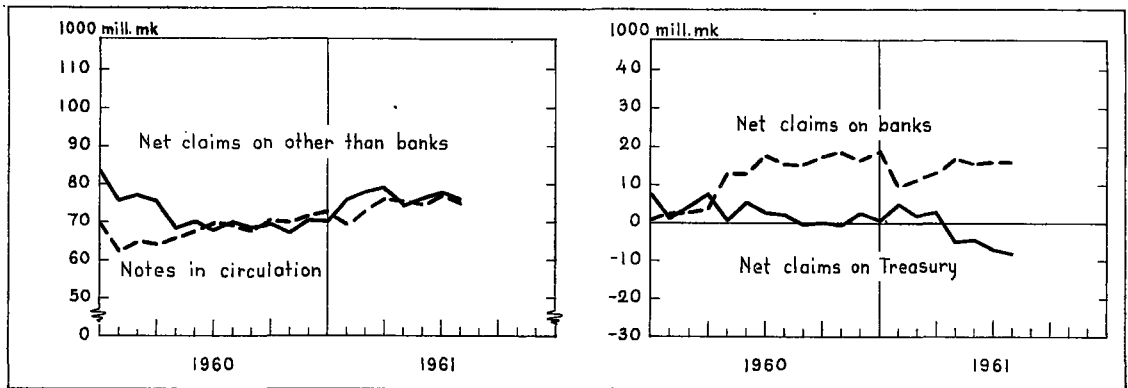
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1959	1960	1961		
	Dec. 31	Dec. 31	May 31	June 30	July 31
Gold	8.4	9.1	9.0	10.0	10.0
Convertible	49.7	44.2	45.3	43.0	42.9
Non-transferable EMA ..	4.7	3.2	3.9	3.5	3.2
Eastern Block	4.4	1.7	5.4	6.7	8.5
Other	3.7	6.3	7.1	7.4	6.8
Total	70.9	64.5	70.7	70.6	71.4



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury 1+2-3-4	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1952	14 738	—	—	—	14 738	14 678	5 672	2 185	18 165	46 153
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	-3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 587	6 187	343	807	7 232	10 942	350	17 824	72 735
1960										
July	7 244	5 037	9 107	1 224	1 950	6 498	10 248	409	16 337	69 463
Aug.	7 244	5 158	11 851	1 120	-569	6 042	9 983	541	15 484	67 967
Sept.	5 994	5 269	10 254	1 019	-10	5 897	10 052	585	15 364	70 391
Oct.	5 994	5 365	11 414	536	-591	5 353	9 855	441	14 767	69 990
Nov.	5 994	5 526	8 632	359	2 529	6 027	10 090	610	15 507	71 531
Dec.	3 750	3 587	6 187	343	807	7 232	10 942	350	17 824	72 735
1961										
Jan.	3 750	3 593	2 239	331	4 773	7 012	10 843	1 056	16 799	69 588
Feb.	5 270	3 593	6 495	331	2 037	7 403	11 063	403	18 063	72 673
March	2 500	3 593	3 170	316	2 607	8 424	10 868	298	18 994	75 994
April	2 500	3 607	11 092	271	-5 256	8 660	11 168	307	19 521	75 252
May	2 500	607	7 423	271	-4 587	9 592	11 312	464	20 440	74 836
June	2 500	607	9 738	271	-6 902	11 386	11 295	464	22 217	76 991
July	2 500	607	11 014	171	-8 078	11 628	11 139	279	22 488	75 098



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
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960*	55 083	68 034	15 060	181 355	180 069	105 241	48 524	25 434	540 654	623 748
1960*										
July	53 943	65 041	12 673	165 457	162 867	93 882	45 098	23 324	490 655	568 369
Aug.	54 126	67 424	13 284	166 963	165 110	94 973	45 513	23 464	496 050	576 758
Sept.	57 022	70 090	14 342	167 902	166 663	96 568	45 628	23 951	500 741	585 173
Oct.	55 268	67 740	12 430	169 665	168 997	97 918	46 278	24 229	507 119	587 289
Nov.	58 138	70 967	13 179	172 009	172 051	100 128	46 685	24 580	515 483	599 629
Dec.	55 083	68 034	15 060	181 355	180 069	105 241	48 524	25 434	540 654	623 748
1961*										
Jan.	57 747	70 303	13 763	183 547	182 130	107 013	49 330	25 949	548 000	632 066
Feb.	55 937	67 937	16 150	187 051	185 155	109 651	50 430	26 392	558 708	642 795
March	55 107	67 648	15 264	188 948	188 411	112 293	51 107	26 726	567 515	650 427
April	50 428	63 898	13 259	190 960	190 130	113 823	51 395	26 802	573 141	650 298
May	53 232	66 641	14 377	193 505	191 939	114 856	51 519	26 750	578 600	659 618
June	54 622	67 048	12 721	194 172	191 401	114 125	51 594	26 514	577 828	657 597
July	54 078	67 056	13 475	195 154	192 526	114 687	52 188	26 580	581 156	661 687

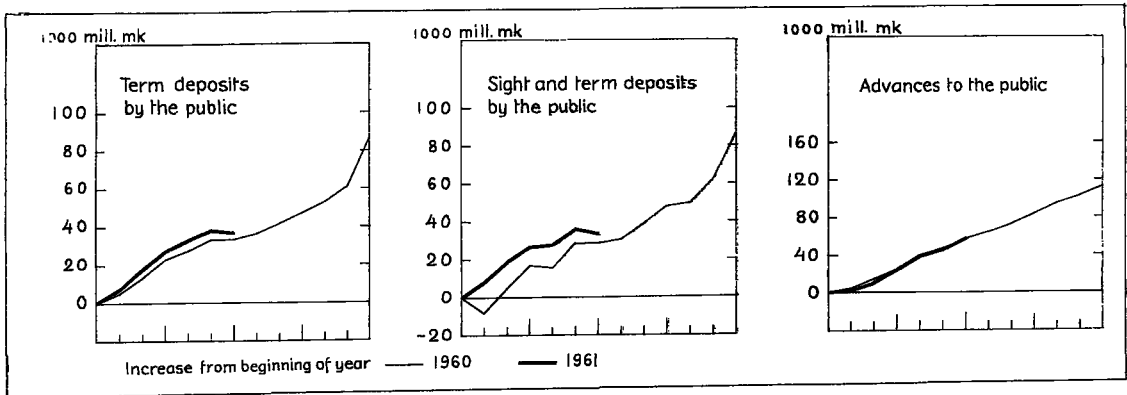
End of month	Index- tied depos- its	High- interest depos- its	Tax- conces- sion accounts
1960			
Nov.	15 624	33 375	8 545
Dec.	15 128	35 557	14 366
1961			
Jan.	13 524	37 640	14 315
Feb.	11 903	39 526	14 305
March	10 388	41 037	14 290
April	9 380	42 230	14 287
May	8 609	44 049	14 285
June	7 931	45 018	14 276
July	7 391	45 595	14 269

Selling rates for foreign exchange			
July 27, 1961			
		mk	mk
New York ...	1 \$	322:—	Zurich 100 Fr 7 466:—
Montreal	1 \$	313:—	Paris 100 NF 6 564:—
London	1 £	898:50	Rome 100 Lit 51: 87
Stockholm ...	100 Kr	6 236:—	Vienna 100 Sch 1 248:—
Oslo	100 Kr	4 495:—	Lisbon 100 Esc 1 120:—
Copenhagen ..	100 Kr	4 649:—	Reykjavik 100 Kr 845:—
Frankfurt o.M.	100DM	8 084:—	Madrid 100 Pta 542:—
Amsterdam ...	100 G	8 955:—	Prague, clear... 100 Kč 4 458:—
Brussels	100 Fr	646:50	Moscow. clear. 1 Rbl 356:67

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	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960*	260 460	154 780	39 495	117 441	45 216	585 964	31 428	617 392	149 616
1960*									
July	241 923	144 324	35 974	106 948	40 506	538 136	31 539	569 675	143 374
Aug.	243 093	146 999	37 447	108 866	41 315	546 517	31 203	577 720	143 820
Sept.	246 811	149 369	38 110	111 436	42 166	556 602	31 290	587 892	150 869
Oct.	251 340	151 323	39 610	114 280	43 178	567 483	32 248	599 731	144 189
Nov.	254 279	153 391	40 020	115 927	43 972	576 411	31 178	607 589	150 260
Dec.	260 460	154 780	39 495	117 441	45 216	585 964	31 428	617 392	149 616
1961*									
Jan.	258 393	156 357	40 168	118 358	46 425	588 802	30 899	619 701	148 390
Feb.	262 153	157 905	40 912	120 124	46 990	595 436	32 648	628 084	149 528
March	269 453	160 357	41 704	122 553	47 122	607 239	33 950	641 189	153 691
April	275 988	163 607	41 573	127 376	47 481	620 354	35 671	656 025	147 358
May	277 495	166 024	42 692	129 738	47 410	629 938	33 421	663 359	151 053
June	283 751	168 145	44 054	130 671	48 214	639 955	34 880	674 835	152 939
July	284 060	170 452	43 638	133 639	48 438	644 770	35 457	680 227	..

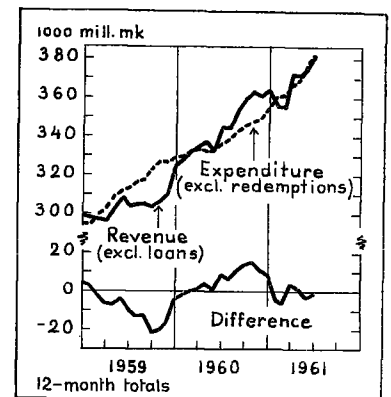


STATE FINANCES

1000 mill. mk

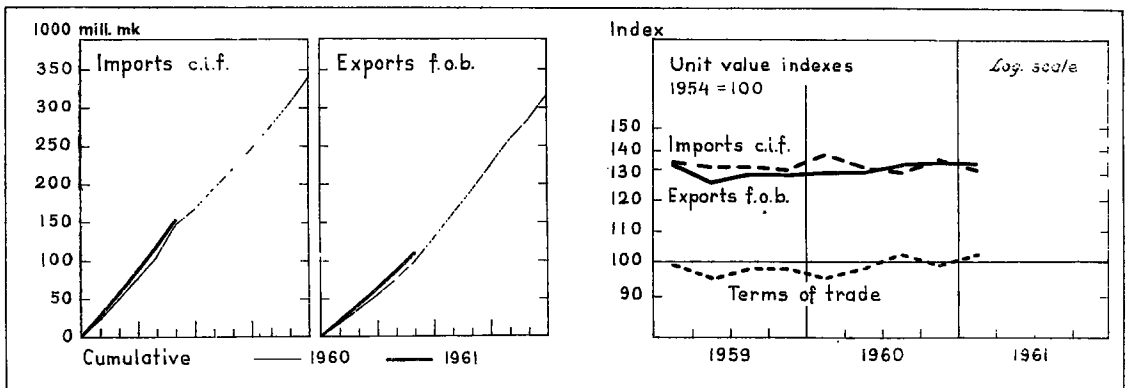
Revenue	Jan. — June		Expenditure	Jan. — June	
	1960	1961		1960	1961
Income and property tax (net)	37.5	41.2	Interest on State debt	3.0	3.1
Gross receipts	(88.4)	(109.9)	Child allowances	10.3	12.1
Refunds and communal income tax	(-50.9)	(-68.7)	The State's share in national pensions	4.1	7.4
Other direct taxes	0.6	0.4	Compensations to war-disabled	3.6	7.1
Purchase tax	40.4	44.7	Transfer of employers' payments for national pensions to the National Pensions Institution	3.5	6.0
Import duties	22.3	23.4	Subsidies	15.1	15.6
Revenue from Alcohol Monopoly ..	12.2	13.9	Net payments on price equalisation by extra-budgetary funds	2.0	0.5
Excise duty on tobacco	9.4	9.6	State aid to agriculture	2.0	2.1
Excise duty on liquid fuel	5.6	6.2	State aid to communal and private schools	12.3	14.7
Other excise duties	2.6	2.8	Net loss of State enterprises	0.1	0.2
Tax on automobiles and motor cycles ..	1.0	1.2	Maintenance of roads	3.9	4.6
Stamp duties	8.4	9.3	Other current expenditure	54.1	58.0
Employers' payments for child allowances and national pensions	13.9	15.5	Current expenditure	114.0	131.4
Net receipts of price equalisation by extra-budgetary funds	—	—	Real investments	36.7	38.7
Other revenue similar to taxes	2.7	3.0	Other capital expenditure	14.2	20.5
Total taxes	156.6	171.2	Capital expenditure	50.9	59.2
Interest and dividends	2.8	3.0	Total expenditure	164.9	190.6
Net profit of State enterprises	—	—	Redemption of external loans	1.9	1.7
Other current revenue	4.2	5.7	Redemption of internal loans	9.2	9.5
Current revenue	163.6	179.9	Redemption of indemnity bonds etc. ..	1.1	0.4
Capital revenue proper	4.0	4.3	Index premiums	0.6	0.6
Decrease in inventories	4.7	3.3	Redemptions	12.8	12.2
Capital revenue	8.7	7.6	Total	177.7	202.8
Total revenue	172.3	187.5			
External loans	—	2.8			
Internal loans	9.9	11.0			
Loans	9.9	13.8			
Short-term credit (increase +) ..	-3.6	-1.7			
Deficit (+) or surplus (-)	-0.9	+3.2			
Total	177.7	202.8			

Debt	1958	1959	1960	1961		
	Dec.	Dec.	Dec.	May	June	July*
External debt	79.0	76.6	74.4	75.4	76.2	76.5
Ordinary loans	61.5	72.2	74.4	75.6	76.0	77.1
Indemnity bonds etc. ...	7.3	6.5	4.4	4.0	3.9	3.7
Short-term credit	1.2	4.1	3.0	1.8	1.3	0.5
Cash debt (net)	-1.7	-5.8	-14.3	-9.2	-13.0	..
Internal debt	68.3	77.0	67.5	72.2	68.2	..
Total debt	147.3	153.6	141.9	147.6	144.4	..
Total debt, mill. \$	459.8	479.7	442.9	459.1	448.4	..



FOREIGN TRADE

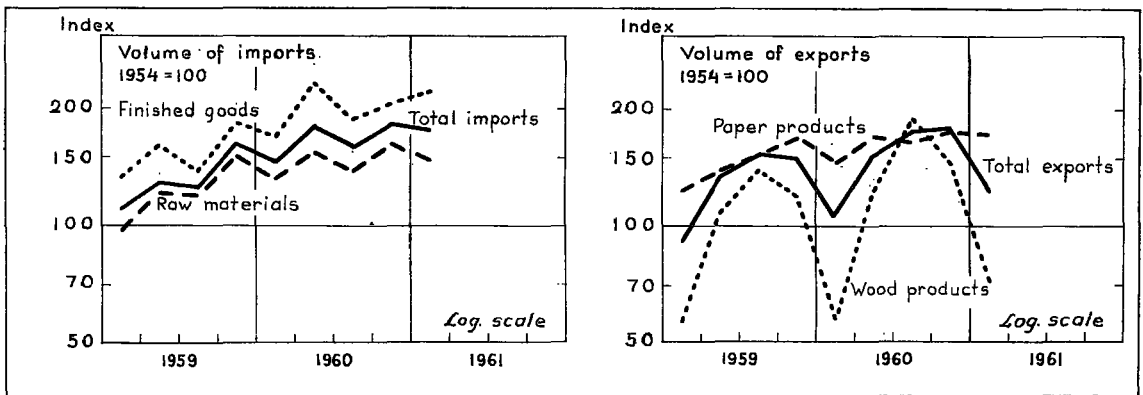
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960*	339 747	316 523	-23 224	133	123	133	132	146	133	100
Jan.-May										
1959	99 619	87 359	-12 260							
1960*	145 722	100 934	-44 788							
1961*	151 799	110 967	-40 832							
1961*										
Jan.	27 841	20 625	- 7 216	} 134	147	135	134	133	133	101
Feb.	27 461	20 874	- 6 587							
March	33 073	22 294	-10 779							
April	29 612	21 570	- 8 042							
May	33 812	25 604	- 8 208							



FOREIGN TRADE BY MAIN GROUPS

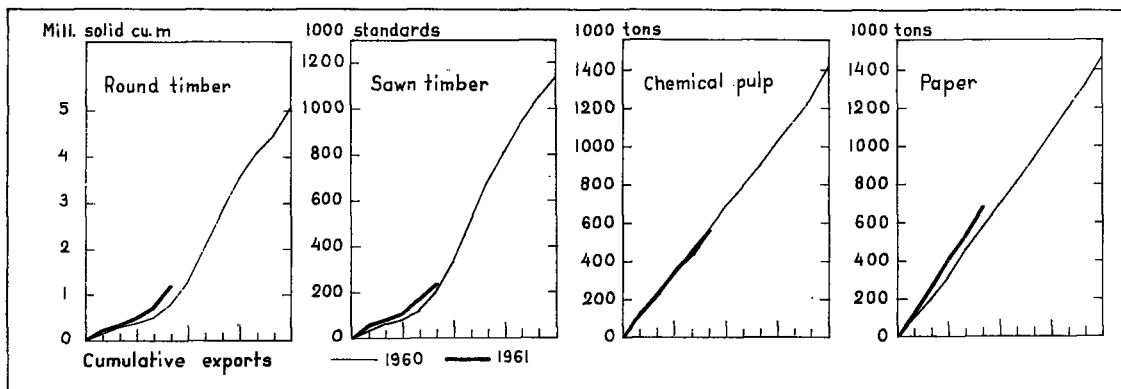
Mill. mk

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
			Producer goods	Consumer goods						
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960*	165 850	33 052	92 489	48 356	16 034	20 564	84 206	133 714	47 411	14 594
Jan.-May										
1959	48 044	10 071	26 487	15 017	5 812	3 988	17 006	43 886	13 268	3 399
1960*	70 434	12 060	42 923	20 305	6 746	5 570	19 372	52 381	14 297	4 568
1961*	68 433	12 722	43 425	27 219	5 927	5 895	22 542	59 440	12 165	4 998
1960*										
June	9 952	1 779	5 457	3 675	1 272	2 307	9 125	11 331	5 346	1 508
July	12 679	2 733	8 049	3 333	1 399	3 147	11 033	10 194	3 209	1 445
Aug.	12 480	2 703	6 843	3 513	808	3 302	10 447	11 237	2 484	1 352
Sept.	13 687	3 493	6 174	3 548	1 446	3 133	9 722	12 456	2 759	1 566
Oct.	14 202	3 503	7 538	3 939	1 648	2 268	8 856	11 723	9 816	1 278
Nov.	15 589	3 183	7 448	4 756	1 039	1 637	8 182	11 087	2 974	1 620
Dec.	16 828	3 598	8 057	5 286	1 677	1 200	7 469	13 305	6 477	1 256
1961*										
Jan.	13 149	2 673	7 901	4 118	1 159	923	5 043	10 639	1 956	905
Feb.	12 692	2 246	6 967	5 556	1 715	775	3 266	11 694	2 548	876
March	14 079	3 853	9 639	5 502	792	788	3 719	13 345	2 645	1 005
April	13 149	1 768	9 061	5 634	1 058	1 203	4 902	11 233	2 307	867
May	15 364	2 182	9 857	6 409	1 203	2 206	5 612	12 529	2 709	1 345



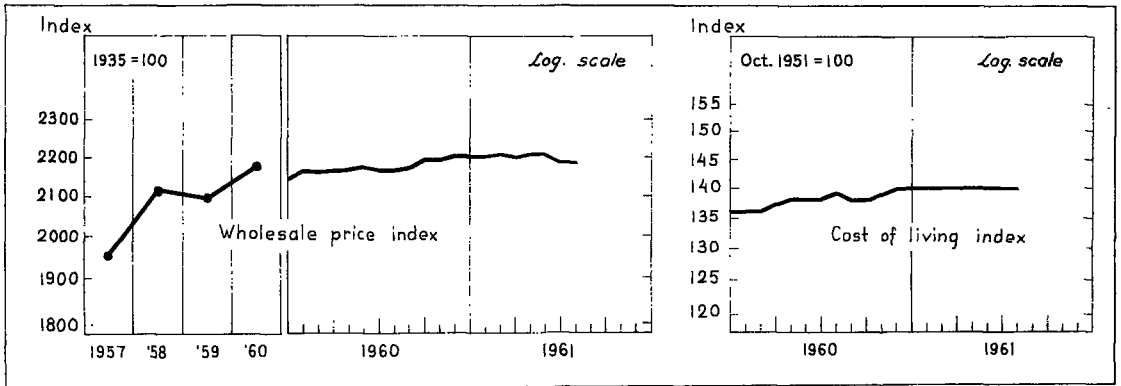
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960*	5 067	1 137	358	176	919	500	150	128	691	1 459
Jan.-May										
1959	922	213	119	58	277	204	52	46	227	479
1960*	812	211	148	72	363	200	64	55	278	573
1961*	1 200	236	145	67	352	206	64	62	309	682
1960*										
June	502	134	33	20	85	40	12	10	50	118
July	752	176	23	9	69	33	12	11	58	111
Aug.	772	165	21	15	75	38	11	7	59	128
Sept.	733	139	31	15	78	48	13	10	66	137
Oct.	524	125	26	16	73	38	13	11	65	132
Nov.	357	105	40	13	65	49	11	13	53	119
Dec.	615	92	36	15	111	54	14	11	62	141
1961*										
Jan.	207	55	32	13	70	36	11	12	56	118
Feb.	133	26	31	11	66	38	13	11	60	139
March	160	31	30	12	82	43	15	13	69	154
April	234	57	26	11	60	45	12	11	56	129
May	466	67	26	20	74	44	13	15	68	142



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. — May			Whole year		Jan. — May		
	1959	1960*	1960*	1961*		1959	1960*	1960*	1961*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	16.3	16.5	16.5	16.0	24 359	26.6	27.9	27.3	27.2	30 165
United Kingdom	15.7	15.9	15.9	15.5	23 570	23.3	24.5	23.4	23.2	25 750
Other OEEC countries ..	49.1	53.3	52.3	54.7	82 938	36.5	40.0	38.8	42.7	47 393
Austria	0.6	0.8	0.6	0.8	1 164	0.2	0.1	0.2	0.3	281
Belgium-Luxembourg	2.5	3.1	2.8	2.4	3 675	3.7	3.7	2.9	3.2	3 541
Denmark	2.3	2.6	2.5	3.3	4 975	3.3	3.5	3.2	3.1	3 398
France	5.1	5.7	6.5	5.0	7 603	4.8	4.7	4.4	4.9	5 489
Western Germany	18.0	19.3	18.8	20.9	31 769	10.9	11.6	11.5	12.2	13 535
Italy	1.8	1.7	1.8	2.0	3 079	1.8	2.1	2.3	3.2	3 568
Netherlands	4.6	4.6	3.9	3.9	5 851	5.3	6.1	5.5	6.1	6 820
Norway	1.6	1.5	1.3	1.8	2 716	0.7	1.3	1.1	1.7	1 883
Portugal	0.2	0.2	0.2	0.2	250	0.1	0.1	0.1	0.1	65
Spain	0.5	0.7	0.6	0.5	795	0.2	0.2	0.2	0.7	805
Sweden	9.1	10.4	10.5	11.0	16 636	3.2	4.8	5.4	5.4	5 969
Switzerland	2.2	2.2	2.3	2.5	3 757	0.4	0.6	0.4	0.6	720
Eastern Bloc	24.8	20.6	20.8	19.4	29 443	23.5	19.5	18.5	16.5	18 447
China	0.5	0.2	0.2	0.1	223	2.0	0.7	0.4	0.4	475
Czechoslovakia	1.4	1.1	1.3	1.2	1 798	0.7	0.9	0.8	1.0	1 148
Eastern Germany	1.6	1.4	1.3	1.4	2 090	1.3	1.3	1.3	1.1	1 228
Poland	2.8	2.5	1.6	1.8	2 651	2.1	1.7	2.0	2.3	2 600
Soviet Union	17.8	14.7	15.7	14.0	21 265	16.8	14.2	13.3	10.9	12 117
U.S. and Canada	5.4	6.0	6.7	6.5	9 886	5.9	5.1	7.2	5.3	5 849
United States	5.1	5.7	6.5	6.3	9 561	5.8	5.0	7.1	5.1	5 697
Latin America	3.5	2.7	2.6	3.0	4 559	4.9	5.1	6.4	5.3	5 778
Argentina	0.5	0.5	0.6	0.5	804	0.9	1.1	1.4	1.3	1 406
Brazil	2.5	1.8	1.6	1.3	1 973	2.8	2.9	3.4	2.8	3 073
Others	0.9	0.9	1.1	0.4	614	2.6	2.4	1.8	3.0	3 335
Grand total	100.0	100.0	100.0	100.0	151 799	100.0	100.0	100.0	100.0	110 967
of which										
EFTA countries	31.7	33.5	33.3	35.0	53 068	31.3	34.9	33.8	34.3	38 066
EEC countries	32.0	34.4	33.8	34.2	51 977	26.5	28.1	26.6	29.7	32 953



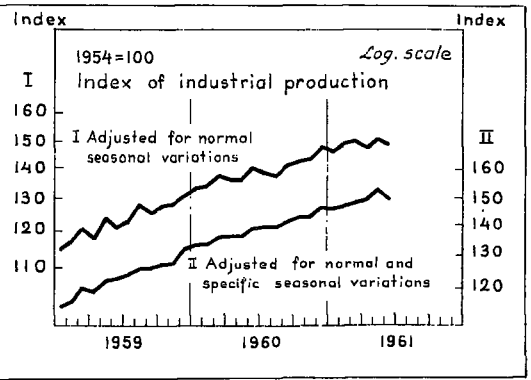
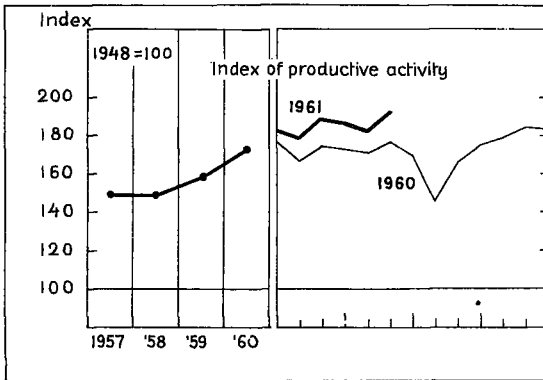
PRICE INDEXES

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				
1958	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1960									
July	2 170	2 246	2 360	3 243	1 873	2 010	123	114	136
Aug.	2 173	2 247	2 294	3 307	1 875	2 014	123	115	135
Sept.	2 191	2 275	2 285	3 452	1 875	2 011	124	114	140
Oct.	2 192	2 283	2 281	3 495	1 875	1 998	126	114	145
Nov.	2 205	2 299	2 368	3 495	1 873	2 003	125	114	143
Dec.	2 202	2 296	2 333	3 495	1 879	2 002	125	114	142
1961									
Jan.	2 203	2 295	2 312	3 494	1 885	2 006	125	114	141
Feb.	2 210	2 304	2 320	3 529	1 885	2 011	126	114	143
March	2 202	2 294	2 275	3 529	1 883	2 006	127	115	144
April	2 206	2 299	2 260	3 564	1 884	2 009	127	114	145
May	2 210	2 303	2 266	3 563	1 890	2 011	128	114	147
June	2 188	2 296	2 223	3 565	1 890	1 958	128	114	148
July	2 186	2 309	2 294	3 566	1 890	1 922	129	114	154

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
1958	132	140	277	102	83	129	103	103	102	99	103	105
1959	134	141	280	98	85	134	105	103	104	95	105	109
1960	138	147	298	98	86	136	108	108	110	95	107	111
1960												
July	139	149	295	97	86	136	109	110	109	94	107	111
Aug.	138	148	295	97	86	136	109	109	109	94	107	111
Sept.	138	148	295	97	87	136	109	109	109	95	108	111
Oct.	139	146	306	98	87	136	109	107	113	95	108	111
Nov.	140	149	306	98	87	136	110	109	113	95	108	111
Dec.	140	149	306	99	87	137	110	110	113	96	108	111
1961												
Jan.	140	150	306	99	87	137	110	110	113	96	108	112
Feb.	140	151	306	100	87	135	110	111	113	97	108	110
March	140	150	306	99	87	135	110	110	113	97	108	110
April	140	150	306	99	87	136	110	111	113	97	108	111
May	140	151	306	100	87	136	110	111	113	97	108	111
June	140	149	306	99	87	136	110	109	113	97	108	111
July	140	150	306	100	87	136	110	110	114	97	108	111

PRODUCTION - INTERNAL TRADE

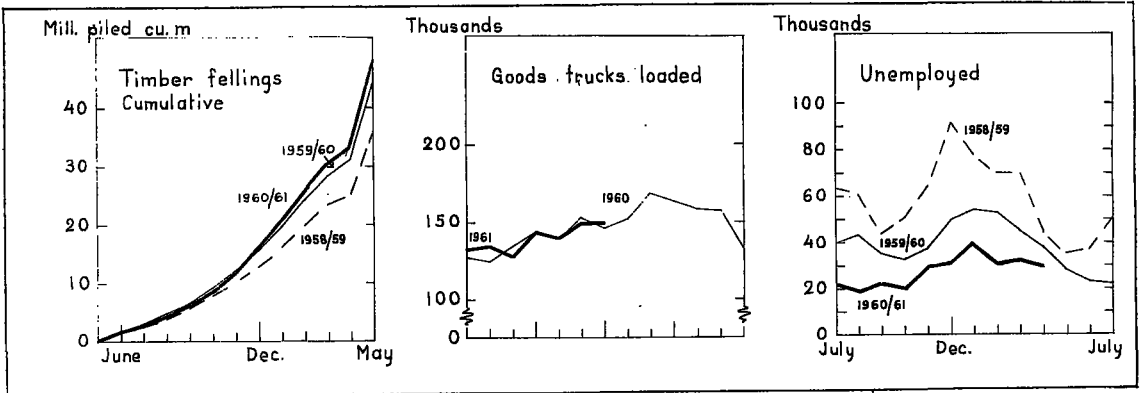
Period	Index of industrial production 1954 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1953										29 170	93
1954	100	100	100	100	100	100	100	100	100	35 370	100
1955	111	116	109	113	99	115	111	111	111	38 600	116
1956	114	117	110	120	76	122	113	118	114	36 623	121
1957	117	119	116	118	82	134	115	117	118	40 919	114
1958	113	111	113	112	87	134	107	110	113	37 981	109
1959	123	118	125	122	98	144	120	120	123	38 100	121
1960*	140	140	143	134	122	167	140	132	139	44 593	136
1960*											
Feb.	137	140	140	130	125	163	139	127	134	4 680	119
March	154	160	156	147	145	179	159	143	137	4 084	134
April	134	131	135	134	131	149	133	130	136	2 597	139
May	145	144	148	141	139	172	145	137	136	13 081	144
June	135	134	136	134	139	144	137	129	140	1 646	132
July	106	88	118	92	114	157	90	92	138	997	124
Aug.	141	133	141	145	110	175	132	142	137	1 684	150
Sept.	150	151	152	145	120	180	152	143	140	1 870	147
Oct.	154	157	159	144	115	188	157	146	141	2 540	147
Nov.	153	162	157	142	114	181	159	145	142	3 116	144
Dec.	141	151	145	130	107	160	151	131	147	4 204	151
1961*											
Jan.	145	151	149	135	117	184	150	129	146	4 847	113
Feb.	145	152	148	138	121	178	150	134	148	5 144	129
March	160	166	164	152	140	199	165	147	149	4 349	149
April	147	146	149	144	123	175	147	139	146	2 874	147
May	154	155	155	151	122	188	154	147	150	14 516	153
June	145	145	144	146	123	168	146	140	149	..	148



BUILDING – WAGES – TRANSPORT – EMPLOYMENT

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
1958	19.29	8.46	3.08	3.57	2.93	20.38	105	103	103	105
1959	19.88	8.36	3.42	4.55	2.39	20.46	110	106	104	111
1960*	22.02	8.68	2.91	6.62	2.82	22.39	116	111	108	117
1960*										
Jan. - Mar.	4.01	1.61	0.33	1.39	0.54	20.66	114	112	103	114
Apr. - June	4.10	1.53	0.52	1.24	0.59	24.77	116	111	108	117
July - Sept.	5.76	2.03	0.91	1.63	0.85	24.98	117	110	109	118
Oct. - Dec.	8.15	3.51	1.15	2.36	0.84	22.39	118	111	112	118
1961*										
Jan. - Mar.	4.88	2.09	0.29	2.06	0.32	21.17	122	117	114	125

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 persons		% of total labour force	
	1960	1961	1960	1961*	1960	1961*	1960	1961*	1960	1961*
Jan.	124	134	431	450	345	412	1 751	1 826	2.6	1.8
Feb.	135	128	284	321	319	332	1 781	1 848	2.5	1.4
March	144	143	266	386	288	434	1 777	1 844	2.1	1.5
April	138	139	350	422	366	402	1 778	1 877	1.8	1.4
May	153	150	554	591	564	629	1 834		1.3	
June	147	149	675	729	852	912	1 803		1.1	
July	153	146	756		1056		1 698		0.9	
Aug.	168		736		1006		1 769		0.9	
Sept.	163		576		812		1 859		1.0	
Oct.	158		563		683		1 851		0.9	
Nov.	157		575		569		1 835		1.4	
Dec.	133		519		568		1 812		1.5	



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 + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign 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, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — Account of the Mortgage Bank of Finland Oy. — *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 — Equalisation accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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, high-interest deposits and tax - concession accounts* 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.

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 (net) of State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures. *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. Thus the series above and below the line are not fully comparable. 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

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. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research. For the method of calculation see Bulletin No. 8, 1961, p. 18. 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. *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. *Employment and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Employment represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin.) *Diagram*. Number of persons unemployed for at least one week during each 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, Agrarians 47, Social Democrats 37, Conservatives 29, Swedish Party 14, Social Democratic League 14, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

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 15.8% of the land in the South of Finland is cultivated (1959), 2.3% in the North and 9.2% of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6%, are covered by forests.

OWNERSHIP OF LAND (1959): The total land area was distributed among different classes of owners approximately as follows: private 56.2%, State 34.4%, joint stock companies etc. 8.2%, communes 1.2%.

POPULATION

NUMBER OF INHABITANTS (1959): 4.4 million. Sweden 7.4, Switzerland 5.2, Denmark 4.5 and Norway 3.6 million.

DENSITY OF POPULATION (1959): In South Finland 24.7, in North Finland 4.0 and in the whole country an average of 14.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1959): 62.4% of the population inhabit the rural areas, 37.6% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 454 192 inhabitants, Tampere (Tammerfors) 123 686, Turku (Åbo) 122 240.

OCCUPATIONS (1950): Agriculture and forestry 42%, industry 29%, commerce 7%, transport and communications 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 (1960): Practically all persons over 15 years of age are literate. There are 5 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1959): births 18.9‰, deaths 8.8‰, increase 9.4‰. Deaths in France 11.2‰ and in Great Britain 11.7‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1959, in thousand million marks): Gross domestic product at market prices 1 260 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 121 (12%), forestry and fishing 87 (9%), manufacturing 312 (31%), construction 103 (10%), transport and communications 81 (8%), commerce, banking and insurance 127 (12%), general government 124 (12%), other services 65 (6%), total 1 020. Index of real domestic product 106 (1957 = 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 (1959): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17%, 5 to 15 ha 48%, 15 to 50 ha 30% and more than 50 ha 5%. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52%, animal products 120%.

INDUSTRY (1959): Gross value of industrial production 1 068 000 mill. marks, number of workers 303 000, administrative employees 59 000, motive power (1959) 3.0 mill. HP. Index of industrial production 123 for 1959 (1954 = 100).

RAILWAYS (Jan. 1, 1961): Length 6 388 km, of which 6 314 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (July 31, 1961): Steamers 203 (296 617 gross reg. tons), motor vessels 245 (514 199 gross reg. tons), sailing vessels with auxiliary engines 88 (9 419 gross reg. tons). Total 536 (820 235 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1960): Private cars 173 000, lorries and delivery vans 65 600, buses 5 800, others 2 100. Total 256 900.

AIR TRAFFIC (Dec. 31, 1960) Number of aircraft in scheduled traffic 23, other aircraft 93. In 1960, 550 000 passengers were carried by the two Finnish companies; over 228 million passenger kilometres and 4.1 million ton kilometres of freight and mail were transported.

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 1958 expenditure amounted to 173 143 mill. marks. Total revenue was 168 199 million, of which income from taxation 86 041 million. The municipal income tax (non-progressive) averaged 11.64% 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 13 branch offices in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1960). There are two big and three small commercial banks with in all 599 offices, 390 savings banks, 537 cooperative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the cooperative stores accept deposits from the public.

RATES OF INTEREST (Jan. 1, 1961). Bank of Finland discount rates 6—7 1/8%. Other credit institutions: term deposits 4 1/4% (12 months' deposits 5%, index-tied deposits 3 1/2—4%) and sight deposits in savings banks and cooperative credit societies 1/4%; highest lending rate 8%.

PUBLIC FINANCE IN 1960

BY

HENRI J. VARTIAINEN, Mag. Pol.

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

The revival of economic activity in 1959 had brought about an improvement in the State economy. Revenue had grown more than was expected, and when the accounts for the year were closed, there was a small surplus.

The original budget for 1960 was made up in a rather cautious and conservative way. The tax yields were assessed at a minimum — not much in excess of the 1958 figures, which were available by the time the budget was in course of preparation — and, consequently, the growth in expenditure was quite limited in scope. In order to balance the inevitable rise in consumption expenditure and in the redemption of loans, a reduction was thought possible in the administrative investment, now that the unemployment crisis seemed to have passed. The need for new borrowing was entered at 34 800 million marks, greatly in excess of the 1959 budget figure of 22 000 million. This was done, however, only with a view to formal balancing of the budget. It was generally expected that the actual need would fall short of the amount entered; the final accounts show only 20 125 million marks acquired under this heading. The original tax yield estimates were so low that the three supplementary budgets of the year could

all be financed simply by raising the assessments.

It was characteristic of the 1960 budget, as well as of the subsequent course of events, that budgetary policy underwent hardly any change with respect to fiscal revenue or expenditure. In 1959, a higher rate of corporate income tax, amounting from 38 per cent to a maximum of 45 per cent, had temporarily been applied to the 1959 taxable income and tax advances collected; for the 1960 taxation, the previous normal rate of 38 per cent was regained. Other adjustments in the tax system were mainly of a technical nature, not designed to change the revenue. Minor amendments were made to purchase tax in favour of production input. A new customs tariff was introduced in June. The system of income tax collection was thoroughly revised. Previously the State, the communes and the Church had all collected their taxes separately, except for the communal tax on individuals, which the State collected at source on behalf of the communes. From 1960, all collection — at source, or, for corporate taxes, in advance payments — was assumed by the State, which would pay monthly amounts to communes and the Church. — The minimum railway charges for goods traffic were increased in April.

Table 1. STATE REVENUE AND EXPENDITURE

(Adjusted figures)

Revenue	Mill.mk		Expenditure	Mill.mk	
	1959	1960		1959	1960
Income and Property tax (net)	64 645	74 867	Interest on State debt	6 869	6 325
Gross receipts	(146 562)	(197 882)	Child allowances	20 522	20 625
Refunds and Communal income tax	(—81 917)	(—123 015)	The State's share in national pensions	8 730	8 470
Other direct taxes	1 599	1 761	Transfer of employers' payments for national pensions to National Pensions Institution	8 133	9 639
Purchase tax	75 248	88 794	Compensation to war-disabled	7 402	7 371
Import duties	42 026	45 621	Subsidies	33 602	36 952
Revenue from Alcohol Monopoly	22 958	25 539	State aid to agriculture	7 000	6 670
Excise duty on tobacco	19 180	20 162	State aid to communal and private schools	22 203	25 014
Excise duty on sweetstuffs ..	1 764	1 885	Military expenditure	17 793	17 142
Excise duty on beer	974	1 014	Maintenance of roads	9 673	9 745
Excise duty on liquid fuel ..	11 175	13 170	Pensions of State employees	8 523	9 047
Tax on automobiles and motor cycles	1 474	1 904	Other current expenditure ..	77 572	90 967
Other excise duties	2 292	2 447	Current Expenditure	228 022	247 967
Stamp duties	14 211	16 436	Investments in State enterprises, forests and landed property	15 195	18 711
Employers' payments for child allowances and national pensions	26 598	30 213	Purchases of machinery and apparatus	3 189	6 528
Net receipts of price equalisation by extra-budgetary funds	3 921	1 858	House building	11 384	12 477
Other revenue similar to taxes	4 672	4 314	Roads, bridges and hydro-undertakings	33 717	32 013
Total taxes	292 737	330 035	Real investments	63 485	69 729
Interest and dividends	7 174	7 877	Loans granted	25 668	27 281
Net profit of State enterprises	3 314	7 030	Purchases of shares	555	2 563
Other current revenue	9 131	10 138	Purchases of shares of the international monetary institutions	1 621	282
Current Revenue	312 356	355 080	Increase in stand-by stocks ..	3 462	2 081
Provision for depreciation by State enterprises	2 306	2 837	Increase in inventories of extra-budgetary funds	4 294	2 433
Sales of State property	592	633	Capital Expenditure	99 105	104 372
Repayments of loans	8 836	5 679	Total Expenditure	327 127	352 339
Decrease in inventories of State enterprises	970	—	Redemption of external loans	6 791	3 596
Capital Revenue	12 704	9 149	Redemption of internal loans	9 971	16 434
Total Revenue	325 060	364 229	Redemption of Indemnity Bonds etc.	987	2 166
External loans	—	1 375	Index premiums	675	750
Internal loans	20 683	18 750	Redemption	18 424	22 946
Loans	20 683	20 125	Surplus	192	9 069
Total	345 743	384 354	Total	345 743	384 354

In the first quarter of 1960, the revenue was 14 per cent and the expenditure 7 per cent above the 1959 level, the cash balance showing a moderate deficit. Real investments

were up by 18 per cent. While it was evident that the tax yield had been underestimated, it was also clear that the budget grant for investment purposes would be insufficient

Table 2. CHANGES IN STATE REVENUE AND EXPENDITURE

(Adjusted figures)

Revenue		Expenditure	
	Change in 1960 per cent		Change in 1960 per cent
Income and Property tax	+ 16	Child allowances	+ 1
Purchase tax	+ 18	National pensions	+ 7
Import duties	+ 9	Subsidies	+ 10
Alcohol Monopoly	+ 11	Aid to schools	+ 13
Stamp duties	+ 16	Military expenditure	— 4
Excise duties	+ 9	Maintenance of roads	+ 1
Current Revenue	+ 14	Current Expenditure	+ 9
Capital Revenue	— 28	Real Investments	+ 10
Total Revenue (excl. loans)	+ 12	Capital Expenditure	+ 6
		Total Expenditure (excl. redemption) ..	+ 8

as regards the state of employment and the public works in progress. The first supplementary budget, presented in April and approved in June, contained a generous allowance towards the construction and maintenance of roads, the building of power plants and other public works, and also included a three per cent wage increase for State employees.

By the end of the second quarter, the revenue was 13 per cent and the expenditure 5 per cent above the 1959 level. The cash balance had turned to a surplus in April, and remained that way for the rest of the year. For January—June, the surplus was 4 500 million marks. On the expenditure side, the growth in real investments had been checked; the increase applied more to current expenditure, particularly consumption expenditure. Some items, such as the interest on the State debt and State aid to agriculture, were still below the 1959 level, but the more important ones, such as subsidies or aid to schools, had risen moderately.

To start with, the short-term debt was 4 121 million marks, about one half of this being incurred by the State Granary. By the end of June, this debt had shrunk to 515 million. Long-term bond loans had been obtained for 9 000 million marks; 4 300 million from credit institutions, 4 500 from the

public, and 200 from the insurance companies. In 1959 the corresponding figure was 13 000 million marks. Redemptions totalled 11 100 million marks (12 200 in 1959), including 1 250 million of the Treasury Bond Loan of 1953 and 3 000 million of the loan for stand-by stocks, paid to the Bank of Finland.

By the end of September, the growth in revenue was 15, and in expenditure 7 per cent. On the capital account, the emphasis was on real investments; financial investments were slightly down in loans granted, but up by the same amount in purchases of shares. To finance the expanding road programmes, a bond loan was issued in September. The Treasury Bond Loan was redeemed by another 1 250 million.

Towards the end of the year, new short-term debt had again to be incurred by the State Granary, to bring the total up to 2 973 million marks. New bond loans were obtained for 7 600 million marks during the latter half of the year; the credit institutions accounting for three-fourths of this. The exact total for 1960 internal loans, 18 750 million marks, was sub-divided as follows: 10 107 million from the credit institutions, 5 978 from the public, 570 from insurance companies, and 2 095 million marks in drawings on the credit for stand-by stocks. The

total was almost 2 000 million marks less than the year before.

The second and third supplementary budgets were signed in December. The former related to 867 million marks for investment in the new State-owned Rautaruukki Oy ironworks (this was, in fact, carried over entirely to 1961) and 500 million for waterway construction. In the latter, the main item was a credit of 15 000 million marks granted by the USSR, to be used for purchases of rails, machinery and equipment. Other expenditure items comprised the maintenance of employment, home price subsidies and export subsidies.

It is planned that the USSR credit, though budgeted in its entirety in 1960, will be used up during the course of several years. Consequently, most of it was carried over to 1961; only the amount actually drawn, 1 375 million marks, was entered under „external loans”, a heading not utilised since 1956.

The year 1960 was one of stabilization for the State economy. While the revenue kept growing, the expenditure side was not inflated by new programmes of a type which would have used up the surplus incurred. With the expansion in overall economic activity, claims for State support or social outlay were perhaps less frequent. Nevertheless, the point was raised that a part of the revenue should be set aside, suitably invested, and reserved for the lean years. No budget equalization fund exists for this purpose, but the Treasury was permitted to place some minor funds in foreign assets. The redemption of loans, included in, and in excess of the amount stipulated in the original budget, was also a step in the same direction. In particular, the payments to the Bank of Finland have served the dual purpose of diminishing the burden of debt and at the same time neutralizing some liquid funds of the economy.

Table 3. SHORT-TERM FINANCING

	(Adjusted figures)	
	1959	1960
	Mill.mk	
Private funds (incr.—)	— 1 223	— 1 971
Net debt to Bank of Finland (decr. +)	— 496	+ 4 471
Export Levy deposited in Bank of Finland (decr.—)	— 3 259	— 2 686
Short-term debt to Post Office Savings Bank (decr. +) . .	+ 8 341	+ 3 477
Other short-term debt (decr. +)	— 2 886	+ 1 148
Cash holdings (incr. +)	— 285	+ 4 630
Surplus (+)	+ 192	+ 9 069

Table 4. STATE DEBT

	(Adjusted figures)	
	1959	1960
	Mill.mk	
Loans	63 083	60 945
Promissory notes issued to IMF	13 489	13 489
External debt	76 572	74 434
Ordinary loans	72 135	74 451
Indemnity Bonds etc.	6 516	4 400
Internal debt (gross)	78 651	78 851
Less: Cash balance (net) . .	— 3 062	—14 102
Net claims on Bank of Finland including Export Levy deposited there	— 393	— 2 178
Short-term debt to Post Office Savings Bank	14 870	11 893
Other short-term debt	4 121	2 978
Cash holdings	—21 660	—26 290
Internal debt (net)	75 589	64 749
Total debt	152 161	139 183

FINANCE ACCOUNTS

The final figures for State revenue and expenditure during 1959 and 1960 are given in Table 1. The figures in the official finance accounts have been adjusted in this Table to correspond with those given on page 8 of this Bulletin.

The final result, a surplus of 9 069 million marks, cannot be attributed to any particular item. The tax yield increased throughout, while the increases in expenditure were more unevenly distributed, and their total effect less. For the sake of comparison, the change per cent in some important items is recorded in Table 2.

The changes in total revenue and expenditure, 12 and 8 per cent respectively, were less than the recorded rise of 14 per cent in National Income. The change in current

revenue amounted exactly to the latter figure, while the income tax yield rose slightly more. The increase in customs revenue, 9 per cent, was markedly less than the growth of 27 per cent in the value of imports; this can be traced back to structural changes in imports, as well as to the introduction of the new tariff. The fall of 28 per cent in capital revenue was mainly due to the 1959 figures having been exceptionally large, as they included some formal entries; excluding these, the capital revenue would still remain slightly down, as the inventories of State enterprises were not decreased during the year.

The net profit of State enterprises was more than doubled. The largest item was the surplus of State Forest Administration, a consequence of exploitation of the vigorous demand for timber. The State Railways and the Post Office also showed a surplus on current account.

As regards current expenditure, the increase in subsidies was 10 per cent, this increase falling mainly on dairy products. While the domestic consumption of butter increased a little, exports were 20 per cent above the 1959 level. The amount paid per kilogramme of exported butter was one-third higher than in 1959. The increase of 13 per cent in State aid to schools was due partly to the rise in wage level, and partly to wider application of the pertinent legislation. Decreases included those in military expenditure, interest on the State debt, and State aid to agriculture.

In respect of capital expenditure, investments in State enterprises rose by 3 500 million. This was more than accounted for by investment in the railways, amounting to 13 737 million marks (9 994 in 1959). Less relief work employed in the construction of roads and waterways resulted in a decline in the scope of this activity. Grants of loans increased by 6 per cent, and included 7 894

million marks (8 265 million in 1959) spent on Arava housing loans at low rates of interest, 6 121 million (4 477 million) on loans from the Settlement Fund, and 2 461 million (2 523 million) on employment loans. New loans from export levy funds were paid out for 2 682 million marks (for this levy, see item in Bulletin No. 9, 1957, and the articles on public finance, Bulletin No. 8 in 1959 and 1960). The outstanding balance of these loans totalled 7 799 million marks at the end of the year. More than 90 per cent of this was placed in the wood and paper industries. — The value of the stand-by stocks increased by 2 081 million marks. The total redemption of loans, 20 030 million marks, amounted to 95 million marks less than the loans obtained during the year.

The use of funds earmarked for various employment or unemployment purposes amounted to 33 290 million marks, against 31 007 million in 1959; the figures are, however, not quite comparable, as in the budget for 1959 a part of the funds was appropriated as expenditure by the Ministry concerned. The volume of actual relief work diminished, as did the number of persons to be employed. On the other hand, the approved investment programmes were quite extensive. Public works were also more capital-intensive in structure than previously, and thus maintained the total cost at a high level.

Table 3 gives an analysis of the short-term financing, and also explains how the overall surplus is interpreted in these adjusted calculations. Of the increase in private funds, 1 330 million marks were voluntary deposits by the home market industry on a special investment stabilization account. Changes in short-term debts and cash holdings all contributed towards the surplus.

In relations with the Bank of Finland, an important change was the redemption of the

Treasury Bond Loan by 3 125 million marks. To the net reduction of debt as given in Table 3, 4 471 million marks, there must be added the gross redemption of the loan for stand-by stocks by 5 300 million (included in „Redemption of internal loans”). Drawings deducted, the liability on this loan was reduced by 3 205 million marks. Even if the reduction in holdings on the Export Levy Account be included, the position of the Treasury vis-à-vis the Bank was considerably improved.

The State debt at the end of 1959 and of 1960 is given in Table 4. The gross redemption of the foreign debt amounted to 3 513

million marks. When the new USSR loan mentioned above is taken into account, the net reduction in the external debt was 2 138 million marks. In the internal debt, only the amount of ordinary long-term loans was increased. The outstanding balance of indemnity bonds and the like had steadily decreased through the fifties. The marked increase in the cash balance over 1959 represents the year's financial surplus, except that the calculations of the cash holdings do not include private funds (first item of Table 3). The net internal debt was consequently reduced by 14 per cent, and the total debt by 9 per cent.

ITEMS

World Bank Loan to Finland. On August 9, 1961, the World Bank made a loan equivalent to \$25 million to finance further expansion and modernization of Finland's pulp and paper industry. The loan, which carries the guarantee of the Republic of Finland, was granted to the Mortgage Bank of Finland Oy, a subsidiary of the Bank of Finland, which was established in 1956 as a channel through which long-term loans could be made to Finnish companies.

The Mortgage Bank will re-lend the funds to seven private pulp and paper companies, which are increasing their production of sulphate pulp, newsprint, high-grade printing papers and kraft paper. The projects will be completed by 1964. They will result

in increases of 375 000 tons in the annual productive capacity of sulphate pulp, 170 000 tons of newsprint and high-grade printing papers, and 80 000 tons of kraft paper. It is expected that Finland's net foreign exchange earnings will increase by about \$56 million as a result of this expansion of output.

The total cost of projects is estimated at the equivalent of approximately \$113 million.

The loan is for a term of 15 years, and bears interest at 5 $\frac{3}{4}$ per cent. This is the eighth loan made by the World Bank to Finland. Altogether, Finland has received \$127.3 million in World Bank loans since 1949.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN	A. SIMONEN
AHTI KARJALAINEN <i>(Absent as a member of Government)</i>	REINO ROSSI

SECRETARIES

U. A. VATANEN, <i>Credits</i>	PERTTI TAMMIVUORI, <i>Administration</i>
EERO ASP, <i>Foreign affairs</i>	JOUKO J. VOUTILAINEN, <i>Foreign affairs; Information</i>
K. IGNATIUS, <i>Administration</i>	

HEADS OF DEPARTMENT

G. ENGBERG, <i>Personnel</i>	C. G. SUNDMAN, <i>Foreign exchange (trade)</i>
P. BLOMQUIST, <i>Accounts</i>	P.-E. ÖSTERLUND, <i>Foreign exchange (services)</i>
A. KAJANTIE, <i>Documentary credits and control</i>	HELGE LINDSTRÖM, <i>Credits</i>
ARTHUR ASPELUND, <i>Cash</i>	EINO JUSSILA, <i>Office</i>
K. EIROLA, <i>Internal accounts</i>	A. NENONEN, <i>Foreign correspondence</i>

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE, <i>Chief</i>	J. J. PAUNIO, <i>Research</i>
----------------------------------	----------------------------------