



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 35 No. 6

JUNE

1961

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

The present economic expansion, which set in about mid-1958, has now been in progress for three years. By the end of the first quarter of the current year, the seasonally adjusted volume of the domestic product had risen 23 per cent above the low level of 1958. The seasonally adjusted index of industrial production was 29 per cent above the trough level, and 16 per cent above the previous peak, attained during the first quarter of 1957.

At the beginning of 1961, the prevailing stage of development was characterised by the increasing rate of growth in all important spheres of activity. Such uniformity has by no means existed at all times during the present period of expansion, and there is no inherent promise that the rate of growth will continue equally high until the end of the year. If the whole period is reviewed, it will be found that it was at its height in early 1960. Only in exports was the growth rate steady throughout that year.

Owing to the high level of production, employment was satisfactory during last winter, and in view of the economic structure of the country, unemployment was low. During the first quarter of this year, total

employment was more than 2 per cent in excess of the corresponding figure for 1960, while in industry the advance amounted to 5 per cent. Taken as an average for the four-month period November 1960 to February 1961, unemployment represented 1.5 per cent of the total labour force, against 2.3 per cent one year before. This was due not only to the high level of industrial production, but also to more intensive lumbering and livelier building activity, which in turn was made possible by winter being mild.

From the beginning of the current felling season to the end of March, 30.4 million cu. m had been cut, or 6 per cent more than during the corresponding ten-month period of the previous felling season. For pulpwood and pitprops, the increase was 11 per cent. Since the felling season 1959/60 there has been a change in structure, the proportion of these qualities increasing, while the share of coniferous saw logs has fallen off. At the end of April, there was still 6 per cent more labour engaged in forest work than one year previously.

*On page 18, Cutting possibilities and prospective utilization of wood in Finland*

Early in the year, the cyclical conditions were much the same as during 1960. As the limit of capacity has more or less been attained, economic development is now evening out. During the first quarter, total production was 6 per cent higher than one year previously; for industry the advance was slightly more. Exports still seem to be the factor governing the course of development. The first-quarter value of exports was 63 800 million marks, an increase by 16.8 per cent on the corresponding figure for 1960. The rise was principally due to the favourable conditions for paper exports.

Imports have increased more than exports, and consequently the trade balance has remained adverse. During January—March, the value of imports was 89 100 million marks, or 17.4 per cent more than one year earlier, the increase being most marked in investment goods. The deficit in the balance of trade amounted to 25 000 million marks by the end of March, exceeding last year's corresponding deficit by 4 000 million. However, forecasts concerning exports and imports suggest that the rate of growth of imports will fall off more than that of exports.

During 1960, total demand had grown more rapidly than production; this growth had been particularly marked in respect of investment goods, consumer demand remaining more even. This tendency still prevailed during the first quarter of 1961, with the continuation of the investment boom. An indication of this is that in February the

output of investment goods was 13 per cent in excess of the output in February 1960, whereas the corresponding advance in consumer goods output was 6 per cent. As for the course of development during the remaining months of the year, it seems probable that the rise in investment will slow down, but the rise in consumption will remain approximately unchanged. A steady course of consumption is suggested, for instance, by the increase in the level of earnings by some 7 per cent from January 1960 to January 1961. The growth rate of consumption is indicated by the retail trade turnover, for which the January—February value index was 11 per cent higher than one year earlier.

An outstanding feature of the present situation is a tendency of total demand to adapt itself to production. This, together with the fact that the pressure of costs has been comparatively slight of late, as is evidenced by wages per production unit, has kept prices stable. According to the index figures, both wholesale prices and consumer prices were unchanged from December to March, to which development the favourable course of import prices also contributed. The building cost index rose less than 2 per cent during these months, the rise being mainly occasioned by higher wages.

The money supply has largely followed the general course of economic activity, so that practically no change has occurred in the liquidity of the community in comparison with the latter half of 1960.

*May 23, 1961.*

## BANK OF FINLAND

Mill. mk

	1960		1961			
	April 30	Dec. 31	April 22	April 29	May 8	May 15
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	69 585	75 305	81 872	82 417	82 005	82 569
Gold .....	8 455	9 120	9 030	9 030	9 030	9 030
Foreign exchange .....	56 095	59 482	64 441	64 986	64 569	65 134
Foreign bills .....	256	870	785	785	790	789
Foreign bonds .....	4 779	5 833	7 616	7 616	7 616	7 616
<i>Supplementary note cover</i> .....	36 050	41 992	36 727	39 781	39 376	37 580
Inland bills discounted						
In foreign currency .....	11 275	10 496	10 180	10 180	10 180	10 180
In Finnish currency .....	6 078	7 232	8 531	8 660	8 628	8 648
Rediscounted bills .....	13 072	20 514	15 516	18 441	18 068	16 252
Treasury bond loan .....	5 625	3 750	2 500	2 500	2 500	2 500
<i>Other assets</i> .....	14 442	7 822	7 329	8 834	6 675	7 084
Finnish bonds .....	4 071	3 070	2 185	3 401	1 382	1 382
Cheque accounts .....	462	418	592	670	559	728
Finnish coin .....	842	719	850	838	811	808
Other claims .....	9 067	3 615	3 702	3 925	3 923	4 166
<b>Total</b>	<b>120 077</b>	<b>125 119</b>	<b>125 928</b>	<b>131 032</b>	<b>128 056</b>	<b>127 233</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	65 815	72 735	72 757	75 252	74 381	74 578
<i>Short-term liabilities</i> .....	17 905	16 676	16 952	19 603	17 292	16 346
Foreign exchange accounts .....	3 854	4 057	1 905	2 446	2 332	2 249
Mark accounts of holders abroad .....	4 256	4 241	4 323	4 251	4 135	4 116
Cheque account of the Treasury .....	9 251	6 187	9 440	11 092	9 004	8 242
Cheque accounts of banks .....	56	1 683	215	642	764	500
Other cheque accounts .....	199	167	204	235	186	183
Other short-term liabilities .....	289	341	865	937	871	1 056
<i>Long-term liabilities</i> .....	12 456	10 633	10 248	10 248	10 248	10 248
Foreign .....	10 722	10 030	9 717	9 717	9 717	9 717
Finnish .....	1 734	603	531	531	531	531
<i>Equalisation accounts</i> .....	8 443	9 085	9 405	9 320	9 474	9 382
<i>Bank's own funds</i> .....	15 458	15 990	16 566	16 609	16 661	16 679
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 .....	472	1 628	576	619	671	689
<b>Total</b>	<b>120 077</b>	<b>125 119</b>	<b>125 928</b>	<b>131 032</b>	<b>128 056</b>	<b>127 233</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	69 585	75 305	81 872	82 417	82 005	82 569
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk) .....	36 050	41 992	36 727	39 781	39 376	37 580
<b>Total</b>	<b>105 635</b>	<b>117 297</b>	<b>118 599</b>	<b>122 198</b>	<b>121 381</b>	<b>120 149</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	65 815	72 735	72 757	75 252	74 381	74 578
<i>Short-term liabilities</i> .....	17 905	16 676	16 952	19 603	17 292	16 346
<i>Undrawn on cheque credits</i> .....	735	978	805	727	837	668
<i>Unused right of note issue</i> .....	21 180	26 908	28 085	26 616	28 871	28 557
<b>Total</b>	<b>105 635</b>	<b>117 297</b>	<b>118 599</b>	<b>122 198</b>	<b>121 381</b>	<b>120 149</b>

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

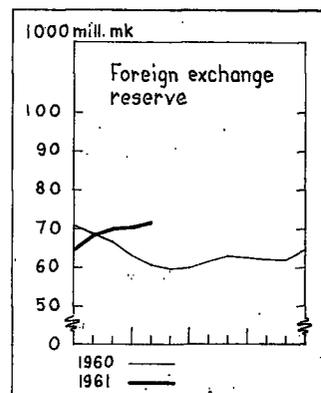
## BANK OF FINLAND

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	7 917	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 <sup>1)</sup>	—	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										
April	64 550	3 854	60 696	9 710	14 978	55 428	13 072	56	237	12 779
May	63 921	4 085	59 836	9 495	14 487	54 844	13 811	951	71	12 789
June	63 865	3 865	60 000	9 167	14 351	54 816	18 493	691	179	17 623
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

<sup>1)</sup> Including cash reserve accounts 6 677

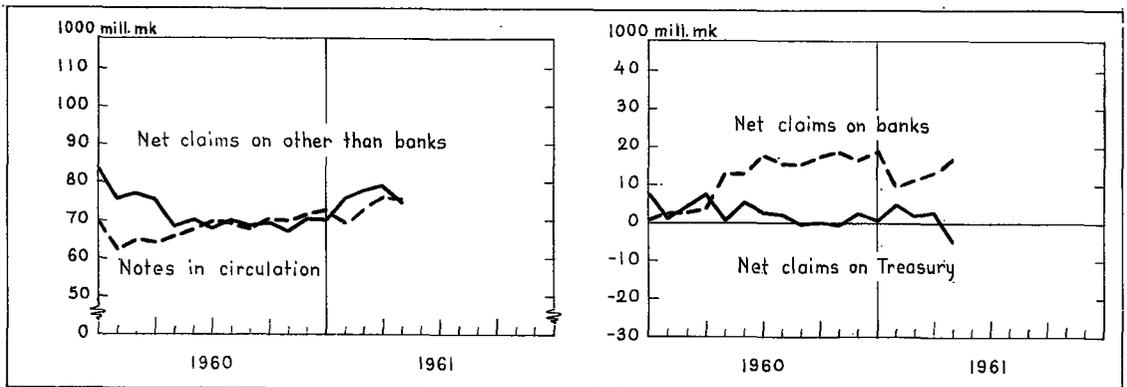
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1959	1960	1961		
	Dec. 31	Dec. 31	Feb. 28	March 30	April 29
Gold .....	8.4	9.1	9.0	9.0	9.0
Convertible .....	49.7	44.2	46.3	46.4	46.1
Non-transferable EMA ..	4.7	3.2	3.9	3.7	3.9
Eastern Block .....	4.4	1.7	3.7	4.2	5.5
Other .....	3.7	6.3	6.9	7.0	7.1
Total	70.9	64.5	69.8	70.3	71.6



**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										
April	7 244	4 134	9 251	1 734	393	6 078	10 376	251	16 203	65 815
May	7 244	4 265	4 808	1 565	5 136	6 832	10 245	446	16 631	67 376
June	7 244	4 597	8 129	1 344	2 368	7 000	10 051	497	16 554	69 698
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



## 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*										
April	49 694	60 447	11 985	160 943	160 117	92 599	44 681	23 219	481 583	554 015
May	53 991	65 801	13 195	163 190	161 794	93 929	44 750	23 278	486 965	565 961
June	54 253	65 426	13 784	163 976	161 612	93 361	44 773	23 205	486 956	566 166
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

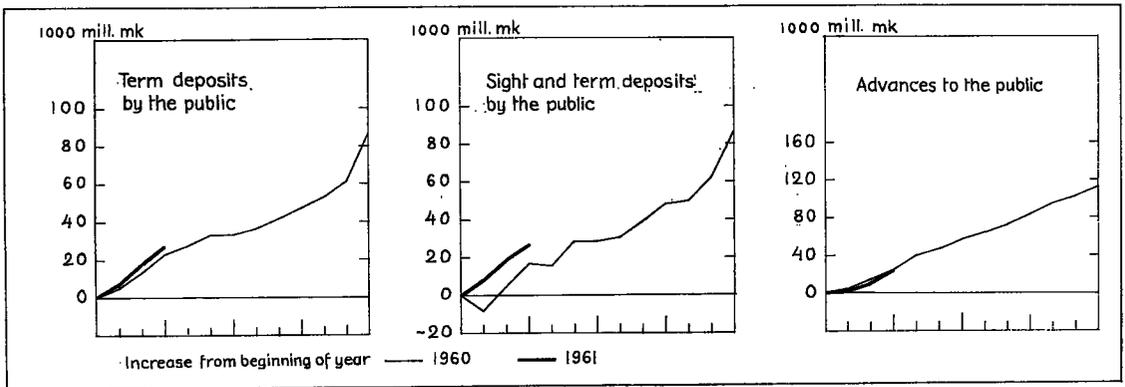
End of month	Index- tied depos- its	High- interest depos- its	Tax- conces- sion accounts
1960			
Aug.	16 979	31 705	6 709
Sept.	16 395	31 348	6 944
Oct.	16 054	32 825	7 248
Nov.	15 624	33 375	8 545
Dec.	15 128	35 557	14 366
1961			
Jan.	13 524	37 640	14 315
Feb.	11 903	39 526	14 305
March	10 388	41 037	14 290
April	9 380	42 230	14 287

Selling rates for foreign exchange			
April 28, 1961			
		mk	mk
New York ...	1 \$	321: 40	Zurich ..... 100 Fr 7 430: —
Montreal .....	1 \$	325: —	Paris ..... 100 NF 6 560: —
London .....	1 £	899: —	Rome ..... 100 Lit 51: 80
Stockholm ...	100 Kr	6 225: —	Vienna ... .. 100 Sch 1 234: —
Oslo .....	100 Kr	4 494: —	Lisbon ..... 100 Esc 1 122: —
Copenhagen ..	100 Kr	4 650: —	Reykjavik .... 100 Kr 845: —
Frankfurt o.M.	100DM	8 101: —	Madrid ..... 100 Pta 547: —
Amsterdam ...	100 G	8 947: —	Prague, clear... 100 Kč 4 458: —
Brussels .....	100 Fr	641: 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
	Commer- cial 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*									
April	230 904	139 152	34 484	102 531	37 049	513 265	30 855	544 120	134 231
May	232 510	141 062	35 356	104 208	38 826	522 430	29 532	551 962	140 806
June	239 831	142 505	36 316	104 888	39 657	531 162	32 035	563 197	143 023
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

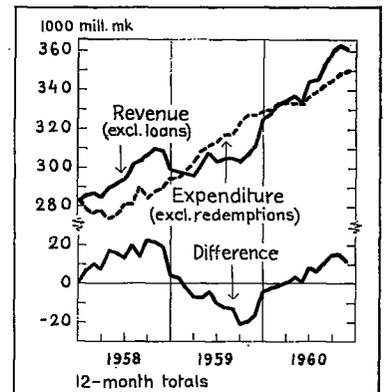


## STATE FINANCES

1000 mill. mk

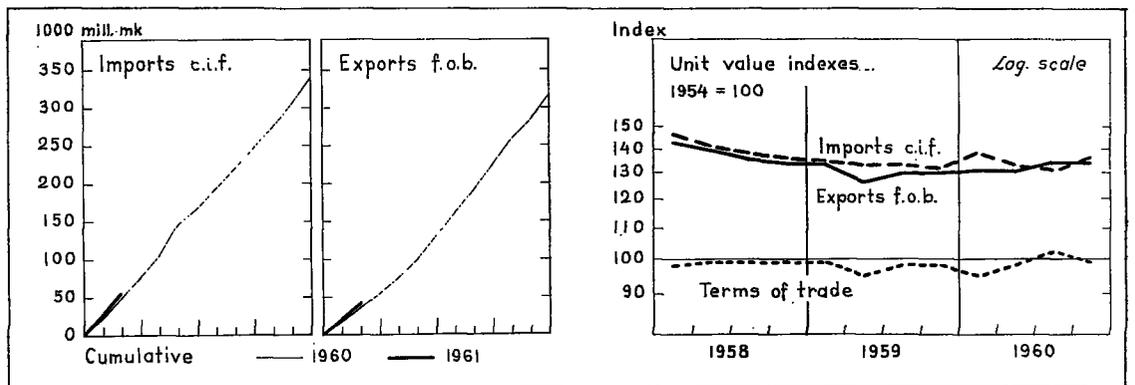
Revenue	Jan. — March		Expenditure	Jan. — March	
	1960	1961		1960	1961
Income and property tax (net) .....	17.2	18.2	Interest on State debt .....	1.8	1.9
Gross receipts .....	(39.4)	(55.9)	Child allowances .....	5.2	5.2
Refunds and communal income tax .....	(-22.2)	(-37.7)	The State's share in national pensions .....	2.2	4.0
Other direct taxes .....	0.4	0.2	Compensations to war-disabled .....	1.8	4.4
Purchase tax .....	18.0	20.2	Transfer of employers' payments for national pensions to the National Pensions Institution .....	1.2	2.2
Import duties .....	9.7	11.7	Subsidies .....	6.9	8.4
Revenue from Alcohol Monopoly .....	5.5	6.5	Net payments on price equalisation by extra-budgetary funds .....	0.5	0.4
Excise duty on tobacco .....	4.7	4.6	State aid to agriculture .....	0.8	0.8
Excise duty on liquid fuel .....	2.9	3.0	State aid to communal and private schools .....	7.8	9.2
Other excise duties .....	1.2	1.3	Net loss of State enterprises .....	—	0.2
Tax on automobiles and motor cycles .....	0.3	0.4	Maintenance of roads .....	1.6	2.0
Stamp duties .....	4.2	4.6	Other current expenditure .....	26.8	27.1
Employers' payments for child allowances and national pensions .....	6.5	7.3	<b>Current expenditure</b> .....	56.6	65.8
Net receipts of price equalisation by extra-budgetary funds .....	—	—	Real investments .....	18.8	18.9
Other revenue similar to taxes .....	0.7	1.0	Other capital expenditure .....	5.7	9.3
<b>Total taxes</b> .....	71.3	79.0	<b>Capital expenditure</b> .....	24.5	28.2
Interest and dividends .....	1.2	1.3	<b>Total expenditure</b> .....	81.1	94.0
Net profit of State enterprises .....	0.2	—	Redemption of external loans .....	1.0	1.1
Other current revenue .....	2.4	3.1	Redemption of internal loans .....	7.9	5.3
<b>Current revenue</b> .....	75.1	83.4	Redemption of indemnity bonds etc. .....	1.0	0.3
Capital revenue proper .....	2.2	2.1	Index premiums .....	0.5	0.4
Decrease in inventories .....	3.1	2.2	<b>Redemptions</b> .....	10.4	7.1
<b>Capital revenue</b> .....	5.3	4.3			
<b>Total revenue</b> .....	80.4	87.7			
External loans .....	—	0.6			
Internal loans .....	8.3	7.6			
<b>Loans</b> .....	8.3	8.2			
Short-term credit (increase +) ..	-2.3	-1.0			
<b>Deficit (+) or surplus (-)</b> .....	+5.1	+6.2			
<b>Total</b> .....	91.5	101.1			

Debt	1958	1959	1960	1961		
	Dec.	Dec.	Dec.*	Feb.*	March*	April*
<b>External debt</b> .....	79.0	76.6	74.7	75.1	74.4	74.6
Ordinary loans .....	61.5	72.2	74.5	77.2	76.7	78.2
Indemnity bonds etc. ..	7.3	6.5	4.4	4.3	4.1	4.0
Short-term credit ....	1.2	4.1	3.0	2.6	2.0	2.0
Cash debt (net) .....	-1.7	-5.8	..	-6.4	-10.0	..
<b>Internal debt</b> .....	68.3	77.0	..	77.7	72.8	..
<b>Total debt</b> .....	147.3	153.6	..	152.8	147.2	..
Total debt, mill. \$	459.8	479.7	..	475.3	458.3	..



FOREIGN TRADE

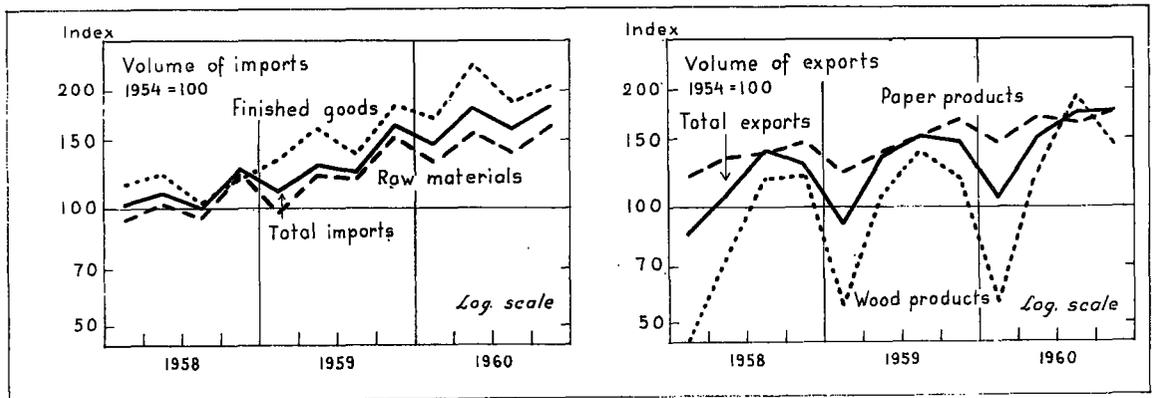
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. .	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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.-Feb.										
1959	38 776	31 175	- 7 601							
1960*	49 391	37 036	-12 355							
1961*	55 417	41 499	-13 918							
1960*										
April	29 031	21 937	- 7 094	131	122	129	132	136	133	98
May	40 796	24 458	-16 338							
June	20 863	30 889	+10 026							
July	26 794	30 427	+ 3 633	134	124	132	133	153	131	102
Aug.	25 539	29 630	+ 4 091							
Sept.	26 902	31 082	+ 4 180							
Oct.	29 182	35 589	+ 6 407	134	127	136	133	140	136	99
Nov.	30 976	26 539	- 4 437							
Dec.	33 769	31 384	- 2 385							
1961*										
Jan.	27 956	20 625	- 7 331							
Feb.	27 461	20 874	- 6 587							



## FOREIGN TRADE BY MAIN GROUPS

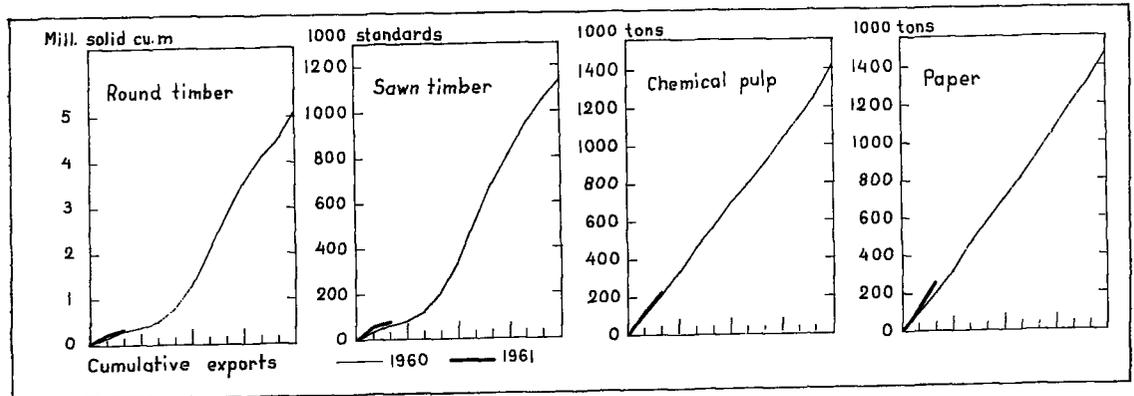
Mill. mk

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. - Feb.										
1959	18 332	5 299	9 734	5 411	2 390	1 273	5 868	15 220	5 475	949
1960*	25 250	5 040	12 426	6 675	2 981	1 277	6 079	18 500	6 717	1 482
1961*	25 841	4 919	14 983	9 674	2 874	1 698	8 309	22 333	4 504	1 781
1960*										
April	13 648	1 993	8 719	4 671	1 225	607	3 451	12 950	2 756	948
May	18 965	2 939	13 875	5 017	1 447	1 383	7 209	10 161	3 064	1 194
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	8 016	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



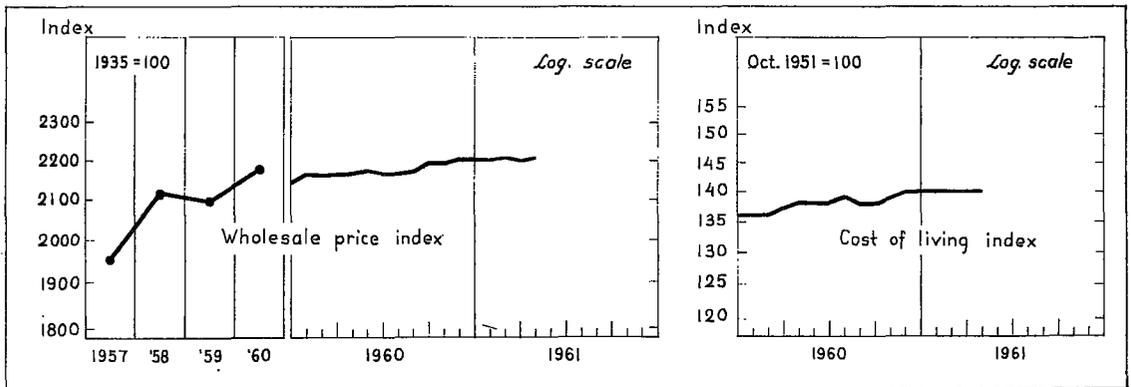
EXPORTS OF SOME IMPORTANT ARTICLES

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.-Feb.										
1959	282	72	43	22	101	68	18	17	82	168
1960*	312	61	52	24	134	75	22	19	99	200
1961*	340	81	63	24	136	74	24	23	116	257
1960*										
April	134	24	36	16	83	43	16	12	75	155
May	301	99	29	20	65	37	12	12	55	112
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



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. - Feb.			Whole year		Jan. - Feb.		
	1959	1960*	1960*	1961*		1959	1960*	1960*	1961*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	16.3	16.5	16.8	16.3	8 994	26.6	27.9	26.6	28.5	11 827
United Kingdom .....	15.7	15.9	16.0	15.8	8 732	23.3	24.5	22.9	24.3	10 102
<b>Other OEEC countries</b> ..	49.1	53.3	50.1	54.4	30 150	36.5	40.0	40.6	42.6	17 661
Austria .....	0.6	0.8	0.6	0.7	388	0.2	0.1	0.3	0.3	109
Belgium-Luxembourg .....	2.5	3.1	2.7	2.3	1 263	3.7	3.7	2.8	3.2	1 331
Denmark .....	2.3	2.6	2.5	3.7	2 074	3.3	3.5	3.3	3.3	1 357
France .....	5.1	5.7	6.5	4.2	2 340	4.8	4.7	3.9	4.9	2 021
Western Germany .....	18.0	19.3	17.9	20.5	11 388	10.9	11.6	12.7	12.4	5 157
Italy .....	1.8	1.7	1.6	2.1	1 140	1.8	2.1	2.0	3.3	1 372
Netherlands .....	4.6	4.6	4.0	4.1	2 271	5.3	6.1	5.9	5.6	2 324
Norway .....	1.6	1.5	1.1	2.3	1 260	0.7	1.3	1.1	1.4	596
Portugal .....	0.2	0.2	0.2	0.2	108	0.1	0.1	0.1	0.1	23
Spain .....	0.5	0.7	0.6	0.6	317	0.2	0.2	0.1	0.5	211
Sweden .....	9.1	10.4	9.4	10.7	5 937	3.2	4.8	6.6	5.3	2 215
Switzerland .....	2.2	2.2	2.3	2.5	1 365	0.4	0.6	0.3	0.7	278
<b>Eastern Bloc</b> .....	24.8	20.6	22.1	19.9	11 008	23.5	19.5	17.4	15.3	6 364
China .....	0.5	0.2	0.4	0.3	152	2.0	0.7	0.3	0.7	311
Czechoslovakia .....	1.4	1.1	1.1	0.9	491	0.7	0.9	0.3	0.6	274
Eastern Germany .....	1.6	1.4	1.0	1.3	703	1.3	1.3	1.1	1.4	568
Poland .....	2.8	2.5	2.0	1.9	1 048	2.1	1.7	1.9	2.4	991
Soviet Union .....	17.8	14.7	16.4	14.3	7 920	16.8	14.2	13.1	9.5	3 942
<b>U.S. and Canada</b> .....	5.4	6.0	7.0	6.7	3 733	5.9	5.1	7.0	5.4	2 243
United States .....	5.1	5.7	6.9	6.6	3 656	5.8	5.0	7.0	5.3	2 212
<b>Latin America</b> .....	3.5	2.7	2.8	1.7	968	4.9	5.1	6.5	5.1	2 097
Argentina .....	0.5	0.5	0.3	0.1	63	0.9	1.1	1.1	0.9	362
Brazil .....	2.5	1.8	2.0	1.3	722	2.8	2.9	3.5	3.2	1 323
<b>Others</b> .....	0.9	0.9	1.2	1.0	564	2.6	2.4	1.9	3.1	1 307
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	55 417	100.0	100.0	100.0	100.0	41 499
<b>of which</b> .....										
<b>EFTA countries</b> .....	31.7	33.5	32.2	35.8	19 864	31.3	34.9	34.5	35.4	14 681
<b>EEC countries</b> .....	32.0	34.4	32.7	33.2	18 403	26.5	28.1	27.4	29.4	12 204



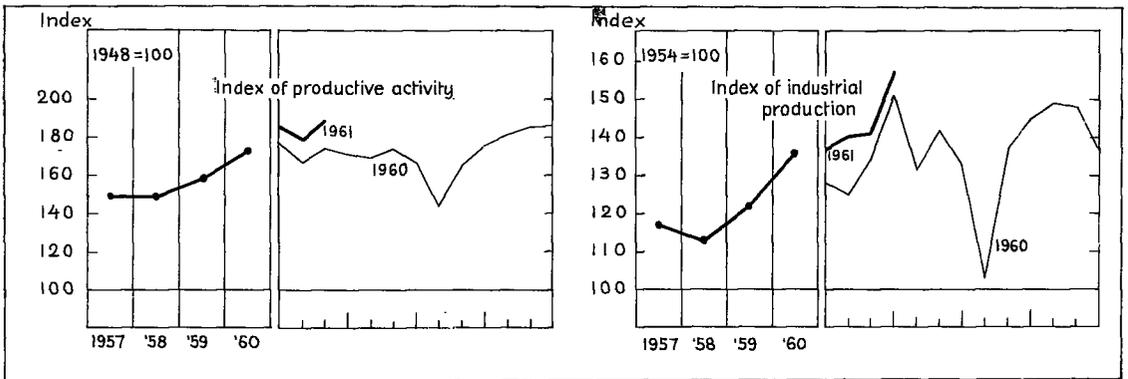
## PRICE INDEXES

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									
April	2 168	2 234	2 373	3 205	1 863	2 026	120	113	129
May	2 171	2 238	2 356	3 230	1 865	2 028	121	113	132
June	2 168	2 239	2 338	3 242	1 868	2 017	122	114	134
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

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												
April	138	146	295	97	86	136	108	107	109	95	106	111
May	138	146	295	97	86	136	108	108	109	94	106	111
June	138	148	295	97	86	136	108	109	109	94	106	111
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

PRODUCTION - INTERNAL TRADE

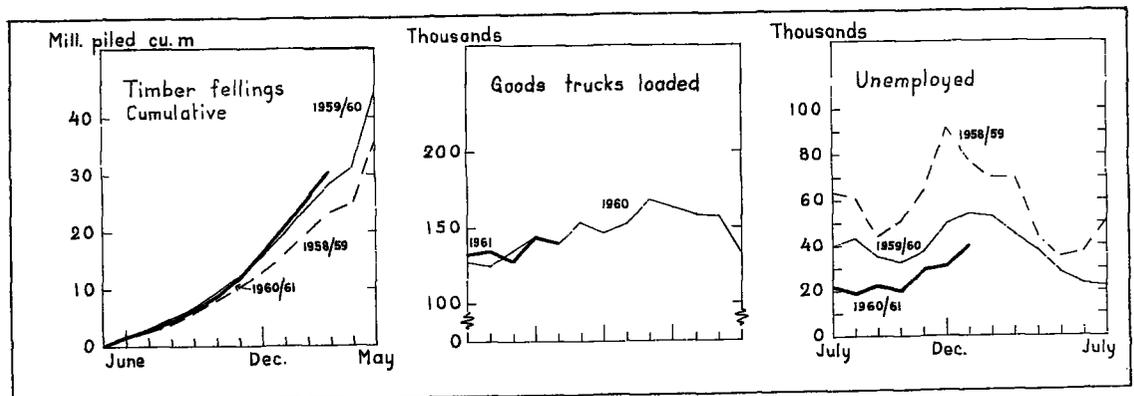
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies Million litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
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	119	116	118	82	134	115	117	40 919	2 085	114
1958	113	111	114	112	87	134	106	110	37 981	2 109	109
1959*	122	116	125	121	98	143	118	120	38 100	2 317	121
1960*	136	133	140	131	122	166	134	128	44 593	2 493	136
1959*											
Nov.	135	129	143	125	95	169	131	132	2 809	165	127
Dec.	128	129	132	121	106	147	131	120	3 636	176	136
1960*											
Jan.	125	120	129	120	101	157	122	114	4 094	179	101
Feb.	134	133	137	130	125	162	133	125	4 680	175	119
March	151	152	153	146	145	178	152	141	4 084	196	134
April	132	125	133	134	132	148	127	129	2 597	223	139
May	142	136	145	141	139	171	139	135	13 081	251	144
June	132	127	133	133	139	144	131	127	1 646	261	132
July	103	84	116	90	115	157	86	89	997	239	124
Aug.	137	126	138	138	110	174	126	135	1 684	235	150
Sept.	145	144	149	139	120	179	145	137	1 870	209	147
Oct.	149	149	156	138	115	187	150	140	2 540	179	147
Nov.	148	154	154	136	115	180	152	139	3 116	166	144
Dec.	137	143	142	125	107	159	144	126	4 204	180	151
1961*											
Jan.	142	143	146	134	118	183	144	127	4 847	187	113
Feb.	142	144	145	132	121	177	144	132	5 144	173	129
March	157	158	160	151	141	198	158	145	4 349	203	149



**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
1959										
July-Sept.	6.23	2.50	1.25	1.12	0.92	22.93	111	106	105	111
Oct.-Dec.	7.33	3.15	1.43	1.82	0.58	20.46	111	104	105	112
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

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo		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	325	1 781	1 848	2.5	1.4
March	144	143	266	422	288	402	1 777		2.1	
April	138	139	350		366		1 778		1.8	
May	153		554		564		1 834		1.3	
June	147		675		852		1 803		1.1	
July	153		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

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 — 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. *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 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 (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 (1958): Gross value of industrial production 966 000 mill. marks, number of workers 295 000, administrative employees 59 000, motive power (1958) 2.8 mill. HP. Index of industrial production 113 for 1958 (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 (March 31, 1961): Steamers 208 (302 393 gross reg. tons), motor vessels 223 (488 008 gross reg. tons), sailing vessels with auxiliary engines 81 (8 803 gross reg. tons). Total 512 (799 204 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 1/8 % (12 months' deposits 5 %, index-tied deposits 3 1/8—4 %) and sight deposits in savings banks and cooperative credit societies 1/8 %; highest lending rate 8 %.

# CUTTING POSSIBILITIES AND PROSPECTIVE UTILIZATION OF WOOD IN FINLAND

BY

KULLERVO KUUSELA, D. For.

According to the results of the Third National Forest Inventory (1951—53), since the Second Inventory (1936—38) the mean growing stock volume of the forests in Finland had increased by 8 per cent and the mean growth by 14 per cent. Many tree stands needed silvicultural cuttings which were estimated to produce a large quantity of small size timber suitable for the pulp and paper industry. Consequently, measures designed to provide new industrial capacity commenced in about 1958. Investments comprise more than 120 000 million marks. It is estimated that the future capacity will consume 40—50 per cent more pulpwood than was the case before 1958. Apart from this, the provincial industrialization boards are planning the construction of four or five more pulp mills in different parts of the country. In view of the vastly increasing demand for pulpwood, future cutting possibilities now constitute one of the main topics of discussion in Finnish forestry circles. Many cutting budgets have been prepared, and the importance of the allowable cut has also been realised in domestic politics.

The timber situation before 1958 is presented in Table 1. The total annual drain from the growing stock from 1955—57 is estimated to have been 45.5 mill. cu. m, solid measure, excluding bark. The saw timber (that used in saw and plywood mills, for constructional purposes, and exported) comprised 13.7 mill. cu. m, pulpwood (mechanical or chemical)

and similar products (mining timber and wood for hardboard and chipboard mills) 14.1 million, fuel wood 13.4 million and waste wood 4.3 mill. cu.m.

The major portion of the waste wood consisted of logging residues, 3.2 mill. cu. m, including actual logging waste, trees felled in regeneration areas, and in the cleaning of seedling and sapling stands. This amount is especially large in north Finland, where low-quality, partly decayed trees are numerous and the demand for low-quality and small size timber suitable for the sulphate process is negligible. Mortality accounts for 1 mill. cu. m, and the floating loss the rest of the waste wood.

The annual use of wood in 1955—57 was broken down as follows:

	Mill. cu. m
Exports of round timber .....	4.5
Raw material of domestic industry ....	20.9
Fuelwood for industry .....	1.1
Traffic .....	1.2
Home use of farming population .....	5.8
Home use of other rural population ....	4.5
Use in towns and urban districts .....	2.3
Other .....	0.9
	<hr/>
Total	41.2

The figures for exports of round timber (mainly pulpwood and mining timber), and wood used for domestic purposes other than industrial were appreciably large.

The increase in the demand for pulpwood caused by the new capacity under construction is estimated at 5.4 mill. cu. m in 1963. Added to the drain before 1958, this gives

1. ANNUAL DRAIN IN 1955—57, ESTIMATED DRAIN IN 1963 AND ALLOWABLE CUT IN 1963—72

Estimates in mill.cu.m solid measure excl. bark

Annual drain in 1955—57 45.5 mill.cu.m		Estimated drain in 1963 on completion of new capacity 51 mill.cu.m	Danger of over-cut	
Exports of round timber 4. 5.			Allowable cut in 1963—72 estimated on the basis of progressive and sustained yield 47 mill.cu.m	
Saw timber 13. 7.	Saw timber used by domestic industry 10.4			
Pulpwood and similar wood 14. 1	Pulpwood used by domestic industry 10.5			
Fuel wood 13. 4	Other domestic use 15.8			
Waste 4.3				

51 mill. cu. m as the possible cut in 1963.

Estimated for the whole country the allowable cut is 47 mill. cu. m, which exceeds the estimate of the present timber growth by 1 mill. cu. m. Maintenance of the allowable cut on a sustained basis requires a considerable intensification of silviculture. But the danger of over-cutting cannot be averted by silvicultural works alone, but with gradual improvement in the methods employed in practical forestry, particularly those of 250 000 farm forest owners. The structure of utilization must also be changed. The share of other uses will be decreased, and the proportion of industrial wood increased. The growing demand for pulpwood provides a challenge; forestry must be developed towards a more economical and integrated use of wood. The prospective timber budget is outlined in Table 2.

As regards timber input, there is the allowable cut of 47 mill. cu. m, of which pine comprises 17 mill. cu. m, spruce 16 mill. cu. m and deciduous species 14 mill. cu. m. Furthermore, some quantities of round timber may be imported. During the last years saw timber has been imported from the Soviet Union, and there is a plan to build a large saw mill in east Finland using timber from abroad. It is proposed that the sawing-residues of this mill will be used in a new pulp mill. The north Finnish saw mills have also bought timber from Sweden. Despite this, imports play a negligible role in the prospective timber budget.

The large proportion of deciduous species and waste wood is a conspicuous feature in the allowable cut. The growth of the deciduous species is 24 per cent of the total growth (the growth of birch is 20.4 per cent,

the remainder coming from aspen and alder) but their proportion amounts to 29 per cent of the planned cut. This is a result of the most recent tendency in silviculture to replace the low-quality deciduous stands by new ones of coniferous species. An additional aim in silviculture is that of regenerating the over-mature and under-productive tree stands, especially in north Finland. A change from thinnings and selective cuttings to purposeful regeneration cuttings tends to increase the drain on small size and low-quality trees, and the amount of waste wood cannot be reduced at once.

The proportion of saw timber in the allowable cut is 14.1 mill. cu. m, which is little greater than in the previous cut. From the viewpoint of sawmilling, the age structure of the growing stock is favourable, as the bulk of the present tree stands are at an age of 60—90 years. The mills, at least in south Finland, can select their raw material and if it appears desirable the low-quality logs can be used for pulp. The future of the plywood mills is less promising. In the main, they have consumed birch logs, and the selective cutting of the best birch trees has resulted in marked deterioration of the birch stands.

The amount of normal size pine and spruce pulpwood (down to the limiting top diameter of 8 cm) is 12.0 mill. cu. m, which is much less than the prospective demand. The shortage can be compensated by a reduction in exports and the limiting top diameter of the pulpwood, and by an increase in the use of deciduous species. The export of round timber has played an important role in foreign trade and in the price policy of the forest owners. It can be reduced but not abandoned. In the budget, it is estimated at 3.0 mill. cu. m in 1963. During the last two years, it has been 4—5 mill. cu. m.

The small size pulpwood (diameter 5—8 cm) is given at 2 mill. cu. m in the budget. The Committee of Forest Planning has esti-

mated its use to be 1.5 mill. cu. m in 1963. The use of small size pulpwood can increase gradually. An adjustment period is needed on the part of the industry, and a part of the small size timber must be drawn from the present proportion of fuel wood.

The possibilities of increasing the use of birch and aspen for pulp are also problematic. In 1955—57, their use amounted to 0.3 mill. cu.m and is at present about 1.0 mill. cu.m. The Committee of Forest Planning estimates it to be 1.8 mill. cu.m in 1963—72. The pressure of future demand for pulpwood may considerably increase the actual use above this estimate. In the budget (Table 2) the amount of deciduous pulpwood is 3.5 mill. cu.m.

The total of pulpwood and similar wood comprises 17.5 mill. cu.m in the prospective budget. If 2.5 mill. cu. m of this is exported, and if the increase in use of small size timber and deciduous species is less than expected, a danger exists of over-cutting pine and spruce. The use of low-quality saw logs and saw mill residues, along with imports of round timber for pulp, may decrease this danger but cannot eliminate it totally.

The use of fuel wood is expected to decrease from the past 13.4 mill. cu.m to 11.2 mill. cu.m. Because a great deal of timber of small size, outside the industrial demand, has been used as fuel, a form of consumption encouraged by the Government's policy, and as the wood can economically be replaced by imported fuel, the reduction seems to be feasible.

Maintenance of the drain of 47 mill. cu.m on a sustained basis requires a radical change in current silviculture. The majority of the tree stands in south Finland have been established during the last hundred years on the abandoned fields of shifting cultivation and burnt-over areas. For the last fifty years, these stands have been in the stage of their greatest and most valuable growth. There

2. PROSPECTIVE TIMBER BUDGET FOR 1963

Estimates in mill.cu.m solid measure excl. bark

Input		Output		
Imports of round timber		Mainly saw timber		
	Pine 17	Pine 8.0	Saw timber 14.1	
		Spruce 4.8		
		Deciduous 1.3		
Allowable cut 47 mill.cu.m	Spruce 16	Pine and spruce 14.0 (normal size 12.0 small size 2.0)	Pulpwood and similar wood 17.5	Usable wood in primary timber products 42.8 mill.cu.m
		Deciduous 3.5		
	Deciduous species 14	Fuel wood 11.2		
		Logging residues, floating loss and mortality 4.2		Waste

A total of 2.5 mill.cu.m of saw mill residues and low-quality logs from the saw timber output is estimated to be used in pulp mills.

Exports of round timber 3.0 mill.cu.m, of which pulpwood 2.5 mill.cu.m.

has been no urgent need to regenerate them, and the natural regeneration caused by the invasion of spruce into the pine and birch stands on burnt-over sites has kept the forests in a satisfactory growing condition. As a rule, the owners harvest their forests by means of thinnings and selective cutting. Much work has to be done before regeneration cuttings and artificial regeneration are considered necessary in Finnish forestry.

According to the silvicultural programme

prepared for the ten years 1963—72 by the Committee of Forest Planning, the new seedling stands established annually will cover 210 000 hectares. The total area of seedling stands in 1953 was less than this annual target. The area of artificial regeneration will be 122 000 hectares (the actual achievement in 1959 comprised 62 700 hectares), the area of silvicultural works in young stands 196 000 hectares (142 000 in 1959) and the area of swamp drainage

121 000 hectares (105 000 in 1959). The present heavy thinnings in young and middle-aged stands will be abandoned, and the bulk of future removal made by means of regeneration cuttings.

Alongside the silvicultural works, timber extraction conditions will be markedly improved. A permanent demand for all kinds of timber products is a prerequisite for intensive silviculture. This calls for new forest roads, improved float-ways, and increased local use for wood. Local use of low-quality and small size timber is an important aim in the projects for building new pulp mills in the eastern and northern parts of the country. From the viewpoint of more balanced demand all over the country, improved transportation conditions are needed. At present, the forests in south Finland and in other areas suitable for marketing are subjected to heavy cuttings, and at the same time a great deal of timber decays and is lost in remote areas.

The growing pulp and paper industry will create much progress in Finnish forestry. Large areas which have to date been outside the demand for low-quality and small size timber will be affected by improved market

conditions and intensive silviculture. The growing of trees will become increasingly remunerative. But the prospects are not only favourable. The drain exceeds the growth, and nothing points to an appreciable underestimation of the latter, as has occurred in the past. A continuous supply of industrial wood can be guaranteed only by intensified silviculture.

The natural growing conditions and the opportunities afforded by silvicultural technique are not the limiting factor. Very intensive silviculture, with artificial regeneration, could maintain the allowable cut of 50 mill. cu.m, or even more, on a sustained basis. The crucial problem involves the attitudes and reactions of the 250 000 owners of the farm forests and other small lots which produce 75 per cent of the total cut. The future development depends on whether they, and the governmental administrators, realize the importance of silviculture; whether they realize that the modern forest industry is built on large capital expenditure, and consequently demands above all continuity of policy and a guaranteed production of its raw material.

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## ITEMS

**EFTA-Finland Association.** On May 16, 1961, the Diet passed three Government propositions, presented on April 5, concerning the agreement between Finland and EFTA. These related to the creation of an association between Finland and the member states of EFTA, and certain provisions of the EFTA Convention; certain provisions of the agreement on Customs matters between Finland and the USSR; and an Act concerning the safeguarding of Finland's foreign trade.

The first Act confirms the validity of the agreement of March 27, 1961, between Finland and the EFTA countries; of the provisions, applicable to Finland, of the Convention of January 4, 1960, establishing the European Free Trade Association; and of the agreement of March 23, 1961, between Finland and Denmark concerning trade in agricultural products.

By the terms of the EFTA-Finland agreement, a free trade area is created in which Finland has, in general, the same rights and

responsibilities in relation to the EFTA countries as these have in relation to each other. Further, Finland is granted certain concessions regarding, for instance, the reduction of rates of duty on some products of the home market industry; the bilateral trade with some Eastern Bloc countries; and the protection of agriculture. The agreement has been submitted for ratification to the parliaments concerned and is expected to come into force on July 1, 1961. This agreement, the EFTA Convention and the agreement between Finland and Denmark concerning trade in agricultural products together constitute a whole.

By passing the second Act, the Diet approved the agreement concerning Customs matters of November 24, 1960, between Finland and the USSR. This agreement secured the USSR certain strictly specified Customs benefits. Finland undertakes to reduce her Customs duties on imports from the USSR in the same way and at the same speed as on imports from the EFTA countries. By 1970, the duties on the commodities concerned will be completely abolished. The agreement ensures the prerequisites for maintaining and increasing trade with the USSR; it comes into force on the

day of the exchange of ratification documents.

The third Act, which relates to the safeguarding of foreign trade, will be valid from July 1, 1961 to the end of 1969. It provides for restrictions of imports, exports and payments necessary for the fulfilment of obligations connected with the agreements between Finland and the USSR, the EFTA-Finland agreement, and the trade agreements between Finland and one or more other countries, and for purposes designed to safeguard foreign trade. It is laid down that the products listed in Annex II of the EFTA-Finland agreement may be imported only with authority. These products, mainly fuels and artificial fertilisers, are of fundamental importance in trade with the USSR, and their importation from other countries is restricted for reasons of balance of payments. Further, import and export restrictions may be introduced if the fulfilment of obligations incurred through trade agreements with one or more other countries so requires, or, insofar as it is necessary within the framework of existing agreements, in order to maintain employment, or for balance of payments considerations.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

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*Governor*

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN  
*(Absent as a member of  
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REINO ROSSI

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*Administration*

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*Foreign affairs*

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*Foreign affairs; Information*

K. IGNATIUS,  
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*Foreign exchange  
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