



BANK OF FINLAND

MONTHLY BULLETIN

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1960

RECENT DEVELOPMENTS

FOREIGN TRADE

World production and trade have been further expanding during the early months of 1960. The extent of the world demand for Finland's principal articles of export has created good prerequisites for continued growth of Finnish exports, and rising economic activity at home has contributed to a noticeable increase in imports.

As from the beginning of 1960, all branches of the Finnish export industry — excluding newsprint paper — have been working to capacity. Recently, Finnish exports have met with marked success; during the first four months of the year, their value amounted to 76 500 million marks, or 13 per cent more than in the corresponding period of the previous year. Due to a slight fall in export prices, the increase in volume was even somewhat larger.

The striking feature has been the exceptionally lively demand for sawn goods in most overseas markets. In the first week of June, orders on hand for sawn timber exceeded one million stds, which means that the previous post-war peak of 950 000 stds achieved last year has already been surpassed. However, as a result of the difficult ice conditions, the sales contracted have not yet been wholly reflected in export figures. The prices of sawn goods have now reached the 1957 level, and despite a large number of the contracts being entered into at lower

prices, the export earning prospects of Finnish sawmills appear satisfactory.

Among the principal groups of products, those of the paper industry accounted for the major part of the rise in exports. On comparison of the figures for the first four months of 1960 with those of a year earlier, it can be seen that the value of paper exports increased by 21 per cent. The prices of paper and pulp have been stabilized, and the production restrictions in force last year among Nordic exporters have been abolished. The rise in exports of products of the metal and engineering industry was less marked. However, Finland has gained some new ground in Western European markets for her exports of these products.

The value of imports grew considerably faster than that of exports. In comparison with the corresponding period of 1959, total imports rose 33 per cent in the first four months, and totalled 104 900 million marks. This substantial increase was largely due to the sharp rise in imports of both investment goods and raw materials and accessories — 40 and 36 per cent respectively. In addition, imports of consumption goods rose 30 per cent, and the increase was particularly heavy in imports of durable consumer goods.

As import prices have been rising, the

*On page 18, Finland's Balance of
Payments in 1959*

volume of imports did not increase to the same extent as the value. The quarterly volume index numbers are given in the following table.

VOLUME OF EXPORTS AND IMPORTS,
JAN.—MARCH 1959—60 (1954=100)

	1959	1960	Change per cent
<i>Exports</i>	<i>134</i>	<i>157</i>	<i>+17</i>
Agricultural products	210	210	—
Round and hewn timber ..	159	147	— 8
Wood products	99	101	+ 2
Paper products	149	177	+19
Metal and engin. products	129	153	+19
<i>Imports</i>	<i>135</i>	<i>176</i>	<i>+30</i>
Raw materials and access.	122	165	+35
Fuels and lubricants	147	157	+ 7
Final investment goods ..	163	220	+35
Final consumption goods	140	164	+17

For the first four months, the seasonal deficit in Finland's trade balance was of the order of 28 400 million marks, the corresponding deficit in 1959 being 11 000 million. Mainly due to the short-term capital movements, the deterioration in the trade balance has only to some extent been reflected in the foreign exchange reserves. Although the most favourable months for exports are still ahead, there is reason to expect that on the whole the current account transactions may reduce the foreign exchange reserves to some extent during 1960.

BUDGETARY POLICY

Since the latter half of 1959, the State finances have been on their way to recovery, after having suffered for some years from the slackness of economic activity and from the tendency of expenditure to grow faster than normal revenue. The rising national income has contributed to a growth in revenue which is sufficient to cover the expanding expenditure. The outlay on various capital projects and investments has been increasing faster than the financing of relief works and other items of social expenditure.

While the growth of the gross domestic product from 1958 to 1959 was estimated to be 7 per cent, the rise in public revenue was 19 per cent, and in expenditure 22 per cent.

The original budget for 1960 (see item in Bulletin No 1, 1960) was made up in a rather cautious and conservative way; the tax yields were assessed as being almost unchanged, and increases in expenditure were fairly limited in scope. The need for new borrowing was entered at 34 800 million marks. The first five months have shown that this requirement will in fact be much less — the Finance Committee has suggested that probably some 21 500 million will suffice. A supplementary budget (see Items) has just been passed by the Diet.

The figures for State finances for January—April are given in the table on p. 8. A comparison with 1959 shows an overall rise of some 10—20 per cent in the tax yields. The excise duty on liquid fuel and the purchase tax take the lead, with 56 and 20 per cent increases respectively.

On the expenditure side, the growth in current outlay is by no means even. An increase is shown for the maintenance of roads, State aid to communal and private schools, and price equalization measures, while subsidies, interest on State debt and State aid to agriculture hardly attain the 1959 level. On the contrary, capital expenditure has grown considerably; real investments are up by 14 per cent.

Altogether, the January—April figures show a surplus of 3 500 million marks (with short-term credit included) as against a deficit of 1 700 million marks the year before. It seems that the State finances have contributed towards the tightening of the money market, which is well in accordance with the present objectives of the Bank of Finland.

June 15, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	May 30	Dec. 31	May 7	May 14	May 23	May 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	65 626	76 694	69 505	68 975	67 522	69 079
Gold	8 473	8 454	8 455	8 455	8 455	8 455
Foreign exchange	53 915	64 611	55 917	55 387	53 954	55 466
Foreign bills	649	366	354	354	334	379
Foreign bonds	2 589	3 263	4 779	4 779	4 779	4 779
<i>Supplementary note cover</i>	30 668	27 016	38 356	37 262	39 093	37 515
Inland bills discounted						
In foreign currency	12 247	11 535	11 275	11 255	11 255	11 247
In Finnish currency	8 176	3 888	6 297	6 414	6 697	6 832
Rediscounted bills	3 370	4 718	15 159	13 968	15 516	13 811
Treasury bond loan	6 875	6 875	5 625	5 625	5 625	5 625
<i>Other assets</i>	19 578	18 096	12 356	11 529	13 712	11 671
Finnish bonds	2 666	2 620	2 029	1 259	3 089	1 639
Cheque accounts	262	267	415	348	694	352
Finnish coin	720	654	814	825	822	813
Other claims	15 930	14 555	9 098	9 097	9 107	8 867
Total	115 872	121 806	120 217	117 766	120 327	118 265
Liabilities						
<i>Notes in circulation</i>	63 575	69 435	66 303	66 759	66 209	67 376
<i>Short-term liabilities</i>	13 939	17 814	17 315	14 252	17 227	14 210
Foreign exchange accounts	1 335	2 116	3 867	4 051	4 263	4 085
Mark accounts of holders abroad	4 475	4 780	4 245	4 231	3 808	3 849
Cheque account of the Treasury	4 772	6 418	8 111	3 999	8 755	4 808
Cheque accounts of banks	2 339	3 856	719	1 561	—	951
Other cheque accounts	184	233	147	154	284	287
Other short-term liabilities	834	411	226	256	117	230
<i>Long-term liabilities</i>	15 940	14 089	12 456	12 362	12 203	12 203
Foreign	11 213	11 060	10 722	10 722	10 638	10 638
Finnish	4 727	3 029	1 734	1 640	1 565	1 565
<i>Equalisation accounts</i>	7 248	5 482	8 617	8 815	9 079	8 828
<i>Bank's own funds</i>	15 170	14 986	15 526	15 578	15 609	15 648
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	3 739	3 739	4 362	4 362	4 362	4 362
Profits undisposed	815	—	624	624	624	624
Earnings less expenses	616	1 247	540	592	623	662
Total	115 872	121 806	120 217	117 766	120 327	118 265
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	65 626	76 694	69 505	68 975	67 522	69 079
<i>Supplementary cover</i>						
(Upper limit 50 000 mill. mk)	30 668	27 016	38 356	37 262	39 093	37 515
Total	96 294	103 710	107 861	106 237	106 615	106 594
Note issue						
<i>Notes in circulation</i>	63 575	69 435	66 303	66 759	66 209	67 376
<i>Short-term liabilities</i>	13 939	17 814	17 315	14 252	17 227	14 210
<i>Undrawn on cheque credits</i>	965	929	781	848	856	845
<i>Unused right of note issue</i>	17 815	15 532	23 462	24 378	22 323	24 163
Total	96 294	103 710	107 861	106 237	106 615	106 594

Lowest Bank rate since March 1, 1959, 6 per cent

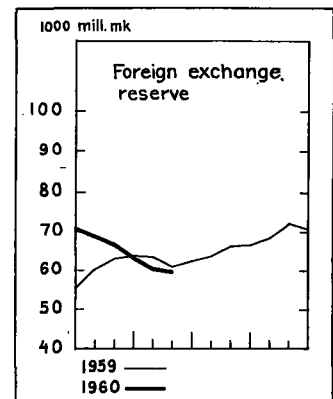
BANK OF FINLAND

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		
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	Net claims on the banks (7—8—9)
	1	2	3	4	5	6	7	8	9	10
1951	34 317	3 594	30 723	1 644	3 693	28 674	16	—218	—	234
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
1959										
May	62 388	1 335	61 053	12 091	15 688	57 456	3 370	2 339	761	270
June	63 999	1 373	62 626	11 762	15 712	58 676	3 695	170	814	2 711
July	65 911	1 422	63 839	11 415	15 712	59 542	2 214	1 326	166	722
Aug.	67 276	1 507	66 209	11 002	15 514	61 697	120	2 010	—227	—1 663
Sept.	68 751	1 905	66 846	10 761	15 859	61 748	400	644	—101	—143
Oct.	70 542	2 141	68 401	9 985	15 727	62 659	486	1 387	419	—1 320
Nov.	74 191	2 133	72 058	9 715	15 672	66 101	315	1 556	285	—1 526
Dec.	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960										
Jan.	71 164	2 228	68 936	9 035	15 796	62 175	2 428	—164	309	2 283
Feb.	69 135	2 329	66 806	8 410	15 179	60 037	3 054	85	52	2 917
March	66 821	3 658	63 163	7 982	15 153	55 992	4 620	749	179	3 692
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

1) Including cash reserve accounts 6 677

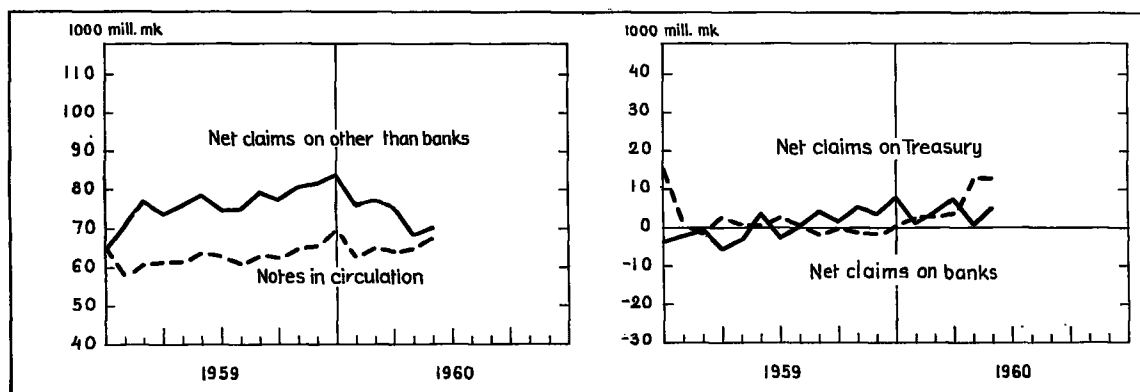
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958	1959	1960		
	Dec. 31	Dec. 31	March 31	April 30	May 31
Gold	7.8	8.4	8.4	8.4	8.4
Convertible currencies ..	31.2	49.7	42.4	40.5	39.1
Non-transferable OEEC *	7.7	4.7	4.7	4.7	4.6
Eastern Block currencies.	8.2	4.4	3.3	2.4	2.2
Other currencies	0.5	3.7	4.4	4.7	5.5
Total	55.4	70.9	63.2	60.7	59.8



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
1951	8 685	—	—	—	8 685	11 567	4 549	301	15 815	44 774
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
1959										
May	8 745	4 363	4 772	4 727	3 609	8 176	13 353	257	21 272	63 575
June	8 745	4 363	11 177	4 389	— 2 458	7 600	13 424	386	20 638	62 867
July	8 745	4 695	8 415	4 084	941	6 120	13 264	493	18 891	60 992
Aug.	8 745	5 274	6 236	3 685	4 098	4 632	13 066	241	17 457	62 808
Sept.	10 326	5 617	11 028	3 447	1 468	3 769	13 177	671	16 275	62 467
Oct.	10 326	6 116	7 643	3 374	5 425	3 961	11 279	500	14 740	64 583
Nov.	10 326	6 664	10 201	3 308	3 481	4 250	10 662	496	14 416	65 427
Dec.	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960										
Jan.	10 326	5 431	11 625	2 955	1 177	4 002	10 553	605	13 950	62 949
Feb.	10 014	4 024	7 238	2 678	4 122	5 120	10 367	560	14 927	64 854
March	8 764	4 035	3 388	2 041	7 370	5 694	10 422	323	15 793	64 013
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



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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial 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	67 778	15 667	150 548	152 730	85 976	43 120	21 913	454 316	537 761
1959*										
May	43 288	53 263	13 165	135 014	138 509	78 532	40 379	20 295	412 758	479 186
June	44 991	55 145	22 474	136 106	137 638	77 992	40 273	20 166	412 204	489 823
July	46 561	56 446	12 864	136 963	139 194	78 578	40 524	20 247	415 535	484 845
Aug.	47 447	58 030	12 425	138 372	140 510	79 301	40 919	20 407	419 538	489 993
Sept.	49 915	62 451	20 646	138 873	141 980	80 302	41 038	20 673	422 895	505 992
Oct.	50 061	62 757	12 527	140 531	144 298	81 167	41 180	20 891	428 096	503 380
Nov.	52 776	64 676	12 319	142 703	146 558	82 608	41 442	21 172	434 512	511 507
Dec.	55 749	67 778	15 667	150 548	152 730	85 976	43 120	21 913	454 316	537 761
1960*										
Jan.	50 344	60 407	10 424	152 020	154 071	87 069	43 474	22 303	458 966	529 797
Feb.	51 520	61 375	14 471	155 066	156 103	88 975	44 261	22 710	467 137	542 983
March	51 761	62 736	14 481	158 941	159 110	91 527	44 716	23 093	477 410	554 627
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

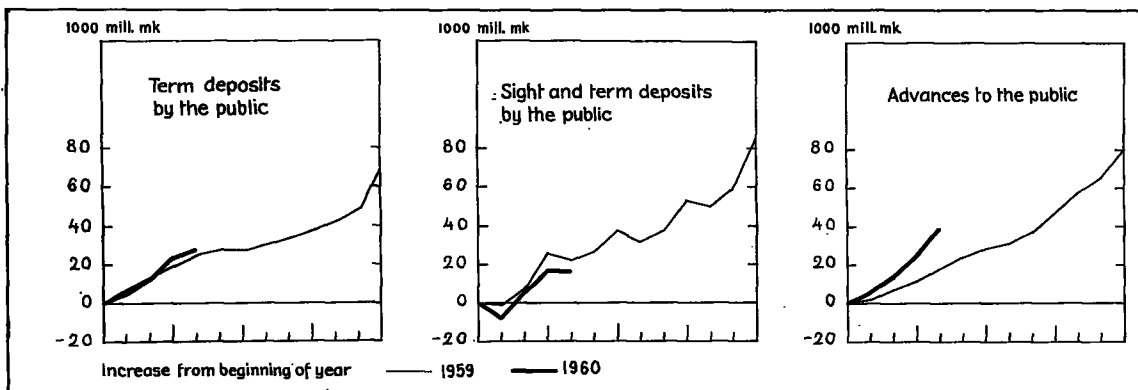
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	21 413
March	89 735	72 012	19 079
April	89 777	65 620	18 100
May	90 611	61 022	17 718
June	91 041	56 605	
July	91 386	52 298	
Aug.	91 543	48 628	
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290	28 057	

Selling rates for foreign exchange			
May 28, 1960			
		mk	mk
New York ...	1 \$	321:—	Brussels 100 Fr 644:—
Montreal	1 \$	325:—	Zurich 100 Fr 7 444:—
London	1 £	900:—	Paris 100 NF 6 550:—
Stockholm ...	100 Kr	6 215:—	Rome 100 Lit 51:72
Oslo	100 Kr	4 500:—	Vienna 100 Sch 1 233:—
Copenhagen ..	100 Kr	4 646:—	Lisbon 100 Esc 1 123:—
Frankfurt a/M	100DM	7 698:—	Prague, clear... 100 Kč 4 458:—
Amsterdam ...	100 G	8 518:—	Moscow, clear. 100 Rbl 8 025:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1959*	209 686	132 663	33 138	96 715	32 578	477 244	27 536	504 780	142 998
1959*									
May	182 818	122 475	30 412	88 580	23 978	423 304	24 959	448 263	124 607
June	184 863	123 152	30 387	88 660	25 681	426 924	25 819	452 743	134 774
July	183 589	124 666	31 118	89 337	26 620	430 489	24 841	455 330	125 409
Aug.	184 965	126 191	31 600	90 550	27 689	437 066	23 929	460 995	128 511
Sept.	190 749	127 980	32 369	91 957	28 771	446 076	25 750	471 826	139 508
Oct.	196 254	129 702	32 566	93 800	29 229	455 552	25 999	481 551	134 288
Nov.	200 782	131 592	32 626	94 833	30 241	463 309	26 765	490 074	137 583
Dec.	209 686	132 663	33 138	96 715	32 578	477 244	27 536	504 780	142 998
1960*									
Jan.	211 026	134 342	33 510	97 496	33 337	480 821	28 890	509 711	129 455
Feb.	217 135	135 681	33 884	98 116	34 089	488 705	30 200	518 905	131 320
March	222 749	137 133	33 984	100 212	35 225	499 743	29 560	529 303	133 702
April	230 904	139 152	34 484	102 531	37 049	513 265	30 855	544 120	131 300
May	232 510	141 062	35 356	104 208	38 826	522 430	29 532	551 962	..

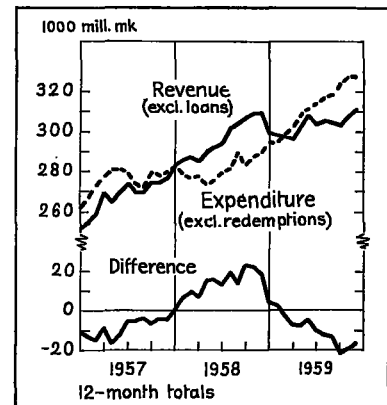


STATE FINANCES

1000 mill. mk

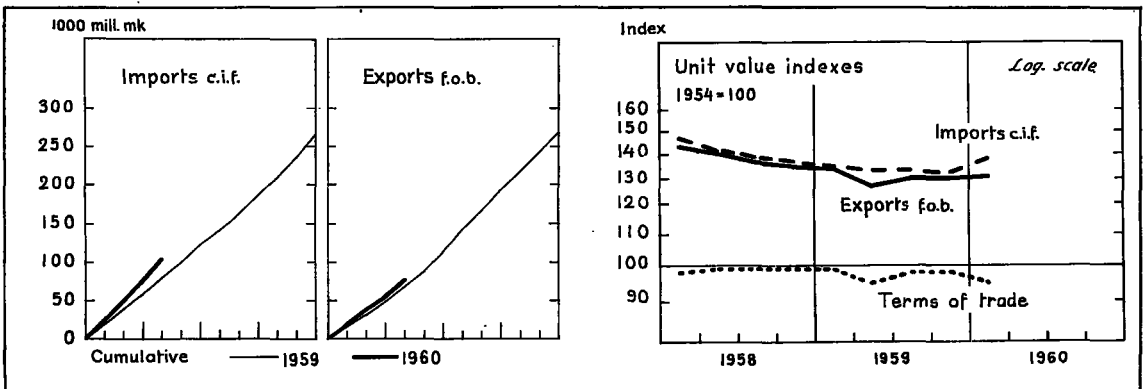
Revenue	Jan. — April		Expenditure	Jan. — April	
	1959	1960		1959	1960
Income and property tax (net)	23.0	25.1	Interest on State debt	2.2	2.0
Gross receipts	(42.8)	(56.5)	Child allowances	5.2	5.2
Refunds and communal income tax	(-19.8)	(-31.4)	The State's share in national pensions	2.8	2.9
Other direct taxes	0.4	0.5	Compensations to war-disabled	2.8	2.7
Purchase tax	21.0	25.4	Transfer of employers' payments for national pensions to the National Pensions Institution	1.8	1.3
Import duties	12.4	14.0	Subsidies	9.7	9.3
Revenue from Alcohol Monopoly	6.7	7.5	Net payments on price equalisation by extra-budgetary funds	—	0.6
Excise duty on tobacco	5.9	6.2	State aid to agriculture	1.6	1.0
Excise duty on liquid fuel	2.4	3.7	State aid to communal and private schools	8.4	9.2
Other excise duties	1.4	1.7	Net loss of State enterprises	0.9	—
Tax on automobiles and motor cycles	0.4	0.6	Maintenance of roads	1.8	2.2
Stamp duties	5.1	5.9	Other current expenditure	31.0	34.7
Employers' payments for child allowances and national pensions	8.0	8.9	Current expenditure	68.2	71.1
Net receipts of price equalisation by extra-budgetary funds	1.3	—	Real investments	23.0	26.2
Other revenue similar to taxes	1.4	1.5	Other capital expenditure	10.7	9.4
Total taxes	89.4	101.0	Capital expenditure	33.7	35.6
Interest and dividends	1.3	1.6	Total expenditure	101.9	106.7
Net profit of State enterprises	—	0.6	Redemption of external loans	1.1	1.0
Other current revenue	3.1	2.6	Redemption of internal loans	6.5	8.4
Current revenue	93.8	105.8	Redemption of indemnity bonds etc.	0.2	1.0
Capital revenue proper	3.4	2.7	Index premiums	0.5	0.6
Decrease in inventories	3.1	3.7	Redemptions	8.3	11.0
Capital revenue	6.5	6.4	Total	110.2	117.7
Total revenue	100.3	112.2			
External loans	—	—			
Internal loans	8.2	9.0			
Loans	8.2	9.0			
Short-term credit (increase +) ..	+4.5	-1.8			
Deficit (+) or surplus (-)	-2.8	-1.7			
Total	110.2	117.7			

Debt	1956	1957	1958	1959	1960		
	Dec.	Dec.	Dec.	Dec.*	March	April	May*
External debt	61.5	81.8	79.0	77.0	76.1	76.1	75.7
Ordinary loans	50.7	52.9	61.5	72.0	72.5	72.7	72.4
Indemnity bonds etc. ..	7.1	7.4	7.3	6.5	5.6	5.6	5.5
Short-term credit	—	—	1.2	2.2	0.5	0.4	0.4
Cash debt (net)	8.8	9.6	-1.7	..	-0.4	-7.2	..
Internal debt	66.6	69.9	68.3	..	78.2	71.5	..
Total debt	128.1	151.7	147.3	..	154.3	147.6	..
Total debt, mill. \$	554.5	472.7	459.8	..	481.1	460.3	..



FOREIGN TRADE

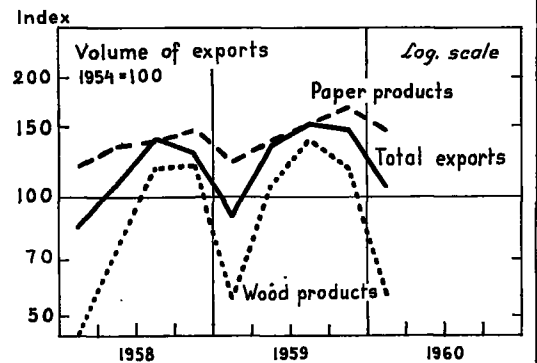
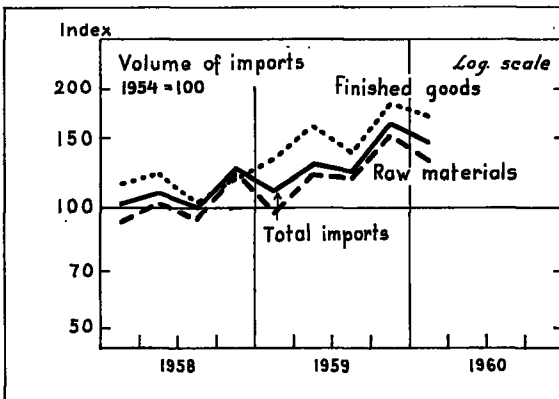
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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*	266 789	267 241	+ 452	130	120	121	131	152	133	98
Jan. — April										
1958	75 422	62 103	-13 319							
1959*	78 862	67 845	-11 017							
1960*	104 926	76 531	-28 395							
1959*										
July	19 664	28 314	+ 8 650	130	114	122	130	150	133	98
Aug.	20 144	22 228	+ 2 084							
Sept.	23 105	26 828	+ 3 723							
Oct.	23 997	25 686	+ 1 689							
Nov.	26 993	24 882	- 2 111	130	116	123	130	151	132	98
Dec.	30 403	24 591	- 5 812							
1960*										
Jan.	24 687	18 395	- 6 292	131	114	124	130	159	138	95
Feb.	24 704	18 641	- 6 063							
March	26 504	17 552	- 8 952							
April	29 031	21 943	- 7 088							



FOREIGN TRADE BY MAIN GROUPS

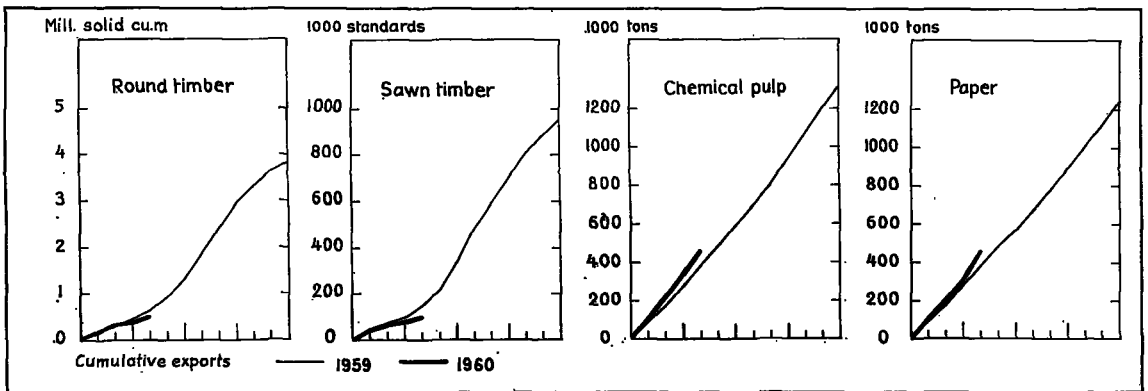
Mill. mk

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*	133 808	28 118	67 043	37 820	14 853	16 290	63 662	117 003	44 068	11 365
Jan. — April										
1958	38 329	9 884	16 611	10 598	3 604	2 572	10 362	35 483	7 473	2 609
1959*	37 938	8 314	20 817	11 793	4 574	2 720	12 094	35 009	11 009	2 439
1960*	51 468	9 121	29 048	15 289	5 298	2 187	12 163	42 220	11 282	3 381
1959*										
June	11 981	2 059	5 533	3 120	1 161	1 632	7 334	9 036	7 343	847
July	9 987	1 796	5 313	2 568	1 679	2 249	8 180	9 526	5 334	1 346
Aug.	10 043	2 399	5 258	2 444	1 010	2 336	6 138	9 677	1 988	1 079
Sept.	12 569	2 285	5 336	2 915	1 083	2 267	6 754	11 281	4 260	1 183
Oct.	12 207	2 699	5 865	3 226	1 121	1 613	7 272	11 101	3 347	1 232
Nov.	14 265	2 894	6 280	3 554	922	1 210	5 570	10 846	5 194	1 140
Dec.	14 711	3 915	6 802	4 975	2 065	995	5 408	11 650	3 334	1 139
1960*										
Jan.	13 226	2 149	5 967	3 345	1 364	662	3 203	8 797	3 556	813
Feb.	12 025	2 890	6 459	3 330	1 616	615	2 876	9 703	3 161	670
March	12 569	2 089	7 903	3 943	1 093	303	2 633	10 770	1 809	944
April	13 648	1 993	8 719	4 671	1 225	607	3 451	12 950	2 756	954



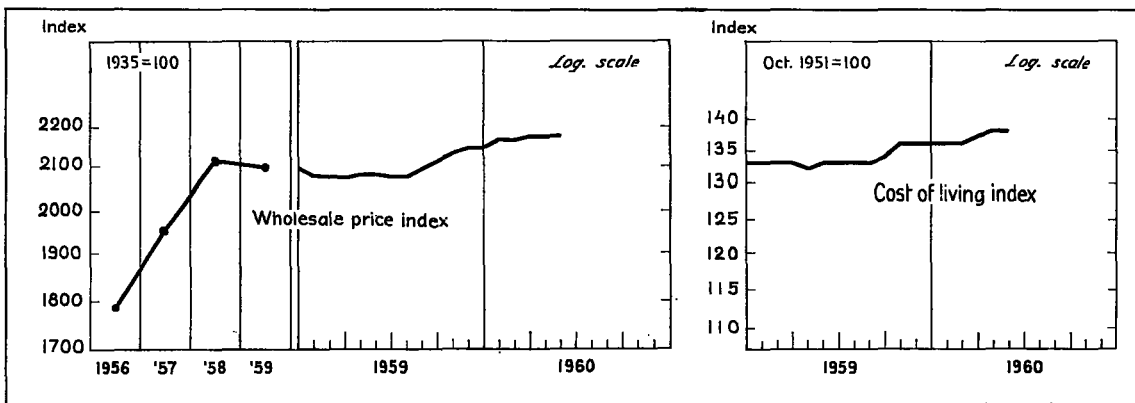
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newspprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
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
Jan. — April										
1958	535	76	87	39	225	138	47	30	184	348
1959*	622	144	93	50	219	164	40	36	188	386
1960*	511	102	119	53	298	163	52	43	223	461
1959*										
June	394	122	25	11	61	43	10	8	41	93
July	536	144	21	9	56	50	14	5	44	102
Aug.	559	104	15	11	60	44	13	8	41	101
Sept.	535	107	28	9	81	57	12	9	52	114
Oct.	364	110	32	13	73	51	14	12	54	118
Nov.	294	80	25	12	80	50	13	11	56	111
Dec.	208	69	31	16	82	50	14	11	61	126
1960*										
Jan.	160	36	24	10	67	35	10	9	43	95
Feb.	152	25	28	14	67	40	12	10	56	105
March	65	17	31	13	81	45	14	12	49	106
April	134	24	36	16	83	43	16	12	75	155



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c.i.f.					Exports f.o.b.				
	Whole year		Jan.—April			Whole year		Jan.—April		
	1958	1959	1959*	1960*		1958	1959*	1959*	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	17.9	16.3	16.7	16.8	17 570	25.6	26.7	28.6	26.4	20 207
United Kingdom	17.2	15.7	16.3	16.2	16 952	22.1	23.3	24.7	22.5	17 226
Other OEEC countries ..	45.2	49.4	50.8	51.6	54 183	37.5	36.5	37.0	38.4	29 401
Austria	0.5	0.6	0.5	0.6	666	0.2	0.2	0.2	0.3	215
Belgium-Luxembourg	2.8	2.5	2.1	2.9	3 060	3.6	3.7	2.8	2.6	1 999
Denmark	2.4	2.3	2.4	2.5	2 579	3.0	3.3	2.9	3.2	2 436
France	4.7	5.1	5.4	6.6	6 939	6.2	4.7	4.8	4.2	3 262
Western Germany	16.5	17.9	17.8	18.8	19 793	10.8	10.9	10.7	11.6	8 881
Italy	1.5	1.8	1.9	1.7	1 835	1.8	1.8	2.2	2.3	1 765
Netherlands	4.3	4.5	5.6	3.9	4 102	4.4	5.4	5.4	5.5	4 241
Norway	1.2	1.6	1.4	1.3	1 349	0.7	0.7	0.7	1.1	828
Portugal	0.1	0.2	0.2	0.2	189	0.1	0.1	0.1	0.1	64
Spain	0.6	0.5	0.5	0.6	638	1.1	0.2	0.4	0.2	117
Sweden	8.3	9.2	10.4	9.7	10 128	3.6	3.2	3.5	5.3	4 105
Switzerland	1.7	2.3	2.2	2.3	2 410	0.7	0.4	0.6	0.4	290
Eastern Bloc	25.6	24.5	22.2	21.0	22 052	24.8	23.5	17.8	19.1	14 621
China	0.5	0.5	1.2	0.3	299	1.1	2.0	2.1	0.2	178
Czechoslovakia	1.2	1.4	1.5	1.4	1 422	1.2	0.7	0.4	0.7	534
Eastern Germany	1.7	1.6	1.4	1.2	1 248	1.7	1.3	1.0	1.3	1 013
Poland	3.1	2.4	2.0	1.6	1 686	2.6	2.1	2.4	2.0	1 542
Soviet Union	18.0	17.9	15.6	15.7	16 522	17.3	16.7	11.3	14.1	10 740
U.S. and Canada	5.5	5.4	5.1	6.9	7 279	4.7	5.9	7.3	7.8	5 972
United States	5.3	5.1	5.0	6.7	7 032	4.6	5.8	7.2	7.7	5 880
Latin America	4.4	3.5	3.8	2.5	2 619	4.5	4.9	6.8	6.4	4 896
Argentina	0.3	0.5	0.4	0.4	375	1.0	0.9	1.4	1.4	1 075
Brazil	3.7	2.5	2.9	1.7	1 801	2.4	2.8	3.8	3.2	2 466
Others	1.4	0.9	1.4	1.2	1 223	2.9	2.5	2.5	1.9	1 434
Grand total	100.0	100.0	100.0	100.0	104 926	100.0	100.0	100.0	100.0	76 531
of which										
EFTA countries	31.3	31.8	23.0	23.0	24 145	30.3	31.3	29.1	27.5	21 059
EEC countries	29.8	31.8	32.8	34.1	35 729	26.9	26.5	25.9	26.3	20 148



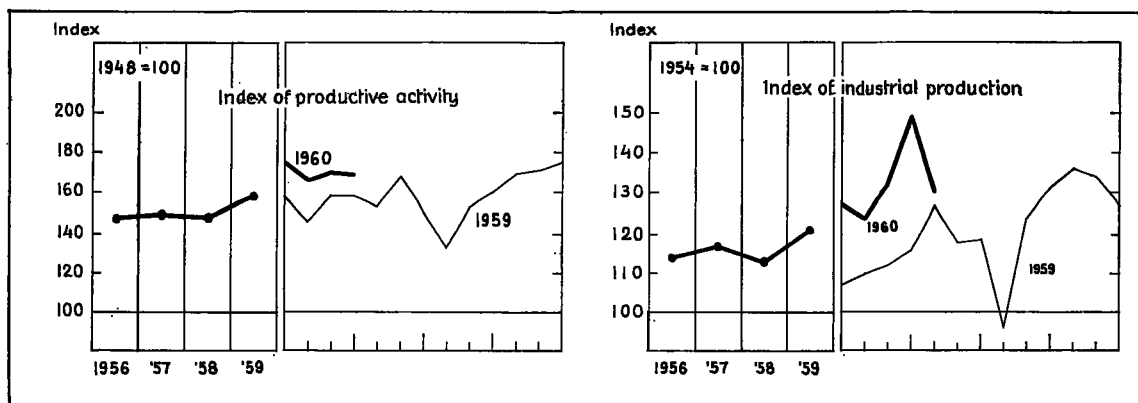
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1957 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
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
1959									
May	2 080	2 112	2 159	3 006	1 795	2 011	118	110	129
June	2 076	2 103	2 126	3 007	1 791	2 019	118	110	129
July	2 076	2 110	2 166	3 006	1 790	2 002	119	111	131
Aug.	2 092	2 132	2 240	3 005	1 803	2 005	119	111	132
Sept.	2 114	2 163	2 261	3 086	1 820	2 008	119	110	130
Oct.	2 134	2 187	2 251	3 198	1 825	2 020	119	111	130
Nov.	2 141	2 201	2 278	3 203	1 838	2 014	119	111	130
Dec.	2 144	2 203	2 284	3 202	1 840	2 017	119	112	130
1960									
Jan.	2 161	2 221	2 352	3 200	1 849	2 033	119	112	128
Feb.	2 163	2 228	2 351	3 199	1 862	2 022	120	112	130
March	2 166	2 231	2 367	3 196	1 861	2 029	120	114	129
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

Period	Cost of living Oct. 1957 = 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
1957	124	132	260	99	80	117						
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
1959												
May	133	139	273	101	84	133	104	102	101	98	104	109
June	133	139	273	100	84	133	104	102	101	97	104	109
July	133	140	274	97	84	134	104	103	101	94	105	109
Aug.	133	140	274	97	84	134	104	103	101	94	105	109
Sept.	134	143	274	96	85	135	105	105	101	93	106	110
Oct.	136	144	292	96	85	135	107	106	108	93	106	110
Nov.	136	144	292	96	85	135	107	106	108	93	106	110
Dec.	136	143	292	96	85	135	107	105	108	93	106	110
1960												
Jan.	136	144	295	98	85	135	107	106	109	95	106	110
Feb.	136	144	295	98	85	135	107	105	109	95	106	110
March	137	144	295	97	86	136	108	106	109	95	106	111
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

PRODUCTION - INTERNAL TRADE

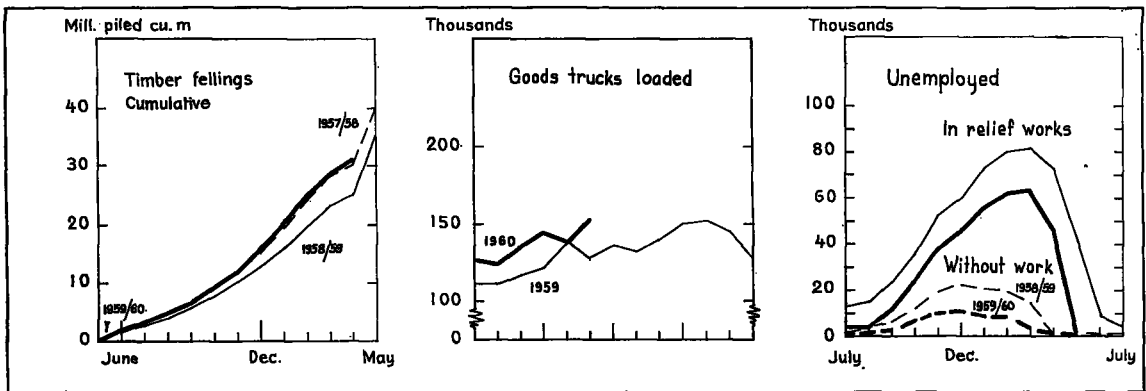
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957	117	119	116	118	82	134	115	117	40 919	2 085	114
1958*	113	109	115	111	88	135	107	110	37 981	2 109	109
1959*	121	112	124	120	99	146	113	119	38 100	2 317	121
1959*											
March	116	107	118	117	100	130	108	115	3 434	181	115
April	127	118	129	128	114	150	120	125	1 959	203	128
May	118	102	120	122	97	141	107	120	10 121	235	123
June	119	112	117	126	112	131	112	121	1 782	252	118
July	96	72	104	92	90	138	77	93	1 323	228	117
Aug.	124	112	124	128	94	147	114	128	1 671	201	132
Sept.	131	125	133	129	99	164	126	127	1 768	182	135
Oct.	137	124	143	132	103	166	129	135	2 640	166	150
Nov.	134	124	142	125	96	171	126	131	2 809	165	127
Dec.	127	130	131	120	107	149	126	119	3 636	176	136
1960*											
Jan.	124	116	128	119	102	160	118	114	4 094	179	101
Feb.	133	128	136	130	126	165	128	125	4 680	175	119
March	149	146	152	146	146	181	146	141	4 084	196	134
April	130	120	131	133	125	150	122	127	2 597	228	139



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
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	19.29	8.46	3.08	3.57	2.93	20.38	105	103	103	105
1959*	19.85	8.36	3.42	4.50	2.39	20.46	110	106	104	111
1959*										
Jan. - Mar.	3.22	1.38	0.32	0.89	0.50	18.16	108	106	99	109
Apr. - June	3.01	1.29	0.42	0.69	0.38	21.74	110	107	105	111
July - Sept.	6.01	2.48	1.21	0.96	0.93	22.93	111	106	105	111
Oct. - Dec.	7.62	3.22	1.47	1.96	0.59	20.46	111	104	105	112
1960*										
Jan. - Mar.	4.01	1.61	0.33	1.39	0.54	20.66

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				Without work Number		In relief works Number	
	1959	1960*	1959	1960*	1959	1960*	1959	1960*	1959	1960*
Jan.	112	124	307	431	359	345	20 520	8 567	72 956	55 603
Feb.	117	135	232	284	271	319	19 201	6 251	79 765	61 505
March	122	144	281	266	333	288	12 393	2 864	80 903	62 923
April	138	138	289	350	365	366	905	961	72 800	45 802
May	128	153	402	554	461	564	928	—	41 724	—
June	136		544		686		858		8 137	
July	132		545		775		893		4 276	
Aug.	140		513		692		1 379		3 629	
Sept.	150		436		671		3 026		11 926	
Oct.	152		462		602		6 753		24 036	
Nov.	146		465		530		9 347		37 772	
Dec.	127		463		483		9 547		45 331	



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* 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 of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula,

and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 37, Conservatives 29, Swedish Party 14, Social Democrat Opposition 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 (1958): 4.4 million. Sweden 7.4, Switzerland 5.2, Denmark 4.6 and Norway 3.5 million.

DENSITY OF POPULATION (1958): In South Finland 24.5, in North Finland 4.0 and in the whole country an average of 14.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1958): 63.0 % of the population inhabit the rural areas, 37.0 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 445 190 inhabitants, Tampere (Tammerfors) 121 422, Turku (Åbo) 120 095.

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 (1959): 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 (1958): births 18.5 ‰, deaths 8.9 ‰, increase 8.5 ‰. Deaths in France 11.2 ‰ and in Great Britain 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1958, in thousand million marks): Gross domestic product at market prices 1 185 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 113 (12 %), forestry and fishing 90 (9 %), manufacturing 302 (31 %), construction 94 (10 %), transport and communications 76 (8 %), commerce, banking and insurance 116 (12 %), general government 112 (12 %), other services 62 (6 %), total 965. Index of real domestic product 144 (1948 = 100).

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

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 46 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 357 000, of which 162 000 are of more than 5 ha. Index of agricultural production 91 for 1957 (1954 = 100). Measure of self-sufficiency in the crop year 1957/58: bread cereals 42 %, animal products 121 %.

INDUSTRY (1957): Gross value of industrial production 912 000 mill. marks, number of workers 309 000, administrative employees 58 000, motive power (1957) 2.6 mill. HP. Index of industrial production 117 for 1957 (1954 = 100).

RAILWAYS (Jan. 1, 1960): Length 5 369 km, of which 5 295 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (May 31, 1960): Steamers 217 (306 950 gross reg. tons), motor vessels 196 (395 356 gross reg. tons), sailing vessels with auxiliary engines 94 (9 503 gross reg. tons). Total 507 (711 809 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1959): Private cars 163 000, lorries and delivery vans 57 900, buses 5 900, others 2 100. Total 228 900.

AIR TRAFFIC: (Dec. 1, 1959) Number of aircraft in scheduled traffic 21, other aircraft 71. In 1958, 424 000 passengers were carried by the two Finnish companies; over 177 million passenger kilometres and 2.3 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 1957 expenditure amounted to 159 411 mill. marks. Total revenue was 159 591 million, of which income from taxation 84 383 million. The municipal income tax (non-progressive) averaged 11.22 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1959). There are two big and three small commercial banks with in all 564 offices, 395 savings banks, 548 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 (April 1, 1959). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ % (12 months' deposits 5 %, index-tied deposits 3 ½ %) and sight deposits in savings banks and cooperative credit societies ½ %; lending rate 7 % in general.

FINLAND'S BALANCE OF PAYMENTS IN 1959

BY

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Finnish export markets improved in the course of 1959, as demand increased and the decline in prices came to an end. The improved export prospects served further to stimulate economic activity, which since the concluding months of 1958 had been slowly recovering from the recession. As a result, imports also increased, in fact more than exports. The resulting deterioration in the trade balance was partly reflected in the slowing-down of the accumulation of foreign exchange reserves. Nevertheless, Finland's reserve position was in 1959 sufficiently easy to permit a considerable relaxation of controls on „invisible” transactions and capital movements. Borrowing abroad was made easier, as importers were permitted to utilize normal commercial credits without the specific approval of the Bank of Finland.

The establishment of long-term credit still needs permission, but if it is intended for financing machinery purchases, and the

rate of interest is reasonable, permission is not withheld. No exact appraisal of the effect of the changes on the short-term situation can be made but long-term private borrowing is known to have increased considerably, and can be expected to do so to a still greater extent as investment plans ripen.

CURRENT TRANSACTIONS

The receipts and payments originating in the exchange of goods and services in 1959 and the preceding year are shown in the table below, together with their net result.

The increase in turnover was general, and affected almost every current item of the balance. In consequence of 14 per cent more goods being exported, exports increased substantially, from 248 200 to 267 500 million marks. Prices, on the other hand, although they rose during the course of the year, remained lower than in 1958. Imports in-

CURRENT TRANSACTIONS, in 1 000 mill. mk

	1958			1959		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	248.2	233.9	+14.3	267.5	267.4	+ 0.1
Non-monetary gold movement ..	—	0.0	— 0.0	0.1	—	+ 0.1
Foreign travel	4.0	7.4	— 3.4	4.1	9.4	— 5.3
Transportation	25.0	10.2	+14.8	27.0	12.0	+15.0
Insurance	7.0	6.3	+ 0.7	8.6	6.9	+ 1.7
Investment income	1.2	4.9	— 3.7	2.2	4.0	— 1.8
Government, not included						
elsewhere	1.7	0.9	+ 0.8	1.7	1.0	+ 0.7
Miscellaneous	6.6	5.6	+ 1.0	6.4	8.2	— 1.8
Donations	0.8	0.2	+ 0.6	0.9	0.2	+ 0.7
<i>Total current transactions</i>	<i>294.5</i>	<i>269.4</i>	<i>+25.1</i>	<i>318.5</i>	<i>309.1</i>	<i>+ 9.4</i>
Errors and omissions			+ 1.7			— 2.2

creased still more in quantity, by 20 per cent, and were acquired at more favourable prices than in 1958. Thus 267 400 million marks' worth of goods were imported, this being almost the same amount as was received for exports. The year before, the corresponding total had been 233 900 million marks. Shipping increased despite tonnage reductions, but as rates fell, freight earnings did not increase in the same proportion. On the other hand, costs abroad were high, and thus total transportation yielded only slightly more than in 1958, and so did insurance. Investment income, chiefly interest received on the foreign exchange reserve, increased considerably, as holdings had attained a larger volume than previously, and foreign rates had been raised. Payments on this account consisted in the main of interest on the long-term debt; they had decreased by virtue of reductions granted on the Swedish loans. The effect of the liberalisation of the payments on invisible items is apparent as an increase in the amount spent by Finns travelling abroad, and in miscellaneous payments.

CAPITAL MOVEMENTS

In this report, the official institutions comprise the State, the Bank of Finland, and the Mortgage Bank of Finland. Obligations

that mature within twelve months are considered as short-term, the remainder as long-term. According to this, during 1958 and 1959 assets and liabilities and the net assets moved as shown below.

Long-term capital flowed into the country as private and official loans were utilised. The opportunities for private borrowing have become more ample during recent years; the amount drawn last year was 6 800 million marks. The loans were distributed among numerous borrowers who had received credit from different countries for the purchase of machinery. These loans were received directly, without a Government guarantee, but also most of the 5 400 million recorded as „official loans drawn” consisted of funds raised for the benefit of private undertakings and passed on to them by the Mortgage Bank of Finland. The official loans drawn had been granted partly in 1959, and partly at some earlier date. Some of the loans agreed on in 1959 were of considerable size. The International Bank for Reconstruction and Development granted the Mortgage Bank of Finland a new loan of 37 million dollars, equivalent to 11 800 million marks, at a rate of 5 ¾ per cent and a term of 15 years. The same recipient was granted another loan by the West German Kreditanstalt für Wiederaufbau; this totalled 50 million DM, or 3 800

CAPITAL AND GOLD MOVEMENT, in 1 000 mill. mk

	1958			1959		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
<i>Private:</i>						
Long-term capital						
Loans drawn	—	+4.4	— 4.4	—	+ 6.8	— 6.8
Loans repaid	—	—3.0	+ 3.0	—	— 4.3	+ 4.3
Other	— 0.6	—1.2	+ 0.6	— 0.7	— 1.2	+ 0.5
Short-term capital	+ 2.0	+7.3	— 5.3	— 1.2	+14.0	—15.2
<i>Official and banking:</i>						
Long-term capital						
IMF quota and promissory note	—	—	—	+ 6.1	+ 4.5	+ 1.6
Loans drawn	—	+5.9	— 5.9	—	+ 5.4	— 5.4
Loans repaid	—	—5.8	+ 5.8	—	— 8.7	+ 8.7
Other	— 0.4	—	— 0.4	+ 2.1	—	+ 2.1
Short-term capital	+28.2	—5.2	+33.4	+18.2	+ 1.7	+16.5
Monetary gold	—	—	—	+ 0.9	—	+ 0.9
Total capital and gold	+29.2	+2.4	+26.8	+25.4	+13.2	+ 7.2

million marks, the term being 15 years. Late in the year, a loan with an upper limit of 500 million roubles, some 40 000 million marks, was granted by the Soviet Union for imports from that country within the next five years. This credit is repayable in 12 years and bears 2 ½ per cent interest. Interest and amortisation will be used for purchases from Finland.

Borrowing totalled 12 200 million marks, but nevertheless there was no net inflow of loans, as repayments on credits exceeded this amount, totalling 13 000 million. This includes the amortization of the whole of the 1954 Gold Loan from the Soviet Union, 3 200 million marks.

Finland's quota in the International Monetary Fund was raised, but only part of the increase had to be paid for in cash, the remainder being covered by promissory notes. Further, the Bank of Finland invested a small part of its foreign exchange reserve in foreign bonds. All other long-term capital movement was insignificant.

The changes made last year in the supervision of payments and their effects upon the foreign exchange situation were dealt with under „Recent Developments” in the February 1960 issue of this Bulletin, and only some of the main items need be mentioned here. *Private short-term capital movements* are difficult to ascertain. Only some are known with certainty, and some can be roughly estimated, whereas the bulk of the customary commercial credits received and granted, or occurring only in the form of postponed payment, cannot be ascertained. The main item which is known is the growth by 13 100 million marks of the outstanding amount of export prepayments. This was occasioned by the improvement in foreign markets, exports to both Western and Eastern countries being financed in this way. As a surplus of short-term private capital was thus made available, and as current transac-

tions also resulted in a surplus, the inflow from these sources far exceeded the net outward movement of long-term capital. In consequence, *banking assets and gold holdings* increased by 19 100 million marks, whereas the corresponding liabilities increased by only 1 700 million. The structure of the reserve changed in the process, the convertible and transferable currencies increasing, and the bilateral currencies declining. The increase in total short-term assets was 17 900 million marks, and the corresponding increase in short-term liabilities 15 700 million.

THE BALANCE OF PAYMENTS IN 1955—1959

The following figures set the current balance of payments against the background of the previous four years, in 1 000 million marks.

	Receipts	Payments	Net receipts
1955	217.1	202.5	+14.6
1956	218.9	231.9	—13.0
1957	260.4	262.2	— 1.8
1958	294.5	269.4	+25.1
1959	318.5	309.1	+ 9.4

These series are suitable for a comparison only within each year, because the figures are influenced by the 1957 devaluation. A year by year comparison can be carried out more accurately by the aid of the corresponding dollar values, which are given below, in million dollars.

	Receipts	Payments	Net receipts
1955	940	877	+63
1956	948	1 004	—56
1957	1 008	1 020	—12
1958	918	839	+79
1959	994	965	+29

According to these figures, the rise in turnover in 1959 above that for 1958 was not yet sufficient to cover the whole of the drop in 1958.

Of the current transactions, trade fluctuates most and the other items regularly yield a surplus. The relative importance of these

two main groups is shown by the following figures, in 1 000 million marks.

	Merchandise	Other current items
1955	+ 4.0	+10.6
1956	-26.1	+13.1
1957	-15.9	+14.1
1958	+14.3	+10.8
1959	+ 0.1	+ 9.3

Long-term borrowing was substantial in 1959 as compared with that of previous years, but repayments were even greater still. The annual borrowing and repayments of loans since 1955 is shown in the following table.

	In 1 000 million marks		Equivalent in million dollars	
	Drawn	Repaid	Drawn	Repaid
1955	6.7	4.9 ¹	29	21 ¹
1956	6.4	4.9	28	21
1957	8.2	4.8	32	19
1958	10.3	8.8	32	27
1959	12.2	13.0	38	41

At the end of 1959, the foreign long-term indebtedness amounted to 99 400 million marks, excluding the Government notes of 13 500 million marks which cover the Finnish currency part of the quota in the International Monetary Fund. The total quota amounts to 20 700 million. Short-term liabilities totalled 46 600 million marks and short-term assets 107 000 million, including the gold reserve.

¹ In addition, of the marks used for the purchase of dollars from the IMF in 1952 and 1953, the remaining 690 million marks were repurchased in 1955 (for \$3 mill.).

ITEMS

Law on customs tariff. On May 20, a new customs tariff law was issued. The new tariff is based on the Brussels nomenclature, the sub-classification being national. In comparison with the previous tariff, the main differences in grouping of the commodities are concerned with the products of the chemical and textile industries. In principle, the previous specific duties have as closely as possible been transformed into ad valorem duties. Of the items listed in the new tariff, 61 per cent are based on ad valorem duty, whereas their corresponding proportion in the previous one was 32 per cent. Only the agricultural duties, certain industrial duties, and the most important financial duties have remained as specific duties.

GATT duties have been maintained as earlier as far as this has been technically possible. The new tariff aims at a maintenance of the customs revenue at its previous level.

The law came into force on June 1.

*

Rates of interest and terms of rediscounting. In order to reduce the demand for credit, on June 1 the Bank of Finland decided to give those credit institutions with a right to rediscount bills, that is the commercial banks and the Central Bank of Co-operative Credit Societies, an opportunity to extend the scale of differentiation of their rates of interest charged on loans granted. Until further notice, these credit

institutions are allowed to apply a rate of interest which is above 7 per cent, but not in excess of 8 per cent, for credits which represent a maximum of 10 per cent of their advances to the public on May 31. However, the average lending rate of the credit institutions is not to rise; the credit institutions thus have to reduce their rates for some loans correspondingly. The Bank of Finland urged these institutions to apply higher rates primarily to credits which would be likely to increase the demand for and import of consumption goods and investments in stocks. On the other hand, the reductions of rates should apply to credits granted to small enterprises and to that part of the home-market industry whose competitiveness in overseas markets needs improvement.

At the same time, the Bank of Finland cancelled the earlier stipulation by which the only bills of exchange which could be rediscounted were those on which a maximum of 6 $\frac{3}{4}$ per cent interest had been charged.

*

Supplementary Budget for 1960. On June 9, 1960, the President of the Republic signed the first supplementary budget for 1960. The expenditure is increased by 22 226 million marks, while the growth in revenue is entered as 22 286 million. The main categories of revenue and expenditure are given below, together with the figures for the previous year.

	1960 Ordinary and suppl. budgets	1959 Ordinary and suppl. budgets Mill. mk	1959 Finance report
Revenue:			
Current	316 713	295 905	309 421
Capital	12 621	25 287	24 718
Loans	34 885	28 305	20 978
	<u>Total</u> 364 219	<u>349 497</u>	<u>355 117</u>
Expenditure:			
Current	240 178	234 102	231 147
Capital	100 947	107 575	105 505
Redemption	22 958	20 689	18 090
	<u>Total</u> 364 083	<u>362 366</u>	<u>354 742</u>

The main increases in expenditure are 4 500 million marks for the construction and maintenance of roads, 5 800 million marks for alleviating unemployment (public works, loans-in-aid, assistance payments), 3 600 million marks for the 3 per cent wage rise for State employees, and 1 300 million marks for home and export subsidies. No new borrowing is needed to finance the additional outlay, as the tax yield estimates could be raised substantially.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

SECRETARIES

U. A. VATANEN,
Credits

PERTTI TAMMIVUORI,
Administration

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

JOUKO J. VOUTILAINEN
*Information
(Foreign affairs ad int.)*

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Accounts

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

A. KAJANTIE,
*Documentary credits
and control*

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
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