



# BANK OF FINLAND

## MONTHLY BULLETIN

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APRIL

1961

### RECENT DEVELOPMENTS

#### THE BALANCE OF PAYMENTS IN 1960

Sufficient information is now available for the presentation of a preliminary balance of payments statement for last year. As reported in the previous issue of this Bulletin, foreign trade resulted in a substantial deficit, as imports were stimulated by the expansion in internal activity. The deficit on merchandise account was thus 23 700 million marks, against an almost even balance in 1959. Net transportation earnings are estimated to have been roughly 17 000 million marks, or somewhat more than in the year before. Net expenditure on investment amounted to 1 900 million marks; on the debit side, this consisted mainly of interest on the long-term loans, and on the credit side of interest on the foreign exchange holdings. Net payments of 7 300 million marks were occasioned by travel. Taken as a whole, the total balance of goods and services is estimated to have resulted in a deficit of 12 400 million marks, compared with a surplus of 9 400 million in 1959, and 25 100 million in 1958.

Part of the imports was financed by foreign credit, available to importers of investment goods in the form of medium-term suppliers' credits. Private loans of this type were utilized to the extent of 11 000 million marks. No new actual long-term loans were

raised, but the Mortgage Bank of Finland drew on earlier credits, 5 500 million marks on loans from the World Bank, and 1 000 million on other loans. All in all, the inward flow of medium and long-term capital amounted to 20 100 million marks. The corresponding outflow in the form of repayments on loans was 11 500 million marks. This figure included repayments on earlier suppliers' credits, but also considerable sums paid on the early post-war credits from the USA, Brazil and Columbia, and on the war-time credits from Sweden.

The foreign exchange reserve of the Bank of Finland did in fact decrease in 1960, but as a whole the banking system and the Treasury improved their foreign payments position. The disposable foreign exchange assets were reduced by 3 300 million marks, but the amount reserved for documentary credits and the like increased by 800 million, and the gold reserve by 900 million. By replacements of funds, the considerable sum of 14 700 million marks was invested in foreign bills and bonds, partly, in fact, as a prepayment of loans ahead of schedule. The liabilities on the banks' foreign accounts increased in consequence of the strained

*On page 18, Finland's Foreign Trade in 1960*

liquidity on the money market on the one hand, and the increase in imports on the other.

Private short-term transactions played an essential part in the capital movement last year. The extent to which commercial credits on imports were utilized is not known exactly, but it is believed that they recorded an increase of some 13 000 million marks. Instead, the outstanding amount of prepayments received on future exports was less by 5 700 million marks at the end of the year than at the beginning. There was a decrease in the prepayments from the Soviet Union, and similarly in those for certain types of goods intended for Western markets. Conversely the prepayments on the shipping of timber and sawn goods increased. Certain private foreign assets were slightly reduced.

#### TRANSPORT

In common with other forms of economic activity, transport was influenced by the expansion in 1960. Its volume grew continuously, although the pace slowed down towards the end of the year.

Shipping grew especially, by as much as 21 per cent. Early in the year, with the harbours locked by ice, the rise was far less, but subsequently the rate of increase rose rapidly. The favourable development during the concluding months of the year was largely due to the very extensive imports occasioned by the expansion. On the other hand, export shipments in the autumn increased rather less. — The proportion of

goods carried by Finnish vessels was 19 per cent higher than in 1959.

Railway transport (in terms of goods trucks loaded) increased by 11 per cent on 1959. The largest rise was in the transportation of import goods from the ports, by 34 per cent, whereas goods from the USSR fell off to some extent, so that the total of import goods carried increased by 23 per cent. A similar tendency was visible for export goods: the number of loads to the ports increased by 22 per cent, those to the USSR border fell off by 10 per cent, and the total increased by 18 per cent. The advance of inland transport was considerably less.

Road traffic, as illustrated by the sales of petrol and diesel oil, increased by 10 per cent on 1959.

The expansion of transport has continued during the current year, but road traffic alone has shown a higher rate of increase than in 1960. Thanks to the mild winter, shipping has proceeded practically undisturbed, at least as far as the southern ports are concerned. In January, shipping activity was 11 per cent higher than one year previously, and road traffic 14 per cent higher. As for the railways, the total number of goods trucks loaded was 8 per cent above the January 1960 figure; the loads of export goods were 6 per cent more, while those of import goods were, seasonally, 12 per cent less. — No particular shortage of trucks has occurred, as the ports, with the exception of the northernmost ones, have been open all winter.

*March 28, 1961.*

## BANK OF FINLAND

Mill. mk

	1960		1961			
	Feb. 29	Dec. 31	Feb. 23	Feb. 28	March 8	March 15
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	72 611	75 305	79 237	79 968	80 620	80 963
Gold .....	8 455	9 120	9 030	9 030	9 030	9 030
Foreign exchange .....	60 680	59 482	62 689	63 422	64 082	63 454
Foreign bills .....	406	870	791	789	781	861
Foreign bonds .....	3 070	5 833	6 727	6 727	6 727	7 618
<i>Supplementary note cover</i> .....	26 427	41 992	33 272	33 103	35 220	36 005
Inland bills discounted						
In foreign currency .....	11 378	10 496	10 314	10 314	10 314	10 314
In Finnish currency .....	5 120	7 232	7 215	7 403	7 837	7 546
Rediscounted bills .....	3 054	20 514	11 993	11 636	13 319	14 395
Treasury bond loan .....	6 875	3 750	3 750	3 750	3 750	3 750
<i>Other assets</i> .....	15 917	7 822	8 475	9 725	9 681	7 899
Finnish bonds .....	3 979	3 070	1 875	2 965	2 952	1 232
Cheque accounts .....	322	418	484	655	598	529
Finnish coin .....	852	719	843	843	845	868
Other claims .....	10 764	3 615	5 273	5 262	5 286	5 270
Total	114 955	125 119	120 984	122 796	125 521	124 867
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	64 854	72 735	70 691	72 673	69 408	69 539
<i>Short-term liabilities</i> .....	14 595	16 676	14 441	14 371	20 076	19 137
Foreign exchange accounts .....	2 329	4 057	3 020	2 688	2 450	2 337
Mark accounts of holders abroad .....	4 331	4 241	4 267	4 275	4 279	4 298
Cheque account of the Treasury .....	7 238	6 187	6 214	6 495	11 619	10 624
Cheque accounts of banks .....	85	1 683	168	—	606	842
Other cheque accounts .....	217	167	213	326	286	220
Other short-term liabilities .....	395	341	559	587	836	816
<i>Long-term liabilities</i> .....	13 526	10 633	10 440	10 440	10 440	10 440
Foreign .....	10 848	10 030	9 849	9 849	9 849	9 849
Finnish .....	2 678	603	591	591	591	591
<i>Equalisation accounts</i> .....	6 796	9 085	9 158	9 027	9 273	9 391
<i>Bank's own funds</i> .....	15 184	15 990	16 254	16 285	16 324	16 360
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 .....	198	1 628	264	295	334	370
Total	114 955	125 119	120 984	122 796	125 521	124 867
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	72 611	75 305	79 237	79 968	80 620	80 963
Supplementary cover (Upper limit 50 000 mill. mk) .....	26 427	41 992	33 272	33 103	35 220	36 005
Total	99 038	117 297	112 509	113 071	115 840	116 968
<b>Note issue</b>						
Notes in circulation .....	64 854	72 735	70 691	72 673	69 408	69 539
Short-term liabilities .....	14 595	16 676	14 441	14 371	20 076	19 137
Undrawn on cheque credits .....	875	978	912	796	798	867
Unused right of note issue .....	18 714	26 908	26 465	25 231	25 558	27 425
Total	99 038	117 297	112 509	113 071	115 840	116 968

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

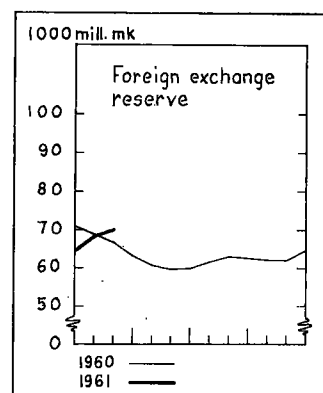
## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Redis-counted bills	Liabilities		Net claims on the banks (7—8—9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1952	22 099	13 141	8 958	7 024	5 524	10 458	17 217	2 088	—	15 129
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 <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										
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
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

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

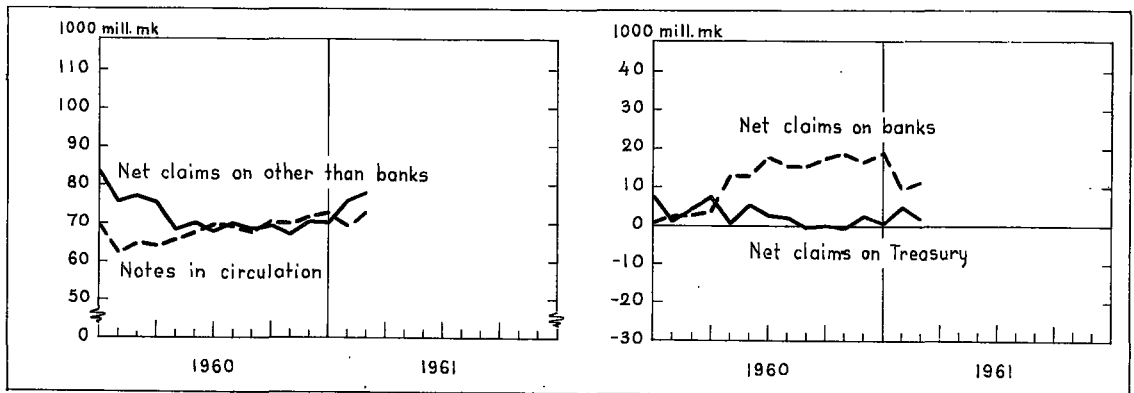
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1959 Dec. 31	1960		1961	
		Nov. 30	Dec. 31	Jan. 31	Feb. 28
Gold .....	8.4	9.1	9.1	9.1	9.0
Convertible .....	49.7	40.9	44.2	45.9	46.3
Non-transferable EMA ..	4.7	3.5	3.2	3.9	3.9
Eastern Block .....	4.4	2.4	1.7	3.1	3.7
Other .....	3.7	6.2	6.3	6.3	6.9
Total	70.9	62.1	64.5	68.3	69.8



**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
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										
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
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



## 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 central 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*										
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
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

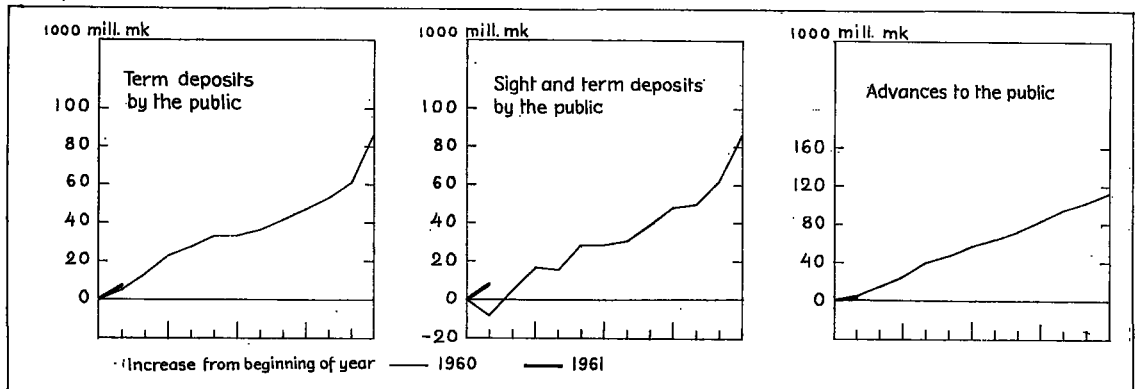
End of month	Index- ted depos- its	High- interest depos- its	Tax- conces- sion accounts
1960			
May	17 718	30 419	6 448
June	17 429	30 989	6 506
July	17 143	31 326	6 602
Aug.	16 979	31 705	6 709
Sept.	16 395	31 348	6 944
Oct.	16 054	32 825	7 248
Nov.	15 624	33 375	8 545
Dec.	15 128	35 557	14 366
1961			
Jan.	13 524	37 640	14 300

Selling rates for foreign exchange			
Feb. 28, 1961			
		mk	mk
New York ...	1 \$	321:40	Brussels ..... 100 Fr 643:—
Montreal .....	1 \$	326:—	Zurich ..... 100 Fr 7 418:—
London .....	1 £	899:—	Paris ..... 100 NF 6 560:—
Stockholm ...	100 Kr	6 218:—	Rome ..... 100 Lit 51: 68
Oslo .....	100 Kr	4 494:—	Vienna ... .. 100 Sch 1 235:—
Copenhagen ..	100 Kr	4 650:—	Lisbon ..... 100 Esc 1 119:—
Frankfurt o.M.	100DM	7 710:—	Reykjavik .... 100 Kr 845:—
Amsterdam ...	100 G	8 470:—	Prague, clear... 100 Kč 4 458:—
			Moscow, clear. 100 Rbl 356: 67

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960*	260 460	154 780	39 495	117 441	45 216	585 964	31 428	617 392	149 616
1960*									
Jan.	211 026	134 342	33 510	97 496	33 337	480 821	28 890	509 711	131 713
Feb.	217 135	135 681	33 884	98 116	34 089	488 705	30 200	518 905	134 079
March	222 749	137 133	33 984	100 212	35 225	499 743	29 560	529 303	136 298
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

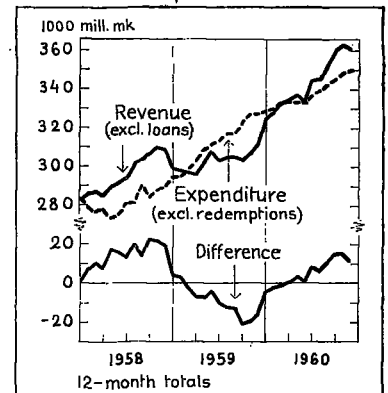


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1959	1960		1959	1960
Income and property tax (net) .....	63.0	64.7	Interest on State debt .....	5.9	5.4
Gross receipts .....	(120.1)	(162.5)	Child allowances .....	20.5	20.6
Refunds and communal income tax .....	(-57.1)	(-97.8)	The State's share in national pensions .....	7.9	7.7
Other direct taxes .....	1.4	1.5	Compensations to war-disabled .....	6.9	6.9
Purchase tax .....	66.2	78.9	Transfer of employers' payments for national pensions to the National Pensions Institution .....	6.3	4.8
Import duties .....	37.2	41.7	Subsidies .....	30.9	33.4
Revenue from Alcohol Monopoly .....	18.5	22.3	Net payments on price equalisation by extra-budgetary funds .....	1.1	2.2
Excise duty on tobacco .....	17.5	18.4	State aid to agriculture .....	5.6	5.2
Excise duty on liquid fuel .....	10.1	12.0	State aid to communal and private schools .....	20.6	22.9
Other excise duties .....	4.6	4.9	Net loss of State enterprises .....	—	—
Tax on automobiles and motor cycles .....	1.4	1.8	Maintenance of roads .....	7.4	8.7
Stamp duties .....	12.8	15.1	Other current expenditure .....	89.3	100.3
Employers' payments for child allowances and national pensions .....	23.5	26.7	<b>Current expenditure</b> .....	202.4	218.1
Net receipts of price equalisation by extra-budgetary funds .....	—	—	Real investments .....	56.8	60.4
Other revenue similar to taxes .....	4.0	4.2	Other capital expenditure .....	30.2	30.5
<b>Total taxes</b> .....	260.2	292.2	<b>Capital expenditure</b> .....	87.0	90.9
Interest and dividends .....	4.6	5.1	<b>Total expenditure</b> .....	289.4	309.0
Net profit of State enterprises .....	2.5	6.2	Redemption of external loans .....	6.4	3.2
Other current revenue .....	9.3	9.1	Redemption of internal loans .....	8.6	12.8
<b>Current revenue</b> .....	276.6	312.6	Redemption of indemnity bonds etc. ....	0.9	2.1
Capital revenue proper .....	9.9	7.1	Index premiums .....	0.7	0.7
Decrease in inventories .....	—	2.7	<b>Redemptions</b> .....	16.6	18.8
<b>Capital revenue</b> .....	9.9	9.8	<b>Total</b> .....	306.0	327.8
<b>Total revenue</b> .....	286.5	322.4			
External loans .....	—	—			
Internal loans .....	18.7	14.9			
<b>Loans</b> .....	18.7	14.9			
Short-term credit (increase +) ..	-0.3	-2.1			
Deficit (+) or surplus (-) .....	+1.1	-7.4			
<b>Total</b> .....	306.0	327.8			

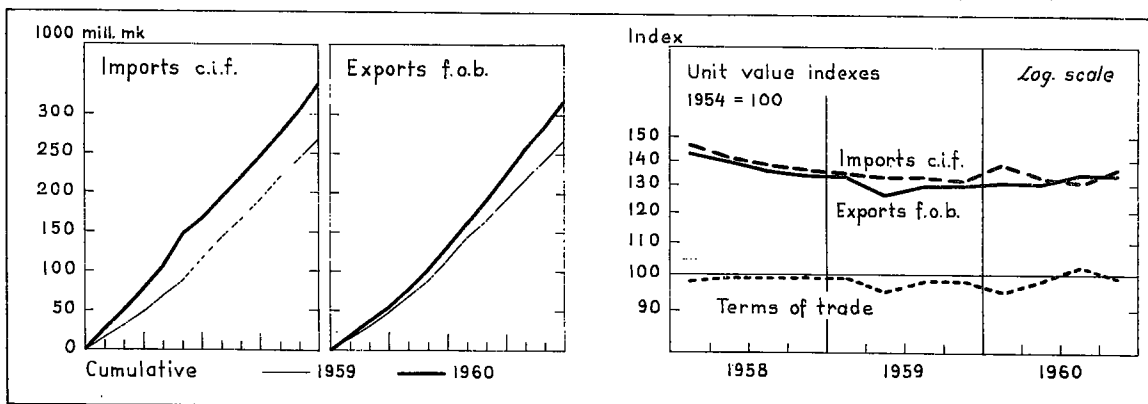
Debt	1958	1959	1960		1961	
	Dec.	Dec.	Nov.	Dec.*	Jan.*	Feb.*
<b>External debt</b> .....	79.0	76.6	73.8	74.7	74.4	75.1
Ordinary loans .....	61.5	72.2	74.2	74.5	74.6	77.3
Indemnity bonds etc. ..	7.3	6.5	4.5	4.4	4.3	4.3
Short-term credit ....	1.2	4.1	2.1	3.0	2.7	2.6
Cash debt (net) .....	-1.7	-5.8	-12.9	..	..	..
<b>Internal debt</b> .....	68.3	77.0	67.9	..	..	..
<b>Total debt</b> .....	147.3	153.6	141.7	..	..	..
Total debt, mill. \$	459.8	479.7	442.4	..	..	..





### FOREIGN TRADE

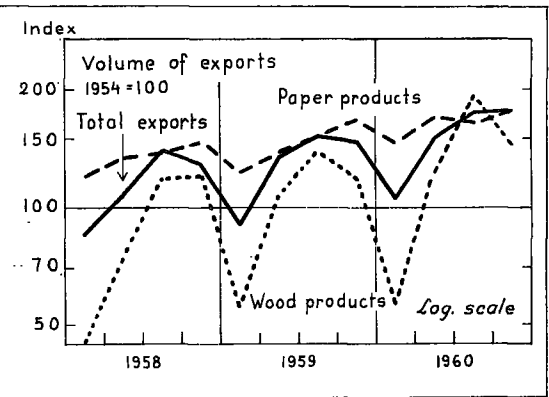
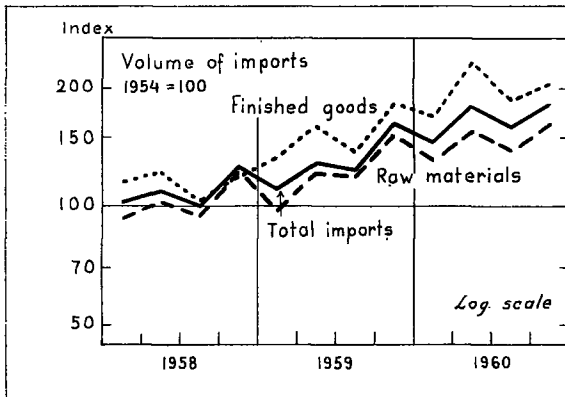
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. .	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
1959										
Oct.	23 997	25 686	+ 1 689	130	116	123	130	151	132	98
Nov.	26 993	24 882	- 2 111							
Dec.	30 403	24 672	- 5 731							
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	21 937	- 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							



FOREIGN TRADE BY MAIN GROUPS

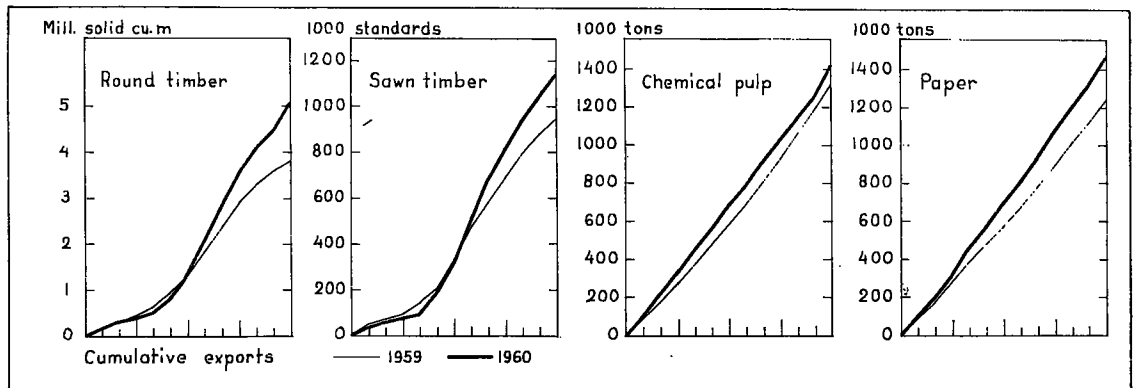
Mill. mk

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
1959 Dec.	14 711	3 915	6 802	4 975	2 065	995	5 408	11 650	3 415	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	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



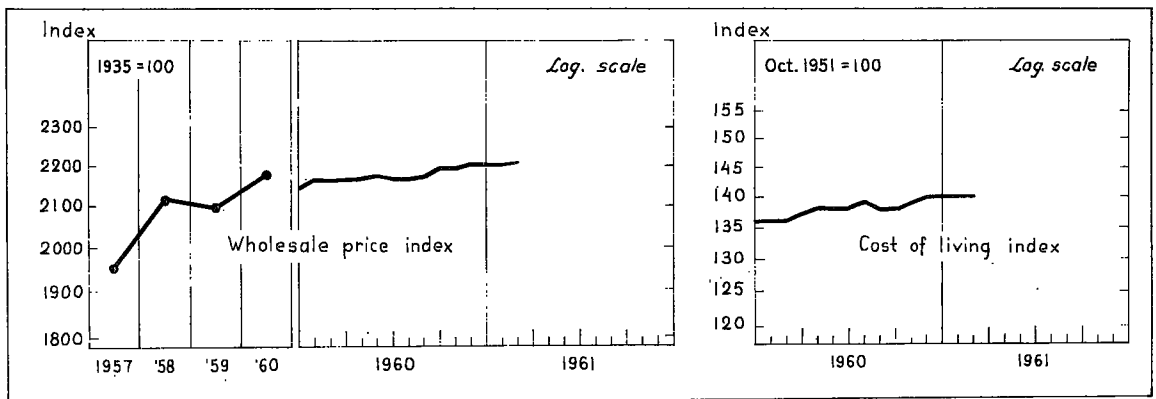
EXPORTS OF SOME IMPORTANT ARTICLES

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
1959 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
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



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year					Whole year				
	1957	1958	1959	1960*		1957	1958	1959	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	18.4	17.9	16.3	16.5	56 060	24.8	25.6	26.6	27.9	88 179
United Kingdom .....	17.6	17.2	15.7	15.9	53 910	21.7	22.1	23.3	24.5	77 549
<b>Other OEEC countries</b> ..	38.5	45.2	49.1	53.3	181 021	33.4	37.5	36.5	40.0	126 555
Austria .....	0.5	0.5	0.6	0.8	2 723	0.0	0.2	0.2	0.1	508
Belgium-Luxembourg .....	3.0	2.8	2.5	3.1	10 395	3.9	3.6	3.7	3.7	11 659
Denmark .....	2.1	2.4	2.3	2.6	8 782	2.5	3.0	3.3	3.5	11 047
France .....	5.1	4.7	5.1	5.7	19 504	5.6	6.2	4.8	4.7	14 956
Western Germany .....	11.4	16.5	18.0	19.3	65 640	8.9	10.8	10.9	11.6	36 567
Italy .....	1.5	1.5	1.8	1.7	5 682	1.3	1.8	1.8	2.1	6 666
Netherlands .....	4.1	4.3	4.6	4.6	15 725	4.1	4.4	5.3	6.1	19 168
Norway .....	1.3	1.2	1.6	1.5	5 134	0.4	0.7	0.7	1.3	4 018
Portugal .....	0.2	0.1	0.2	0.2	565	0.1	0.1	0.1	0.1	265
Spain .....	0.9	0.6	0.5	0.7	2 265	1.4	1.1	0.2	0.2	609
Sweden .....	5.9	8.3	9.1	10.4	35 235	3.1	3.6	3.2	4.8	15 334
Switzerland .....	1.6	1.7	2.2	2.2	7 595	0.6	0.7	0.4	0.6	1 804
<b>Eastern Bloc</b> .....	30.6	25.6	24.8	20.6	70 059	29.4	24.8	23.5	19.5	61 752
China .....	0.7	0.5	0.5	0.2	659	0.7	1.1	2.0	0.7	2 096
Czechoslovakia .....	2.9	1.2	1.4	1.1	3 872	1.6	1.2	0.7	0.9	2 956
Eastern Germany .....	2.5	1.7	1.6	1.4	4 685	1.9	1.7	1.3	1.3	4 025
Poland .....	5.2	3.1	2.8	2.5	8 378	3.4	2.6	2.1	1.7	5 500
Soviet Union .....	17.7	18.0	17.8	14.7	49 965	20.0	17.3	16.8	14.2	45 012
<b>U.S. and Canada</b> .....	5.7	5.5	5.4	6.0	20 424	5.1	4.7	5.9	5.1	16 194
United States .....	5.6	5.3	5.1	5.7	19 487	5.0	4.6	5.8	5.0	15 788
<b>Latin America</b> .....	5.1	4.4	3.5	2.7	9 036	4.8	4.5	4.9	5.1	16 113
Argentina .....	1.4	0.3	0.5	0.5	1 598	1.1	1.0	0.9	1.1	3 451
Brazil .....	3.3	3.7	2.5	1.8	5 967	2.7	2.4	2.8	2.9	9 285
<b>Others</b> .....	1.7	1.4	0.9	0.9	3 147	2.5	2.9	2.6	2.4	7 730
Grand total	100.0	100.0	100.0	100.0	339 747	100.0	100.0	100.0	100.0	316 523
<b>of which</b>										
<b>EFTA countries</b> .....	29.2	31.3	31.7	33.5	113 944	28.4	30.3	31.3	34.9	110 525
<b>EEC countries</b> .....	25.1	29.8	32.0	34.4	116 946	23.8	26.9	26.5	28.1	89 016



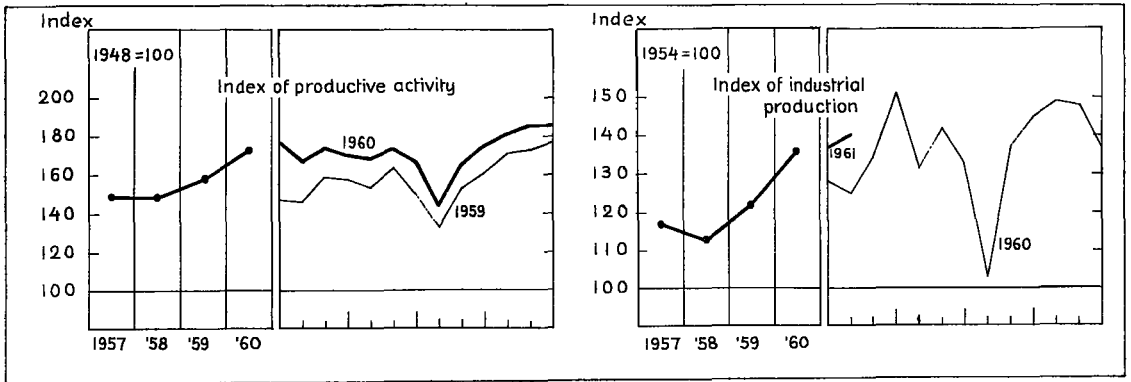
## PRICE INDEXES

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									
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
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

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												
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
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

PRODUCTION - INTERNAL TRADE

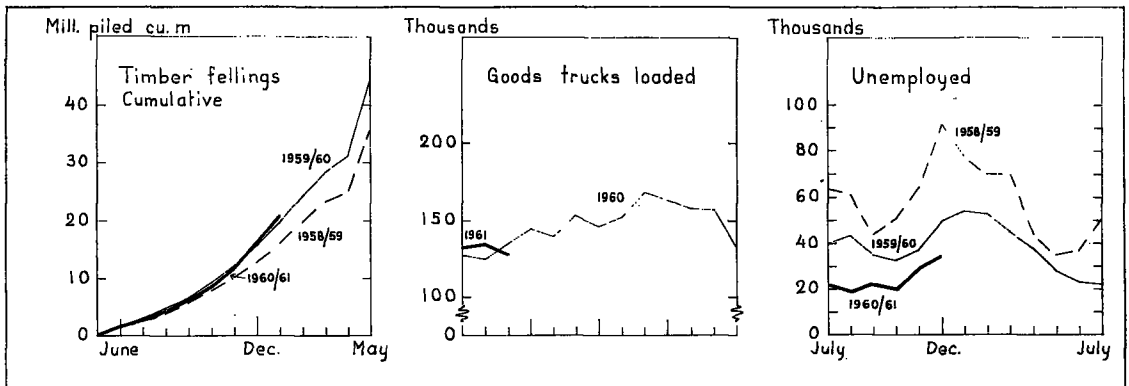
Period	Index of industrial production 1954 = 100								Commer- cial timber fellings 1 000 piled cu. m	Milk received by dairies  Million litres	Wholesale trade volume index  1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	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*											
Oct.	138	129	144	133	102	164	135	136	2 640	166	130
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.	140	143	146	128	118	183	144	123	4 847	187	113



## 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*	1959	1960*	1959	1960*
Jan.	124	134	431	450	345	412	1 717	1 751	3.8	2.6
Feb.	135	128	284	321	319	325	1 728	1 781	3.4	2.5
March	144		266		288		1 729	1 777	3.4	2.1
April	138		350		366		1 735	1 778	2.1	2.1
May	153		554		564		1 754	1 834	1.7	1.8
June	147		675		852		1 729	1 803	1.7	1.1
July	153		756		1056		1 608	1 698	1.8	1.0
Aug.	168		736		1006		1 660	1 769	2.0	0.9
Sept.	163		576		812		1 783	1 859	1.7	1.0
Oct.	158		563		683		1 775	1 851	1.6	0.9
Nov.	157		575		569		1 762	1 835	1.8	1.4
Dec.	133		519		568		1 719	1 812	2.4	1.6



## 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 of 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 (Feb. 28, 1961): Steamers 210 (304 540 gross reg. tons), motor vessels 221 (487 289 gross reg. tons), sailing vessels with auxiliary engines 82 (8 859 gross reg. tons). Total 513 (800 688 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 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 (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 FOREIGN TRADE IN 1960

BY

ERKKI MÄENTÄKANEN, M. Sc. (Econ.)

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

Foreign trade played a predominant role in the favourable development of the Finnish economy during 1960. The dependence of the exceptionally high rate of growth of the Finnish economy on foreign demand on the one hand, and on the supply of foreign raw material, investment goods and other producer goods on the other, has during the present period of expansion been shown in an accentuated form.

During 1960, the cyclical development in the United Kingdom, and in the EEC countries in particular was favourable to Finland's foreign trade. The supply of wood-processing products could be increased immediately by virtue of a fuller use of existing capacity. At the same time, the first results of the expanded capacity of the wood-processing industry began to be evident in the export figures for pulp, kraft board and paper other than newsprint, even though the rise in exports thus occasioned was still of relatively minor importance. The recession experienced in the United States was scarcely felt in Finland's foreign trade, although the increased activity of Canadian exporters in United Kingdom markets should be mentioned in this connection.

As regards the measures of policy which influenced Finland's foreign trade in 1960, there should be mentioned the extended liberalization of imports at the beginning of the year, whereby trade with France came on a multilateral basis and all discrimination be-

tween dollar imports from western European countries was removed.<sup>1)</sup> The introduction of the new customs tariff<sup>2)</sup> at the beginning of June occasioned a sharp rise in imports in May, followed by a corresponding decline in June.

The coming into existence of EFTA at the beginning of July, and the measures taken by some countries for the advancement of their exports, had no appreciable effect on Finland's foreign trade in 1960.

In a sense, foreign trade was a stabilizing factor in the powerful growth of the Finnish economy. Instead of ending in marked price increases, the excess demand of the early months of the year found an outlet in imports. Towards the end of the year, again, when the influence of domestic demand factors began to weaken, exports continued on a high level.<sup>3)</sup>

## GENERAL DEVELOPMENT

While the net national income rose in real terms by 8 per cent from 1959 to 1960, the corresponding increase in the volume of imports was about 27 per cent, and in the volume of exports 16 per cent. A very sharp rise in imports was a feature of the early part of the year, the increase being particularly marked in the groups of investment

1) See Bulletin No. 1, 1960, p. 25.

2) See Bulletin No. 6, 1960, p. 22.

3) See Bulletin No. 3, 1961, p. 18.

goods and raw materials. After July, however, there was a distinct levelling-off in the imports of these goods, and the difference in the total volume of imports between 1960 and 1959 diminished slightly month by month. After a slack start attributable to seasonal factors, a steady increase in exports set in during the second quarter, and the high level attained in June was maintained until the end of the year. There was a steady increase in exports in all groups of goods except for agricultural produce and metal industry products; for these the rise on 1959 was relatively small.

By reason of the large imports during the early months of the year, the deficit in the balance of trade amounted to 23 000 million marks; at the end of May it had stood as high as 45 000 million. The excess of exports in June—December was 22 000 million marks, or about double that of the corresponding months of 1959. The influence of the large deficit upon the foreign exchange reserves was mitigated by the extended payment times for imports, along with the use of long-term credits, which was connected with the high capital goods content of the imports (about 34 per cent).

The course of prices also favoured Finland's foreign trade. After a slight rise early in the year, import prices declined a little, so that the annual average was somewhat below the previous year's level. Thus the rise in the value of imports also reflects, by and large, the increase in its volume. An exception is provided by fuels, the prices of which fell distinctly during the year. The average increase in export prices was about two per cent, so that in 1960 there was a 2—3 per cent rise in the ratio of export prices to import prices.

The share of multilateral trade in Finland's imports and exports increased last year, a phenomenon typical of a boom (see Table p. 12). As regards the regional distri-

#### 1. VOLUME OF EXPORTS AND IMPORTS 1954=100

	1959	1960*	Change in 1960 per cent
<i>Exports</i>	131	152	+ 16
Agricultural products . . .	246	253	+ 3
Round and hewn timber ..	100	123	+ 23
Wood industry products ..	106	127	+ 20
Paper industry products ..	145	164	+ 13
Metal, engin. ind. products	138	155	+ 12
<i>Imports</i>	132	168	+ 27
Raw materials and access.	122	148	+ 21
Fuels and lubricants ....	122	161	+ 32
Finished producer goods ..	162	212	+ 31
Finished consumer goods	140	184	+ 31

#### 2. VALUE OF EXPORTS AND IMPORTS 1 000 MILL. MK

	1959	1960*	Change in 1960 per cent
<i>Exports (fob) . . . . .</i>	267.3	316.5	+ 18
Agricultural products ..	14.9	16.0	+ 7
Round and hewn timber ..	16.3	20.6	+ 26
Wood industry products	63.7	84.2	+ 32
Paper industry products	117.0	133.7	+ 14
Metal, engin. ind. products	44.1	47.4	+ 7
Other goods . . . . .	11.4	14.6	+ 28
<i>Imports (cif) . . . . .</i>	267.3	339.7	+ 27
Raw materials and access.	133.8	165.9	+ 24
Fuels and lubricants ....	28.1	33.1	+ 18
Finished producer goods	67.5	92.5	+ 37
Finished consumer goods	37.8	48.4	+ 28
<i>Balance of trade . . . . .</i>	+ 0.0	— 23.2	

bution of trade, the increase in the value of imports from the EEC countries was most marked (+ 37 per cent), and this was especially true of imports from Western Germany, France and Belgium-Luxembourg (+ 37, + 42 and + 54 per cent respectively). The exports to the EFTA countries rose relatively most (+ 32 per cent; exports to the United Kingdom, + 25 per cent). A comparatively large increase in trade with the Nordic countries (imports + 42 per cent and exports + 57 per cent), together with the rise in imports from the United States (+ 44 per cent) should also be mentioned. Finland's trade with the bilateral sector also increased. The combined share of the ten largest supplier countries in the total value of imports was 85 per cent, against 83 per cent one year earlier. As for exports, the corresponding figures for the ten main

## 3. EXPORTS AND IMPORTS OF PRINCIPAL ARTICLES

<i>Exports</i>		1957	1958	1959	1960*	Change in 1960 per cent
Round timber .....	1 000 cu. m	4 063	3 861	3 812	4 776	+ 25
Sawn timber .....	1 000 stds	719	762	950	1 143	+ 20
Veneers and plywood .....	1 000 cu. m	260	239	296	358	+ 21
Spools .....	tons	1 977	1 248	1 108	1 689	+ 52
Prefabricated houses .....	1 000 sq. m	77	53	17	8	- 53
Doors .....	tons	3 521	4 369	1 878	1 231	- 34
Mechanical pulp .....	1 000 tons	165	143	139	177	+ 27
Sulphite pulp .....	1 000 tons	697	725	770	919	+ 19
Sulphate pulp .....	1 000 tons	474	476	549	500	- 9
Newsprint .....	1 000 tons	551	585	576	691	+ 20
Kraft paper .....	1 000 tons	326	333	394	432	+ 10
Paper, other kinds .....	1 000 tons	229	225	265	327	+ 23
Fibreboard .....	1 000 tons	60	83	110	128	+ 16
Board and cardboard .....	1 000 tons	134	145	142	150	+ 6
Products of board and paper .....	1 000 tons	49	38	52	63	+ 21
Copper and copper products .....	tons	6 953	18 170	15 981	11 371	- 29
Electrical machinery and appliances ..	mill. mk	1 104	1 314	3 137	2 942	- 6
Machinery and equipment, other .....	mill. mk	9 933	10 106	14 919	9 259	- 38
Vessels .....	mill. mk	15 028	15 431	18 381	26 073	+ 42
Butter .....	tons	24 976	20 528	21 431	25 724	+ 20
Cheese .....	tons	13 182	14 882	17 850	16 962	- 5
<i>Imports</i>						
Wheat and rye .....	1 000 tons	408	384	406	222	- 45
Raw coffee .....	tons	30 281	31 377	33 603	34 077	+ 1
Sugar .....	1 000 tons	132	149	138	121	- 12
Raw tobacco .....	tons	4 980	4 793	5 386	6 123	+ 14
Edible fats .....	tons	42 506	29 716	26 084	23 825	- 9
Wool .....	tons	5 117	4 579	4 926	4 581	- 7
Cotton .....	tons	16 163	15 295	17 985	21 678	+ 21
Wool and cotton fabrics .....	tons	4 182	3 678	4 495	4 300	- 4
Rubber and rubber products .....	tons	14 457	13 359	17 109	20 606	+ 20
Chemicals and drugs .....	1 000 tons	280	255	279	353	+ 27
Concentrated fodder .....	1 000 tons	73	57	50	64	+ 28
Fertilizers .....	1 000 tons	519	414	480	421	- 12
Coal and coke .....	1 000 tons	2 864	2 225	2 658	1 725	- 35
Liquid fuel .....	1 000 tons	1 975	1 973	1 880	2 580	+ 37
Iron and steel .....	1 000 tons	451	330	574	740	+ 29
Electrical machinery and appliances ..	mill. mk	9 593	11 938	14 645	19 399	+ 32
Machinery and equipment, other .....	mill. mk	20 531	26 086	33 474	46 793	+ 40
Automobiles and chassis .....	number	25 995	21 733	31 217	45 212	+ 45
Tractors .....	number	9 616	8 434	11 491	14 973	+ 30

purchaser countries were 81 and 80 per cent respectively. Precisely one-half of Finland's imports and exports was accounted for by its three largest trade partners (United Kingdom, Western Germany and Soviet Union).

## EXPORTS

In export development, wood and wood-processing products again stood well to the fore; they were responsible for 84 per cent of the increase in exports, and their share in the total value of exports was 75 per cent. Exports of these products rose by 16 per cent

in volume and by 21 per cent in value above 1959, when this share of the total was about one per cent lower.

The influence of the European boom was most clearly reflected in sawn goods exports. These amounted to 1 140 000 stds and thus exceeded the 1959 figure, already a postwar record. Sawn goods were also of major importance in raising the general level of Finnish export prices; in 1960 the average price of sawn timber was about 13 per cent higher than in 1959, though timber prices were admittedly exceptionally low that year.

A comparison with 1958 shows that both the volume and the value of the exports of sawn goods increased by 50 per cent over two years. As a result of a 26 per cent increase in plywood exports, in conjunction with the increase in sawn goods exports, the share of wood products in total exports rose from 23 to 25 per cent.

The volume of the exports of pulp industry products rose by 9 per cent, and the rise in their prices averaged 3 per cent. The increase related exclusively to sulphite pulp. The share of pulp in the total value of exports declined by one per cent to 17 per cent.

The increase in the volume and value of paper and board exports, at 16 per cent, corresponded to the increase in total exports, but the brisk demand for wood products meant that their share in the total of exports fell by about one per cent to 26 per cent. In this group, the most substantial rise was in exports of newsprint, other paper and kraft board, whereas the exports of kraft paper remained on the previous year's level.

In the latter half of the year, there was a sharp rise in the exports of round and hewn timber, the increase being primarily due to pulp wood. The share of this group in total exports was between 6 and 7 per cent.

As for commodities other than wood and wood-processing products, their export prices displayed no uniform trend. In most instances, the prices were no higher than in 1959. Taken as a whole, the exports of these goods rose by 15 per cent in volume but only by 11 per cent in value. The growth in exports of agricultural produce and metal industry products was relatively modest (see Table 2). In the latter group, the increase was mainly the result of an increase in the exports of vessels, whereas the exports of machinery and equipment fell off. The development of other exports was favourable. The value of these secondary exports rose by 30 per cent, and their volume still more.

As will be seen from the Table 4, in the EEC markets Finnish exports of paper and board experienced a gratifying increase in 1959. Western Germany was the main purchaser, but nevertheless the relative rise was greatest in exports to France (+ 64 per cent). As regards the exports of sawn goods and plywood, on the other hand, the shipments to the EFTA countries increased most (+ 26 and 28 per cent). Some increase was recorded in exports of metal industry products to western European markets.

#### 4. REGIONAL DISTRIBUTION OF SELECTED EXPORTS IN 1959 AND 1960, PER CENT

	Sawn goods		Pulp		Paper and board	
	1959	1960*	1959	1960*	1959	1960*
EFTA ....	54	57	32	34	19	19
EEC .....	33	33	32	34	30	35
Other ....	13	10	36	32	51	46

#### IMPORTS

In the group of investment goods, the increase in the imports of machinery and equipment for industry increased somewhat more than the average, and by the end of November amounted to 68 per cent of the total value of this group. The advancement of investment projects is reflected by the fact that during the second half of the year imports of power engines declined most, whereas the purchases of machines tools for the metal industry were substantially increased. By the end of June, the imports of industrial machinery and equipment were still 66 per cent higher than one year previously, but by the end of November the difference had declined to 25 per cent. Imports of motor vehicles other than private cars grew more than tenfold (15 907 cars in January—November compared with 1 424 cars in January—November 1959). The increase primarily related to delivery vans, for which import licences were generally given according to need.

5. REGIONAL DISTRIBUTION OF SELECTED IMPORTS  
IN JAN.—SEPT. 1957 AND 1960, PER CENT

	Machinery and equipment, vehicles		Manufactures and other finished goods		Chemical products	
	1957	1960*	1957	1960*	1957	1960*
EFTA . . . .	35	42	35	33	29	35
EEC . . . . .	35	41	37	49	38	43
Eastern Bloc	20	7	19	11	21	14
Other . . . .	10	10	9	7	12	8

The change since the devaluation of 1957 and the trade liberalization in the regional

distribution of specified imports is seen in the Table 5. Changes have principally taken place only in the three areas mentioned. There has been a particularly notable increase in the imports of finished goods from the EEC countries. No equally distinct shifts have been discernible in other product groups.<sup>1)</sup>

<sup>1)</sup> See Bulletin No. 6, 1960, p. 1 and No. 1, 1961, p. 1.

## ITEMS

**Rates of interest and terms of rediscounting.** On March 9, the Bank of Finland authorized the rediscounting banks to extend the differentiation of lending rates further to that stipulated on June 1, 1960 (see Bulletin No. 6, 1960, p. 22). The maximum amount of credit on which a rate above 7, but not more than 8 per cent, may be charged was raised to the equivalent of 20 per cent of the individual banks' total advances to the public on December 31, 1960. The condition is attached that the weighted average of any one bank's lending rates may not exceed 7 per cent. As the present level of rates is just below this limit, it entails that if some rates are raised, others have to be lowered correspondingly. As regards the loans which should be affected by the measure, the Bank of Finland's recommendations remain unchanged.

\*

**Trade and payments agreements.** Finland has recently concluded the following trade and payments agreements.

*Israel.* The trade and payments agreements of March 1960 ceased to be valid at the end

of 1960. On February 17, 1961, a new trade agreement was signed, under which trade will mainly proceed according to indicative lists appended to the agreement, and payments be made in convertible currencies. The agreement will be automatically renewed unless notice of its termination is given four months before the end of the calendar year.

*Czechoslovakia.* On February 6, a trade agreement was concluded for 1961. The Finnish export quota includes chemical wood pulp, sawn goods, wallboard, paper, machinery and copper, and her import quota cars, motor cycles, various metal and rolled products, chemicals and textiles.

*Morocco.* On January 27, the term of validity of the trade agreement signed on September 9, 1960 was extended retrospectively for one year from December 1, 1960.

\*

**New bond loans.** On February 23, 1961, the Government issued a bond loan amounting to 2 000 million marks. The bonds are dated March 1, 1961. This loan is to be subscribed by private credit institutions, and will run for ten years at a rate 2 per cent above

the general deposit rate of the two largest commercial banks. Amortization and interest are tied to the cost of living index to the extent of 50 per cent. It was issued at a price of 99.39.

On the same day, the Government issued another bond loan to the amount of 1 500 million marks. The bonds are dated March 1, 1961 and the period of the loan is five years. The loan will run at a rate  $2\frac{1}{4}$  per

cent above the general deposit rate of the two largest commercial banks.

On February 2, 1961, the Government authorized The Central Bank of Co-operative Credit Societies, Ltd. to issue a loan of 2 000 million marks. The bonds are dated February 1, 1961 and will run for 10 years. The rate of interest is  $2\frac{1}{4}$  per cent above the general deposit rate of the co-operative credit societies.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

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

REINO ROSSI

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*Credits*

PERTTI TAMMIVUORI,  
*Administration*

EERO ASP,  
*Foreign affairs*

JOUKO J. VOUTILAINEN,  
*Foreign affairs; Information*

K. IGNATIUS,  
*Administration*

## HEADS OF DEPARTMENT

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*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*

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*Office*

K. EIROLA,  
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