



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 32 No. 5

MAY

1958

RECENT DEVELOPMENTS

PRODUCTIVE ACTIVITY

Economic activity has remained at the level to which it fell during the second and third quarters of 1957. For the last quarter of that year, and for the first quarter of the current year, the Mercator index of productive activity was 5 per cent below the corresponding figures one year previously.

Several factors contributed to this development. One of importance was the international weakening of business conditions, which, during the latter half of 1957, reduced the demand for Finnish goods, and also lowered their prices. The devaluation carried out last September considerably improved the profitability of the Finnish export industries, but, as was anticipated, its immediate stimulating effect on activity was small. During the last quarter of 1957, the output of the export industries reached approximately the level prevailing one year previously. During the first quarter of this year, the wood-processing industries recorded an output which was 3 per cent in excess of the corresponding volume for 1957, the increase relating solely to wood and wood products.

Development in the home market industries has been far more unfavourable. During January—March, the output of the metal industry was 10 per cent, and that of other manufacturing industries 12 per cent, below the corresponding figures for 1957. In these

industries, the liberalisation of imports was bound to create difficulties in adaptation. For instance, the position of the textile industry is quite serious, as that industry was induced by the post-war demand, long suppressed, to expand production beyond the absorbing capacity of a normal consumption. Its first-quarter output was 26 per cent less than it had been one year previously. The footwear and clothing industries experienced a similar decline, as did the leather and rubber industries.

The urgency of house building has also declined, owing to the intensive construction work performed in late years. This year, the volume of construction has been less than in the early months of 1957. The decline has necessitated a restriction of output in the clay, glass and stone industries, and is an important factor in the growth of unemployment.

The comparatively favourable situation of the wood-processing industries has influenced commercial fellings, the quantity cut during the first quarter being 4 per cent in excess of last year's corresponding figure. From the beginning of June 1957 to the end of April, the fellings amounted to 30.2 mill. piled cu. m, against 29.0 mill. cu. m during

On page 18, The Growing Importance of Finnish Iron Ore Mining

the previous felling season. The composition of fellings changed, heavy logs showing an increase of 49 per cent, while piled round-wood decreased by 4 per cent and fuel wood by as much as 30 per cent.

As regards employment, the past winter was more difficult than the foregoing one. The post-devaluation improvement in lumbering was unable to relieve the situation, as, owing to the structural change in fellings and to continuous mechanisation, the need for human labour failed to increase. Unemployment reached a peak towards the end of March, when the numbers of persons in various relief works, and of those altogether without work, totalled 78 000, which is 4 000 more than the corresponding maximum one year previously. By May 9, these figures had again declined, amounting to 53 700 in relief works and 3 900 without work, the corresponding figures for 1957 being 49 100 and 800 respectively. Actually, however, the situation has been somewhat more serious than these figures indicate, because for some time already a number of plants have been unable to work full weeks.

THE MONEY MARKET

The internal conditions for a rise in economic activity have been improved by a gradual relaxation in the money market. The increase in deposits has been of particular importance. During January—April this year, the term deposits in all credit institutions increased by 17 155 mill. marks, the corresponding increase in 1957 being 11 209 million. A point of especial significance is that this increase did not relate to index-tied deposits alone. Ordinary deposits increased steadily, by 9 821 mill. marks in all for January—April, in comparison with an increase of 7 334 million in index-tied deposits (see Item). Including cheque accounts, total deposits by the public grew during

January—April by 16 719 mill. marks, as against 7 296 million for the corresponding period of 1957. In the first instance, the credit institutions used the increase in deposits for reducing their rediscounts, but, during April in particular, for expansion of their lending also. In total, the loans granted by credit institutions grew by 12 737 mill. marks during January—April, the corresponding increase in 1957 being 3 523 million.

By reason of the continuous decrease in export prices, a second reduction of the levy on export proceeds was undertaken at the end of April, on the initiative of the Bank of Finland (see Item). In this connection, it may be mentioned that the sum of 10 625 mill. marks in export levies which was to be used for redemption of the Treasury Bond Loan, had fully accumulated during April. By the stipulations of the act, the funds collected in excess of this sum will be distributed as loans, beginning in July at the earliest. By the middle of May, such funds had accumulated to the extent of 1 432 mill. marks.

The most recent measure taken by the Bank of Finland was the relaxation of rediscounting rules from May 1. Since that date, rediscounts amounting to not more than 60 per cent of the credit institutions' own funds are exempted from additional interest. That volume of rediscounting is estimated as being approximately sufficient for maintenance of the present volume of credit. If rediscounting is carried out above this limit, additional interest is charged on a progressive scale, as before (see Item). At the same time, the maximum rate of additional interest was lowered from 5 to 3 per cent. This measure is aimed, not at an expansion of lending, but at a reduction of the burden of additional interest on that volume of rediscounts which is beyond the immediate control of the credit institutions.

May 23, 1958

BANK OF FINLAND

Mill. mk

	1957		1958			
	April 30	Dec. 31	April 8	April 15	April 23	April 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	26 139	41 340	48 855	47 856	47 017	46 252
Gold	7 849	7 850	7 850	7 850	7 850	7 850
Foreign exchange	15 400	30 579	37 068	36 069	35 230	34 465
Foreign bills	115	136	1 162	1 162	1 162	1 162
Foreign bonds	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	68 526	64 811	48 794	46 559	48 837	53 547
Inland bills discounted						
In foreign currency	9 556	13 240	13 227	13 174	13 134	13 183
In Finnish currency	16 984	12 909	16 266	16 780	17 095	17 252
Rediscounted bills	24 486	24 912	11 801	9 105	10 483	14 987
Treasury bond loan	17 500	13 750	7 500	7 500	8 125	8 125
<i>Other assets</i>	13 690	19 786	18 791	18 092	18 160	18 168
Finnish bonds	1 583	1 258	1 235	1 202	1 202	1 202
Cheque accounts	607	619	889	466	527	477
Finnish coin	375	299	549	556	565	579
Other claims	11 125	17 610	16 118	15 868	15 866	15 910
Total	108 355	125 937	116 440	112 507	114 014	117 967
Liabilities						
<i>Notes in circulation</i>	55 764	60 640	56 696	55 259	54 202	56 174
<i>Short-term liabilities</i>	18 213	20 581	17 329	14 527	17 909	19 057
Foreign exchange accounts	4 833	4 569	2 741	2 599	2 800	2 703
Mark accounts of holders abroad	7 208	7 901	2 683	2 677	2 780	2 810
Cheque account of the Treasury	5 466	5 145	6 656	4 716	9 006	9 982
Cheque accounts of banks	—	2 405	1 679	763	56	314
Other cheque accounts	102	189	242	206	197	196
Other short-term liabilities	604	372	3 328	3 566	3 070	3 052
<i>Long-term liabilities</i>	10 894	16 249	17 004	16 964	15 841	16 487
Foreign	8 584	12 284	12 243	12 131	12 131	12 135
Finnish	2 310	3 965	4 761	4 833	3 710	4 352
<i>Equalisation accounts</i>	9 995	14 458	10 893	11 226	11 517	11 688
<i>Bank's own funds</i>	13 489	14 009	14 518	14 531	14 545	14 561
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed	1 026	—	1 085	1 085	1 085	1 085
Earnings less expenses	625	2 171	509	522	536	552
Total	108 355	125 937	116 440	112 507	114 014	117 967
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	26 139	41 340	48 855	47 856	47 017	46 252
Supplementary cover (Upper limit 58 000 mill. mk)	58 000	58 000	48 794	46 559	48 837	53 547
Total	84 139	99 340	97 649	94 415	95 854	99 799
Note issue						
Notes in circulation	55 764	60 640	56 696	55 259	54 202	56 174
Short-term liabilities	18 213	20 581	17 329	14 527	17 909	19 057
Undrawn on cheque credits	661	624	364	787	726	776
Unused right of note issue	9 501	17 495	23 260	23 842	23 017	23 792
Total	84 139	99 340	97 649	94 415	95 854	99 799

Lowest Bank rate since April 19, 1956, 6 1/2 per cent

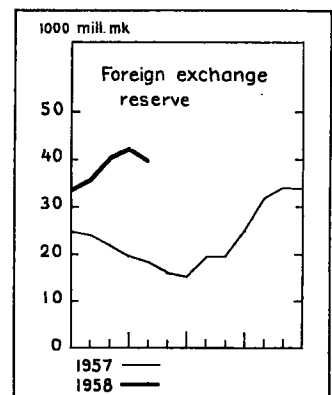
BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	— 55	32 373
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	— 95	24 581
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255
July	25 580	6 274	19 306	2 890	16 333	5 863	19 815	—	776	19 039
Aug.	26 710	7 343	19 367	2 890	16 363	5 894	20 902	—	457	20 445
Sept. ¹⁾	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	— 565	21 059
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122
Nov.	39 825	5 947	33 878	2 911	19 422	17 367	17 553	—	558	16 995
Dec.	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673

¹⁾ Devaluation, September 16.

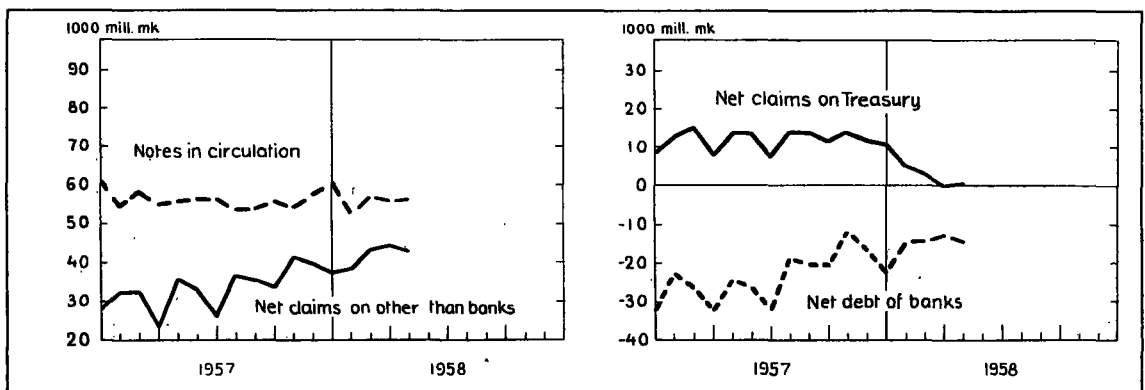
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	Feb. 28	March 31	April 30
Gold	7.8	7.8	7.8	7.8	7.8
Convertible currencies	16.0	17.8	17.0	16.1	14.8
Transferable EPU ↗	3.2	3.9	4.8	5.1	4.3
Non-transferable EPU ↗	2.0	4.4	5.3	6.0	6.2
Eastern Bloc currencies ..	-3.4	2.0	6.5	7.8	7.8
Other currencies	-4.8	-2.0	-1.1	-0.8	-1.3
Total	20.8	33.9	40.3	42.0	39.6



BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other ¹⁾ advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1957										
Feb.	19 160	4 103	15 057	15 755	10 374	26 129	4 057	841	21 231	58 245
March	19 160	11 414	7 746	17 181	10 498	27 679	4 074	573	23 032	54 967
April	19 160	5 466	13 694	16 984	10 491	27 475	—	706	26 769	55 764
May	17 910	4 210	13 700	16 943	10 823	27 766	—	784	26 982	56 311
June	17 910	10 543	7 367	17 485	11 152	28 637	—	605	28 032	56 177
July	17 910	3 799	14 111	17 484	10 787	28 271	—	558	27 713	53 471
Aug.	17 910	4 148	13 762	17 213	10 599	27 812	—	746	27 066	53 736
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES.

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957*	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1957*										
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227
June	31 562	37 718	16 026	98 735	112 709	64 938	34 215	16 578	327 210	380 954
July	35 403	42 655	10 137	98 828	113 094	64 824	33 573	16 475	326 830	379 622
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 086	14 912	103 223	117 845	67 154	33 960	16 823	339 038	400 036
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847

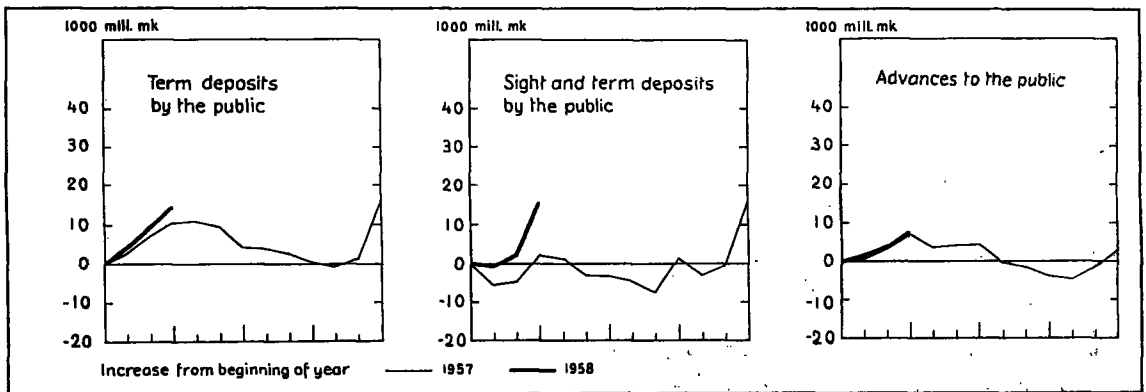
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	
June	8 253	53 325	
July	10 227	55 500	
Aug.	12 235	58 398	
Sept.	13 883	73 815	
Oct.	17 461	77 571	
Nov.	20 442	80 155	
Dec.	22 462	82 443	

Selling rates for foreign exchange			
April 30, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich 100 Fr 7 326:—
London	1 £	897:—	Frankfurt a/M 100 DM 7 655:—
Stockholm ...	100 Kr	6 185:—	Prague 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 636:—	Vienna 100 Sch 1 236:—
Oslo	100 Kr	4 485:—	Lisbon 100 Es 1 118:50
Paris	100 Fr	76:37	Rome 100 Lit 51:40
Brussels	100 Fr	643:—	Montreal 1 \$ 331:—
Amsterdam ...	100 G	8 465:—	Moscow, clear. 100 Rbl 8 035:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	99 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 448	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	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1957*									
Feb.	164 342	103 868	26 432	77 017	14 799	360 198	26 260	386 458	100 279
March	167 767	104 243	26 511	76 829	14 833	362 229	27 954	390 183	101 686
April	163 706	104 757	26 444	76 993	14 800	362 268	24 432	386 700	100 141
May	162 752	105 426	26 502	77 847	14 887	361 685	25 729	387 414	97 842
June	162 707	105 215	26 560	78 231	14 880	359 876	27 717	387 593	103 303
July	158 635	105 223	26 601	77 466	14 906	357 896	24 935	382 831	100 434
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 299
Dec.	160 379	106 551	26 047	77 626	15 717	362 517	23 803	386 320	116 232
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	112 147
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	113 258
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	..
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	..



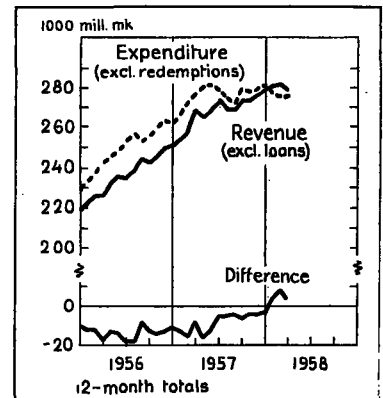
STATE FINANCES

1000 mill. mk

Revenue	Jan.—March		Expenditure	Jan.—March	
	1957	1958		1957	1958
Income and property tax (net)	25.0	14.0	Interest on State debt	1.9	2.4
Gross receipts	(33.5)	(31.9)	Child allowances	5.0	5.0
Refunds and communal income tax	(-8.5)	(-17.9)	The State's share in national pensions	2.7	1.6
Other direct taxes	0.3	0.2	Compensations to war-disabled	1.9	1.8
Purchase tax	15.3	14.5	Transfer of employers' payments for national pensions to the National Pensions Institution	1.2	1.8
Import duties	9.3	9.3	Subsidies	5.6	4.5
Revenue from Alcohol Monopoly ...	4.6	4.5	Net payments by Price Equalisation Fund ¹⁾	—	—
Excise duty on tobacco	2.9	3.4	State aid to agriculture	0.7	0.6
Excise duty on liquid fuel	—	0.7	State aid to communal and private schools	6.1	6.0
Other excise duties	1.1	1.0	Net loss of State enterprises	1.1	1.8
Tax on automobiles and motor cycles	—	0.3	Maintenance of roads	1.1	1.1
Stamp duties	3.2	3.3	Other current expenditure	20.3	20.7
Levy on export proceeds	—	6.3	Current expenditure	47.6	47.3
Employers' payments for child allowances and national pensions	4.8	5.2	Real investments	15.5	15.2
Net receipts of Price Equalisation Fund ¹⁾	1.6	1.5	(of which: unemployment grants) ..	(9.9)	(9.0)
Other revenue similar to taxes	0.8	0.6	Other capital expenditure	12.0	7.0
Total taxes	68.9	64.8	Capital expenditure	27.5	22.2
Interest and dividends	0.6	0.7	Total expenditure	75.1	69.5
Other current revenue	1.7	1.9	Redemption of external loans	0.7	1.0
Current revenue	71.2	67.4	Redemption of internal loans	3.5	4.2
Capital revenue proper	1.7	1.2	Redemption of indemnity bonds etc. ..	0.2	0.3
Decrease in inventories	—	4.6	Index premiums	0.2	0.4
Capital revenue	1.7	5.8	Redemptions	4.6	5.9
Total revenue	72.9	73.2	Total	79.7	75.4
External loans	—	—			
Internal loans	3.3	0.4			
Loans	3.3	0.4			
Short-term credit (increase +)	—	+3.0			
Deficit (+) or surplus (-)	+3.5	-1.2			
Total	79.7	75.4			

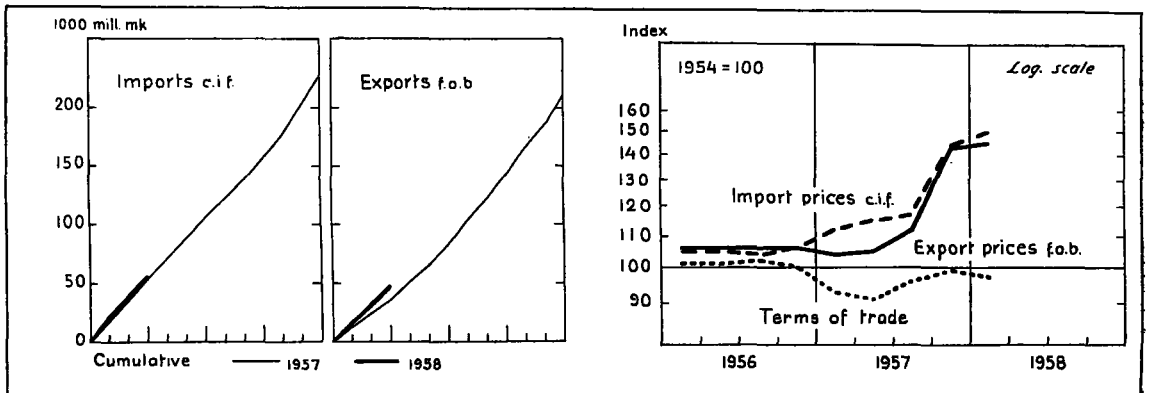
¹⁾ Previously gross figures.

Debt	1955	1956	1957	1958		
	Dec.	Dec.	Dec.*	Feb.	March	April
External debt	61.3	61.5	82.2	81.7	81.1	81.1
Ordinary loans	43.0	50.7	52.7	49.6	48.8	48.8
Indemnity bonds etc. ..	6.8	7.1	7.4	7.5	7.5	7.5
Short-term credit	—	—	—	3.0	3.0	3.0
Cash debt (net)	5.9	8.8	10.7	4.8	9.5	..
Internal debt	55.7	66.6	70.8	64.9	68.8	..
Total debt	117.0	128.1	153.0	146.6	149.9	..
Total debt, mill. \$	506.3	554.5	476.7	456.6	466.9	..



FOREIGN TRADE

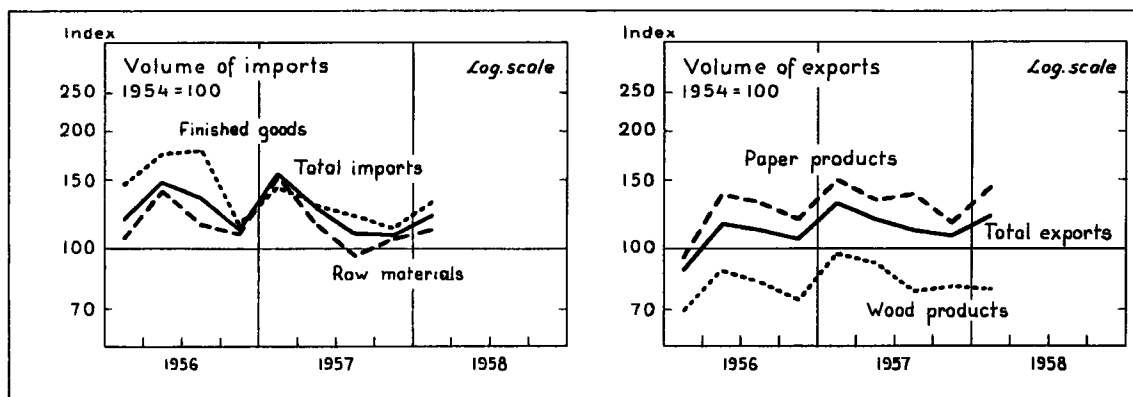
Period	Value, mill. mk			Price indexes, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
Jan.— March										
1956	38 534	24 806	-13 728	106	106	109	109	102	105	101
1957	54 281	36 238	-18 043	104	104	98	108	108	112	93
1958*	56 761	47 052	- 9 709	145	143	142	143	170	150	97
1957										
April	16 023	14 272	- 1 751	105	111	100	108	109	115	91
May	18 376	14 919	- 3 457							
June	16 325	17 625	+ 1 300	112	112	110	113	120	117	96
July	16 019	19 636	+ 3 617							
Aug.	15 454	18 702	+ 3 248	143	145	144	147	143	144	99
Sept.	18 217	20 815	+ 2 598							
Oct.	21 321	23 589	+ 2 268	145	143	142	143	170	150	97
Nov.	25 034	22 257	- 2 777							
Dec.	26 877	24 332	- 2 545							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	150	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 814	- 1 153							



FOREIGN TRADE BY MAIN GROUPS

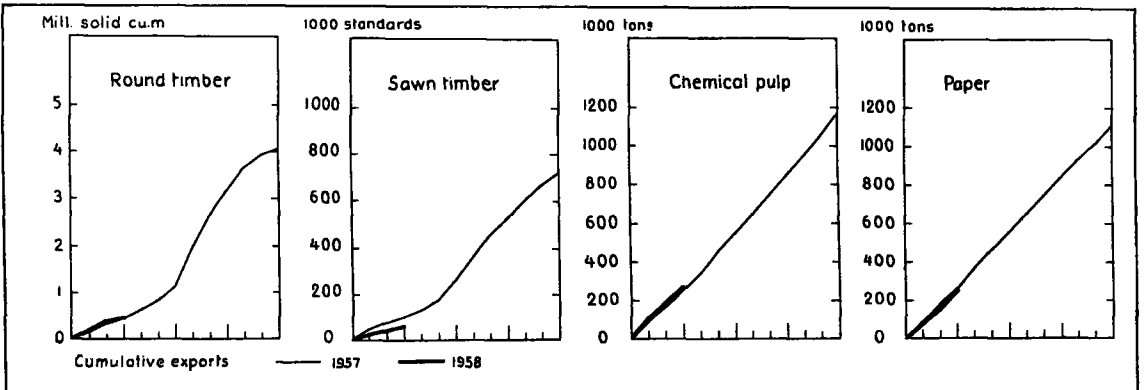
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	28 912	41 353	10 169	17 095	48 287	97 638	30 433	8 763
Jan.— March										
1956	18 642	4 349	5 017	10 526	1 120	909	5 198	13 046	3 823	708
1957	27 907	10 684	6 719	8 971	2 017	1 711	6 607	20 517	4 105	1 281
1958*	28 678	7 737	7 534	12 812	2 878	2 197	7 766	26 193	6 062	1 956
1957										
Feb.	7 930	3 168	2 055	3 237	540	700	1 996	7 079	917	415
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
April	7 880	2 857	2 283	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 462	2 098	707
June	7 695	3 938	1 871	2 821	909	1 401	4 622	7 252	2 447	994
July	7 765	3 492	1 877	2 885	700	2 821	5 089	7 291	2 783	952
Aug.	8 429	2 749	2 005	2 271	774	2 773	4 812	7 624	2 005	714
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 304	841	1 077	2 764	8 590	1 700	538
Feb.	8 479	2 908	2 213	4 688	1 267	795	2 505	8 340	1 280	541
March	9 621	1 885	2 641	3 820	770	325	2 497	9 263	3 082	877



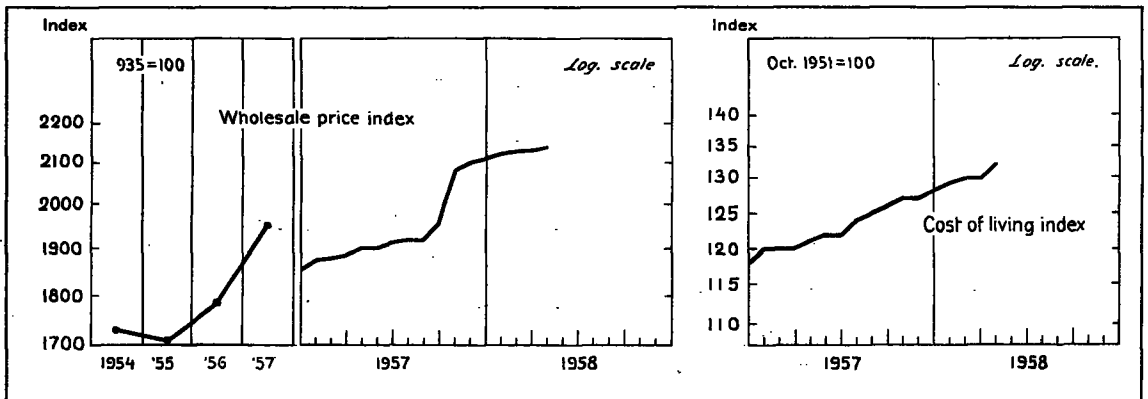
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
Jan.—										
March										
1956	232	72	39	30	104	68	20	9	85	161
1957	428	98	65	34	160	97	30	15	137	263
1958*	459	58	65	27	164	105	36	22	131	253
1957										
Feb.	169	26	23	12	48	31	12	5	49	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	110
May	210	46	21	12	62	44	10	5	54	91
June	369	85	21	15	54	43	9	4	49	94
July	745	101	15	13	56	39	11	5	47	93
Aug.	722	93	14	15	62	40	12	4	47	94
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	489	71	22	17	57	42	12	5	41	89
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	12	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	13	23	8	51	32	13	8	49	98



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year			Jan.-March		Whole year			Jan.-March	
	1955	1956	1957	1958*		1955	1956	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	20.9	21.3	18.4	20.5	11 625	27.3	25.2	24.9	24.8	11 660
United Kingdom	20.3	20.4	17.6	20.0	11 357	24.0	21.4	21.8	21.5	10 098
Other OEEC countries ..	36.4	39.1	37.6	43.7	24 806	32.4	31.4	32.2	33.1	15 564
Belgium-Luxembourg	3.0	3.0	3.0	2.7	1 536	3.5	4.4	4.0	2.5	1 193
Denmark	3.6	2.6	2.1	2.4	1 367	3.0	2.5	2.5	2.6	1 246
France	6.0	5.7	5.2	4.6	2 630	4.7	5.3	5.6	6.8	3 172
Western Germany	9.0	11.8	11.4	16.6	9 403	9.1	8.6	8.9	9.1	4 299
Italy	1.1	1.4	1.5	1.8	1 029	1.2	1.4	1.3	2.4	1 104
Netherlands	3.6	4.0	4.1	4.1	2 328	4.4	3.6	4.2	3.2	1 523
Norway	2.2	1.8	1.2	1.2	702	1.3	0.6	0.4	0.7	317
Sweden	4.9	5.4	5.9	7.1	4 013	1.9	2.2	3.1	2.6	1 213
Switzerland	1.3	1.8	1.6	1.7	967	0.9	0.6	0.6	1.0	484
Turkey	0.5	0.4	0.3	0.2	118	1.0	0.7	0.4	0.5	221
Eastern Bloc	27.1	25.0	30.6	23.1	13 098	25.7	27.3	29.1	29.0	13 640
China	0.5	0.3	0.7	0.6	347	1.6	0.9	0.7	0.7	341
Czechoslovakia	2.7	2.4	2.9	1.6	880	1.0	1.2	1.6	1.9	878
Eastern Germany	2.7	2.3	2.5	1.4	817	2.2	2.2	1.9	2.1	995
Poland	4.8	4.4	5.2	1.5	862	2.0	2.3	3.4	3.5	1 645
Soviet Union	14.7	13.9	17.7	16.0	9 051	17.5	19.2	19.7	19.0	8 956
U.S. and Canada	5.4	6.7	5.7	6.8	3 837	5.8	6.7	5.1	5.3	2 486
United States	5.2	6.5	5.6	6.6	3 757	5.7	6.6	5.0	5.2	2 440
Latin America	7.4	5.6	5.1	3.7	2 124	5.5	6.0	4.8	4.2	1 998
Argentina	2.9	1.6	1.4	0.0	18	2.2	1.5	1.1	0.9	414
Brazil	4.1	3.3	3.3	3.4	1 905	2.6	3.2	2.7	2.1	1 019
Others	2.8	2.3	2.6	2.2	1 271	3.3	3.4	3.9	3.6	1 704
Grand total	100.0	100.0	100.0	100.0	56 761	100.0	100.0	100.0	100.0	47 652



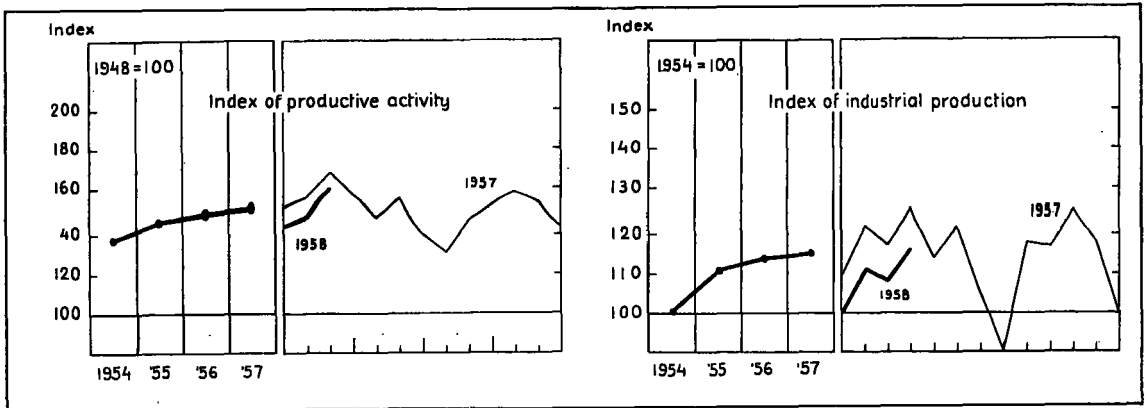
PRICE INDEXES

Period	Wholesale prices 1935=100						Building costs 1951=100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1957									
Aug.	1 919	1 958	2 123	2 834	1 610	1 834	113	103	127
Sept.	1 955	1 979	2 116	2 814	1 653	1 905	113	103	126
Oct.	2 080	2 079	2 134	3 127	1 707	2 083	114	106	126
Nov.	2 100	2 103	2 162	3 201	1 714	2 093	116	111	125
Dec.	2 111	2 122	2 180	3 205	1 739	2 086	116	113	124
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121
April	2 136	2 153	2 199	3 154	1 800	2 100	117	113	124

Period	Cost of living Oct. 1951=100						Consumer prices Oct.—Dec. 1957=100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1957												
Aug.	125	135	257	101	80	118						
Sept.	126	136	257	99	80	119						
Oct.	127	137	266	101	81	122						
Nov.	127	136	272	104	81	123	100	100	100	100	100	100
Dec.	128	136	272	104	81	124						
1958												
Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104
April	132	141	276	105	83	128	103	103	102	102	103	104

PRODUCTION - INTERNAL TRADE

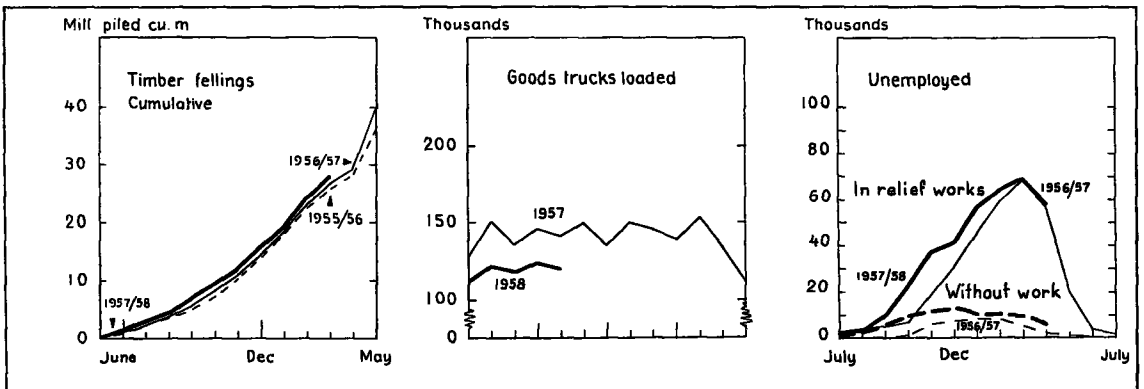
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	..	..	..	99	115	111	111	38 600	1 659	116
1956	114	..	..	..	76	122	113	118	36 623	1 977	121
1957*	115	108	115	116	77	137	107	117	40 919	2 085	114
1957*											
Feb.	117	116	116	119	77	134	113	120	4 658	147	106
March	126	121	125	129	84	149	120	130	3 481	165	125
April	114	105	113	120	81	127	107	121	2 323	189	119
May	122	111	121	129	85	146	111	130	11 010	213	121
June	105	98	102	115	71	113	97	113	1 492	218	111
July	90	69	98	86	72	133	68	88	1 613	211	106
Aug.	118	107	118	121	73	147	106	122	1 734	194	122
Sept.	117	110	119	116	73	147	109	117	1 991	170	132
Oct.	126	120	130	123	86	154	119	126	2 517	143	119
Nov.	118	113	122	112	74	137	110	119	2 697	134	105
Dec.	100	99	103	95	70	111	96	97	3 119	142	108
1958*											
Jan.	112	111	114	108	80	131	106	108	4 120	147	89
Feb.	107	108	110	102	90	130	104	102	4 882	137	93
March	116	108	120	112	100	147	105	112	3 857	156	104



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Wages July-Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1957	20.71*	9.60*	3.19*	4.03*	2.65*	27.47*	130	129	..
1956									
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	128	130	98.0
Apr.-June	3.08*	1.58*	0.31*	0.61*	0.38*	31.89*	130	127	95.8
July-Sept.	5.92*	2.47*	0.93*	1.02*	1.08*	30.89*	131	129	96.3
Oct.-Dec.	7.84*	3.81*	1.67*	1.27*	0.59*	27.47*	132	129	91.3

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	372	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	255	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141	120	349	280	288	270	1 908	5 160	56 401	57 627
May	150		415		409		607		19 974	
June	135		421		543		173		3 314	
July	149		429		678		459		1 730	
Aug.	145		436		676		2 040		3 092	
Sept.	139		353		500		5 315		9 126	
Oct.	153		380		478		8 997		22 234	
Nov.	132		419		449		11 302		37 106	
Dec.	111		391		347		12 418		41 056	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

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

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

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. The *price indexes* (p. 9) represent unit values. Seasonal varia-

tions are not eliminated. 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. *Terms of trade*: the ratio of export prices to import prices. *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. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. It is based on data compiled during a period of 12 working days in each of the months of Jan., Apr., July and Oct. The corresponding figure for the previous year = 100. *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 .. Not available — Nil

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 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (liberal) 13.

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: (1956) 4.3 millions. Sweden (1956) 7.3, Switzerland (1956) 5.0, Denmark (1955) 4.4 and Norway (1956) 3.5 millions.

DENSITY OF POPULATION (1956): In South Finland 24.1, in North Finland 3.9 and in the whole country an average of 14.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1956): 64.5 % of the population inhabit the rural areas, 35.5 % the towns and market towns. The largest towns are: Helsinki (Helsingfors), the capital, 425 900 inhabitants, Tampere (Tammerfors) 115 600, Turku (Åbo) 114 400.

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

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

EDUCATION (1956): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1956): births 20.7 ‰, deaths 9.0 ‰, increase 11.4 ‰. Deaths in France (1956) 12.4 ‰ and in Great Britain (1956) 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1956, in thousand million marks): Gross domestic product at market price 1 118 Net domestic product at factor cost, by industrial origin: agriculture 109 (13 %), forestry and fishing 88 (10 %), manufacturing 272 (31 %), construction 84 (10 %), transport and communications 68 (8 %), commerce, banking and insurance 106 (12 %), public activities 88 (10 %), other services 55 (6 %), total 870. Volume index 146 (1948 = 100).

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

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

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

RAILWAYS (Dec. 31, 1957): Length 5 252 km, of which 5 096 km are State and 156 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Jan. 1, 1958): Steamers 276 (401 322 gross reg. tons), motor vessels 185 (356 801 gross reg. tons), sailing vessels with auxiliary engines 116 (11 535 gross reg. tons). Total 577 (769 668 gross reg. tons).

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

FINANCE AND BANKING

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

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1957). There are three big and three small commercial banks with in all 553 offices, 411 savings banks, 563 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST (January 1, 1958). Bank of Finland discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¼ %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

THE GROWING IMPORTANCE OF FINNISH IRON ORE MINING

BY

HERMAN STIGZELIUS, Doctor of Technology

HEAD OF THE BUREAU OF MINES AT THE MINISTRY OF TRADE AND INDUSTRY

Finland is a country with rich natural resources. First among these are the forests, but during recent decades the supplies of ore and minerals have grown in importance.

Outokumpu Oy, a State-owned company established in 1932 to exploit the rich Outokumpu copper deposits, has developed into an important undertaking. Copper and pyrites, sphalerite, galenite and scheelite are obtained from its own mines. The copper concentrate is processed in the company's smelting works at Harjavalta, and is refined and worked up into a number of semimanufactures in the company's metal works in Pori. The pyrites are roasted in order to obtain sulphur for the Finnish sulphite pulp mills and sulphuric acid works. In recent years, Outokumpu Oy has been able to export considerable quantities of copper, zinc concentrate, pyrite residues and pyrite. By-products are exported in the form of galenite, scheelite, sulphate of nickel and selenium. When the present building work at the site of the Kotalahti ore deposits is completed in 1959, the export of nickel can be started on a considerable scale.

The limestone industry plays an important part in mining. Finland is entirely self-supporting as regards cement, lime and various crushed and ground limestone products. Pa-

raisten Kalkkivuori Oy and Lohjan Kalkkitehdas Oy are the leading concerns in this field.

Amongst useful minerals, mention should be made of asbestos and felspar. They are exported by Suomen Mineraali Oy.

Among mining products, iron ore is one of the most important, but in spite of many past attempts to mine it regularly, it may be said that the mining of iron ore on a considerable scale was not started until in 1954 the State-owned company of Otanmäki Oy began to exploit the Otanmäki iron-ilmeneite-vanadium deposits. Since then, rapid progress has been made and this seems likely to lead in the course of a few years to Finnish iron ore mining occupying an important place in the country's mining and exporting industry. It may therefore be appropriate here to survey the apparent opportunities of expanding Finland's production and export of iron ore. Pyrite residues are not dealt with in this connection.

The *Otanmäki* mine is at present the only productive iron ore mine in the country. It is situated in the district of Vuolijoki, about 120 km due south-east of the port of Oulu, from where the products of the mine are shipped after transport by rail. As mentioned above, the mine is owned by Otanmäki Oy.

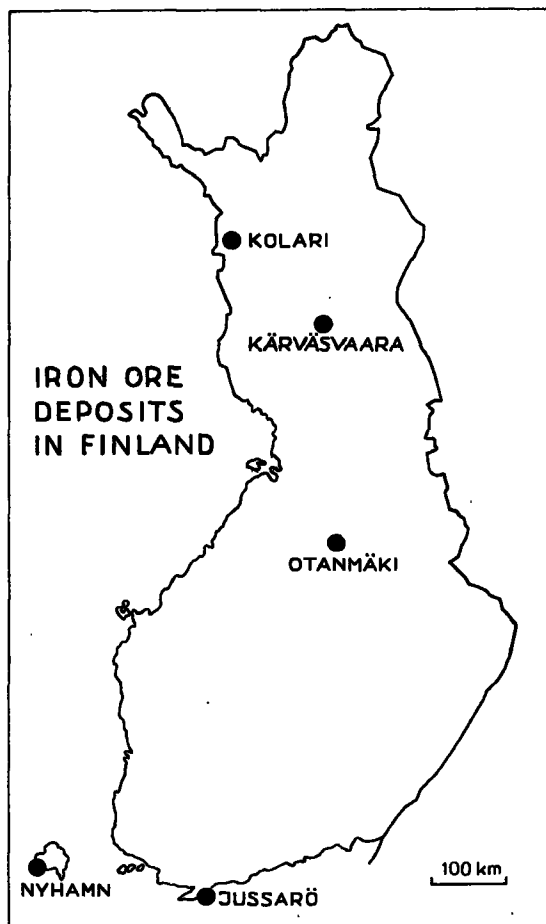
The Otanmäki ore is a titanium iron ore containing vanadium, the structure of which makes it possible to concentrate the titanium mineral ilmenite and the iron mineral magnetite into separate concentrates of a high standard of purity. The vanadium in the ore is present with the iron in concentration. In the vanadium works at the mine the iron concentrate is subjected to a thermo-chemical treatment in which the vanadium is separated in the form of vanadium pentoxide, and the iron ore is obtained in the form of pellets of very high purity. Amongst other uses these pellets have been successfully employed as oxidising ore in Siemens-Martin steel furnaces.

The output of Otanmäki Oy's principal products, iron concentrate, ilmenite concentrate and vanadium pentoxide, has been as follows (in metric tons):

	1954	1955	1956	1957
Iron concentrate ..	134 022	184 474	206 168	209 783
Ilmenite concentrate	50 589	84 974	102 915	105 749
Vanadium pentoxide	—	—	69	469

At present the above products of the mine are all exported. The Vuorikemia Oy company, established by a number of State-owned companies, is studying the possibility of starting the manufacture of titanium white from Otanmäki's ilmenite concentrate. As regards the production of vanadium, it should also be mentioned that extension of the vanadium works at Otanmäki was completed at the beginning of 1958 with a view to doubling the output.

According to plans drawn up by Otanmäki Oy the *Kärvasvaara* iron ore deposit in the district of Kemijärvi should soon become the object of mining. The deposit is fairly small, but in any case it could for a few years increase Finland's production of iron ore.



The *Kolari* iron ore deposit in Western Lapland has been carefully studied since 1956 by the State-owned company for ore prospecting, Suomen Malmi Oy. During the course of these investigations, considerable supplies of iron ore have been discovered at Rautavaara, Rautuoja, Tapojoki, Suuoja and Sivakkalehto. During the preliminary investigations, the presence of tens of millions of tons of ore suitable for mining has already been established, and on the basis of the geophysical indications it seems probable that the quantity of ore is many times larger. In this instance, it is a question of both hematite and magnetite ores with an iron content of 30–40 per cent and comparatively favourable properties of concen-

tration. Some of the ores may be suitable for open-cast mining.

In order to exploit the Kolari deposits, a railway line of about 120 km would have to be built to the mine. The line is now being prospected. Supplementary ore investigations are proceeding. According to preliminary estimates, in about 1963 the production of iron concentrate could be started on a scale of at least 500 000 tons a year.

At the time of writing, the question of which company should take over the Kolari deposits is still open.

The *Nyhamn* iron ore deposits is situated under the sea, south of Mariehamn (Maarianhamina) on the Åland (Ahvenanmaa) islands. It was the privately owned Vuoksenniska company that first tackled the problem of the magnetic disturbances given on the chart. Geophysical investigations were begun in 1954, and were followed by the work of deep-sea divers taking samples of the bottom at the depth of about 80 metres. The results were so promising that a shaft was sunk on the island of Lilla Båtskär, lying among the seaward skerries, and at present a gallery at a depth of 255 m is being driven from this shaft towards the ore field, which should be reached, it is calculated, at the end of this year when the gallery has reached a length of about 1 600 m.

Oy Vuoksenniska Ab estimates that, starting in 1960, about 200 000 tons of ore can be mined yearly. If all goes well, the quantity can later be increased to 600 000—800 000 tons a year.

The *Jussarö* iron ore deposit is situated south of the town of Ekenäs (Tammisaari) and, like the *Nyhamn* ore, also lies under the sea. The *Jussarö* ores have also been investigated by the Vuoksenniska company, which in 1957 began to sink a shaft on the

island of Jussarö in order to reach the submarine ore by means of a gallery from this shaft. The nearest and comparatively well known Stenland ore is situated at a distance of about 1 kilometre from the shaft. This ore is to be mined during the first stage of development of the mine. The company expects an annual output of about 500 000 tons from which, by concentration, about 200 000 tons of iron concentrate should be obtained. It is estimated that production can be started during the course of 1961. The supply of ore has been estimated at some hundred million tons, and will apparently allow of considerably augmented production at a later date.

Finland's output of iron ore in the form of concentrated and crude ore, which now amounts — excluding pyrite residues — to about 200 000 tons a year, could, if all the present projects can be financed and carried out as planned, be increased many times over in the course of the next five years, and will in all probability considerably exceed 1 000 000 tons by the middle of the 1960's.

The expansion of Finland's iron ore mines is closely connected with the present plans for considerable development of the iron and steel industry of the country. However, a description of these plans is beyond the scope of this article.

Although the domestic consumption of iron ore will increase appreciably during the next few years, it will nevertheless be possible at the same time to increase exports many times over by the expansion of the mining industry. Finnish exports will thereby acquire a considerable further contribution, and Finnish iron ore can enter the European market as a factor which, though small at present, is nevertheless worthy of attention.

ITEMS

New terms of rediscounting. On April 26, 1958, the Bank of Finland issued new instructions regarding rediscounting, with effect from May 1. According to these instructions, no additional interest is charged unless the credit institution's total debt to the Bank of Finland exceeds 60 per cent of its own funds. The limit will subsequently be altered, dependent on the development of the central bank's own lending, public finances, the foreign exchange reserve or the credit policy of the financial institutions, or on other factors influencing the amount of rediscounts.

According to the new terms, a credit institution whose average total debt to the Bank of Finland during a calendar month exceeds 60 per cent of its own funds, has to pay, over and above the normal interest, an additional 1.5 per cent on a calculated amount representing the same proportion of the monthly average of total debt as the rediscounts exceeding the limit mentioned are proportionate to the credit institution's own funds.

Thus, calculated on the total debt, the rate of additional interest is progressive. If a credit institution's total debt to the Bank of Finland equals its own funds, the rate of additional interest is 0.6 per cent of the total debt; if it exceeds the funds by 50 per cent, the rate is 1.35 per cent, and if the total debt is equivalent to double the amount of the funds, the rate of additional interest

is 2.1 per cent of the total debt. If the total debt is more than double the amount of funds, the terms of rediscounting are to be fixed by individual agreements with the Bank of Finland.

As additional interest is now calculated on the average debt during a calendar month the Bank of Finland has discontinued the relief granted to credit institutions as regards short-term rediscounts.

The new stipulations replace those that came into force on August 1, 1957 (see Bulletin No. 7, 1957).

*

Levy on export proceeds. On April 28, the rates of the levy on export proceeds, introduced in connection with the devaluation, were lowered for the second time. The new rates are 10 to 50 per cent for wood and wood-processing products, and 4 per cent for other goods, calculated on the rise in mark amounts due to the devaluation. For goods produced in the northernmost districts of the country, the levy is still one half of the percentages determined for the other districts.

Initially, the rates of levy varied from 30 to 70 per cent for wood and wood-processing products, and were 10 per cent for other products (see Bulletin No. 9, 1957). On February 3, the percentages were lowered to 25—65 per cent and 6 per cent respectively.

*

Nordic passport area. An agreement between Denmark, Finland, Norway and Sweden regarding a Nordic passport union came into force on May 1. According to this agreement, passport control has been abolished within the frontiers of the countries concerned. A foreigner can now travel unhindered from one country to the other, and it is thus important that no country gives entry to any foreigner who is not desirable in another country. The new regulation means that the efforts instituted at the beginning of the 1950's to create a common Nordic passport area have now been realised completely, at the same time as a large step has been taken towards a uniform policy as regards foreigners.

*

Index-tied deposits. The amounts of index-tied deposits held by different credit institutions at the end of December and April were as follows, in millions of marks. (See also the table on page 6).

	1957 Dec.	1958 April
Commercial banks	23 273	25 338
Savings banks	32 015	34 710
Co-operative credit societies and their central bank	20 047	21 838
Post Office Savings Bank	4 780	5 275
Savings departments of co-opera- tive stores	2 328	2 616
Total index-tied deposits	82 443	89 777
Other term deposits	256 595	266 416
All term deposits	339 038	356 193

The proportion of index-tied deposits to all term deposits, was 24.3 per cent at the end of December, and 25.2 per cent at the end of April. At the end of December, 56.1 per cent of all index-tied deposits was placed on the taxable accounts A, which have a 100 per cent index clause, while 43.9 per cent were placed on the untaxable accounts B, which have a 50 per cent index clause. The corresponding end-of-April figures were

27.9 per cent for A and 72.1 per cent for B. The marked increase in accounts B and the decrease in accounts A are due to the fact that the banks, by reason of a Government bill relating to advance collection of income tax on index premiums paid to A depositors, offered the latter the opportunity of transferring their savings to B accounts. Moreover, the greater part of the funds accumulated during the first quarter were placed on accounts B.

*

Bond loans. In 1957, bonds of new loan issues were sold to a total of 10 875 million marks. The distribution by category of borrowers was as follows.

	Mill. mk
Treasury	7 164
Communes	14
Industries	2 267
Credit institutions	—
Others	1 430
Total	10 875

Except for the communal loans all were tied to an index or a foreign currency to the extent of 50 per cent.

In addition to the above, bonds of earlier issues were sold to an amount of 199 million marks.

To date, the Government has authorised the issue during 1958 of new bond loans to a total of 4 000 million marks. The most important of these is the loan of the Suomen Teollisuus-Hypoteekkipankki Oy (Industrial Mortgage Bank of Finland): 3 000 million marks at 8 per cent; redeemable in 1959—1968; 50 per cent index clause. This loan will be used for financing investments in the wood-processing and the metal industries. Bonds for 1 000—1 500 million marks will be subscribed by the Bank of Finland, and the remainder of the loan by private credit institutions.

*

Publications of the Bank of Finland. In Series A of the Publications issued by the Bank of Finland Institute for Economic Research, Volume 1958: I has appeared in Finnish and Swedish. It contains, under a general heading „The Economy of Finland in comparison with that of the other Nordic countries”, articles on the following subjects: National income and investment, Public Finance, Agriculture, Costs of production and competitive ability of industry, Stand-

ard of living, Income distribution and productivity.

In Series B, the following new publication has appeared:

19. Heimer Björkqvist, *Prisrörelser och penningvärde i Finland under guldmyntfotsperioden 1878—1913* (Price movements and the value of money in Finland during the gold standard in 1878—1913). Issued in Swedish with a summary in English. Helsinki 1958, 391 p.

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