



BANK OF FINLAND

MONTHLY BULLETIN

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JANUARY

1960

RECENT DEVELOPMENTS

PRICES AND WAGES

The Mercator index of productive activity for November 1959 was 9 per cent higher than one year earlier. During the last quarter of 1959, the national product reached a level significantly higher than during the previous peak quarter in 1956. The development has been a balanced one, as the present production-expansion has not changed into a price-expansion.

The cost of living index (Oct. 1951 = 100) thus remained practically stable from April 1958 to August 1959. The index rose, however, by one point in September and by two points in October. The rise reflected both the adjustment of agricultural prices in September 1959, prescribed by law, and the increased weight given to the new houses in the group index „rent”. The wholesale price index (1935 = 100) shows a development similar to that of the cost of living index. Thus the declining trend continued to the late summer of 1959. Since August, however, wholesale prices have risen slightly, and in December the index was 2 per cent higher than one year earlier.

Both external and internal factors have contributed to the relative stability of prices. The general index of import goods — which decreased by 11 per cent in 1958, and reached its lowest point in May 1959 — was in November 1959 still somewhat lower than in

December 1958. Besides this, productive capacity has been sufficient for a considerable increase in output, and the labour market has remained relatively calm. It has therefore been possible to avoid bottlenecks in production, and the labour costs per unit of output seem to have remained fairly stable.

Wage rates were raised by 3 per cent in January 1959 in accordance with the collective agreements concluded towards the end of 1958. The striking feature was that the wage rates were no longer tied to the cost of living index. The collective agreements were in force until the end of 1959, except as regards the building industry, where the collective agreements expired in the spring. The new agreements for the years 1959—1960, signed after a building strike in June, stipulated an increase in wage rates by approximately 5 per cent. However, the wage rates in the major sectors of the economy remained unchanged throughout the year.

In addition to the factors mentioned above, the development of earnings reflected also the improvement in the general level of activity. Increase in working hours and a slight wage-drift tended to raise earnings. For instance, in the third quarter of 1959,

On page 18, The Bank of Finland in 1959

the average hourly earnings of male workers in industry were about 4 per cent higher than in the last quarter of 1958.

The outcome of the wage negotiations for 1960 will be one of the major factors determining the character of the present boom. As mentioned above, most of the collective agreements expired towards the end of 1959. Since the labour market organizations failed to come to an agreement on a general wage policy recommendation, the outcome of negotiations will depend on the bargaining situation in the respective branches. The pattern for the majority of the agreements will probably be set by the metal industry and the paper and pulp industry.

EMPLOYMENT

The employment situation in Finland is at present considerably better than it was one year ago. On January 8, the number of registered unemployed was 58 300 of which 48 400 were placed in relief works. The corresponding figures for 1959 were 86 200 and 63 600. This development is due to the general revival in economic activity, and especially to the increase in forest work as a consequence of the improved market conditions of the industries concerned. On January 9, the number of persons engaged in forest work was about 15 000 higher than

one year before. This increase to a large extent explains the fall in the number of registered unemployed. The seasonal peak in unemployment registers is estimated to be at the end of February, rising to some 70 000, which would be 29 000 less than the peak of 1959.

The improvement in the employment situation as indicated by the official unemployment registers is confirmed by the labour force sample survey. According to this survey, the total labour force at the end of October was about 2 090 000 persons, which is 40 000, or 2 per cent, more than the corresponding 1958 figure. At the same time, the number of unemployed included in this total shows a clear drop in comparison with the time one year earlier, and the seasonal change of unemployment was far more favourable in the autumn months of 1959 than in those of 1958. According to this survey, the number of unemployed at the end of October was 1.7 per cent of the total labour force. This figure does not include persons placed in relief works by the authorities.

The survey reveals a considerable fall in the labour force in agriculture, but other occupations record a rise which is sufficiently large to offset this decline and to increase the total employment.

January 22, 1960.

BANK OF FINLAND

Mill. mk

	1958		1959			
	Nov. 29	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	65 005	60 642	77 885	77 565	76 732	76 694
Gold	7 850	7 850	8 473	8 473	8 473	8 454
Foreign exchange	53 444	49 708	66 004	65 649	64 274	64 611
Foreign bills	936	871	491	526	367	366
Foreign bonds	2 775	2 213	2 917	2 917	3 618	3 263
<i>Supplementary note cover</i>	38 574	47 049	22 942	23 727	25 902	27 016
Inland bills discounted						
In foreign currency	12 844	12 644	11 529	11 529	11 535	11 535
In Finnish currency	10 141	8 823	4 291	4 206	4 212	3 888
Rediscounted bills	8 714	18 707	247	1 117	3 280	4 718
Treasury bond loan	6 875	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i>	18 622	19 027	18 533	19 380	20 802	18 096
Finnish bonds	1 796	909	2 724	3 154	4 504	2 620
Cheque accounts	254	440	232	342	349	267
Finnish coin	485	438	698	681	621	654
Other claims	16 087	17 240	14 879	15 203	15 328	14 555
Total	122 201	126 718	119 360	120 672	123 436	121 806
Liabilities						
<i>Notes in circulation</i>	61 755	65 075	64 850	66 728	69 075	69 435
<i>Short-term liabilities</i>	16 241	18 046	19 483	18 812	19 727	17 814
Foreign exchange accounts	2 268	2 178	2 141	2 154	2 579	2 116
Mark accounts of holders abroad	4 554	4 643	4 682	4 682	4 733	4 780
Cheque account of the Treasury	5 371	7 146	10 688	10 076	11 180	6 418
Cheque accounts of banks	1 079	1 474	1 256	1 173	350	3 856
Other cheque accounts	347	293	216	302	455	233
Other short-term liabilities	2 622	2 312	500	425	430	411
<i>Long-term liabilities</i>	21 587	20 872	14 355	14 333	14 093	14 089
Foreign	11 371	11 370	11 060	11 060	11 060	11 060
Finnish	10 216	9 502	3 295	3 273	3 033	3 029
<i>Equalisation accounts</i>	8 273	8 170	5 734	5 851	5 568	5 482
<i>Bank's own funds</i>	14 345	14 555	14 938	14 948	14 973	14 986
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	2 924	2 924	3 739	3 739	3 739	3 739
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	1 421	1 631	1 199	1 209	1 234	1 247
Total	122 201	126 718	119 360	120 672	123 436	121 806
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	65 005	60 642	77 885	77 565	76 732	76 694
Supplementary cover (Upper limit 58 000 mill. mk)	38 574	47 049	22 942	23 727	25 902	27 016
Total	103 579	107 691	100 827	101 292	102 634	103 710
Note issue						
Notes in circulation	61 755	65 075	64 850	66 728	69 075	69 435
Short-term liabilities	16 241	18 046	19 483	18 812	19 727	17 814
Undrawn on cheque credits	999	814	964	855	847	929
Unused right of note issue	24 584	23 756	15 530	14 897	12 985	15 532
Total	103 579	107 691	100 827	101 292	102 634	103 710

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

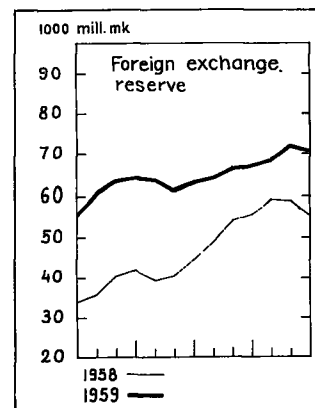
BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Redis-counted bills	Liabilities		
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	Net claims on the banks (7—8—9)
1	2	3	4	5	6	7	8	9	10	
1951	34 317	3 594	30 723	1 644	3 693	28 674	16	—218	—	234
1952	22 099	13 141	8 958	7 024	5 524	10 458	17 217	2 088	—	15 129
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 ¹⁾	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	—42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	—252	1 114
1958										
Nov.	61 294	2 268	59 026	13 375	15 925	56 476	8 714	1 079	2 504	5 131
Dec.	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959										
Jan.	62 264	1 996	60 268	12 562	16 214	56 616	5 302	1 665	2 054	1 583
Feb.	64 665	1 701	62 964	12 486	16 209	59 241	755	627	1 734	—1 606
March	65 618	1 836	63 782	12 237	15 806	60 213	2 903	—772	875	2 800
April	64 981	1 807	63 174	12 166	15 686	59 654	3 733	1 830	1 082	821
May	62 388	1 335	61 053	12 091	15 688	57 456	3 370	2 339	761	270
June	63 999	1 373	62 626	11 762	15 712	58 676	3 695	170	814	2 711
July	65 261	1 422	63 839	11 415	15 712	59 542	2 214	1 326	166	722
Aug.	67 716	1 507	66 209	11 002	15 514	61 697	120	2 010	—227	—1 663
Sept.	68 751	1 905	66 846	10 761	15 859	61 748	400	644	—101	—143
Oct.	70 542	2 141	68 401	9 985	15 727	62 659	486	1 387	419	—1 320
Nov.	74 191	2 133	72 058	9 715	15 672	66 101	315	1 556	285	—1 526
Dec.	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	—252	1 114

¹⁾ Including cash reserve accounts 6 677

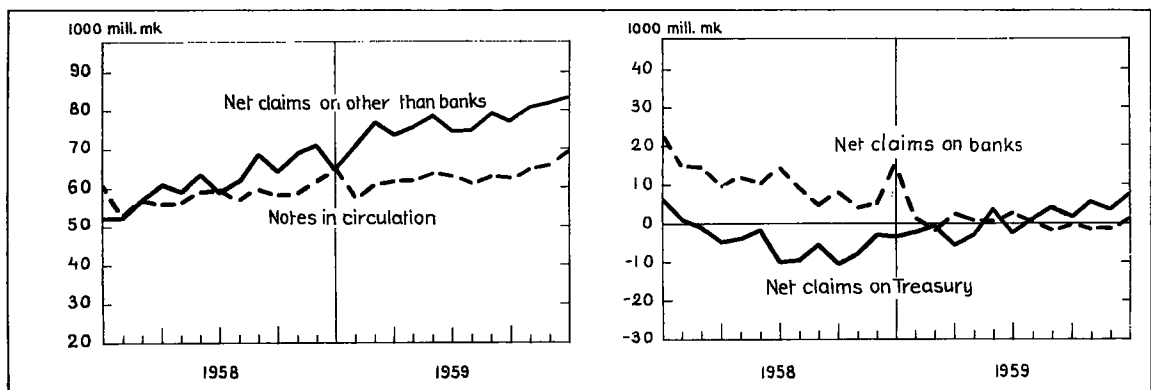
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1959		
	Dec. 31	Dec. 31	Oct. 30	Nov. 30	Dec. 31
Gold	7.8	7.8	8.5	8.5	8.4
Convertible currencies	17.8	31.2	44.2	48.4	49.7
Transferable OEEC	3.9				
Non-transferable OEEC	4.4	7.7	5.2	5.0	4.7
Eastern Bloc currencies ..	2.0	8.2	7.4	6.9	4.4
Other currencies	—2.0	0.5	3.1	3.3	3.7
Total	33.9	55.4	68.4	72.1	70.9



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1951	8 685	—	—	—	8 685	11 567	4 549	301	15 815	44 774
1952	14 738	—	—	—	14 738	14 678	5 672	2 185	18 165	46 153
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 248	644	13 492	69 435
1958										
Nov.	9 146	3 440	5 371	10 216	— 3 001	10 141	13 810	465	23 486	61 755
Dec.	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959										
Jan.	9 033	4 363	6 318	9 287	— 2 209	8 704	13 940	541	22 103	57 777
Feb.	9 033	4 363	5 271	8 740	— 615	9 115	13 733	360	22 488	60 585
March	8 745	4 363	10 356	8 455	— 5 703	8 898	13 635	334	22 199	61 387
April	8 745	4 363	8 033	8 100	— 3 025	9 135	13 281	377	22 039	61 613
May	8 745	4 363	4 772	4 727	3 609	8 176	13 353	257	21 272	63 575
June	8 745	4 363	11 177	4 389	— 2 458	7 600	13 424	386	20 638	62 867
July	8 745	4 695	8 415	4 084	941	6 120	13 264	493	18 891	60 992
Aug.	8 745	5 274	6 236	3 685	4 098	4 632	13 066	241	17 457	62 808
Sept.	10 326	5 617	11 028	3 447	1 468	3 769	13 177	671	16 275	62 467
Oct.	10 326	6 116	7 643	3 374	5 425	3 961	11 279	500	14 740	64 583
Nov.	10 326	6 664	10 201	3 308	3 481	4 250	10 662	496	14 416	65 427
Dec.	10 326	6 786	6 418	3 029	7 665	3 888	10 248	644	13 492	69 435



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1958										
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155
Oct.	38 352	48 337	10 656	115 048	125 455	71 155	36 539	18 356	366 583	425 576
Nov.	37 271	46 811	9 750	116 434	126 869	71 890	36 933	18 611	370 767	427 328
Dec.	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959*										
Jan.	41 784	50 194	10 166	125 007	133 044	75 187	38 902	19 530	391 699	452 059
Feb.	40 160	49 757	10 819	127 993	135 125	76 615	39 797	19 928	399 487	460 063
March	42 237	53 530	20 240	130 338	136 579	77 764	40 069	20 154	404 933	478 703
April	42 429	52 482	12 697	133 032	137 942	78 215	40 373	20 306	409 897	475 076
May	43 288	53 263	13 165	135 014	138 509	78 532	40 379	20 295	412 758	479 186
June	44 991	55 145	22 474	136 106	137 638	77 992	40 273	20 166	412 204	489 823
July	46 561	56 446	12 864	136 963	139 194	78 578	40 524	20 247	415 535	484 845
Aug.	47 447	58 030	12 425	138 372	140 510	79 301	40 919	20 407	419 538	489 993
Sept.	49 915	62 451	20 646	138 873	141 980	80 302	41 038	20 673	422 895	505 992
Oct.	50 061	62 757	12 527	140 531	144 298	81 167	41 180	20 891	428 096	503 380
Nov.	52 776	64 676	12 319	142 703	146 558	82 608	41 442	21 172	434 512	511 507

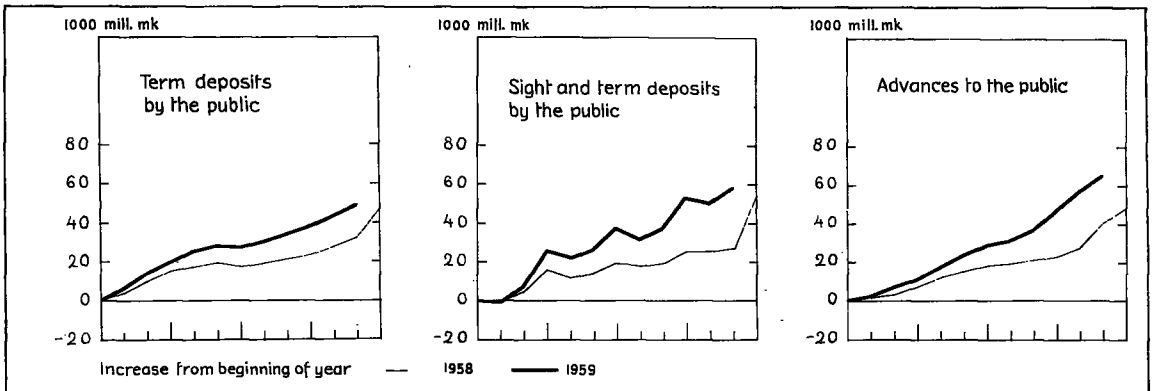
End of month	Index-tied deposits		
	1957	1958	1959
Jan.	30 151	85 733	79 991
Feb.	35 301	87 884	76 797
March	42 689	89 735	72 012
April	47 185	89 777	65 620
May	50 034	90 611	61 022
June	53 325	91 041	56 605
July	55 500	91 386	52 298
Aug.	58 398	91 543	48 628
Sept.	73 815	87 640	41 179
Oct.	77 571	85 954	34 207
Nov.	80 155	84 711	30 560
Dec.	82 444	83 290	

Selling rates for foreign exchange			
December 31, 1959			
		mk	mk
New York ...	1 \$	320: 20	Zurich 100 Fr 7 420:—
London	1 £	896:—	Frankfurt a/M 100 DM 7 678:—
Stockholm ...	100 Kr	6 185:—	Prague 100 Kč 4 458:—
Copenhagen ..	100 Kr	4 643:—	Vienna 100 Sch 1 234:—
Oslo	100 Kr	4 484:—	Lisbon 100 Esc 1 120:—
Paris	100 Fr	64: 98	Rome 100 Lit 51: 60
Brussels	100 Fr	640: 50	Montreal 1 \$ 336: 30
Amsterdam ...	100 G	8 495:—	Moscow, clear. 100 Rbl 8 025:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1958									
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	115 057
Oct.	168 537	114 134	28 833	82 240	19 822	390 366	23 200	413 566	112 748
Nov.	170 157	115 230	28 840	82 823	20 141	393 321	23 870	417 191	113 356
Dec.	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1959*									
Jan.	174 433	116 500	29 148	83 956	22 231	402 582	23 686	426 268	113 284
Feb.	176 447	117 723	29 820	84 261	23 014	406 559	24 706	431 265	117 593
March	177 519	118 748	30 025	85 659	23 481	410 216	25 216	435 432	127 932
April	180 780	120 876	30 171	87 216	23 291	417 729	24 605	442 334	120 677
May	182 818	122 475	30 412	88 580	23 978	423 304	24 959	448 263	124 607
June	184 863	123 152	30 387	88 660	25 681	426 924	25 819	452 743	134 774
July	183 589	124 666	31 118	89 337	26 620	430 489	24 841	455 330	125 409
Aug.	184 965	126 191	31 600	90 550	27 689	437 066	23 929	460 995	128 511
Sept.	190 749	127 980	32 369	91 957	28 771	446 076	25 750	471 826	139 508
Oct.	196 254	129 702	32 566	93 800	29 229	455 552	25 999	481 551	134 288
Nov.	200 782	131 592	32 626	94 833	30 241	463 309	26 765	490 074	137 583

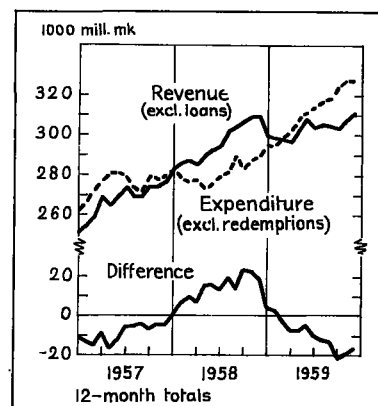


STATE FINANCES

1000 mill. mk

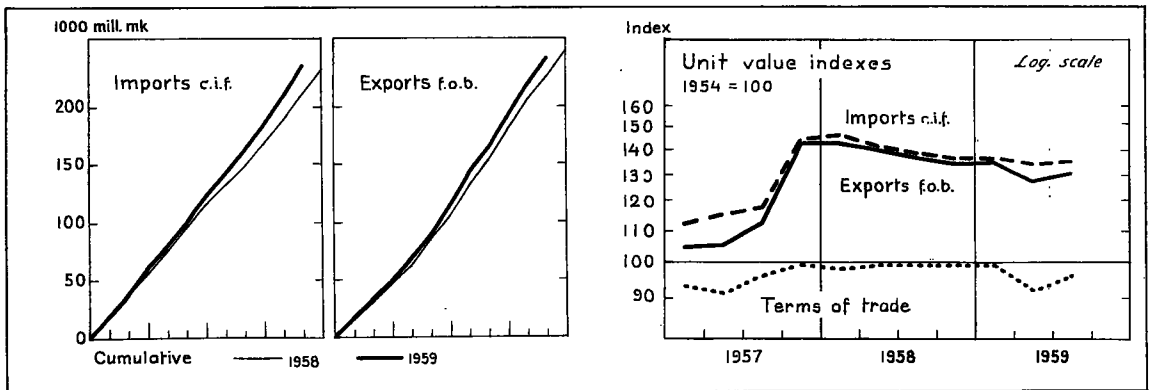
Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1958	1959		1958	1959
Income and property tax (net)	54.4	63.0	Interest on State debt	6.3	5.9
Gross receipts	106.3	(120.1)	Child allowances	20.0	20.5
Refunds and communal income tax	(-51.9)	(-57.1)	The State's share in national pensions	7.4	7.9
Other direct taxes	1.3	1.4	Compensations to war-disabled	7.0	6.9
Purchase tax	58.3	66.2	Transfer of employers' payments for national pensions to the National Pensions Institution	5.9	6.3
Import duties	36.3	37.2	Subsidies	23.6	30.9
Revenue from Alcohol Monopoly	18.8	18.5	Net payments on price equalisation by extra-budgetary funds	—	1.1
Excise duty on tobacco	15.9	17.5	State aid to agriculture	4.8	5.6
Excise duty on liquid fuel	5.1	10.1	State aid to communal and private schools	19.9	20.6
Other excise duties	3.9	4.6	Net loss of State enterprises	—	—
Tax on automobiles and motor cycles	1.6	1.4	Maintenance of roads	6.1	7.4
Stamp duties	10.8	12.8	Other current expenditure	80.3	89.3
Levy on export proceeds	15.2	0.0	Current expenditure	181.3	202.4
Employers' payments for child allowances and national pensions	21.2	23.5	Real investments	48.0	56.8
Net receipts of price equalisation by extra-budgetary funds	3.7	—	Other capital expenditure	27.1	30.2
Other revenue similar to taxes	3.2	4.0	Capital expenditure	75.1	87.0
Total taxes	249.7	260.2	Total expenditure	256.4	289.4
Interest and dividends	4.0	4.6	Redemption of external loans	2.6	6.4
Net profit of State enterprises	1.9	2.5	Redemption of internal loans	7.4	8.6
Other current revenue	8.1	9.3	Redemption of indemnity bonds etc.	1.2	0.9
Current revenue	263.7	276.6	Index premiums	0.7	0.7
Capital revenue proper	5.6	9.9	Redemptions	11.9	16.6
Decrease in inventories	4.9	—	Total	268.3	306.0
Capital revenue	10.5	9.9			
Total revenue	274.2	286.5			
External loans	—	—			
Internal loans	8.3	18.7			
Loans	8.3	18.7			
Short-term credit (increase +) ..	+ 4.3	-0.3			
Deficit (+) or surplus (-)	-18.5	+1.1			
Total	268.3	306.0			

Debt:	1956	1957	1958	1959			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
External debt	61.5	81.8	79.0	74.1	78.0	78.0	77.5
Ordinary loans	50.7	52.9	61.5	68.2	69.9	70.9	71.4
Indemnity bonds etc. ..	7.1	7.4	7.3	6.7	6.6	6.6	6.6
Short-term credit	—	—	1.2	2.7	1.4	3.4	0.9
Cash debt (net)	8.8	9.6	-1.7	2.5	6.2	-1.6	-0.3
Internal debt	66.6	69.9	68.3	80.1	84.1	79.3	78.6
Total debt	128.1	151.7	147.3	154.2	162.1	157.3	156.1
Total debt, mill. \$	554.5	472.7	459.8	481.2	506.2	491.1	487.3



FOREIGN TRADE

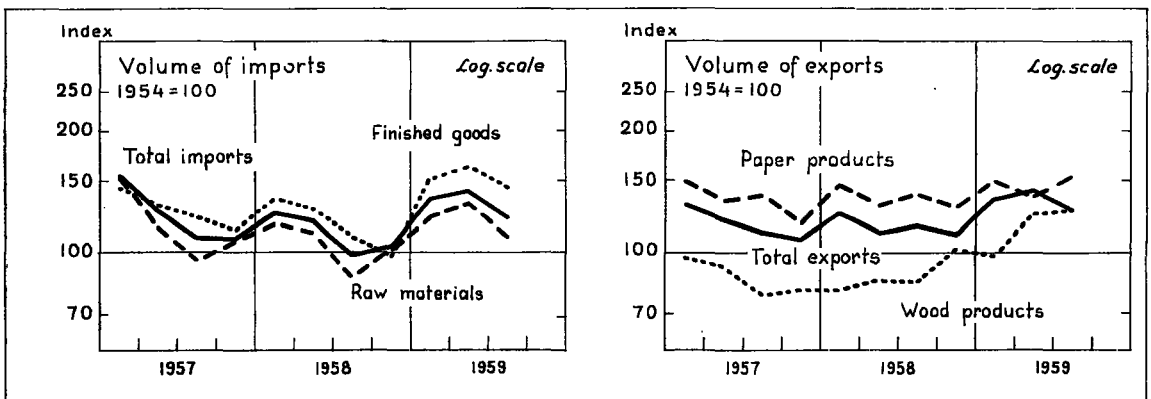
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
Jan.- Nov. 1957	201 050	188 054	-12 996							
1958	210 872	226 265	+15 393							
1959*	236 387	242 650	+ 6 263							
1959*										
Jan.	19 445	16 190	- 3 255	135	135	121	132	175	136	99
Feb.	19 331	14 985	- 4 346							
March	18 471	16 480	- 1 991							
April	21 786	20 190	- 1 596	127	123	122	130	135	134	92
May	20 757	19 514	- 1 243							
June	22 694	27 353	+ 4 659							
July	19 664	28 314	+ 8 650	130	123	124	129	154	135	96
Aug.	20 144	22 228	+ 2 084							
Sept.	23 105	26 828	+ 3 723							
Oct.	23 997	25 686	+ 1 689							
Nov.	26 993	24 882	- 2 111							



FOREIGN TRADE BY MAIN GROUPS

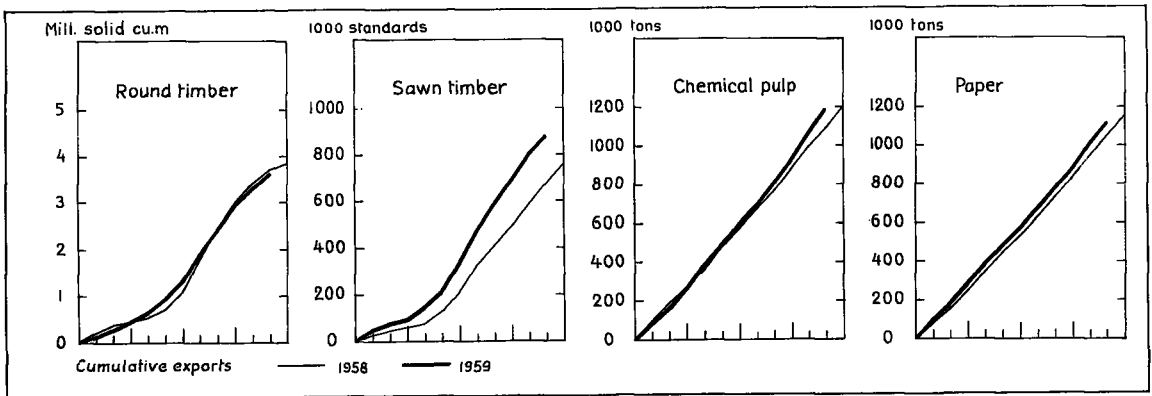
Mill. mk

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						
1951	91 790	19 760	22 004	21 910	3 152	19 028	56 229	97 244	7 151	4 079
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
Jan.-Nov.										
1957	103 854	36 004	35 819	25 373	8 920	16 326	43 145	87 040	24 828	7 795
1958	107 463	29 319	44 590	29 500	9 340	18 580	52 320	105 470	30 475	10 080
1959*	119 097	24 203	60 241	32 846	12 789	15 296	58 253	105 353	40 733	10 226
1958										
Dec.	12 039	3 339	4 207	2 845	1 311	766	5 498	9 704	3 561	828
1959*										
Jan.	9 326	3 101	4 519	2 499	895	736	3 498	7 888	2 659	514
Feb.	9 006	2 198	5 215	2 912	1 495	537	2 370	7 332	2 816	435
March	9 042	1 743	4 719	2 967	916	657	2 357	9 750	2 198	602
April	10 565	1 272	6 534	3 415	1 268	790	3 869	10 039	3 336	888
May	10 106	1 757	5 669	3 225	1 238	1 268	4 912	8 877	2 259	960
June	11 981	2 059	5 533	3 121	1 161	1 633	7 334	9 036	7 343	846
July	9 987	1 796	5 313	2 568	1 680	2 249	8 180	9 526	5 333	1 346
Aug.	10 043	2 399	5 258	2 444	1 010	2 336	6 138	9 677	1 988	1 079
Sept.	12 569	2 285	5 336	2 915	1 083	2 267	6 754	11 281	4 260	1 183
Oct.	12 207	2 699	5 865	3 226	1 121	1 613	7 272	11 101	3 347	1 232
Nov.	14 265	2 894	6 280	3 554	922	1 210	5 569	10 846	5 194	1 141



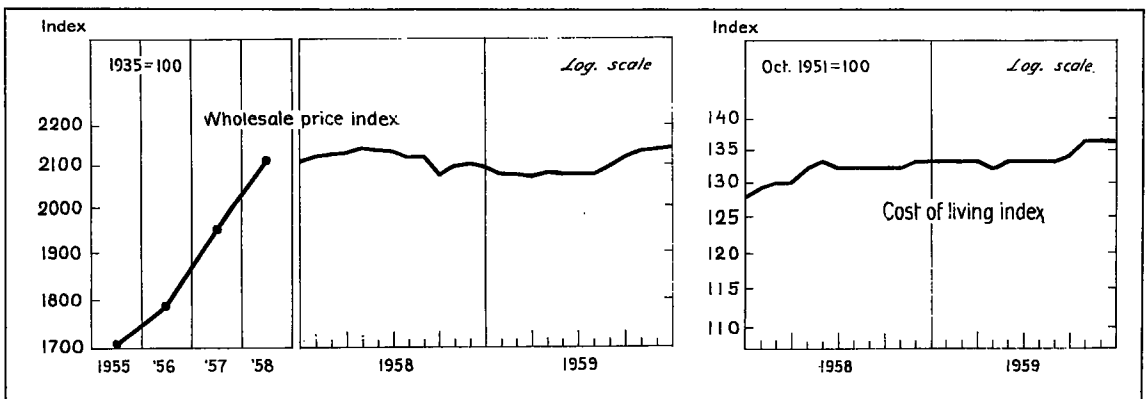
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
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
1958	3 861	762	239	143	725	476	145	83	585	1 147
Jan.-Nov. 1957	3 922	666	234	153	629	427	122	54	506	1 015
1958	3 704	677	215	129	660	426	132	76	533	1 051
1959*	3 603	881	265	123	689	499	128	99	515	1 118
1958 Dec.	158	85	25	14	65	50	13	8	51	95
1959* Jan.	157	49	20	13	53	36	7	8	45	88
Feb.	125	23	24	9	48	32	11	9	37	80
March	159	21	24	17	53	47	10	10	55	115
April	181	51	25	11	66	49	12	9	51	103
May	300	70	26	8	58	40	12	10	39	93
June	394	122	25	11	61	43	10	8	41	93
July	536	144	21	9	56	50	14	5	44	102
Aug.	559	104	15	11	60	44	13	8	41	101
Sept.	534	107	28	9	81	57	12	9	52	114
Oct.	364	110	32	13	73	51	14	12	54	118
Nov.	294	80	25	12	80	50	13	11	56	111



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-Nov.			Whole year		Jan.-Nov.		
	1957	1958	1958	1959*		1957	1958	1958	1959*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	18.4	17.9	18.1	16.7	39 398	24.8	25.6	25.3	26.8	65 074
United Kingdom	17.6	17.2	17.4	16.1	38 011	21.7	22.1	21.9	23.4	56 890
Other OEEC countries ..	38.5	45.2	45.1	49.5	117 046	33.4	37.7	36.9	36.4	88 417
Belgium-Luxembourg	3.0	2.8	2.8	2.6	6 167	3.9	3.6	3.6	3.7	8 958
Denmark	2.1	2.4	2.3	2.3	5 436	2.5	3.0	2.9	3.4	8 223
France	5.1	4.7	4.7	5.1	12 192	5.6	6.2	6.3	4.7	11 399
Western Germany	11.4	16.5	16.5	18.1	42 741	8.9	10.9	10.4	10.8	26 091
Italy	1.5	1.5	1.6	1.8	4 178	1.3	1.8	1.7	1.7	4 103
Netherlands	4.1	4.3	4.3	4.6	10 778	4.1	4.4	4.4	5.4	13 187
Norway	1.3	1.2	1.1	1.7	3 928	0.4	0.7	0.6	0.7	1 692
Spain	0.9	0.4	0.6	0.4	1 033	1.4	1.0	1.1	0.2	514
Sweden	5.9	8.3	8.3	9.3	22 087	3.1	3.6	3.6	3.2	7 801
Switzerland	1.6	1.7	1.7	2.3	5 409	0.6	0.7	0.7	0.4	1 077
Eastern Bloc	30.6	25.7	25.3	24.3	57 377	29.4	24.8	25.8	23.6	57 342
China	0.7	0.5	0.5	0.5	1 287	0.7	1.1	1.1	2.1	5 191
Czechoslovakia	2.9	1.2	1.2	1.5	2 473	1.6	1.2	1.3	0.7	1 674
Eastern Germany	2.5	1.7	1.8	1.7	3 978	1.9	1.7	1.9	1.2	2 984
Poland	5.2	3.1	3.0	2.6	6 260	3.4	2.6	2.7	2.2	5 374
Soviet Union	17.7	18.0	17.6	17.3	40 835	20.0	17.3	17.8	16.8	40 616
U.S. and Canada	5.7	5.5	5.5	4.9	11 635	5.1	4.7	4.5	5.7	13 861
United States	5.6	5.3	5.3	4.6	10 962	5.0	4.6	4.4	5.6	13 592
Latin America	5.1	4.4	4.5	3.6	8 612	4.8	4.5	4.6	5.1	12 225
Argentina	1.4	0.3	0.3	0.5	1 242	1.1	1.0	1.1	1.0	2 395
Brazil	3.3	3.7	3.8	2.7	6 292	2.7	2.4	2.4	2.9	7 013
Others	1.7	1.3	1.5	1.0	2 319	2.5	2.7	2.9	2.4	5 731
Grand total	100.0	100.0	100.0	100.0	236 387	100.0	100.0	100.0	100.0	242 650



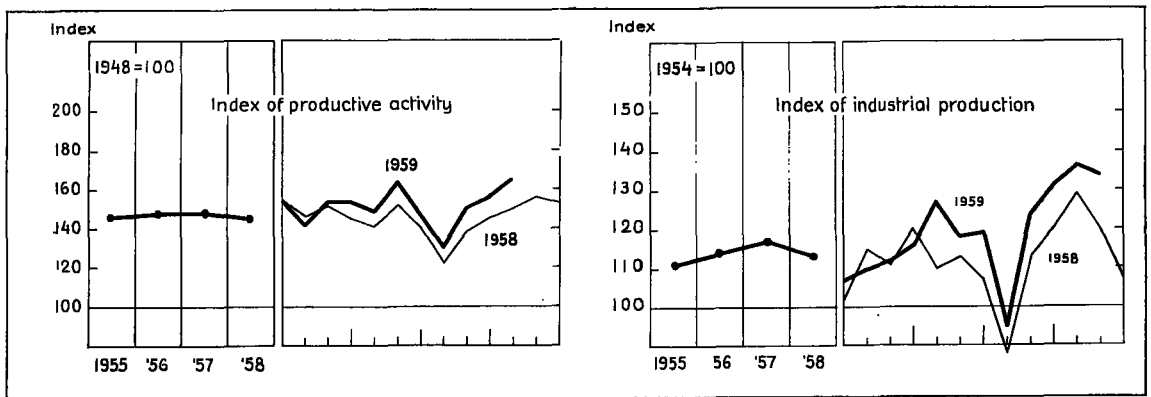
PRICE INDEXES

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				
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
1958	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
1959									
Jan.	2 077	2 101	2 161	2 998	1 779	2 024	116	110	122
Feb.	2 073	2 097	2 154	2 998	1 775	2 020	115	110	122
March	2 071	2 095	2 149	3 005	1 771	2 020	116	110	123
April	2 081	2 106	2 151	3 005	1 788	2 027	117	110	125
May	2 080	2 112	2 159	3 006	1 795	2 011	118	110	129
June	2 076	2 103	2 126	3 007	1 791	2 019	118	110	129
July	2 076	2 110	2 166	3 006	1 790	2 002	119	111	131
Aug.	2 092	2 132	2 240	3 005	1 803	2 005	119	111	132
Sept.	2 114	2 163	2 261	3 086	1 820	2 008	119	110	130
Oct.	2 134	2 187	2 251	3 198	1 825	2 020	119	111	130
Nov.	2 141	2 201	2 278	3 203	1 838	2 014	119	111	130
Dec.	2 144	2 203	2 284	3 202	1 840	2 017	119	112	130

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
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						
1958	132	140	277	102	83	129	103	103	102	99	103	105
1959	134	141	280	98	85	134	105	103	104	95	105	109
1959												
Jan.	133	140	279	99	84	133	104	103	103	96	105	108
Feb.	133	139	279	99	84	133	104	102	103	96	105	108
March	133	140	279	99	84	133	104	103	103	96	104	108
April	132	139	273	101	84	133	104	102	101	98	104	109
May	133	139	273	101	84	133	104	102	101	98	104	109
June	133	139	273	100	84	133	104	102	101	97	104	109
July	133	140	274	97	84	134	104	103	101	94	105	109
Aug.	133	140	274	97	84	134	104	103	101	94	105	109
Sept.	134	143	274	96	85	135	105	105	101	93	106	110
Oct.	136	144	292	96	85	135	107	106	108	93	106	110
Nov.	136	144	292	96	85	135	107	106	108	93	106	110
Dec.	136	143	292	96	85	135	107	105	108	93	106	110

PRODUCTION - INTERNAL TRADE

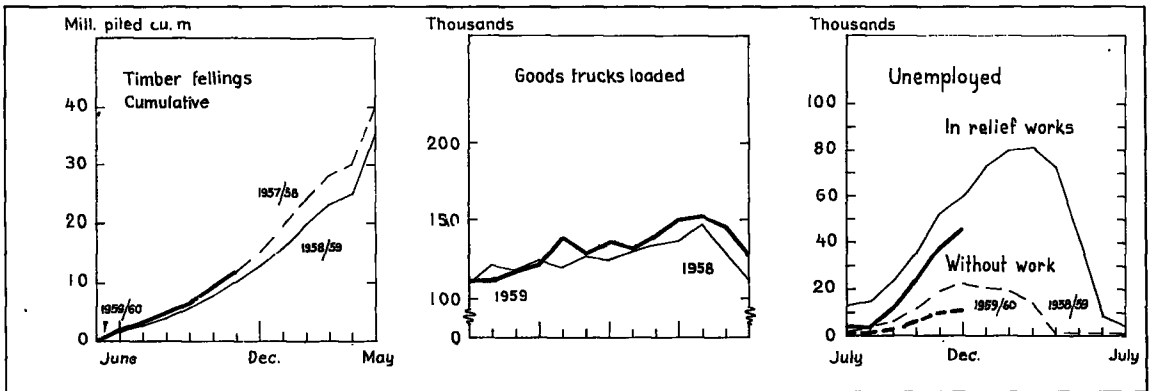
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Whole- sale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957	117	119	116	118	82	134	115	117	40 919	2 085	114
1958*	113	109	114	112	88	135	107	110	37 981	2 109	109
1958*											
Aug.	113	104	116	114	86	135	103	114	1 337	193	116
Sept.	120	118	120	119	79	152	113	119	1 674	179	121
Oct.	129	124	131	128	89	158	121	129	2 140	161	131
Nov.	120	114	126	114	79	147	112	120	2 456	149	106
Dec.	107	104	98	121	74	121	104	104	2 568	165	116
1959*											
Jan.	110	109	110	110	78	132	106	105	3 117	170	93
Feb.	112	111	113	113	92	131	108	109	3 840	158	103
March	116	107	118	117	100	130	108	115	3 434	181	115
April	127	118	129	128	114	150	120	125	1 959	203	128
May	118	102	120	122	97	141	107	120	10 121	233	123
June	119	112	117	126	112	131	112	121	1 782	251	118
July	96	72	104	92	90	138	77	93	1 323	228	117
Aug.	124	112	124	128	94	147	114	128	1 671	201	132
Sept.	131	125	133	129	99	164	126	127	1 768	182	135
Oct.	136	124	143	130	103	166	129	133	2 640	167	130
Nov.	134	124	142	123	96	171	126	130	2 809	165	127



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

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
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	19.29	8.46	3.08	3.57	2.93	20.38	105	103	103	105
1958										
Apr. - June	3.25	1.37	0.32	0.75	0.62	23.04	106	101	105	106
July - Sept.	5.70	2.38	1.11	0.63	1.08	22.77	106	104	105	106
Oct. - Dec.	7.12	3.25	1.38	1.31	0.79	20.38	107	104	104	107
1959*										
Jan. - Mar.	3.21	1.37	0.32	0.89	0.49	18.16	108	104	105	109
Apr. - June	3.01	1.29	0.42	0.69	0.38	21.74	110	107	106	110
July - Sept.	6.01	2.48	1.21	0.96	0.93	22.93

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	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
Jan.	122	112	254	307	320	359	9 988	20 520	56 871	72 956
Feb.	118	117	196	232	259	271	9 982	19 201	64 227	79 765
March	124	122	243	281	236	333	9 475	14 103	68 649	81 255
April	120	138	280	289	270	365	5 160	905	57 627	72 800
May	127	128	314	402	380	461	2 169	928	36 876	41 724
June	125	136	415	544	544	686	2 016	858	18 147	8 137
July	130	132	470	545	715	775	1 979	893	12 955	4 276
Aug.	134	140	463	513	664	692	4 353	1 379	14 756	3 629
Sept.	137	150	418	436	580	671	6 108	3 026	23 786	11 926
Oct.	147	152	417	462	561	602	11 998	6 753	35 827	24 036
Nov.	129	146	418	465	485	530	19 387	9 347	52 330	37 772
Dec.	112	127	400	463	404	483	22 171	9 547	59 805	45 331



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — Equalisation accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC— ADVANCES TO THE PUBLIC

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

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

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public — 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 unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula,

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

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

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

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 37, Conservatives 29, Swedish Party 14, Social Democrat Opposition 14, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

OWNERSHIP OF LAND (1950): The total land area was distributed among different classes of owners approximately as follows: private 56.9 %, State 35.0 %, joint stock companies etc. 6.4 %, communes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1958): 4.4 million. Sweden 7.4, Switzerland 5.2, Denmark 4.6 and Norway 3.5 million.

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

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

OCCUPATIONS (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and 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 (1959): Practically all persons over 15 years of age are literate. There are 5 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1958): births 18.5 ‰^{0/100} deaths 8.9 ‰^{0/100}, increase 8.5 ‰^{0/100}. Deaths in France 11.2 ‰^{0/100} and in Great Britain 11.7 ‰^{0/100}.

TRADE AND COMMUNICATIONS

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

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

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

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

RAILWAYS (Jan. 1 1959): Length 5 183 km, of which 5 109 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Oct. 1, 1959): Steamers 241 (339 515 gross reg. tons), motor vessels 193 (398 882 gross reg. tons), sailing vessels with auxiliary engines 103 (10 538 gross reg. tons). Total 537 (748 935 gross reg. tons).

MOTOR VEHICLES (Feb. 28, 1959): Private cars 141 600, lorries and delivery vans 54 600, buses 5 300, other 2 400. Total 203 900.

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 marka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1957 expenditure amounted to 159 411 mill. marks. Total revenue was 159 591 million, of which income from taxation 84 383 million. The municipal income tax (non-progressive) averaged 11.22 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1958). There are three big and two small commercial banks with in all 538 offices, 406 savings banks, 555 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 1/4 %. Other credit institutions: term deposits 4 1/2 % (12 months) deposits 5 %, index-tied deposits 3 1/2 % and sight deposits in savings banks and cooperative credit societies 1/2 %; lending rate 7 % in general.

THE BANK OF FINLAND IN 1959

I. COMMENTS BY Dr. KLAUS WARIS, GOVERNOR OF THE BANK OF FINLAND, ON THE BANK'S ANNUAL STATEMENT, JANUARY 2, 1960

The past year in Finland was characterized by a recovery from a recession which had lasted nearly two years. Moreover, it can be stated that the growth of new productive capacity and new employment opportunities were given a good start in 1959. This was largely due to the firmer export demand and to the fact that exporters, anticipating a revival of demand, had launched new large investments even during the recession.

As a whole, the present industrial expansion program appears to be based on realistic price and demand forecasts in a competitive market, and its financing is probably on a sounder basis than ever before since the war. The increasing rate of private saving together with the consequent easing of the credit market has been a decisive factor in the growth of both productive investments and building activity. A prerequisite for this capital formation has, in turn, been the relative stability of the value of money.

By their very nature, the boom conditions may nevertheless undermine the monetary stability, and thus the task of safeguarding a continuing economic growth together with a stable value of money calls for attention. Under these circumstances, the main problem for the monetary authorities is the maintenance of sufficient domestic and international liquidity, not only for the Central Bank itself but for the banking system as a whole. In this respect, the main weapon available in the arsenal of the Bank of Finland is the control of credit.

In view of the present phase of the boom, the external liquidity of Finland can be

regarded as satisfactory. Although the balance of merchandise trade in 1959 will hardly continue to show a surplus, the balance of payments has nevertheless, thanks to freight and other similar invisible earnings, remained favourable. The gold and foreign exchange reserve of the Bank of Finland increased last year by 15 500 million marks, as against 19 100 million marks in 1958. As foreign trade on the bilateral sector was during the past year markedly better balanced than earlier, and as in certain cases even a reduction of bilateral assets was possible, the reserves of convertible currencies increased by 18 500 million marks, or by a greater amount than the total growth of reserves, and even more than in 1958. Holdings of gold and convertible currencies now amount to 58 100 million marks, or about 82 per cent of the total foreign exchange reserve, while one year ago this proportion was 71 per cent.

An unusually large number of foreign credits have been contracted during the past year for the purpose of increasing productive investment. New foreign credits obtained by the Bank of Finland subsidiary, the Mortgage Bank of Finland Oy, alone amount to nearly \$ 50 million, which is more than the foreign credits obtained in any previous year for the financing of fixed industrial investment. So far, relatively few of these new credits have been disbursed, while there have been in 1959 fairly large repayments of earlier loans, e.g. the amortization of the entire \$ 10 million gold loan granted in 1954 by the USSR. Due to these factors, the total

external long-term debt of Finland diminished in 1959 by over 200 million marks, while the debt had increased by roughly the same amount during 1958. On the other hand, it seems likely that normal trade credits obtained by importers have grown since the Bank of Finland, which had earlier required the payment for numerous import goods to be made before customs clearance, eased the restrictions concerning these payments last autumn. Moreover, export sales of sawn timber for shipment during the spring and summer of 1960 have been much larger than at the same time a year ago, resulting in larger foreign advances to Finnish exporters. These last-mentioned factors have probably tended to increase the foreign exchange reserve even more than the decrease in long-term foreign debt has diminished it.

Parallel with the increase in the foreign exchange reserve, the commercial banks have considerably increased their liquidity; since last summer, most banks have only exceptionally needed rediscounts at the Bank of Finland. At the end of the year, the rediscounts stood at 4 700 million marks, against 18 700 million marks at the end of 1958. On the other hand, the banks had on their cheque accounts in the Bank of Finland 2 400 million marks more funds than a year ago. The target of the Central Bank is, as the boom develops, to achieve a state of things in which the banks would not only completely free themselves of rediscounts, but would also even further improve their liq-

uidity by investment in liquid assets of a portion of their increased deposits in anticipation of later credit demands or a slowing-down of the present unusually strong development of deposits. To induce the banks to follow such a policy, at the turn of the year the Bank of Finland reduced the limits up to which the commercial banks may rediscount bills at the Central Bank without a penalty interest rate. A much more appropriate and effective weapon in this situation would of course be an increase in the minimum cash reserve requirements, if this means were available for monetary policy in Finland.

The direct lending of the Bank of Finland to its private credit customers has also been reduced, mainly by persuading, with the easing of the money market, other credit institutions to take over these credit requirements. Moreover, only a part of the credit granted has actually been used, owing to the general business liquidity. At the end of the year the Bank of Finland held only 3 900 million marks of discounted domestic mark bills, whereas the corresponding figure a year before had been 8 800 million marks.

For the various reasons discussed above, the ordinary note cover of the Bank of Finland — gold, foreign currencies and foreign bills and bonds — increased during 1959 from 60 600 million marks to 76 700 million marks, while the supplementary note cover, mainly domestic bills, fell from 47 000 million marks to 27 000 million marks, which must be considered a notable improvement in the structure of the Bank's assets.

II. THE ACTIVITIES OF THE BANK, BY Dr. HEIKKI VALVANNE, HEAD OF THE INSTITUTE FOR ECONOMIC RESEARCH

In the former half of 1959, the Bank of Finland aimed at strengthening the economic recovery which had got under way during the latter half of the previous year. Although unemployment was particularly severe during

the winter of 1958/59, there were already clear signs of an expansion of consumer demand. On the other hand, an increase in deposits by the public — an important cause of which was that the growing foreign

exchange reserve raised the supply of Central Bank money — made it easier to satisfy the demand for fresh credit. During the first half of 1959 the main target of the measures taken by the Bank was that of promoting investment by means of lowering the costs of credit and by the negotiation of foreign loans.

The stabilisation of prices made it possible from the beginning of the year to cease debiting index charges on lending, except in some of the savings banks. Early in January, the Bank of Finland effected a corresponding reduction of credit costs by lowering the rate of interest on advances to its private customers from $7\frac{1}{2}$ —8 per cent to 7 — $7\frac{1}{2}$ per cent. Nevertheless, the official discount rate was kept unchanged, with a lower limit of $6\frac{1}{2}$ per cent and an upper limit of 8 per cent. In order to bring about a general reduction of rates of interest, at the beginning of March the Bank of Finland lowered the minimum discount rate to 6 per cent, and the maximum rate to $7\frac{1}{2}$ per cent, and changed the basic rediscounting rate from $7\frac{1}{4}$ per cent to $6\frac{3}{4}$ — $7\frac{1}{4}$ per cent. A general lowering of rates of interest was accomplished at the beginning of April, when the maximum lending rate of the credit institutions was reduced from $7\frac{1}{2}$ to 7 per cent. At the same time, the Bank of Finland reduced to $6\frac{3}{4}$ —7 per cent the rate it applied in discounting bills, and from $7\frac{1}{4}$ to $6\frac{3}{4}$ per cent the basic rate actually applied in rediscounting. From that date, only those bills were eligible for rediscounting which had been discounted at $6\frac{3}{4}$ per cent at the most. The stipulations concerning penalty rates for rediscounting were retained. Owing to the improved liquidity of the banks, in practice no excess charges were collected.

On the initiative of the Bank of Finland, considerable foreign credits were contracted during the spring and summer. In March, the World Bank granted the Mortgage Bank

of Finland Oy — a subsidiary of the Bank of Finland — a loan of \$37 million for investment in the wood-processing industry. In August, the Mortgage Bank of Finland obtained a further DM 50 million from the West German credit institution Kreditanstalt für Wiederaufbau to be relaned to a Finnish mining company. In May, the Export-Import Bank of Washington granted the Industrial Mortgage Bank of Finland \$5 million from funds in marks originating from purchases of US surplus farm products; this loan was intended for the shipbuilding industry. In addition, it may be mentioned that in December the Government made an agreement with the USSR concerning trade credit (see Item in this Bulletin).

The economic revival seemed to gain in strength during the year, both for internal reasons and because of improved prospects in the export markets. All through the year, the total production was higher than in 1958. During the third quarter of 1959, it was already some 4 per cent higher than one year earlier, and exceeded the previous maximum of autumn 1956. At the same time the relaxation of the money market continued. During January—August, for instance, total deposits by the public grew by 42 500 million marks, against 23 000 million in the corresponding months of 1958, while advances to the public grew by 36 600 million against 20 700 million. A further indication of the general rise in liquidity is provided by the fact that the simultaneous increase in the money supply was 13 per cent, while total activity grew by 5 per cent and prices remained stable.

In the autumn, the easing of the money market went on and the strong expansion of lending continued. In order to avoid an excessive boom and a subsequent setback, the Bank of Finland then found some caution in lending necessary. It is true that prices were still fairly firm, except for the farm prices

which rose in the autumn in consequence of the adjustment of farmers' income, and the increase in rents. But the Bank of Finland felt duty bound to see to it that the lending of the credit institutions could proceed without disturbance in 1960 also, when the newly launched investment projects would evidently demand growing amounts of credit. Thus, in October, the Bank of Finland urged the commercial banks to use discretion in their grants of loans and to raise their liquidity, amongst other things by accumulating foreign assets, so that they could meet a subsequent growth in the credit demand. In the following month, the same request was made to the savings banks. In December, when no particular rise in the liquidity of the credit institutions had occurred, the Bank of Finland decided that as from the beginning of 1960, the amounts which the commercial banks and the Central Bank for Co-operative Credit Societies were allowed to rediscount free of penalty rate would be reduced from 60 to 30 per cent of the funds of the banks concerned. This decision was, in fact, a reminder of the urgency of the request previously made.

In its foreign exchange policy, the Bank of Finland strove to extend convertibility and to ease foreign transactions, as was pointed out by the Governor of the Bank in his statement above. The increase in the reserve of foreign exchange made it possible considerably to relax restrictions on invisible payments, and, amongst other things, to raise the grants of travellers' exchange. At the same time, there was alleviation of the restrictions on capital transfers abroad. In the autumn, an agreement was made with the Government concerning the issue of a one million mark Bond Loan in Convertible Marks, in which foreigners could invest their holdings of blocked assets in Finland, and the redemption and interest of which will be paid in free currencies. It should further

be mentioned that towards the end of the year France joined the so-termed Helsinki Club, whereby the French Franc became convertible in relation to the Finnmark also. An exchange of notes with the governments of the USA and Canada resulted in an agreement, according to which Finland's trade with those countries will be on a nondiscriminatory multilateral basis from the beginning of 1960, as will be the case with trade between Finland and France. (See Items.)

ANALYSIS OF THE CHANGES IN THE BALANCE SHEET

Table 1 illustrates, from the point of view of monetary policy, the changes in the Bank's Balance Sheet. It shows to what extent the movements of the various items or groups of items have increased (+) or reduced (—) the amount of notes in circulation, and the liquidity of credit institutions in relation to the Bank of Finland. As the development of the cheque accounts of the Treasury and the banks, and the note circulation, are quite exceptional before and after the turn of the year, partly because of the Christmas season and partly because of some large Government tax payments, the year has been split into three parts divided by January 15 and November 15.

It will be seen from the Table that the supply of Central Bank money grew by 7 262 million marks, primarily owing to a decrease in the Treasury's cheque account. As the simultaneous seasonal decrease in the note circulation was 6 795 million, the banks' net indebtedness to the Bank of Finland was reduced by as much as 14 057 million marks. The period to be considered in particular is that from mid-January to mid-November, which shows the „normal” development. During that time, the supply of Central Bank money grew by 16 286 million marks, or about as much as during the correspond-

1. CHANGES IN THE MAIN ITEMS OF THE BALANCE SHEET

		Jan. 1— Jan. 15	Jan. 16— Nov. 14	Nov. 15— Dec. 31	Whole year
	Expansive (+) or contractive (—) effect, mill. mk				
Gold and foreign exchange reserve	increase +	+ 2 234	+ 13 070	+ 265	+ 15 569
Pre — 1958 advances on exports to the USSR	decrease —	— 208	— 2 994	— 713	— 3 915
Gold loan from the USSR	amortization +	—	+ 3 214	—	+ 3 214
Stand-by stocks credit to the Treasury	drawn +	+ 12	+ 2 025	+ 414	+ 2 451
IMF and IBRD Treasury bill	increase +	—	+ 1 293	—	+ 1 293
Loans from export levy funds	drawn +	+ 10	+ 2 959	+ 343	+ 3 312
Cheque account of the Treasury	decrease +	+ 5 573	— 1 492	— 3 353	+ 728
Export-Import Bank loan	drawn +	—	+ 2 162	—	+ 2 162
Inland bills in Finnish currency	decrease —	— 21	— 4 407	— 507	— 4 935
Finnish bonds	increase +	— 17	+ 803	+ 925	+ 1 711
Inland bills in foreign currency	decrease —	— 4	— 900	— 205	— 1 109
Equalization accounts	decrease +	+ 400	+ 1 338	+ 450	+ 2 688
Bank's own funds	increase —	— 82	— 260	— 89	— 431
Other items, net	increase —	— 635	— 1 025	— 347	— 2 007
	Net change	+ 7 262	+ 16 286	— 2 817	+ 20 731
Rediscounted bills	decrease +	+ 10 929	+ 7 778	— 4 718	+ 13 989
Cheque accounts of banks	increase +	+ 3 128	+ 1 723	— 2 469	+ 2 382
Notes in circulation	increase +	— 6 795	+ 6 785	+ 4 370	+ 4 360
	Net change	+ 7 262	+ 16 286	— 2 817	+ 20 731

ing period of 1958 (16 107 million). The gold and foreign exchange reserve constituted the main expansive factor, contributing 13 070 million marks. However, this figure as such does not give an idea of the effects of the various currency transactions. In the first place, the pre-1958 advances for exports to the USSR, comparable to bilateral assets, were reduced by 2 994 million marks. On the other hand, the repayment of the gold loan from the USSR and the drawing of credits for stand-by stocks, as well as the settlement of the increase in Finland's membership quota in the IMF, reduced the foreign exchange reserve by 6 532 million marks in all, as will be seen from the Table. If all these items are taken into account, the total of currency transactions may be said to have raised the supply of Central Bank money by 16 608 million marks. Additional expansive effects were produced mainly by drawings of the loans from export levy funds and of the loan granted by the Export-Import Bank in 1958. Among contractive factors there should first and foremost be mentioned the

reduction in discounted inland bills in marks, which was principally due to some customers having been transferred to other credit institutions, and the growth of the cheque account of the Treasury. The increase in the supply of money appeared partly as a 6 785 million growth in the note circulation, demonstrating how the higher economic activity increased the need for cash, and partly as a decrease in rediscounts and an increase in the banks' cheque accounts, the latter changes totalling 9 501 million marks.

After the middle of November, there was a seasonal drop in the supply of Central Bank money, mainly because the Treasury's balance on cheque account was reduced by 2 817 million marks. As the note circulation grew by 4 370 million, the banks' liquidity in relation to the Bank of Finland was reduced by 7 187 million marks. For the whole of 1959, the increase in the supply of Central Bank money amounted to 20 731 million marks, or substantially more than during 1958, the corresponding increase then being 9 709 million.

2. BALANCE SHEET

<i>Assets</i>	Dec. 31	Change
	1959	in 1959
	Mill.	mk
Ordinary note cover	76 694	+ 16 052
Gold	8 454	+ 604
Foreign exchange	64 611	+ 14 903
Foreign bills	366	— 505
Foreign bonds	3 263	+ 1 050
Supplementary note cover	27 016	— 20 033
Inland bills discounted		
In foreign currency	11 535	— 1 109
In Finnish currency	3 888	— 4 935
Rediscounted bills	4 718	— 13 989
Treasury Bond Loan	6 875	—
Other assets	18 096	— 931
Finnish bonds	2 620	+ 1 711
Cheque accounts	267	— 173
Finnish coin	654	+ 216
Other claims	14 555	— 2 685
Total	121 806	— 4 912

Liabilities

Notes in circulation	69 435	+ 4 360
Short-term liabilities	17 814	— 232
Foreign exchange accounts ..	2 116	— 62
Mark accounts of holders		
abroad	4 780	+ 137
Cheque accounts of Treasury	6 418	— 728
Cheque accounts of banks	3 856	+ 2 382
Other cheque accounts	233	— 60
Other short-term liabilities ..	411	— 1 901
Long-term liabilities	14 089	— 6 783
Foreign	11 060	— 310
Finnish	3 029	— 6 473
Equalisation accounts	5 482	— 2 688
Bank's own funds	14 986	+ 431
Capital	10 000	—
Reserve fund	3 739	+ 815
Profits undisposed	—	—
Earnings less expenses	1 247	— 384
Total	121 806	— 4 912

THE BALANCE SHEET

Foreign balances

Table 2, illustrating the Bank's Balance Sheet, shows that the total assets in foreign currency increased by 14 903 million marks during the year, whereas the liabilities on foreign exchange accounts were reduced by 62 million. As the gold reserve grew by 604 million, the net gold and foreign exchange reserve increased by 15 569 million, and amounted to 70 949 million marks at the end of the year. The improvement in the exchange situation enabled the Bank of Finland to augment its holdings of long-term foreign securities, as is evidenced by the

increase of 1 050 million marks in foreign bonds. The pre-1958 advances for exports to the USSR, bilateral in effect, which are entered under „other claims” in the statements, fell off by 3 915 million to no more than 5 620 million marks on the last day of December. Among liabilities, the mark accounts of holders abroad grew slightly, whereas the long-term foreign debt, comprising loans granted by the IBRD before 1956, was redeemed by 310 million marks. In all, the Bank's net foreign assets grew during the year from 51 986 to 64 358 million marks.

Credits granted to trade and industry

When the money market eased, the Bank's direct lending to private customers was reduced through the taking over by the commercial banks of the task of satisfying their demand for credit. Thanks to the high liquidity of enterprises, the credits granted them were only partially used, so that the Bank's holdings of bills in Finnish currency fell off during the year by 4 935 million to only 3 888 million marks. The holdings of inland bills in foreign currency, which represent foreign loans which Finnish firms have obtained through the intermediation of the Bank, were also reduced by 1 109 million marks. If some other assets and liabilities are included, the Bank's net credit to trade and industry dropped from 22 594 million marks to 16 296 million.

Accounts of the Treasury

The Treasury Bond Loan of 1953 remained at 6 875 million marks, no redemption having been made during 1959. The amount of the bill covering part of Finland's membership fees to the IMF and the IBRD, and included in „other claims”, rose by 1 293 million marks, mainly because of the increase in Finland's quota in the IMF. This heading also includes the credit that the Bank

granted to the Government in 1958 for the acquisition of stand-by stocks; the used amount of that credit grew by 2 451 million marks net. On the liabilities side, there was a 728 million reduction in the Treasury's cheque account. After the agreement had been made with the USSR concerning redemption of the gold loan of 1954, the Bank of Finland paid the equivalent of 3 214 million marks to the Treasury, which in turn repaid the loan to the USSR. This loan had been entered among long-term Finnish liabilities. Under the same heading, there was also entered the levy on export proceeds; the levy account was reduced by 3 259 million marks, as the loans were drawn that were provided for in the act concerned.

Accounts of the credit institutions

The banks reduced their rediscounts by 13 989 million marks during the year, and increased their balances on cheque accounts by 2 382 million, thus making their net liability to the Bank of Finland fall off by 16 371 million marks in all. This does not include the transactions of the Mortgage Bank of Finland Oy, whose deposits with the Bank of Finland are entered among „other short-term liabilities”. These deposits fell off by 1 828 million, principally because the credit that the Mortgage Bank of Finland had obtained from the Export-Import Bank in 1958 was now disbursed in full; at the beginning of the year 2 162 million marks had not been drawn.

THE RIGHT TO ISSUE NOTES

The changes in the right of note issue and the issue of notes appear from Table 3. The

3. STATEMENT OF NOTE ISSUE

<i>Right of note issue</i>	Dec. 31	Change in 1959
	1959	
	Mill. mk	
Ordinary cover	76 694	+ 16 052
Supplementary cover (maximum 58 000 mill. mk)	27 016	— 20 033
	<u>Total</u> 103 710	<u>— 3 981</u>
 <i>Note issue</i>		
Notes in circulation	69 435	+ 4 360
Short-term liabilities	17 814	— 232
Undrawn on cheque credits	929	+ 115
Note reserve	15 532	— 8 224
	<u>Total</u> 103 710	<u>— 3 981</u>

ordinary cover grew by 16 052 million marks owing to the increase in the foreign exchange reserve, but the supplementary cover fell off still more, or by 20 033 million marks, as a result of the reduction in lending. Thus the total right of issue decreased by 3 981 million marks. As the amount of notes in circulation grew in particular, and the total issue increased by 4 243 million marks, the note reserve was reduced from 8 224 million to 15 532 million by the end of the year.

The maximum of the supplementary cover, which had been raised by decree to 58 000 million marks for the years 1956—1959, is again 50 000 million with effect from the beginning of 1960.

THE BANK'S OWN FUNDS

The Bank's profits for 1959 amounted to 1 247 million marks, or 384 million less than for 1958. This was due in the main to the writing-off construction costs. As is stipulated in the Regulations for the Bank, one half of the profits, or 623 million marks, have been transferred to the reserve fund. The other half will be transferred to the Treasury.

ITEMS

Foreign Exchange Legislation. A new act relating to dealing in foreign exchange, and the Government decree on its execution, came into force at the beginning of 1960. The act regulates foreign exchange dealing as a commercial activity. Only the Bank of Finland and those to whom the Ministry of Finance has on certain conditions granted this right are permitted to deal in foreign currencies and effect payments. The act contains provisions on the rates of exchange to be used in foreign exchange transactions.

A new act of authorization concerning foreign exchange control, together with the Government decision relating to its execution also came into force on January 1, 1960, and introduces considerable relaxations in the previous regulations. Thus all restrictions concerning the import of Finnish and foreign means of payment and securities have been removed, and the export of foreign currency by travellers has been liberalized. Similarly, the obligation of Finnish citizens to report their foreign assets has been made more liberal. The granting and receiving of foreign merchandise credit in accordance with normal commercial practice is allowed. By administrative action, the Bank of Finland has also transferred to the banks permitted to deal in foreign exchange the right to effect, without individual approval by the Bank of Finland, several new kinds of „invisible” payments transactions.

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Multilateral Protocol for 1960. The multilateral protocol concerning trade and payments between Finland and certain foreign countries has been renewed for 1960. At the invitation of the Government of Finland, France also has agreed to sign the protocol, whereby trade and payments arrangements with that country come on a multilateral basis.

As from January 1, 1960, the new multilateral protocol has been applied to Finland's trade with Austria, the Belgo-Luxemburg Economic Union, Denmark, France, the Federal Republic of Germany, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The terms of the new protocol are essentially similar to the previous one covering trade for 1959. Finland undertakes to apply the free list to at least 80 per cent of her 1954 private imports from the participating countries. The remainder of Finnish imports are covered by global quotas, the amounts of which have been considerably increased from last year.

The free list and global quotas are also applied to Finland's trade with Argentina.

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Trade with the USA and Canada. By an exchange of notes with the Governments of the United States and Canada, the Government of Finland has agreed to apply the Finnish free import list (see above) and global quotas from January 1, 1960, to imports from the United States and Canada. Thus all import discrimination between these countries and the western European countries has been removed.

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Multilateralization of trade and payments with France. As the Government of France has acceded to the multilateral protocol governing Finland's trade with certain countries (see above), the bilateral trade and payments arrangements with France have been terminated at the end of 1959. From January 1, 1960, Finland and France will also grant each other external convertibility facilities for their respective currencies. Consequently, the Bank of Finland has also started quoting for the French franc an exchange rate which fluctuates, as in the

case of other externally convertible currencies, within certain specified limits. Up to the end of 1959, a fixed rate was quoted for the French franc.

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Trade agreements. Finland has recently concluded trade agreements with the following countries:

Spain, on November 14, 1959. The former agreement, which expired on November 15, 1959, was extended by a further three months.

Colombia, on November 18, 1959. The term of validity of the trade agreement signed on November 29, 1957, was extended for the year 1960.

Morocco, on November 26, 1959. The agreement will enter into force retrospectively from June 1, 1959 and is valid until May 31, 1960. Principal Finnish exports: soft-wood sawn goods, poles, pitprops, mechanical and chemical wood pulp, paper and cardboard; principal imports: citrous fruit, tinned goods, cork, rugs and fabrics.

Rumania, on November 28, 1959. Period: 1960. Principal Finnish exports: machinery for the paper, cellulose and fibreboard industry, paper products, chemical wood pulp, and hides; principal imports: fuel oil and oil products, cereals.

Hungary, on November 28, 1959. The former agreement, which expired at the end of 1959, was extended six months until June 30, 1960.

Poland, on December 15, 1959. Period: 1960. Trade is fixed by quotas, and the Finnish export list to Poland will include round wood, cellulose, cardboard, paper and paper products, iron ore, and machinery. Coal will constitute the bulk of Finnish imports, which will in addition include sugar, chemicals etc.

The People's Republic of China, on December 16, 1959. The agreement will be applied retrospectively from November 1, 1959 and expires on October 31, 1960. Trade is fixed by quotas and Finnish exports and imports will each amount to 50 million roubles. Finland will export machinery and equipment for the paper industry, metal products, chemical pulp, paper and cardboard products, rayon staple fibre, plywood and copper etc. Finland's import list includes oil seeds, vegetable oils, soya, rice, tin, apples, tinned goods etc.

The USSR, on December 22, 1959. Period: 1960. This yearly agreement is the last of those based on the five-year agreement for 1956—1960. The agreement will not result in any considerable changes in the trade between Finland and the USSR. Finnish exports and imports will each amount to 550—560 million roubles, or about as much as in 1959.

Of the value of the exports, about two thirds will be products of the metal industry (about 60 per cent in 1959). The share of the metal industry of the whole amount of exports will increase due to the delivery of a 22 000 h.p. ice-breaker. The remainder of the products of the metal industry consists principally of various vessels, equipment for the paper, wood and chemical industry, copper products and cables. The proportion of products of the wood and paper industries will be smaller than in 1959. The most important items are: pulpwood, sawn goods, chemical pulp, paper and board.

Finnish imports will include machines, cars and lorries, oil and oil products, coal and coke, iron ore, rolled iron products, non-ferrous metals, cotton, cereals, sugar, tobacco and chemicals. Crude oil and oil products will be imported less than before owing to the purchases for stock made in 1959. On the other hand, imports of sugar, rolled products and diesel fuels will increase,

and in the item „oil products” (including petrol for cars) there is a rise of nearly 5 million roubles.

The stipulation contained in the five-year agreement that the USSR would annually settle 40 million roubles' worth of the payment for Finnish exports in convertible currencies was retained. No agreements concerning deliveries on the tripartite basis have been made for 1960.

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A foreign loan. On December 22, 1959, an agreement was signed according to which the USSR will grant Finland a loan of up to 500 million roubles for use during the next five years. The loan is intended for purchases from the USSR of so far unspecified complete industrial plants and of machines and equipment. The loan which is repayable within 12 years, was granted at a rate of interest of 2½ per cent per annum. The USSR will use for purchases of Finnish goods the funds collected as the amortization and interest payments on the loan.

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Supplementary Budget for 1959. On December 30, the President of the Republic signed the fourth supplementary budget for 1959. This provides for additional expenditure of 4 350 million marks. To balance the budget, the estimates of various items of revenue were raised by 5 003 million marks in all. The main groups of revenue and expenditure of the ordinary budget, combined with all the four supplementary budgets for 1959, are tabulated in the following item.

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The Budget for 1960. On January 8, 1960, the budget for 1960 was signed by the President of the Republic. The main categories

	1960 Ordinary budget	1959 Ordinary and suppl. budgets	1958 Finance report
Revenue:			
Current	295 127	295 905	283 579
Capital	11 921	25 287	7 659
Loans	34 885	28 305	23 964
	Total 341 933	349 497	315 202
Expenditure:			
Current	232 584	234 102	208 022
Capital	86 315	107 575	106 622
Redemption	22 958	20 689	18 430
	Total 341 857	362 366	333 074

of revenue and expenditure are shown above, together with the corresponding totals of the ordinary and supplementary budgets for 1959 and the finance report for 1958.

The approved budget for 1960 differs to some extent from the original Government proposal (see Bulletin No. 9, 1959). For instance, the Diet postponed the Unemployment Insurance Act, which it had been proposed should come into force at the beginning of 1960; the Diet also postponed the raising of the customs tariffs for certain foodstuffs, and rejected the proposal that part of the government lending be transferred to credit institutions while the government would cover the difference in interest rates. In all, expenditure was raised by 7 138 million marks, mostly due to investments in the state-owned mining company Otanmäki Oy (1 900 million), to loans for small industry and handicrafts (600 million), to increases in low-interest building loans (2 500 million) and in transfers to extra-budgetary funds (2 700 million). The current expenditure was reduced by 1 614 million marks owing to the abolition of expenditure on unemployment insurance. The increase in total expenditure was counterbalanced by raising the amount of borrowing.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

*(Absent as a member of
Government)*

SECRETARIES

U. A. VATANEN,
Credits

PERTTI TAMMIVUORI,
Administration

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

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

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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

EINO JUSSILA,
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