



BANK OF FINLAND

MONTHLY BULLETIN

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1960

RECENT DEVELOPMENTS

FOREIGN EXCHANGE SITUATION IN 1959

As was to be expected, the extraordinarily strong growth of Finland's foreign exchange reserves, which had been continuing since the devaluation, slowed down during the course of 1959. The rise in the net external reserves of the Bank of Finland was 15 500 million marks, compared with 21 500 million marks in 1958. Even this figure somewhat exaggerates the size of the overall foreign exchange surplus, as external resources, which are usually very small in Finland, appear to have decreased still further by some 3 000 million marks during the year.

At the end of 1959, the Bank of Finland reserve amounted to 70 900 million marks, equivalent to about \$222 million. This is the highest year-end figure, both in absolute terms and in relation to the imports, attained during the post-war period, and it corresponds to slightly over three months' imports at the 1959 level. The composition of the reserves also improved in 1959, as the proportion of gold and convertible exchange rose from 71 to 82 per cent. In fact, Finland's convertible foreign exchange reserves, 58 100 million marks, actually cover about four months' imports payable in convertible currencies.

Finland thus appears to have reached a fairly satisfactory level of external liquidity, which allows a reasonable international

margin for the economic policy under the present conditions of rapidly advancing internal recovery. The improving payments position has also permitted considerable liberalization measures in the field of foreign payments, which, as will be shown below, have already in 1959 produced notable shifts in the balance of payments on current account.

It is important to note, however, that an unusually large import of capital has decisively contributed to the increase in foreign exchange reserves. This capital inflow took place on short-term account; although Finland contracted a large amount of long-term loans in 1959, little of this was actually used, and repayments of earlier loans in fact exceeded disbursements under recent loan agreements. Although statistical evidence is incomplete, it appears that part of the short-term capital inflow is accounted for by increased use of importers' credits. Earlier restrictions on such credits — i. e., the requirement that certain imports of free-listed goods must be paid before customs clearance — were considerably relaxed during the year, and entirely removed at the beginning of November. In addition, a sizable inflow of short-term capital has been recorded in the form of

On page 18, The Finnish Economy in 1959

advances on exports, particularly on timber exports contracted for the 1960 shipping season. These traditional advances appear to have exceeded their level a year ago by several thousand million marks, partly reflecting higher export prices, and partly larger percentages of contract prices being advanced to suppliers.

The increased amount of import credits probably represents a non-recurring addition to the foreign exchange reserves. It is expected that the present total amount of importers' foreign indebtedness, revolving within the limits of the normal trade customs, is approaching what could be considered normal in the absence of special foreign exchange or credit restrictions. On the other hand, the advances on timber exports, which in fact represent a discounting of export shipments to be made during the remainder of the year, may again fluctuate in either direction dependent upon the sensitive conditions of the timber market in coming seasons.

As far as current payments are concerned, Finland's foreign payments position showed a marked deterioration in comparison with 1958. Although total payments received for exports increased by about ten per cent, the expansion of import payments was even larger. In part, however, this deterioration represented a better balance achieved in trade and payments in bilateral currencies, in which Finland had accumulated large surpluses in 1958.

Payments on „invisible" accounts as already mentioned, rose significantly as a result of various liberalization measures put into effect during the year. The most important single factor in this development was the doubling of travel allowance, granted without special application for each trip abroad. This

allowance was raised in March 1959 to 40 000 marks for travel to Scandinavian countries, and to 80 000 marks for travel elsewhere. It can be estimated that total foreign exchange payments for travel have in 1959 increased by nearly 3 000 million marks above the 1958 level. As restrictions on a large number of other payments for services were also considerably relaxed or completely abolished during 1959, net payments abroad on other service accounts have shown a similarly strong tendency to rise. As further liberalization measures concerning these payments have been put into effect in 1960, this tendency is likely to continue in the future as part of the dismantling of the Finnish foreign exchange restrictions. The resulting structural shifts in Finland's payments position may be expected to be permanent.

The 1960 prospects for Finland's foreign exchange situation are not altogether unfavourable, although the increase in foreign exchange reserves is likely to disappear. While exports are expected to expand significantly, a much larger increase in imports is envisaged as a result of rising economic activity in Finland. Foreign trade, which for 1959 as a whole showed an approximate balance of exports and imports, may well occasion a deficit of several thousand million marks in 1960, barring a change in the present prospects of Finland's export trade. As regards capital transactions, it is expected that the utilization of long-term credits already granted will be considerably greater than in 1959, as work proceeds on the various investment projects. On the other hand, it is uncertain whether the inflow of short-term funds which took place in 1959 will continue at the same high level during the current year.

February 13, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	Jan. 31	Dec. 31	Jan. 8	Jan. 15	Jan. 23	Jan. 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	65 615	76 694	77 344	76 172	75 403	74 794
Gold	7 850	8 454	8 455	8 455	8 455	8 455
Foreign exchange	54 414	64 611	65 237	64 065	63 318	62 709
Foreign bills	837	366	437	437	415	415
Foreign bonds	2 514	3 263	3 215	3 215	3 215	3 215
<i>Supplementary note cover</i>	33 538	27 016	24 541	23 633	24 161	24 858
Inland bills discounted						
In foreign currency	12 657	11 535	11 535	11 545	11 545	11 553
In Finnish currency	8 704	3 888	4 167	3 964	3 888	4 002
Rediscounted bills	5 302	4 718	1 964	1 249	1 853	2 428
Treasury bond loan	6 875	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i>	18 546	18 096	16 745	16 883	18 860	17 982
Finnish bonds	892	2 620	1 181	1 181	3 056	3 726
Cheque accounts	346	267	315	350	379	462
Finnish coin	639	654	675	731	774	805
Other claims	16 669	14 555	14 574	14 621	14 651	12 989
Total	117 699	121 806	118 630	116 688	118 424	117 634
Liabilities						
<i>Notes in circulation</i>	57 777	69 435	65 075	62 095	61 052	62 949
<i>Short-term liabilities</i>	17 417	17 814	19 144	19 803	22 320	19 503
Foreign exchange accounts	1 996	2 116	2 085	2 058	2 106	2 228
Mark accounts of holders abroad	4 843	4 780	4 885	5 026	4 669	4 736
Cheque account of the Treasury	6 318	6 418	8 228	9 729	14 059	11 625
Cheque accounts of banks	1 665	3 856	2 816	1 957	347	—
Other cheque accounts	509	233	753	618	668	567
Other short-term liabilities	2 086	411	377	415	471	347
<i>Long-term liabilities</i>	20 658	14 089	14 051	14 051	14 048	14 015
Foreign	11 371	11 060	11 060	11 060	11 060	11 060
Finnish	9 287	3 029	2 991	2 991	2 988	2 955
<i>Equalisation accounts</i>	7 147	5 482	5 363	5 714	5 956	6 089
<i>Bank's own funds</i>	14 700	14 986	14 997	15 025	15 048	15 078
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	3 739	3 739	4 362	4 362	4 362	4 362
Profits undisposed	815	—	624	624	624	624
Earnings less expenses	146	1 247	11	39	62	92
Total	117 699	121 806	118 630	116 688	118 424	117 634
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	65 615	76 694	77 344	76 172	75 403	74 794
Supplementary cover (Upper limit 50 000 mill. mk)	33 538	27 016	24 541	23 633	24 161	24 858
Total	99 153	103 710	101 885	99 805	99 564	99 652
Note issue						
Notes in circulation	57 777	69 435	65 075	62 095	61 052	62 949
Short-term liabilities	17 417	17 814	19 144	19 803	22 320	19 503
Undrawn on cheque credits	907	929	882	846	818	898
Unused right of note issue	23 052	15 532	16 784	17 061	15 374	16 302
Total	99 153	103 710	101 885	99 805	99 564	99 652

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

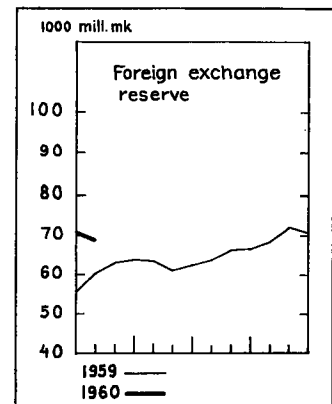
BANK OF FINLAND

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		Net claims on the banks (7—8—9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1951	34 317	3 594	30 723	1 644	3 693	28 674	16	—218	—	234
1952	22 099	13 141	8 958	7 024	5 524	10 458	17 217	2 088	—	15 129
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383	1)	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	—42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1959										
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	610
1960										
Jan.	71 164	2 228	68 936	9 035	15 796	62 175	2 428	—164	309	2 283

1) Including cash reserve accounts 6 677

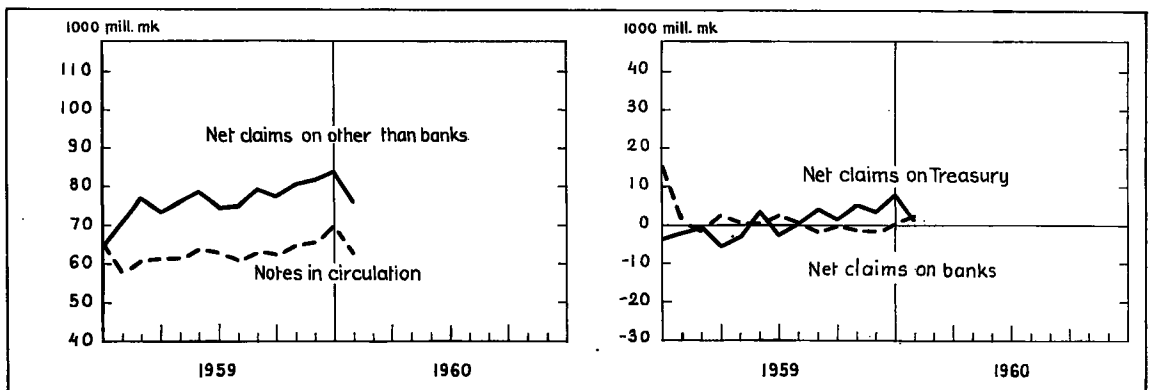
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958	1959	1960		
	Dec. 31	Oct. 30	Nov. 30	Dec. 31	Jan. 30
Gold	7.8	8.5	8.5	8.4	8.4
Convertible currencies ..	31.2	44.2	48.4	49.7	47.8
Non-transferable OEEC ↗	7.7	5.2	5.0	4.7	4.7
Eastern Block currencies.	8.2	7.4	6.9	4.4	3.9
Other currencies	0.5	3.1	3.3	3.7	4.1
Total	55.4	68.4	72.1	70.9	68.9



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	10 500	392	13 996	69 435
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	10 500	392	13 996	69 435
1960										
Jan.	10 326	5 431	11 625	2 955	1 177	4 002	10 553	605	13 950	62 949



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959*	55 749	67 778	15 667	150 548	152 730	85 976	43 120	21 913	454 316	537 761
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
Dec.	55 749	67 778	15 667	150 548	152 730	85 976	43 120	21 913	454 316	537 761
1960*										
Jan.	50 344	60 407	10 424	152 020	154 071	87 069	43 474	22 303	458 966	529 797

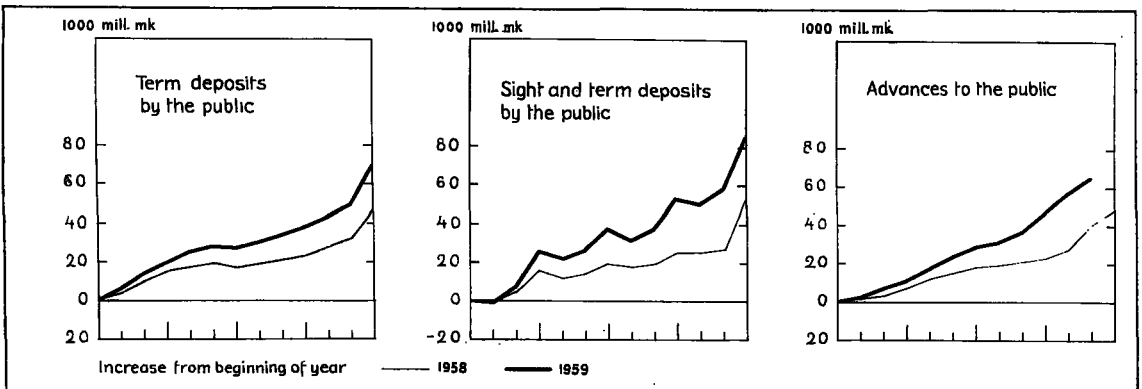
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	
March	89 735	72 012	
April	89 777	65 620	
May	90 611	61 022	
June	91 041	56 605	
July	91 386	52 298	
Aug.	91 543	48 628	
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290	28 057	

Selling rates for foreign exchange			
January 30, 1960			
		mk	mk
New York ...	1 \$	320: 20	Brussels 100 Fr 642: —
Montreal	1 \$	336: 20	Zurich 100 Fr 7 397: —
London	1 £	897: 50	Paris 100 NF 6 520: —
Stockholm	100 Kr	6 185: —	Rome 100 Lit 51: 60
Oslo	100 Kr	4 484: —	Vienna 100 Sch 1 234: —
Copenhagen	100 Kr	4 639: —	Lisbon 100 Esc 1 120: —
Frankfurt a/M	100 DM	7 678: —	Prague, clear 100 Kč 4 458: —
Amsterdam	100 G	8 490: —	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 central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1959*	209 686	132 663	33 138	96 715	32 578	477 244	27 536	504 780	142 998
1959*									
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
Dec.	209 686	132 663	33 138	96 715	32 578	477 244	27 536	504 780	142 998
1960*									
Jan.	211 026	134 342	33 510	97 496	33 337	480 821	28 890	509 711	..

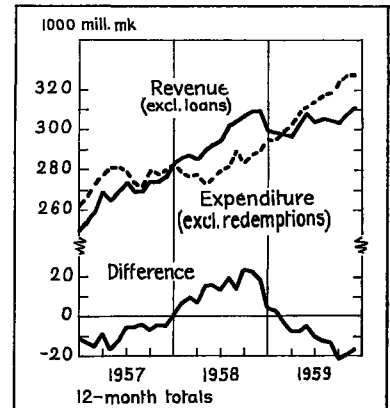


STATE FINANCES

1000 mill. mk

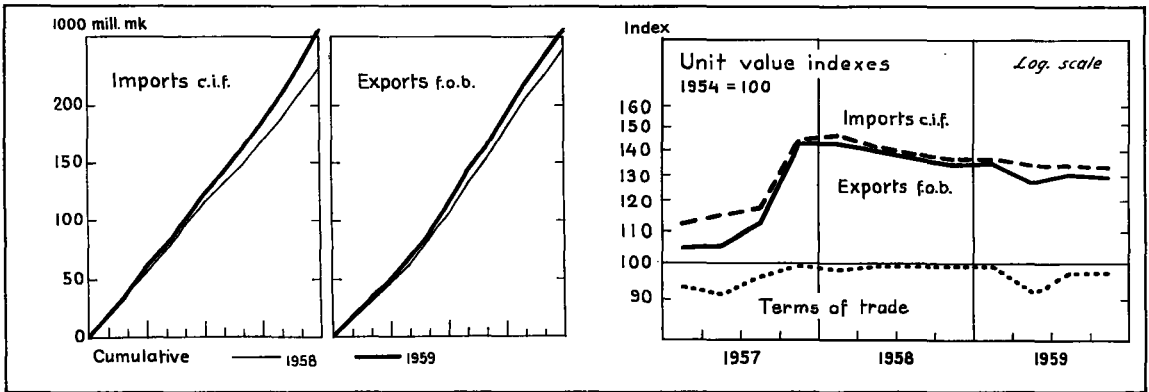
Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1958	1959		1958	1959
Income and property tax (net)	54.4	63.0	Interest on State debt	6.3	5.9
Gross receipts	(106.3)	(120.1)	Child allowances	20.0	20.5
Refunds and communal income tax	(-51.9)	(-57.1)	The State's share in national pensions	7.4	7.9
Other direct 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	—			
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	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

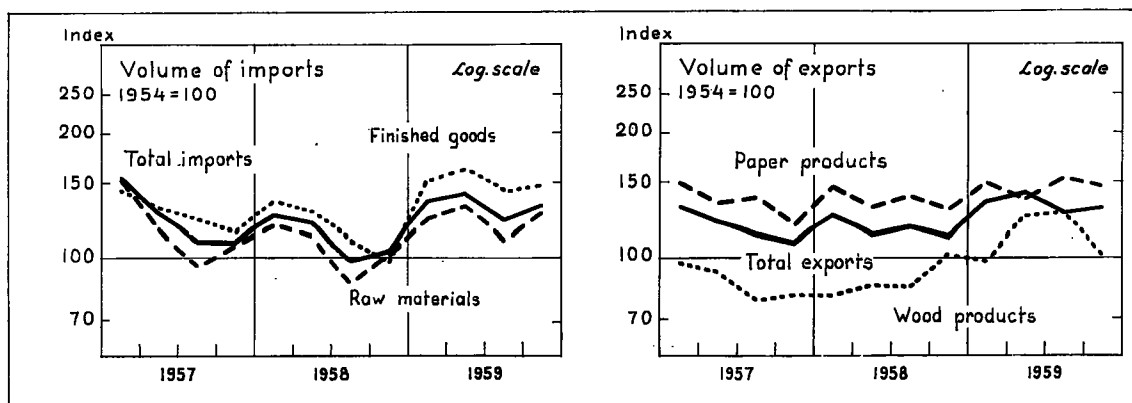
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959*	266 789	267 241	+ 452	129	121	123	130	152	133	97
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	22 693	27 353	+ 4 660							
July	19 664	28 314	+ 8 650	130	119	124	129	154	134	97
Aug.	20 144	22 228	+ 2 084							
Sept.	23 105	26 828	+ 3 723							
Oct.	23 997	25 686	+ 1 689	129	123	122	129	153	133	97
Nov.	26 993	24 882	- 2 111							
Dec.	30 403	24 591	- 5 812							



FOREIGN TRADE BY MAIN GROUPS

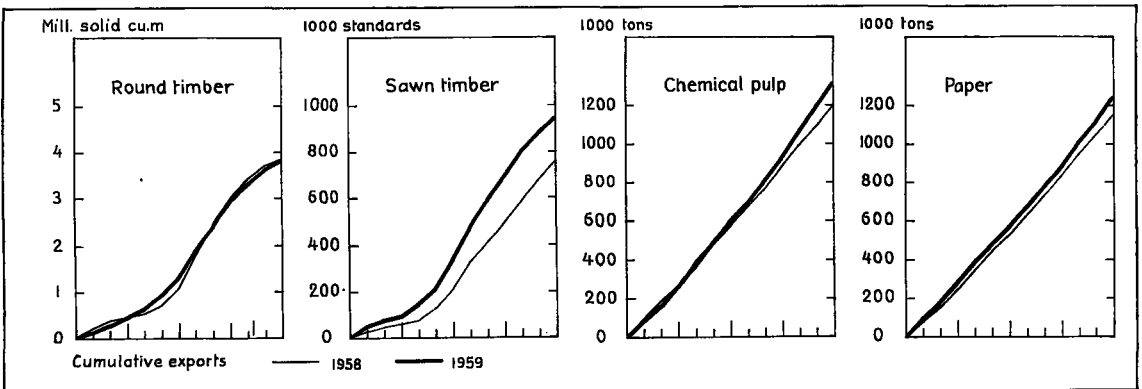
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959*	133 808	28 118	67 043	37 820	14 855	16 290	63 662	117 003	44 066	11 365
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	3 120	1 161	1 632	7 334	9 036	7 343	847
July	9 987	1 796	5 313	2 568	1 679	2 249	8 180	9 526	5 334	1 346
Aug.	10 043	2 399	5 258	2 444	1 010	2 336	6 138	9 677	1 988	1 079
Sept.	12 569	2 285	5 336	2 915	1 083	2 267	6 754	11 281	4 260	1 183
Oct.	12 207	2 699	5 865	3 226	1 121	1 613	7 272	11 101	3 347	1 232
Nov.	14 265	2 894	6 280	3 554	922	1 210	5 570	10 846	5 194	1 140
Dec.	14 711	3 915	6 802	4 975	2 065	995	5 408	11 650	3 334	1 139



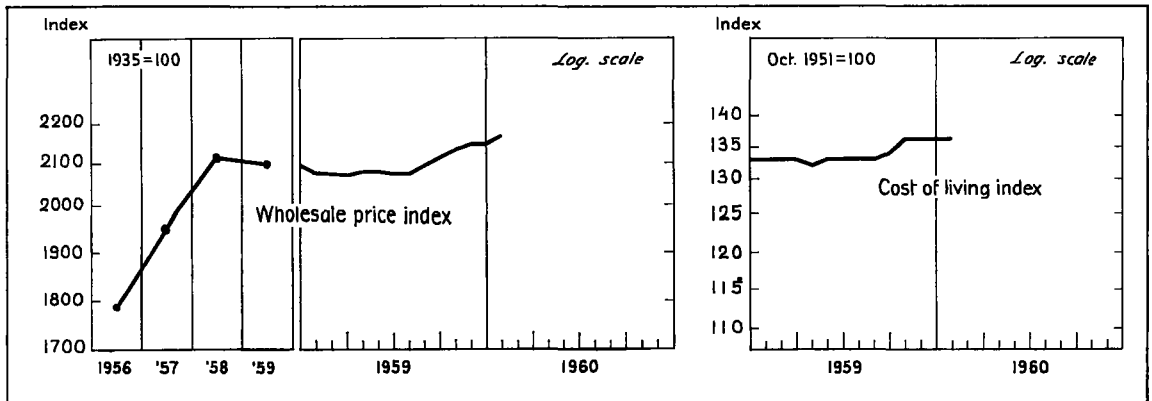
EXPORTS OF SOME IMPORTANT ARTICLES

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
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959*	3 812	950	296	139	770	549	142	110	576	1 244
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.	535	107	28	9	81	57	12	9	52	114
Oct.	364	110	32	13	73	51	14	12	54	118
Nov.	294	80	25	12	80	50	13	11	56	111
Dec.	208	69	31	16	82	50	14	11	61	126



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c.i.f.					Exports f.o.b.				
	Whole year					Whole year				
	1956	1957	1958	1959*		1956	1957	1958	1959*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	21.3	18.4	17.9	16.3	43 381	25.2	24.8	25.6	26.7	71 272
United Kingdom	20.4	17.6	17.2	15.7	41 910	21.4	21.7	22.1	23.3	62 256
Other OEEC countries ..	39.1	38.5	45.2	49.4	131 947	31.4	33.4	37.5	36.5	97 614
Belgium-Luxembourg	3.0	3.0	2.8	2.5	6 737	4.4	3.9	3.6	3.7	9 856
Denmark	2.6	2.1	2.4	2.3	6 136	2.5	2.5	3.0	3.3	8 842
France	5.7	5.1	4.7	5.1	13 693	5.3	5.6	6.2	4.7	12 730
Western Germany	11.8	11.4	16.5	17.9	47 827	8.6	8.9	10.8	10.9	29 217
Italy	1.4	1.5	1.5	1.8	4 713	1.4	1.3	1.8	1.8	4 697
Netherlands	4.0	4.1	4.3	4.9	13 104	3.6	4.1	4.4	5.4	14 306
Norway	1.8	1.3	1.2	1.6	4 325	0.6	0.4	0.7	0.7	1 900
Spain	5.4	0.9	0.6	0.5	1 268	2.2	1.4	1.1	0.2	517
Sweden	1.8	5.9	8.3	9.2	24 470	0.6	3.1	3.6	3.2	8 591
Switzerland	0.4	1.6	1.7	2.3	6 126	0.7	0.6	0.7	0.4	1 156
Eastern Bloc	25.0	30.6	25.6	24.5	65 360	27.3	29.4	24.8	23.5	62 717
China	0.3	0.7	0.5	0.5	1 410	0.9	0.7	1.1	2.0	5 269
Czechoslovakia	2.4	2.9	1.2	1.4	3 754	1.2	1.6	1.2	0.7	1 820
Eastern Germany	2.3	2.5	1.7	1.6	4 392	2.2	1.9	1.7	1.3	3 360
Poland	4.4	5.2	3.1	2.4	6 421	2.3	3.4	2.6	2.1	5 677
Soviet Union	13.9	17.7	18.0	17.9	47 551	19.2	20.0	17.3	16.7	44 793
U.S. and Canada	6.7	5.7	5.5	5.4	14 292	6.7	5.1	4.7	5.9	15 655
United States	6.5	5.6	5.3	5.1	13 560	6.6	5.0	4.6	5.8	15 372
Latin America	5.6	5.1	4.4	3.5	9 304	6.0	4.8	4.5	4.9	13 176
Argentina	1.6	1.4	0.3	0.5	1 384	1.5	1.1	1.0	0.9	2 583
Brazil	3.3	3.3	3.7	2.5	6 708	3.2	2.7	2.4	2.8	7 446
Others	2.3	1.7	1.4	0.9	2 505	3.4	2.5	2.9	2.5	6 808
Grand total	100.0	100.0	100.0	100.0	266 789	100.0	100.0	100.0	100.0	267 241



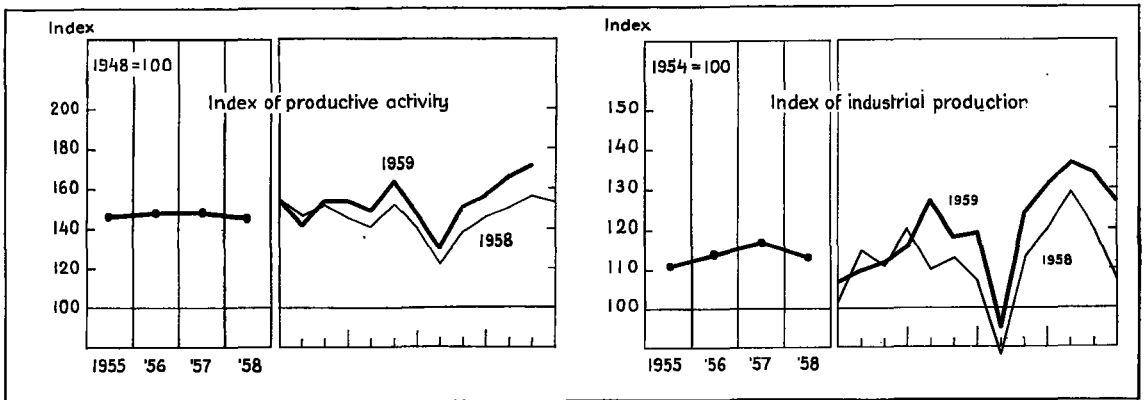
PRICE INDEXES

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				
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
1960									
Jan.	2 161	2 221	2 352	3 200	1 849	2 033	119	112	128

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
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
1960												
Jan.	136	144	295	98	85	135	107	106	109	95	106	110

PRODUCTION - INTERNAL TRADE

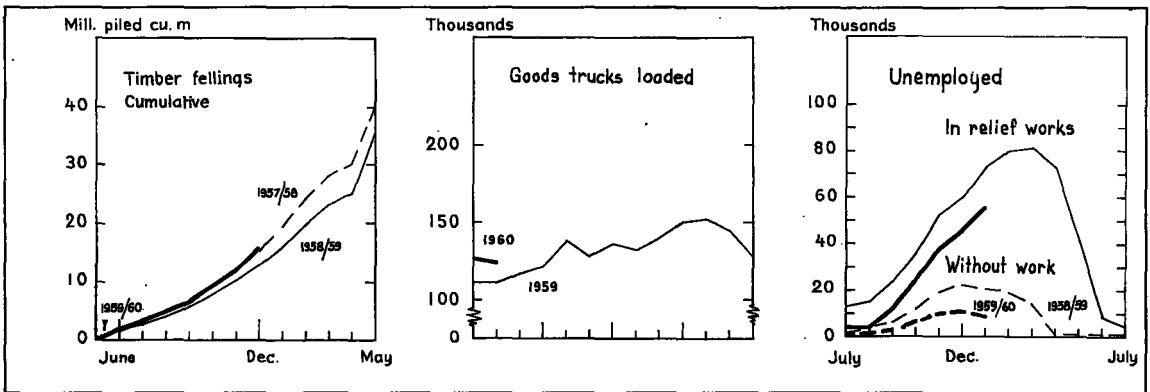
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957	117	119	116	118	82	134	115	117	40 919	2 085	114
1958*	113	109	115	111	88	135	107	110	37 981	2 109	109
1959*	121	112	124	120	99	146	113	119	38 100	2 319	121
1958*											
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	108	106	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	235	123
June	119	112	117	126	112	131	112	121	1 782	252	118
July	96	72	104	92	90	138	77	93	1 323	228	117
Aug.	124	112	124	128	94	147	114	128	1 671	201	132
Sept.	131	125	133	129	99	164	126	127	1 768	182	135
Oct.	137	124	143	132	103	166	129	135	2 640	167	150
Nov.	134	124	142	125	96	171	126	131	2 809	165	127
Dec.	127	130	131	120	107	149	126	119	3 636	177	136



BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
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	106	99	109
Apr. - June	3.01	1.29	0.42	0.69	0.38	21.74	110	107	105	110
July - Sept.	6.01	2.48	1.21	0.96	0.93	22.93	111	107	105	111

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	
	1959	1960*	1959	1960*	1959	1960*	1959	1960*	1959	1960*
Jan.	112	124	307	431	359	345	20 520	8 567	72 956	55 603
Feb.	117		232		271		19 201		79 765	
March	122		281		333		14 103		81 255	
April	138		289		365		905		72 800	
May	128		402		461		928		41 724	
June	136		544		686		858		8 137	
July	132		545		775		893		4 276	
Aug.	140		513		692		1 379		3 629	
Sept.	150		436		671		3 026		11 926	
Oct.	152		462		602		6 753		24 036	
Nov.	146		465		530		9 347		37 772	
Dec.	127		463		483		9 547		45 331	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC— ADVANCES TO THE PUBLIC

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

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

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public — 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 ‰, deaths 8.9 ‰, increase 8.5 ‰. Deaths in France 11.2 ‰ and in Great Britain 11.7 ‰.

TRADE AND COMMUNICATIONS

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

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

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

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

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

MERCHANT FLEET (Dec. 31, 1959): Steamers 223 (311 977 gross reg. tons), motor vessels 196 (395 991 gross reg. tons), sailing vessels with auxiliary engines 97 (9 622 gross reg. tons). Total 516 (717 590 gross reg. tons).

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

AIR TRAFFIC (Dec. 1, 1959) Number of aircraft in scheduled traffic 21, other aircraft 71. In 1958, 424 000 passengers were carried by the two Finnish companies; over 177 million passenger kilometres and 2.3 million ton kilometres of freight and mail were transported.

FINANCE AND BANKING

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

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 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 1/8 %. Other credit institutions: term deposits 4 1/4 % (12 months' deposits 5 %, index-tied deposits 3 1/4 %) and sight deposits in savings banks and cooperative credit societies 1/2 %; lending rate 7 % in general.

THE FINNISH ECONOMY IN 1959

BY

J. J. PAUNIO, D. Pol. Sc.

HEAD OF THE RESEARCH DIVISION OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

FIRST HALF-YEAR: REVIVAL

The recession that began in 1957 came to an end during the latter half of 1958. As the revival, supported by the easy money market, got under way towards the end of 1958, the economic situation was at first characterised by re-stocking, which indicated that the short-run sales expectations of the entrepreneurs had become more optimistic. The recovery in private consumption soon strengthened these expectations. Thus at the beginning of 1959 the total production was at about the same level as one year previously. During the first six months of 1959 the predominant features were the increase in private demand for consumer goods and the continuous accumulation of stocks.

The rise in economic activity had a natural influence on the national income, but the total amount of wages and salaries grew proportionately more than did the national income, partly because of increases in wage rates. For the first half of 1959, wages and salaries exceeded those for the first half of 1958 by 7 per cent, whereas the corresponding increase in the national income was only 4 per cent. The consequent shift in the distribution of income and the appreciable growth of instalment purchases probably greatly increased private consumption, which in turn had an impact on production.

The change towards a higher degree of optimism that may have occurred in the long-term expectations of entrepreneurs during the first half-year did not as yet show

in the figures for domestic capital formation. Nevertheless it is true that there was a considerable increase in the permits granted for the construction of commercial and industrial buildings, and that special efforts were being made to encourage investment in the export industry.

The improvement in the international business situation was also immediately reflected in Finnish exports. For January—June 1959, the value of exports was 8 per cent higher than for the corresponding period of 1958. The volume of exports grew still more, or by 15 per cent, because export prices had simultaneously dropped by 7 per cent. Sawm goods contributed most to the increase: during the first half-year, their exports were 62 per cent in excess of the corresponding 1958 quantities. Metal and engineering products formed another expansive factor worthy of mention, whereas during this period the exports of paper industry products failed to show a rise.

The increase in total demand influenced all industries with the exception of forestry. Thus the output of the manufacturing industry was 4 per cent greater during the first six months of 1959 than one year previously. The pattern of the recovery of demand was clearly reflected in the development of the main categories of manufacture. The output of investment goods was 4 per cent less than during the first half of 1958, whereas the output of consumer goods was 8 per cent more. Retail trade was affected

by private consumption, its volume being 5 per cent larger than for the first half of 1958.

Although the course of the export trade was fairly favourable during the first half of 1959, it did, at this stage, stimulate production to only a limited extent. Despite the heavy increase in exports of sawn goods, their production was no more than 2 per cent higher than one year before. Thus exports meant primarily a reduction of stocks, which explains why the recovery did not extend to forestry during the first half of 1959.

As fellings are the main factor in the reduction of seasonal unemployment, it was only natural that the reduction in lumber work should raise the unemployment figure. In February, of the 99 000 persons registered as unemployed, 20 000 were actually without work, while for the others employment had been arranged for by the authorities. There were 10 000 registered persons without work one year previously.

Another consequence of the revival was a strong tendency for imports to grow. During January—June the volume of imports increased by 13 per cent. The corresponding increase in value was, however, only 6 per cent, owing to a drop in import prices. Imports increased during the first half of 1959, in relative terms, about three times as much as total production.

The volume of the net domestic product, measuring changes in economic activity, was one per cent lower during the first quarter of 1959 than one year previously, but no less than 6 per cent higher during the second quarter. The modest result of the first quarter was mainly due to the low level of activity in forestry and housebuilding. A clearer idea of the course of the revival is provided by the figures for those industries that are susceptible to cyclical variations, i. e., forestry, manufacturing, house-building, transport, commerce, banking, insurance

and other services (excluding agriculture, general government, and road and water-works construction). During the first quarter of 1959, the net domestic product of these industries was two per cent less than one year before, whereas during the second quarter it was 6 per cent higher. Here, the influence of the lag in the recovery of forestry and house-building is more noticeable.

As the recovery was rather slow in the beginning, particularly as far as investment was concerned, measures were continued for increasing activity, and especially for stimulating investment. In the spring, the Bank of Finland effected a general lowering of interest rates, and several new foreign loans were contracted for industrial investment; the principal one was a loan of 37 million US dollars from the IBRD for investment in the wood-processing industry.

SECOND HALF-YEAR: EXPANSION

During the latter half of 1959, the nature of the cyclical development changed considerably. There now appeared an expansive development in all sectors of the economy.

By the middle of the year, the use of productive capacity had evidently risen sufficiently to encourage entrepreneurs to expand their investments. Already the second-quarter increase in permits for commercial and industrial building gave promise of a marked revival of investments in construction during the second half-year, and in the third quarter this tendency was strengthened, and building permits in the same category were then issued for a volume two and a half times greater than one year previously. A striking feature was the slow increase in permits for residential building, amounting to no more than 5 per cent for all the first three quarters. Investment in machinery and equipment grew considerably, although probably not quite so much as in building. Private consumer demand remained con-

siderably higher than one year before. In addition, the continuous growth in exports now acted as a strong stimulus to production. The value of exports was 7 per cent higher than during the second half of 1958, their volume being as much as 12 per cent higher. The influence of exports was now also to be seen in lumbering. From the beginning of June, the beginning of the felling season, to the end of the year, fellings exceeded the corresponding quantities for 1958 by 23 per cent, making the whole-year result almost the same as that for 1958, 38.1 million piled cubic metres being cut in 1959 as against 38.0 million in the previous year. Thanks to livelier forest work, the unemployment registers held less persons than during the latter half of 1958. The unemployment figure for the fourth quarter indicated a reduction by one third of the corresponding 1958 figure.

Industrial production also bore witness to expansion of the total demand, being 9 per cent higher than during the latter half of 1958. The output of investment goods was 9 per cent, of consumer goods 7 per cent, and of wood and paper production, 14 per cent higher. Retail trade reacted to private consumption by rising 6 per cent above the volume for July—December 1958. The expansion of productive activity occasioned a heavy increase in imports also, their value increasing by 22 per cent and their volume by 28 per cent in comparison with the latter half of 1958.

The increase in total production over one year was 7 per cent for the third quarter, and 7 per cent for the last quarter. Excluding agriculture, general government, road and water works, the corresponding increases in production were considerably higher, being 9 per cent for the third quarter and 10 per cent for the fourth quarter.

From the price aspect, the economic development was a balanced one during the first half of the year. However, during the latter half of the year there emerged certain pressure on prices. The cost of living index remained stable until August, and the two per cent rise in the autumn mainly resulted from the adjustment of agricultural prices in accordance with an act passed in the autumn of 1958 which prescribed that agricultural prices must be adjusted if there is a change in the cost of agricultural production. The increased weight given to new dwellings in the group index „rent” had a similar impact. The wholesale price index was on the decline until the late summer. Since August, these prices have risen slightly. In December, both the cost of living index and the wholesale price index were 2 per cent higher than one year earlier.

The development of wages has contributed to the relative stability of prices. The effect of the increase in wage rates by 3 per cent in January was offset by a favourable development of productivity. As the major part of the collective agreements were in force to the end of the year, the wage rates remained unchanged, except in the building industry where the new agreements concluded in June raised the rates by 5 per cent. A certain amount of wage drift has been discernible as a consequence of the expansion of production. An important factor which adds to the stability of the economy is that since the beginning of 1959 the index clauses have disappeared from the collective agreements.

The easing of the money market continued during the latter half of the year. The Bank of Finland accordingly considered it necessary, under the conditions prevailing in the autumn, to urge the banks to some caution in their lending, in order to avoid the development of an excessive boom.

SUMMARY

For the whole of 1959, total production was 5 per cent higher than for 1958. The following table, based on preliminary data, gives an estimate of the total demand and supply during 1959.

	1959 1000 mill. marks	Real change in 1959 per cent
<i>Total demand</i>		
Exports of goods and services ..	311	+13
Domestic gross investment	446	+9
Private gross investment	366	+9
Public gross investment	80	+7
Consumption	906	+5
Private consumption	735	+6
Public consumption	171	+4
Transfers of income abroad	1	-62
	Total 1 664	+7
<i>Total supply</i>		
Gross national product at market prices	1 363	+5
Imports of goods and services ..	301	+19
	Total 1 664	+7

Thanks to the development during the second half-year, investment seems to have increased more than consumption. Another notable feature was that public demand grew less than private demand. Gross investment was 32.7 per cent of the gross domestic product.

Agricultural production increased by two per cent in 1959. The total crop yield was less than in 1958 as a result of unfavourable weather conditions. The crops of bread grains, however, improved. Milk production increased, despite the reduction in domestic fodder crops. Ten per cent more milk than in 1958 was delivered to the dairies. The domestic consumption of butter rose, but nevertheless exports of butter totalled 21.4 million kilogrammes, or nearly one fourth of the output. Exports of cheese grew by 20 per cent, to 18 million kilogrammes.

The changes in production in 1959 in other industries were as follows:

	per cent
Forestry	+1
Manufacture	+7
Building activity	+7
Commerce, banking and insurance ..	+7
Transport	+8
General government	+2
Other services	+3

The rise in output was accomplished with a small rise in employment. It is estimated that total employment was 1 760 000 persons in 1959, compared with 1 729 000 persons in 1958. As a consequence of the increase in productivity, however, the employment figure for 1959 remained below the previous peak figure reached in 1956 (in 1956, 1 768 000 persons).

In spite of the fact that imports were sharply increased by the expansion of production, foreign trade proved to be favourable. The total value of exports was 267 200 million marks, and imports were 266 800 million marks. The volume of exports was increased by 15 per cent, and that of imports by as much as 20 per cent. The average unit value index of exports was 6 per cent less, and that of imports 5 per cent less than the indexes for 1957. The terms of trade (ratio of the unit value index of exports f.o.b. to the unit value index of imports c.i.f.) deteriorated by 2 per cent.

Though exports and imports were in balance, the total exchange of goods and services yielded a surplus of about 10 000 million marks.

During 1959, the continued easing of the money market gave support to rising production. As the level of the national income rose from the fourth quarter of 1958 to the fourth quarter of 1959 by 9 per cent, the growth of the money supply by 19 per cent in the corresponding period clearly indicates that the liquidity of the economy has risen to a great extent.

ITEMS

Foreign Exchange Controls. The Bank of Finland has announced further measures easing and simplifying the control of various foreign exchange payments for services, and facilitating outward transfers of capital.

In future, owners of blocked assets in Finland will be able to transfer abroad their funds, as well as the proceeds of sale of their other assets, in ten equal annual instalments. Of the funds on the former „blocked accounts” — now termed „capital accounts” — an amount of up to 1 million marks may be transferred immediately, if the claim has existed since September 1, 1939, and in full, irrespective of time, if the claim does not exceed 50 000 marks. Funds on capital accounts may also be used for the living expenses in Finland of the account holder, members of his family or his employees, up to an amount of 300 000 marks per person monthly. Assets owned in Finland by a non-resident may be freely sold to Finnish residents, provided that the purchase price does not exceed the current market price, and that it is credited on a capital account of the seller. Stocks owned by a non-resident may be freely exchanged for other stocks quoted on the Helsinki stock exchange.

Relaxations in the control of service payments include the freedom to contract insurance on merchandise transactions in foreign insurance companies also. Rules concerning the surrender of foreign exchange by Finnish residents returning after a prolonged stay abroad have also been made more liberal.

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Foreign exchange rates. With effect from February 8, 1960, the Bank of Finland has transferred the daily fixing of exchange rates for certain currencies to the banks authorized to deal in foreign exchange. The Bank of Finland may, however, influence the movement of rates by intervening in the

market as a seller or a buyer of foreign exchange. The Bank of Finland confirms the rates by publishing them as official quotations.

The currencies affected by this measure are US and Canadian dollars, pound sterling, Swedish, Norwegian and Danish crowns, D-marks, Dutch guilders, Belgian, Swiss and French francs, Italian lire and Austrian shillings.

By the intervention of the Bank of Finland in the market, the daily fluctuating rates for these currencies will be maintained within prescribed margins. For the US dollar the margin is $\frac{3}{4}$ of 1 per cent above or below the par value, and for the other currencies mentioned above the corresponding margins depend on the marginal quotations fixed for the fluctuation of the dollar rate in Finland and in the respective countries.

*

New bond loans. On January 2, 1960, the Government issued a bond loan amounting to 2 000 million marks. Owing to a strong demand the amount was, however, increased on January 8, 1960, to 2 500 million marks. The loan will run for ten years at a rate which is 2 per cent above the general deposit rate of the two largest commercial banks. It is tied to the cost of living index to the extent of 50 per cent. The bonds were subscribed principally by private investors.

On the same day, the Government issued two other bond loans. One of them, which is to be subscribed by private credit institutions, amounts to 4 000 million marks and it is essentially similar to that mentioned above as far as the terms are concerned. It was issued at a price of 99.39. — The other loan is to be purchased by insurance companies and its total amount is 2 000 million marks. It was issued in two groups. Group I (800 million marks) will run for 16 years,

group II (1 200 million marks) for 25 years. Interest will be paid six-monthly at a rate of 6½ per cent. This bond loan is also tied to the cost of living index to the extent of 50 per cent. Group I was issued at a price of 97.04 and group II at a price of 96.15.

On March 1, 1960, the Government will issue a bond loan amounting to 2 000 million marks. The period of this loan, its interest rate and index clause are similar to those of the 2 500 million bond loan mentioned above.

On the same day, the Government will also issue loan amounting to 3 500 million marks, for subscription by private credit institutions. It will run for 5 years at 6½ per cent interest. Interest will be paid six-monthly and the bonds will be issued at a price of 99.

During the fourth quarter of 1959 the Government has given authorizations for issues of the following bond loans:

On October 1, 1959, to Suomen Höyrylaiva Oy (the Finnish Steamship Company). Amount: 200 million marks. The bonds are dated December 1, 1959, the rate of interest being 6½ per cent. The loan will be repaid during 1965—1979. The outstanding amounts of capital with accrued interest are tied to the wholesale price index for domestic goods to the extent of 50 per cent.

On October 29, 1959, to Suomen Teollisuus-Hypoteekkipankki Oy (Industrial Mortgage Bank of Finland). Amount: 300 million marks. The bonds are dated November 1, 1959, the rate of interest being 7 per cent. The loan will be repaid during 1962—1978. The outstanding amounts of capital with accrued interest are tied to the cost of living index to the extent of 50 per cent.

On December 3, 1959, to the town of Lahti. Amount: 200 million marks. The bonds will be dated May 31, 1960, and the loan will be repaid during 1961—1976 by annual instalments of 6.25 per cent of the nominal value.

The rate of interest will be 2½ per cent above the deposit rate of the savings banks.

On December 3, 1959, to Kesko Oy. Amount: 500 million marks. The bonds are dated January 2, 1960, and the loan will run for five years at a rate of interest of 7 per cent.

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Collective agreements for 1960. Apart from those for the building industry, the collective agreements expired at the end of 1959. The negotiations concerning their renewal were prolonged, and it was not until the end of January that the paper and pulp industry, as the first major branch, signed an agreement for 1960. It contained provisions for a 3 per cent increase in wage rates as from the beginning of February, and in addition, 75 per cent compensation for wages lost during two public holidays. The collective agreements of the other branches have followed, more or less, the pattern set by the paper and pulp industry. Thus the rise in wage rates has varied from 2 per cent in commerce to 3.5 per cent in the metal industry. Negotiations are still in progress in some branches, eg. in the food manufacturing industry. As far as civil service salaries are concerned, no agreement has as yet been reached.

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New Steel company. On February 4, there was founded a new steel company, Rautaruukki Oy, with the Government a majority shareholder.

The activities of the company will comprise the extraction of metals from ores and the further refinement of by-products obtained, and in addition, the sales management of these products, as well as the forwarding, loading, clearance and shipping connected with their exportation. Its share capital is 1 000 million marks, of which government-controlled companies have subscribed one half, the Government 25 per cent and private enterprises 25 per cent.

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

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*Foreign exchange
(trade)*

P. BLOMQUIST,
Accounts

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

A. KAJANTIE,
*Documentary credits
and control*

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
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EINO JUSSILA,
Office

K. EIROLA,
Internal accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Chief

J. J. PAUNIO,
Research