



BANK OF FINLAND

MONTHLY BULLETIN

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MARCH

1960

RECENT DEVELOPMENTS

ECONOMIC ACTIVITY

At the start of the current year, the expansion of economic activity moved ahead, with total production on a level considerably higher than it had been one year before. It has been forecast that the real domestic product will during the first quarter rise some 7 per cent above the level reached during the corresponding quarter of 1959. This sharp increase in production is due mainly to the development in forestry, where activity is rapidly rising. During the first two months of the current year, the level of fellings was 26 per cent above that for the corresponding period one year before. Consequently, the employment situation has much improved as compared with the situation at the beginning of 1959. The seasonal peak in the number of registered unemployed was presumably reached in the middle of March; the total was at the end of February 67 800, of whom 61 500 had been placed in unemployment relief work. The corresponding figures for last year were 99 000 and 79 800.

As a result of the development towards the end of 1959, private investment has, in addition to exports, become the most important expansionary factor, whereas consumption plays a comparatively less significant part in determining the level of economic activity. Partly as an automatic reaction to the expansion of production, there is hardly any rise to be marked in public consumption and investment expenditure.

The changing character of the economic situation is reflected in the development of the manufacturing industry. In December, before the turn of the year, the increase in the production of investment goods was 20 per cent over one year, taking into account the difference in the number of workdays, whereas the corresponding increase in the production of consumer goods was only 8 per cent. In January this year, the production of investment goods was 11 per cent, and the production of consumer goods 14 per cent above the 1959 figure for the same month. The further improved export prospects are also discernible in the production of the wood and paper industries. In January, the production of the wood-industry rose 26 per cent and that of the paper industry 27 per cent over one year.

As a consequence of the increased importance of private investment and of the possibility of continued investment in stocks, it is expected that imports will continue to rise faster than total production. In January the value of imports was 24 700 million marks, or 5 300 million marks higher than one year before. In part this increase was due to a change in statistics. The foreign trade for January resulted in a deficit of 6 300 million marks.

On page 18, Centenary of the Finnmark

THE BALANCE OF PAYMENTS IN 1959

The previous number of the Monthly Bulletin gave an account of the foreign exchange situation in 1959 which explained the main occurrences in this field. To illustrate this, the present survey shows the outcome of the various foreign payments as combined in the customary balance of payments. The statement is preliminary in some respects, but it should nevertheless indicate the essential facts.

Foreign trade achieved an almost exact balance. The volume of shipping seems to have been increased, but as rates fell, the resultant income is believed to have risen only slightly. The net income of total transportation is estimated at 16 700 million marks. Net expenditure on investments, of which the main debit item is interest paid on loans, dropped to 1 800 million marks, attributable partly to alleviations granted on the Swedish loans, partly to the increase in foreign exchange holdings and the rise in rates of the interest received on them. On the whole, however, the more liberal foreign exchange policy applied as regards services resulted in an increase of payments. The net payments on foreign travel alone demanded 5 200 million marks. The total balance of current transactions is estimated to have rendered a surplus of some 9 000—10 000 million marks as against 25 100 million in 1958.

The long-term capital movements chiefly consisted of borrowings and repayments of loans. A total of 12 200 million marks was drawn on foreign credits. Private borrowers shared in this amount to the extent of 7 100 million marks. The loans had been received from many different countries in 1959 or earlier, either directly, or through the intermediation of private banks. Besides this the Mortgage Bank of Finland had at its

disposal an old credit, one new large loan from the IBRD, and one from W. Germany, and distributed about 4 300 million marks of these funds to Finnish enterprises for investment purposes. Repayments on old loans amounted to 13 000 million marks, thus exceeding the new borrowings. This amount included considerable sums paid by the State, mostly on the war and post-war loans, and on the USSR gold loan of 1954, which was repaid in full. Capital movements other than loans resulted in a net foreign investment of 4 100 million marks in bonds and other securities, including a rise in the quota payable to the IMF.

The short-term capital movements are not known to the full. As for the private obligations recorded, the activity on the export market occasioned an increase by 13 100 million marks in the prepayments received on exports. This sum included the financing of exports both to the West and to the East. The known credits received for imports increased slightly, but the actual increase may have been greater than that indicated by statistics. It seems likely that, as the control of short-term commercial credits was abolished, importers were slower than earlier in paying their bills, and were also formally granted respite. On the other hand, this was partly counterbalanced by exporters having also been compelled to wait longer for payments than in recent years. As far as it is known, the total private net indebtedness increased by 15 200 million marks in 1959.

Jointly, the various foreign payments raised the gold and foreign exchange holdings of the banks, the increase being accompanied by a favourable change in structure. The total increase in the net assets of the banks was 17 500 million marks.

March 18, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	Feb. 28	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 29
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	68 007	76 694	74 213	73 423	73 385	72 611
Gold	8 473	8 454	8 455	8 455	8 455	8 455
Foreign exchange	56 192	64 611	62 302	61 457	61 454	60 680
Foreign bills	746	366	441	441	406	406
Foreign bonds	2 596	3 263	3 015	3 070	3 070	3 070
<i>Supplementary note cover</i>	29 230	27 016	23 779	23 708	25 265	26 427
Inland bills discounted						
In foreign currency	12 485	11 535	11 378	11 378	11 378	11 378
In Finnish currency	9 115	3 888	4 387	4 739	4 749	5 120
Rediscounted bills	755	4 718	1 139	716	2 263	3 054
Treasury bond loan	6 875	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i>	19 291	18 096	15 696	13 969	14 742	15 917
Finnish bonds	1 672	2 620	1 584	1 434	2 459	3 979
Cheque accounts	371	267	308	280	339	322
Finnish coin	706	654	812	819	832	852
Other claims	16 542	14 555	12 992	11 436	11 112	10 764
Total	116 528	121 806	113 688	111 100	113 392	114 955
Liabilities						
<i>Notes in circulation</i>	60 585	69 435	62 395	62 638	62 405	64 854
<i>Short-term liabilities</i>	14 534	17 814	16 302	13 209	15 702	14 595
Foreign exchange accounts	1 701	2 116	2 258	2 310	2 291	2 329
Mark accounts of holders abroad	4 841	4 780	4 651	4 647	4 320	4 331
Cheque account of the Treasury	5 271	6 418	8 224	4 507	8 024	7 238
Cheque accounts of banks	627	3 856	822	975	700	85
Other cheque accounts	120	233	250	375	314	217
Other short-term liabilities	1 974	411	97	395	53	395
<i>Long-term liabilities</i>	20 108	14 089	13 653	13 643	13 593	13 526
Foreign	11 368	11 060	10 848	10 848	10 848	10 848
Finnish	8 740	3 029	2 805	2 795	2 745	2 678
<i>Equalisation accounts</i>	6 511	5 482	6 241	6 469	6 543	6 796
<i>Bank's own funds</i>	14 790	14 986	15 097	15 141	15 149	15 184
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	236	1 247	111	155	163	198
Total	116 528	121 806	113 688	111 100	113 392	114 955
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	68 007	76 694	74 213	73 423	73 385	72 611
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk)	29 230	27 016	23 779	23 708	25 265	26 427
Total	97 237	103 710	97 992	97 131	98 650	99 038
Note issue						
<i>Notes in circulation</i>	60 585	69 435	62 395	62 638	62 405	64 854
<i>Short-term liabilities</i>	14 534	17 814	16 302	13 209	15 702	14 595
<i>Undrawn on cheque credits</i>	882	929	889	916	857	875
<i>Unused right of note issue</i>	21 236	15 532	18 406	20 368	19 686	18 714
Total	97 237	103 710	97 992	97 131	98 650	99 038

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

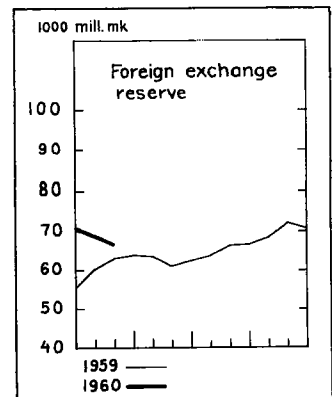
BANK OF FINLAND

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)	Rediscounted 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										
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
Feb.	69 135	2 329	66 806	8 410	15 179	60 037	3 054	85	52	2 917

1) Including cash reserve accounts 6 677

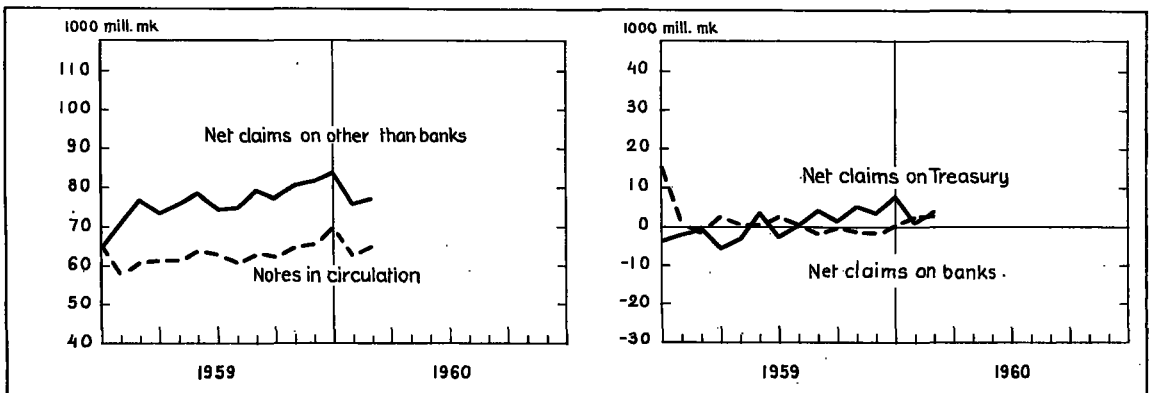
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958	1959		1960	
		Dec. 31	Nov. 30	Dec. 31	Jan. 30	Feb. 29
Gold	7.8	8.5	8.4	8.4	8.4
Convertible currencies ..	31.2	48.4	49.7	47.8	44.8
Non-transferable OEEC *	7.7	5.0	4.7	4.7	4.7
Eastern Block currencies.	8.2	6.9	4.4	3.9	4.7
Other currencies	0.5	3.3	3.7	4.1	4.2
Total	55.4	72.1	70.9	68.9	66.8



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury 1+2-3-4	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1951	8 685	—	—	—	8 685	11 567	4 549	301	15 815	44 774
1952	14 738	—	—	—	14 738	14 678	5 672	2 185	18 165	46 153
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1959										
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
Feb.	10 014	4 024	7 238	2 678	4 122	5 120	10 367	560	14 927	64 854



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*										
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
Feb.	51 520	61 375	14 471	155 066	156 103	88 975	44 261	22 710	467 137	542 983

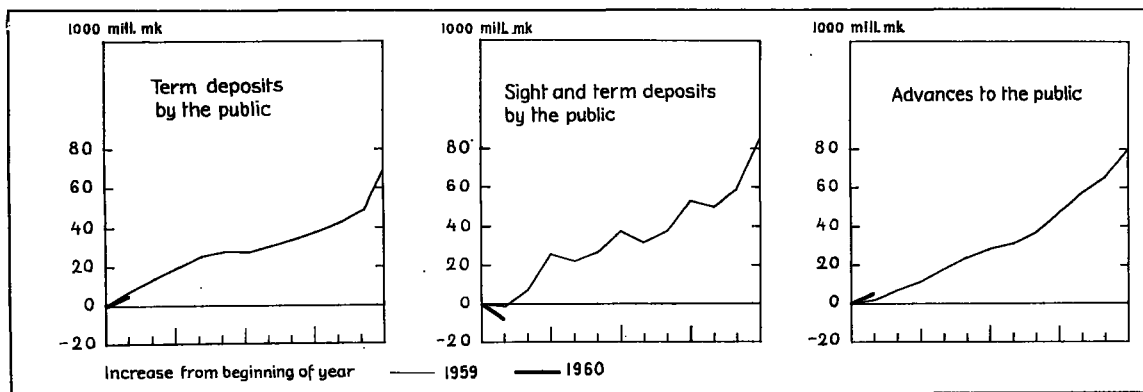
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	21 413
March	89 735	72 012	
April	89 777	65 620	
May	90 611	61 022	
June	91 041	56 605	
July	91 386	52 298	
Aug.	91 543	48 628	
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290	28 057	

Selling rates for foreign exchange			
February 29, 1960			
		mk	mk
New York ...	1 \$	320: 40	Brussels 100 Fr 643:—
Montreal	1 \$	336: 70	Zurich 100 Fr 7 392:—
London	1 £	898: 50	Paris 100 NF 6 530:—
Stockholm ...	100 Kr	6 190:—	Rome 100 Lit 51: 60
Oslo	100 Kr	4 484:—	Vienna 100 Sch 1 233:—
Copenhagen ..	100 Kr	4 643:—	Lisbon 100 Esc 1 120:—
Frankfurt a/M	100DM	7 684:—	Prague, clear... 100 Kč 4 458:—
Amsterdam ...	100 G	8 504:—	Moscow, clear. 100 Rbl 8 025:—

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1959*	209 686	132 663	33 138	96 715	32 578	477 244	27 536	504 780	142 998
1959*									
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	129 565
Feb.	217 135	135 681	33 884	98 116	34 089	488 705	30 200	518 905	..

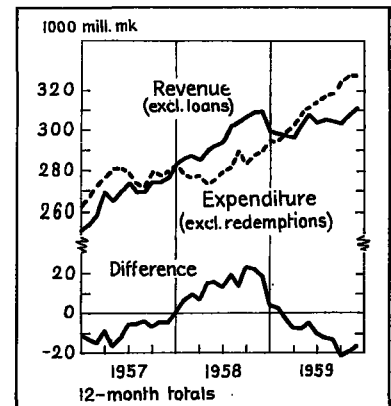


STATE FINANCES

1000 mill. mk

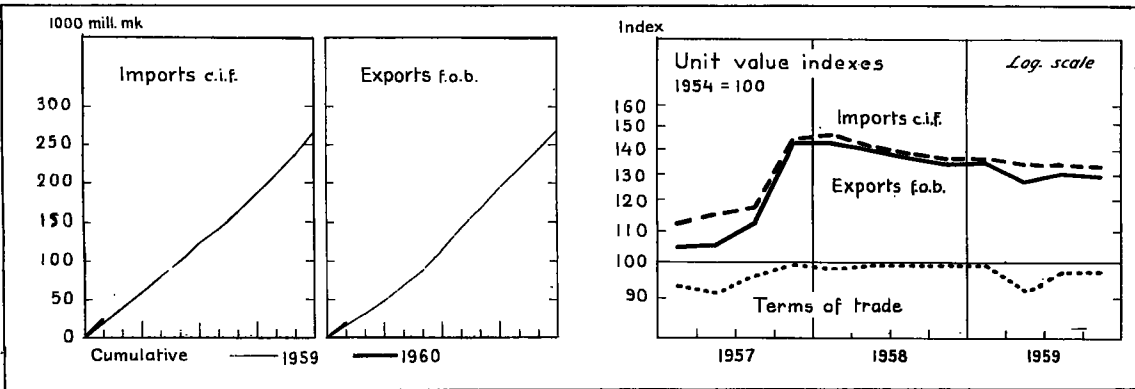
Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1958	1959		1958	1959
Income and property tax (net)	54.4	63.0	Interest on State debt	6.3	5.9
Gross receipts	(106.3)	(120.1)	Child allowances	20.0	20.5
Refunds and communal income tax	(-51.9)	(-57.1)	The State's share in national pensions	7.4	7.9
Other direct 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	306.0	Total	268.3	306.0

Debt	1956		1957	1958	1959		1960	
	Dec.	Dec.	Dec.	Dec.	Nov.	Dec.*	Jan.*	Feb.*
External debt	61.5	81.8	79.0	77.5	77.0	76.6	76.6	76.6
Ordinary loans	50.7	52.9	61.5	71.4	72.0	72.7	69.9	69.9
Indemnity bonds etc. ..	7.1	7.4	7.3	6.6	6.5	5.7	5.7	5.7
Short-term credit	—	—	1.2	0.9	2.2	2.1	0.5	0.5
Cash debt (net)	8.8	9.6	-1.7	-0.3	..	..	..	..
Internal debt	66.6	69.9	68.3	78.6	..	..	..	..
Total debt	128.1	151.7	147.3	156.1	..	..	..	..
Total debt, mill. \$	554.5	472.7	459.8	487.3	..	..	..	..



FOREIGN TRADE

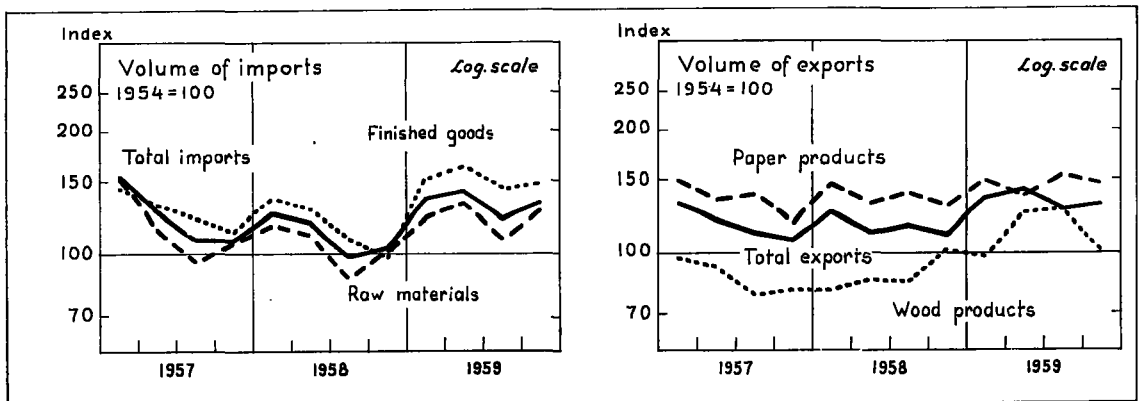
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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							
1960*										
Jan.	24 687	18 395	- 6 292							



FOREIGN TRADE BY MAIN GROUPS

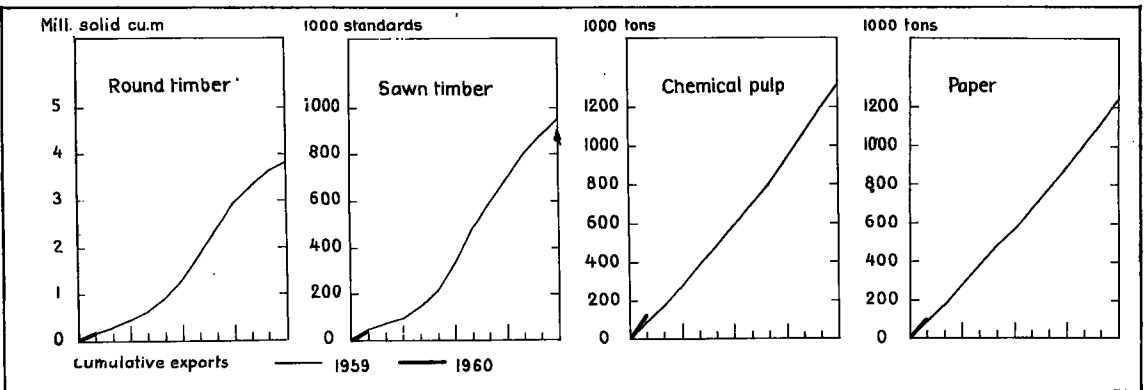
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959*	133 808	28 118	67 043	37 820	14 853	16 290	63 662	117 003	44 068	11 365
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
1960*										
Jan.	13 226	2 149	5 967	3 345	1 364	662	3 203	8 797	3 556	813



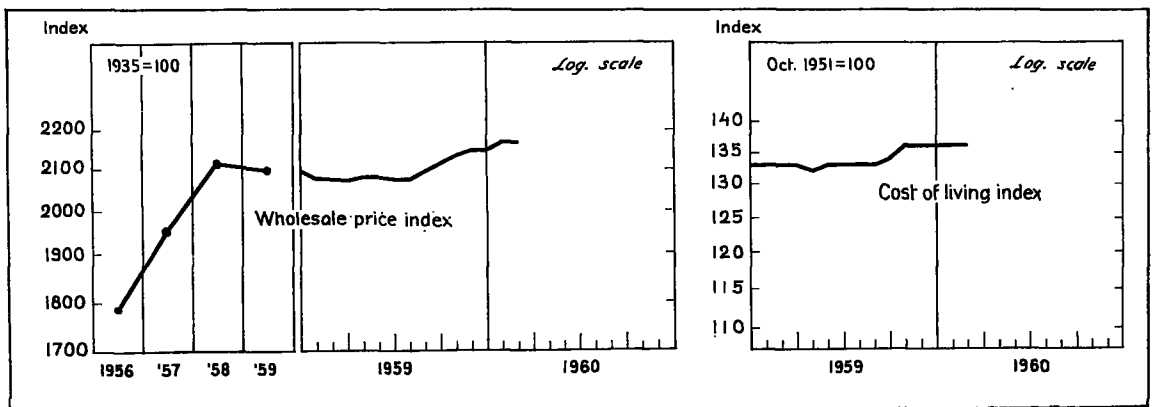
EXPORTS OF SOME IMPORTANT ARTICLES

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	65	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
1960*										
Jan.	160	36	24	16	75	47	10	9	43	95



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c.i.f.					Exports f.o.b.				
	Whole year		January			Whole year		January		
	1958	1959	1959*	1960*		1958	1959*	1959	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	17.9	16.3	15.4	16.8	4 147	25.6	26.7	31.9	26.1	4 796
United Kingdom	17.2	15.7	14.9	15.7	3 884	22.1	23.3	28.2	22.4	4 120
Other OEEC countries ..	45.2	49.4	47.3	48.1	11 863	37.5	36.5	43.6	47.8	8 799
Austria	0.5	0.6	0.6	0.5	130	0.2	0.2	0.1	0.3	48
Belgium-Luxembourg	2.8	2.5	2.4	3.0	731	3.6	3.7	3.2	2.5	461
Denmark	2.4	2.3	2.3	2.9	718	3.0	3.3	2.9	3.0	548
France	4.7	5.1	6.0	4.5	1 107	6.2	4.7	4.2	4.6	852
Western Germany	16.5	17.9	16.4	18.3	4 506	10.8	10.9	11.8	16.0	2 949
Italy	1.5	1.8	1.8	1.7	430	1.8	1.8	2.7	1.8	338
Netherlands	4.3	4.5	3.8	3.5	858	4.4	5.4	6.5	7.2	1 323
Norway	1.2	1.6	2.2	1.1	271	0.7	0.7	1.0	1.2	222
Portugal	0.1	0.2	0.1	0.2	41	0.1	0.1	0.1	0.1	26
Spain	0.6	0.5	0.5	0.5	114	1.1	0.2	0.5	0.0	3
Sweden	8.3	9.2	9.1	8.8	2 184	3.6	3.2	3.0	9.5	1 739
Switzerland	1.7	2.3	1.7	2.3	566	0.7	0.4	0.4	0.3	50
Eastern Bloc	25.6	24.5	26.6	23.1	5 713	24.8	23.5	9.2	11.4	2 109
China	0.5	0.5	1.4	0.4	107	1.1	2.0	0.0	0.3	57
Czechoslovakia	1.2	1.4	1.4	1.1	260	1.2	0.7	0.0	0.4	69
Eastern Germany	1.7	1.6	1.7	1.0	251	1.7	1.3	0.1	1.1	203
Poland	3.1	2.4	3.6	1.8	454	2.6	2.1	1.4	2.3	429
Soviet Union	18.0	17.9	18.1	18.2	4 482	17.3	16.7	6.8	6.6	1 219
U.S. and Canada	5.5	5.4	6.0	7.7	1 898	4.7	5.9	5.7	5.6	1 025
United States	5.3	5.1	5.8	7.6	1 863	4.6	5.8	5.7	5.6	1 020
Latin America	4.4	3.5	3.5	3.2	792	4.5	4.9	6.7	7.5	1 379
Argentina	0.3	0.5	0.2	0.4	103	1.0	0.9	1.2	1.1	196
Brazil	3.7	2.5	2.7	2.2	546	2.4	2.8	3.4	4.7	861
Others	1.4	0.9	1.2	1.1	274	2.9	2.5	2.9	1.6	287
Grand total	100.0	100.0	100.0	100.0	24 687	100.0	100.0	100.0	100.0	18 395
of which										
EFTA countries	31.3	31.8	30.9	31.6	7 794	30.3	31.3	35.8	36.7	6 753
EEC countries	29.8	31.8	30.5	30.9	7 632	26.9	26.5	28.4	32.2	5 923



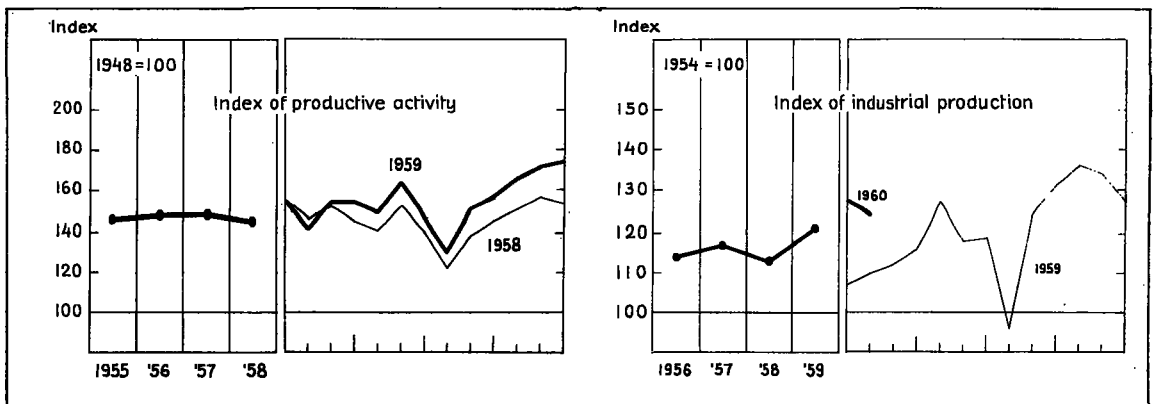
PRICE INDEXES

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									
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
Feb.	2 163	2 228	2 351	3 199	1 862	2 022	120	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
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												
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
Feb.	136	144	295	98	85	135	107	105	109	95	106	110

PRODUCTION - INTERNAL TRADE

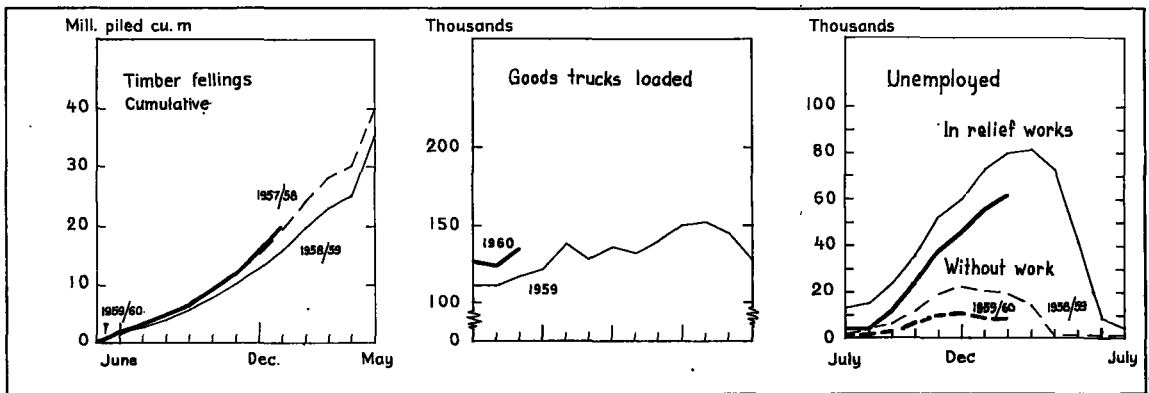
Period	Index of industrial production 1954 = 100								Commer- cial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
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* 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
1960* Jan.	124	116	127	120	94	160	118	115	4 094	179	101



BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	19.29	8.46	3.08	3.57	2.93	20.38	105	103	103	105
1959*	19.85	8.36	3.42	4.50	2.39	20.46	110	106	104	111
1958										
July-Sept.	5.70	2.38	1.11	0.63	1.08	22.77	106	104	105	106
Oct.-Dec.	7.12	3.25	1.39	1.30	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	111
July-Sept.	6.01	2.48	1.21	0.96	0.93	22.93	111	106	105	111
Oct.-Dec.	7.62	3.22	1.47	1.96	0.59	20.46	111	104	105	112

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	135	232	284	271	319	19 201	6 251	79 765	61 505
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).

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

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

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

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

MERCHANT FLEET (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.

CENTENARY OF THE FINNMARK

BY

HUGO E. PIPPING

PROFESSOR EMERITUS OF ECONOMICS, CHANCELLOR OF ABO ACADEMY

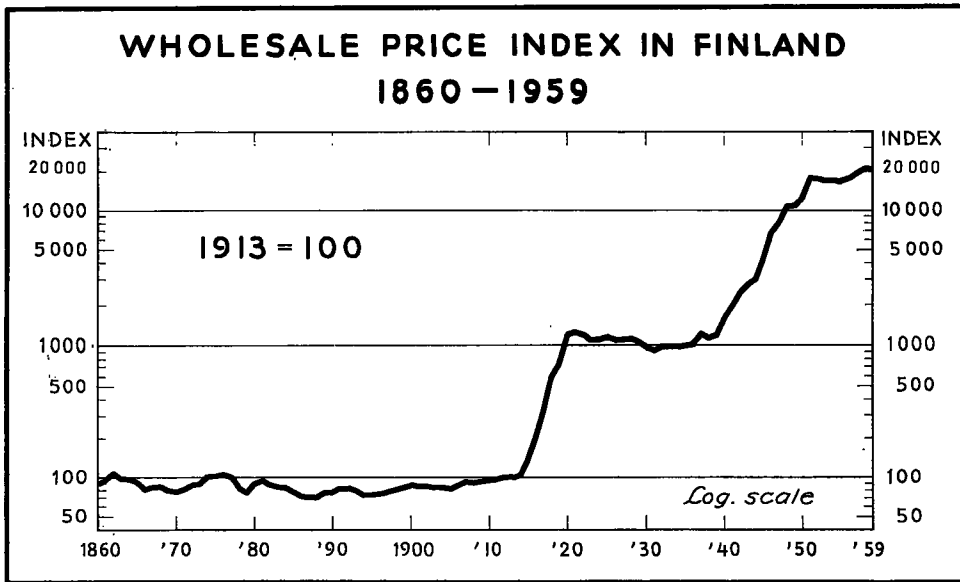
The centenary of the Finnmark on the 4th of April 1960 is worthy of note. Its history during the fifty years before 1860 is interesting. It arrived on the scene during a significant phase of economic and political development, and gradually changed from a non-independent nominal monetary unit into a vigorous national currency, at first based upon silver, and later on gold. The following historical account of the Finnmark does not deal with events subsequent to 1914, which are a different story. The main course of its value during the whole period of 1860—1959 is roughly outlined in two diagrams.

When Finland was separated from Sweden in 1809, and came under the suzerainty of the Czar of Russia as a Grand Duchy, the question of the country's currency became topical. At the Porvoo (Borgå) Diet, convened by the Czar before the conquest had been completed, voices were raised in favour of the Swedish „riksdaler” being retained as the official currency. Political considerations intervened, and the Diet proposed the Russian silver rouble instead. The latter proposal won, although in practice it took years to realise.

The Russian silver rouble was not seen for a long time. Owing to the Napoleonic wars, Russian paper money took its place, circulating at a considerable discount in relation to the silver rouble. This discount varied in daily transactions, but was fixed officially as

regards payments to the Crown. Then remarkably, it came about that economic realities proved stronger than the political unification should have permitted. Swedish money continued to circulate throughout the country, and did so even after it had, for a long time to come, deteriorated into a fluctuating paper currency under the pressure of war expenditure. No decrees or restrictions were able to dislodge it, and for this there were many reasons. Trade relations between Finland and Sweden continued, with an excess of exports in favour of Finland. Neither Finland's own Government nor the Russian Treasury possessed resources for the redemption with roubles of the Swedish notes to which the people clung faithfully. A far-reaching exchange undertaking was instituted about 1820, from which time taxes were paid mostly in Russian paper roubles. However, various circumstances connected with changes in the rates of exchange and the relative price levels, as well as with Russian and Swedish commercial policy, led to an actual increase in the circulation of Swedish currency in Finland in the early 1830's.

The right of note issue granted to the Bank of Finland (established in 1811) did not go far. It was based upon cover in Russian paper currency, and was confined to the issue of notes in copecks and small rouble notes. The eagerness of the authorities to provide Finland with a uniform



currency dwindled. Swedish currency was better than nothing.

In 1834, however, Sweden reverted to a silver standard, the bank notes being devalued in the proportion of 1:2 $\frac{2}{3}$. By that time, the paper rouble had been stabilised at about 3.75—3.60 per rouble of silver. Devaluation and a return to the silver standard also took place (1839) in Russia, at a rate of conversion of 3.50.

During the 1830's, the Finnish Government and a number of committees tried to solve the problem of establishing uniformity in currency conditions in Finland. It was proposed that the Bank of Finland, and possibly some private banks to be created, should be empowered to issue their own rouble notes based upon silver, and redeemable in silver. But none of this was accomplished before the Russian rouble reverted to silver.

A banking and currency reform was then (1840) carried out in Finland also, and was effected quickly and skilfully thanks to the efforts of the Finnish Minister of Finance, L. G. von Haartman. At the same time, the

Swedish notes circulating in Finland were exchanged for silver in Stockholm. The Bank of Finland obtained the right of issuing, against the silver cover thus acquired, its own rouble notes, redeemable in silver. The minimum cover in silver was fixed at the proportion 7:15. However, the Bank was not allowed to mint its own silver coinage; instead, Russian silver roubles and Russian small change in silver and copper were put into circulation.

The Finnish rouble was identical with the Russian, but this presented no danger so long as the latter retained its exchange value. At one time (1848) it looked critical for Russia's metal currency, and consequently also for that of Finland, but the crisis — partly of international origin — was soon overcome. It was not until the outbreak of the Crimean war in 1854 that the Russian rouble fell again to a paper currency depreciated at most by about 10 per cent.

Theoretically it was conceivable that, in spite of everything, the Bank of Finland could have retained its silver standard in

roubles. In practice, however, anything of this kind was impossible, principally for political reasons, but also because the Bank of Finland was bound „by the supply of its assets”, as the wording ran, also to exchange Russian rouble notes for silver. Consequently the Bank of Finland was also obliged to suspend its silver standard during the Crimean war. The notes of the Bank were depreciated to the same extent as the Russian ones.

After the war the rate of exchange for the rouble improved somewhat, but it declined again in 1859. Dissatisfaction was felt in Finland with the uncertain currency conditions. The alternatives were urged that Russian paper money should cease to be legal tender in Finland, or that payments in paper money should be made at a value reduced in accordance with the current rate of exchange, while the Bank of Finland should resume the exchange of its own rouble notes for silver, and raise their value to the parity of silver.

At the same time there arose a shortage of the necessary Russian copeck coins in silver. These disappeared from circulation as the rouble deteriorated to such an extent that the silver value even of these token coins exceeded their foreign value according to the rate of exchange. They were exported or melted down, and the whole country suffered from the shortage of small change; this was partly remedied for the time being by well-known firms issuing small notes — a procedure which was in reality illegal. In this connection, cautious hints were dropped that the rouble was too large a unit for a small and poor country such as Finland.

Russia would not agree to restrict the rouble as legal tender in Finland, and in this country there was criticism of the idea that payment with paper money should be made according to its quoted rate of exchange or according to some kind of index.

The Russian authorities, however, accepted the view that a smaller unit of currency might possibly be more suitable for Finland. No doubt they bore in mind the fact that Poland had its own zloty as a subdivision of the rouble.

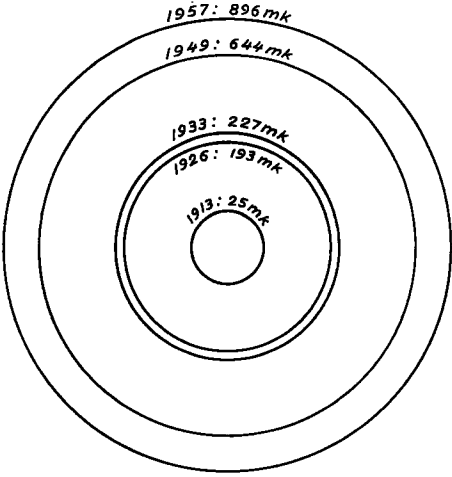
After the Finnish authorities had been given an opportunity to state their views and to put forward a detailed proposal, an imperial manifesto on April 4, 1860, announced a separate unit of currency for Finland, representing one quarter of a silver rouble and called „markka” („mark” in Swedish), divided into 100 penni. A number of suggestions of curious names had been rejected, as well as the idea, appalling to the⁴ Russian governor-general, that the old Swedish names should be employed for Finnish currency.

It was decided at the same time that penni pieces in copper should be minted in Finland, and that the bank should issue small notes of 1 and 3 marks. A little later, on June 12, 1860, the Government in Finland was also granted the right to mint standard silver coins of 1 and 2 marks, and token coins of silver in penni. In addition, the bank was to prepare an issue of notes in marks of higher denominations. In the first decree of April 4, it had already been laid down that the accounts of the Crown were to be kept in marks and penni.

What or who occasioned this imperial favour towards Finland one hundred years ago? Part of the background is filled in by Czar Alexander II, who ascended the throne during the Crimean war, and showed his goodwill towards Finland by many measures and decisions of a liberal spirit, especially in the economic sphere. He also had political reasons for considering the demands for giving greater freedom to Finland in relation to Russia. The leaders of the country availed themselves of this, even those who could not actually be described as members of the

FINLAND'S OFFICIAL RATES OF EXCHANGE FOR £1

CIRCLE AREAS PROPORTIONAL TO RATES



opposition. Among them, the Finnish Minister of Finance, Fabian Langenskiöld, should primarily be mentioned.

Langenskiöld achieved an important result in 1859, when, by adroit negotiations, he brought about a trade agreement with Russia by which greater reciprocity was established as regards Customs and quotas, to the benefit of Finland. It has been impossible to discover whether he or one of his advisers first originated the idea of a smaller unit of currency, but there is much to be said for believing the idea to have been his. It is certain, however, that it was Langenskiöld who carried the negotiations to a successful issue by his energy and diplomatic skill. He is, as he was regarded by his contemporaries, the father of the new unit of currency. The change of name was an excellent move that could logically be succeeded by another. It was now easier to separate the value of the currency in Finland from that of Russia,

and to give the mark a firm metal value, as the honour of the rouble was no longer at stake.

The new mark coinage was defined in units of weight in silver, and it was intended that the mark notes of the Bank of Finland be made redeemable in silver at the earliest opportunity. In 1862, shortly before his death, Langenskiöld succeeded in obtaining a promise that silver currency in marks and roubles would be made the only legal tender in Finland, which meant that the paper rouble would be withdrawn from circulation.

Delay was caused by Lagenskiöld's death in 1863 and the difficulty of negotiating a new foreign loan; a loan he had secured had been expended on grain imports after a serious harvest failure. Delay was also caused by an unsuccessful plan to restore the Russian currency to a silver standard, as well as by various political circumstances. In Finland, the silver standard reform was finally carried out in 1865, after a tough struggle, by Lagenskiöld's successor as Minister of Finance, J. V. Snellman. Silver currency, whether in roubles or in quarters of roubles, i. e., in Finnmarks, was declared the only legal tender, and the notes of the Bank of Finland were made redeemable in silver. In reality, this decision meant that the depreciated paper rouble ceased to be valid, and that its foreign value was also officially quoted in marks.

The delay in effecting the silver standard reform was the more serious as in the meantime the foreign value of the rouble, which had approached its parity in 1863, fell about 20 per cent below par. The reform consequently involved a corresponding re-valuation, and was inevitably in some respects unfavourable to debtors and to exporters to Russia. In addition, a financial crisis in London in 1866 forced the Bank of Finland to tighten its credit policy, with numerous bankruptcies as a consequence.

At all events, Finland's new currency system was thereby placed on a silver standard, and its independence was emphasised by the separate name of „mark". Subsequent circumstances, however, exposed the shortcomings of the reform. From 1873 onward, the international value of silver fluctuated and fell to such an extent that the value of gold currencies in marks could not be fully maintained. In more favourable political conditions, the Bank of Finland might have done the same as some other silver countries, and have abandoned the right of free coinage and attempted a limping standard. Such a solution was, however, rendered impossible by the fact that the Russian silver rouble was also legal tender in Finland and by the Russian view that no restrictions were to be made in regard to it.

The solution lay in adopting a gold standard in 1877—1878, and this was accepted in St. Petersburg in return for Russian silver being to a limited extent permitted as legal tender as token coins in Finland.

The gold standard reform in 1878 involved, in the same manner as the reform in 1865, a revaluation by something between 10 and 20 per cent, according to the method of making the calculation. The rise in the value of the mark was once more unfavourable to those who were exporting to Russia, as the foreign value of the paper rouble fell still further during the Russo-Turkish war in 1877—1878. On this occasion too, a revaluation in Finland was from a political stand-

point the most practicable method, in view of the attitude of the leading officials in St. Petersburg.

By means of the currency reform of 1877—1878 the Finnmark became an independent unit in the ranks of the European gold currencies, no longer being linked to the Russian currency. Thenceforward, the Bank of Finland issued notes redeemable in gold which, in addition to small change in silver and copper, constituted in practice the means of payment then in use. Gold coins were scarcely to be seen, but the gold parity was strictly maintained up to the outbreak of World War I. It was a disturbing feature, however, that until the rouble was stabilised on a gold standard in the 1890's, it fluctuated considerably. Foreign trade in Finland was greatly orientated eastward at that time, and exporters saw their profits fluctuate with the variations of the rouble exchange.

A fateful period for the Finnmark began in 1914, when the first world war broke out; the second world war, with its consequences, brought fresh trials.

The Napoleonic wars, the Crimean war in the 1850's and the wars of the 1870's, impaired the value of Finnish currency, and, as elsewhere, so did the two world wars of this century, to a very much greater extent.

Two diagrams are presented, one of which shows the course of wholesale prices over one hundred years, the other illustrating the external value of the mark, as represented by the rate of exchange for pounds sterling.

ITEMS

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

Bulgaria, on January 23. Period: 1960. Trade is fixed by quotas and Finnish exports will principally consist of mechanical and chemical wood pulp, paper, cardboard and machinery. Finnish imports will include fruit, maize, rice, sugar and tobacco.

Czechoslovakia, on February 19. Period: 1960. The value of trade, which in 1959 was nearly 5 600 million marks, is likely to increase to some extent due to the estimated rise in Finnish exports from 1 820 million marks to about 3 300 million. The Finnish export quota includes chemical wood pulp, sawn goods, wallboard, paper, machinery and copper. The value of imports will be about the same as in 1959 and the principal items will be cars, motor cycles, various metal and rolled products, chemicals and textiles.

*

Employment. Two important employment estimates have recently been made in Finland.

1. The Central Statistical Office has made a preliminary estimate for the years 1938 and 1948—1959. Some of the principal results are given in the table below.

	1938		1948		1959*	
	1 000 persons	per cent	1 000 persons	per cent	1 000 persons	per cent
Agriculture and forestry	775.2	50	695.5	43	525.8	30
Manufacturing and handicrafts	285.8	19	360.2	22	444.2	25
Construction	106.7	7	126.3	8	220.2	12
Transport and communications	72.2	5	91.9	6	123.3	7
Commerce, banking, insurance	108.0	7	131.1	8	188.0	11
General government	69.0	5	98.7	6	134.1	8
Other services	105.1	7	111.4	7	124.3	7
Total	1 552.0	100	1 614.5	100	1 759.9	100

2. Since 1958, the Ministry of Communications and Public Works has made a weekly labour force survey based upon a sample population of 10 000 persons in 1958 and 20 000 persons in 1959. According to this survey, the labour input by industries in 1958 and 1959 was as follows.

	1958	1959
	1 000 work years	
Agriculture and forestry	621	558
Industry	383	412
Construction	173	185
Trade, banking, insurance ..	197	201
Transport and communications	115	106
Other services	243	260
Total	1 732	1 722

*

Publications of the Bank of Finland. In Series A of the Publications issued by the Bank of Finland Institute for Economic Research, Volume 1959:II has appeared in Finnish and Swedish. It contains the following articles: Changes in the composition and regional distribution of Finland's commodity imports in 1954—1958, by Erkki Laatto; Index clauses and wage policy, by Timo Helelä; Prices and wages in 1958 and 1959, by Kalevi Lagus; The structure and applicability of the investigation concerning the distribution of credit, by Jussi Linnamo.

BANK OF FINLAND

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Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

*(Absent as a member of
Government)*

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Credits

PERTTI TAMMIVUORI,
Administration

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

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

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*Foreign exchange
(trade)*

P. BLOMQUIST,
Accounts

P.-E. ÖSTERLUND,
*Foreign exchange
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*Documentary credits
and control*

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
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K. EIROLA,
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INSTITUTE FOR ECONOMIC RESEARCH

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Research