



BANK OF FINLAND

MONTHLY BULLETIN

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APRIL

1960

RECENT DEVELOPMENTS

THE MONEY MARKET

The easing of the money market and the strong expansion of both credits and deposits continued until the end of 1959, but at the turn of the year there was a marked change. The supply of central bank money began to shrink, and, as the banks continued to increase their lending, the money market tightened.

The table below shows the principal changes in the accounts of the Bank of Finland for the first quarter of 1960. It indicates whether the changes increased (+) or reduced (—) the amount of notes in circulation, and also the liquidity of the banks in relation to the Bank of Finland.

NET CHANGES IN THE STATEMENT OF THE BANK OF FINLAND FROM DECEMBER 31, 1959 TO MARCH 31, 1960

	1 000 mill. mk
Gold and foreign exchange reserve, decr.	— 7.8
Pre-1958 advances on exports to the USSR, decr.	— 0.9
Stand-by stocks credit to the Treasury, decr.	— 2.8
IMF and IBRD Treasury Bill, decr. ..	— 0.3
Loans from export levy funds, drawn ..	+ 1.0
1953 Treasury Bond Loan, decr.	— 1.3
Cheque account of the Treasury, decr. ..	+ 3.0
Bills in Finnish currency, incr.	+ 1.8
Treasury Cash Bonds, incr.	+ 1.8
Other Finnish bonds, decr.	— 1.1
Other items	— 1.8
Net change	— 8.4
Rediscounted bills, decr.	+ 0.1
Cheque accounts of banks, decr.	— 3.1
Notes in circulation, decr.	— 5.4
Net change	— 8.4

According to the table, the decrease in the gold and foreign exchange reserve constituted the heaviest contractive factor. However, it was not due to the balance of trade, although this showed a considerable deficit, but to an increase in the authorised banks' holdings of foreign exchange. In reality, the combined exchange reserve of the Bank of Finland and the authorised banks remained almost unchanged. Nevertheless, the increase in the banks' currency holdings, following the request made last autumn by the Bank of Finland to the banks to raise their liquidity, had a contractive effect on the supply of central bank money.

The decrease in the Treasury's balances on cheque account was outweighed by the redemption of the credit for stand-by stocks, of the Treasury bond loan, and of the IMF and IBRD bill, so that the net effect of Treasury transactions was contractive. The improvement in the cash position of the Treasury was due partly to the bond loans raised by the Government, and partly to the fact that a rise in economic activity automatically raises revenue, particularly from purchase tax, customs duties and the pre-collection of tax on wages and salaries. At the

On page 18, Finland's Foreign Trade in 1959

same time the rise in State expenditure was checked by the improvement in employment.

The reduction in the supply of central bank money was in the first place reflected as a decrease in notes in circulation. This was a normal seasonal phenomenon, for during the first weeks of January the note circulation regularly drops from its end-of-year peak. During the first quarter, the banks' net indebtedness to the Bank of Finland grew by 3 000 mill. marks. In addition, the banks had to strengthen their cash position by selling cash bonds to the Bank of Finland to an amount of 1 800 million marks. On the whole, the banks' position towards the central bank was slightly weaker during February—March than one year earlier. At the end of March, rediscounted bills totalled 4 600 mill. marks, against 2 900 million one year previously.

The rise in bank deposits, which had been fairly strong until the end of 1959, clearly slowed down after the turn of the year. This did not relate to term deposits, which grew by 23 100 million during the first quarter, the corresponding increase one year previously having been 19 800 million. The increase in these deposits was ample, considering that the Government at the same time placed 4 500 mill. marks' worth of new bonds with the public. In 1959, none of the Government bond issues had been intended for the public. As regards cheque accounts, there was an abrupt change after the turn of the year, the balances falling off by 5 000 mill. marks in all during the first three months, whereas one year previously they had grown by 4 000 million. This drainage of the cheque accounts was evidently a direct consequence of the increased need of finance on the part of enterprises. In addition

to the large-scale fixed investments in progress, and the investment in stocks, which undoubtedly involved considerable payments for imports, the high activity in forestry increased the demand for money. The decrease in cheque accounts, in fact, relates to the same factors as the credit expansion.

The structural change in the public's deposits continued. Index-tied deposits, which amounted to 28 100 mill. marks at the end of 1959, fell to 19 100 million by the end of March. All of these deposits were on accounts B with the 50-per-cent clause. On accounts A, with the 100-per-cent clause, no new deposits had been accepted since the end of 1958, and by the end of last February the accounts had been closed. The 12-month high-interest deposits, introduced in the spring of 1959, are becoming increasingly popular, balances having risen from 24 000 mill. marks to 29 800 million during the first quarter of this year.

The banks' advances to the public grew by 24 500 mill. marks during the first quarter of 1960 as compared with 10 900 million during the first quarter of 1959, and 33 000 million during the last quarter of that year. This high rate of growth of credits reflects the strong economic upswing, whose effects on the demand for money were described above.

The decline in total liquidity evidenced by the above figures is also apparent in the money supply calculation. Despite the rise in production and prices, during January—February the money supply was only 13 per cent in excess of the corresponding figures for 1959, whereas in the last quarter of 1959 it had been 18 per cent higher than one year previously.

April 23, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	March 31	Dec. 31	March 8	March 15	March 23	March 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	68 890	76 694	71 146	71 558	69 989	70 124
Gold	8 473	8 454	8 455	8 455	8 455	8 455
Foreign exchange	57 145	64 611	59 305	59 718	58 217	58 366
Foreign bills	676	366	316	315	247	233
Foreign bonds	2 596	3 263	3 070	3 070	3 070	3 070
<i>Supplementary note cover</i>	31 081	27 016	28 315	28 588	28 618	27 317
Inland bills discounted						
In foreign currency	12 405	11 535	11 378	11 378	11 378	11 378
In Finnish currency	8 898	3 888	5 534	5 744	5 554	5 694
Rediscounted bills	2 903	4 718	4 528	4 591	6 061	4 620
Treasury bond loan	6 875	6 875	6 875	6 875	5 625	5 625
<i>Other assets</i>	20 312	18 096	15 479	14 061	15 971	15 079
Finnish bonds	2 384	2 620	3 476	2 291	4 186	3 226
Cheque accounts	1 168	267	377	411	378	395
Finnish coin	728	654	852	859	914	956
Other claims	16 032	14 555	10 774	10 500	10 493	10 502
Total	120 283	121 806	114 940	114 207	114 578	112 520
Liabilities						
<i>Notes in circulation</i>	61 387	69 435	62 291	62 521	62 474	64 013
<i>Short-term liabilities</i>	17 845	17 814	16 691	15 699	15 618	12 602
Foreign exchange accounts	1 836	2 116	2 449	2 456	2 654	3 658
Mark accounts of holders abroad	4 444	4 780	4 338	4 319	4 315	4 305
Cheque account of the Treasury	10 356	6 418	8 428	7 170	8 062	3 388
Cheque accounts of banks	—	3 856	1 052	1 189	83	749
Other cheque accounts	283	233	297	237	264	279
Other short-term liabilities	926	411	127	328	240	223
<i>Long-term liabilities</i>	19 817	14 089	13 526	13 526	13 511	12 889
Foreign	11 362	11 060	10 848	10 848	10 848	10 848
Finnish	8 455	3 029	2 678	2 678	2 663	2 041
<i>Equalisation accounts</i>	6 338	5 482	7 216	7 221	7 709	7 723
<i>Bank's own funds</i>	14 896	14 986	15 216	15 240	15 266	15 293
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	342	1 247	230	254	280	307
Total	120 283	121 806	114 940	114 207	114 578	112 520
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	68 890	76 694	71 146	71 558	69 989	70 124
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk)	31 081	27 016	28 315	28 588	28 618	27 317
Total	99 971	103 710	99 461	100 146	98 607	97 441
Note issue						
<i>Notes in circulation</i>	61 387	69 435	62 291	62 521	62 474	64 013
<i>Short-term liabilities</i>	17 845	17 814	16 691	15 699	15 618	12 602
Undrawn on cheque credits	857	929	820	786	818	802
Unused right of note issue	19 882	15 532	19 659	21 140	19 697	20 024
Total	99 971	103 710	99 461	100 146	98 607	97 441

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

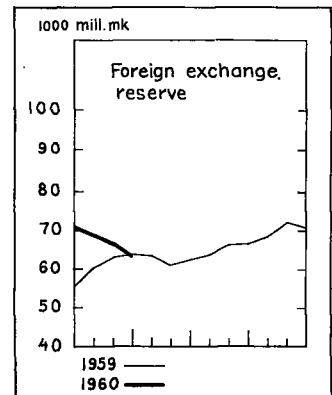
BANK OF FINLAND

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										
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
March	66 821	3 658	63 163	7 982	15 153	55 992	4 620	749	179	3 692

¹⁾ Including cash reserve accounts 6 677

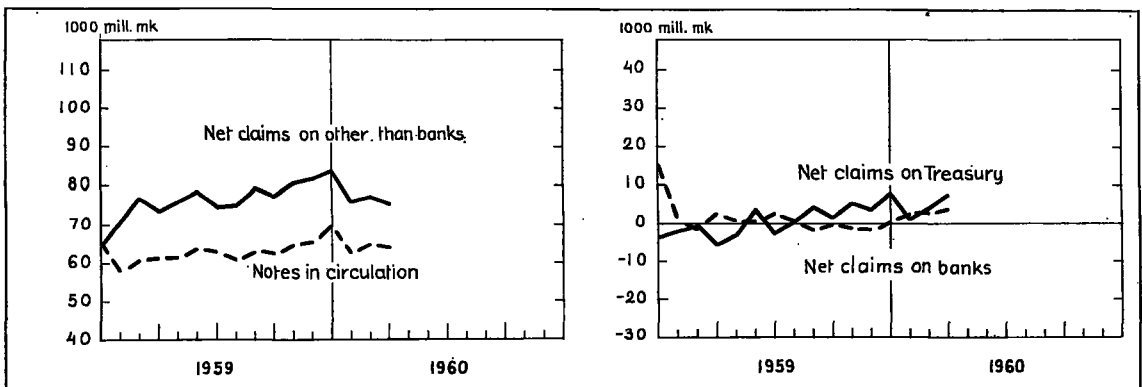
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958	1959	1960		
	Dec. 31	Dec. 31	Jan. 30	Feb. 29	March 31
Gold	7.8	8.4	8.4	8.4	8.4
Convertible currencies ..	31.2	49.7	47.8	44.8	42.4
Non-transferable OEEC ..	7.7	4.7	4.7	4.7	4.7
Eastern Block currencies.	8.2	4.4	3.9	4.7	3.3
Other currencies	0.5	3.7	4.1	4.2	4.4
Total	55.4	70.9	68.9	66.8	63.2



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										
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
March	8 764	4 035	3 388	2 041	7 370	5 694	10 422	323	15 793	64 013



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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial 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*										
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
March	51 761	62 736	14 481	158 941	159 110	91 527	44 716	23 093	477 410	554 627

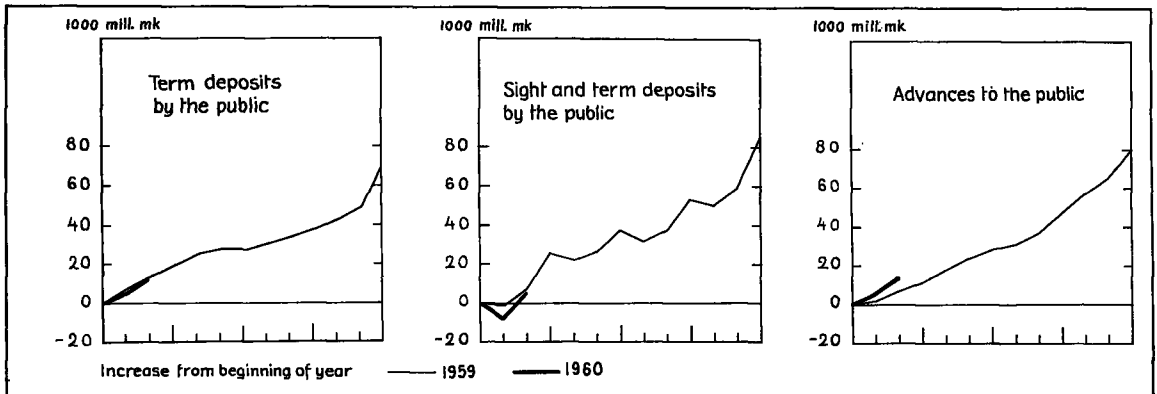
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	21 413
March	89 735	72 012	19 079
April	89 777	65 620	
May	90 611	61 022	
June	91 041	56 605	
July	91 386	52 298	
Aug.	91 543	48 628	
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290	28 057	

Selling rates for foreign exchange			
March 31, 1960			
		mk	mk
New York ...	1 \$	320: 60	Brussels 100 Fr 643: —
Montreal	1 \$	336: —	Zurich 100 Fr 7 393: —
London	1 £	900: —	Paris 100 NF 6 535: —
Stockholm ...	100 Kr	6 200: —	Rome 100 Lit 51: 68
Oslo	100 Kr	4 500: —	Vienna 100 Sch 1 233: —
Copenhagen ..	100 Kr	4 655: —	Lisbon 100 Esc 1 121: —
Frankfurt a/M	100 DM	7 690: —	Prague, clear... 100 Kč 4 458: —
Amsterdam ...	100 G	8 497: —	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*									
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	129 455
Feb.	217 135	135 681	33 884	98 116	34 089	488 705	30 200	518 905	131 320
March	222 749	137 133	33 984	100 212	35 225	499 743	29 560	529 303	..

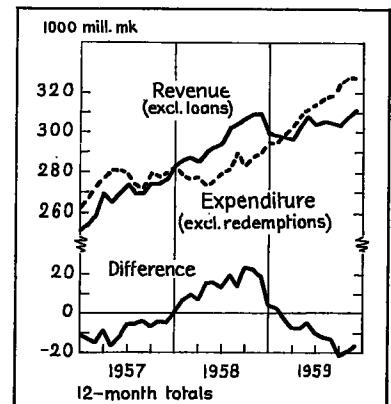


STATE FINANCES

1000 mill. mk

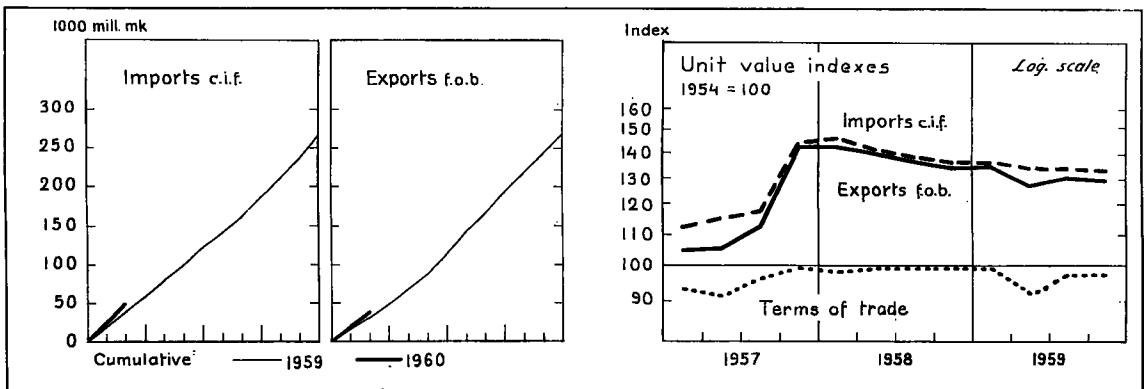
Revenue	January		Expenditure	January	
	1959	1960		1959	1960
Income and property tax (net)	4.2	6.4	Interest on State debt	0.9	0.4
Gross receipts	(8.1)	(9.0)	Child allowances	0.0	0.1
Refunds and communal income tax	(-3.9)	(-2.6)	The State's share in national pensions	0.7	0.7
Other direct taxes	0.1	0.2	Compensations to war-disabled	0.9	0.9
Purchase tax	4.7	5.4	Transfer of employers' payments for national pensions to the National Pensions Institution	0.0	0.0
Import duties	2.9	2.9	Subsidies	2.4	2.3
Revenue from Alcohol Monopoly ..	1.6	0.5	Net payments on price equalisation by extra-budgetary funds	—	0.6
Excise duty on tobacco	1.5	1.6	State aid to agriculture	0.2	0.1
Excise duty on liquid fuel	0.7	1.1	State aid to communal and private schools	1.5	1.6
Other excise duties	0.4	0.5	Net loss of State enterprises	—	—
Tax on automobiles and motor cycles ..	0.1	0.0	Maintenance of roads	0.3	0.3
Stamp duties	1.3	1.3	Other current expenditure	7.2	7.8
Employers' payments for child allowances and national pensions	2.0	2.2	Current expenditure	14.1	14.8
Net receipts of price equalisation by extra-budgetary funds	0.4	—	Real investments	3.5	3.8
Other revenue similar to taxes	0.1	0.4	Other capital expenditure	2.1	1.6
Total taxes	20.0	22.5	Capital expenditure	5.6	5.4
Interest and dividends	0.2	0.2	Total expenditure	19.7	20.2
Net profit of State enterprises	0.2	0.0	Redemption of external loans	0.4	0.4
Other current revenue	0.6	0.5	Redemption of internal loans	2.2	3.1
Current revenue	21.0	23.2	Redemption of indemnity bonds etc.	0.0	0.8
Capital revenue proper	0.5	0.6	Index premiums	0.2	0.1
Decrease in inventories	0.7	1.6	Redemptions	2.8	4.4
Capital revenue	1.2	2.2	Total	22.5	24.6
Total revenue	22.2	25.4			
External loans	—	—			
Internal loans	2.0	3.8			
Loans	2.0	3.8			
Short-term credit (increase +) ..	—	-0.1			
Deficit (+) or surplus (-)	-1.7	-4.5			
Total	22.5	24.6			

Debt	1956	1957	1958	1959	1960		
	Dec.	Dec.	Dec.	Dec.*	Jan.	Feb.*	March*
External debt	61.5	81.8	79.0	77.0	76.6	76.6	76.1
Ordinary loans	50.7	52.9	61.5	72.0	72.8	69.9	72.5
Indemnity bonds etc. ..	7.1	7.4	7.3	6.5	5.7	5.7	5.5
Short-term credit	—	—	1.2	2.2	2.1	0.5	0.5
Cash debt (net)	8.8	9.6	-1.7	..	-10.0
Internal debt	66.6	69.9	68.3	..	70.6
Total debt	128.1	151.7	147.3	..	147.2
Total debt, mill. \$	554.5	472.7	459.8	..	459.6



FOREIGN TRADE

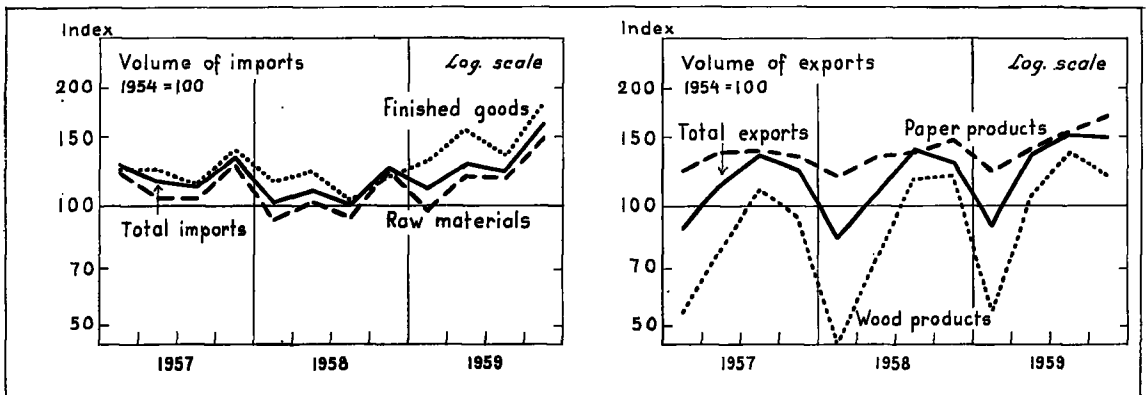
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
Jan—Feb.										
1958	38 794	30 238	- 8 556							
1959*	38 776	31 175	- 7 601							
1960*	49 391	37 036	-12 355							
1959*										
April	21 786	20 190	- 1 596	127	123	122	130	135	134	95
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							
Nov.	26 993	24 882	- 2 111	129	123	122	129	153	133	97
Dec.	30 403	24 591	- 5 812							
1960*										
Jan.	24 687	18 395	- 6 292							
Feb.	24 708	18 641	- 6 050							



FOREIGN TRADE BY MAIN GROUPS

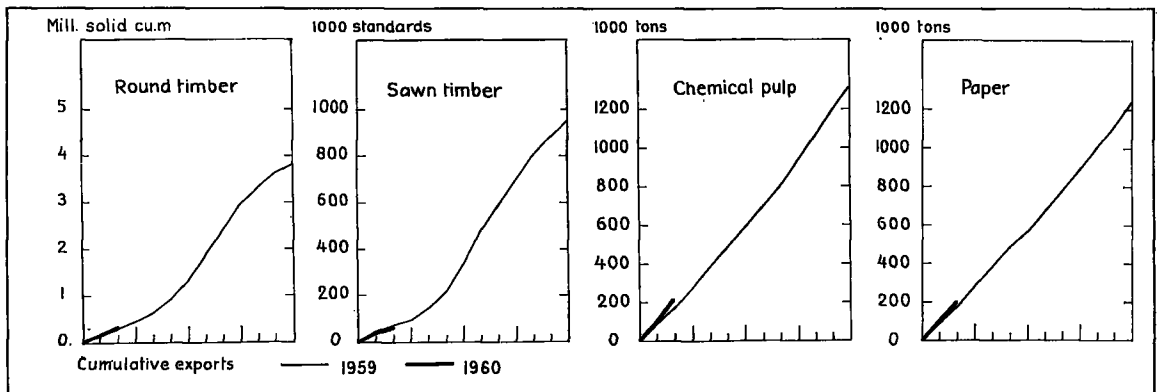
Mill. mk

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
Jan. - Feb.										
1958	19 057	5 852	8 992	4 893	2 105	1 872	5 281	16 918	2 980	1 082
1959*	18 332	5 299	9 734	5 410	2 390	1 273	5 868	15 220	5 475	949
1960*	25 252	5 040	12 426	6 674	2 980	1 277	6 079	18 500	6 717	1 483
1959*										
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
Feb.	12 026	2 890	6 459	3 329	1 616	615	2 876	9 703	3 161	670



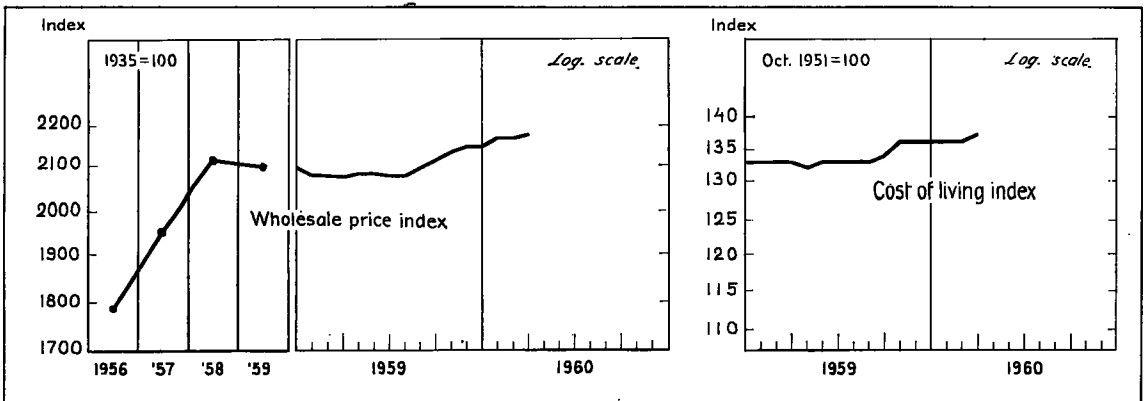
EXPORTS OF SOME IMPORTANT ARTICLES

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
Jan. - Feb.										
1958	396	45	42	19	113	73	22	15	82	155
1959*	282	72	43	22	101	67	18	17	82	168
1960*	312	61	52	24	134	75	22	19	99	200
1959*										
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	10	67	35	10	9	43	95
Feb.	152	25	28	24	67	40	12	10	56	105



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—Feb.			Whole year		Jan.—Feb.		
	1958	1959	1959*	1960*		1958	1959*	1959	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	17.9	16.3	15.9	16.8	8 305	25.6	26.7	30.5	26.7	9 893
United Kingdom	17.2	15.7	15.4	16.0	7 920	22.1	23.3	26.5	22.9	8 486
Other OEEC countries ..	45.2	49.4	48.5	50.1	24 767	37.5	36.5	38.9	40.6	15 031
Austria	0.5	0.6	0.5	0.6	301	0.2	0.2	0.3	0.3	109
Belgium-Luxembourg	2.8	2.5	2.1	2.7	1 340	3.6	3.7	3.0	2.8	1 029
Denmark	2.4	2.3	2.4	2.5	1 244	3.0	3.3	3.0	3.3	1 210
France	4.7	5.1	5.2	6.4	3 167	6.2	4.7	3.7	3.9	1 455
Western Germany	16.5	17.9	16.3	17.9	8 850	10.8	10.9	11.2	12.7	4 726
Italy	1.5	1.8	1.8	1.7	818	1.8	1.8	2.7	2.0	739
Netherlands	4.3	4.5	6.8	4.0	1 984	4.4	5.4	5.7	5.9	2 187
Norway	1.2	1.6	1.5	1.1	538	0.7	0.7	0.8	1.1	407
Portugal	0.1	0.2	0.1	0.2	96	0.1	0.1	0.1	0.1	27
Spain	0.6	0.5	0.4	0.6	294	1.1	0.2	0.3	0.1	19
Sweden	8.3	9.2	9.1	9.4	4 658	3.6	3.2	3.4	6.5	2 432
Switzerland	1.7	2.3	1.9	2.4	1 158	0.7	0.4	0.4	0.3	113
Eastern Bloc	25.6	24.5	26.1	22.1	10 894	24.8	23.5	13.9	17.4	6 461
China	0.5	0.5	1.5	0.4	213	1.1	2.0	0.0	0.3	97
Czechoslovakia	1.2	1.4	1.4	1.1	551	1.2	0.7	0.1	0.3	133
Eastern Germany	1.7	1.6	1.6	1.0	473	1.7	1.3	0.6	1.0	392
Poland	3.1	2.4	2.7	2.0	983	2.6	2.1	1.8	2.0	736
Soviet Union	18.0	17.9	18.5	16.4	8 106	17.3	16.7	10.6	13.1	4 857
U.S. and Canada	5.5	5.4	4.9	7.0	3 458	4.7	5.9	6.9	7.0	2 604
United States	5.3	5.1	4.7	6.9	3 394	4.6	5.8	6.8	7.0	2 590
Latin America	4.4	3.5	3.4	2.8	1 385	4.5	4.9	6.7	6.4	2 386
Argentina	0.3	0.5	0.2	0.3	169	1.0	0.9	1.6	1.1	397
Brazil	3.7	2.5	2.7	2.0	985	2.4	2.8	3.6	3.4	1 279
Others	1.4	0.9	1.3	1.2	582	2.9	2.5	3.1	1.9	694
Grand total	100.0	100.0	100.0	100.0	49 391	100.0	100.0	100.0	100.0	37 036
of which										
EFTA countries	31.3	31.8	30.8	32.2	15 915	30.3	31.3	34.5	34.5	12 784
EEC countries	29.8	31.8	32.2	32.7	16 159	26.9	26.5	26.3	27.4	10 136



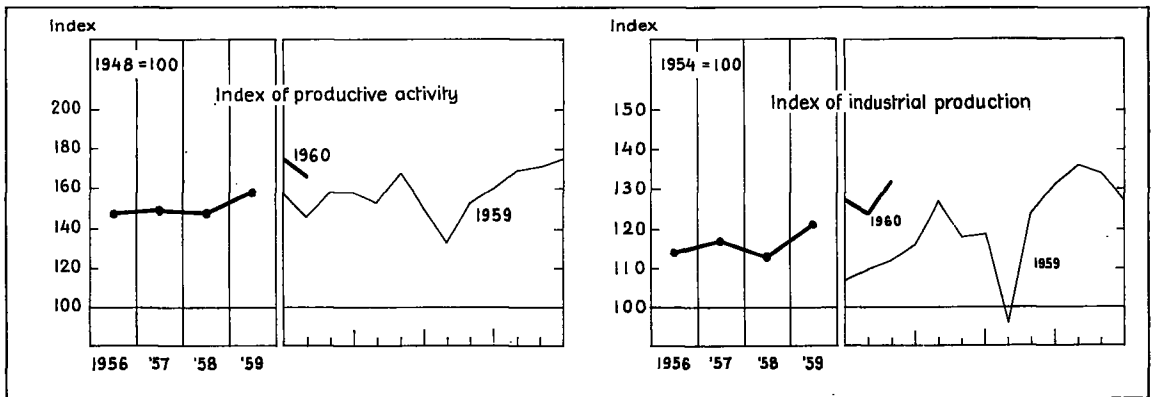
PRICE INDEXES

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									
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
March	2 166	2 231	2 367	3 196	1 861	2 029	120	114	129

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												
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
March	137	144	295	97	86	136	108	106	109	95	106	111

PRODUCTION - INTERNAL TRADE

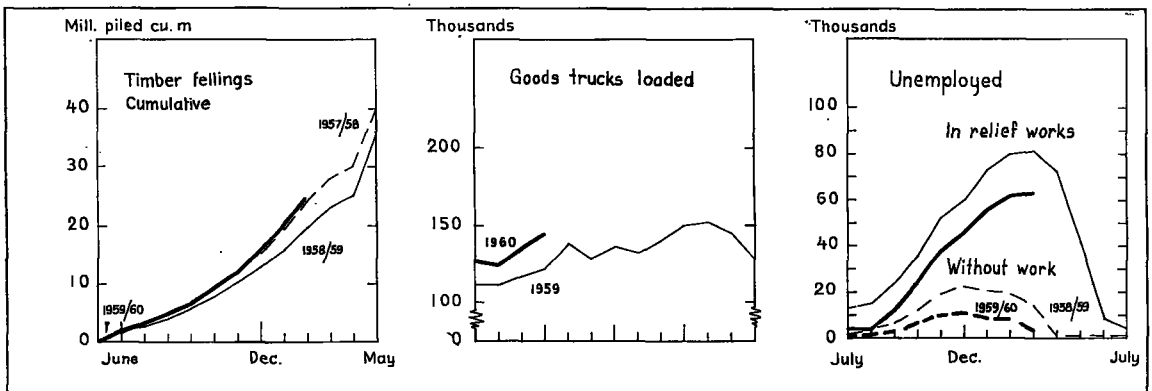
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper 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	2 317	121
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	166	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	176	136
1960*											
Jan.	124	116	127	120	94	160	118	115	4 094	179	101
Feb.	132	128	134	128	115	165	128	124	4 680	175	119



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 1 000 net reg. tons		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	144	281	266	333	288	12 393	2 864	80 903	62 923
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 (March 31, 1960): Steamers 216 (30 357 gross reg. tons), motor vessels 194 (391 904 gross reg. tons), sailing vessels with auxiliary engines 95 (9 544 gross reg. tons). Total 505 (705 018 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, 1959). There are two big and three small commercial banks with in all 564 offices, 406 (1958) savings banks, 548 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 1/8 % (12 months' deposits 5 %, index-tied deposits 3 1/8 %) and sight deposits in savings banks and cooperative credit societies 1/8 %; lending rate 7 % in general.

FINLAND'S FOREIGN TRADE IN 1959

BY

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MARKET CONDITIONS IN 1959

Finland's foreign trade in 1959 reflected both the improvement in the international market situation and the expansion of economic activity at home.

The growth of demand in the world market was evident in the exported quantities of all the principal items. Greater building activity and a tendency to replenish stocks of sawn goods in the purchaser countries increased the Finnish sales of wood industry products in particular. The volume of world trade in sawn goods increased by 11 per cent. As Finland's exports of sawn goods grew by 25 per cent, Finland had evidently succeeded in recapturing a share of the lost markets. The expansion of building activity was also reflected in the growth of exports of plywood and building boards. The foreign demand for some paper industry products also increased. It was possible to modify the restrictions on the output of kraft paper, and at the turn of the year 1959/60 exporters in the Nordic countries cancelled their agreement for restriction of the production of chemical pulp. Owing to the increase in deliveries to the USSR and China, exports of metal industry products advanced considerably.

The first half of the year was characterised by a revival in the home market, and

during the second six months the development was clearly expansive. As is shown in greater detail in the review of the Finnish economy published in No. 2 of the Bulletin, in the first half of the year the demand for consumer goods especially increased, whereas investment activity rose in the second half only. The growth in consumer demand occasioned a considerable increase in imports of consumer goods and motor vehicles. While during the first six months the volume of all imports was 13 per cent larger than during the corresponding period of 1958, consumer goods imports were 15 per cent, and motor vehicles imports as much as 64 per cent larger. Owing in particular to this growth in imports of motor vehicles, the corresponding advance of the whole group of investment goods was 26 per cent.

For the second half of the year, the total volume of imports was 26 per cent above the figure one year previously. The corresponding rise in the imports of consumer goods was 27 per cent, and of investment goods 52 per cent. The last mentioned rise was due in particular to heavier imports of machinery and equipment for factories.

As for exports, the volume of wood industry and metal industry products increased most in the first six months. The total volume of exports during that period

was 18 per cent greater than during the first half of 1958. The corresponding rise for wood industry products was 38 per cent, for paper industry products 4 per cent, and for metal industry products 45 per cent. The increase in exports of wood products mainly occurred at the expense of stocks. It was not until the second six months that production rose to any considerable extent in the wood and paper industries and, consequently, also in forest economy. In the third quarter of the year, the growth in the volume of exports was still preponderantly due to the exports of wood products, but during the last quarter exports of paper products particularly increased. During the second half-year, the volume of exports was 13 per cent above the total one year previously. For the exports of wood products, the corresponding figure was 27 per cent, for paper products 13 per cent, and for metal products 23 per cent. This increase in exports was one of the most important factors in improving Finnish economic activity in the latter half of the year.

The changes in the volume of exports and imports during the whole year from 1958 to 1959 are shown in Table 1.

THE VALUE AND THE REGIONAL DISTRIBUTION OF FOREIGN TRADE

The value of both exports and imports increased to record proportions. The balance of trade was almost in equilibrium. The value of exports amounted to 267 322 million marks, and the value of imports to 267 300 million. The monthly development is illustrated in the Table on page 9 in the statistical section, which also shows that there was a marked rise in the value of imports during the concluding months of the year. Though exports and imports were in balance for the whole year, the total exchange of goods and services yielded a surplus of about 10 000 million marks.

1. VOLUME OF EXPORTS AND IMPORTS 1954=100

	1958	1959	Change in 1959 per cent
<i>Exports</i>	115	131	+14
Agricultural products	205	249	+21
Round and hewn timber ..	102	100	- 2
Wood industry products ..	87	106	+22
Paper industry products ..	134	145	+ 8
Metal, engin. ind. products	106	138	+30
<i>Imports</i>	110	132	+20
Raw materials and access.	102	122	+20
Fuels and lubricants	130	121	- 7
Finished producer goods ..	115	161	+40
Finished consumer goods ..	115	140	+22

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

	1958	1959	Change in 1959 per cent
<i>Exports (fob)</i>	247.9	267.3	+ 8
Agricultural products ...	10.7	14.9	+39
Round and hewn timber ..	19.3	16.3	-16
Wood industry products ..	57.8	63.7	+10
Paper industry products .	115.2	117.0	+ 2
Metal, engin. ind. products	34.0	44.2	+30
Other goods	10.9	11.2	+ 3
<i>Imports (cif)</i>	233.3	267.3	+15
Raw materials and access.	119.5	133.8	+12
Fuels and lubricants	32.6	28.1	-14
Finished producer goods .	48.8	67.5	+38
Finished consumer goods .	32.4	37.8	+17
<i>Balance of trade</i>	+ 14.6	+ 0.0	

The value of exports and imports in 1959 and 1958 is given in Table 2.

The change that occurred during 1958 in the regional distribution of Finland's foreign trade continued on the same lines in 1959, though on a smaller scale. The distribution is shown on page 12. The shifts that occurred in 1958 and 1959 were due to the devaluation of September 1957, and to the liberalisation of imports. These measures eased the pressure on the regional distribution experienced during the period of control. In 1958 and 1959, the share of the OEEC countries of continental Europe in Finnish imports increased steeply, whereas, the share of South American countries and the Eastern Bloc, with the exception of the USSR, fell off. The greatest regional changes related to imports of investment goods and other finished items. As regards exports,

the changes in the regional distribution were smaller, but to some extent took the same direction as imports.

EXPORT AND IMPORT PRICES

The general course of export prices was influenced by the new prices agreed upon for paper industry products by Nordic exporters during the second quarter of the year. This meant appreciable reductions for chemical pulp and some qualities of paper. The drop in prices continued during the latter half of the year. In 1958 and 1959, the export prices of paper industry products fell by 15 per cent in all.

As the prices for products of the paper industry continued to fall during 1959, the value of exports of these articles increased only slightly in comparison with 1958, although the increase in quantities was appreciable. At the end of the year, however, there were signs of a slight rise in prices — mainly as regards wood industry products. Import prices had a downward tendency during the year.

The course of the unit value index numbers in foreign trade will be seen on page 9. The total index number for exports fell by 7 per cent, and for imports by 5 per cent. Thus the ratio of export prices to import prices dropped by 2 per cent. The fall in prices was relatively most pronounced in the first half of the year. As regards exports, the unit value index number for the wood industry dropped 8 per cent, and that for the paper industry 6 per cent below the level of the previous year. As for imports, the index for fuels and lubricants decreased most, or by 8 per cent. For raw materials, the decrease was 6 per cent, for finished consumer goods, 5 per cent, and for investment goods, 2 per cent.

THE STRUCTURE OF TRADE, AND TRADE BY COMMODITIES

The exported and imported quantities of some of the principal commodities are shown in Table 3. (For electric machinery and appliances, and for other machinery and equipment, values are given.)

Exports

The share of products of the wood and paper industries and of round and hewn timber in the total value of 1959 exports was 74 per cent, of products of the metal and engineering industries 17 per cent, and of agricultural products 6 per cent. If the exports to countries other than those of the Eastern Bloc are called western exports, we find that the total western exports amounted to 204 605 million marks in 1959, and the eastern exports to 62 717 million. Of the total value of western exports, wood and paper industry products and round and hewn timber represented 85 per cent, products of the metal and engineering industries 5 per cent, and agricultural products 6 per cent. The corresponding ratios for eastern exports were 37 per cent, 55 per cent and 3 per cent respectively.

Products of the paper industry formed the largest group, with a share of 44 per cent in the total value of exports (28 per cent in eastern exports and 48 in western exports). From Table 3, we can see that among the articles in this group the exported quantities of kraft paper and sulphate pulp particularly increased during 1959, whereas newsprint fell off.

Wood products accounted for 24 per cent of the total value of exports (29 per cent in western exports and 6 in eastern exports). The exports of sawn goods and plywood rose sharply in volume. The quantity of sawn goods exported, 950 000 stds, was a new post-war record.

3. EXPORTS AND IMPORTS OF PRINCIPAL ARTICLES

<i>Exports</i>		1956	1957	1958	1959 *	Change in 1959 per cent
Round timber	1 000 cu. m	4 424	4 063	3 861	3 812	— 1
Sawn timber	1 000 stds	648	719	762	950	+ 25
Veneers and plywood	1 000 cu. m	230	260	239	296	+ 24
Spools	tons	1 783	1 967	1 246	1 103	— 11
Prefabricated houses	1 000 sq. m	263	77	53	16	— 70
Doors	tons	4 583	3 521	4 369	1 878	— 57
Mechanical pulp	1 000 tons	186	165	143	139	— 3
Sulphite pulp	1 000 tons	679	697	725	770	+ 6
Sulphate pulp	1 000 tons	452	474	476	549	+ 15
Newsprint	1 000 tons	537	551	585	576	— 2
Kraft paper	1 000 tons	247	326	333	394	+ 18
Paper, other kinds	1 000 tons	213	232	229	272	+ 19
Fibreboard	1 000 tons	49	60	83	110	+ 33
Board and cardboard	1 000 tons	106	134	145	142	— 2
Products of board and paper	1 000 tons	34	46	34	45	+ 32
Copper and copper products	tons	10 077	6 953	18 170	15 981	— 12
Electrical machinery and appliances ..	mill. mk	617	1 104	1 314	3 137	+139
Machinery and equipment, other	mill. mk	6 144	9 933	10 106	14 919	+ 48
Vessels (minimum 20 tons net)	1 000 g. r. t.	142	128	171	199	+ 16
Butter	tons	11 005	24 976	20 528	21 431	+ 4
Cheese	tons	12 484	13 182	14 882	17 850	+ 20
<i>Imports</i>						
Wheat and rye	1 000 tons	401	408	384	406	+ 6
Raw coffee	tons	32 649	30 281	31 377	33 603	+ 7
Sugar	1 000 tons	141	132	149	138	— 7
Raw tobacco	tons	5 330	4 980	4 793	5 336	+ 12
Edible fats	tons	18 895	26 273	15 329	14 683	— 4
Wool	tons	5 996	5 117	4 579	4 926	+ 8
Cotton	tons	14 927	16 163	15 295	17 985	+ 18
Wool and cotton fabrics	tons	4 510	4 182	3 678	4 495	+ 22
Rubber and rubber products	tons	15 761	14 457	13 359	17 109	+ 28
Chemicals and drugs	1 000 tons	236	280	255	279	+ 9
Concentrated fodder	1 000 tons	134	73	57	50	— 12
Fertilizers	1 000 tons	466	519	414	480	+ 16
Coal and coke	1 000 tons	2 511	2 864	2 225	2 658	+ 19
Liquid fuel	1 000 tons	1 467	1 975	1 973	1 880	— 5
Iron and steel	1 000 tons	425	451	330	574	+ 74
Electrical machinery and appliances ..	mill. mk	8 413	9 593	11 938	14 645	+ 23
Machinery and equipment, other	mill. mk	21 026	20 531	26 086	33 474	+ 28
Automobiles and chassis	number	30 172	25 995	21 783	31 217	+ 43
Tractors	number	10 009	9 616	8 434	11 491	+ 36

Round and hewn timber represented 6 per cent of the total value of exports in 1959 (7 per cent in western exports and 3 in eastern exports). This was the only group in which the quantity exported was less than in 1958.

The metal and engineering group can be sub-divided into machinery and equipment, and vessels. In 1959, the value of exports in the former sub-division was 18 056 million marks (88 per cent of which were eastern exports), and in the latter to 18 300 million

(90 per cent eastern exports). The volume of exported machinery and equipment increased by about 60 per cent, and of vessels by about 12 per cent. The largest relative increase in the exports of machinery related to machinery and equipment for the pulp, paper and cardboard industries. The value of these exports amounted to 10 577 million marks (94 per cent eastern exports). In 1958, the value of the exported machinery of this group totalled 5 536 million marks. The value of the exported copper and cop-

per articles represented 3 753 million marks (48 per cent eastern exports).

Imports

Imports of raw materials and producer goods — except for fuels and lubricants — represented 50 per cent of the total value of imports in 1959. The share of fuels and lubricants was 11 per cent, of investment goods 25 per cent and of finished consumer goods 14 per cent. The value of western imports in 1959 amounted to 200 759 million marks, and of eastern imports to 66 541 million. Western and eastern imports differed considerably in their composition. Among western imports, the share of raw materials and producer goods amounted to 50 per cent and among eastern imports to 49 per cent. The share of fuels and lubricants in western

imports was 3 per cent, and in eastern imports 35 per cent, while the share of finished investment and consumer goods represented 47 per cent in western imports, and 16 per cent in eastern imports.

The principal structural changes in total imports during 1959 consisted of a reduction in the share of fuels, and a rise in that of investment goods. The reduction in the value of fuel imports was due both to a decrease in volume and to a fall in prices. The decrease in volume was mainly due to large purchases for stock in the preceding years. As regards raw materials, it will be seen in Table 3 that, above all, the quantities of steel and iron and of some raw materials for the textile mills increased considerably. Among imports of consumer goods, the imports of durable consumer goods increased most.

ITEMS

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

Israel, on March 3. Period: 1960. Trade is fixed by quotas, and according to the appended indicative lists, Finnish exports will primarily consist of sawn goods, mechanical and chemical wood pulp, paper and cardboard products, plywood and veneers. Finnish imports will include citrus fruit, olive oil, textiles and chemicals. In 1959, Finnish exports amounted to 2 572 million marks and imports to 1 171 million. The value of the trade will increase considerably this year, especially as far as imports are concerned.

Tunisia, on March 12. This agreement replaces the previous one signed in September, and it implies an increase in trade. The payments will be made in convertible currencies. Principal Finnish exports: wood working, wood processing and paper industry products, butter and cheese; imports: fruit and canned goods.

Payments agreement with Uruguay. The payments agreement between Finland and Uruguay was terminated on April 12. Payments are now made in convertible currencies.

*

Imports of agricultural products from USA. According to an agreement signed on March 23, Finland will purchase during 1960 cotton, tobacco and fruit from the American surplus stores to a total value of 4.5 million dollars, or about 1 400 million marks. The goods will be paid for in marks.

*

New silver coin. On April 4 the Bank of Finland issued a silver coin of 1 000 marks in order to celebrate the centenary of the Finnmark. The diameter of the coin is 30 millimetres and the weight 14 grammes; its silver content is 875/1 000.

BANK OF FINLAND

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Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
*(Absent as a member of
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