



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 34 No. 5

MAY

1960

RECENT DEVELOPMENTS

INTERNAL TRADE

The present economic expansion started towards the end of 1958 as a consequence of increased consumer demand and of re-stocking (see Bulletin No. 2 1960, p. 18). These developments were immediately reflected in internal trade. During the first quarter of 1959, the contribution of this trade to national income was already 7 per cent above the level attained one year earlier. This rate of expansion was even exceeded during the succeeding months, and for the whole of 1959, internal trade activity exceeded by 8 per cent the level of the previous year. Due to the re-stocking in retail shops, wholesale turnover expanded more rapidly than retail sales. To some extent, this was also a result, thanks to livelier building activity, of increased sales direct from wholesalers to building enterprises. The value of sales of the wholesalers increased by 11 per cent on the figure for 1958, whereas retailers experienced a corresponding rise of only 7 per cent.

The expansion in internal trade was continued during the early months of 1960. In January—March, the sales of the wholesale trade exceeded the sales during the same period one year earlier by 18 per cent in value and by 14 per cent in volume. The expansion in retail sales has again been more modest, the corresponding increase in value being 7 per cent, and in volume about 6 per cent.

The rise in the value of retail sales has been evident in all types of shop. During the first three months of the current year, the value of sales increased by 7 per cent on that for the corresponding period of 1959. This average rate of expansion was exceeded by pharmacies, department stores, the group of „metalware, electric and sports article shops” and the group of „other special shops”. The branches recording an increase of less than the average were the textile, clothing and leather article shops, and rural-type general stores. The most rapid rise occurred in „other special shops”, 14 per cent, and the slowest rise in textile, clothing and leather article shops, the increase there being 4 per cent. The structure of the retail trade has been affected by a growing demand for durable consumer goods, which is partly a consequence of the recent appreciable advance of the hire purchase system.

INDUSTRIAL PRODUCTION

The development of industrial production has been closely linked with the changes in demand. As was described in No. 2 of this Bulletin, during the first stage of recovery the increase in production occurred mainly

On page 18, A Forecast of Economic Development in Finland 1960—70

in the consumer goods industry. Gradually, however, there was a shift in the principal expansive forces. The growing economic activity in other countries considerably raised the demand for Finnish export goods; at the same time there began a rapid rise in domestic investment. At present, external demand and domestic investment demand are the main promoters of the economic expansion. During the last quarter of 1959, the volume of industrial production was 12 per cent above the level for the corresponding quarter of 1958. The most rapid increase was recorded in the group of „other producer goods”, where the growth was 14 per cent. This group includes the principal export industries, those producing wood and paper. The corresponding increase in the investment goods industries was 11 per cent, and in the consumer goods industries 8 per cent.

During the first three months of 1960, the leading position of other producer goods industries has been evident, the excess over the corresponding months of 1959 being 16 per cent. In investment goods and in consumer goods, the expansions were 14 and 11 per cent respectively. The volume of the whole of industrial production was 15 per cent above that for the corresponding period of 1959. The percentages are calculated from index numbers of industrial production reduced to a full-workday basis.

If consideration is given to the most recent developments in individual branches, it will be found that a very large increase has taken place in the wood and paper industries. During the first quarter of 1959, their production still stood at a compara-

tively low level, and recovery started only during the second quarter of that year. For the first quarter of 1960, the index number of production was 31 per cent higher in the wood industry, and 23 per cent higher in the paper industry than it was for the corresponding quarter of 1959.

The rise in production has been exceptionally large also in the electrotechnical industry, and in the manufacture of footwear and clothing. During the first three months of the current year the volumes of production in these branches exceeded the corresponding production in 1959 by 37 and 28 per cent respectively. These industries were severely hit by the recession of 1957 and 1958, and have therefore had ample unused capacity to exploit during the present upswing.

The rapid expansion that occurred in the textile industry during 1959 seems to be experiencing some slowing down. During the first quarter of the current year, the production of textiles was 12 per cent above that for the corresponding period one year earlier. In the last quarter of 1959, the advance had been 19 per cent and in the third quarter 28 per cent.

The development has been less favourable in the production of foodstuffs, beverages and tobacco, the demand for which is not very sensitive to changes in economic activity. Production of foodstuffs showed an increase of only 5 per cent, and in beverages and tobacco there was a fall of 2 per cent during the first quarter of the current year on the figures for one year earlier.

May 20, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	April 30	Dec. 31	April 8	April 14	April 23	April 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	68 231	76 694	70 431	70 682	70 236	69 585
Gold	8 473	8 454	8 455	8 455	8 455	8 455
Foreign exchange	56 508	64 611	58 675	57 192	56 746	56 095
Foreign bills	661	366	231	256	256	256
Foreign bonds	2 589	3 263	3 070	4 779	4 779	4 779
<i>Supplementary note cover</i>	32 028	27 016	28 644	30 383	32 094	36 050
Inland bills discounted						
In foreign currency	12 285	11 535	11 378	11 319	11 275	11 275
In Finnish currency	9 135	3 888	5 757	5 716	5 858	6 078
Rediscounted bills	3 733	4 718	5 884	7 723	9 336	13 072
Treasury bond loan	6 875	6 875	5 625	5 625	5 625	5 625
<i>Other assets</i>	19 942	18 096	12 322	12 638	13 915	14 442
Finnish bonds	3 049	2 620	2 215	881	3 551	4 071
Cheque accounts	210	267	229	353	476	462
Finnish coin	748	654	877	838	830	842
Other claims	15 935	14 555	9 001	10 566	9 058	9 067
Total	120 201	121 806	111 397	113 703	116 245	120 077
Liabilities						
<i>Notes in circulation</i>	61 613	69 435	64 510	67 994	65 507	65 815
<i>Short-term liabilities</i>	17 572	17 814	11 101	9 559	14 465	17 905
Foreign exchange accounts	1 807	2 116	3 845	3 894	3 889	3 854
Mark accounts of holders abroad	4 443	4 780	4 261	4 265	4 262	4 256
Cheque account of the Treasury	8 033	6 418	1 332	822	5 650	9 251
Cheque accounts of banks	1 830	3 856	525	—	74	56
Other cheque accounts	346	233	816	235	284	199
Other short-term liabilities	1 113	411	322	343	306	289
<i>Long-term liabilities</i>	19 343	14 089	12 852	12 720	12 607	12 456
Foreign	11 243	11 060	10 848	10 722	10 722	10 722
Finnish	8 100	3 029	2 004	1 998	1 885	1 734
<i>Equalisation accounts</i>	6 663	5 482	7 585	8 042	8 229	8 443
<i>Bank's own funds</i>	15 010	14 986	15 349	15 388	15 437	15 458
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	456	1 247	363	402	451	472
Total	120 201	121 806	111 397	113 703	116 245	120 077
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	68 231	76 694	70 431	70 682	70 236	69 585
Supplementary cover (Upper limit 50 000 mill. mk)	32 028	27 016	28 644	30 383	32 094	36 050
Total	100 259	103 710	99 075	101 065	102 330	105 635
Note issue						
Notes in circulation	61 613	69 435	64 510	67 994	65 507	65 815
Short-term liabilities	17 572	17 814	11 101	9 559	14 465	17 905
Undrawn on cheque credits	1 043	929	967	900	720	735
Unused right of note issue	20 031	15 532	22 497	22 612	21 638	21 180
Total	100 259	103 710	99 075	101 065	102 330	105 635

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

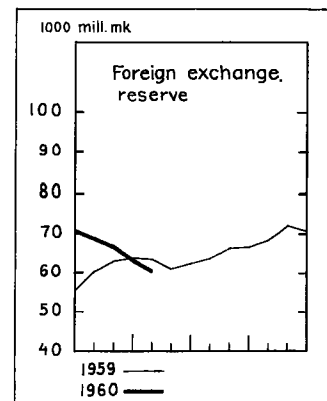
BANK OF FINLAND

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										
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	65 911	1 422	63 839	11 415	15 712	59 542	2 214	1 326	166	722
Aug.	67 276	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
April	64 550	3 854	60 696	9 710	14 978	55 428	13 072	56	237	12 779

1) Including cash reserve accounts 6 677

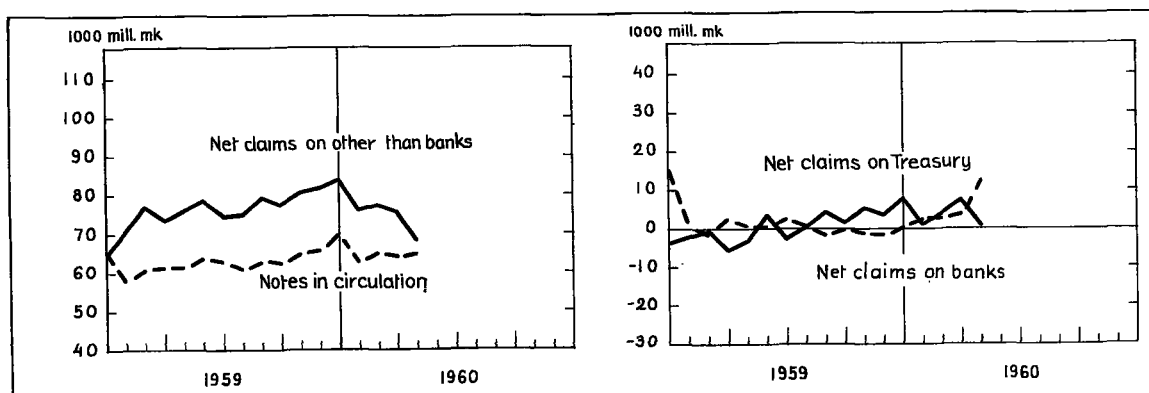
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958		1960		
	Dec. 31	Dec. 31	Feb. 29	March 31	April 30
Gold	7.8	8.4	8.4	8.4	8.4
Convertible currencies ..	31.2	49.7	44.8	42.4	40.5
Non-transferable OEEC >	7.7	4.7	4.7	4.7	4.7
Eastern Block currencies.	8.2	4.4	4.7	3.3	2.4
Other currencies	0.5	3.7	4.2	4.4	4.7
Total	55.4	70.9	66.8	63.2	60.7



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										
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
April	7 244	4 134	9 251	1 734	393	6 078	10 376	251	16 203	65 815



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*										
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
April	49 694	60 447	11 985	160 943	160 117	92 599	44 681	23 219	481 583	554 015

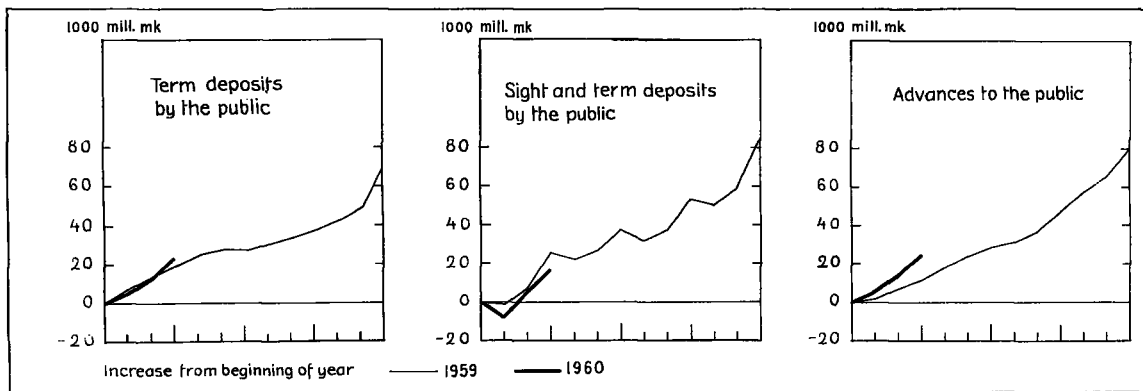
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	21 413
March	89 735	72 012	19 079
April	89 777	65 620	
May	90 611	61 022	
June	91 041	56 605	
July	91 386	52 298	
Aug.	91 543	48 628	
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290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

Selling rates for foreign exchange			
April 29, 1960			
		mk	mk
New York ...	1 \$	320: 60	Brussels 100 Fr 643: 50
Montreal	1 \$	332: 60	Zurich 100 Fr 7 393: —
London	1 £	901: —	Paris 100 NF 6 540: —
Stockholm ...	100 Kr	6 212: —	Rome 100 Lit 51: 68
Oslo	100 Kr	4 500: —	Vienna 100 Sch 1 232: —
Copenhagen ..	100 Kr	4 650: —	Lisbon 100 Esc 1 123: —
Frankfurt a/M	100DM	7 691: —	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*									
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	133 702
April	230 904	139 152	34 484	102 531	37 049	513 265	30 855	544 120	..

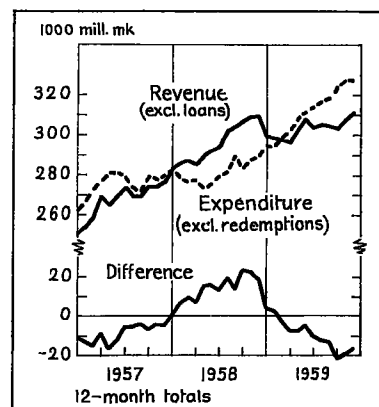


STATE FINANCES

1000 mill. mk

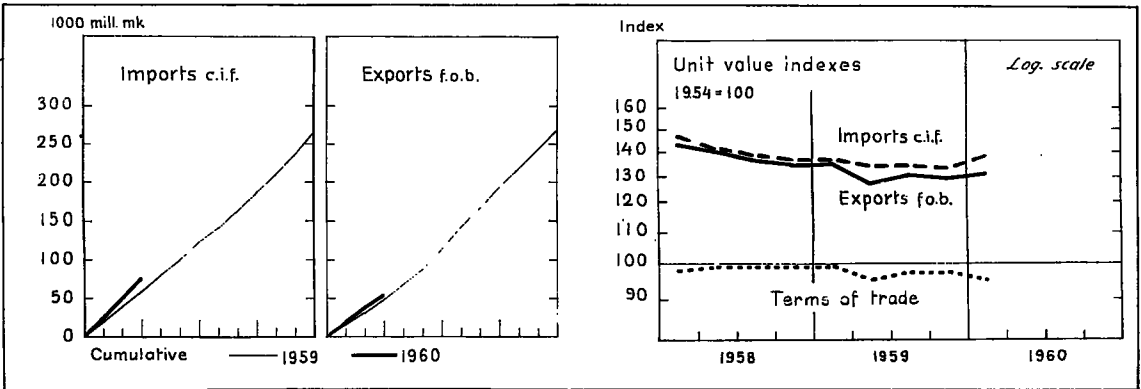
Revenue	Jan. — March		Expenditure	Jan. — March	
	1959	1960		1959	1960
Income and property tax (net)	15.6	17.2	Interest on State debt	2.0	1.8
Gross receipts	(33.3)	(39.4)	Child allowances	5.1	5.2
Refunds and communal income tax	(-17.7)	(-22.2)	The State's share in national pensions	2.1	2.2
Other direct taxes	0.3	0.4	Compensations to war-disabled	1.9	1.8
Purchase tax	15.1	18.0	Transfer of employers' payments for national pensions to the National Pensions Institution	1.8	1.2
Import duties	8.8	9.7	Subsidies	7.1	6.9
Revenue from Alcohol Monopoly	4.7	5.5	Net payments on price equalisation by extra-budgetary funds	—	0.5
Excise duty on tobacco	4.5	4.7	State aid to agriculture	1.3	0.8
Excise duty on liquid fuel	1.9	2.9	State aid to communal and private schools	7.1	7.8
Other excise duties	1.0	1.2	Net loss of State enterprises	0.9	—
Tax on automobiles and motor cycles	0.2	0.3	Maintenance of roads	1.2	1.6
Stamp duties	3.5	4.2	Other current expenditure	23.2	26.8
Employers' payments for child allowances and national pensions	5.9	6.5	Current expenditure	53.7	56.6
Net receipts of price equalisation by extra-budgetary funds	1.1	—	Real investments	16.0	18.8
Other revenue similar to taxes	0.5	0.7	Other capital expenditure	7.5	6.3
Total taxes	63.1	71.3	Capital expenditure	23.5	25.1
Interest and dividends	0.7	1.2	Total expenditure	77.2	81.7
Net profit of State enterprises	—	0.2	Redemption of external loans	1.0	1.0
Other current revenue	2.5	2.4	Redemption of internal loans	6.3	7.9
Current revenue	66.3	75.1	Redemption of indemnity bonds etc.	0.2	1.0
Capital revenue proper	1.6	2.2	Index premiums	0.5	0.5
Decrease in inventories	2.7	3.1	Redemptions	8.0	10.4
Capital revenue	4.3	5.3	Total	85.2	92.1
Total revenue	70.6	80.4			
External loans	—	—			
Internal loans	7.0	8.3			
Loans	7.0	8.3			
Short-term credit (increase +) ..	+3.5	-1.7			
Deficit (+) or surplus (-)	+4.1	+5.1			
Total	85.2	92.1			

Debt	1956	1957	1958	1959	1960		
	Dec.	Dec.	Dec.	Dec.*	Feb.	March	April*
External debt	61.5	81.8	79.0	77.0	76.6	76.1	76.1
Ordinary loans	50.7	52.9	61.5	72.0	70.0	72.5	72.7
Indemnity bonds etc. ..	7.1	7.4	7.3	6.5	5.7	5.6	5.5
Short-term credit	—	—	1.2	2.2	0.5	0.5	0.4
Cash debt (net)	8.8	9.6	-1.7	..	-3.5	-0.4	..
Internal debt	66.6	69.9	68.3	..	72.7	78.2	..
Total debt	128.1	151.7	147.3	..	149.3	154.3	..
Total debt, mill. \$	554.5	472.7	459.8	..	466.0	481.1	..



FOREIGN TRADE

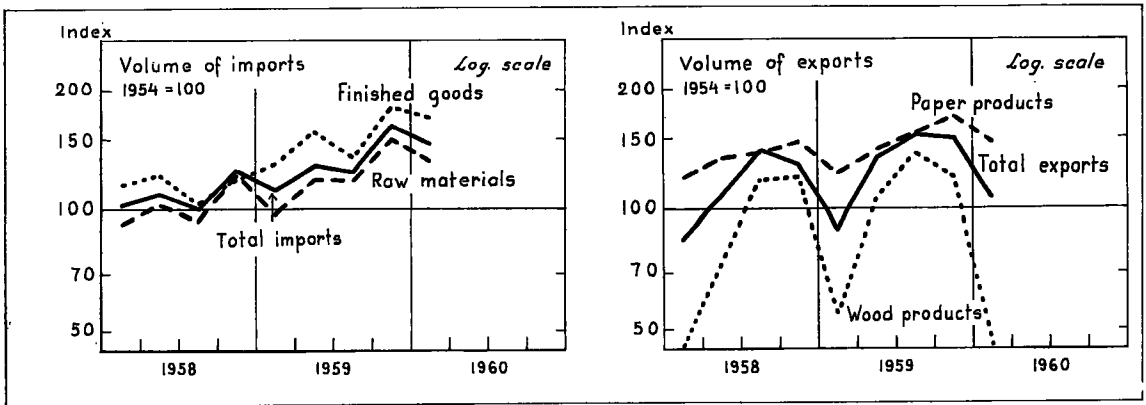
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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. — March										
1958	56 761	47 052	- 9 709							
1959*	57 077	47 655	- 9 422							
1960*	75 895	54 588	-21 307							
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	129	123	122	129	153	133	97
Nov.	26 993	24 882	- 2 111							
Dec.	30 403	24 591	- 5 812							
1960*				131	114	124	130	159	138	95
Jan.	24 687	18 395	- 6 292							
Feb.	24 704	18 641	- 6 063							
March	26 504	17 552	- 8 952							



FOREIGN TRADE BY MAIN GROUPS

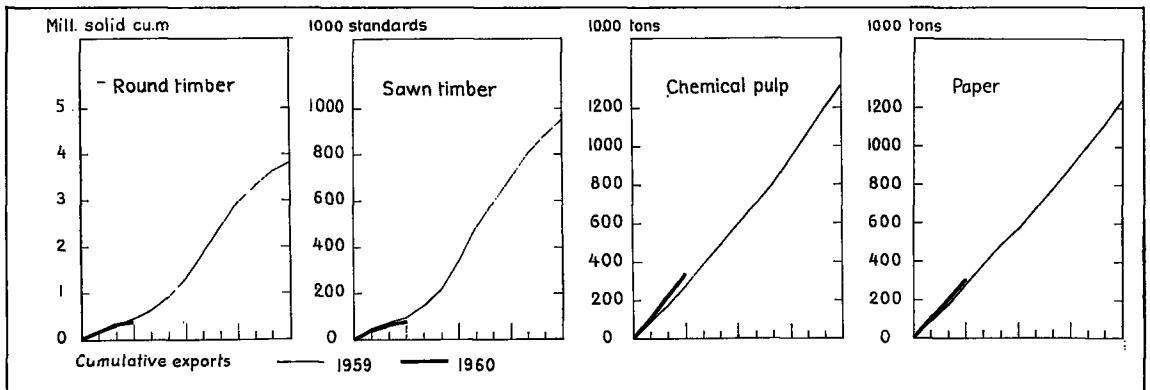
Mill. mk

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. — March										
1958	28 677	7 737	12 811	7 536	2 878	2 197	7 786	26 180	6 062	1 949
1959*	27 374	7 042	14 283	8 378	3 306	1 930	8 225	24 970	7 673	1 551
1960*	37 820	7 128	20 329	10 618	4 073	1 580	8 712	29 270	8 526	2 427
1959*										
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.	12 025	2 890	6 459	3 330	1 616	615	2 876	9 703	3 161	670
March	12 569	2 089	7 903	3 943	1 093	303	2 633	10 770	1 809	944



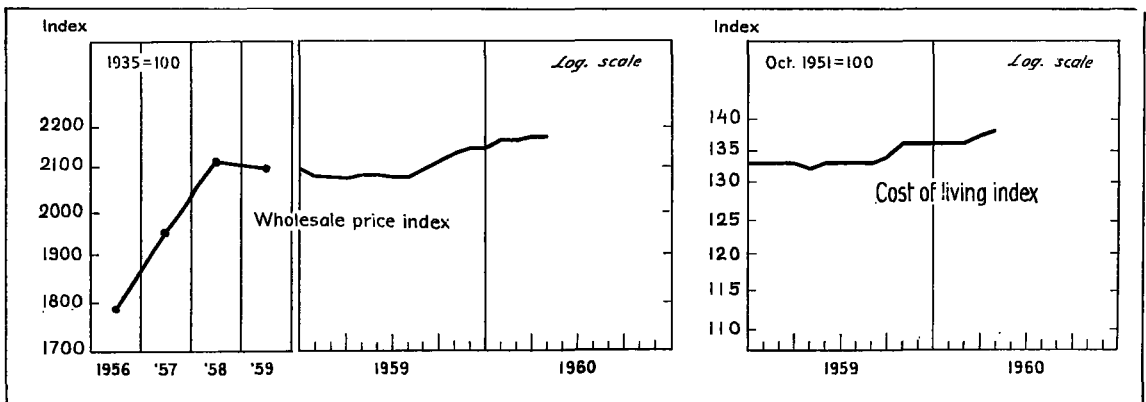
EXPORTS OF SOME IMPORTANT ARTICLES

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. —										
March										
1958	459	58	65	27	164	105	36	22	131	253
1959*	441	93	68	39	154	115	28	27	137	283
1960*	377	78	83	37	215	120	36	31	148	306
1959*										
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	14	67	40	12	10	56	105
March	65	17	31	13	81	45	14	12	49	106



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan. — March			Whole year		Jan. — March		
	1958	1959	1959*	1960*		1958	1959*	1959*	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	17.9	16.3	16.2	16.1	12 210	25.6	26.7	29.0	26.8	14 606
United Kingdom	17.2	15.7	15.8	15.4	11 714	22.1	23.3	25.1	22.8	12 462
Other OEEC countries ..	45.2	49.4	50.6	50.9	38 636	37.5	36.5	38.1	39.6	21 614
Austria	0.5	0.6	0.6	0.7	519	0.2	0.2	0.2	0.3	180
Belgium-Luxembourg	2.8	2.5	2.2	2.9	2 191	3.6	3.7	2.9	2.5	1 388
Denmark	2.4	2.3	2.4	2.6	1 956	3.0	3.3	3.0	3.1	1 668
France	4.7	5.1	5.4	5.9	4 453	6.2	4.7	4.8	4.1	2 218
Western Germany	16.5	17.9	17.4	19.0	14 386	10.8	10.9	10.8	12.1	6 604
Italy	1.5	1.8	1.9	1.6	1 254	1.8	1.8	2.5	2.3	1 270
Netherlands	4.3	4.5	6.1	4.0	3 051	4.4	5.4	5.4	5.6	3 082
Norway	1.2	1.6	1.6	1.1	856	0.7	0.7	0.8	1.1	584
Portugal	0.1	0.2	0.1	0.2	149	0.1	0.1	0.1	0.1	41
Spain	0.6	0.5	0.5	0.6	461	1.1	0.2	0.4	0.2	90
Sweden	8.3	9.2	9.9	9.5	7 195	3.6	3.2	3.5	6.3	3 421
Switzerland	1.7	2.3	2.1	2.3	1 760	0.7	0.4	0.3	0.4	223
Eastern Bloc	25.6	24.5	23.4	22.2	16 805	24.8	23.5	14.8	18.7	10 216
China	0.5	0.5	1.5	0.4	272	1.1	2.0	0.0	0.3	135
Czechoslovakia	1.2	1.4	1.5	1.2	879	1.2	0.7	0.4	0.7	380
Eastern Germany	1.7	1.6	1.3	1.1	791	1.7	1.3	1.1	1.3	698
Poland	3.1	2.4	2.3	1.7	1 322	2.6	2.1	2.2	1.9	1 063
Soviet Union	18.0	17.9	16.4	16.9	12 840	17.3	16.7	10.4	13.6	7 444
U.S. and Canada	5.5	5.4	4.5	7.0	5 333	4.7	5.9	7.4	6.8	3 725
United States	5.3	5.1	4.4	6.7	5 108	4.6	5.8	7.3	6.8	3 690
Latin America	4.4	3.5	3.9	2.6	2 005	4.5	4.9	7.9	6.3	3 437
Argentina	0.3	0.5	0.3	0.3	216	1.0	0.9	1.8	1.2	643
Brazil	3.7	2.5	3.1	1.8	1 417	2.4	2.8	4.4	3.4	1 855
Others	1.4	0.9	1.4	1.2	906	2.9	2.5	2.8	1.8	990
Grand total	100.0	100.0	100.0	100.0	75 895	100.0	100.0	100.0	100.0	54 588
of which										
EFTA countries	31.3	31.8	32.5	31.8	24 149	30.3	31.3	33.0	34.0	18 579
BEC countries	29.8	31.8	33.0	33.4	25 335	26.9	26.5	26.4	26.7	14 562



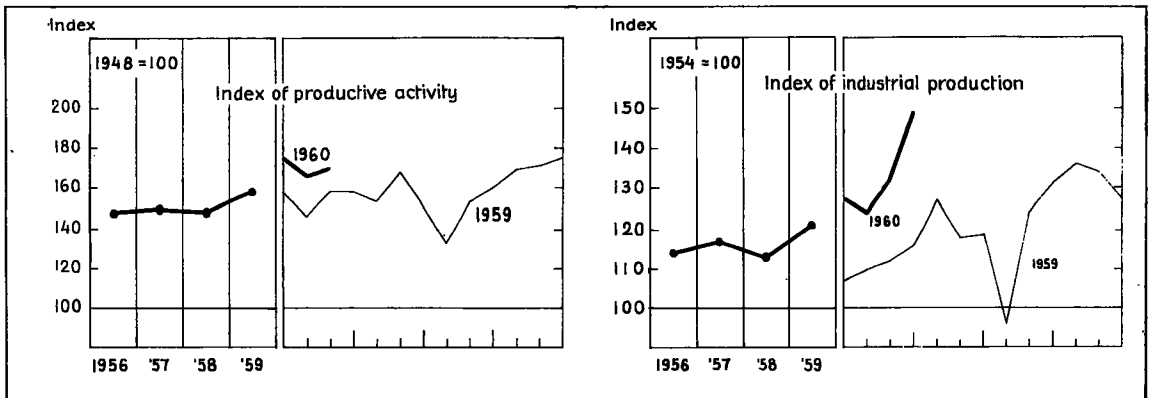
PRICE INDEXES

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									
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
April	2 168	2 234	2 373	3 205	1 863	2 026	120	113	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												
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
April	138	146	295	97	86	136	108	107	109	95	106	111

PRODUCTION - INTERNAL TRADE

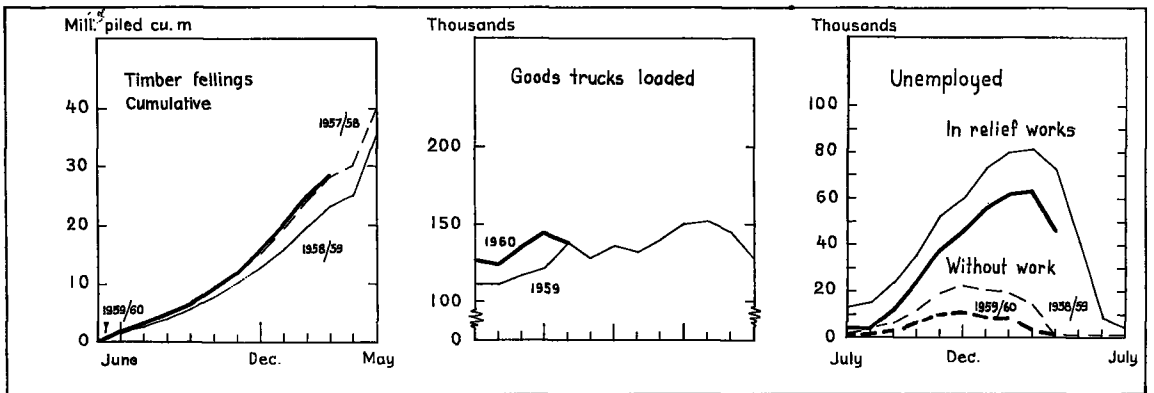
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957	117	119	116	118	82	134	115	117	40 919	2 085	114
1958*	113	109	115	111	88	135	107	110	37 981	2 109	109
1959*	121	112	124	120	99	146	113	119	38 100	2 317	121
1959*											
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	128	119	102	160	118	114	4 094	179	101
Feb.	133	128	136	130	126	165	128	125	4 680	175	119
March	149	146	152	146	146	181	146	141	4 084	196	134



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				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	138	289	350	365	366	905	961	72 800	45 802
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.

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 communications 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 (April 30, 1960): Steamers 216 (303 515 gross reg. tons), motor vessels 194 (393 279 gross reg. tons), sailing vessels with auxiliary engines 95 (9 544 gross reg. tons). Total 505 (706 338 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1959): Private cars 163 000, lorries and delivery vans 57 900, buses 5 900, others 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 marka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1959). There are two big and three small commercial banks with in all 564 offices, 395 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 1/4 %. Other credit institutions: term deposits 4 1/2 % (12 months) deposits 5 %, index-tied deposits 3 1/8 % and sight deposits in savings banks and cooperative credit societies 1/2 %; lending rate 7 % in general.

A FORECAST OF ECONOMIC DEVELOPMENT IN FINLAND 1960—70

BY

JUSSI LINNAMO, Soc. lic.

FELLOW OF THE INSTITUTE FOR ECONOMIC RESEARCH OF THE BANK OF FINLAND,
GENERAL SECRETARY OF THE ECONOMIC PROGRAMME COMMITTEE

METHOD

Recently, there was published the report of the Economic Programme Committee, which had been working for about one year under the chairmanship of Professor *Eino Saari*. The task of the committee was that of drawing up an outline programme of economic policy for the years to come, with a view to increasing employment opportunities within various industries. The report contains recommendations as to policies to be pursued, which are not, however, discussed in this article, and a systematic long-term forecast of the development of Finland's national economy over the 1960's — the first of its type in this country.

In making the forecast proper, use was made of the methods employed by international organizations and some West-European countries, modified to suit Finnish conditions. The starting point was provided by the anticipated increase in the number of persons of working age, which furnished the basis for deriving the supply of labour; with regard to exports, use was made of the global supply and demand forecasts for certain commodities, drawn up by international organizations.

With the aid of the known development of productivity, it was possible to determine the volume of the domestic product that would suffice to equate the supply and demand for labour in each particular year covered by the forecast. Similarly, when use was made of the known capital-output ratios, it was

possible to determine the investments requisite for bringing about this increase in the domestic product. Furthermore, a rough estimate of total consumption was made on the basis of a certain assumed total propensity to save.

Upon making the forecast concerning the aggregate quantities of the economy, it was possible to project the development of different industries. These were divided roughly into three groups: 1) industries, in which the increase in output is not definitely limited by the possibilities of increasing capacity or the supply of raw materials; 2) industries in which the increase in output is limited by the possibilities of increasing capacity or the supply of raw materials; for these two groups, demand is assumed to be dependent upon the development of the markets. In group 3), the extent of output is to a considerable degree dependent upon policy decisions.

The first group comprises agriculture, commerce, transport and communications, insurance and banking, and those private undertakings which provide services. Forestry and mining are typical representatives of the second group, as is the major part of manufacturing, and a part of both house building and other construction. The third group is made up of public services, the construction of public buildings and other public works, together with a quite considerable part of private house-building.

When the net output of various trades and industries had been anticipated, the capital-output ratios, determined empirically, allowed of a forecast of the investment they needed; and the empirical data on productivity made it possible to estimate their demand for labour.

The consumption demand for various commodities was estimated with the aid of income elasticities, and the importation of consumer goods competing with home production, with the aid of the propensity to import. By this means, the domestic output of consumer goods was obtained as a residual. Similarly, by employment of the forecasts of respectively investment and gross output by types of industry, it was possible to estimate the imports of investment goods and raw materials for the various industries. The recently formulated first input-output table for Finland was employed in checking the results.

After establishing the anticipated exports and imports, it was possible to draw up the balance of payments forecasts, and thus to provide a check on the figures arrived at for consumption and saving.

FORECASTS

The Central Statistical Office has estimated that the total population of Finland will increase by about 1 per cent a year during the 1960's, which is to say that in this period the increase in total population will be about 430 000 persons. In absolute figures, the yearly increase in total population would thus, for example, be less than in the 1950's or in the latter half of the 1940's, but both absolutely and relatively greater than in the 1920's or 1930's. By contrast, the increase in the number of the persons in working age groups (15—64) will be exceptionally strong in the 1960's, viz. about 380 000 persons. However, this increase is so divided, that in the five-year period 1960—65 it averages 6.5

per cent, or about twice the corresponding increase in the first half of the 1950's. Even in the five-year period 1966—70 the increase amounts to an annual average which is as much as 3.9 per cent, this being approximately equal to that for the first half of 1950's.

The working intensity of the population of working age obviously declines, especially in the lowest and highest age groups, by reason of urbanization, a longer time of schooling and training, increasing social security, and so forth. The increase in the labour force over the 1960's will accordingly be about 300 000 persons, which is to say an annual average increase of 1.3 per cent. These population forecasts can be summarized as follows:

	1950	1960 1000 persons	1970
Population	4 030	4 452	4 889
Population of working age	2 553	2 778	3 166
Labour force	1 984	2 135	2 408

If no changes occur in the ratio of the labour force to the total labour input, for example, if there are no essential changes in the hours worked, and if productivity goes on to develop in much the same way as it did in 1948—59, the net domestic product at constant prices should in the 1960's increase by about 55 per cent if full employment is to be maintained. This means that the net domestic product should grow from 1 020 thousand million marks in 1959 to about 1 600 thousand millions in 1970.

If Finland can retain her position in international trade, the volume of the exports of goods may increase by somewhat more than 50 per cent in the 1960's, and the exports of services slightly less. As Finland's marginal propensity to import is likely to average 1.0 or somewhat less in the 1960's, the average rate of increase in the domestic product mentioned above can hardly lead to any permanent disturbances in the balance of payments. It can also be assumed that

there will during the 1960's occur changes in the structure of investment which tend to lower the marginal capital-output ratio. According to the forecast, the supply and demand balance of the Finnish national economy will be as follows (thousand million marks at the 1959 prices):

	Total supply	
	1959	By about 1969/70
Gross domestic product at market prices	1 263	2 014
Import of goods and services	300	440
	Total 1 563	2 454
Total demand		
	1959	By about 1969/70
Export of goods and services	310	460
Gross investment	346	538
Total consumption	906	1 456
Net income transfers	1	..
	Total 1 563	2 454

According to the above figures, the economic development in real terms would be as follows (1954 = 100):

	1954	1959	By about 1969/70
Net domestic product	100	114	177
Import of goods and services	100	132	194
Export of goods and services	100	128	193
Gross investment	100	119	184
Total consumption	100	114	184
Total consumption per inhabitant	100	108	163

The forecasts of net domestic product for the various industries, which have been made so that the forecasts of consumption, and those of the development of competitive conditions, together with the possibilities of expanding capacity and acquiring raw materials, have been taken into account, are given in the following table.

The above forecast of the net domestic product by industrial origin, together with the anticipated development of productivity, gives the series for the development of employment, given in Table 1.

The differences between the rates of increase in the net domestic product of various trades and industries, in combination with employment therein, are bound to end in

	Real domestic product 1000 mill. mk at 1959 prices		Average annual increase in real domestic product %	
	1959	By about 1969/70	1959—70	1954—59
Agriculture	119	132	1.0	—0.0
Hunting, fishing	4	5	2.0	—0.0
Forestry	83	101	1.9	—0.0
Manufacturing and handicrafts	302	557	5.9	3.8
Metal industry	71	152	7.5	2.6
Wood and paper industry	63	101	4.5	5.0
Other manufactures	108	179	4.8	3.8
Construction	118	174	3.8	4.2
House construction	72	114	4.6	0.2
Other construction	46	60	2.5	8.8
Transport and communications	88	139	4.4	3.8
Commerce, banking and insurance	121	204	5.0	3.4
General government	120	170	3.4	4.4
Other services	65	102	4.3	1.8
	Total 1 020	1 584	4.3	2.8

considerable structural changes in Finland's national economy. The figures in Table 2 indicate the net domestic product of different trades and industries as percentages of the total net domestic product, and the corresponding distribution of the total employment, in 1948 and 1959, as well as the forecast of these distributions for 1970.

In order that changes as given above should occur in the structure of production and employment, it is of course necessary that the structure of gross investment changes considerably. Thus, the relative shares of industry, and transport and communications, are estimated to rise at the expense of agriculture, residential building and all public construction. These relative changes are shown by the following figures.

	1948	1959	1960
Agriculture	15	8	6
Forestry	1	2	2
Manufacturing and handicrafts	30 ¹	28	34
Dwellings	24	21	18
Public building work	10	7	8
Other public works	6	18	16
Transport and communications	8	10	11
Commerce	3	3	3
Others	3 ²	3	2
	Total 100	100	100

1 Excluding handicrafts

2 Including handicrafts

ITEMS

New bond loans. On April 30, the Government issued a new bond loan amounting to 2 000 million marks. This loan is to be subscribed by private credit institutions and will run for 10 years at a rate 2 per cent above the general deposit rate of the two largest commercial banks. The bonds were issued at a price of 99.39.

The Government has also given authorizations for issues of the following bond loans:

On January 28, to the town of Porvoo for an amount of 100 million marks. The bonds are dated December 30, 1959, and will run for 25 years, the rate of interest being $2\frac{1}{4}$ per cent above the highest deposit rate of the Central Bank of the Savings Banks.

On March 24, to the city of Tampere for an amount of 200 million marks. The bonds are dated April 1, 1960, and the loan will be repaid during 1963—1970 by the drawing of lots. The rate of interest is $2\frac{1}{2}$ per cent above the general deposit rate of the two largest commercial banks, the maximum being 10 %.

All of these loans are tied to the cost of living index to the extent of 50 per cent.

On May 5, to The Central Bank of Co-operative Credit Societies, Ltd. for an amount of 1 000 million marks. The bonds will be dated June 1, 1960, and the period of the loan will be 10 years. The rate of interest will be $2\frac{1}{4}$ per cent above the general deposit rate of the co-operative credit societies.

*

Stock Exchange. The turnover on the Helsinki Stock Exchange was 2 711 million marks in 1959. The figure is 2 per cent higher than in 1957, and 48 per cent higher than in 1958, but still 24 per cent lower than the record figure for 1956. During the first four months of this year the turnover was 1 per cent more than in the corresponding period of 1959.

Share prices, which had decreased in 1957 and 1958, started to increase in 1959, especially during the second half of the year. The increase in quotations continued during the first quarter of 1960, but in April there occurred a slight drop in share prices.

The development of the Unitas index numbers in 1959 and in the first four months of the current year are given in the following series relating to the monthly averages (1948 = 100).

	Industrial shares		Bank shares		All shares	
	1959	1960	1959	1960	1959	1960
January	454	606	138	164	392	518
February	469	611	141	166	405	522
March	491	614	141	164	422	524
April	499	603	145	160	429	514
May	485		144		418	
June	479		143		413	
July	501		143		430	
August	513		146		441	
September ...	516		147		443	
October	543		152		465	
November ...	552		155		473	
December ...	572		158		489	

*

House building in 1959. House-building activity in 1959 was 7 per cent higher than

in 1958. This increase took place only during the second half of the year. During the first six months, the activity stayed approximately at the same level as one year earlier. The increase in activity was mostly concentrated in towns and urban districts,

and was in the main a result of a considerable increase in investments in commercial and industrial buildings. The following table shows the results for 1959 and the changes from 1958.

	Completed		Under construction ¹⁾		Permits issued	
	million cu.m	change %	million cu.m	change %	million cu.m	change %
Dwelling houses	8.36	- 1	6.40	- 11	8.63	+ 2
Farm buildings	3.42	+ 11	2.62	- 11	3.61	+ 10
Commercial and industrial buildings	4.50	+ 26	4.91	+ 93	7.28	+ 104
Public buildings	2.39	- 18	2.83	- 4	1.87	+ 11
Other buildings	1.18	- 6	0.55	- 5	1.25	+ 3
Total	19.85	+ 3	17.31	+ 7	22.64	+ 25
of which:						
in rural districts	10.06	+ 1	8.57	- 2	10.91	+ 14
in towns and urban districts	9.79	+ 5	8.74	+ 17	11.73	+ 37

1) Excluding Helsinki.

BANK OF FINLAND

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