



BANK OF FINLAND

MONTHLY BULLETIN

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DECEMBER

1958

RECENT DEVELOPMENTS

FOREST WORKS AND EMPLOYMENT

The heavy back-log of accumulated stocks of timber, caused by the appreciable increase in the felling of softwood logs, hardwood logs and pine pulpwood during the past felling season, has had an adverse effect on the felling during the first five months of the present season (which began on June 1st). As there has been no material improvement in the export prospects for timber and the products of the woodprocessing industry the quantities cut during the present period indicate a decrease of about 17 per cent in the total amount of felling, as well as a change in its composition compared with that for the corresponding period last year. The lag in relation to last year will, however, diminish to about 10 per cent once the felling of softwood logs gets under way. The felling has been somewhat retarded by this year's exceptionally mild autumn. The felling of pine pulpwood indicates a slight increase in relation to the same period last year, whereas that of spruce pulpwood shows a decrease of 13 per cent. A decrease is also evidenced in the felling of softwood and hardwood logs, as well as of pitprops and fuel wood.

It should be borne in mind that the most important influence affecting employment during the winter season is exerted by variations in fellings. An estimated decrease of

10 per cent in the total amount of felling during the present season will cause a reduction of about 7 000 men engaged in forest works as compared with last year, based upon the monthly average. Another factor which plays a decisive role in the demand for labour is the foreseeable change in the composition of felling, since the felling of softwood and hardwood logs requires relatively less labour than spruce and pine pulpwood. In addition, the continuing mechanization of felling will reduce the demand for labour in forest works.

The prospects for employment in the other sectors of the economy present a somewhat complex picture. The export prospects of the woodprocessing industry are not materially better than last year, although the index of industrial production shows a somewhat higher activity than in 1957 in this field. On the other hand, the metal industry is at the moment experiencing difficulties in marketing its products abroad. In the second quarter of this year, the level of employment in industry was about 6 per cent less than the average for 1957. According to the index of industrial production, the total activity has remained at a level which is about 7 per

On page 18. The Possibilities of Enlargement of the Finnish Pulp, Paper and Paperboard Industry

cent lower than that of last year. Consequently, shortened working weeks and compulsory lay-offs have been applied in many industries, notably the textile industry and at the moment the metal industry. Construction activity is still on a relatively low level.

Unemployment has increased since the summer by a weekly rate of 5 000 persons, the number of unemployed totalling slightly more than 71 000 during the last week in November as compared with 48 000 one year previously. The number of those engaged in work organized by the State and the local governments has, however, on the average been well above 75 per cent of the total number of unemployed. The number of people completely without work was 20 000, and has not exceeded 1.5 per cent of the entire male labour force.

The estimate for this winter forecasts an unemployment figure somewhat higher than in 1957. It may well be that the estimate will prove to be slightly too high despite the present relatively high unemployment figure. Various measures have recently been taken to alleviate the employment situation. Export-levy funds have been distributed at low interest for definite investment purposes. The woodprocessing industry has agreed to undertake felling operations to the extent of 1.5 million cubic metres in addition to its ordinary plans. The results of these measures will presumably already be visible during the coming winter.

PRICES

The change in the economic situation created last autumn by the devaluation put a certain amount of pressure on prices. However, the stability in the economic development this year has to a considerable extent reduced the effect of the devaluation on prices.

Since devaluation, the development of import prices has reflected the falling world

market prices. The import prices thus rose considerably less than did the rates of exchange, that is to say by 31 per cent from August, the month prior to the devaluation, to December last year. After the devaluation, the first drop in import prices occurred in January, the total fall during January—October being 10 per cent. As a consequence, in October import prices were only 18 per cent higher than before the devaluation.

The changes in import prices have been discernible in the development of wholesale prices. Thus, wholesale prices continued to rise during the first months of this year. In April these prices were 11 per cent higher than before the devaluation in August last year, whereas they fell during May—September by 3 per cent. Though wholesale prices rose slightly in October they were, however, less than 1 per cent higher than a year before.

The cost of living rose much less than had been anticipated, reaching its highest level in May. The cost of living index then stood at 133, as compared with 125 in August and 128 in December last year (Oct. 1951 = 100). This index remained unchanged at 132 during June—October. Thus the total post-devaluation rise in the cost of living has been less than 6 per cent.

The changes in export prices have reflected the falling prices of Finnish export goods on the world market. These prices began to fall in December last year, and the fall has continued all through this year. In October, export prices were only 23 per cent higher than before the devaluation in August last year.

The ratio of export prices to import prices was in August nearly 4 per cent higher than in January. During September—October however, the ratio has fallen back to the level reached last January.

December 15, 1958.

BANK OF FINLAND

Mill. mk

	1957		1958			
	Nov. 30	Dec. 31	Nov. 8	Nov. 15	Nov. 22	Nov. 29
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	42 736	41 340	65 933	65 990	65 002	65 005
Gold	7 850	7 850	7 866	7 866	7 850	7 850
Foreign exchange	31 975	30 579	54 355	54 412	53 440	53 444
Foreign bills	136	136	937	937	937	936
Foreign bonds	2 775	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i>	60 864	64 811	37 314	34 549	34 857	38 574
Inland bills discounted						
In foreign currency	13 436	13 240	12 908	12 908	12 902	12 844
In Finnish currency	13 625	12 909	10 924	10 524	10 621	10 141
Rediscounted bills	17 553	24 912	6 607	4 242	4 459	8 714
Treasury bond loan	16 250	13 750	6 875	6 875	6 875	6 875
<i>Other assets</i>	18 652	19 786	17 955	17 830	18 724	18 622
Finnish bonds	1 451	1 258	1 745	1 745	1 796	1 796
Cheque accounts	505	619	336	223	251	254
Finnish coin	348	299	475	475	471	485
Other claims	16 348	17 610	15 399	15 387	16 206	16 087
Total	122 252	125 937	121 202	118 369	118 583	122 201
Liabilities						
<i>Notes in circulation</i>	57 477	60 640	58 862	59 597	59 601	61 755
<i>Short-term liabilities</i>	20 161	20 581	17 979	14 627	14 533	16 241
Foreign exchange accounts	5 947	4 569	2 329	2 294	2 037	2 268
Mark accounts of holders abroad	7 145	7 901	4 519	4 542	4 534	4 554
Cheque account of the Treasury	6 041	5 145	5 321	3 168	4 818	5 371
Cheque accounts of banks	558	2 405	2 734	1 515	319	1 079
Other cheque accounts	134	189	261	301	219	347
Other short-term liabilities	336	372	2 815	2 807	2 606	2 622
<i>Long-term liabilities</i>	16 630	16 249	22 119	21 869	21 810	21 587
Foreign	12 277	12 284	11 400	11 399	11 401	11 371
Finnish	4 353	3 965	10 719	10 470	10 409	10 216
<i>Equalisation accounts</i>	14 418	14 458	8 018	8 005	8 320	8 273
<i>Bank's own funds</i>	13 566	14 009	14 224	14 271	14 319	14 345
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	1 838	1 838	2 924	2 924	2 924	2 924
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	1 728	2 171	1 300	1 347	1 395	1 421
Total	122 252	125 937	121 202	118 369	118 583	122 201
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	42 736	41 340	65 933	65 990	65 002	65 005
<i>Supplementary cover</i> (Upper limit 58 000 mill. mk)	58 000	58 000	37 314	34 549	34 857	38 574
Total	100 736	99 340	103 247	100 539	99 859	103 579
Note issue						
<i>Notes in circulation</i>	57 477	60 640	58 862	59 597	59 601	61 755
<i>Short-term liabilities</i>	20 161	20 581	17 979	14 627	14 533	16 241
<i>Undrawn on cheque credits</i>	718	624	917	1 030	1 002	999
<i>Unused right of note issue</i>	22 380	17 495	25 489	25 285	24 723	24 584
Total	100 736	99 340	103 247	100 539	99 859	103 579

Lowest Bank rate since April 19, 1956, 6 1/8 per cent

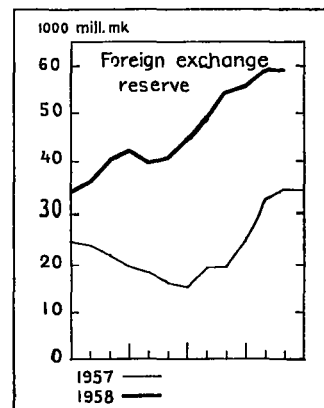
BANK OF FINLAND

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)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1957										
Sept. 1 ¹⁾	34 785	9 687	25 098	2 911	19 725	8 284	20 494	—	— 565	21 059
Oct.	38 155	6 433	31 722	2 911	19 797	14 836	12 893	—	771	12 122
Nov.	39 825	5 947	33 878	2 911	19 422	17 367	17 553	—	558	16 995
Dec.	38 429	4 569	33 860	2 911	20 185	16 586	24 912	—	2 405	22 507
1958										
Jan.	40 141	4 329	35 812	3 937	19 601	20 148	15 178	—	254	14 924
Feb.	43 725	3 379	40 346	3 937	19 449	24 834	15 350	—	983	14 367
March	44 802	2 773	42 029	3 937	14 969	30 997	13 033	—	100	12 933
April	42 315	2 703	39 612	3 937	14 945	28 604	14 987	—	314	14 673
May	43 553	2 831	40 722	3 937	15 556	29 103	12 970	—	271	12 699
June	47 333	2 802	44 531	3 674	15 913	32 292	16 668	—	-145	16 813
July	52 157	3 096	49 061	3 674	16 164	36 571	11 556	—	367	11 189
Aug.	57 759	3 315	54 444	3 685	16 456	41 673	8 688	—	570	8 118
Sept.	58 966	3 224	55 742	3 709	16 694	42 757	11 038	—	— 4	11 042
Oct.	61 533	2 407	59 126	3 712	15 940	46 898	8 627	—	1 554	7 073
Nov.	61 294	2 268	59 026	3 711	15 925	46 812	8 714	—	1 079	7 635

¹⁾ Devaluation, September 16.

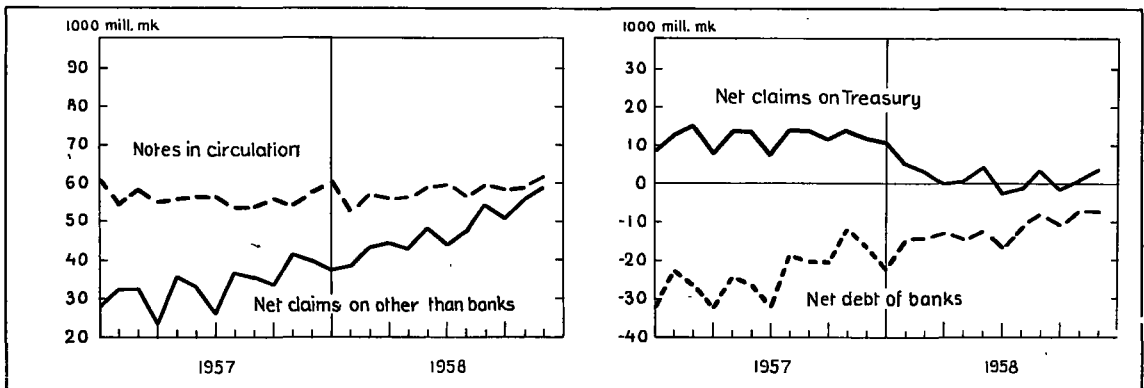
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957		1958		
	Sept. 16	Dec. 31	Sept. 30	Oct. 30	Nov. 29
Gold	7.8	7.8	7.9	7.9	7.9
Convertible currencies	16.0	17.8	16.9	17.0	16.8
Transferable EPU »	3.2	3.9	9.5	11.8	13.2
Non-transferable EPU »	2.0	4.4	9.1	8.1	8.5
Eastern Bloc currencies ..	-3.4	2.0	13.7	14.2	12.1
Other currencies	-4.8	-2.0	-1.4	0.1	0.5
Total	20.8	33.9	55.7	59.1	59.0



BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 106	18 622	—	263	18 359	34 383
1951	8 685	—	8 685	11 567	4 549	16 116	—	301	15 815	44 774
1952	14 738	—	14 738	14 678	5 672	20 350	—	2 185	18 165	46 153
1953	21 662	7 281	14 381	13 812	7 405	21 217	—	2 314	18 903	45 019
1954	21 662	15 470	6 192	11 940	6 895	18 835	—	791	18 044	47 902
1955	21 660	9 816	11 844	14 437	9 306	23 743	6 578	779	16 386	55 883
1956	19 160	10 550	8 610	14 922	10 547	25 469	4 125	1 360	19 984	60 735
1957	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1957										
Sept.	17 910	6 406	11 504	16 269	14 338	30 607	—	370	30 237	55 828
Oct.	17 910	4 008	13 902	15 088	14 207	29 295	—	635	28 660	54 094
Nov.	17 907	6 041	11 866	13 625	14 459	28 084	—	470	27 614	57 477
Dec.	16 021	5 145	10 876	12 909	14 467	27 376	—	561	26 815	60 640
1958										
Jan.	13 521	8 462	5 059	14 664	14 630	29 294	—	1 238	28 056	52 837
Feb.	11 021	7 916	3 105	14 914	14 508	29 422	—	946	28 476	56 793
March	9 771	9 889	— 118	16 122	14 592	30 714	—	3 625	27 089	55 877
April	10 396	9 982	414	17 252	14 252	31 504	—	3 248	28 256	56 174
May	10 396	6 155	4 241	17 710	14 860	32 570	—	2 884	29 686	59 038
June	10 396	12 932	— 2 536	18 368	14 893	33 261	—	2 825	30 436	59 332
July	10 396	11 464	— 1 068	16 663	14 784	31 447	—	2 640	28 807	56 824
Aug.	10 396	6 941	3 455	14 748	14 856	29 604	—	4 269	25 335	59 511
Sept.	9 146	10 953	— 1 807	13 493	15 986	29 479	—	3 222	26 257	58 191
Oct.	9 146	8 620	526	11 448	16 151	27 599	—	3 073	24 526	58 681
Nov.	9 146	5 371	3 775	10 141	17 250	27 391	—	2 969	24 422	61 755



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
1957										
Aug.	34 348	41 705	9 234	98 585	112 873	64 442	33 474	16 383	325 793	376 732
Sept.	37 460	45 456	16 815	97 641	112 315	64 031	33 037	16 251	323 308	385 579
Oct.	41 244	49 544	9 448	97 172	112 420	63 810	32 623	16 099	322 156	381 148
Nov.	40 909	48 835	10 481	97 705	113 165	64 447	32 678	16 194	324 223	383 539
Dec.	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958*										
Jan.	38 728	46 835	9 315	104 914	119 000	67 668	34 480	17 144	343 238	399 388
Feb.	35 698	44 226	9 115	106 795	120 412	68 744	35 307	17 530	348 819	402 160
March	37 090	45 954	16 165	108 414	121 740	69 893	35 616	17 907	353 601	415 720
April	36 827	45 649	10 005	108 946	122 789	70 596	35 666	18 165	356 193	411 847
May	37 567	45 824	10 082	110 103	123 336	71 008	35 706	18 129	358 314	414 220
June	36 748	45 596	17 747	110 016	122 055	70 314	35 588	18 018	356 023	419 366
July	39 130	48 802	10 626	111 135	122 675	70 570	35 860	18 079	358 350	417 778
Aug.	38 509	47 961	10 836	111 848	123 175	70 714	36 322	18 107	360 199	418 996
Sept.	36 777	46 681	16 021	113 081	123 868	70 865	36 418	18 189	362 453	425 155
Oct.	38 352	48 337	10 656	115 048	125 455	71 155	36 539	18 356	366 583	425 576

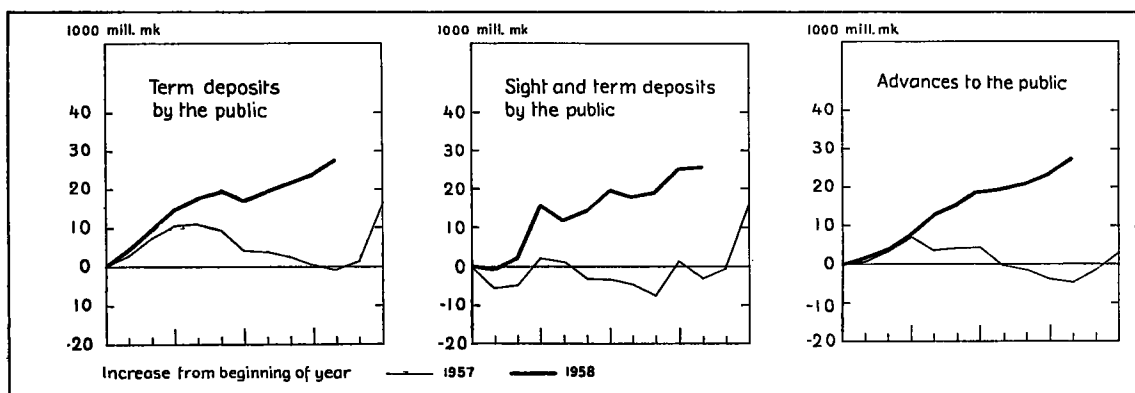
End of month	Index-tied deposits		
	1956	1957	1958
Jan.	442	30 151	85 733
Feb.	777	35 301	87 884
March	2 005	42 689	89 735
April	4 158	47 185	89 777
May	6 268	50 034	90 611
June	8 253	53 325	91 041
July	10 227	55 500	91 386
Aug.	12 235	58 398	91 543
Sept.	13 883	73 815	87 640
Oct.	17 461	77 571	85 954
Nov.	20 442	80 155	
Dec.	22 462	82 444	

Selling rates for foreign exchange			
November 29, 1958			
		mk	mk
New York ...	1 \$	321:—	Zurich 100 Fr 7 330:—
London	1 £	896: 50	Frankfurt a/M 100 DM 7 667:—
Stockholm ...	100 Kr	6 195:—	Prague 100 Kz 4 463:—
Copenhagen ..	100 Kr	4 637:—	Vienna 100 Sch 1 238:—
Oslo	100 Kr	4 482:—	Lisbon 100 Es 1 118: 50
Paris	100 Fr	76: 37	Rome 100 Lit 51: 38
Brussels	100 Fr	643:—	Montreal 1 \$ 332:—
Amsterdam ...	100 G	8 476:—	Moscow, clear. 100 Rbl 8 035:—

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	99 038
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
1957									
Aug.	156 906	105 840	26 708	77 277	15 033	356 956	24 808	381 764	99 245
Sept.	155 366	105 817	26 645	76 272	15 208	356 308	23 000	379 308	111 113
Oct.	153 597	106 543	26 468	76 663	15 298	356 202	22 367	378 569	106 941
Nov.	155 942	106 914	26 329	76 861	15 539	358 991	22 594	381 585	110 355
Dec.	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958*									
Jan.	161 558	107 309	26 041	77 168	15 767	363 297	24 546	387 843	103 611
Feb.	162 273	107 815	26 565	77 345	15 854	364 580	25 272	389 852	106 309
March	164 761	108 099	26 514	78 212	16 147	368 048	25 685	393 733	112 220
April	167 825	108 981	26 778	79 165	16 308	373 526	25 531	399 057	107 476
May	167 137	110 001	26 832	80 002	17 977	377 490	24 459	401 948	111 310
June	168 620	110 302	26 859	80 739	18 596	379 435	25 681	405 116	117 431
July	168 101	111 012	26 983	81 362	18 910	382 789	23 579	406 368	108 551
Aug.	167 422	111 831	27 819	81 521	18 993	384 843	22 743	407 586	115 649
Sept.	167 472	113 003	28 074	82 153	19 580	385 662	24 620	410 282	115 057
Oct.	168 537	114 134	28 833	82 240	19 822	390 366	23 200	413 566	..

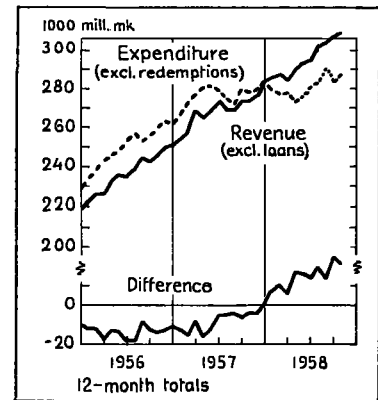


STATE FINANCES

1000 mill. mk

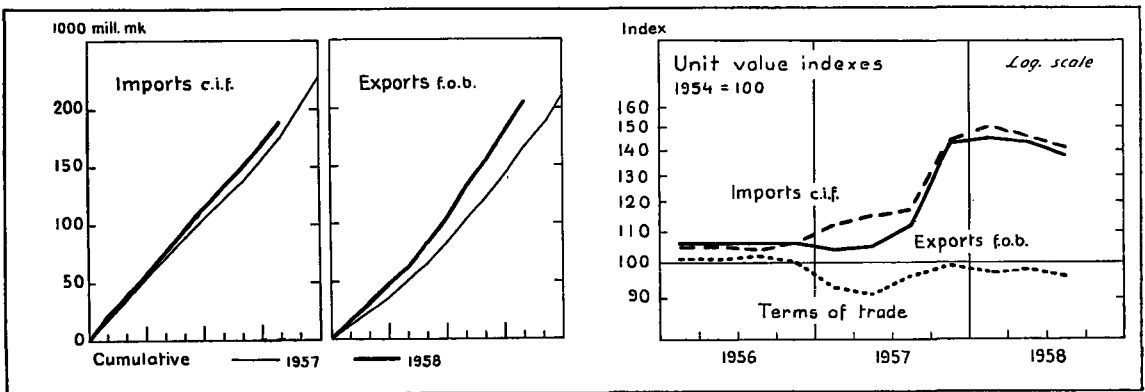
Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1957	1958		1957	1958
Income and property tax (net)	52.0	46.7	Interest on State debt	5.4	6.1
Gross receipts	(101.4)	(98.4)	Child allowances	15.1	15.2
Refunds and communal income tax	(-49.4)	(-51.7)	The State's share in national pensions	9.8	6.6
Other direct taxes	1.8	1.1	Compensations to war-disabled	6.4	6.5
Purchase tax	52.2	52.9	Transfer of employers' payments for national pensions to the National Pensions Institution	4.4	5.9
Import duties	32.9	32.9	Subsidies	20.5	21.5
Revenue from Alcohol Monopoly	17.2	17.3	Net payments by Price Equalisation Fund	—	—
Excise duty on tobacco	12.6	14.2	State aid to agriculture	3.4	4.0
Excise duty on liquid fuel	—	4.4	State aid to communal and private schools	16.2	18.5
Other excise duties	3.6	3.6	Net loss of State enterprises	—	—
Tax on automobiles and motor cycles	—	1.5	Maintenance of roads	5.4	5.3
Stamp duties	8.9	10.1	Other current expenditure	67.8	72.6
Levy on export proceeds	—	14.9	Current expenditure	154.4	162.2
Employers' payments for child allowances and national pensions	17.1	19.2	Real investments	41.8	44.0
Net receipts of Price Equalisation Fund	6.4	4.4	(of which: unemployment grants) ..	(25.4)	(25.1)
Other revenue similar to taxes	3.2	3.0	Other capital expenditure	30.1	23.2
Total taxes	207.9	226.2	Capital expenditure	71.9	67.2
Interest and dividends	3.4	3.9	Total expenditure	226.3	229.4
Net profit of State enterprises	0.1	1.6	Redemption of external loans	1.8	2.2
Other current revenue	7.6	7.4	Redemption of internal loans	5.3	7.3
Current revenue	219.0	239.1	Redemption of indemnity bonds etc.	0.8	1.1
Capital revenue proper	4.4	5.2	Index premiums	0.4	0.7
Decrease in inventories	1.0	5.3	Redemptions	8.3	11.3
Capital revenue	5.4	10.5	Total	234.6	240.7
Total revenue	224.4	249.6			
External loans	0.0	—			
Internal loans	6.9	7.1			
Loans	6.9	7.1			
Short-term credit (increase +)	—	+5.3			
Deficit (+) or surplus (-)	+3.3	-21.3			
Total	234.6	240.7			

Debt	1955	1956	1957	1958			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.*
External debt	61.3	61.5	81.8	80.6	80.0	79.9	79.5
Ordinary loans	43.0	50.7	52.9	50.7	51.5	52.6	53.7
Indemnity bonds etc. ...	6.8	7.1	7.4	7.4	7.3	7.3	7.3
Short-term credit	—	—	—	3.3	4.3	5.3	4.3
Cash debt (net)	5.9	8.8	9.6	-0.6	-5.8	-11.4	..
Internal debt	55.7	66.6	69.9	60.8	57.3	53.8	..
Total debt	117.0	128.1	151.7	141.4	137.3	133.7	..
Total debt, mill. \$	506.3	554.5	472.7	440.7	427.9	416.6	..



FOREIGN TRADE

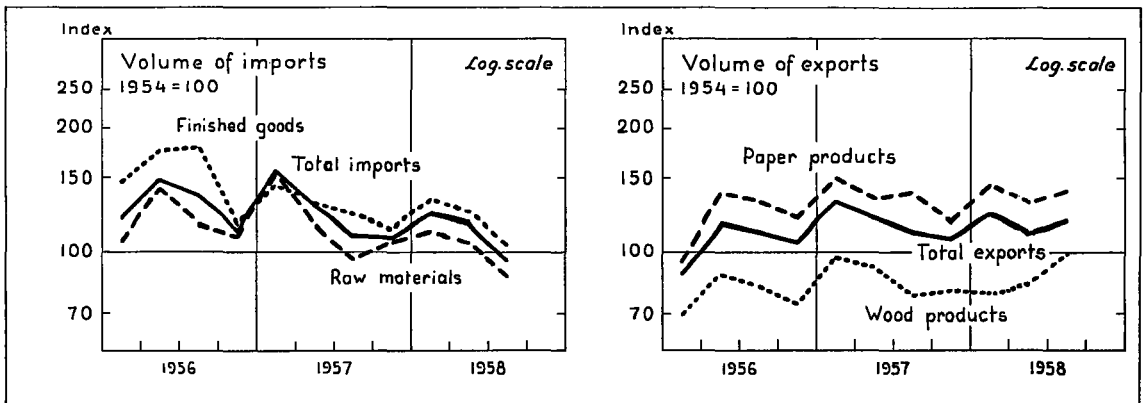
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
Jan.— Oct.										
1956	168 125	147 024	- 21 101							
1957	176 016	165 797	-10 219							
1958*	188 843	205 015	+16 172							
1958*										
Jan.	20 506	15 510	- 4 996	145	143	142	143	170	150	97
Feb.	18 288	14 728	- 3 560							
March	17 967	16 814	- 1 153	143	140	141	140	163	146	98
April	18 661	15 050	- 3 611							
May	19 544	21 905	+ 2 361							
June	20 250	21 793	+ 1 543	136	140	134	139	136	141	96
July	16 759	25 301	+ 8 542							
Aug.	16 337	22 292	+ 5 955							
Sept.	19 500	26 689	+ 7 189							
Oct.	21 031	24 933	+ 3 902							



FOREIGN TRADE BY MAIN GROUPS

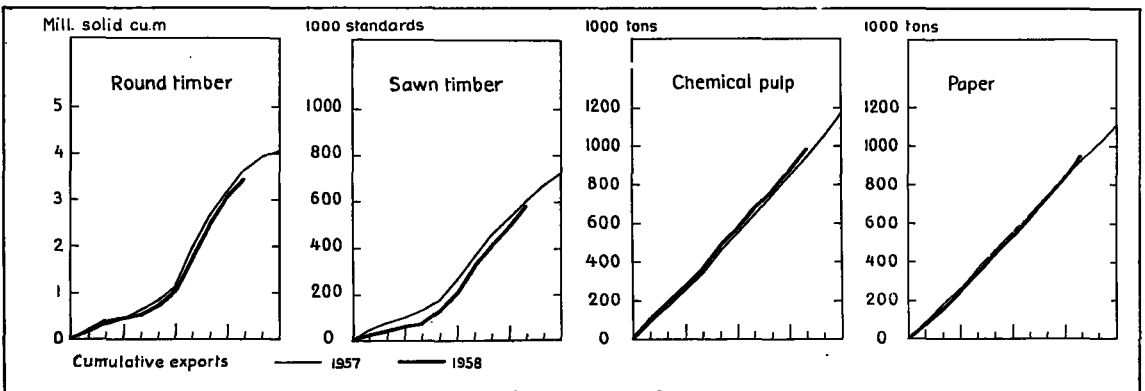
Mill. mk

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
			Consumer goods	Producer goods						
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	28 912	41 353	10 169	17 095	48 287	97 638	30 433	8 763
Jan.— Oct.										
1957	90 343	32 796	22 396	30 481	7 842	14 929	37 135	77 205	21 881	6 805
1958*	94 982	26 479	26 666	40 716	8 669	17 202	46 217	96 046	27 806	9 075
1957										
Sept.	9 581	2 734	2 201	3 701	766	2 269	5 085	9 056	2 797	842
Oct.	11 856	3 013	2 643	3 809	998	2 435	5 678	9 903	3 742	833
Nov.	13 510	3 209	2 977	5 338	1 078	1 397	6 010	9 835	2 947	990
Dec.	13 571	4 234	3 538	5 534	1 249	769	5 143	10 598	5 605	968
1958*										
Jan.	10 578	2 944	2 680	4 304	841	1 077	2 772	8 582	1 700	538
Feb.	8 479	2 908	2 213	4 688	1 267	795	2 509	8 336	1 280	541
March	9 621	1 885	2 641	3 820	770	325	2 505	9 262	3 082	870
April	9 652	2 147	3 062	3 800	726	374	2 576	9 303	1 411	660
May	9 801	2 475	3 112	4 156	996	1 062	4 463	10 740	3 820	824
June	10 256	2 604	2 878	4 512	711	1 793	5 711	8 657	3 748	1 173
July	8 704	1 964	2 399	3 692	850	3 643	7 577	9 635	2 393	1 203
Aug.	8 129	2 520	2 281	3 407	967	3 365	5 909	9 478	1 706	867
Sept.	10 129	2 801	2 429	4 141	723	2 663	5 876	10 546	5 878	1 003
Oct.	9 633	4 231	2 971	4 196	818	2 105	6 319	11 507	2 788	1 396



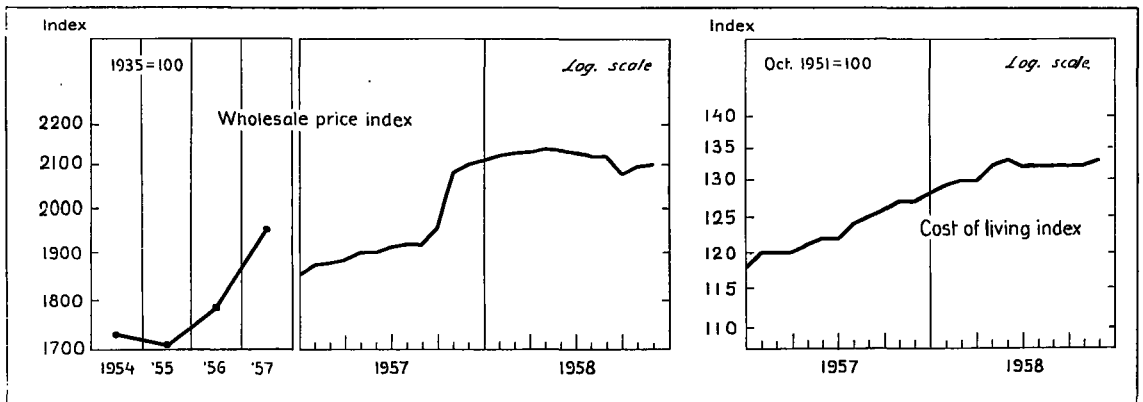
EXPORTS OF SOME IMPORTANT ARTICLES

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
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
Jan.—										
Oct.										
1956	3 982	551	187	158	557	366	84	40	439	811
1957	3 645	600	205	138	568	380	110	48	476	935
1958*	3 427	584	191	117	603	385	120	67	489	952
1957										
Sept.	494	74	24	14	61	39	13	4	47	101
Oct.	489	71	22	17	57	42	12	5	41	89
Nov.	277	66	30	16	61	47	12	6	30	79
Dec.	141	53	25	11	68	47	12	7	44	94
1958*										
Jan.	222	27	19	13	58	38	12	7	41	77
Feb.	174	18	23	6	55	35	11	7	41	78
March	63	12	23	8	51	32	13	8	49	98
April	76	18	22	12	61	34	11	8	53	95
May	188	58	16	15	74	43	13	6	53	100
June	361	74	16	10	59	31	12	6	38	82
July	702	116	13	10	54	42	12	4	52	100
Aug.	681	85	16	14	56	36	12	6	47	97
Sept.	559	84	19	12	64	42	12	8	58	110
Oct.	401	92	24	17	71	52	12	7	57	115



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.-Oct.			Whole year		Jan.-Oct.		
	1956	1957	1957	1958*		1956	1957	1957	1958*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	21.3	18.4	17.8	18.3	34 581	25.2	24.8	25.5	25.0	51 307
United Kingdom	20.4	17.6	17.0	17.6	33 283	21.4	21.7	22.5	21.7	44 385
Other OEEC countries ..	39.1	37.6	35.8	45.1	85 145	31.4	32.0	31.3	36.0	73 734
Belgium-Luxembourg	3.0	3.0	2.9	2.8	5 350	4.4	3.9	4.1	3.6	7 326
Denmark	2.6	2.1	2.1	2.3	4 423	2.5	2.5	2.6	2.9	5 962
France	5.7	5.1	5.3	4.6	8 748	5.3	5.6	5.2	6.3	12 950
Western Germany	11.8	11.4	10.5	16.8	31 631	8.6	8.9	9.0	10.5	21 414
Italy	1.4	1.5	1.6	1.6	3 004	1.4	1.3	1.3	1.7	3 557
Netherlands	4.0	4.1	3.4	4.5	8 467	3.6	4.1	4.2	4.4	8 976
Norway	1.8	1.3	1.2	1.1	2 141	0.6	0.4	0.4	0.5	1 087
Sweden	5.4	5.9	5.4	8.3	15 601	2.2	3.1	2.2	3.6	7 292
Switzerland	1.8	1.6	1.7	1.7	3 181	0.6	0.6	0.7	0.7	1 511
Turkey	0.4	0.3	0.3	0.2	418	0.7	0.4	0.4	0.2	388
Eastern Bloc	25.0	30.6	31.4	24.5	46 310	27.3	29.4	29.1	26.4	54 166
China	0.3	0.7	0.7	0.5	1 003	0.9	0.7	0.8	1.1	2 336
Czechoslovakia	2.4	2.9	3.3	1.3	2 393	1.2	1.6	1.4	1.3	2 721
Eastern Germany	2.3	2.5	2.6	1.8	3 432	2.2	1.9	2.0	2.0	4 038
Poland	4.4	5.2	5.6	3.0	5 667	2.3	3.4	3.3	2.8	5 694
Soviet Union	13.9	17.7	17.7	16.6	31 418	19.2	20.0	19.8	18.2	37 385
U.S. and Canada	6.7	5.7	6.4	5.6	10 623	6.7	5.1	5.3	4.4	9 045
United States	6.5	5.6	6.3	5.4	10 283	6.6	5.0	5.2	4.3	8 904
Latin America	5.6	5.1	5.7	4.5	8 523	6.0	4.8	5.0	4.5	9 241
Argentina	1.6	1.4	1.8	0.3	581	1.5	1.1	1.0	1.1	2 195
Brazil	3.3	3.3	3.5	3.8	7 122	3.2	2.7	3.0	2.4	4 919
Others	2.3	2.6	2.9	2.0	3 660	3.4	3.9	3.8	3.7	7 523
Grand total	100.0	100.0	100.0	100.0	188 842	100.0	100.0	100.0	100.0	205 016



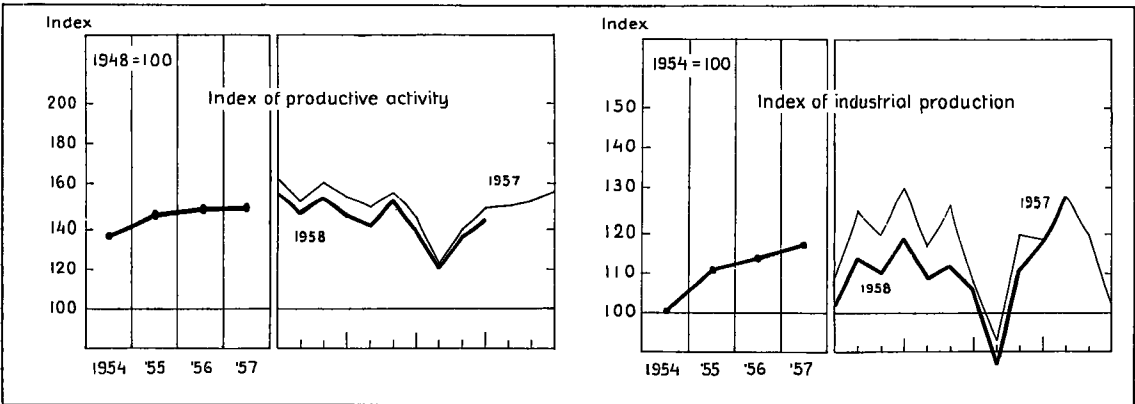
PRICE INDEXES

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				
1953	1 727	1 840	1 730	2 857	1 532	1 486	101	101	99
1954	1 724	1 841	1 728	2 941	1 506	1 475	101	98	105
1955	1 707	1 822	1 773	3 040	1 426	1 462	103	96	113
1956	1 785	1 869	1 926	2 975	1 478	1 605	109	101	123
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1958									
Jan.	2 117	2 124	2 200	3 174	1 746	2 100	115	114	119
Feb.	2 118	2 125	2 210	3 163	1 747	2 103	116	114	121
March	2 128	2 138	2 234	3 154	1 765	2 107	116	113	121
April	2 136	2 153	2 199	3 154	1 800	2 100	117	113	124
May	2 133	2 155	2 232	3 154	1 794	2 086	118	113	125
June	2 126	2 148	2 225	3 147	1 786	2 080	118	113	126
July	2 117	2 137	2 219	3 147	1 769	2 075	119	113	131
Aug.	2 116	2 137	2 253	3 127	1 766	2 070	118	112	126
Sept.	2 076	2 082	2 124	2 990	1 761	2 066	117	111	125
Oct.	2 092	2 097	2 115	3 034	1 775	2 081	117	110	125
Nov.	2 099	2 106	2 144	3 031	1 782	2 085	116	110	124

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
1953	103	109	137	89	85	103						
1954	103	106	169	82	83	102						
1955	100	102	183	83	73	101						
1956	111	117	218	95	76	108						
1957	124	132	260	99	80	117						
1958												
Jan.	129	136	276	105	82	126	102	100	102	102	101	103
Feb.	130	136	276	106	82	127	102	100	102	103	102	104
March	130	137	276	106	82	128	102	101	102	103	102	104
April	132	141	276	105	83	128	103	103	102	102	103	104
May	133	142	276	105	83	129	104	104	102	102	104	105
June	132	141	276	105	84	129	104	103	102	102	104	105
July	132	140	276	100	84	130	103	103	102	97	104	106
Aug.	132	140	276	100	84	130	104	103	102	97	104	106
Sept.	132	140	276	99	84	131	104	103	102	96	104	106
Oct.	132	139	277	99	84	131	104	102	103	96	104	107
Nov.	133	141	277	99	84	131	104	104	103	96	105	107

PRODUCTION - INTERNAL TRADE

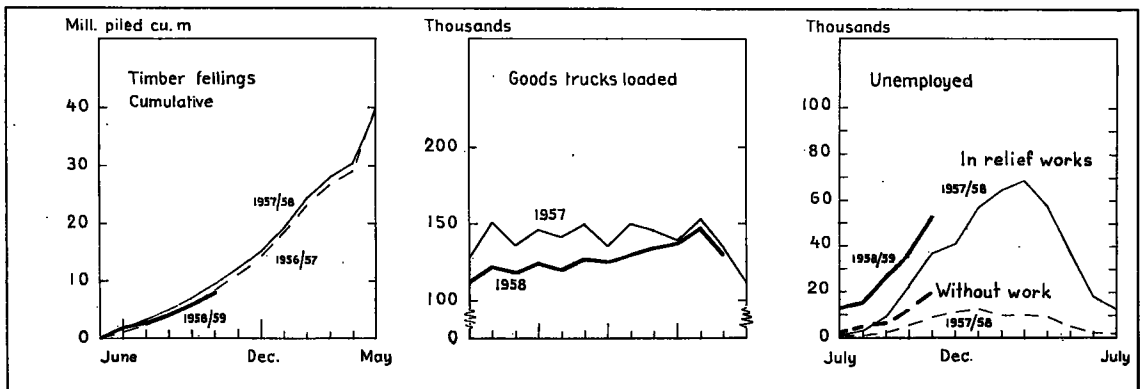
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1950									25 770	1 209	81
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	118	118	117	81	134	117	116	40 919	2 085	114
1957*											
July	93	76	100	87	76	130	74	89	1 613	211	106
Aug.	120	117	120	122	77	144	117	121	1 734	194	122
Sept.	119	121	121	117	77	144	120	116	1 991	170	132
Oct.	128	131	131	123	91	151	131	124	2 517	143	119
Nov.	120	124	123	113	78	134	121	117	2 697	134	105
Dec.	102	108	104	96	74	109	106	95	3 119	142	108
1958*											
Jan.	114	122	115	108	85	129	116	106	4 120	147	89
Feb.	110	119	111	104	95	127	115	101	4 882	136	93
March	119	118	121	115	105	144	115	111	3 857	158	104
April	109	112	107	110	100	115	107	105	2 201	181	108
May	112	106	113	111	107	129	104	108	9 370	206	111
June	106	107	105	107	81	119	104	103	1 646	218	105
July	87	67	95	82	87	127	66	80	982	216	109
Aug.	112	104	114	112	87	133	103	111	1 337	193	116
Sept.	118	118	118	119	80	148	113	117	1 674	179	121
Oct.	128	124	129	127	90	155	121	127	2 140	161	131



BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1954	22.02	9.36	5.24	3.54	2.87	..	78	77	75	81
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1957										
Apr.-June	3.15	1.57	0.31	0.68	0.40	24.56	99	100	98	100
July-Sept.	5.95	2.44	0.94	1.06	1.09	24.44	101	100	100	101
Oct.-Dec.	7.84	3.81	1.67	1.27	0.59	20.86	101	100	98	101
1958*										
Jan.-Mar.	3.20	1.46	0.26	0.87	0.44	19.85	101	101	100	101
Apr.-June	3.28	1.33	0.34	0.75	0.64	23.04	105	101	104	105

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1957	1958	1957	1958*	1957	1958*	1957	1958	1957	1958
Jan.	151	122	373	254	310	320	8 296	9 988	45 279	56 871
Feb.	136	118	268	196	254	259	7 856	9 982	59 110	64 227
March	146	124	251	243	248	236	5 204	9 475	68 489	68 649
April	141	120	349	280	288	270	1 908	5 160	56 401	57 627
May	150	127	415	314	408	380	607	2 169	19 974	36 876
June	135	125	420	580	542	956	173	2 016	3 314	18 147
July	149	130	428	575	679	1 272	459	1 979	1 730	12 955
Aug.	145	134	435	463	674	664	2 040	4 353	3 092	14 756
Sept.	139	137	353	418	499	580	5 315	6 108	9 126	23 786
Oct.	153	147	380	419	477	560	8 997	11 998	22 234	35 827
Nov.	132	129	419	421	449	485	11 302	19 387	37 106	52 330
Dec.	111		392		347		12 418		41 056	



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. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* consist of deposits made by the banks and tied by special conditions. Included in Long-term Finnish 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 and Prepayments for exports. *Deposits against import licences* = importers' obligatory prior deposits of 10 % of the value of the goods concerned. Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance was refunded in full by the end of August 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *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 — (Long-term Finnish liabilities — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on other than banks might be more clearly evident.

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 1st 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, Social Democrats 38, Social Democrat Opposition 13, Agrarians 48, Conservatives 29, Swedish Party 14, and Finnish People's Party (liberal) 8.

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 (1957): 4.4 million. Sweden 7.4, Switzerland 5.1, Denmark 4.5 and Norway 3.5 million.

DENSITY OF POPULATION (1957): In South Finland 24.3, in North Finland 3.9 and in the whole country an average of 14.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1957): 63.4% of the population inhabit the rural areas, 36.6% the towns and market towns. The largest towns are: Helsinki (Helsingfors), the capital, 436 852 inhabitants, Tampere (Tammerfors) 119 250, Turku (Åbo) 117 464.

OCCUPATION (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 (1957): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1957): births 20.1‰, deaths 9.4‰, increase 9.7‰. Deaths in France 12.0‰ and in Great Britain 11.5‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1957, in thousand million marks): Gross domestic product at market prices 1 104. Net domestic product at factor cost, by industrial origin: agriculture 99 (11%), forestry and fishing 86 (10%), manufacturing 284 (31%), construction 88 (10%), transport and communications 74 (8%), commerce, banking and insurance 111 (12%), general government 99 (11%), other services 60 (7%), total 901. Index of real domestic product 146 (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 118 for 1956 (1948 = 100). Measure of self-sufficiency in the crop year 1955/56: bread cereals 40%, fertilizers 51%, dairy products 106%, meat 98%, fodder 86%.

INDUSTRY (1955): Gross value of industrial production 750 000 mill. marks, number of workers 310 000, administrative employees 55 000, motive power (1955) 2.4 mill. HP. Index of industrial production 170 for 1955 (1948 = 100).

RAILWAYS (Dec. 31, 1957): Length 5 252 km, of which 5 096 km are State and 156 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Dec. 1, 1958): Steamers 252 (362 398 gross reg. tons), motor vessels 183 (382 819 gross reg. tons), sailing vessels with auxiliary engines 106 (10 423 gross reg. tons) Total 541 (755 640 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1957): Passenger cars 126 900, lorries and delivery vans 50 800, buses 5 000, others 2 100. Total 184 800.

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 1955 expenditure amounted to 122 500 mill. marks. Total revenue was 125 000 million, of which income from taxation 62 500 million. The municipal income tax (non-progressive) averaged 11.07% 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 (Oct. 1, 1958). There are three big and two small commercial banks with in all 537 offices, 407 savings banks, 559 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST (Oct. 1, 1958). Bank of Finland discount rates 6½—8%. Other credit institutions: term deposits 5% (index-tied 4%) and sight deposits in savings banks and co-operative credit societies 7½%; lending rate 7½% on an average.

THE POSSIBILITIES OF ENLARGEMENT OF THE FINNISH PULP, PAPER AND PAPERBOARD INDUSTRY

BY

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GENERAL MANAGER OF THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

In its analytical review, „The European pulp and paper industry, its trends from 1950 to 1955 and its future prospects”, the OEEC Pulp and Paper Committee in 1956 expressed its opinion that Finland’s „forest resources will allow the annual production of wood pulp to be increased by over two million tons”. Of this, approximately two thirds is stated to be already available for exploitation, but economic development of the remaining third demands the provision of additional means of transport in remote forest areas. It is further pointed out that a potential reserve of raw material is to be found in the possibilities of improved silviculture, reduction in the household burning of wood, making better use of waste in the forest and in the sawmills, and also in a gradual decrease in the export of raw materials. The graph on the opposite page shows the development of the utilisation of wood.

The annual Finnish production of wood pulp shows the following series of figures, in 1 000 tons:

1880	10	1937	2 294
1890	27	1938	2 217
1900	71	1948	1 677
1910	271	1950	1 915
1920	346	1955	2 751
1930	1 127	1957	3 058

As even at an early stage, and frequently since, misgivings have been expressed that the industry has been extended more than is warranted by the basis of raw material, or at least that the upper limit for the

volume of production has been attained, one asks oneself if the above quoted statement by the OEEC Pulp and Paper Committee is in reality based upon fact, or if it must be regarded as the result of Finnish wishful thinking.

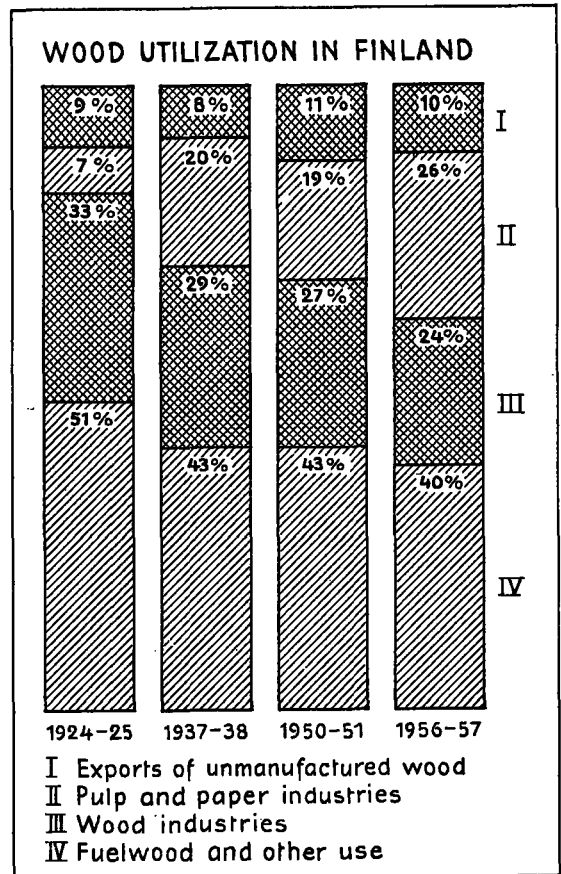
In Finnish research in the sphere of forest science, attention has long been directed towards the necessity of detailed reliable information concerning all the circumstances which at long sight determine the quantities of timber which can, without risk to the volume of regrowth, be removed from the forests. Yrjö Ilvessalo, a Member of the Finnish Academy, did fundamental work in this field, and according to his method, which is nowadays accepted in other countries also, there have been carried out, with fifteen-year intervals and most recently during the years 1951—1953, three complete inventories of the resources in the Finnish forests. The above mentioned appreciation of the possibilities of further enlargement of the pulp and paper industry is based upon the results of the last inventory. After the publication of these results, it can be regarded as lying outside any discussion that an increase in pulp production by more than one million tons (and it is the possibilities within such a frame that are discussed below) does not encounter obstacles as far as the resources of raw materials are concerned. By means of a reasonable localisation of supplementary production, the unit price for the above mentioned supplementary

quantity of raw material does not to any noticeable extent exceed what is already paid for pulpwood. As support for this view of the resources of pulpwood and woodwaste, there can be mentioned, apart from a unanimous opinion within the industry, a not yet published report of a government appointed special commission.

As regards the other prospects of extended production of pulp and paper, mention should be made of the following points.

Labour is to be found in Finland. The surplus of population cannot find employment in farming, but must seek other forms of employment, foremost in or in connection with industry. The mechanization of farming also entails a transfer of people from this to other branches of production. This has involved a serious structural unemployment, especially in the more sparsely built-up areas. In order to combat this, it is considered that an extension of the forest industry (with a consequence of employment of a greater volume of labour in the felling and transport of timber) is of decisive importance.

The pulp and paper industry makes very great demands for power. For the main part, the power is delivered by hydroelectric power stations. However, the demand in Finland is rising rapidly, and within a not very remote future, said to be in about 1965, all economically utilisable water power in the country will have been developed. In addition to water power, there are not insignificant numbers of steam power plants, in which coal and wood are used as fuel. As a result of the low head of water in the watercourses, and since all coal must be imported, Finnish industry is burdened by higher costs for power than its competitors, such as for example in Scandinavia. At long sight, the industry will obviously be constrained to resort to atomic power. It appears as if this would be well suited to the



pulp and paper industry with its combined need of power and steam.

The Finnish woodprocessing industry has a sound support in the significant development undergone in this field by Finland's machine industry. In all that is essential, this industry, which is also based upon exportation, can provide the pulp and paper mills with first class machine equipment. This assistance is of great importance in the development of the types of machine most suited to local conditions, and not least in questions of service. The technicians of Finland should not lag behind their colleagues in other countries.

An essential pre-requisite in the creation of new production is of course constituted by the possibility of selling it. Exports of pulp and paper products by market areas were as follows in 1957:

<i>Pulp</i>	Tons	%
OEEC-countries	868 389	65
Eastern Europe	181 823	14
Other countries	286 252	21
<i>Paper and paperboard</i>		
OEEC-countries	610 245	45
Eastern Europe	242 370	18
Other countries	496 823	37

It is not easy as far as pulp and paper are concerned, with their strongly fluctuating trends, to estimate how the selling circumstances will work out on the day that a planned new production gets under way. The Finnish pulp and paper sales work with the whole world as the selling area. This year, for instance, paper has been sold to eighty different countries. In the future, just as has been the case during the greater part of the history of this industry, the main buyers will certainly be the highly developed but poorly forested countries of Western Europe. The increase in pulp consumption in West Europe is still the largest in the world. A sales system which is to a great extent coordinated, however, makes it possible for the Finnish export industries effectively to guard their interests in all parts of the world, and to take care of the possibilities of sales wherever they may reveal themselves.

Today, the world consumption of pulp stands at a volume which approaches 60 million tons per annum. During the 1950's, consumption has on an average risen by about 6 per cent per annum. Finland's production of pulp amounts to something over 3 million tons a year. If during the next five year period this capacity is increased by 1.2 million tons, for example, this means an annual rise of 240 000 tons compared with an average for the whole world of over 3 million tons. Finland's percentual share in world production should, in accordance with the calculation in question, remain about unchanged.

The production of pulp and paper in Finland is based upon raw material of high quality. This raw material is available in qualitatively large and even amounts, and is thus particularly suitable for the mass production of goods with high technical requirements, such as newsprint, kraft paper, kraftliner and so on. Forests of similar high quality grow in the main along a northern belt in America, Europe and Asia. In North America and in Scandinavia, these resources of raw material will in the near future have been fully exploited for industrial requirements. In the Soviet Union, there are of course still to be found large unexploited forests, but one can assume that the development of the forest industry and the domestic consumption will be so coordinated that there will not come into being any significant increase in the volume of export. As far as the future is concerned, therefore, it can be reckoned that large proportions of the world increase in the productive capacity within the pulp and paper industry have to be based upon raw material of low quality, giving plenty of room for the Finnish high quality products.

Naturally, Finnish export products must not only be competitive from a technical point of view, but also as regards price. This has been the case since the devaluation of the Finnish mark which was carried out in September 1957. Certain cost factors are disadvantageous in comparison with those of competitors, such as the cost of power, or the longer distances to the principal markets, or to some extent ice, but other factors are favourable. One particular circumstance deserves mention. The major part of the new capacity which is planned will come into being through extensions to factories which are already in existence. Such a method of procedure reduces essentially the need of capital per production unit, and contributes towards a decrease in the cost of existing

production. In this way, it serves to raise the competitive ability of the whole enterprise.

As is known, the production of pulp and paper is an industry which demands large amounts of capital. And Finland is lacking in capital, not least as a result of two wars and a severe peace. Relatively good economic trends, however, made possible the repair of the direct war damage to the industry, the regaining of the greater part of the technical lead which has been won by the industry of countries who had not suffered war damage, together with even a certain new creation. During recent years, the last mentioned has come to a standstill as a consequence of unrealistic foreign currency rates.

Nevertheless, there do appear prospects again for a further development of the industry. The most important of these is that export income, after the devaluation and since the cessation of export levies, is supplied unencumbered to industrial concerns. An increase in general saving means availability of new capital, and finally there are good hopes of certain foreign credits.

Arising from these assumptions, there seem to be real prospects for the realization during the next few years of the plans indicated above for an increase in overall annual production of about one million tons of pulp, paper and paperboard. According to the information given by the concerns themselves, these plans await only a definite answer as to the possibilities of finance in order to be made a reality.

ITEMS

Resignation of Cabinet. On December 4, Mr Virolainen (Agrarian), Minister for Foreign Affairs, tendered his resignation. Later in the same day, the other Agrarian Ministers did the same, in consequence of which Prime Minister K.-A. Fagerholm (Social Democrat) tendered the resignation of the whole Cabinet to the President of the Republic. The President requested them to discharge the duties of their office until a new Government had been formed. During this interval, the duties of Foreign Minister will be discharged by Prime Minister Fagerholm.

The Fagerholm Cabinet was formed on August 29. Of the parties represented in the Diet, only the People's Democrats and the Social Democrat Opposition remained outside the Government, which was thus backed by 137 votes of the 200 in the Diet.

Trade agreement. On November 25, an agreement was signed covering the exchange of goods between Finland and Israel during 1959. Both imports and exports are estimated at 8 million dollars. Trade is fixed by quotas. Finnish exports will primarily consist of wood products, cellulose and paper, while Finnish imports will include citrus fruit and textiles.

*

Additional fellings of pulpwood. The Government and some wood processing companies have concluded an agreement concerning an additional cut of 1.5 million piled cu.m of pulpwood over and above the normal quantities fixed by the companies for the current felling season. The purpose of this measure is that of easing the employment situation, as these fellings will mean 400 000

to 450 000 additional man-days of work during the present winter.

The Bank of Finland has agreed to assist in the financing of the scheme by rediscounting bills granted for this purpose without application of the special stipulations regarding rediscounts. The bill credits may not exceed 1 500 marks per cu.m, and purchases are to be made between November 21, 1958, and January 31, 1959.

*

The merchant fleet. The following table shows the number and the tonnage of vessels of various types in the Finnish merchant fleet at the beginning of 1958, and on December 1.

	Jan. 1, 1958		Dec. 1, 1958	
	Number	Gross reg. tons	Number	Gross reg. tons
Steamers	276	401 332	252	362 398
Motor vessels	185	356 801	183	382 819
Sailing vessels with auxiliary engines ..	116	11 535	106	10 423
Total	577	769 668	541	755 640

The tonnage of the merchant fleet has been reduced during the year, after having increased by 10 000 gross reg. tons in 1957 and by 15 000 tons in 1956. As was the case in the preceding years, there was a development towards bigger units, and towards an increase in the proportion of motor vessels at the expense of steamers. The share of motor vessels in the total tonnage is now greater than that of steamers.

About one half of the vessels are now more than 25 years of age, and a considerable number will have to be scrapped in the near future. In recent years, shortage of capital has formed the worst obstacle to a renewal of tonnage.

The Economic Council has prepared a plan for the renewal of the mercantile marine, which would at the same time help to maintain employment in the Finnish shipyards.

The maximum annual capacity of the Finnish shipyards is about 150 000 gross reg. tons, but even orders ensuring a steady

output of 120 000 tons a year suffice to keep a normal body of workers in the yards. The scheme of the Economic Council aims at an increase by 75 000 tons in the order stock during the next two years, credit to be given for 5 to 8 years at a 5 per cent rate of interest. The realisation of this scheme presupposes investment to an amount of 7 500—9 000 million marks.

*

Stock Exchange. The downward tendency in both activity and prices that started on the Helsinki Stock Exchange in September 1956 has continued during the current year. The turnover during the first 11 months of the year was 1 676 million marks, which is 33 per cent less than in the corresponding period of 1957, and only one half of the record figure for 1956.

Share prices have not decreased quite as much as in 1957, when the Unitas index dropped by a full 14 per cent. The January—November average of quotations was 10 per cent below the average for the whole of 1957. The decrease related solely to industrial shares, and principally occurred during the first half-year. Bank shares remained at the level for the previous year. The development of the Unitas indexes during the current year can be seen from the following series of monthly averages.

	Industrial shares	Bank shares	All shares
	1958	1948 = 100	
January	473	133	406
February	476	133	409
March	469	126	404
April	464	126	399
May	451	126	388
June	440	127	380
July	439	127	379
August	436	129	377
September	433	133	375
October	424	134	368
November	420	133	364

The seasonal fluctuations have been less pronounced than for several years.

*

Index-tied deposits. As can be seen from the tables on page 6, index-tied deposits have been falling off during the last few months, whereas total term deposits show a marked increase. By the end of October, total term deposits had increased by 27 600 million marks since the beginning of the year, the

share of index-tied deposits being only 3 500 million.

At the end of October, index-tied deposits in various credit institutions were distributed as follows between the taxable 100 per cent accounts A and the non-taxable 50 per cent accounts B, in millions of marks.

	Index-tied deposits, Oct. 31, 1958			Change from the beginning of the year		
	A-accounts	B-accounts	Total	A-accounts	B-accounts	Total
Commercial banks	7 556	17 509	25 065	— 4 157	+ 5 949	+1 792
Savings banks	10 037	22 834	32 871	— 9 949	+10 804	+ 855
Co-operative credit societies and their central bank ..	4 517	16 104	20 621	— 5 806	+ 6 380	+ 574
Post Office Savings Bank	2 010	4 990	4 990	— 1 370	+ 1 580	+ 210
Savings departments of co- operative stores	322	2 085	2 407	— 514	+ 593	+ 79
Total index-tied deposits	24 442	61 512	85 954	—21 796	+25 306	+3 510

Publications. The 38th annual volume of *The Bank of Finland Year Book* has been published in Finnish, Swedish and English. The first section of the text contains a review of the general economic development in 1957. The following, principal section and the statistical tables are concerned with the activities of the Bank of Finland. In addition, an account is given of Finland's relations with the international financial institutions. The Year Book has been compiled by the Bank of Finland Institute for Economic Research.

In *Series A* of the Publications issued by the Bank of Finland Institute for Economic Research, *Volume 1958:II* has appeared. It contains the following articles: Money Supply and Means of Payment in Finland

in the years 1948—1957; The Development of Finland's Terms of Trade in 1951—1957; The Development of Wages and Salaries in Finland; Bond Loans in Finland during the Post-War Years; and Prices and Wages in 1957—1958. The publication is obtainable in Finnish and Swedish.

An offprint of *The Economic Survey*, attached as a supplement to the Budget proposal for 1959, has been published in Finnish, Swedish and English. It contains reviews of the course of the national income until 1957, the economic conditions in 1957, and Public Finance, also an account of the national budget for 1958. The Economic Survey has been compiled by the Economic Department of the Ministry of Finance.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

SECRETARIES

U. A. VATANEN,
Credits

PERTTI TAMMIVUORI,
Administration

HERO ASP,
Foreign affairs
(On leave of absence)

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

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Economic Research

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Accounts

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