



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 33 No. 9

SEPTEMBER

1959

RECENT DEVELOPMENTS

FOREIGN PAYMENTS POSITION

During the summer, there could be observed a marked slowing down in the rate at which Finland's foreign exchange reserves have continued to increase. After a sharp rise — 8 400 million marks — in the first quarter of 1959, the net foreign exchange reserves declined slightly in the second quarter, and advanced only moderately between July and mid-September. The usual seasonal decline in the reserves in the second quarter was not much in evidence this year, despite the reserves being affected by the extraordinary repayment of a foreign loan of 3 200 million marks in May.

At the end of August, the total net foreign exchange reserves of the Bank of Finland amounted to 66 200 million marks, equivalent to \$ 207 million. The increase during the first eight months of 1959 was 10 800 million marks, or only half as much as during the corresponding period last year. However, practically all of this amount was in gold and convertible currencies. Holdings of bilateral currencies remained almost unchanged, whereas they had risen by as much as 18 200 million marks in January—August 1958. The composition of the reserves has thus improved considerably: 75 per cent of the reserves are now held in gold and convertible currencies, against 58 per cent one year ago.

The slowing down of the reserve accumulation had been expected, and to some extent it reflects the cautious revival in economic activity which has been visible in Finland since the closing months of 1958. In the first eight months of 1959, payments for imports were more than ten per cent above the level of the corresponding period last year, and in the second and third quarters alone they were running at a rate of more than 20 per cent above last year. Although there has also been some increase in export earnings, this has been of a more modest magnitude, mainly because exports to bilateral partner countries have decreased. In fact, Finland's exports payable in convertible currency have fared relatively well this year. Revival of activity in western European countries has particularly favoured exports of sawn goods, which it appears will attain record figures during the current year. While export prices in general are below last year's level, the effect of prices on earnings has been more than offset by the increased volume.

Finland's balance of payments on invisible transactions has also deteriorated in recent months, and thus contributed to the slower accumulation of reserves. In the first

*On page 18, Finland's Foreign Trade
and the Integration Plans*

place, increased imports have brought with them larger payments on freight account. In addition to this, the measures taken by the Bank of Finland in the spring and summer to liberalize restrictions on a large number of invisible transactions have rapidly led, as expected, into greater outlays on foreign exchange.

AGRICULTURE

During the past summer, a prolonged spell of drought hampered the growth of crops and reduced their yield. Nevertheless, their quality was higher than it had been for many years, and as further the areas under some of the principal crops were larger than one year before, the total yield may be estimated to be almost as high as that in 1957 and 1958.

The area under autumn grains and turnip rape increased most, and these crops suffered only to a minor extent from the drought. In spite of some increase in the area sown for spring wheat, this harvest will probably be less than last year. In total, more bread grains were obtained than during some past years. The area under fodder grains was to some extent increased at the expense of grass land. Of these plants, too, crops will fall short of last year's quantities, but this will probably be compensated for by their being of better quality. Potatoes and root vegetables suffered most from the drought, but the rainfall in early autumn brought some improvement.

According to the present law, the prices of farm produce are tied to agricultural costs. By the terms of this law, prices are to be adjusted if the costs change from the level of August 1958. Each August, a special commission estimates the costs and receipts

of farmers for the coming crop year. If the development of receipts deviates from that of costs, changes are to be made either in the prices of products or in the cost items. Costs include remuneration for the agricultural work performed by the farmers themselves and members of their families, calculated according to prevailing farm wages.

The calculation made last August for the crop year 1959/60 indicated a 4.2 per cent rise in costs in comparison with the basic period, wages being responsible for 3.4 per cent, and other items for 0.8 per cent. Against this, there was a drop of 0.3 per cent in receipts. This deficit, totalling 4.5 per cent when taken against the basic period, or 6 600 million marks, had to be made up by increases in the prices of agricultural products or by reductions of cost items. In order to promote grain growing and to restrict the output of livestock products, the Government effected the adjustment of producer prices of agricultural products in such a way that the prices of bread grains were raised by about 9 per cent and the price of milk, the most important farm product, by 4 per cent, beginning September 1, 1959. The prices of pork and eggs were also raised. In addition, the Government decided to allot some small amounts from budget funds for the reduction of costs of production in certain parts of the country.

The increases in producer prices will be turned over in full to consumers, as the subsidies for these products were not changed, and as the prices of foreign grains were raised to the same extent as those of the domestic product. The consequent rise in the consumer price index will be about 1 per cent.

September 18, 1959.

BANK OF FINLAND

Mill. mk

	1958		1959			
	Aug. 30	Dec. 31	Aug. 8	Aug. 15	Aug. 22	Aug. 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	61 444	60 642	70 367	71 288	70 387	70 718
Gold	7 866	7 850	8 473	8 473	8 473	8 473
Foreign exchange	49 893	49 708	58 892	59 813	58 912	59 243
Foreign bills	910	871	413	413	413	413
Foreign bonds	2 775	2 213	2 589	2 589	2 589	2 589
<i>Supplementary note cover</i>	44 735	47 049	25 453	24 053	23 718	23 490
Inland bills discounted						
In foreign currency	13 174	12 644	11 863	11 863	11 863	11 863
In Finnish currency	14 748	8 823	5 848	5 145	4 810	4 632
Rediscouted bills	8 688	18 707	867	170	170	120
Treasury bond loan	8 125	6 875	6 875	6 875	6 875	6 875
<i>Other assets</i>	17 209	19 027	18 329	18 331	18 646	19 026
Finnish bonds	1 644	909	1 566	1 566	1 566	1 702
Cheque accounts	363	440	213	261	263	163
Finnish coin	542	438	739	747	743	750
Other claims	14 660	17 240	15 811	15 757	16 074	16 411
Total	123 388	126 718	114 149	113 672	112 751	113 234
Liabilities						
<i>Notes in circulation</i>	59 511	65 075	61 888	61 919	62 289	62 808
<i>Short-term liabilities</i>	19 337	18 046	15 771	15 485	14 000	14 294
Foreign exchange accounts	3 315	2 178	1 409	1 401	1 453	1 507
Mark accounts of holders abroad	4 242	4 643	4 176	4 270	4 306	4 300
Cheque account of the Treasury	6 941	7 146	4 252	5 001	5 236	6 236
Cheque accounts of banks	570	1 474	5 059	4 228	2 734	2 010
Other cheque accounts	203	293	291	247	228	186
Other short-term liabilities	4 066	2 312	584	338	43	55
<i>Long-term liabilities</i>	21 711	20 872	15 271	15 271	15 221	14 899
Foreign	12 214	11 370	11 214	11 214	11 214	11 214
Finnish	9 497	9 502	4 057	4 057	4 007	3 685
<i>Equalisation accounts</i>	8 893	8 170	6 675	6 444	6 683	6 632
<i>Bank's own funds</i>	13 936	14 555	14 544	14 553	14 558	14 601
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	2 924	2 924	3 739	3 739	3 739	3 739
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	1 012	1 631	805	814	819	862
Total	123 388	126 718	114 149	113 672	112 751	113 234
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	61 444	60 642	70 367	71 288	70 387	70 718
Supplementary cover (Upper limit 58 000 mill. mk)	44 735	47 049	25 453	24 053	23 718	23 490
Total	106 179	107 691	95 820	95 341	94 105	94 208
Note issue						
Notes in circulation	59 511	65 075	61 888	61 919	62 289	62 808
Short-term liabilities	19 337	18 046	15 771	15 485	14 000	14 294
Undrawn on cheque credits	891	814	1 059	1 010	1 008	1 108
Unused right of note issue	26 440	23 756	17 102	16 927	16 808	15 998
Total	106 179	107 691	95 820	95 341	94 105	94 208

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

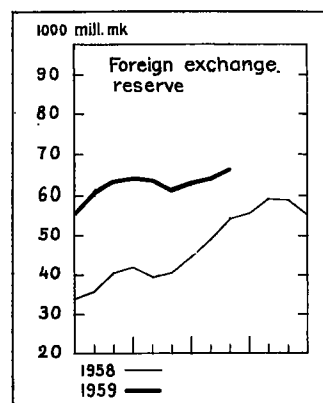
BANK OF FINLAND

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
1950	10 959	8 170	2 789	364	4 807	—1 654	6 913	—552	—	7 465
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
1958										
July	52 157	3 096	49 061	15 278	16 164	48 175	11 556	367	2 226	8 963
Aug.	57 759	3 315	54 444	14 755	16 456	52 743	8 688	570	3 192	4 926
Sept.	58 966	3 224	55 742	14 461	16 694	53 509	11 038	—4	2 856	8 186
Oct.	61 533	2 407	59 126	14 047	15 940	57 233	8 627	1 554	2 760	4 313
Nov.	61 294	2 268	59 026	13 375	15 925	56 476	8 714	1 079	2 504	5 131
Dec.	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959										
Jan.	62 264	1 996	60 268	12 562	16 214	56 616	5 302	1 665	2 054	1 583
Feb.	64 665	1 701	62 964	12 486	16 209	59 241	755	627	1 734	—1 606
March	65 618	1 836	63 782	12 237	15 806	60 213	2 903	—772	875	2 800
April	64 981	1 807	63 174	12 166	15 686	59 654	3 733	1 830	1 082	821
May	62 388	1 335	61 053	12 091	15 688	57 456	3 370	2 339	761	270
June	63 999	1 373	62 626	11 762	15 712	58 676	3 695	170	814	2 711
July	65 261	1 422	63 839	11 415	15 712	59 542	2 214	1 326	166	722
Aug.	67 716	1 507	66 209	11 002	15 514	61 697	120	2 010	—227	—1 663

¹⁾ Including cash reserve accounts 6 677

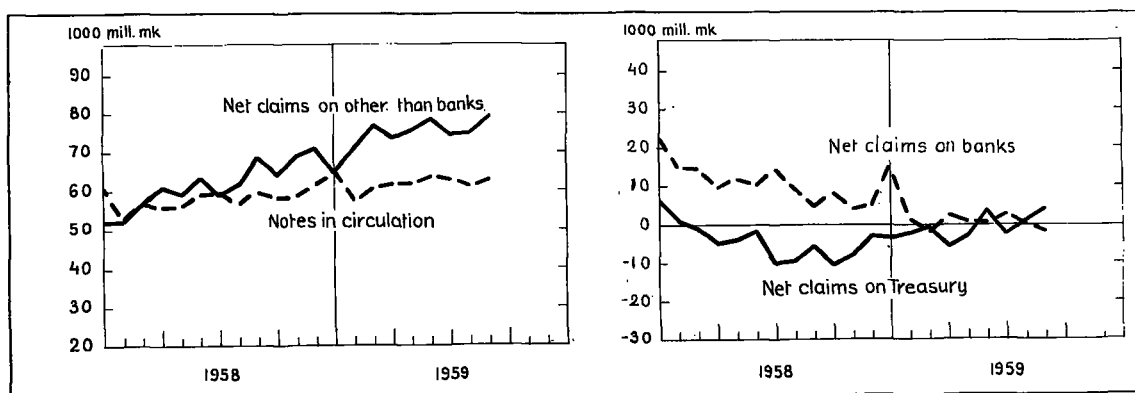
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1957	1958	1959		
	Dec. 31	Dec. 31	June 30	July 31	Aug. 31
Gold	7.8	7.8	8.5	8.5	8.5
Convertible currencies	17.8	31.2	36.7	38.6	41.0
Transferable OEEC	3.9				
Non-transferable OEEC	4.4	7.7	5.4	5.5	6.1 ¹⁾
Eastern Bloc currencies ..	2.0	8.2	8.9	8.1	7.7
Other currencies	—2.0	0.5	3.1	3.1	2.9
Total	33.9	55.4	62.6	63.8	66.2

¹⁾ Spain has been transferred from »Other currencies» to »Non-transferable OEEC currencies»

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
1950	19 730	—	34	—	19 696	13 516	5 106	263	18 359	34 383
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
1958										
July	10 396	—	11 464	8 561	— 9 629	16 663	14 784	414	31 033	56 824
Aug.	10 396	564	6 941	9 497	— 5 478	14 748	14 292	1 077	27 963	59 511
Sept.	9 146	1 788	10 953	10 273	— 10 292	13 493	14 198	366	27 325	58 191
Oct.	9 146	2 228	8 620	10 613	— 7 859	11 448	13 923	313	25 058	58 681
Nov.	9 146	3 440	5 371	10 216	— 3 001	10 141	13 810	465	23 486	61 755
Dec.	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959										
Jan.	9 033	4 363	6 318	9 287	— 2 209	8 704	13 940	541	22 103	57 777
Feb.	9 033	4 363	5 271	8 740	— 615	9 115	13 733	360	22 488	60 585
March	8 745	4 363	10 356	8 455	— 5 703	8 898	13 635	334	22 199	61 387
April	8 745	4 363	8 033	8 100	— 3 025	9 135	13 281	377	22 039	61 613
May	8 745	4 363	4 772	4 727	3 609	8 176	13 353	257	21 272	63 575
June	8 745	4 363	11 177	4 389	— 2 458	7 600	13 424	386	20 638	62 867
July	8 745	4 695	8 415	4 084	941	6 120	13 264	493	18 891	60 992
Aug.	8 745	5 274	6 236	3 685	4 098	4 632	13 066	241	17 457	62 808



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	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311
1958*										
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
Nov.	37 271	46 811	9 750	116 434	126 869	71 890	36 933	18 611	370 767	427 328
Dec.	39 568	49 558	18 277	122 256	131 426	74 407	38 167	19 191	385 476	453 311
1959*										
Jan.	41 784	50 194	10 166	125 007	133 044	75 187	38 902	19 530	391 699	452 059
Feb.	40 160	49 757	10 819	127 993	135 125	76 615	39 797	19 928	399 487	460 063
March	42 237	53 530	20 240	130 338	136 579	77 764	40 069	20 154	404 933	478 703
April	42 429	52 482	12 697	133 032	137 942	78 215	40 373	20 306	409 897	475 076
May	43 288	53 263	13 165	135 014	138 509	78 532	40 379	20 295	412 758	479 186
June	44 991	55 145	22 474	136 106	137 638	77 992	40 273	20 166	412 204	489 823
July	46 561	56 446	12 864	136 963	139 194	78 578	40 524	20 247	415 535	484 845
Aug.	47 447	58 030	12 425	138 372	140 510	79 301	40 919	20 407	419 538	489 993

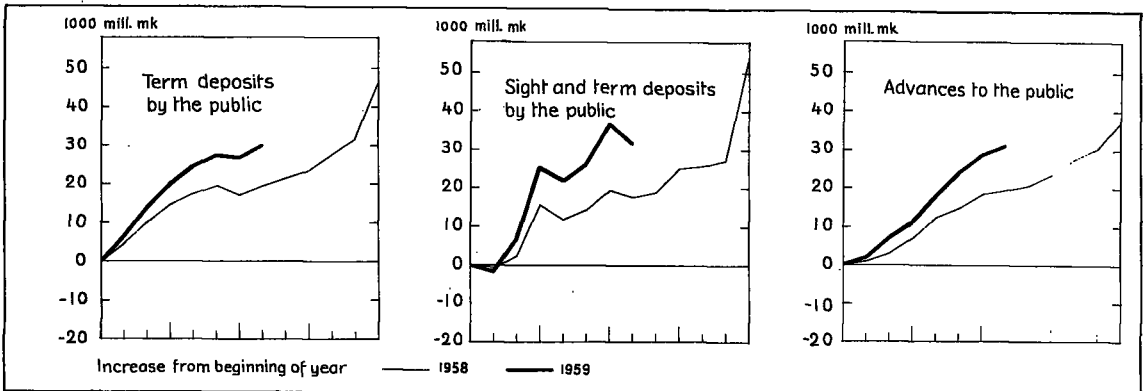
End of month	Index-tied deposits		
	1957	1958	1959
Jan.	30 151	85 733	79 991
Feb.	35 301	87 884	76 797
March	42 689	89 735	72 012
April	47 185	89 777	65 620
May	50 034	90 611	61 022
June	53 325	91 041	56 605
July	55 500	91 386	52 298
Aug.	58 398	91 543	48 628
Sept.	73 815	87 640	
Oct.	77 571	85 954	
Nov.	80 155	84 711	
Dec.	82 444	83 312	

Selling rates for foreign exchange			
August 31, 1959			
		mk	mk
New York ...	1 \$	320: 40	Zurich 100 Fr 7 422: —
London	1 £	899: 50	Frankfurt a/M 100 DM 7 654: —
Stockholm ...	100 Kr	6 192: —	Prague 100 Kč 4 458: —
Copenhagen ..	100 Kr	4 652: —	Vienna 100 Sch 1 241: —
Oslo	100 Kr	4 500: —	Lisbon 100 Esc 1 118: 50
Paris	100 Fr	64: 98	Rome 100 Lit 51: 59
Brussels	100 Fr	641: —	Montreal 1 \$ 336: 20
Amsterdam ...	100 G	8 475: —	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	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603
1958*									
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	112 748
Nov.	170 157	115 230	28 840	82 823	20 141	393 321	23 870	417 191	113 356
Dec.	174 542	115 386	29 027	83 503	21 931	401 114	23 275	424 389	124 603
1959*									
Jan.	174 433	116 500	29 148	83 956	22 231	402 582	23 686	426 268	113 357
Feb.	176 447	117 723	29 820	84 261	23 014	406 559	24 706	431 265	117 650
March	177 519	118 748	30 025	85 659	23 481	410 216	25 216	435 432	127 995
April	180 780	120 876	30 171	87 216	23 291	417 729	24 605	442 334	120 733
May	182 818	122 475	30 412	88 580	23 978	423 304	24 959	448 263	124 664
June	184 863	123 152	30 387	88 660	25 681	426 924	25 819	452 743	134 830
July	183 589	124 666	31 118	89 337	26 620	430 489	24 841	455 330	..
Aug.	184 965	126 191	31 600	90 550	27 689	437 066	23 929	460 995	..

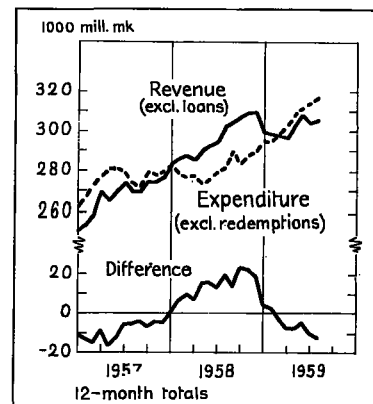


STATE FINANCES

1000 mill. mk

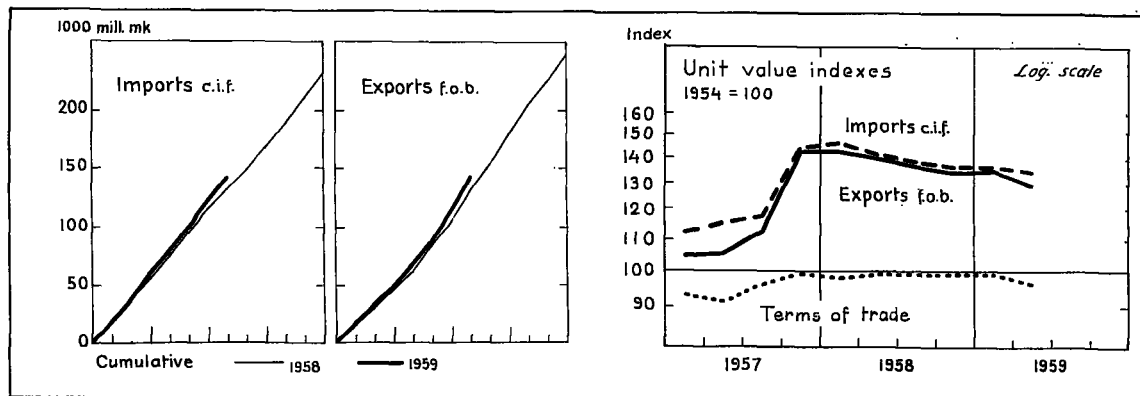
Revenue	Jan.-July		Expenditure	Jan.-July	
	1958	1959		1958	1959
Income and property tax (net)	32.8	36.5	Interest on State debt	4.7	4.2
Gross receipts	(69.2)	(76.7)	Child allowances	10.2	10.3
Refunds and communal income tax	(-36.4)	(-40.2)	The State's share in national pensions	4.4	5.0
Other direct taxes	0.6	0.7	Compensations to war-disabled	4.5	4.6
Purchase tax	36.0	40.0	Transfer of employers' payments for national pensions to the National Pensions Institution	4.1	4.4
Import duties	23.2	22.5	Subsidies	12.7	17.9
Revenue from Alcohol Monopoly	12.1	13.4	State aid to agriculture	2.1	3.1
Excise duty on tobacco	10.0	10.7	State aid to communal and private schools	12.4	12.6
Excise duty on liquid fuel	2.2	5.1	Net loss of State enterprises	2.7	1.3
Other excise duties	2.4	2.7	Maintenance of roads	3.5	4.1
Tax on automobiles and motor cycles	1.1	1.0	Other current expenditure	48.8	56.1
Stamp duties	7.6	8.7	Current expenditure	110.1	123.6
Levy on export proceeds	12.4	0.0	Real investments	33.3	39.8
Employers' payments for child allowances and national pensions	13.2	14.7	Other capital expenditure	15.5	18.0
Net receipts of price equalisation by extra-budgetary funds	3.7	0.4	Capital expenditure	48.8	57.8
Other revenue similar to taxes	2.3	3.0	Total expenditure	158.9	181.4
Total taxes	159.6	159.4	Redemption of external loans	1.6	5.3
Interest and dividends	3.4	3.7	Redemption of internal loans	5.9	8.1
Net profit of State enterprises	—	—	Redemption of indemnity bonds etc.	0.4	0.2
Other current revenue	4.8	6.0	Index premiums	0.6	0.6
Current revenue	167.8	169.1	Redemptions	8.5	14.2
Capital revenue proper	3.9	9.5	Total	167.4	195.6
Decrease in inventories	3.5	2.1			
Capital revenue	7.4	11.6			
Total revenue	175.2	180.7			
External loans	—	—			
Internal loans	2.7	13.7			
Loans	2.7	13.7			
Short-term credit (increase +) ..	+3.3	+1.0			
Deficit (+) or surplus (-)	-13.8	+0.2			
Total	167.4	195.6			

Debt	1956	1957	1958	1959			
	Dec.	Dec.	Dec.	May	June	July	Aug.*
External debt	61.5	81.8	79.0	75.1	74.3	74.1	74.1
Ordinary loans	50.7	52.9	61.5	62.6	67.4	67.0	68.1
Indemnity bonds etc. ..	7.1	7.4	7.3	7.2	7.2	7.2	6.6
Short-term credit	—	—	1.2	4.2	0.7	2.2	2.7
Cash debt (net)	8.8	9.6	1.7	-0.9	4.6	-1.1	..
Internal debt	66.6	69.9	68.3	73.1	79.9	75.3	..
Total debt	128.1	151.7	147.3	148.2	154.2	149.4	..
Total debt, mill. \$	554.5	472.7	459.8	462.7	481.7	466.5	..



FOREIGN TRADE

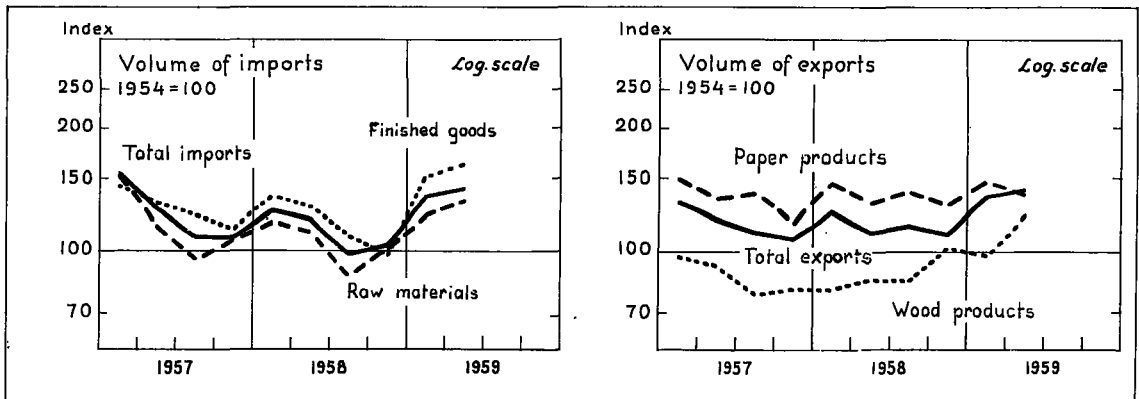
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
Jan.- July 1957	121 024	102 690	-18 334	134	135	120	135	163	136	99
1958	131 975	131 101	- 874							
1959*	142 138	143 026	+ 888							
1958 Oct.. Nov. Dec.	21 031 22 029 22 430	24 933 21 250 21 668	+ 3 902 - 779 - 762	135	135	121	132	175	136	99
1959* Jan. Feb.	19 445 19 322	16 190 14 985	- 3 255 - 4 337							
March April May June July	18 471 21 786 20 757 22 693 19 664	16 480 20 190 19 514 27 353 28 314	- 1 991 - 1 596 - 1 243 + 4 660 + 8 650							



FOREIGN TRADE BY MAIN GROUPS

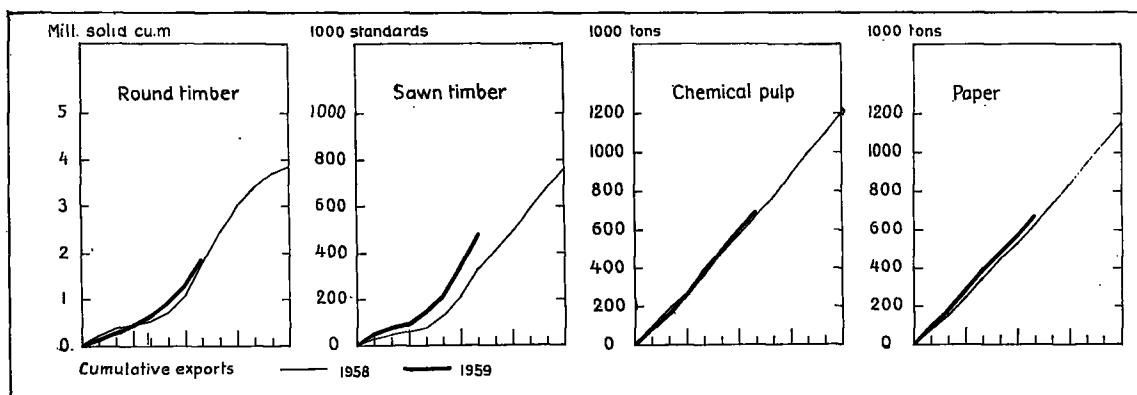
Mill. mk

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						
1950	50 638	10 242	12 619	15 649	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	22 004	21 910	3 152	19 028	56 229	97 244	7 151	4 079
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
Jan.-July										
1957	60 477	24 299	20 701	15 547	5 304	7 452	21 559	50 622	13 337	4 416
1958	67 090	16 927	28 972	18 986	6 161	9 069	28 112	64 515	17 435	5 809
1959*	70 004	13 925	37 502	20 707	8 653	7 870	32 520	62 448	25 944	5 591
1958										
Sept.	10 129	2 801	4 141	2 428	723	2 663	5 876	10 546	5 878	1 003
Oct.	9 633	4 231	4 196	2 971	818	2 105	6 319	11 507	2 788	1 396
Nov.	12 481	2 840	3 874	2 834	671	1 378	6 103	9 423	2 669	1 006
Dec.	12 039	3 339	4 207	2 845	1 311	766	5 498	9 704	3 561	828
1959*										
Jan.	9 326	3 101	4 519	2 499	895	736	3 498	7 888	2 659	514
Feb.	8 997	2 198	5 215	2 912	1 495	537	2 370	7 332	2 816	435
March	9 042	1 743	4 719	2 967	916	657	2 357	9 750	2 198	602
April	10 565	1 272	6 534	3 415	1 268	790	3 869	10 039	3 336	888
May	10 106	1 757	5 669	3 225	1 238	1 268	4 912	8 877	2 259	960
June	11 981	2 058	5 533	3 121	1 161	1 633	7 334	9 036	7 343	846
July	9 987	1 796	5 313	2 568	1 680	2 249	8 180	9 526	5 333	1 346



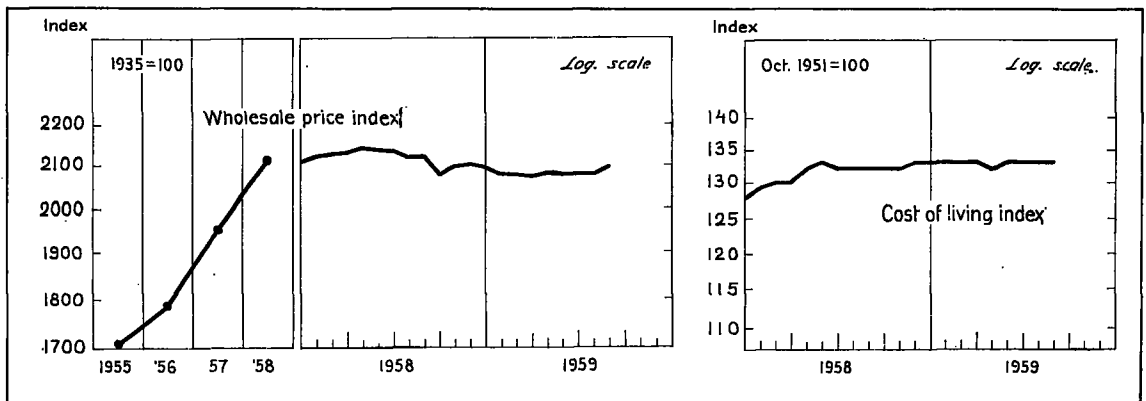
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 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
1958	3 861	762	239	143	725	476	145	83	585	1 147
Jan.-July 1957	1 940	362	144	92	388	259	73	34	341	651
1958	1 786	323	133	74	412	255	84	46	327	630
1959*	1 852	480	165	78	394	297	76	59	312	674
1958 Sept.	559	84	19	11	63	42	12	8	57	110
Oct.	401	93	24	17	71	52	13	7	57	115
Nov.	277	93	23	13	57	41	12	8	45	100
Dec.	158	85	25	14	65	50	13	8	51	95
1959* Jan.	157	49	20	13	53	36	7	8	45	88
Feb.	125	23	24	9	47	32	11	9	37	80
March	159	21	24	17	53	47	10	10	55	115
April	181	51	25	11	66	49	12	9	51	103
May	300	70	26	8	58	40	12	10	39	93
June	394	122	25	11	61	43	10	8	41	93
July	536	144	21	9	56	50	14	5	44	102



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—July			Whole year		Jan.—July		
	1957	1958	1958	1959*		1957	1958	1958	1959*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	18.4	17.9	18.7	16.9	24 055	24.8	25.6	25.6	27.0	38 596
United Kingdom	17.6	17.2	18.1	16.3	23 217	21.7	22.1	22.2	23.7	33 841
Other OEEC countries ..	38.5	45.2	44.5	49.9	70 916	33.4	37.7	35.4	35.7	51 049
Belgium-Luxembourg	3.0	2.8	2.9	2.5	3 607	3.9	3.6	3.2	3.6	5 130
Denmark	2.1	2.4	2.5	2.5	3 501	2.5	3.0	2.8	3.1	4 450
France	5.1	4.7	4.8	5.1	7 261	5.6	6.2	6.5	4.7	6 679
Western Germany	11.4	16.5	16.3	17.7	25 146	8.9	10.9	9.7	10.2	14 666
Italy	1.5	1.5	1.5	1.8	2 580	1.3	1.8	1.9	1.8	2 544
Netherlands	4.1	4.3	3.7	4.7	6 749	4.1	4.4	4.1	5.3	7 640
Norway	1.3	1.2	1.3	1.6	2 243	0.4	0.7	0.5	0.6	866
Spain	0.9	0.4	0.5	0.3	396	1.4	1.0	1.0	0.3	366
Sweden	5.9	8.3	8.1	10.0	14 207	3.1	3.6	3.2	3.2	4 556
Switzerland	1.6	1.7	1.5	2.2	3 132	0.6	0.7	0.8	0.6	792
Eastern Bloc	30.6	25.7	24.6	23.4	33 297	29.4	24.8	27.6	23.6	33 804
China	0.7	0.5	0.6	0.8	1 130	0.7	1.1	1.1	2.7	3 826
Czechoslovakia	2.9	1.2	1.4	1.7	2 381	1.6	1.2	1.7	0.6	873
Eastern Germany	2.5	1.7	1.7	1.5	2 099	1.9	1.7	2.1	1.1	1 588
Poland	5.2	3.1	2.4	2.4	3 411	3.4	2.6	2.9	2.1	3 098
Soviet Union	17.7	18.0	17.0	16.4	23 337	20.0	17.3	18.7	16.5	23 589
U.S. and Canada	5.7	5.5	6.1	4.8	6 736	5.1	4.7	4.5	6.0	8 518
United States	5.6	5.3	5.9	4.7	6 593	5.0	4.6	4.4	5.9	8 403
Latin America	5.1	4.4	4.4	3.8	5 415	4.8	4.5	4.3	5.4	7 795
Argentina	1.4	0.3	0.4	0.7	1 031	1.1	1.0	1.1	1.1	1 632
Brazil	3.3	3.7	3.5	2.6	3 737	2.7	2.4	2.2	3.0	4 349
Others	1.7	1.3	1.7	1.2	1 719	2.5	2.7	2.6	2.3	3 264
Grand total	100.0	100.0	100.0	100.0	142 138	100.0	100.0	100.0	100.0	143 026



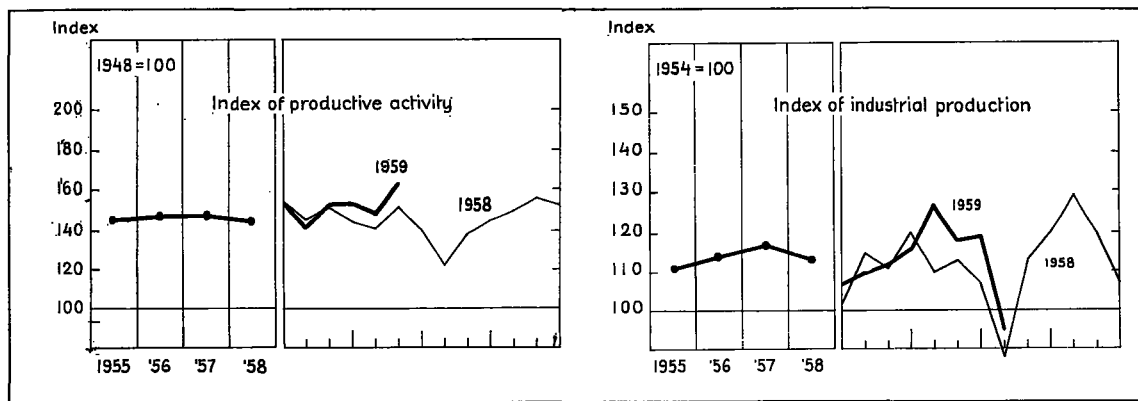
PRICE INDEXES

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	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1958 Dec.	2 092	2 101	2 159	2 997	1 781	2 072	116	110	125
1959 Jan.	2 077	2 101	2 161	2 998	1 779	2 024	116	110	122
Feb.	2 073	2 097	2 154	2 998	1 775	2 020	115	110	122
March	2 071	2 095	2 149	3 005	1 771	2 020	116	110	123
April	2 081	2 106	2 151	3 005	1 788	2 027	117	110	125
May	2 080	2 112	2 159	3 006	1 795	2 011	118	110	129
June	2 076	2 103	2 126	3 007	1 791	2 019	118	110	129
July	2 076	2 110	2 166	3 006	1 790	2 002	119	111	131
Aug.	2 092	2 132	2 240	3 005	1 803	2 005	119	111	132

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	132	140	277	102	83	129	103	103	102	99	103	105
1958 Dec.	133	141	277	99	84	132	104	103	103	96	105	108
1959 Jan.	133	140	279	99	84	133	104	103	103	96	105	108
Feb.	133	139	279	99	84	133	104	102	103	96	105	108
March	133	140	279	99	84	133	104	103	103	96	104	108
April	132	139	273	101	84	133	104	102	101	98	104	109
May	133	139	273	101	84	133	104	102	101	98	104	109
June	133	139	273	100	84	133	104	102	101	97	104	109
July	133	140	274	97	84	134	104	103	101	94	105	109
Aug.	133	140	274	97	84	134	104	103	101	94	105	109

PRODUCTION - INTERNAL TRADE

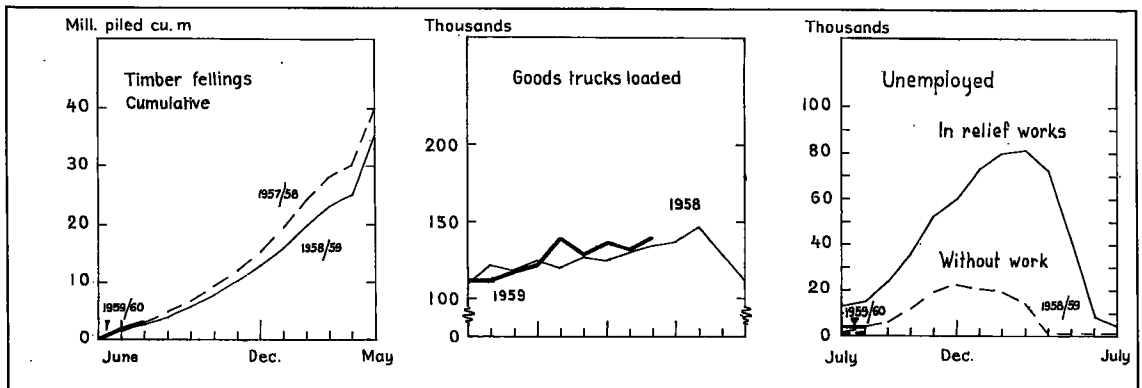
Period	Index of industrial production 1954 = 100								Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper 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	119	116	118	82	134	115	117	40 919	2 085	114
1958*	113	109	114	112	88	135	107	110	37 981	2 109	109
1958*											
April	110	112	109	111	99	117	108	108	2 201	181	108
May	113	106	115	113	105	131	104	110	10 118	206	111
June	107	107	106	109	80	121	104	106	1 646	218	105
July	88	66	96	83	85	129	66	82	982	216	109
Aug.	113	104	116	114	86	135	103	114	1 337	193	116
Sept.	120	118	120	119	79	152	113	119	1 674	179	121
Oct.	129	124	131	128	89	158	121	129	2 140	161	131
Nov.	120	114	126	114	79	147	112	120	2 456	149	106
Dec.	107	104	98	121	74	121	104	104	2 568	165	116
1959*											
Jan.	110	109	110	110	78	132	106	105	3 117	170	93
Feb.	112	111	113	113	92	131	108	109	3 840	158	103
March	116	107	118	117	100	130	108	115	3 434	181	115
April	127	118	129	128	114	150	120	125	1 959	203	128
May	118	102	120	122	97	141	107	120	10 121	233	123
June	119	112	117	126	112	131	112	121	1 782	251	118
July	95	72	104	90	90	138	77	91	1 323	228	117



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
1955	20.25	9.47	4.29	3.12	2.29	..	84	82	90	85
1956	19.92	8.82	2.83	4.59	2.42	22.98	95	94	99	96
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	18.92	8.32	2.96	3.52	2.90	20.38	105	103	103	105
1958*										
Apr.- June	3.25	1.37	0.32	0.75	0.62	23.04	106	101	105	106
July- Sept.	5.32	2.28	0.98	0.59	1.03	22.94	106	104	105	106
Oct.- Dec.	7.12	3.25	1.38	1.31	0.79	20.38	107	104	104	108
1959*										
Jan.- Mar.	3.21	1.37	0.32	0.89	0.49	18.16	109	104	104	110
Apr.- June	3.01	1.29	0.42	0.69	0.38	21.74	104	105	102	104

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	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
Jan.	122	112	254	307	320	359	9 988	20 520	56 871	72 956
Feb.	118	117	196	232	259	271	9 982	19 201	64 227	79 765
March	124	122	243	281	236	333	9 475	14 103	68 649	81 255
April	120	138	280	289	270	350	5 160	905	57 627	72 800
May	127	128	314	402	380	461	2 169	928	36 876	41 724
June	125	136	415	544	544	686	2 016	858	18 147	8 137
July	130	132	470	545	715	775	1 979	893	12 955	4 276
Aug.	134	140	463	517	664	692	4 353	1 379	14 756	3 629
Sept.	137		418		580		6 108		23 786	
Oct.	147		418		561		11 998		35 827	
Nov.	129		421		485		19 387		52 330	
Dec.	112		400		404		22 171		59 805	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC— ADVANCES TO THE PUBLIC

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

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

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public — Cash holdings of the State.

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula,

and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in 1954. Monthly figures are unadjusted for seasonal variations. Commodities according to use: investment goods weight 12.7, other producer goods weight 54.6 and consumer goods weight 32.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 8.6, paper industry no. 27, weight 8.6, metal industry nos. 34—38, weight 25.4, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.9. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60 % of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises unemployed persons engaged in relief works or other works financed from relief funds. The figures relate to the Friday nearest to the end of the month.

SYMBOLS USED

* Preliminary o Less than half the final digit shown . Logically impossible .. Not available — Nil
A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1956, to March 1, 1962, is Urho Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 1958 are as follows: People's Democrats 50, Agrarians 47, Social Democrats 37, Conservatives 29, Swedish Party 14, Social Democrat Opposition 14, Finnish People's Party (liberal) 8 and Finnish Small Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. On an average 13.9% of the land in the South of Finland is cultivated (1950), 1.9% in the North and 8.0% of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6%, are covered by forests.

OWNERSHIP OF LAND (1950): The total land area was distributed among different classes of owners approximately as follows: private 56.9%, State 35.0%, joint stock companies etc. 6.4%, communes 1.7%.

POPULATION

NUMBER OF INHABITANTS (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 (excl. repairs and maintenance). 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 91 for 1957 (1954 = 100). Measure of self-sufficiency in the crop year 1957/58: bread cereals 42%, animal products 121%.

INDUSTRY (1956): Gross value of industrial production 835 000 mill. marks, number of workers 319 000, administrative employees 57 000, motive power (1956) 2.5 mill. HP. Index of industrial production 114 for 1956 (1954 = 100).

RAILWAYS (Jan. 1, 1956): Length 5 183 km, of which 5 109 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Sept. 1, 1959): Steamers 243 (342 575 gross reg. tons), motor vessels 192 (402 499 gross reg. tons), sailing vessels with auxiliary engines 103 (10 538 gross reg. tons). Total 538 (755 612 gross reg. tons).

MOTOR VEHICLES (Feb. 28, 1959): Private cars 141 600, lorries and delivery vans 54 600, buses 5 300, others 2 400. Total 203 900.

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, 1958). There are three big and two small commercial banks with in all 538 offices, 406 savings banks, 555 cooperative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the cooperative stores accept deposits from the public.

RATES OF INTEREST (April 1, 1959). Bank of Finland discount rates 6—7½%. Other credit institutions: term deposits 4½% (12 months' deposits 5%, index-tied deposits 3½%) and sight deposits in savings banks and cooperative credit societies ½%; lending rate 7% in general.

FINLAND'S FOREIGN TRADE AND THE INTEGRATION PLANS

BY

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Finnish trade has advanced rapidly since the second World War, largely because, after the war indemnity had been paid, Eastern markets opened up on a large scale to Finnish industry. On the other hand, the inflation which continued up to 1957 exerted at times an adverse influence on this development, necessitating the maintenance of almost complete control of foreign trade until the end of 1957. Finland, which is not a member of the OEEC, thus did not participate in the preparation of integration plans at as early a stage as most other Western European countries. In fact, the only form of this type of economic co-operation in whose preparation Finland has so far taken part is the plan for a customs union of the Nordic countries. Finland has been taking part in this work since 1956, when it became a member of the Nordic Council. Finland did not in any way participate in the negotiations concerning the West-European Free Trade Area (EFTA) of all the OEEC countries, and has to date been only an observer of the initial stage of the free trade plan of the seven countries.

The structure of Finland's foreign trade, and in particular the problem of ensuring the disposal of the growing output have, however, induced a thorough study of future prospects. Finland has shown a lively interest in the development of trade, primarily with the neighbouring countries. Consequently, Finland has declared that it is prepared to

promote the creation of a Nordic custom union, which is generally considered important in Finland and to be the foremost of the various plans. Besides this, a free trade association of the seven countries is very much in the interest of Finnish trade. The examination of these questions has not yet been completed, so that it has not so far been possible to adopt a final standpoint; nor have the Finnish legislative organisations dealt with the matter in any form. It is thus impossible to make any comments on Finland's attitude to the plan, but some facts will be given to indicate the problems that may arise.

THE REGIONAL DISTRIBUTION OF FINLAND'S FOREIGN TRADE

In the table on page 19, an examination is made of the distribution of Finland's foreign trade between the countries integrated or proposed for integration, and those with bilateral or other agreements.

According to this regional distribution, bilateral trade covers about one third of Finland's total trade. Trade with the "Outer Seven" and the European Economic Community has been slightly smaller, while trade with the remaining countries represents little more than one tenth.

On the whole, bilateral trade seems to have maintained a satisfactory equilibrium, in spite of annual excesses of exports or imports. Trade with the Scandinavian countries re-

COMMERCIAL EXCHANGE BY REGIONS, 1954—1958
(percentage on the basis of country of origin and consumption)

	1) Bilateral countries			2) "The Outer Seven"			3) EEC	4) Other
	a) East bloc	b) Other	Total	a) Scandinavia	b) Other	Total		
1954 Import	28.7	11.6	40.3	8.2	18.2	26.4	22.8	10.5
Export	27.9	8.6	36.5	7.1	22.9	30.0	21.1	12.4
1955 Import	27.1	8.8	35.9	10.3	19.3	29.6	22.7	11.8
Export	25.8	7.9	33.7	5.9	24.7	30.6	22.8	12.9
1956 Import	24.8	7.6	32.4	9.4	20.2	29.6	26.5	11.5
Export	27.3	8.8	36.1	4.9	22.0	26.9	23.4	13.6
1957 Import	30.9	7.7	38.6	8.5	16.6	25.1	25.9	10.4
Export	29.2	8.2	37.4	5.5	22.5	28.0	23.7	10.9
1958 Import	25.7	6.9	32.6	11.4	16.3	27.7	29.7	10.0
Export	24.9	7.5	32.4	6.8	23.0	29.8	27.2	10.6
1954—1958 aver. Import	27.4	8.4	35.8	9.6	18.1	27.7	25.6	10.9
Export	27.0	8.2	35.2	6.0	23.0	29.0	23.7	12.1

1) Bilateral countries a) Democratic Republic of Germany, Bulgaria, Hungary, Poland, Roumania, Czechoslovakia, USSR, China Mainland,

b) Spain (incl. dependent territories), Iceland, Greece, Turkey, Yugoslavia, Israel, Syria, Egypt, Morocco, Tunisia, Brazil, Colombia, Paraguay, Uruguay.

2) "The Outer Seven" a) Sweden, Norway, Denmark,

b) UK (incl. dep. terr.), Switzerland, Austria, Portugal (incl. dep. terr.).

3) European Economic Community: Benelux, France, Italy (incl. dep. terr.), Federal Republic of Germany.

4) Other: Ireland, Albania, Lebanon, Jordan, Iraq, Iran, Saudi-Arabia, India, Pakistan, Ceylon, Burma, Thailand, Indonesia, the Philippines, Japan, Korea, Formosa, Ethiopia, Union of South Africa, USA, Canada, Australia, New Zealand, and other independent states in Africa, Asia, Latin America and South America, not listed above.

cords a steady and slightly rising excess of imports, whereas trade with the others of the "Outer Seven" displays an equally clear, though comparatively smaller, excess of exports. The last mentioned fact is principally due to the increase in exports to the United Kingdom and a simultaneous substantial reduction of imports from there. The combined trade with the "Outer Seven" shows a surplus for Finland, which provides a partial explanation why they are interested in Finland joining the tariff system of the free trade area. The balance of trade with the countries belonging to the European Economic Community is becoming more and more adverse — despite the growth of Finnish exports — mainly owing to the increase in imports from Western Germany.

During 1954—1956, Finland's foreign trade was still subject to almost complete control,

and trade agreements were mostly bilateral. The years 1957—1958 were partly affected by the automatic issue of licences and the subsequent liberalisation of imports, and by the changeover to multilateral agreements with almost all the West-European countries. Nevertheless, no structural shifts between the groups appear to have occurred. The changes were mainly occasioned by cyclical factors.

Appreciably greater shifts have occurred, however, between the different countries within the groups, particularly as regards Finnish imports. If, for example, two twelve-month periods are compared, the one just before, and the other after the devaluation in 1957 with its connected partial liberalisation of imports, the following proportionate changes in imports will be found.

IMPORTS BY REGIONS

	Imports ¹⁾	Imports	Change
	Oct. 1, 1958 to Sept. 30, 1957	July 1, 1958 to June 30, 1959	
	1000 mill. mk	1000 mill. mk	%
„Outer Seven”	82.0	76.5	- 7
Scandinavia	25.5	31.3	+ 23
Great Britain ..	49.7	38.6	- 22
Other	6.8	6.6	- 3
<i>European Economic</i>			
<i>Community</i>	70.2	75.5	+ 8
West-Germany ..	30.9	41.5	+ 34
Other	39.3	34.0	- 13
<i>Other Countries</i> ...	140.1	88.6	- 37
Eastern Bloc ...	89.1	60.2	- 32
U.S.A.	20.7	11.2	- 46
Other	30.3	17.2	- 43
<i>Total</i>	292.3	240.6	- 18

¹⁾ Value increased by 39 per cent to correspond with the post-devaluation figures.

On an average, the value of imports shows a decrease of 18 per cent, in which the fall in prices is an important factor. Nevertheless, imports from Western Germany grew by as much as 34 per cent. In fact, by the middle of 1959, Western Germany was Finland's principal country of import. Imports from the Scandinavian countries also increased considerably, by 23 per cent, mainly due to a steep rise, by 45 per cent, in imports from Sweden. At the same time, imports from the United Kingdom fell off by 22 per cent, and from the United States, for example, by as much as 46 per cent. Imports from the Eastern Bloc were reduced by 32 per cent. While the Soviet Union's proportion remained more or less unchanged, there was a spectacular decrease in imports from the other Eastern countries. It should be noted that imports of free-listed goods from the Eastern Bloc have not decreased much more than controlled imports.

THE SPECIAL NATURE OF FINLAND'S BILATERAL TRADE

In view of the present integration projects and convertibility, the proportion of bilateral agreements in Finland's foreign trade —

35 per cent of the total exchange of goods — may be considered very high. The major part of this trade, or 27 per cent, is with the Eastern countries, and 17 per cent with the USSR alone.

The Eastern Bloc has provided welcome markets (in some cases the only ones) for the products of the engineering and ship-building industries, which came into being during the war reparations period and were subsequently expanded as a result of increased efficiency. Other export industries have also found these markets natural and attractive.

By the nature of bilateral trade, exports are to be paid for with imports. Systematic currency transactions have occurred only between Finland and the USSR, payment having been made in free currencies for slightly less than 10 per cent of Finnish exports, or \$ 10 million annually. In other bilateral trade, currency payments are made in exceptional cases only. Imports, which balance the greater part of exports, have principally consisted of bulk goods comprising raw materials, consumer goods and food-stuffs. For instance, during 1956—1958 bilateral countries were responsible for the following relative shares of the total imports: grains 68 per cent, sugar 78 per cent, concentrated fodder 47 per cent, cotton 33 per cent, iron and steel 21.5 per cent. This procedure has proved expedient in practice. However, experience has indicated that in view of Finland's requirements the restricted choice of goods hitherto available for imports is an obstacle to further expansion of this trade. Negotiations held during recent months have given concrete proof of this. On the other hand, the fact that the bilateral countries largely satisfy Finland's demand for many important raw materials and consumer goods increases the freedom of the currency policy practised in other import sectors.

In principle, the prices applied are those current in the world market. However, owing to the nature of the agreements, they are not sufficiently flexible to follow the fluctuations in world market prices. It is also difficult to adapt the delivery times in long-term contracts to seasonal variations and to other changes in economic activity. It has thus been possible to set free only a part of the bulk goods imported in exchange for bilateral exports, and even this liberalisation loses much of its significance because of the strict rules regarding countries of origin. In the case of these commodities, competition is accordingly not as effective as it is with regard to the liberalised semi-finished or finished goods. Nevertheless, import controls, introduced in order to ensure the bilateral exports from Finland, are not discriminatory in the same way as are quantitative restrictions in general. These controls are principally aimed at the elimination of discrepancies caused by the technique of the bilateral trade, and not at the safeguarding of imports that are uncompetitive in the long run and from a point of view of the economy as a whole.

During the recent trade negotiations, for instance with the USSR, the other parties displayed a growing interest in selling finished goods. The prospects of expanding trade by this means do not seem promising, however. Due to the large-scale liberalisation, the sale of such commodities in the Finnish market demands very high competitiveness and efficient selling and servicing organisations. In the latter respect, not all of Finland's bilateral trade partners have at present a standard that would lead one to expect immediate and substantial changes in the structure of Finnish imports.

LIBERALISED AND CONTROLLED IMPORTS

Despite the very large share of bilateral

trade, Finland has to a great extent liberalised her imports. In connection with the devaluation of the Finnish mark in 1957, a free list was published for imports from the so-termed „Helsinki-Club” countries (Benelux, Scandinavia, Great Britain, the Federal Republic of Germany, Italy, Portugal, Switzerland and Austria. The same treatment was later accorded to Argentina also). The goods listed can be imported without licence, when the country of purchase and the country of origin are among these countries. This represents some 80 per cent of imports from the countries concerned on the basis of 1954. Under the commitments of a multilateral trade protocol with these countries, Finland also regulated controlled imports by means of global quotas. These quotas leave the buyers the right to decide on the purchasing country from among the participating countries, the sterling area (excl. Iceland and Eire), or in some cases the dollar area as well. In this case, too, some of the quotas are sufficiently large to allow of imports according to the existing demand. This fully multilateral and non-discriminatory system of trade and payments is based upon the so-termed Helsinki protocol, first signed in 1957 and at present valid until the end of this year. Of the total of Finnish imports during the first half of 1959, those without licences amounted to some 47 per cent, and global quotas to some 10 per cent.

Of the imports originating from other areas, mainly from Finland's bilateral trade partners or from the dollar area, about one-half has been automatically licensed. This covered 12 per cent of the total imports during the first half of 1959. As the licences are issued entirely without quantitative restrictions, and normally within 48 hours of application, with a quite insignificant licensing fee, this procedure can in practice be considered as liberal as the

free list. This implies that at the moment, altogether 69 per cent of the total of Finnish imports are free from quantitative restrictions.

Finland's import controls are based upon the Act of December 30, 1957, the purpose of which is to safeguard foreign trade and the economy of the country. Under this Act, renewed for 1959, the Government is in principle authorised to regulate all kinds of exports and imports. The considerable liberalisation of trade described above is, however, intended to be permanent, and the Government may not reintroduce licensing for any of the goods now free-listed, unless the balance of payments so demands, and without the approval of the Diet.

THE NORDIC MARKET AND THE "OUTER SEVEN"

The measures that aim at freeing foreign trade have enabled Finland to take part as an equal partner in the preparations for a Nordic customs union, the realisation of which has, however, been postponed. Finland was able to agree to a joint plan for the abolition of duties on all industrial products in trade between the member countries. Indeed, Finland, like the other members of the proposed customs union, was granted exceptions from the rules for the process of eliminating duties. The general period of transition to free trade covered 10 years, but for 96 items Finland was granted a period of 12 years and for 9 items a period of 15 years. There were quantitative restrictions on imports only in one case, and other exceptional provisions in regard to 14 items. In some instances the lowering of the tariffs were to be slower initially, and as regards some goods there was granted a 5-year „stand still”.

Of Finnish exports, only about 6 per cent are directed to the other Nordic countries.

The realisation of a Nordic customs union would scarcely increase the sales of wood-processing products, Finland's staple exports, excepting possibly to Denmark. On the other hand, other commodities, whose exports have of late shown gratifying signs of increasing, would be afforded greater opportunities.

Finland is also interested in other forms of economic collaboration connected with the plan, such as production, the financing of investments, plans for short-term credits between the central banks, as well as economic policy and economic research.

The question of agriculture forms a problem of its own in Finland, and its solution within the framework of all the market plans appears to be equally problematical. The policies which are aimed at a greater degree of self-sufficiency and a reduction of the exports of dairy products will partly ease the situation, but it seems unlikely that Finland would to any considerable extent be able to open her market to imports of agricultural products.

The studies and investigations made in connection with preparing for a Nordic customs union are not in themselves utilisable in connection with the plans for a free trade area of the seven countries. The latter question should be approached from a totally different standpoint, which should aim at safeguarding the disposal of wood-processing products. Of these exports, about 33 per cent were directed to the countries of the "Outer Seven", the share of all Western European countries being 64 per cent. In this sphere, Finnish export production will increase substantially within the next few years. This explains Finland's interest in ensuring conditions which would be the same as those provided for Austria, Norway and Sweden, her competitors within the „Outer Seven” system.

ITEMS

Transfer of Blocked Assets. As reported in the preceding issue of this Bulletin, the gradual transfer abroad of blocked assets owned in Finland by foreigners has now been made possible by means of a ten-year bond loan issued by the Republic of Finland. As the smallest denomination of this bond issue is Fmk 50 000, the Bank of Finland has decided to permit unrestricted transfer into foreign currency or convertible marks of blocked assets which amounted to less than Fmk 50 000 at the end of August 1959. As regards larger blocked assets, the amount remaining after the purchase of bonds, if under Fmk 50 000, can also be freely transferred.

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The Budget for 1960. On September 15, the Government presented to the Diet its budget proposal for the coming year. The main groups of revenue and expenditure are shown below in comparison with the corresponding figures in the finance report for 1958, and the totals of the ordinary budget and the two supplementary budgets for 1959.

	1960 Budget proposal	1959 Ordinary and suppl. budgets	1958 Finance report
Revenue:			
Current	294 848	281 902	283 579
Capital	11 921	23 408	7 659
Loans	28 085	28 305	23 964
	Total 334 854	333 615	315 202
Expenditure:			
Current	234 198	227 826	208 022
Capital	77 563	98 626	106 622
Redemption	22 958	20 689	18 430
	Total 334 719	347 141	333 074

It is proposed that company income tax be lowered to the level of last spring. There is a proposal that customs tariffs for edible fats, sugar, fuels, etc. be raised in connection with the revision of the Customs Tariff. By the provisions of the Unemployment Insurance Act, which it is proposed will come into force at the beginning of 1960, employers will have to pay insurance premiums amounting to 0.5 per cent of wages and

salaries. The estimated total of this, 2 800 million marks, is included among revenue, the corresponding item on the expenditure side being higher by 1 700 million, which represents the State contribution towards this insurance. In comparison with the combined budgets for 1959, consumption expenditure shows an increase of 8 per cent; this is mainly accounted for by increases in wages and salaries. Administrative investments are reduced by nearly one third. Total investments, which include the investments in State enterprises, are reduced by 17 per cent. A total of 25 400 million marks is appropriated for the maintenance of employment, or about one half of the corresponding amount in the budgets for 1959. The total of subsidies and other transfers of income is more or less unchanged. It should be noted, however, that the item for subsidies includes a grant for the planning and construction of power stations that use turf and small-sized fuel wood. It is proposed that Government lending be reduced in such a manner that the financing of loans will in part be transferred to private credit institutions, the Government contributing to the payment of interest on the loans by means of a special grant. This grant amounts to 100 million marks, while the reduction in lending is estimated at 5 900 million.

Some 8 per cent of expenditure will be financed by internal borrowing. However, the sum appropriated for redemption is nearly as high as the total of new loans.

*

Publications of the Bank of Finland. In Series B, the following new publication has appeared: 22, Pentti Viita, Suomen maatalouden ja teollisuuden tuotantokustannus-hinnat verrattuna kansainvälisen kaupan hintoihin vuosina 1953—1958 (Factor Cost Prices in Finnish Agriculture and Industry Compared with International Market Prices in 1953—1958). Issued in Finnish with a summary in English. Helsinki 1959, 155 p.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

SECRETARIES

U. A. VATANEN,
Credits

PERTTI TAMMIVUORI,
Administration

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

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

HEADS OF DEPARTMENT

HEIKKI VALVANNE,
*Institute for
Economic Research*

G. ENGBERG,
Personnel

C. G. SUNDMAN,
*Foreign exchange
(trade)*

P. BLOMQUIST,
Accounts

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

A. KAJANTIE,
Documentary credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

HELGE LINDSTRÖM,
Credits

A. NENONEN,
Foreign correspondence