



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 34 No. 9

SEPTEMBER

1960

RECENT DEVELOPMENTS

ECONOMIC ACTIVITY

The present economic expansion has now been in progress for two years. For the third quarter of the current year, the seasonally adjusted volume of the domestic product will be about 17 per cent above that of the second quarter of 1958, when the end of the downswing was reached. At present total production is some 12 per cent above the peak figure of the previous cycle, which was attained in the first quarter of 1957. Growth has been far more pronounced in the private than in the public sector. The seasonally adjusted volume of industrial production should now be about 24 per cent more than at the lower turning point of the cycle in mid-1958.

Thanks to the rapid growth of production, signs have appeared of a state of full employment being approached. In manufacturing, for instance, where the seasonally adjusted monthly rate of growth was about one per cent until the end of the first quarter of 1960, the pace has since slowed down to less than one per cent. Despite a marked increase in productivity, employment has risen substantially. The level of employment in the economy apart from agriculture, was in the summer more than 10 per cent higher than two years earlier. Although this has meant a decline in unemployment, it will not prevent structural unemployment in the

coming winter, which will necessitate the reopening of the unemployment registers later in the autumn.

During the current year, the situation has so far been characterised by total demand growing more rapidly than domestic production. The growth has been particularly pronounced in private investments and in exports, whereas private consumption demand has risen comparatively slowly, and has not in fact done so at the same rate as the national income. Nevertheless, the demand for consumer durables is still expanding rapidly.

The building statistics for the second quarter of the current year indicate that investment in house construction will continue lively during the next few months. The figures indicate a further substantial increase in investment in both industrial plants and residential building. The fact that the manufacture of investment goods was 15 per cent higher in June—July than one year previously is another sign of higher investment activity.

Information regarding stocks is too fragmentary to provide a basis for reliable estimates of the present course of investments in stocks. The scattered data available indi-

On page 18, The National Income of Finland in 1958—1960

cate that stocks are fairly ample in many sectors, which leads one to assume that the rate of investment in stocks is now presumably slackening in comparison with the earlier phases of the present expansion.

The value of exports for the first seven months of the year amounted to 162 300 million marks, or a full 13 per cent more than one year before. The favourable export conditions have also affected manufacturing. During June—July, paper industry production exceeded the corresponding volume for 1959 by 20 per cent; in the wood industry the increase was 32 per cent.

The decline in the rate of increase in private consumer demand is also evident in the figures for retail trade. For January—July, the volume of retail trade was about 8 per cent larger than one year previously, but for June—July the advance over 1959 was only about 5 per cent.

Imports have reacted sensitively to the expansion of total domestic demand, and especially to the growth in fixed investment and investment in stocks. The value of imports during January—July amounted to 193 400 million marks, which gave the trade balance a deficit of 31 100 million by the end of July. One year previously, the seven-month balance had shown a surplus of 900 million marks. However, a levelling off of the rise in imports is to be expected for the remaining five months of the year, so that the deficit for the whole of 1960 will be

considerably less than for the first seven months.

In spite of the booming economic activity, the price level has so far remained nearly stable. The wholesale price index figure was in August one per cent higher than in December 1959; the rise in the consumer price index figure was about two per cent. The pressure on prices has been rather stronger in the field of construction. The building cost index figure rose during the same period by 3 per cent. Rough calculations concerning the cost-push during the remaining months of this year show that the pressure on prices will not exceed that recorded during the first eight months of the year. The negotiated rise in wage rates has been offset by a rise in productivity, the prices of import goods have remained stable and the adjustment of agricultural prices this autumn was considerably less than one year earlier. (See items). The development of prices is thus mainly dependent on the size of the demand-pull, which has already been felt in some sectors of the economy.

During the first five months of the year, the money supply increased in step with the increases in economic activity, thus leaving largely unaffected the liquidity of the economy. Due to seasonal factors, the money supply again showed this year a considerable increase during the summer months, indicating a more than proportionate rise in liquidity as compared with the increase in economic activity and prices.

September 16, 1960.

BANK OF FINLAND

Mill. mk

	1959		1960			
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 31
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	70 718	76 694	72 161	72 134	73 171	73 884
Gold	8 473	8 454	8 455	8 455	8 455	8 455
Foreign exchange	59 243	64 611	56 706	56 723	57 760	58 439
Foreign bills	413	366	435	391	391	425
Foreign bonds	2 589	3 263	6 565	6 565	6 565	6 565
<i>Supplementary note cover</i>	23 490	27 016	36 016	33 252	35 140	38 537
Inland bills discounted						
In foreign currency	11 863	11 535	10 842	10 842	10 842	10 842
In Finnish currency	4 632	3 888	6 381	6 356	6 306	6 042
Rediscounted bills	120	4 718	13 168	10 429	12 367	16 028
Treasury bond loan	6 875	6 875	5 625	5 625	5 625	5 625
<i>Other assets</i>	19 026	18 096	10 000	9 929	12 336	12 662
Finnish bonds	1 702	2 620	766	866	3 314	3 764
Cheque accounts	163	267	280	235	282	294
Finnish coin	750	654	783	793	773	783
Other claims	16 411	14 555	8 171	8 035	7 967	7 821
Total	113 234	121 806	118 177	115 315	120 647	125 083
Liabilities						
<i>Notes in circulation</i>	62 808	69 435	68 359	67 598	67 596	67 967
<i>Short-term liabilities</i>	14 294	17 814	13 007	10 947	16 494	20 617
Foreign exchange accounts	1 507	2 116	3 894	3 875	3 850	3 993
Mark accounts of holders abroad	4 300	4 780	3 803	3 722	3 732	3 731
Cheque account of the Treasury	6 236	6 418	3 750	1 752	8 383	11 851
Cheque accounts of banks	2 010	3 856	1 058	1 214	125	332
Other cheque accounts	186	233	407	309	230	489
Other short-term liabilities	55	411	95	75	174	221
<i>Long-term liabilities</i>	14 899	14 089	11 599	11 556	11 506	11 495
Foreign	11 214	11 060	10 375	10 375	10 375	10 375
Finnish	3 685	3 029	1 224	1 181	1 131	1 120
<i>Equalisation accounts</i>	6 632	5 482	9 285	9 257	9 067	8 972
<i>Bank's own funds</i>	14 601	14 986	15 927	15 957	15 984	16 032
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	3 739	3 739	4 362	4 362	4 362	4 362
Profits undisposed	—	—	624	624	624	624
Earnings less expenses	862	1 247	941	971	998	1 046
Total	113 234	121 806	118 177	115 315	120 647	125 083
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	70 718	76 694	72 161	72 134	73 171	73 884
Supplementary cover (Upper limit 50 000 mill. mk)	23 490	27 016	36 016	33 252	35 140	38 537
Total	94 208	103 710	108 177	105 386	108 311	112 421
Note issue						
Notes in circulation	62 808	69 435	68 359	67 598	67 596	67 967
Short-term liabilities	14 294	17 814	13 007	10 947	16 494	20 617
Undrawn on cheque credits	1 108	929	916	961	914	903
Unused right of note issue	15 998	15 532	25 895	25 880	23 307	22 934
Total	94 208	103 710	108 177	105 386	108 311	112 421

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

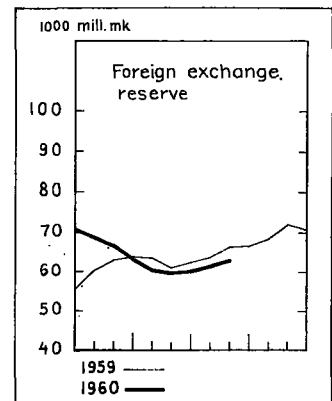
BANK OF FINLAND

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)	Redia-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1951	34 317	3 594	30 723	1 644	3 693	28 674	16	-218	—	234
1952	22 099	13 141	8 958	7 024	5 524	10 458	17 217	2 088	—	15 129
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383	1)	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	-42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1959										
July	65 911	1 422	63 839	11 415	15 712	59 542	2 214	1 326	166	722
Aug.	67 276	1 507	66 209	11 002	15 514	61 697	120	2 010	-227	-1 663
Sept.	68 751	1 905	66 846	10 761	15 859	61 748	400	644	-101	-143
Oct.	70 542	2 141	68 401	9 985	15 727	62 659	486	1 387	419	-1 320
Nov.	74 191	2 133	72 058	9 715	15 672	66 101	315	1 556	285	-1 526
Dec.	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960										
Jan.	71 164	2 228	68 936	9 035	15 796	62 175	2 428	-164	309	2 283
Feb.	69 135	2 329	66 806	8 410	15 179	60 037	3 054	85	52	2 917
March	66 821	3 658	63 163	7 982	15 153	55 992	4 620	749	179	3 692
April	64 550	3 854	60 696	9 710	14 978	55 428	13 072	56	237	12 779
May	63 921	4 085	59 836	9 495	14 487	54 844	13 811	951	71	12 789
June	63 865	3 865	60 000	9 167	14 351	54 816	18 493	691	179	17 623
July	65 468	3 904	61 564	9 659	14 330	56 893	16 046	294	83	15 669
Aug.	66 894	3 993	62 901	9 187	14 106	57 982	16 028	332	169	15 527

1) Including cash reserve accounts 6 677

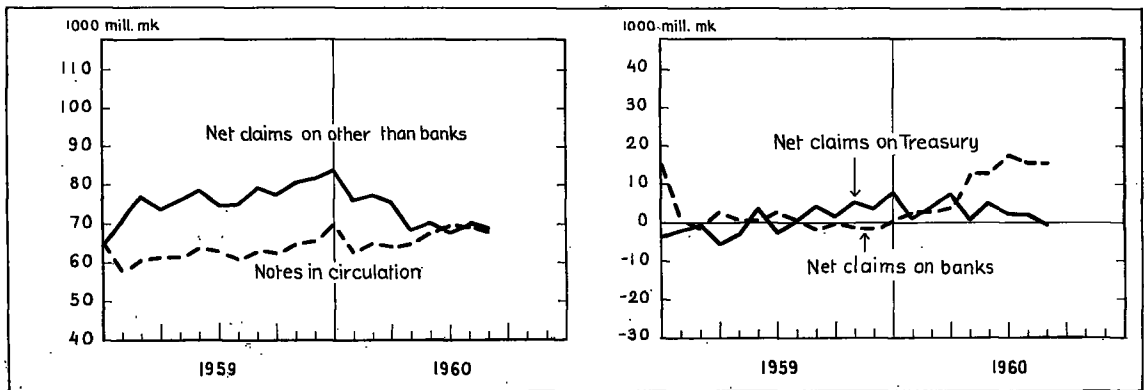
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1958	1959	1960		
	Dec. 31	Dec. 31	June 30	July 30	Aug. 31
Gold	7.8	8.4	8.4	8.4	8.4
Convertible currencies ..	31.2	49.7	37.7	38.9	39.4
Non-transferable OEEC ↗	7.7	4.7	4.2	3.7	3.8
Eastern Block currencies.	8.2	4.4	3.6	4.4	4.9
Other currencies	0.5	3.7	6.1	6.2	6.4
Total	55.4	70.9	60.0	61.6	62.9



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury 1+2-3-4	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1951	8 685	—	—	—	8 685	11 567	4 549	301	15 815	44 774
1952	14 738	—	—	—	14 738	14 678	5 672	2 185	18 165	46 153
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1959										
July	8 745	4 695	8 415	4 084	941	6 120	13 264	493	18 891	60 992
Aug.	8 745	5 274	6 236	3 685	4 098	4 632	13 066	241	17 457	62 808
Sept.	10 326	5 617	11 028	3 447	1 468	3 769	13 177	671	16 275	62 467
Oct.	10 326	6 116	7 643	3 374	5 425	3 961	11 279	500	14 740	64 583
Nov.	10 326	6 664	10 201	3 308	3 481	4 250	10 662	496	14 416	65 427
Dec.	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960										
Jan.	10 326	5 431	11 625	2 955	1 177	4 002	10 553	605	13 950	62 949
Feb.	10 014	4 024	7 238	2 678	4 122	5 120	10 367	560	14 927	64 854
March	8 764	4 035	3 388	2 041	7 370	5 694	10 422	323	15 793	64 013
April	7 244	4 134	9 251	1 734	393	6 078	10 376	251	16 203	65 815
May	7 244	4 265	4 808	1 565	5 136	6 832	10 245	446	16 631	67 376
June	7 244	4 597	8 129	1 344	2 368	7 000	10 051	497	16 554	69 698
July	7 244	5 037	9 107	1 224	1 950	6 498	10 248	409	16 337	69 463
Aug.	7 244	5 158	11 851	1 120	— 569	6 042	9 983	541	15 484	67 967



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1959										
July	46 561	56 446	12 864	136 963	139 194	78 578	40 524	20 247	415 535	484 845
Aug.	47 447	58 030	12 425	138 372	140 510	79 301	40 919	20 407	419 538	489 993
Sept.	49 915	62 451	20 646	138 873	141 980	80 302	41 038	20 673	422 895	505 992
Oct.	50 061	62 757	12 527	140 531	144 298	81 167	41 180	20 891	428 096	503 380
Nov.	52 776	64 676	12 319	142 703	146 558	82 608	41 442	21 172	434 512	511 507
Dec.	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960*										
Jan.	50 344	60 407	10 424	152 020	154 071	87 069	43 474	22 303	458 966	529 797
Feb.	51 520	61 375	14 471	155 066	156 103	88 975	44 261	22 710	467 137	542 983
March	51 761	62 736	14 481	158 941	159 110	91 527	44 716	23 093	477 410	554 627
April	49 694	60 447	11 985	160 943	160 117	92 599	44 681	23 219	481 583	554 015
May	53 991	65 801	13 195	163 190	161 794	93 929	44 750	23 278	486 965	565 961
June	54 253	65 426	13 784	163 976	161 612	93 361	44 773	23 205	486 956	566 166
July	53 943	65 041	12 673	165 457	162 867	93 882	45 098	23 324	490 655	568 369
Aug.	54 126	67 424	13 284	166 963	165 110	94 973	45 513	23 464	496 050	576 758

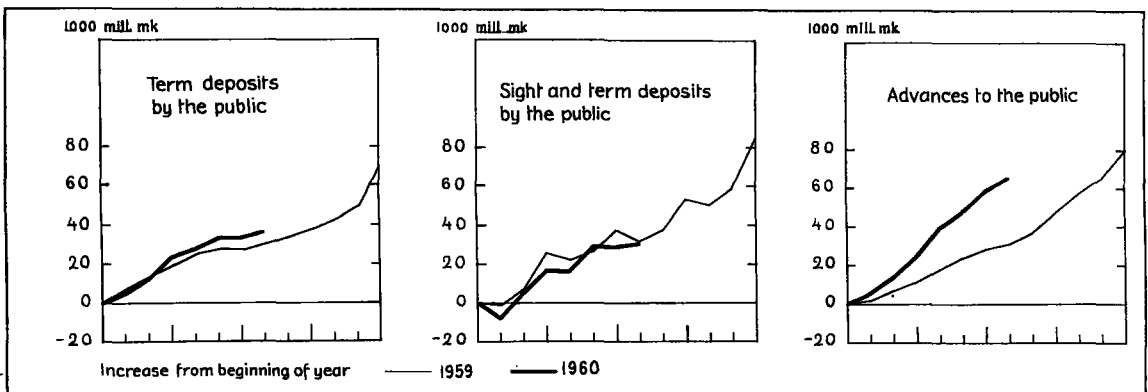
End of month	Index-tied deposits		
	1958	1959	1960
Jan.	85 733	79 991	24 350
Feb.	87 884	76 797	21 413
March	89 735	72 012	19 079
April	89 777	65 620	18 100
May	90 611	61 022	17 718
June	91 041	56 605	17 429
July	91 386	52 298	17 143
Aug.	91 543	48 628	16 979
Sept.	87 640	41 179	
Oct.	85 954	34 207	
Nov.	84 711	30 560	
Dec.	83 290	28 057	

Selling rates for foreign exchange			
Aug. 31, 1960			
		mk	mk
New York ...	1 \$	321: 20	Brussels 100 Fr 642: —
Montreal	1 \$	331: 50	Zurich 100 Fr 7 453: —
London	1 £	902: 50	Paris 100 NF 6 555: —
Stockholm ...	100 Kr	6 225: —	Rome 100 Lit 51: 76
Oslo	100 Kr	4 504: —	Vienna 100 Sch 1 245: —
Copenhagen ..	100 Kr	4 663: —	Lisbon 100 Esc 1 126: —
Frankfurt a/M	100 DM	7 704: —	Reykjavik 100 Kr 847: —
Amsterdam ...	100 G	8 511: —	Prague, clear... 100 Kč 4 458: —
			Moscow, clear. 100 Rbl 8 025: —

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 640
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	95 038
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	84 113
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	87 294
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	95 935
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	102 032
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	109 559
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	112 398
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	124 527
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	142 998
1959									
July	183 589	124 666	31 118	89 337	26 620	430 489	24 841	455 330	125 409
Aug.	184 965	126 191	31 600	90 550	27 689	437 066	23 929	460 995	128 511
Sept.	190 749	127 980	32 369	91 957	28 771	446 076	25 750	471 826	139 508
Oct.	196 254	129 702	32 566	93 800	29 229	455 552	25 999	481 551	134 288
Nov.	200 782	131 592	32 626	94 833	30 241	463 309	26 765	490 074	137 583
Dec.	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	142 998
1960*									
Jan.	211 026	134 342	33 510	97 496	33 337	480 821	28 890	509 711	129 455
Feb.	217 135	135 681	33 884	98 116	34 089	488 705	30 200	518 905	131 320
March	222 749	137 133	33 984	100 212	35 225	499 743	29 560	529 303	133 702
April	230 904	139 152	34 484	102 531	37 049	513 265	30 855	544 120	131 300
May	232 510	141 062	35 356	104 208	38 826	522 430	29 532	551 962	137 962
June	239 831	142 505	36 316	104 888	39 657	531 162	32 035	563 197	139 625
July	241 923	144 324	35 974	106 948	40 506	538 136	31 539	569 675	141 264
Aug.	243 093	146 999	37 447	108 866	41 315	546 517	31 203	577 720	..

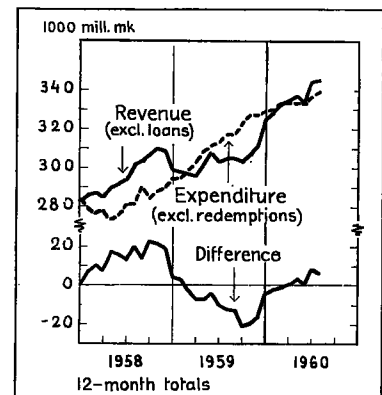


STATE FINANCES

1000 mill. mk

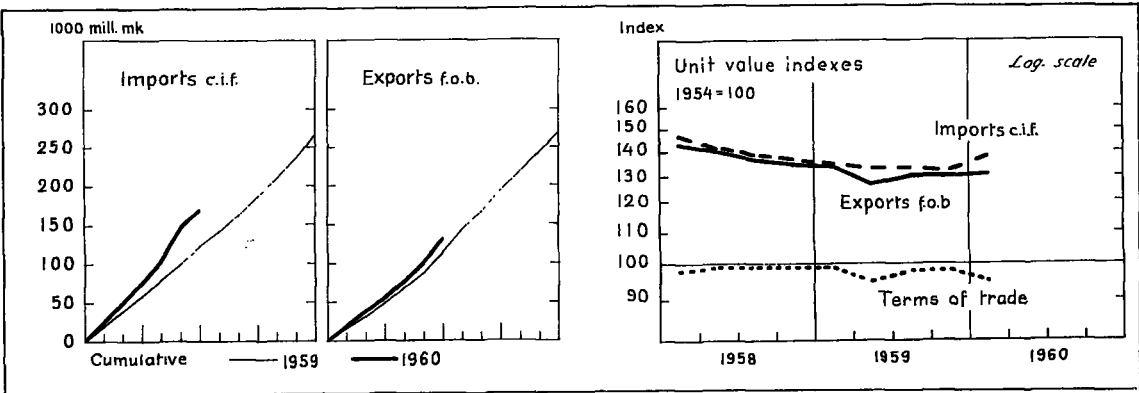
Revenue	Jan.—July		Expenditure	Jan.—July	
	1959	1960		1959	1960
Income and property tax (net)	36.5	41.3	Interest on State debt	4.2	3.5
Gross receipts	(76.7)	(101.6)	Child allowances	10.3	10.3
Refunds and communal income tax	(-40.2)	(-60.3)	The State's share in national pensions	5.0	4.8
Other direct taxes	0.7	0.6	Compensations to war-disabled	4.6	4.5
Purchase tax	40.0	48.5	Transfer of employers' payments for national pensions to the National Pensions Institution	4.4	3.5
Import duties	22.5	26.0	Subsidies	17.9	18.5
Revenue from Alcohol Monopoly	13.4	13.8	Net payments on price equalisation by extra-budgetary funds	—	2.1
Excise duty on tobacco	10.7	11.1	State aid to agriculture	3.1	2.6
Excise duty on liquid fuel	5.1	6.8	State aid to communal and private schools	12.6	13.6
Other excise duties	2.7	3.1	Net loss of State enterprises	1.3	0.5
Tax on automobiles and motor cycles	1.0	1.3	Maintenance of roads	4.1	4.8
Stamp duties	8.7	10.2	Other current expenditure	56.1	62.8
Employers' payments for child allowances and national pensions	14.7	16.6	Current expenditure	123.6	131.5
Net receipts of price equalisation by extra-budgetary funds	0.4	—	Real investments	39.8	41.4
Other revenue similar to taxes	3.0	3.2	Other capital expenditure	18.0	17.9
Total taxes	159.4	182.5	Capital expenditure	57.8	59.3
Interest and dividends	3.7	3.3	Total expenditure	181.4	190.8
Net profit of State enterprises	—	—	Redemption of external loans	5.3	2.1
Other current revenue	6.0	5.6	Redemption of internal loans	8.1	9.6
Current revenue	169.1	191.4	Redemption of indemnity bonds etc.	0.2	1.1
Capital revenue proper	9.5	4.8	Index premiums	0.6	0.7
Decrease in inventories	2.1	4.8	Redemptions	14.2	13.5
Capital revenue	11.6	9.6	Total	195.6	204.3
Total revenue	180.7	201.0			
External loans	—	—			
Internal loans	13.7	11.4			
Loans	13.7	11.4			
Short-term credit (increase +) ..	+1.0	-3.6			
Deficit (+) or surplus (-)	+0.2	-4.5			
Total	195.6	204.3			

Debt	1956	1957	1958	1959	1960		
	Dec.	Dec.	Dec.	Dec.	June	July	Aug.*
External debt	61.5	81.8	79.0	76.6	75.4	75.2	75.2
Ordinary loans	50.7	52.9	61.5	72.2	72.6	73.8	72.8
Indemnity bonds etc. ..	7.1	7.4	7.3	6.5	5.5	5.4	4.8
Short-term credit	—	—	1.2	4.1	0.5	0.5	0.4
Cash debt (net)	8.8	9.6	-1.7	-5.8	-6.3	-9.9	..
Internal debt	66.6	69.9	68.3	77.0	72.3	69.8	..
Total debt	128.1	151.7	147.3	153.6	147.7	145.0	..
Total debt, mill. \$	554.5	472.7	459.8	479.7	459.8	451.4	..



FOREIGN TRADE

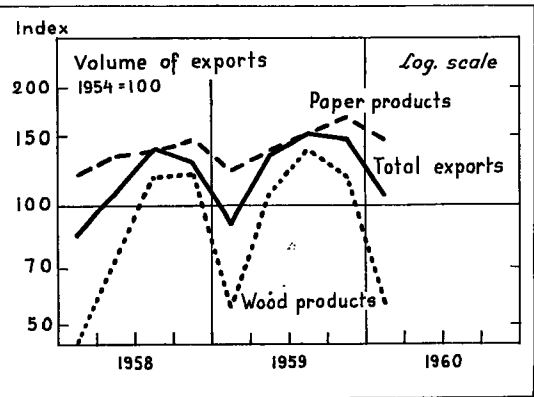
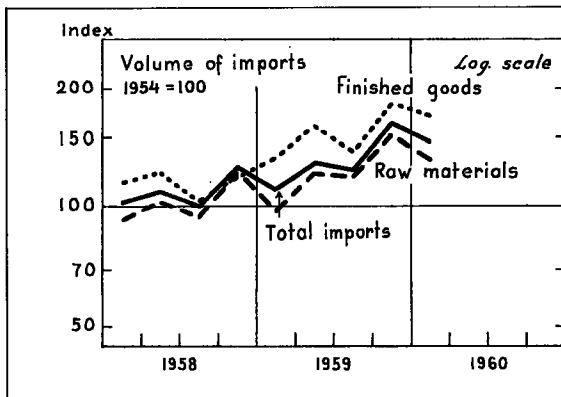
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959*	266 789	267 241	+ 452	130	120	121	131	152	133	98
Jan. — June										
1958	115 216	105 800	- 9 416							
1959*	122 133	114 712	- 7 421							
1960*	166 600	131 882	-34 718							
1959*										
July	19 664	28 314	+ 8 650	130	114	122	130	150	133	98
Aug.	20 144	22 228	+ 2 084							
Sept.	23 105	26 828	+ 3 723							
Oct.	23 997	25 686	+ 1 689	130	116	123	130	151	132	98
Nov.	26 993	24 882	- 2 111							
Dec.	30 403	24 591	- 5 812							
1960*										
Jan.	24 687	18 395	- 6 292	131	114	124	130	159	138	95
Feb.	24 704	18 641	- 6 063							
March	26 504	17 552	- 8 952							
April	29 031	21 937	- 7 094							
May	40 796	24 458	-16 338							
June	20 878	30 899	+10 021							



FOREIGN TRADE BY MAIN GROUPS

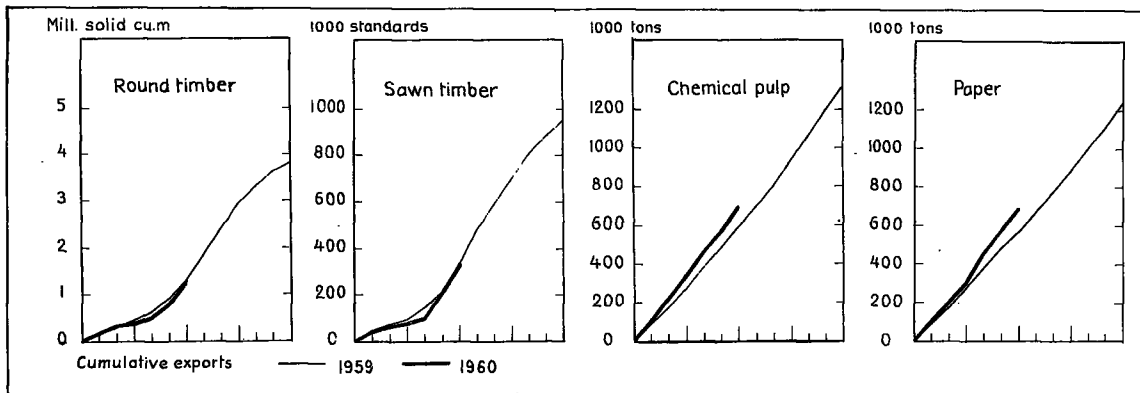
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1952	97 500	21 952	35 664	27 072	5 185	28 441	42 891	65 350	11 044	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	24 802	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959*	133 808	28 118	67 043	37 820	14 853	16 290	63 662	117 003	44 068	11 365
Jan. — June										
1958	58 386	14 964	25 279	16 587	5 311	5 426	20 535	54 881	15 042	4 605
1959*	60 026	12 129	31 839	18 139	6 973	5 621	24 340	52 922	20 611	4 245
1960*	80 327	13 839	48 405	24 029	8 027	5 877	28 497	63 723	19 681	6 077
1959*										
Aug.	10 043	2 399	5 258	2 444	1 010	2 336	6 138	9 677	1 988	1 079
Sept.	12 569	2 285	5 336	2 915	1 083	2 267	6 754	11 281	4 260	1 183
Oct.	12 207	2 699	5 865	3 226	1 121	1 613	7 272	11 101	3 347	1 232
Nov.	14 265	2 894	6 280	3 554	922	1 210	5 570	10 846	5 194	1 140
Dec.	14 711	3 915	6 802	4 975	2 065	995	5 408	11 650	3 334	1 139
1960*										
Jan.	13 226	2 149	5 967	3 345	1 364	662	3 203	8 797	3 556	813
Feb.	12 025	2 890	6 459	3 330	1 616	615	2 876	9 703	3 161	670
March	12 569	2 089	7 903	3 943	1 093	303	2 633	10 770	1 809	944
April	13 648	1 993	8 719	4 671	1 225	607	3 451	12 950	2 756	948
May	18 965	2 939	13 875	5 017	1 447	1 383	7 209	10 161	3 064	1 194
June	9 894	1 779	5 482	3 723	1 282	2 307	9 125	11 342	5 335	1 508



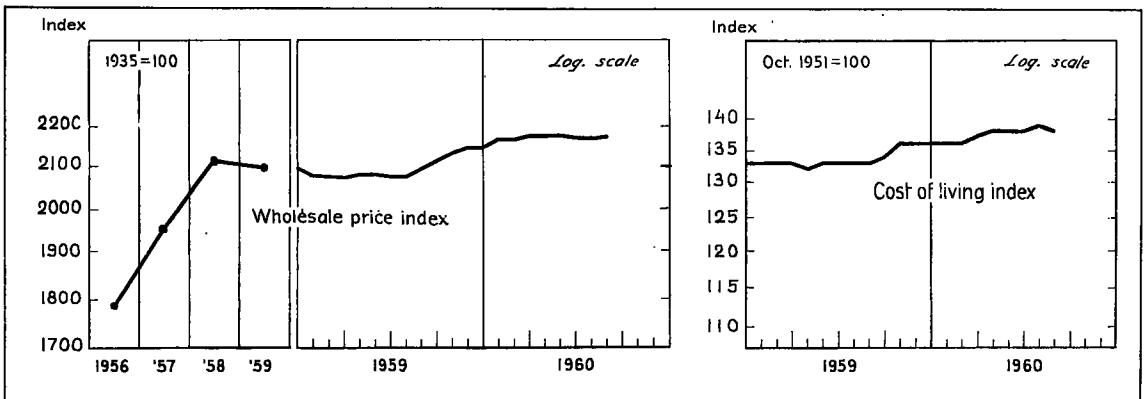
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959*	3 812	950	296	139	770	549	142	110	576	1 244
Jan. — June 1958	1 084	207	120	64	358	213	71	43	275	629
1959*	1 316	336	144	69	338	247	62	54	267	572
1960*	1 314	334	181	92	450	240	76	65	328	689
1959*										
Aug.	559	104	15	11	60	44	13	8	41	101
Sept.	535	107	28	9	81	57	12	9	52	114
Oct.	364	110	32	13	73	51	14	12	54	118
Nov.	294	80	25	12	80	50	13	11	56	111
Dec.	208	69	31	16	82	50	14	11	61	126
1960*										
Jan.	160	36	24	10	67	35	10	9	43	95
Feb.	152	25	28	14	67	40	12	10	56	105
March	65	17	31	13	81	45	14	12	49	106
April	134	24	36	16	83	43	16	12	75	155
May	301	99	29	20	65	37	12	12	55	112
June	502	133	33	19	87	40	12	10	50	116



FOREIGN TRADE BY COUNTRIES

Area and country	Imports c.i.f.					Exports f.o.b.				
	Whole year		Jan. — June			Whole year		Jan. — June		
	1958	1959	1959*	1960*		1958	1959*	1959*	1960*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	17.9	16.3	16.7	16.5	27 529	25.6	26.7	27.2	27.8	36 661
United Kingdom	17.2	15.7	16.1	15.9	26 432	22.1	23.3	23.7	24.1	31 761
Other OEEC countries ..	45.2	49.4	49.6	52.5	87 481	37.5	36.5	35.4	38.4	50 631
Austria	0.5	0.6	0.6	0.7	1 100	0.2	0.2	0.2	0.2	265
Belgium-Luxembourg	2.8	2.5	2.4	2.9	4 877	3.6	3.7	3.2	3.2	4 214
Denmark	2.4	2.3	2.4	2.5	4 162	3.0	3.3	3.0	3.3	4 317
France	4.7	5.1	5.1	6.5	10 839	6.2	4.7	4.6	4.3	5 680
Western Germany	16.5	17.9	17.5	18.8	31 306	10.8	10.9	10.3	11.4	15 082
Italy	1.5	1.8	1.9	1.8	3 082	1.8	1.8	1.8	2.2	2 902
Netherlands	4.3	4.5	4.9	3.8	6 384	4.4	5.4	5.2	5.6	7 366
Norway	1.2	1.6	1.4	1.3	2 146	0.7	0.7	0.7	1.1	1 433
Portugal	0.1	0.2	0.2	0.2	294	0.1	0.1	0.1	0.1	79
Spain	0.6	0.5	0.4	0.6	945	1.1	0.2	0.3	0.2	315
Sweden	8.3	9.2	10.1	10.5	17 476	3.6	3.2	3.4	5.0	6 580
Switzerland	1.7	2.3	2.2	2.4	4 062	0.7	0.4	0.5	0.3	461
Eastern Bloc	25.6	24.5	23.6	20.8	34 563	24.8	23.5	22.8	18.9	24 935
China	0.5	0.5	0.9	0.2	398	1.1	2.0	2.3	0.6	800
Czechoslovakia	1.2	1.4	1.6	1.4	2 359	1.2	0.7	0.6	0.8	1 061
Eastern Germany	1.7	1.6	1.4	1.4	2 297	1.7	1.3	1.1	1.3	1 752
Poland	3.1	2.4	2.1	1.8	2 958	2.6	2.1	2.3	1.8	2 373
Soviet Union	18.0	17.9	17.0	15.3	25 414	17.3	16.7	15.9	13.7	18 000
U.S. and Canada	5.5	5.4	4.8	6.4	10 711	4.7	5.9	6.2	6.5	8 570
United States	5.3	5.1	4.7	6.2	10 386	4.6	5.8	6.1	6.4	8 377
Latin America	4.4	3.5	4.0	2.7	4 528	4.5	4.9	6.0	6.5	8 586
Argentina	0.3	0.5	0.8	0.8	1 272	1.0	0.9	1.3	1.2	1 633
Brazil	3.7	2.5	2.7	1.6	2 648	2.4	2.8	3.4	3.8	5 055
Others	1.4	0.9	1.3	1.1	1 788	2.9	2.5	2.4	1.9	2 499
Grand total	100.0	100.0	100.0	100.0	166 600	100.0	100.0	100.0	100.0	131 882
of which										
EFTA countries	31.3	31.8	33.0	33.4	55 672	30.3	31.3	31.5	34.0	44 896
EEC countries	29.8	31.8	31.8	33.9	56 488	26.9	26.5	25.2	26.7	35 244



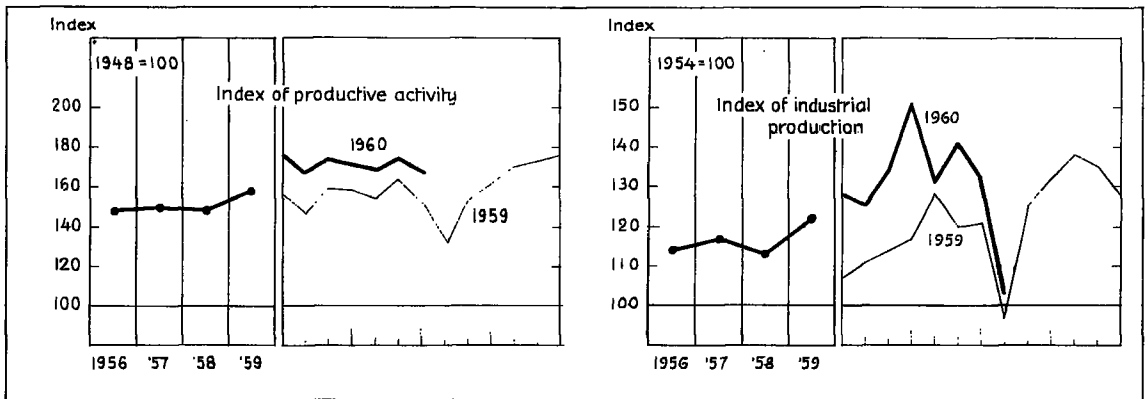
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1957	1 954	1 980	2 103	2 947	1 615	1 897	113	105	127
1958	2 113	2 125	2 193	3 106	1 773	2 085	117	112	124
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
1959									
July	2 076	2 110	2 166	3 006	1 790	2 002	119	111	131
Aug.	2 092	2 132	2 240	3 005	1 803	2 005	119	111	132
Sept.	2 114	2 163	2 261	3 086	1 820	2 008	119	110	130
Oct.	2 134	2 187	2 251	3 198	1 825	2 020	119	111	130
Nov.	2 141	2 201	2 278	3 203	1 838	2 014	119	111	130
Dec.	2 144	2 203	2 284	3 202	1 840	2 017	119	112	130
1960									
Jan.	2 161	2 221	2 352	3 200	1 849	2 033	119	112	128
Feb.	2 163	2 228	2 351	3 199	1 862	2 022	120	112	130
March	2 166	2 231	2 367	3 196	1 861	2 029	120	114	129
April	2 168	2 234	2 373	3 205	1 863	2 026	120	113	129
May	2 171	2 238	2 356	3 230	1 865	2 028	121	113	132
June	2 168	2 239	2 338	3 242	1 868	2 017	122	114	134
July	2 170	2 246	2 360	3 243	1 873	2 010	123	114	136
Aug.	2 173	2 247	2 294	3 307	1 875	2 014	123	115	135

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1957	124	132	260	99	80	117						
1958	132	140	277	102	83	129	103	103	102	99	103	105
1959	134	141	280	98	85	134	105	103	104	95	105	109
1959												
July	133	140	274	97	84	134	104	103	101	94	105	109
Aug.	133	140	274	97	84	134	104	103	101	94	105	109
Sept.	134	143	274	96	85	135	105	105	101	93	106	110
Oct.	136	144	292	96	85	135	107	106	108	93	106	110
Nov.	136	144	292	96	85	135	107	106	108	93	106	110
Dec.	135	143	292	96	85	135	107	105	108	93	106	110
1960												
Jan.	136	144	295	98	85	135	107	106	109	95	106	110
Feb.	136	144	295	98	85	135	107	105	109	95	106	110
March	137	144	295	97	86	136	108	106	109	95	106	111
April	138	146	295	97	86	136	108	107	109	95	106	111
May	138	146	295	97	86	136	108	108	109	94	106	111
June	138	148	295	97	86	136	108	109	109	94	106	111
July	139	149	295	97	86	136	109	110	109	94	107	111
Aug.	138	148	295	97	86	136	109	109	109	94	107	111

PRODUCTION - INTERNAL TRADE

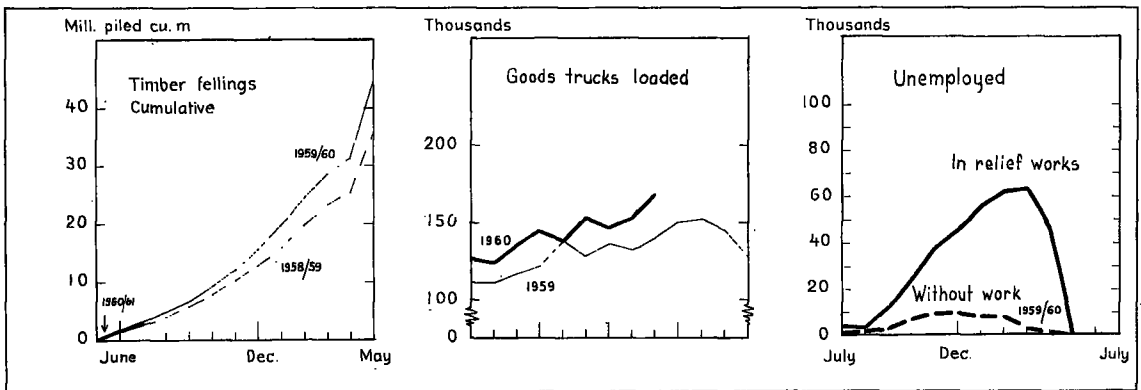
Period	Index of industrial production 1954 = 100								Commer- cial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 litres	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing						
					Wood industry	Paper industry	Metal industry	Other			
1951									36 070	1 405	85
1952									35 079	1 515	92
1953									29 170	1 609	93
1954	100	100	100	100	100	100	100	100	35 370	1 653	100
1955	111	116	109	113	99	115	111	111	38 600	1 659	116
1956	114	117	110	120	76	122	113	118	36 623	1 977	121
1957	117	119	116	118	82	134	115	117	40 919	2 085	114
1958	113	111	114	112	87	134	106	110	37 981	2 109	109
1959*	122	116	125	121	98	143	118	120	38 100	2 317	121
1959*											
April	128	123	130	128	113	148	125	126	1 959	203	128
May	120	106	121	123	96	139	112	121	10 121	235	123
June	121	117	118	126	111	129	117	122	1 782	252	118
July	97	75	105	94	90	135	80	95	1 323	228	117
Aug.	125	117	125	129	94	145	119	128	1 671	201	132
Sept.	132	130	134	129	99	162	132	128	1 768	182	135
Oct.	138	129	144	133	102	164	135	136	2 640	166	150
Nov.	135	129	143	125	95	169	131	132	2 809	165	127
Dec.	128	129	132	121	106	147	131	120	3 636	176	136
1960*											
Jan.	125	120	129	120	101	157	122	114	4 094	179	101
Feb.	134	133	137	130	125	162	133	125	4 680	175	119
March	151	152	153	146	145	178	152	141	4 084	196	134
April	132	125	133	134	132	148	127	129	2 597	228	139
May	142	136	145	141	139	171	139	135	13 081	251	144
June	132	127	133	133	139	144	131	127	1 646	261	130
July	103	84	116	90	115	157	86	90	997	239	124



BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1957	20.81	9.56	3.20	4.14	2.68	20.86	100	100	100	100
1958	19.29	8.46	3.08	3.57	2.93	20.38	105	103	103	105
1959	19.85	8.36	3.42	4.50	2.39	20.46	110	106	104	111
1959										
Jan. - Mar.	3.22	1.38	0.32	0.89	0.50	18.16	108	106	99	109
Apr. - June	3.10	1.33	0.42	0.72	0.39	21.74	110	107	105	111
July - Sept.	6.23	2.50	1.25	1.12	0.92	22.93	111	106	105	111
Oct. - Dec.	7.33	3.15	1.43	1.82	0.58	20.46	111	104	105	112
1960*										
Jan. - Mar.	4.01	1.61	0.33	1.39	0.54	20.66	113	113	107	114
Apr. - June	4.10	1.53	0.52	1.24	0.59	24.77	115	111	108	117

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1959	1960*	1959	1960*	1959	1960*	1959	1960*	1959	1960*
Jan.	112	124	307	431	359	345	20 520	8 567	72 956	55 603
Feb.	117	135	232	284	271	319	19 201	6 251	79 765	61 505
March	122	144	281	266	333	288	12 393	2 864	80 903	62 923
April	138	138	289	350	365	366	905	961	72 800	45 802
May	128	153	402	554	461	564	928	—	41 724	—
June	136	147	544	675	686	849	858	—	8 137	—
July	132	153	545	759	775	1 053	893	—	4 276	—
Aug.	140	168	513	736	692	1 006	1 379	—	3 629	—
Sept.	150		436		671		3 026		11 926	
Oct.	152		462		602		6 753		24 036	
Nov.	146		465		530		9 347		37 772	
Dec.	127		463		483		9 547		45 331	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC— ADVANCES TO THE PUBLIC

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

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of (net) State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures. *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 (1959): 4.4 million. Sweden 7.4, Switzerland 5.2, Denmark 4.5 and Norway 3.6 million.

DENSITY OF POPULATION (1959): In South Finland 24.7, in North Finland 4.0 and in the whole country an average of 14.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1959): 62.4 % of the population inhabit the rural areas, 37.6 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 454 192 inhabitants, Tampere (Tammerfors) 123 686, Turku (Åbo) 122 240.

OCCUPATIONS (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communications 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1960): Practically all persons over 15 years of age are literate. There are 5 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1959): births 18.9 ‰, deaths 8.8 ‰, increase 9.4 ‰. Deaths in France 11.2 ‰ and in Great Britain 11.7 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1958, in thousand million marks): Gross domestic product at market prices 1 185 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 113 (12 %), forestry and fishing 90 (9 %), manufacturing 302 (31 %), construction 94 (10 %), transport and communications 76 (8 %), commerce, banking and insurance 116 (12 %), general government 112 (12 %), other services 62 (6 %), total 965. Index of real domestic product 144 (1948 = 100).

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

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

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

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

MERCHANT FLEET (June 30, 1960): Steamers 219 (311 467 gross reg. tons), motor vessels 199 (400 808 gross reg. tons), sailing vessels with auxiliary engines 94 (9 507 gross reg. tons). Total 512 (721 782 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1959): Private cars 163 000, lorries and delivery vans 57 900, buses 5 900, others 2 100. Total 228 900.

AIR TRAFFIC: (Dec. 1, 1959) Number of aircraft in scheduled traffic 21, other aircraft 71. In 1958, 424 000 passengers were carried by the two Finnish companies; over 177 million passenger kilometres and 2.3 million ton kilometres of freight and mail were transported.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

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

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 13 branch offices in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1959). There are two big and three small commercial banks with in all 564 offices, 395 savings banks, 548 cooperative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the cooperative stores accept deposits from the public.

RATES OF INTEREST (April 1, 1959). Bank of Finland discount rates 6—7 1/4 %. Other credit institutions: term deposits 4 1/2 % (12 months' deposits 5 %, index-tied deposits 3 1/4 %) and sight deposits in savings banks and cooperative credit societies 1/2 %; lending rate 7 % in general.

THE NATIONAL INCOME OF FINLAND IN 1958—1960

BY

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The present article is a continuation of the corresponding articles in Bulletins No. 10, 1959, No. 9, 1958 and No. 11, 1957, and the majority of the Tables bear relation to those previously presented. The figures for 1959 are preliminary estimates, while those for the current year are forecasts which may contain considerable statistical errors, and which should be regarded only as indicators of the tendency.

To provide a background for the figures given in the Tables, a brief survey of the recent development is given below.

In the spring of 1957, the rise which had continued for more than ten years, almost without interruption, was arrested. In the early summer of 1958, the trough of the recession was reached. Signs of revival became visible in the latter half of that year, and in 1959 the recovery got well under way. Consumer demand was the first to rise. Exports also increased considerably, but at the beginning this demand was satisfied from existing stocks.

The growth in investment activity began later in the spring, and towards the end of the year proceeded so rapidly that it clearly put its mark on the total result for the year.

This is evident from the figures below which concern the annual changes in the volume of demand.

	1957 to 1958, %	1958 to 1959, %	1959 to 1960, %
Exports of goods and services	-2	+ 15	+ 12
Consumption	-3	+ 6	+ 8
Private	-4	+ 6	+ 9
Public	+ 2	+ 8	+ 4
Domestic gross investment	-1	+ 7	+ 10
Private	-2	+ 6	+ 10
Administrative	+ 5	+ 12	- 2
Transfers of income abroad (net)	+ 5	- 63	- 14
Total	-2	+ 8	+ 9

The rough estimates for 1960 indicate that investment will again be a predominant factor in the growth.

The changes in the volume of supply are as follows.

	1957 to 1958, %	1958 to 1959, %	1959 to 1960, %
Gross domestic product at market prices	0	+ 6	+ 8
Imports of goods and services	- 10	+ 20	+ 18
Total	- 2	+ 8	+ 9

The following figures illustrate the course of development of the domestic product and the components of demand.

CHANGE ON THE CORRESPONDING PERIOD
OF THE PREVIOUS YEAR, %
Domestic product

	1958	1959	1960
I	+ 1.3	+ 0.4	+ 11
II	- 1.4	+ 7.9	+ 7
III	- 0.9	+ 9.5	..
IV	+ 0.4	+ 8.6	..
Whole year ...	- 0.1	+ 6.5	+ 8

Consumption

	1958	1959	1960
I	- 10.0	+ 3.7	+ 8
II	- 4.8	+ 5.5	+ 6
III	+ 1.0	+ 5.5	..
IV	+ 2.5	+ 9.9	..
Whole year ...	- 2.9	+ 6.2	+ 8

Investment

	1958	1959	1960
I	- 2.2	- 7.9	+ 24
II	- 1.2	+ 10.7	+ 17
III	- 4.1	+ 16.0	..
IV	+ 6.2	+ 9.7	..
Whole year ...	- 0.3	+ 7.3	+ 10

Exports

	1958	1959	1960
I	- 8.0	+ 13.0	+ 15
II	- 7.8	+ 27.1	+ 13
III	+ 5.3	+ 7.6	..
IV	+ 1.4	+ 15.5	..
Whole year ...	- 1.5	+ 15.3	+ 12

The real domestic product grew by 6.5 per cent in 1959, and will probably grow by 8 per cent in 1960. The figures for total employment show an increase by about 2 per cent in 1959, and about 3 per cent in 1960. The productivity of the economy thus rose

by 4.4 per cent in 1959, and will rise by 4—5 per cent during the current year. During the recession year 1958, productivity increased by only 1 per cent.

The development of prices can be seen from the following Table.

	1957 to 1958, %	1958 to 1959, %	1959 to 1960, %
Investment goods	+ 7	+ 2	+ 5
Consumer goods	+ 8	+ 1	+ 4
Total	+ 7	+ 1	+ 4
Imports	+ 14	- 4	+ 3
Exports	+ 15	- 6	+ 3
Wages	+ 5	+ 5	+ 5

The Table indicates a 5 per cent rise in the level of earnings for both 1959 and 1960. As consumer goods prices rose by 1 per cent in 1959, and will probably rise by a further 4 per cent during the current year, this means a 4 per cent increase in real wages during 1959 and an 1 per cent increase in 1960. Thus, in 1959 the rise in real wages almost equalled the rise in productivity, but will in 1960 fall short of it.¹⁾

The Tables given on pages 21—23 illustrate the development in greater detail. Table 1 records the annual volume index figures for the principal components of the domestic product in 1957—1960. Table 2 contains figures for the real domestic product from 1957 to the last quarter of 1960. Table 3 illustrates the value of the domestic product by industrial origin annually at current prices, and Table 4 the real devel-

1) The influence on earnings of the changes in the labour force structure has been eliminated as far as possible. Total productivity is, however, affected by structural changes in the economy. For this reason productivity should be compared with real wages per head of the labour force.

	1957		1958		1959		1960	
	Amount	Amount	Change %	Amount	Change %	Amount	Change %	
National wage bill cp, 1 000 mill. mk	515.72	539.03	+4.5	583.52	+8.3	637.00	+9.5	
" " " 57 p, 1 000 mill. mk	515.72	499.56	-3.1	535.43	+7.2	564.00	+5.3	
Real wages per head of the labour force, 1 000 mk	415.00	405.00	-2.4	421.00	+4.0	426.00	+1.2	

opment quarterly and annually by means of index figures. In Table 5, the distribution of the national income is examined, while Table 6 (in part also Table 5) indicates the significance of the general government as a redistributor of income. In Table 7, an examination is made of the distribution of the disposable income between consumption and saving, both as regards the economy as a whole and separately as regards households, corporations and the general government. Table 8 gives the principal components of national expenditure.

As regards the development by industrial origin, it may be briefly stated that in 1946—1957, manufacturing, house building and commerce, which represent the „normal” output and distribution of goods, were the main contributors to the economic growth. During the recession of 1957—1958, those were the industries most severely hit, and during the subsequent recovery they had the strongest increase. A similar tendency is expected for the current year, the forecast showing a 12 per cent increase in these industries against an 8 per cent increase in the economy as a whole.

The Tables also show that during the first quarter of the boom year 1959, forestry production was still considerably lower than in the corresponding quarter of 1958. This was due to the above-mentioned fact that during the first half of 1959 the rise in sawn goods exports occurred at the expense of stocks, which reduced its multiple effect on economic activity, and especially on forestry.

Table 5, concerning the distribution of income, indicates for 1960 a characteristic feature of an upswing, that a growth occurs in the relative share of capital revenue in total revenue. This is also indicated by the fact of real wages per head of the labour force growing more slowly than productivity.

In 1958, the general government revenue from taxation and other income transfers, as well as from interest and dividends, totalled about 417 000 million marks; in 1959 this revenue amounted to 443 000 million, and in 1960 it will probably amount to some 487 000 million. This means that the ratios of „gross” transfers of income to the total disposable income will be the same for all these years (37.8 per cent in 1958, 37.9 per cent in 1959 and 37.3 per cent in 1960). Of the transfers of income, the public sector returns about one third to the private sector, so that of the total disposable income the portions remaining with the public sector are about 26.1 per cent for 1958, 26.2 per cent for 1959 and 26.3 per cent for 1960. Calculated in this manner, the „net burden” of the general government’s income transfer policy also appears to be the same in the whole period 1958—1960.

In recent years, the total savings of the economy have represented from 21 to 23 per cent of the disposable domestic income. About one half of the total saving occurred in the public sector, as is seen from Table 7. However, the public sector uses a comparatively small proportion of its savings for its own administrative investments, a considerable part being returned, mostly in the form of loans, to the private sector in which it is invested. It should be remembered that public companies are included in the private sector.

It was stated above that the public sector’s share in the disposable income will remain unchanged during the current year, whereas its share in total saving will rise. The real investments of the public sector will probably decline relatively, as is to be expected during a boom period. In 1958, the public sector was responsible for 21.8 per cent of gross domestic investment, in 1959 the ratio was about 22.9 per cent, and for the current year it has been estimated at about 19.6 per cent.

On the other hand, the share of the public sector in the finance of private investments will increase.

The increase forecast for 1960 rests on a solid foundation insofar as it is based on the strong increase in private investment. If considered from the point of view of production, the growth is the result of a great expansion of „normal“ production and distribution. The export prospects for 1960 are good, and, in view of the present conditions of development, there seems to be no danger of any

considerable rise in prices during the current year.

A 5 per cent rise for 1961 in the real domestic product does not seem impossible. In that year also, private investments are likely to grow more than private consumption. On the other hand, no considerable rise in administrative investments is to be expected; during 1960 they will probably even be reduced.

The balance of payments is expected to show a deficit for both 1960 and 1961.

TABLES

p = preliminary f = forecast

1. INDEXES OF THE REAL DOMESTIC PRODUCT, AND ITS COMPONENTS, 1954 = 100

Year	Real domestic product	Volume of labour input ¹⁾	Real domestic product per capita	Real domestic product per unit of labour input	Volume of total consumption	Volume of total consumption per capita	Volume of gross domestic capital formation	Of which:		Volume of imports of goods and services	Volume of exports of goods and services
								private	admini- trative		
1958	108.7	105.1	104	104	110	105	118	115	136	115	115
1959 ^p	115.7	108.4	110	107	117	111	127	122	152	137	133
1960 ^f	125.0	113.2	117	111	126	118	140	139	149	161	149

1) As far as possible, the labour input has been computed on a man-day basis, but owing to the insufficiency of employment statistics the estimate of part-time workers and part-year workers is by no means accurate.

2. INDEX OF THE REAL DOMESTIC PRODUCT, 1957 = 100

Quarter	Percentual changes ¹⁾						
	1957	1958	1959 ^p	1960 ^f	1957 to 1958	1958 to 1959	1959 to 1960
I	106	105	105	117 ^p	- 0.6	+ 0.1	+ 11
II	97	94	102	109 ^p	- 2.4	+ 8.2	+ 7
III	98	98	107	113 ^f	- 0.4	+ 9.2	+ 6
VI	99	103	112	119 ^f	+ 3.3	+ 8.6	+ 6
Whole year	100.0	100.0	106.4	114.5 ^f	± 0.0	+ 6.4	+ 8

1) Calculated before rounding off the figures.

3. DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRIAL ORIGIN, 1 000 MILL. MK¹)

	1958		1959 ^P		1960	
	Gross domestic product	Net domestic product	Gross domestic product	Net domestic product	Gross domestic product	Net domestic product
Agriculture	124.64	113.81	132.41	121.16	141.00	129.00
Hunting and fishing	4.94	4.60	4.80	4.45	5.00	4.00
Forestry	85.44	84.95	83.49	83.01	103.00	103.00
Manufacturing	339.09	301.15	354.98	311.86	414.00	365.00
Construction	96.16	95.08	104.11	102.92	110.00	109.00
House construction	53.80	53.09	57.59	56.82	66.00	65.00
Other construction	42.36	41.99	46.52	46.10	44.00	44.00
Transport and communications	86.65	75.71	91.70	80.87	104.00	91.00
Commerce	100.04	94.60	109.65	103.18	118.00	111.00
Banking, insurance	22.43	21.73	24.69	23.64	26.00	26.00
General government	114.11	110.87	127.15	123.58	137.00	133.00
Other services	73.55	62.53	76.77	65.24	82.00	69.00
Total	1 047.05	965.03	1 109.75	1 019.91	1 240.00	1 140.00
Indirect taxes less subsidies	139.22	139.22	149.89	149.89	166.00	166.00
Domestic product at market prices	1 186.27	1 104.25	1 259.64	1 169.80	1 406.00	1 306.00

1) The gross domestic product has been computed as suggested by UNO, i. e. including depreciation but not repairs and maintenance.

4. INDEXES OF PRODUCTION, 1957 = 100

	1958					1960				
	I	II	III	IV	I-IV	I ^P	II ^P	III ^f	IV ^f	I-IV ^f
Agriculture	97	89	133	104	106	96	87	..	..	—
Hunting and fishing	52	149	60	115	94	53	153	..	..	—
Forestry	205	86	41	73	101	230	100	..	..	—
Manufacturing	98	94	92	101	96	114	114	..	..	—
Construction	95	88	112	123	104	101	108	..	..	—
House construction ..	83	77	117	121	100	91	108	..	..	—
Other construction ..	111	104	105	125	111	118	109	..	..	—
Transport, communic. ..	86	93	107	111	99	107	116	..	..	—
Commerce	82	97	97	105	95	99	118	..	..	—
Banking, insurance ..	103	103	104	105	104	118	119	..	..	—
General government ..	103	104	105	105	104	114	114	..	..	—
Other services	100	101	102	103	102	105	107	..	..	—
Net domestic product	105.0	94.3	97.8	102.9	100.0	117.4	108.7	113.0	119.0	114.5

	1959 ^P					Percentual changes ¹⁾		
	I	II	III	IV	I-V	1957 to 1958	1958 to 1959	1959 to 1960
Agriculture	94	87	146	113	110	+ 5.7	+ 4.2	+ 1
Hunting and fishing	52	152	61	115	95	- 6.3	+ 1.7	± 0
Forestry	184	89	47	91	103	+ 1.5	+ 1.4	+ 16
Manufacturing	97	104	100	112	103	- 3.9	+ 7.7	+ 13
Construction	94	99	127	119	110	+ 4.4	+ 5.3	+ 3
House construction ..	87	86	140	126	105	- 0.4	+ 5.2	+ 11
Other construction ..	133	118	108	110	117	+ 11.3	+ 5.3	- 7
Transport, communic. ..	97	106	114	115	108	- 0.8	+ 8.9	+ 11
Commerce	90	109	107	119	106	- 4.8	+ 11.7	+ 10
Banking, insurance ..	109	112	114	114	113	+ 3.8	+ 9.1	+ 5
General government ..	109	111	111	112	111	+ 4.2	+ 6.1	+ 4
Other services	103	104	103	106	104	+ 1.7	+ 2.4	+ 3
Net domestic product	105.0	101.7	107.0	112.0	106.4	± 0.0	+ 6.4	+ 8

1) Calculated before rounding off the figures.

5. DISTRIBUTION OF THE NATIONAL INCOME,
1 000 MILL. MK¹⁾

	1958	1959 ^D	1960 ^f
Compensation of employees	599.01	649.54	710.00
Income from unincorporated enterprises	221.47	234.14	262.00
Income from property to households	39.75	41.98	54.00
Income from property and entrepreneurship to general government	39.31	40.69	43.00
Direct taxes on corporations	49.60	39.24	50.00
Saving of corporations ..	20.64	21.49	29.00
Less interest on the public debt	8.05	8.41	9.00
Less interest on consumers' debt	0.47	0.52	1.00
National income	961.26	1 018.15	1 138.00
Net factor income abroad	3.77	1.76	2.00
Net domestic product at factor cost	965.03	1 019.91	1 140.00

1) Some of the items in „income from property to households” have, owing to the imperfect statistics, been estimated as a residual. The „saving of corporations” is also a rough estimate, as there are no proper statistics regarding this form of saving; in addition, the information relating to depreciation is uncertain, and that concerned with the influence of changes in inventories upon profits almost non-existent.

6. DISPOSABLE INCOME OF THE GENERAL
GOVERNMENT, 1 000 MILL. MK

	1958	1959 ^D	1960 ^f
Income from property and entrepreneurship	39.31	40.69	43.00
Direct taxes	167.35	174.37	196.00
Indirect taxes	171.79	187.32	204.00
Other transfers from private sector	38.07	41.02	44.00
Current revenue	416.52	443.40	487.00
Less interest on the public debt	10.55	10.15	9.00
Less current transfers to private sector	118.62	127.27	135.00
Disposable income	287.35	305.98	343.00

7. DISPOSABLE INCOME AT MARKET PRICES,
CONSUMPTION AND SAVING, 1 000 MILL. MK

	1958	1959 ^D	1960 ^f
Households:			
Disposable income	793.18	841.29	933.00
Consumption	696.38	740.54	835.00
Saving	96.80	100.75	98.00
Corporations:			
Disposable income (= saving)	20.64	21.49	29.00
General government:			
Disposable income	287.35	305.98	343.00
Consumption	158.73	177.49	192.00
Saving	128.62	128.49	151.00
Total:			
Disposable income	1 101.17	1 168.76	1 305.00
Consumption	855.11	918.03	1 027.00
Saving	246.06	250.73	278.00

8. EXPENDITURE ON GROSS DOMESTIC PRODUCT,
MILL. MK¹⁾

	1958	1959 ^D	1960 ^f
Private consumption expenditure	696.38	740.54	835.00
General government consumption expenditure ..	158.73	177.49	192.00
Gross private capital formation	236.86	255.30	311.00
Gross general government capital formation ...	66.12	75.89	76.00
Exports of goods and services	292.53	315.38	360.00
Less imports of goods and services	264.35	304.96	368.00
Expenditure on gross domestic product	1 186.27	1 259.64	1 406.00
Net factor income from abroad	-3.77	-1.76	-2.00
Expenditure on gross domestic product	1 182.50	1 257.88	1 404.00

1) The figures concerning capital formation relate to fixed capital alone, since lack of information has made it impossible to take into account the changes in inventories. This fact may also have influenced the estimates of the expenditure on private consumption. Repairs and maintenance of productive machinery have not been included in capital formation, the concept applied being in this respect in agreement with that suggested by UNO.

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

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

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

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Accounts

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

A. KAJANTIE,
*Documentary credits
and control*

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

K. EIROLA,
Internal accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

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Chief

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Research