



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 37 No. 7

JULY

1963

RECENT DEVELOPMENTS

HOUSEBUILDING

The weakening of economic activity during 1962 was felt also in housebuilding. Its volume grew by a little less than 2 per cent in 1962, whereas in 1961 it had increased by 12 per cent. This means that the growth in volume of housebuilding fell short of the growth in the domestic product, which was 3 per cent. Nevertheless, the growth potential of the housebuilding sector was greater than these figures indicate, for simultaneously with a 9 per cent decline (in terms of cubic content) in buildings completed, there was a 6 per cent increase in permits issued. The rise by 16 per cent in buildings under construction on the previous year's figure principally accounts for the considerable difference between buildings completed and housebuilding volume. The divergence between the development of permits and the construction work actually effected is largely ascribable to the tightening of financing possibilities during 1962, and to the shortage of skilled labour. The excess demand for labour in the housebuilding sector is indicated by building workers' earnings rising far more rapidly in 1962 than the average earnings in the economy. The potential growth rate of building is reflected

by the quantity of building permits unused at the end of 1962, 38 per cent more than one year previously. The counter-cyclical behaviour of the public sector at a time of falling economic activity is shown by the 13 per cent increase during 1962 in permits issued for public buildings. No accurate data concerning housebuilding during 1963 can be given, as the scanty information available is distorted by the strikes of building workers which occurred in some districts and lasted for seven weeks from January 23. Both in 1962 and in 1963 residential construction has been the predominant component of housebuilding. This is at least to some extent explained by a new act on tax relief for dwelling production which came into force at the beginning of 1963. The housing projects started during the fourth quarter of 1962 exceeded those started one year previously by 103 per cent. As dwelling production represents about one half of total housebuilding, this figure does not in any way suggest a diminution of housebuilding as likely.

*On page 18, Prices and Wages in Finland,
1958—62*

INTERNAL TRADE

The decline in the growth rate of the national product which occurred last year is also evident in the turnover of internal trade. Nevertheless, despite a lower growth rate, in 1962 the value of wholesale trade was more than 8 per cent and its volume almost 7 per cent above 1961 figures. During January and February this year, the increase on the corresponding months of 1962 still amounted to 8 per cent, but in March the volume of sales was 3 per cent less than one year before, a drop due to the poor sales of retailers during the initial months of the year causing a growth in their stocks.

Retail sales rose during the first three months of the current year to an extent considerably below that last year. In 1962 as a whole, they increased by 10 per cent in value and nearly 6 per cent in volume on the 1961 figures, whereas now the first quarter value of retail sales was only 4 per cent in excess of the corresponding figure for 1962. As prices had risen by some 5 per

cent, the volume of these sales was reduced by 1 per cent. The growth in the seasonally adjusted volume of retail turnover slowed down throughout 1962, and ceased entirely in the first quarter of 1963. This decline in consumer demand has been caused not only by the slackening of activity, but also by such exceptional factors as the strikes which occurred early in the year, and perhaps by the expected revision of the purchase tax system. The composition of consumer demand has clearly changed in a way which is typical of the prevailing business conditions. Throughout 1962, the sales values for hardware, electrical appliances and sports equipment showed a greater rise on the previous year than did the average retail sales, or by 18 per cent; against this, sales of these goods in the first quarter were almost 3 per cent lower than in the first quarter of 1962. On the other hand, sales of food and tobacco, and textiles showed an increase above the average.

June 10, 1963.

With effect from the January 1963 issue of this Bulletin, all values are given in the new monetary unit, one new mark being equivalent to one hundred of the old marks

BANK OF FINLAND

Mill. mk

	1962		1963			
	Dec. 31	May 30	May 31	June 8	June 15	June 20
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	705.4	765.2	696.8	696.3	690.7	701.4
Gold	135.2	136.7	135.4	135.4	135.4	135.4
Foreign exchange	502.5	559.3	481.0	484.8	480.0	501.4
Foreign bills	17.7	14.1	32.1	31.9	31.1	29.5
Foreign bonds	50.0	55.1	48.3	44.2	44.2	35.1
<i>Supplementary note cover</i>	516.5	570.4	466.6	430.6	446.3	493.6
Inland bills discounted						
In foreign currency	81.8	91.0	77.6	75.9	75.8	75.8
In Finnish currency	33.5	35.0	52.1	50.1	50.1	50.9
Rediscounted bills	401.2	444.4	336.9	304.6	320.4	366.9
<i>Other assets</i>	88.0	49.0	211.7	198.7	202.1	202.7
Finnish bonds	34.7	19.8	77.6	77.1	80.8	80.7
Cheque accounts	3.6	4.6	3.4	3.1	2.5	3.6
Finnish coin	5.5	10.3	6.9	6.9	6.6	6.2
Other claims	44.2	14.3	123.8	111.6	112.2	112.2
Total	1 309.9	1 384.6	1 375.1	1 325.6	1 339.1	1 397.7
Liabilities						
<i>Notes in circulation</i>	774.4	835.4	846.5	845.0	844.0	908.1
<i>Short-term liabilities</i>	112.6	82.1	106.1	71.8	84.4	82.4
Foreign exchange accounts	17.1	13.8	18.1	18.0	18.0	17.8
Mark accounts of holders abroad	35.8	32.8	30.9	30.9	30.8	30.8
Cheque account of the Treasury	5.5	5.0	0.0	0.0	0.0	0.0
Cheque accounts of banks	49.3	19.5	52.6	20.2	32.7	30.6
Other cheque accounts	0.8	2.1	0.9	0.8	0.7	0.5
Other short-term liabilities	4.1	8.9	3.6	1.9	2.2	2.7
<i>Long-term liabilities</i>	80.2	163.6	76.7	74.2	74.2	74.2
Foreign	79.1	87.4	75.6	73.1	73.1	73.1
Finnish	1.1	76.2	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i>	157.5	122.8	150.6	150.7	152.0	148.0
<i>Bank's own funds</i>	185.2	180.7	195.2	183.9	184.5	185.0
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	62.0	62.0	73.6	73.6	73.6	73.6
Profits undisposed	—	10.2	11.6	—	—	—
Earnings less expenses	23.2	8.5	10.0	10.3	10.9	11.4
Total	1 309.9	1 384.6	1 375.1	1 325.6	1 339.1	1 397.7
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	705.4	765.2	696.8	696.3	690.7	701.4
Supplementary cover						
(Upper limit 500 mill. mk)	500.0	500.0	466.6	430.6	446.3	493.6
Total	1 205.4	1 265.2	1 163.4	1 126.9	1 137.0	1 195.0
Note issue						
Notes in circulation	774.4	835.4	846.5	845.0	844.0	908.1
Short-term liabilities	112.6	82.2	106.1	71.8	84.4	82.4
Undrawn on cheque credits	4.3	3.7	4.6	4.8	5.4	4.3
Unused right of note issue	314.1	343.9	206.2	205.3	203.2	200.2
Total	1 205.4	1 265.2	1 163.4	1 126.9	1 137.0	1 195.0

Rediscount rate since April 28, 1962, 7 per cent.

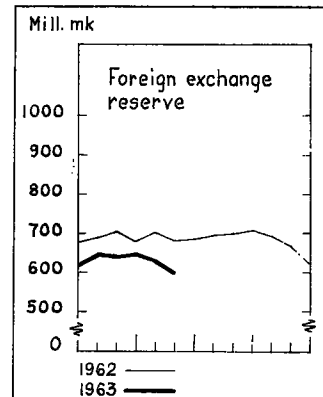
BANK OF FINLAND

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
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 ¹⁾	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	-0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 ²⁾	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1962										
April	715.3	13.7	701.6	82.0	120.9	662.7	387.5	61.4 ²⁾	7.7	318.4
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 ²⁾	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 ²⁾	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 ²⁾	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 ²⁾	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 ²⁾	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 ²⁾	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	428.7	139.4	2.4	286.9
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	326.2	41.7	1.6	282.9
March	660.3	16.2	644.1	74.6	108.7	610.0	322.5	6.3	1.0	315.2
April	646.8	17.6	629.2	76.0	106.6	598.6	305.9	40.4	1.5	264.0
May	616.4	18.1	598.3	80.4	106.5	572.2	336.9	52.6	2.9	281.4

¹⁾ Including cash reserve accounts 66.8. ²⁾ Including cash reserve accounts.

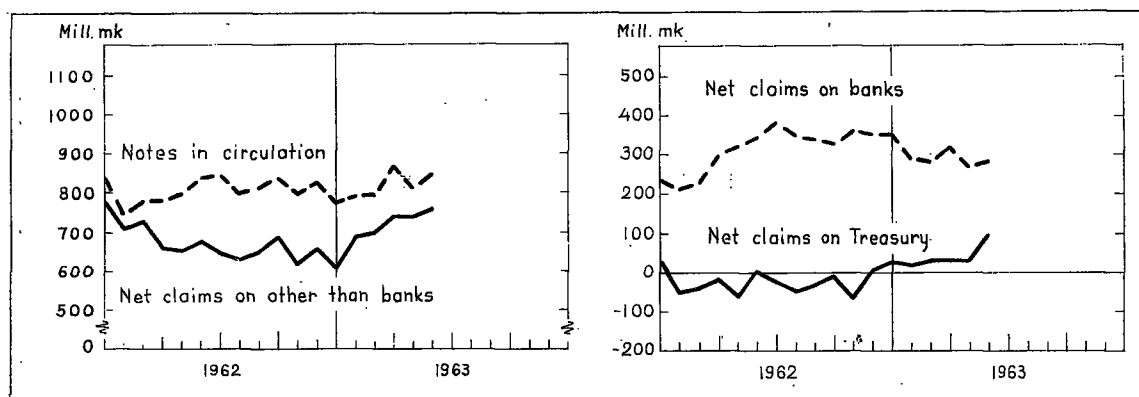
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1960	1961	1962	1963	
	Dec. 31	Dec. 31	Dec. 31	April 30	May 31
Gold	91	104	135	135	135
Convertible	442	403	330	329	311
Non-transferable EMA ..	32	14	4	6	5
Eastern Bloc	17	92	101	106	95
Other	63	65	51	53	52
Total	645	678	621	629	598



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
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1962										
April	—	7.0	68.5	1.1	— 62.6	35.8	101.9	2.4	135.3	794.7
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1963										
Jan.	—	30.0	9.6	1.1	19.3	30.9	96.8	1.7	126.0	787.5
Feb.	—	30.0	0.1	1.1	28.8	31.0	103.8	0.9	133.9	794.4
March	—	30.0	0.0	1.1	28.9	32.6	106.6	1.3	137.9	866.7
April	—	30.0	1.2	1.1	27.7	47.8	105.8	1.0	152.6	811.0
May	70.0	30.0	0.0	1.1	98.9	52.1	104.8	1.6	155.3	846.5



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
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1962*	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1962*										
May	580.1	722.2	186.7	2 190.1	2 157.9	1 316.0	586.5	292.8	6 543.4	7 452.3
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5
Dec.	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1963*										
Jan.	663.0	805.8	230.2	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 738.9
Feb.	645.9	783.5	245.1	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 824.0
March	645.8	802.8	230.3	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 866.5
April	692.7	838.2	222.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 901.1
May	707.1	862.8	212.9	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 939.0

End of month	Indexed deposits	High-interest deposits	Tax-concession accounts
1962*			
Sept.	54.1	529.3	136.1
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2
Dec.	67.5	531.7	107.2
1963*			
Jan.	88.6	514.5	95.1
Feb.	117.9	505.2	92.3
March	157.3	494.5	90.7
April	185.9	474.0	89.2
May	201.9	489.9	88.4

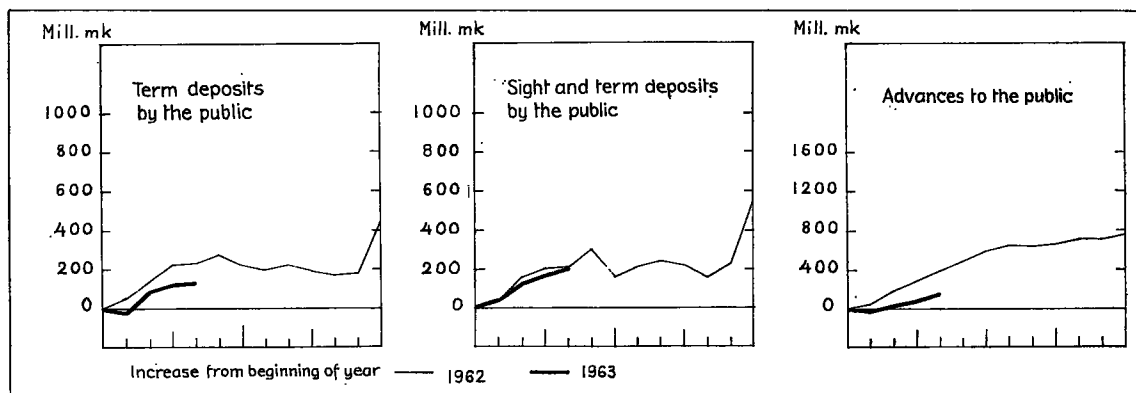
Selling rates for foreign exchange			
June 10, 1963			
		mk	mk
New York ...	1 \$	3.223	Zurich 100 Fr 74.60
Montreal	1 \$	2.992	Paris 100 FF 65.80
London 1 £		9.030	Rome 100 Lit 0.5185
Stockholm ... 100 Kr		62.20	Vienna 100 S 12.49
Oslo 100 Kr		45.14	Lisbon 100 Esc 11.25
Copenhagen .. 100 Kr		46.69	Reykjavik 100 Kr 7.49
Frankfurt o.M. 100DM		80.97	Madrid 100 Pta 5.42
Amsterdam ... 100 Fl		89.62	Prague, clear... 100 Kč 44.58
Brussels 100 Fr		6.460	Moscow, clear. ¹⁾ 1 Rbl 3.5667
			Clearing dollars ²⁾ 1 Cl \$ 3.21

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens Berlin Bogota Budapest Sofia Warsaw

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
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962*	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1962*									
May	3 269.4	1 891.5	471.9	1 542.7	585.0	7 378.3	382.2	7 760.5	1 668.8
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5
Dec.	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	1 734.1
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 706.0
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 799.4
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 775.6
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	..

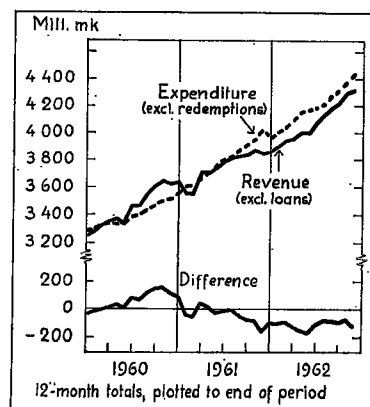


STATE FINANCES

Mill. mk

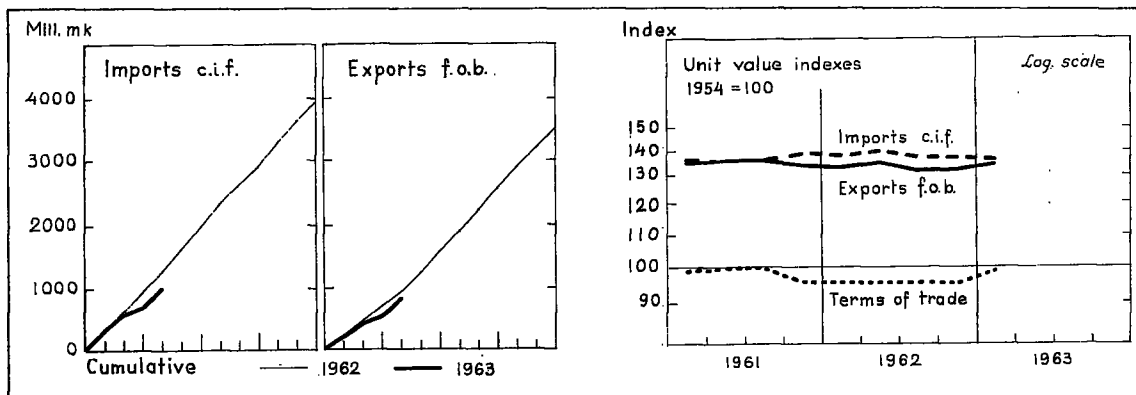
Revenue	Jan. - March		Expenditure	Jan. - March	
	1962	1963		1962	1963
Income and property tax (net)	238	264	Interest on State debt	23	33
Gross receipts	(607)	(644)	Child allowances	63	74
Refunds and communal income tax	(-369)	(-380)	The State's share in national pensions	46	48
Other direct taxes	3	2	Compensations to war-disabled	27	30
Purchase tax	232	189	Transfer of employers' payments for national pensions to the National Pensions Institution	18	—
Import duties	101	99	Subsidies	70	104
Revenue from Alcohol Monopoly	70	77	Net payments on price equalisation by extra—budgetary funds	4	1
Excise duty on tobacco	52	62	State aid to agriculture	15	11
Excise duty on liquid fuel	35	38	State aid to communal and private schools	114	99
Other excise duties	14	18	Net loss of State enterprises	15	45
Tax on automobiles and motor cycles	6	11	Maintenance of roads	23	20
Stamp duties	51	49	Other current expenditure	341	394
Employers' payments for child allowances (1962 incl. national pensions)	82	66	Current expenditure	759	859
Other revenue similar to taxes	11	11	Real investments	194	215
Total taxes	895	886	Other capital expenditure	122	83
Interest and dividends	14	15	Capital expenditure	316	298
Net profit of State enterprises	—	—	Total expenditure	1 075	1 157
Other current revenue	42	32	Redemption of external loans	9	8
Current revenue	951	933	Redemption of internal loans	55	70
Capital revenue proper	24	27	Redemption of indemnity bonds etc.	2	3
Decrease in inventories	8	40	Index premiums	4	6
Capital revenue	32	67	Redemptions	70	87
Total revenue	983	1 000	Total	1 145	1 244
External loans	5	48			
Internal loans	129	156			
Loans	134	204			
Short-term credit (increase +)	-5	-25			
Deficit (+) or surplus (-)	+33	+65			
Total	1 145	1 244			

Debt	1960	1961	1962	1963		
	Dec.	Dec.	Dec.*	Feb.	March	April*
External debt ...	744	791	803	811	845	847
Ordinary loans	744	757	936	991	1 021	1 023
Indemnity bonds etc.	44	26	18	18	16	15
Short-term credit ..	30	24	61	31	36	27
Cash debt (net) ...	-144	-98	..	51	-55	..
Internal debt	674	709	..	1 091	1 018	..
Total debt	1 418	1 500	..	1 902	1 863	..
Total debt, mill. \$	442.3	465.9	..	590.3	578.0	..



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.					Article of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962*	3 930.5	3 533.1	-397.4	133	145	136	126	142	137	97
Jan.-April										
1961	1 174.7	853.6	-321.1							
1962*	1 273.4	950.0	-323.4							
1963*	1 014.8	823.0	-191.8							
1962*										
July	335.1	315.3	- 19.8	132	145	134	125	142	137	96
Aug.	295.7	319.1	+ 23.4							
Sept.	293.9	325.1	+ 31.2							
Oct.	373.3	349.8	- 23.5							
Nov.	344.7	299.3	- 45.4	132	142	137	125	136	137	96
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	323.6	234.1	- 89.5	134	147	137	125	141	136	99
Feb.	263.0	205.4	- 57.6							
March	101.8	96.6	- 5.2							
April	326.4	286.9	- 39.5							

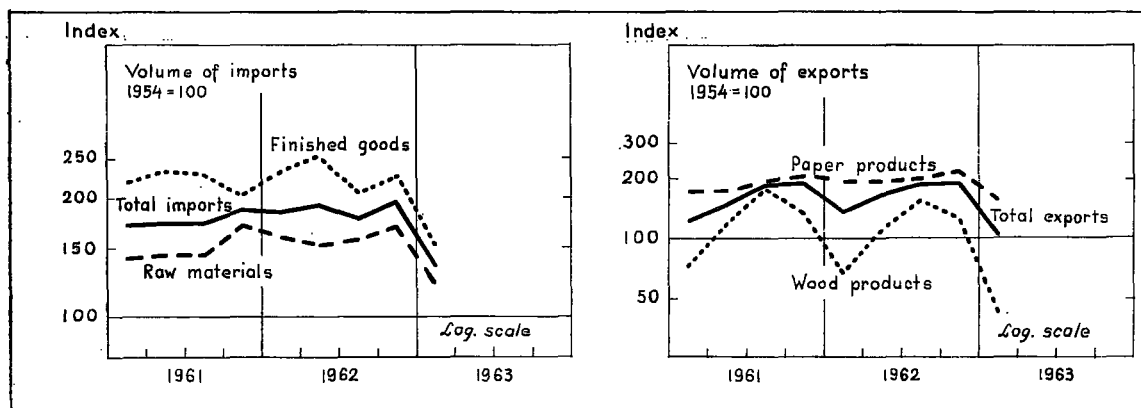


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

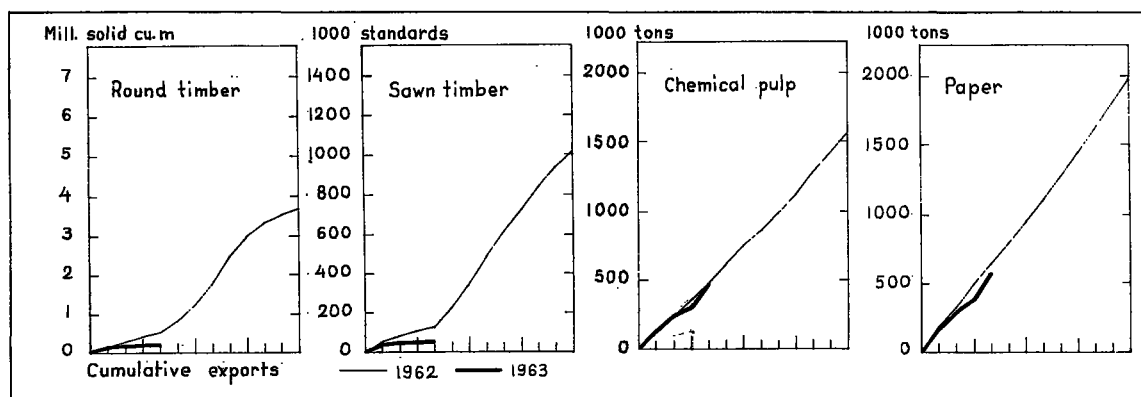
Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962*	1 762.6	371.2	1 146.8	649.9	144.5	189.5	770.3	1 588.8	662.6	177.4
Jan.-April										
1961	530.7	105.4	330.9	207.7	47.2	36.9	169.3	469.1	94.6	36.5
1962*	570.0	109.2	380.1	214.1	46.0	29.3	144.7	513.3	172.0	44.7
1963*	482.9	90.4	254.5	187.0	43.9	13.4	103.1	479.3	136.7	46.6
1962*										
June	143.9	22.3	119.9	53.2	16.4	19.6	85.0	125.2	67.1	16.0
July	145.3	30.0	115.0	44.8	12.7	28.6	96.1	113.5	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.1	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4
Dec.	137.0	38.9	72.9	55.7	15.0	6.5	58.9	142.0	104.1	16.9
1963*										
Jan.	175.5	27.0	69.5	51.6	17.8	7.4	39.5	120.5	36.9	12.0
Feb.	119.5	24.7	69.1	49.7	9.9	2.1	21.4	121.3	39.6	11.1
March	42.5	11.5	24.1	23.7	5.3	1.6	10.8	62.9	10.2	5.8
April	145.4	27.2	91.8	62.0	10.9	2.3	31.4	174.6	50.0	17.7



March 1963 figures are affected by strikes.

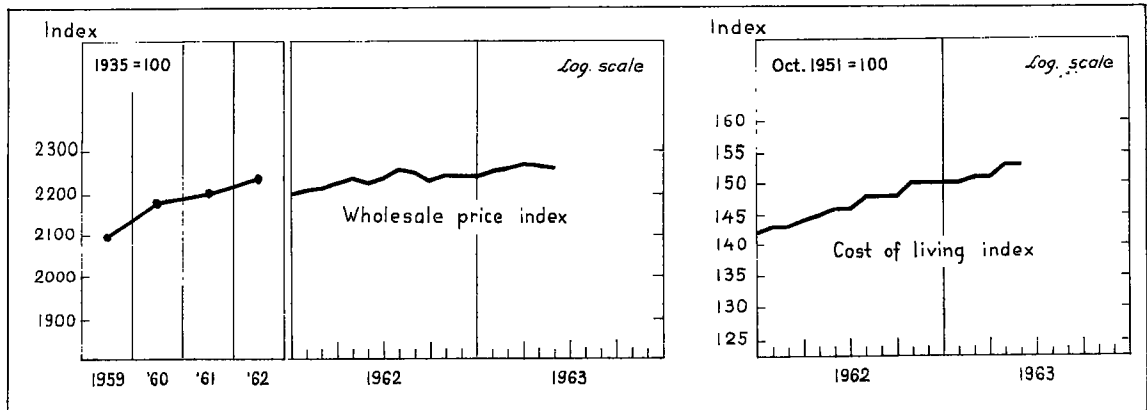
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962*	3 681	1 010	357	150	828	731	153	152	870	1 980
Jan.-April										
1961	734	169	121	47	278	162	53	47	241	536
1962*	544	133	122	45	286	199	54	53	298	608
1963*	239	59	121	48	236	239	55	44	227	573
1962*										
June	403	123	28	11	65	68	13	11	61	154
July	535	151	20	9	53	52	12	11	66	152
Aug.	713	129	22	15	75	56	13	10	65	168
Sept.	533	104	31	14	67	64	17	14	71	169
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185
Dec.	111	73	32	14	70	77	12	10	82	182
1963*										
Jan.	160	37	32	13	57	68	13	13	64	169
Feb.	27	7	30	10	60	55	11	9	54	132
March	23	3	18	9	32	29	8	6	30	80
April	29	12	41	16	87	87	23	16	79	192



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan.-April			Whole year		Jan.-April		
	1961	1962*	1962*	1963*	Mill. mk	1961	1962*	1962*	1963*	Mill. mk
Sterling area	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
United Kingdom	15.7	15.7	16.0	16.7	169.9	24.5	22.2	20.2	21.4	176.5
Other OECD countries	15.3	15.2	15.6	16.2	164.7	22.2	20.3	18.1	19.1	157.1
in Europe	55.2	55.7	57.6	52.7	534.9	46.4	42.9	41.3	44.9	369.5
Austria	0.7	0.7	0.8	0.9	8.7	0.4	0.3	0.4	0.5	4.4
Belgium-Luxembourg	2.6	2.4	2.3	2.2	22.5	3.8	3.4	2.9	2.8	23.3
Denmark	3.2	3.2	3.0	3.5	35.6	3.5	3.7	3.3	3.1	25.3
France	5.0	5.2	6.0	4.1	41.9	5.2	4.5	4.5	5.1	42.3
Western Germany	21.2	20.4	20.6	17.9	182.0	12.9	11.9	12.0	13.5	111.2
Italy	1.9	2.1	2.3	2.3	23.8	2.7	2.7	3.2	4.2	34.2
Netherlands	4.0	4.4	4.2	4.7	47.4	6.3	6.1	5.5	5.0	40.9
Norway	1.4	1.4	1.8	1.4	13.8	1.9	1.2	1.3	0.9	7.4
Portugal	0.1	0.2	0.2	0.2	2.1	0.1	0.1	0.1	0.1	0.9
Spain	0.5	0.4	0.5	0.4	3.7	0.5	0.7	0.8	0.7	5.7
Sweden	11.4	12.1	12.7	11.6	117.9	5.7	5.7	4.9	6.4	52.8
Switzerland	2.4	2.5	2.5	2.6	25.9	1.0	0.6	0.6	0.5	3.8
Eastern Bloc	19.4	19.2	16.7	21.8	221.2	18.0	22.5	22.7	20.8	171.1
China	0.1	0.2	0.1	0.1	1.3	0.6	0.5	0.7	0.2	1.3
Czechoslovakia	1.0	1.0	1.0	0.9	8.5	1.1	0.9	1.1	0.9	7.8
Eastern Germany	1.5	1.4	1.3	0.8	8.4	1.3	1.1	1.0	1.2	9.7
Poland	2.4	2.2	1.6	1.4	13.8	2.1	1.7	2.1	1.5	12.2
Soviet Union	13.6	13.7	12.0	17.9	182.0	12.1	17.8	17.4	16.1	132.8
U.S. and Canada	6.0	5.6	6.1	4.7	47.3	4.5	5.5	7.1	6.9	56.7
United States	5.6	5.1	5.6	4.2	42.6	4.4	5.4	6.9	6.7	55.2
Latin America	2.7	2.7	2.3	2.3	23.4	3.9	3.4	5.1	2.7	21.9
Argentina	0.4	0.4	0.3	0.5	5.4	1.3	0.7	1.6	0.7	6.0
Brazil	1.6	1.5	1.2	1.2	12.0	1.5	1.5	2.1	1.1	8.6
Others	1.0	1.1	1.3	1.8	18.5	2.7	3.5	3.6	3.3	27.3
Grand total	100.0	100.0	100.0	100.0	1 015.2	100.0	100.0	100.0	100.0	823.0
of which										
EFTA countries	34.5	35.2	36.6	36.3	368.7	34.7	31.9	28.7	30.6	251.7
EEC countries	34.7	34.5	35.4	31.7	322.1	30.9	28.7	28.1	31.3	257.7



March 1963 figures are affected by strikes.

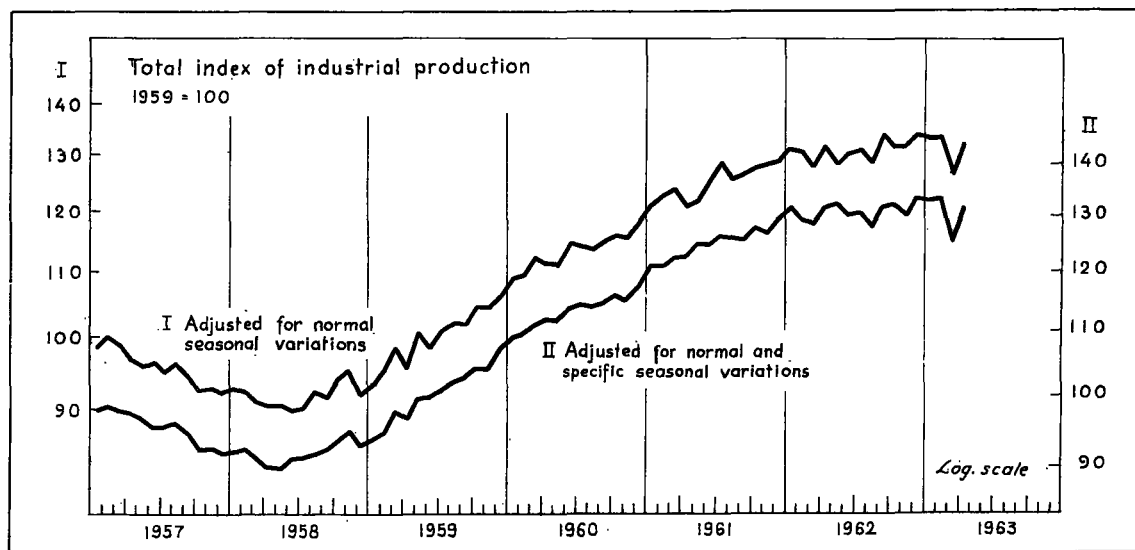
PRICE INDEXES

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				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1962									
May	2 223	2 359	2 440	3 625	1 906	1 933	130	114	153
June	2 234	2 375	2 417	3 624	1 941	1 932	131	114	157
July	2 255	2 401	2 568	3 602	1 942	1 942	134	114	158
Aug.	2 249	2 387	2 499	3 596	1 944	1 955	134	114	159
Sept.	2 227	2 356	2 332	3 595	1 946	1 951	134	115	159
Oct.	2 240	2 365	2 383	3 605	1 941	1 971	135	115	160
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158
1963									
Jan.	2 249	2 379	2 414	3 640	1 942	1 974	135	117	158
Feb.	2 257	2 391	2 462	3 670	1 937	1 969	135	117	158
March	2 272	2 413	2 566	3 679	1 937	1 972	138	117	165
April	2 266	2 405	2 519	3 684	1 937	1 967	138	117	165
May	2 261	2 402	2 500	2 680	1 940	1 958	140	117	172

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
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1962												
May	146	156	322	102	90	142	114	114	119	99	112	116
June	146	156	322	103	90	143	115	114	119	100	112	116
July	148	158	323	103	90	145	116	116	120	100	112	118
Aug.	148	158	323	103	90	146	116	116	120	100	112	119
Sept.	148	158	323	104	91	146	116	116	120	101	113	119
Oct.	150	158	342	104	91	146	117	116	127	101	113	119
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120
1963												
Jan.	150	158	342	105	92	148	118	116	127	102	114	120
Feb.	151	159	342	106	92	148	118	117	127	103	114	120
March	151	160	342	107	92	148	119	118	127	104	114	121
April	153	163	343	107	92	148	120	120	127	104	114	121
May	153	163	343	108	92	149	120	120	127	105	115	121

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1954 = 100											
1959	123	118	125	122	98	144	120	120	123		
1960	140	140	144	135	122	168	142	132	140		
1961*	154	161	158	145	118	194	161	142	154		
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125	49 004	150
1962*	131	144	131	124	113	139	142	124	131	47 264	160
1962*											
April	126	137	125	121	117	128	138	120	132	5 193	157
May	139	152	136	139	124	145	152	135	129	10 220	179
June	121	139	116	120	115	107	139	119	130	1 763	155
July	98	88	107	84	106	130	84	89	131	1 200	145
Aug.	134	140	133	134	109	141	139	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170
Oct.	148	168	147	142	111	155	166	142	132	2 552	177
Nov.	142	157	142	136	109	149	155	138	132	2 966	171
Dec.	121	135	124	109	100	128	133	111	134	3 604	175
1963*											
Jan.	140	158	141	128	114	149	157	126	134	4 245	132
Feb.	131	133	134	122	114	145	137	122	134	4 995	142
March	135	140	138	128	124	148	141	125	126	5 409	156
April	132	134	135	126	127	139	135	128	132	4 036	171



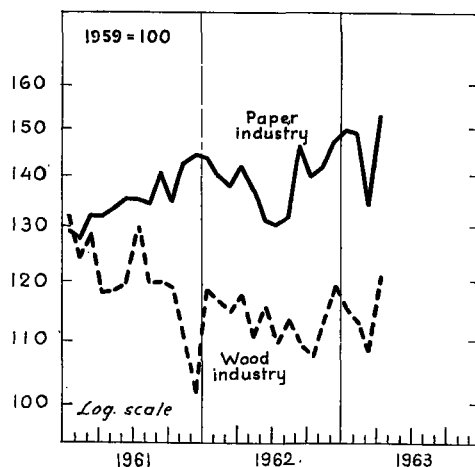
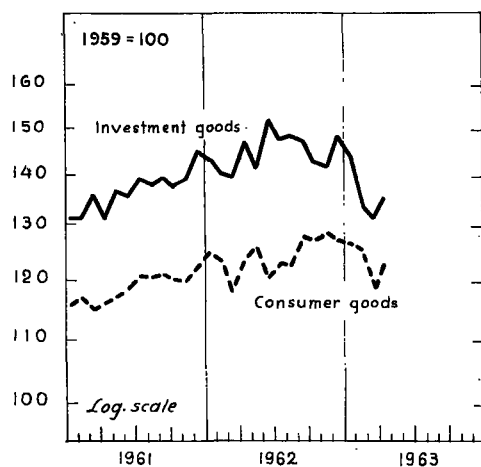
March 1963 figures are affected by strikes.

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
1961	24.97	10.28	2.31	8.70	2.63	22.09	125	117	119	126
1962*	22.73	10.49	2.13	6.89	2.24	25.53	132	120	128	134
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	21.39	130	119	117	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	20.61	133	119	135	134
July - Sept.	6.26	2.32	0.66	2.08	0.82	26.81	133	120	130	134
Oct. - Dec.	8.01	4.32	0.91	1.87	0.60	25.53	135	123	130	135

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-month		% of total labour force	
	1962	1963	1962	1963*	1962	1963*	1962*	1963*	1962*	1963*
Jan.	136	132	509	485	476	458	1 854	1 852	1.8	2.3
Feb.	125	125	398	293	367	281	1 853		1.7	
March	146	13	433	293	403	171	1 845		1.6	
April	135	145	459	510	402	438	1 867		1.2	
May	146	156	636		642		1 921		0.7	
June	134		746		865		1 916		0.7	
July	135		972		1 080		1 809		0.8	
Aug.	147		858		1 057		1 896		0.8	
Sept.	143		700		752		1 946		0.7	
Oct.	152		682		699		1 935		0.9	
Nov.	140		672		627		1 912		1.5	
Dec.	114		579		568		1 893		2.1	

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

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*: Including 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 — MONEY SUPPLY

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, high-interest deposits and tax - concession accounts* 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-ried 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 (net) of 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.

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. Thus the series above and below the line are not fully comparable. 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

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 the base year; 1954=100 for 1959—1961, and 1959=100 from 1961. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation see Bulletin No. 8, 1961, p. 18. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *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.

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. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin.)

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 Parliament 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, 1962, to March 1, 1968, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1962 are as follows: Agrarians 53, People's Democrats 47, Social Democrats 38, Conservatives 32, Swedish Party 14, Finnish People's Party 13, Social Democratic League 2 and Liberal League 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 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, communes and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1961): 4.5 million. Sweden 7.5, Switzerland 5.5, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1961): In South Finland 25.0, in North Finland 4.1 and in the whole country an average of 14.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1961): 61 % of the population inhabit the rural areas, 39 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 464 400 inhabitants, Tampere (Tammerfors) 130 400, Turku (Åbo) 127 500.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 30 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive persons 11 %.

LANGUAGE (1960): Finnish speaking 92.4 %, Swedish speaking 7.4 %, others 0.2 %.

EDUCATION (1962): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1961): births 18.4 ‰, deaths 9.1 ‰, increase 9.3 ‰. Deaths in France 10.9 ‰ and Great Britain 12.0 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 13 210 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 408 (10 %), forestry and fishing 1 330 (10 %), manufacturing 4 304 (31 %), construction 1 336 (10 %), transport and communications 1 070 (8 %), commerce, banking and insurance 1 772 (13 %), general government 1 663 (12 %), other services 838 (6 %), total 13 721. Index of real domestic product 127 (1957 = 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 (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 48 %, 15 to 50 ha 30 % and more than 50 ha 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 110 for 1960 (1954 = 100). Measure of self-sufficiency in the crop year 1960/61: bread cereals 86 %, animal products 123 %.

INDUSTRY (1960): Gross value of industrial production 12 440 mill. marks, number of workers 330 000, salaried employees 63 000, motive power (1960) 3.2 mill. HP. Index of industrial production 140 for 1960 (1954 = 100).

RAILWAYS (Jan. 1, 1963): Length 5 419 km, of which 5 345 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (April 30, 1963): Steamers 184 (293 436 gross reg. tons), motor vessels 314 (607 288 gross reg. tons), sailing vessels with auxiliary engines 54 (5 488 gross reg. tons). Total 552 (906 212 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1962): Private cars 252 000, lorries and delivery vans 77 800, buses 6 500, others 13 600. Total 349 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1962): Kilometres flown 12 million, passengers carried 652 000, passenger kilometres 287 million, and ton kilometres of freight and mail 4.9 million.

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. In 1931, Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1961 expenditure amounted to 2 188 mill. marks. Total revenue was 2 221 million, of which income from taxation 1 089 million. The municipal income tax (non-progressive) averaged 11.92 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1962). There are two big and three small commercial banks with in all 661 offices, 386 savings banks, 515 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pensions Institution and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1963). Bank of Finland discount rates 6—7 1/8 %. Other credit institutions: term deposits 4 1/8 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 3 1/8 %; highest lending rate 8 %.

PRICES AND WAGES IN FINLAND, 1958—62

BY

TIMO HELELÄ, *Pol. Lic.*

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

AN OUTLINE OF DEVELOPMENT

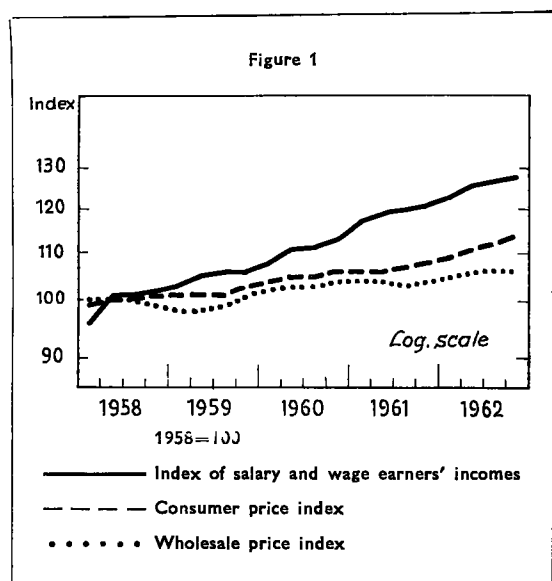
The third quarter of 1958 marked the beginning of a period of rapid economic expansion in Finland which continued until the middle of 1962. During those years it was possible to attain, and even to surpass, the objectives set for economic growth. However, balanced growth was not achieved. As aggregate demand expanded more quickly than aggregate production, the excess demand brought into being appeared as a price drift and a sizable surplus of imports of goods and services over exports.

It may be noted that in 1962 the implicit price index of the net domestic product was about 12 per cent higher than in 1958, and the corresponding rate of increase was 11 per cent for the cost of living, and 6 per cent for wholesale prices. Over the same period, the level of earnings increased 26 per cent, giving a 13 per cent increase in real earnings if the cost of living index is employed as a deflator.

As Figure 1 indicates, the rates of change in respect of prices and earnings were subject to variations during this period. In the early stages of expansion, during 1958—59, prices remained rather stable, but during the last quarter of 1959 — some time after the maximum rate of growth in aggregate production had been attained — price stability

became disturbed. There was observable in 1961 a slowing down in the rates of price increase, to some extent the outcome of the reductions in import duties brought about through EFTA agreement, along with measures of price policy such as a reduction in the import duty on coffee and the excise tax on tobacco. Nevertheless, by late 1961 clear tendencies towards price increases made a reappearance. As inflationary expectations were more marked in the economy during 1962, a partial price freeze was introduced with a view to precluding disturbances during the transition period following currency reform.

The changes in the earnings index can be largely attributed to the policy of collective wage agreements adhered to. A characteristic of this policy has been a rise in the earnings index at a rate which exceeds the annual average during the first half of each year. However, the earnings index has also reflected both the wage drift accompanying structural changes which have occurred in the economy, and the excess demand which has prevailed in the labour market. Generally speaking, the rates of change in earnings have followed fluctuations in the general level of activity. Thus in the early years of expansion the annual rates of change stood at about 5 per cent. In the boom years of 1960—61 the corresponding rates



were 6 per cent and 8 per cent. When the growth of productive activity levelled down in 1962, the rate of increase of earnings declined to 6 per cent.

In this connection, it may be mentioned that the continuous rise of the level of earnings has also been reflected in the changing share of wages in the national income. As the following data indicate, the share of wages in national income increased from 56 per cent to 58 per cent, whereas in the combined share of „wages and other labour income”, an increase from 62 per cent to 65 per cent occurred.

Share of wages and salaries, per cent

Year	A	B
1958	56.1	62.4
1959	57.3	63.8
1960	56.7	63.1
1961	57.1	63.5
1962*	57.5	64.9

A. Wages and salaries as a percentage of national income.

B. Wages and salaries, plus pension premiums and other social expenditure by employers for the benefit of employees as a percentage of national income.

Rising social expenditures contributed to the increase in the share of wages and other labour income from 1958 to 1962. As a

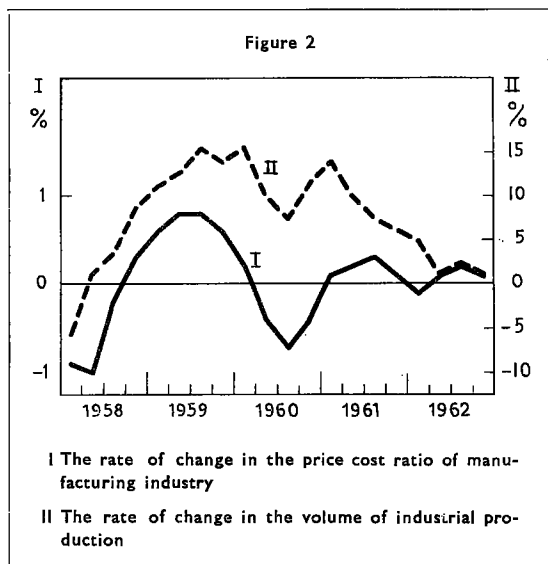
consequence, the share of corporate profits (before the deduction of direct taxes) in the national income was reduced by 1.6 percentage points. However, it should be borne in mind that the share of the income from unincorporated enterprises also narrowed by 0.8 percentage points over the same period. This shows that a part of the increase in the share of wages in the national income can be ascribed to structural changes occurring in our developing economy. A further indication of this is that from 1958 to 1962 the number of private entrepreneurs increased more slowly than the total number of persons employed.

PRIME COSTS AND PRICES

Although it has not been possible to measure excess demand, light can be thrown upon the development of prime costs and prices in 1958—62. The following figures indicate the contribution made by domestic and import components to the development of total prime costs. Apart from the after-effects of the 1957 devaluation, the declining trend which was evidenced by import prices during the boom worked as a stabilizing factor on the general level of prices through 1961. It was not until 1962, accordingly, that this component also added to the cost push.

	Change on previous year, per cent				
	1958	1959	1960	1961	1962*
Wage costs per unit of output	+ 4.5	+1.6	+3.0	+4.4	+5.0
Import prices, (c.i.f.)	+10.7	—5.4	+0.5	—1.8	+0.3
Prime costs ...	+ 6.6	—0.7	+2.2	+2.3	+3.4
Price index for net domestic product	+ 6.5	—0.8	+4.0	+3.8	+4.1

From this table, it can further be seen that the rates of change in prices and prime costs were about the same in 1958—59, the early years of the expansion. In the two succeeding years, price increases exceeded the rises in prime costs, which reflects the tendency of aggregate income to grow faster



than aggregate production. During 1962, however, the situation again changed, with the rates of change of prices and prime costs now drawing near each other.

Within the sphere of manufacturing industry, it is possible to follow the development of wholesale prices in relation to the prime costs on a quarterly basis. Figure 2 gives the rates of change of this ratio, along with the rates of change for industrial production, both seasonally adjusted. The prices of industrial products showed a tendency to increase in excess of costs from the first quarter of 1959 to the first quarter of 1960. This happened at a period when the rate of change in industrial production was at its peak. When the increase in production began to slow down in 1960, this was accompanied by a decline in the price cost ratio. In the subsequent year, the ratio was again increasing, but when industrial activity once more slackened during 1962, the price cost ratio in turn stabilized itself.

COLLECTIVE AGREEMENTS AND WAGES

The development of wages has been consistent with the policy followed in collective agreements, as has been noted above. The

agreements in force in 1958 had been concluded in the late summer of 1957 and early in 1958. They contained clauses which provided for the award of two-thirds compensation for a rise in the cost of living index. In accordance with this provision, a $\frac{1}{3}$ per cent wage increase was given at the end of March 1958. The collective agreements concluded at the end of 1958 no longer contained a clause tying wages to the cost of living index. Wage rates were raised by 3 per cent at the beginning of 1959. Following prolonged negotiations, the agreements for 1960 were not concluded until spring the same year, the wage increases agreed upon varying in the different spheres of activity. For the years 1961—62, two-year agreements were concluded: a 3.5 per cent wage increase was put into effect from the beginning of 1961, followed by a 3 per cent increase at the beginning of 1962. In addition, it was agreed that compensation of 0.8 and 0.5 per cent would be paid for a number of statutory holidays.

The figures in the following table give the annual rates of change in wages and unemployment as percentages of the total labour force.

Year	Unemployment, per cent	Increase in wages and salaries, per cent
1958	3.1	5.1
1959	2.3	4.8
1960	1.5	5.6
1961	1.2	7.6
1962	1.2	5.8

The average unemployment rate thus decreased from 3.1 to 1.2 per cent. In some spheres, there even appeared an excess demand for labour, particularly for skilled labour, which no doubt contributed to the wage drift, the magnitude of which cannot be indicated for lack of available and satisfactory data. Attention is drawn to the phenomenon that a decrease in the rate of unemployment was accompanied by a rise in wages and salaries at an increasing

rate. During 1962, when employment prospects were less favourable, the rate of change in wages declined again.¹⁾

THE OUTLOOK FOR 1963

Despite the partial price freeze, price indices have continued to display the slow upward trend established in 1962. Thus in April the consumer price index was 2 per cent, and the wholesale price index 1.5 per cent, higher than in December 1962.

The sources of these price increases are primarily to be sought in costs. The nego-

tiations on the 1963 collective agreements extended over a prolonged period of time, and in some cases led to strikes. The consequent average rate of increase in wages has been estimated at some 5—6 per cent. The effect of import prices on the course of the general level of prices is considered to be relatively neutral, and the increase in productivity is expected to remain somewhat less than in the previous year. As the ratio of prices to prime costs has clearly been declining, it appears unlikely that the rise in costs will make a full impact on prices during the current year.

¹⁾ A major part of the wage increases in 1958 derives from application of the index clause.

ITEMS

New foreign credit for Finnish industry. On June 5, a credit agreement was signed in Helsinki whereby the Reconstruction Loan Corporation (Kreditanstalt für Wiederaufbau), Frankfurt-am-Main, granted a long-term loan of DM 25 million to the Mortgage Bank of Finland Oy, a subsidiary of the Bank of Finland.

The loan, which has a currency period of 10 years, carries interest at a rate of 6 $\frac{3}{4}$ per cent per annum. Amortization will start in 1965. The Mortgage Bank of Finland will re-lend the proceeds to small and medium-size industrial concerns in Finland in the form of mortgage loans varying in amount between DM 500,000 and DM 2 million.

The loan is not tied to any deliveries from the Federal Republic of Germany, and its proceeds can be used by the ultimate borrowers to finance both investment expenditures in Finland and imports from any foreign countries.

This loan forms a link in the current efforts being made in Finland to facilitate the financing of investments in small and medium-size industrial firms.

*

The Health Insurance Act. A further step was taken in social security when a nationwide health insurance scheme was passed by Parliament on May 21. The benefits fall into three categories:

1) Of the ordinary costs of illness, up to 60 per cent of doctors' bills are covered by the insurance. For medicines prescribed, one half of the part of the cost which exceeds

4 marks is paid for; with respect to laboratory and X-ray costs, three fourths of the cost which exceeds 6 marks. The costs of dental treatment are similarly covered if this is necessary for the treatment of other illness. Partial compensation is also given for travel expenses.

2) Each regularly employed person, not less than 16 and not over 65 years of age, is entitled to a daily allowance to compensate for the loss of earnings in case of illness. The allowance amounts to 1.5 parts per thousand of annual earnings when these range from 2 750 to 15 000 marks, remaining constant beyond the upper limit. Those below this range or lacking regular employment will get a minimum payment of 4 marks a day.

3) The same daily allowance is paid for maternity. For at least 180 days' pregnancy, it is paid to all mothers for a period of 54 working days, one-third before and two-thirds after the delivery.

The daily allowance is raised for dependents, by 15 per cent for the wife, and by 10 per cent for each child, up to a maximum total rise of 50 per cent. The allowance comes into operation after the eighth day of illness, for a maximum period of 300 days.

The costs of hospital treatment are not covered by the insurance, since hospital expenses are already amply subsidized from public funds.

The law does not apply to the armed forces, or to any person imprisoned or otherwise confined.

The scheme is to be financed by the insured themselves, by employers, and by the State. Those insured are to pay 1 per cent of their earnings (as assessed for local taxation), the employers likewise paying 1 per cent on all wages paid. The remaining costs are to be borne by the State.

The scheme will be put into effect in several steps. Employers and employees will start paying their share on April 1, 1964. From September 1964, benefits will be introduced on a limited scale; doctors' bills will not be paid, and daily pay accrues only after fifteen days of waiting time, instead of eight. The State will start to pay its share from the beginning of 1965. In its complete form — doctors' bills included, eight days of waiting time — the scheme will come into force in 1967. Until then, the insured will pay only 0.5 per cent of their earnings instead of 1 per cent.

The organization of Health Insurance is entrusted to the National Pensions Institution. For this purpose, the country will be divided into local administrative districts, each with a board of five members. Former insurance societies set up on a voluntary basis, for instance by an individual employer and his employees, will continue functioning as agents of the National Pensions Institution.

*

Supplementary budgets for 1963. Two supplementary budgets have so far been issued, in May and in June. These have entailed rises in expenditure by 42 million and 123 million marks respectively, bringing the total amount budgeted for 1963 up to 4 725 million marks.

The first supplement was wholly necessitated by the agreed pay rises in wages,

salaries and related expenditure. These will accrue from July onwards, the rise being regressive along the pay scale.

The second budget was mainly concerned with additions to employment grants for public works and construction, 79.5 million marks in all. Against these, savings up to 10 million marks are expected in the use of unemployment relief payments and loans for employment purposes. 5.5 million is granted in aid to professional schools, and another 7.5 million is reserved for further wage and salary adjustments. 10 million marks is set aside for buying fuel for stand-by stocks.

The revenue side of both budgets together amounts only to 15.2 million marks, consisting of 10 million marks as loan proceeds from the Bank of Finland for stand-by stocks and some 5 million increase in liquor revenue. The way in which the remainder will be covered is still under discussion, for later decision.

*

Saimaa canal. On May 21, 1963, the Parliament passed an act concerning the leasing to Finland of the Soviet section of the Saimaa canal, as well as an island port on Soviet territory for fifty years. — The canal was opened to traffic in 1856, and runs from Finland's south-east lake district to an inlet of the Baltic sea. It is 57.7 kilometres long, of which 33.8 kilometres is through Soviet territory. — The annual lease will vary from 640 000 marks to 927 000 marks, depending on the volume of goods carried through the canal. According to the present estimation, the cost of repairs for the whole project will amount to about 170 million marks.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
(Absent as Prime Minister)

REINO ROSSI

HEIKKI VALVANNE,
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

JAAKKO S. LASSILA

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

K. EIROLA,
Accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Chief

J. J. PAUNIO,
Research