



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 38 No. 3

MARCH

1964

RECENT DEVELOPMENTS

WAGES AND COLLECTIVE AGREEMENTS

Wages and salaries in 1962 and 1963

At the beginning of 1962, a general wage increase of 3.5 per cent was brought into effect in accordance with the two-year agreement of 1960, which covered the whole labour market. During 1962, the growth rate of production showed signs of becoming slower than in the boom years 1959—1961. Excess demand for labour was, however, still evident in some spheres; this tended to raise earnings. Thus, of the total 6 per cent rise in earnings, more than one third could be ascribed to wage drift. At the time with retardation in the growth of production and productivity, this rise in wages meant an increase in the cost push. For instance, the cost of living index went up by 6 per cent during 1962.

After the years of high production and moderate increase in prices, this new course of development resulted in a fear of inflation which caused unrest in the labour market. For this reason, the new collective agreements were concluded for one year only, and were arrived at only after prolonged negotiations, and several strikes. They were made separately for the various branches of industry, the wage increases involved averaging nearly 8 per cent. As re-

tardation in the growth of production had continued, the situation on the labour market had changed; the excess demand for labour disappeared, and the wage drift was negligible. Thus in 1963 the average level of wages and salaries rose by 8 per cent. In 1963 also, the wage increases granted were reflected as an increase in the cost push, which raised prices to the same extent as in 1962. The partial price stop, in force for the greater part of 1963, was consequently unable to prevent costs from affecting prices.

However, the wage increases varied between different spheres of activity. In agriculture and forestry, including some adjustments made to compensate for wage lags, they amounted to a full 12 per cent. Similar adjustments were made in respect of civil servants, whose earnings rose by nearly 10 per cent. The agreements for 1963 also provided for a special adjustment of women's wages, which partly explains the 10 per cent rise in earnings in commerce, banking and insurance. In manufacturing and transport, the rise corresponded to the average, 8 per cent. In "other services", earnings rose by no more than a full 5 per cent. In the building trade, the rise in

On page 18, Public Enterprises in Finland

wages slightly exceeded the average, amounting to just over 9 per cent. Here, the agreement was preceded by local strikes, which lasted for nearly two months. Another factor which tended to raise building workers' earnings more than the average was the high level of employment still prevailing in this branch.

Collective agreements for 1964

In the autumn of 1963, with the approach of the time for negotiation on new collective agreements, some labour organizations presented demands for wage increases of 9 to 12 per cent. As the employers' offers were far less than this, the "labour peace" seemed to be imperilled, and consequently the State arbitrator undertook the preparation of a draft for a general agreement which would satisfy both parties.

According to the draft, designed to cover the next two years, wages would be raised by 6 per cent at the beginning of 1964, and by 3.8 per cent at the beginning of 1965. In addition, compensation would be provided for rises in living costs as follows. When the cost of living index had risen from the December 1963 figure of 158 to 164, or by 3.8 per cent, hourly wages would be raised by 1.5 penny for every point of the index rise. For industrial workers, this would

have meant an increase by 3 per cent. The next wage increase would be granted on the index rising to 171; hourly wages would then be raised by 9 p. The following step would be: index rise to 182, and wage rise by 13 p per hour.

However, the draft was not unanimously approved by the central labour market organizations, and the subsequent negotiations were conducted by the individual branches of industry. In almost every case, the agreement reached was along the lines of the original draft. Wages were raised by 6 per cent at the beginning of the year. The first compensatory wage rise will occur in February—March, as the cost of living index rose to 164 for January; this was mainly the result of the introduction on January 1 of a new purchase tax system (see Bulletin No. 1, 1964, p. 1), which, as was anticipated, raised consumer prices a full 3 per cent. A price freeze, introduced at the beginning of the year to preclude increases in conjunction with the re-pricing necessitated by the revision of purchase tax, will lengthen the time lag between the increase in costs and the rise in price indexes. It is planned that the price freeze will be abolished in summer 1964.

February 20, 1964

BANK OF FINLAND

Mill. mk

	1963		1964			
	Dec. 31	Jan. 31	Jan. 31	Feb. 8	Feb. 15	Feb. 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	817.8	727.2	846.3	847.6	865.6	874.4
Gold	134.5	135.2	145.7	145.7	145.7	145.7
Foreign exchange	617.7	524.6	634.9	635.0	661.5	670.5
Foreign bills	26.2	17.4	24.5	24.2	24.2	24.0
Foreign bonds	39.4	50.0	41.2	42.7	34.2	34.2
<i>Supplementary note cover</i>	451.2	541.4	362.0	395.0	373.3	376.6
Inland bills discounted						
In foreign currency	68.7	81.8	68.7	66.7	66.7	66.7
In Finnish currency	57.2	30.9	52.1	44.0	27.0	31.0
Rediscounted bills	325.3	428.7	241.2	284.3	279.6	278.9
<i>Other assets</i>	138.8	127.2	130.4	127.4	137.3	130.5
Finnish bonds	89.5	59.0	83.7	81.0	78.6	73.8
Cheque accounts	1.7	0.7	1.6	1.1	1.1	1.7
Finnish coin	3.6	23.2	6.0	6.4	6.5	6.7
Other claims	44.0	44.3	39.1	38.9	51.1	48.3
Total	1 407.8	1 395.8	1 338.7	1 370.0	1 376.2	1 381.5
Liabilities						
<i>Notes in circulation</i>	943.7	787.5	835.0	825.6	835.0	865.6
<i>Liabilities payable on demand</i>	59.2	201.2	89.8	128.8	121.9	91.7
Foreign exchange accounts	18.2	16.2	20.2	19.4	20.6	22.2
Mark accounts of holders abroad	33.6	31.9	30.2	30.1	29.9	29.8
Cheque accounts						
Treasury	0.2	9.6	0.1	20.4	14.8	5.5
Post Office Savings Bank	3.0	134.3	27.4	49.3	47.6	19.8
Private banks	1.3	5.1	8.7	6.6	5.9	11.4
Other	0.4	1.3	0.6	0.4	0.4	0.5
Other sight liabilities	2.5	2.8	2.6	2.6	2.7	2.5
<i>Term liabilities</i>	68.0	80.2	68.0	66.0	66.0	66.0
Foreign	66.9	79.1	66.9	64.9	64.9	64.9
Finnish	1.1	1.1	1.1	1.1	1.1	1.1
<i>Equalization accounts</i>	141.0	139.9	148.3	151.3	154.5	158.8
<i>Bank's own funds</i>	195.9	187.0	197.6	198.3	198.8	199.4
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	73.6	73.6	84.8	84.8	84.8	84.8
Profits undisposed	—	11.6	11.2	11.2	11.2	11.2
Earnings less expenses	22.3	1.8	1.6	2.3	2.8	3.4
Total	1 407.8	1 395.8	1 338.7	1 370.0	1 376.2	1 381.5
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	817.8	727.2	846.3	847.6	865.6	874.4
Supplementary cover (Upper limit 500 mill. mk)	451.2	500.0	362.0	395.0	373.3	376.6
Total	1 269.0	1 227.2	1 208.3	1 242.6	1 238.9	1 251.0
Note issue						
Notes in circulation	943.7	787.5	835.0	825.6	835.0	865.6
Liabilities payable on demand	59.2	201.2	89.8	128.8	121.9	91.7
Undrawn on cheque credits	5.8	7.2	5.9	6.5	6.5	5.9
Unused right of note issue	260.3	231.3	277.6	281.7	275.5	287.8
Total	1 269.0	1 227.2	1 208.3	1 242.6	1 238.9	1 251.0

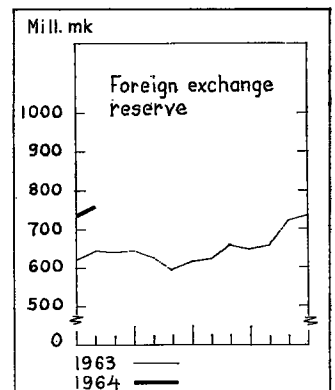
Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	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)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1956	294.1	46.0	248.1	112.7	153.4	207.4	191.6	- 23.1	105.5	63.0
1957	384.3	45.7	338.6	176.5	201.9	313.2	160.2	- 39.7	51.4	69.1
1958	575.6	21.8	553.8	126.2	160.1	519.9	90.3	- 51.6	71.5	- 32.8
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	-	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	-	18.9	0.2	18.7
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	-	28.9	9.6	19.3
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	-	28.9	0.1	28.8
March	660.3	16.2	644.1	74.6	108.7	610.0	-	28.9	0.0	28.9
April	646.8	17.6	629.2	76.0	106.6	598.6	-	28.9	1.2	27.7
May	616.4	18.1	598.3	80.4	106.5	572.2	70.0	28.9	0.0	98.9
June	632.7	17.4	615.3	65.7	103.3	577.7	-	28.9	0.6	28.3
July	641.1	18.2	622.9	64.9	104.9	582.9	-	28.9	11.8	17.1
Aug.	677.7	18.4	659.3	62.7	103.6	618.4	-	28.9	47.0	- 18.1
Sept.	667.5	19.4	648.1	63.9	102.5	609.5	-	28.9	0.1	28.8
Oct.	675.2	18.6	656.6	62.3	100.8	618.1	-	18.9	0.5	18.4
Nov.	741.1	18.3	722.8	59.8	103.3	679.3	-	18.9	0.8	18.1
Dec.	752.2	18.2	734.0	65.6	100.5	699.1	-	18.9	0.2	18.7
1964										
Jan.	780.6	20.2	760.4	65.7	97.1	729.0	-	18.9	0.1	18.8

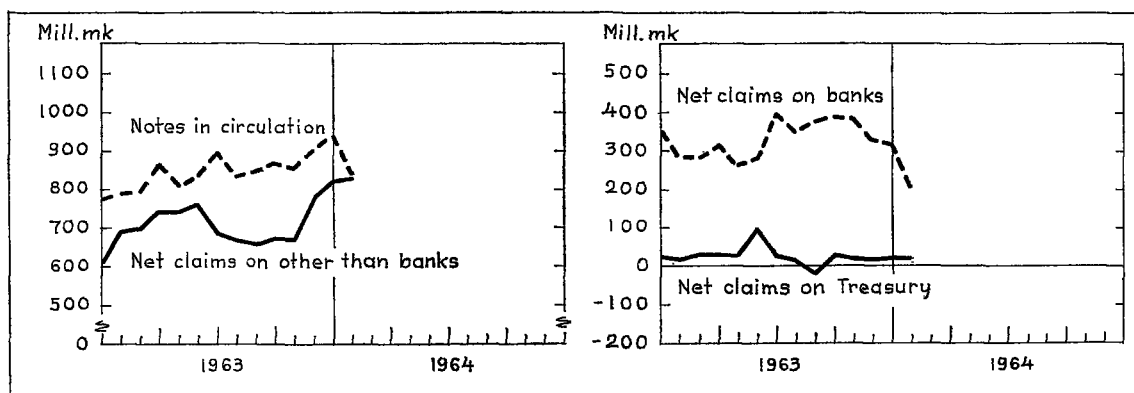
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1962	1963	1963		1964
	Dec. 31	Dec. 31	Oct. 31	Nov. 30	Jan. 31
Gold	135	135	135	135	146
Convertible	330	478	381	450	503
Eastern Bloc	101	66	88	84	58
Other	55	55	53	54	53
Total	621	734	657	723	760



BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks	Post Office Savings Bank	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1956	336.7	11.7	—	2.8	322.2	149.2	105.5	52.1	202.6	607.4
1957	249.1	24.1	—	-0.4	225.4	129.1	144.2	5.6	267.7	606.4
1958	187.1	14.7	—	20.8	151.6	88.2	143.0	5.3	225.9	650.8
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 ¹⁾	4.4 ¹⁾	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	- 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1963										
Jan.	428.7	5.1	134.3	2.4	286.9	30.9	96.8	1.7	126.0	787.5
Feb.	326.2	2.2	39.5	1.6	282.9	31.0	103.8	0.9	133.9	794.4
March	322.5	- 3.5	9.8	1.0	315.2	32.6	106.6	1.3	137.9	866.7
April	305.9	- 9.2	49.6	1.5	264.0	47.8	105.8	1.0	152.6	811.0
May	336.9	11.5	41.1	2.9	281.4	52.1	104.8	1.6	155.3	846.5
June	416.1	5.1	12.0	1.6	397.4	51.5	88.2	3.0	136.7	897.1
July	380.9	4.0	22.9	1.9	352.1	45.5	87.5	1.3	131.7	834.5
Aug.	406.5	6.3	21.6	2.5	376.1	31.8	84.8	1.1	115.5	847.8
Sept.	405.4	-15.3	29.8	2.8	388.1	21.5	87.1	2.0	106.6	869.2
Oct.	422.8	0.2	38.9	2.7	381.0	30.1	85.0	0.8	114.3	859.9
Nov.	334.9	- 3.9	8.3	1.7	328.8	31.9	97.9	2.4	127.4	904.8
Dec.	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964										
Jan.	241.2	8.7	27.4	2.1	203.0	52.1	89.4	1.1	140.4	835.0

¹⁾ Including cash reserve accounts.

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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1953	321.1	379.1	98.9	704.6	767.1	425.4	270.7	119.5	2 287.6	2 765.6
1954	349.1	421.1	132.2	834.4	921.7	520.5	300.8	134.2	2 712.0	3 265.3
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963*	715.3	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0
1962										
Nov.	610.5	757.4	165.9	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 376.4
Dec.	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963*										
Jan.	663.0	805.8	211.6	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 720.3
Feb.	645.9	783.5	222.0	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 800.9
March	645.8	802.8	206.7	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 842.9
April	692.7	838.2	202.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 881.1
May	707.1	862.8	191.0	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 917.1
June	668.3	811.9	184.6	2 314.1	2 221.2	1 350.8	615.1	297.5	6 798.9	7 795.4
July	685.5	824.4	166.4	2 288.2	2 211.0	1 346.1	616.2	285.8	6 747.5	7 738.3
Aug.	661.1	811.0	152.0	2 286.4	2 230.3	1 355.2	620.3	295.3	6 787.8	7 750.8
Sept.	668.7	831.0	199.3	2 301.6	2 237.8	1 363.5	621.8	300.5	6 825.4	7 855.7
Oct.	678.8	838.8	181.5	2 307.7	2 242.9	1 369.7	623.7	304.5	6 848.6	7 868.9
Nov.	696.4	860.6	209.6	2 322.2	2 265.8	1 388.0	624.6	308.3	6 909.1	7 979.3
Dec.	715.3	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0

End of month	Indexed deposits	High-interest deposits	Tax-concession accounts
1962			
Dec.	68.1	533.0	109.5
1963*			
May	201.9	489.9	88.4
June	222.1	542.2	87.4
July	232.1	562.6	86.0
Aug.	236.1	577.6	85.2
Sept.	248.4	600.6	83.0
Oct.	254.8	622.4	80.0
Nov.	265.7	640.8	70.4
Dec.	281.4	669.9	26.5

Selling rates for foreign exchange				
Feb. 12, 1964				
		mk	mk	
New York	1 \$	3.217	Zurich 100 Fr	74.40
Montreal	1 \$	2.980	Paris 100 FF	65.65
London	1 £	9.000	Rome 100 Lit	0.5168
Stockholm	100 Kr	62.05	Vienna 100 S	12.45
Oslo	100 Kr	44.93	Lisbon 100 Esc	11.22
Copenhagen	100 Kr	46.52	Reykjavik 100 Kr	7.49
Frankfurt o.M.	100 DM	81.00	Madrid 100 Pta	5.42
Amsterdam	100 Fl	89.26	Prague, clear. 100 Kč	44.58
Brussels	100 Fr	6.460	Moscow, clear. 1 Rbl	3.5667
			Clearing dollars 1 Cl \$	3.21

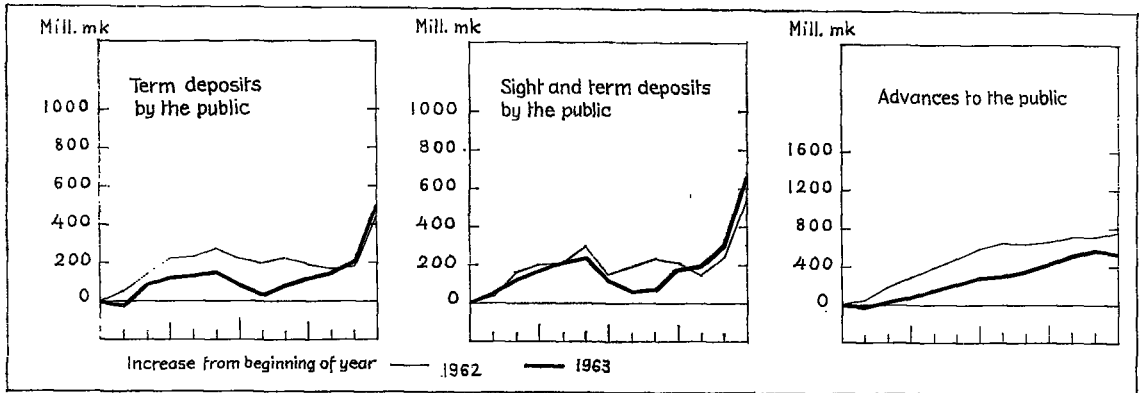
¹⁾ Bucharest, Peking.

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
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	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963*	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5
1962									
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	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	1 733.0
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 704.9
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 798.2
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 774.5
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	1 810.4
June	3 409.5	2 063.8	552.7	1 655.4	637.7	7 921.1	398.0	8 319.1	1 803.5
July	3 400.4	2 076.2	551.7	1 662.8	641.0	7 962.4	369.7	8 332.1	1 747.1
Aug.	3 418.2	2 091.2	550.1	1 681.4	641.7	8 006.6	376.0	8 382.6	1 740.3
Sept.	3 437.9	2 111.7	550.2	1 710.9	647.5	8 087.2	371.0	8 458.2	1 827.7
Oct.	3 469.7	2 133.4	573.8	1 727.2	654.1	8 171.6	386.6	8 558.2	1 804.9
Nov.	3 481.7	2 144.3	577.0	1 746.4	659.2	8 235.2	373.4	8 608.6	1 892.9
Dec.	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5

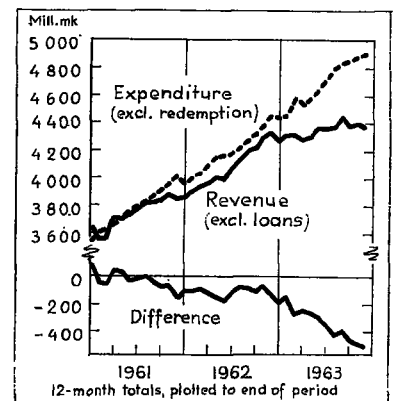


STATE FINANCES

Mill. mk

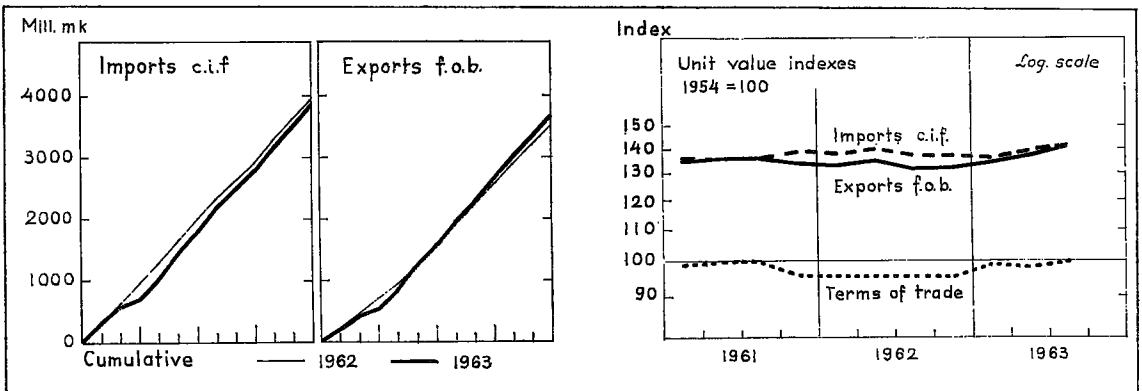
Revenue	Jan. - Nov.		Expenditure	Jan. - Nov.	
	1962	1963		1962	1963
Income and property tax (net)	861	894	Interest on State debt	59	76
Gross receipts	(2 163)	(2 320)	Child allowances	287	294
Refunds and communal income tax	(-1 302)	(-1 426)	The State's share in national pensions	174	187
Other direct taxes	16	18	Compensations to war-disabled	106	111
Purchase tax	949	921	Transfer of employers' payments for national pensions to the National Pensions Institution	93	—
Import duties	408	431	Subsidies	367	565
Revenue from Alcohol Monopoly	275	312	Net payments on price equalization by extra-budgetary funds	—	11
Excise duty on tobacco	207	250	State aid to agriculture	62	60
Excise duty on liquid fuel	148	163	State aid to communal and private schools	309	340
Other excise duties	54	73	Net loss of State enterprises	—	8
Tax on automobiles and motor cycles	64	81	Maintenance of roads	116	123
Stamp duties	183	194	Other current expenditure	1 272	1 469
Employers' payments for child allowances (1962 incl. national pensions)	342	279	Current expenditure	2 845	3 244
Net receipts of price equalization by extra-budgetary funds	4	—	Real investments	731	850
Other revenue similar to taxes	54	54	Other capital expenditure	491	411
Total taxes	3 565	3 670	Capital expenditure	1 222	1 261
Interest and dividends	65	68	Total expenditure	4 067	4 505
Net profit of State enterprises	0	—	Redemption of external loans	27	32
Other current revenue	141	123	Redemption of internal loans	156	172
Current revenue	3 771	3 861	Redemption of indemnity bonds etc.	8	7
Capital revenue proper	87	99	Index premiums	6	8
Decrease in inventories	33	39	Redemptions	197	219
Capital revenue	120	138	Total	4 264	4 724
Total revenue	3 891	3 999			
External loans	37	185			
Internal loans	288	328			
Loans	325	513			
Short-term credit (increase +) ..	+23	+79			
Deficit (+) or surplus (—)	+25	+133			
Total	4 264	4 724			

Debt	1960	1961	1962	1963		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
External debt ...	744	791	803	903	908	958
Ordinary loans	744	757	936	1 039	1 054	1 091
Indemnity bonds etc.	44	26	18	12	12	11
Short-term credit ..	30	24	61	74	83	130
Cash debt (net) ...	-144	-98	-125	25	-51	14
Internal debt	674	709	890	1 150	1 098	1 246
Total debt	1 418	1 500	1 693	2 053	2 006	2 204
Total debt, mill. \$	442.3	465.9	525.4	636.9	622.6	684.3



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		
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	3 928.7	3 533.1	-395.6	134	146	132	128	150	139	96
1963*	3 867.0	3 664.9	-202.1	138	140	148	127	145	..	..
1962										
Nov.	344.7	299.3	- 45.4							
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	323.6	234.1	- 89.5							
Feb.	262.6	205.4	- 57.2	134	147	137	125	141	136	99
March	101.8	96.6	- 5.2							
April	326.6	286.9	- 39.7							
May	411.9	388.8	- 23.1	137	144	142	126	149	139	99
June	366.6	341.8	- 24.8							
July	382.0	359.6	- 22.4							
Aug.	290.4	343.4	+ 53.0	141	137	146	128	174	141	100
Sept.	330.0	359.8	+ 29.8							
Oct.	371.3	377.7	+ 6.4							
Nov.	331.4	331.4	- 0.0	137	144	150	128	130	..	..
Dec.	368.8	339.4	- 29.4							

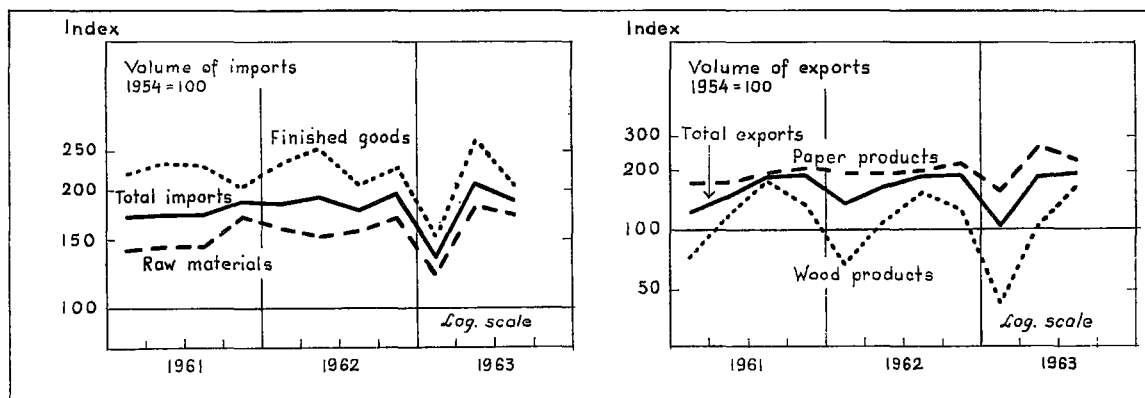


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

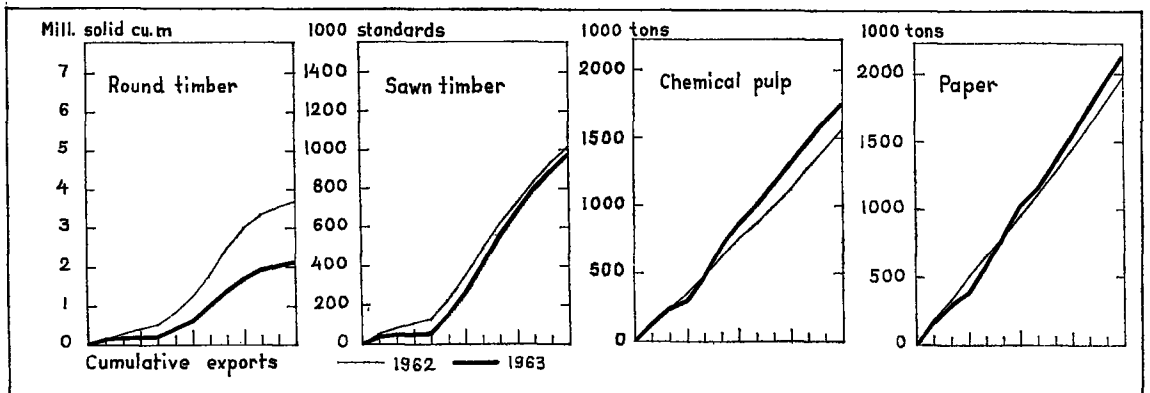
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1954	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	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963*	1 827.4	373.3	1 004.5	661.8	164.8	112.8	811.8	1 752.2	600.6	222.7
1962										
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.	119.6	24.7	68.7	49.6	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	145.2	27.2	91.8	62.4	10.9	2.3	31.4	174.6	50.0	17.7
May	194.6	26.5	116.6	74.2	14.8	8.2	75.8	197.2	73.9	18.9
June	159.6	31.1	108.7	67.2	14.8	10.2	82.4	149.4	61.6	23.4
July	171.5	47.5	109.8	53.2	14.4	20.9	102.7	139.9	62.3	19.4
Aug.	152.4	17.3	71.6	49.1	14.4	18.3	99.2	156.6	36.0	18.9
Sept.	154.2	48.2	78.4	49.2	10.9	16.3	92.7	156.0	59.3	24.6
Oct.	184.2	45.3	82.0	59.8	15.9	11.9	91.7	173.0	60.3	24.9
Nov.	160.4	33.2	77.2	60.6	11.2	7.8	83.3	153.4	52.0	23.7
Dec.	167.7	33.8	106.1	61.2	24.5	5.8	80.9	147.4	58.5	22.3



March 1963 figures are affected by strikes.

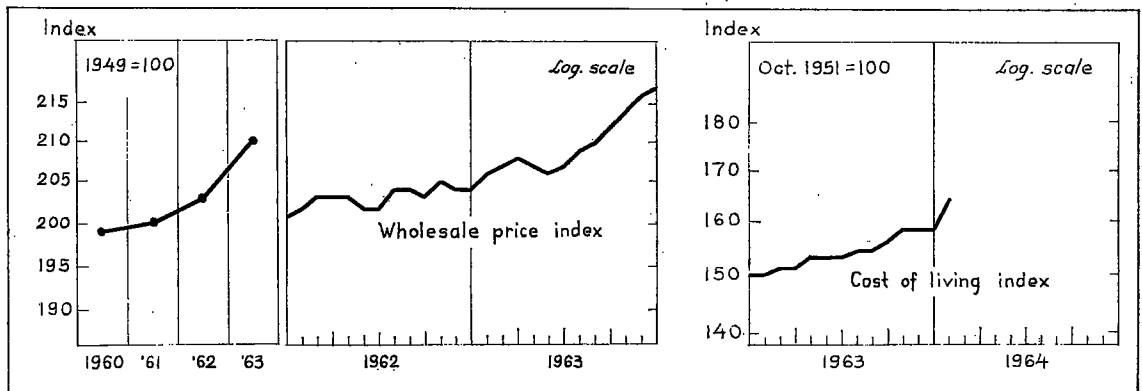
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1963*	2 108	977	384	173	861	893	171	161	882	2 126
1962										
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
May	164	89	42	21	103	109	20	21	102	229
June	201	111	31	17	88	90	11	15	68	220
July	429	156	21	16	68	66	10	10	70	138
Aug.	346	143	30	11	68	84	15	10	80	191
Sept.	302	123	34	13	77	79	16	14	83	189
Oct.	224	117	40	18	74	90	18	16	94	215
Nov.	120	102	33	16	75	73	14	17	84	187
Dec.	83	77	32	13	72	63	12	14	74	184



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year					Whole year				
	1960	1961	1962	1963*		1960	1961	1962	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	16.2	15.7	15.7	15.8	612.8	26.7	24.5	22.2	23.6	867.1
United Kingdom	15.8	15.3	15.2	15.3	591.6	24.2	22.2	20.2	21.6	791.0
Other OECD countries										
in Europe	53.6	55.2	55.6	53.0	2 048.1	41.0	46.4	43.0	44.1	1 616.5
Austria	0.7	0.7	0.7	0.7	28.0	0.2	0.4	0.3	0.3	11.6
Belgium-Luxembourg	3.1	2.6	2.4	2.2	85.6	3.7	3.8	3.4	3.3	121.6
Denmark	2.6	3.2	3.1	3.3	128.2	3.5	3.5	3.7	3.5	130.0
France	5.8	5.0	5.2	4.3	167.0	4.7	5.2	4.5	5.0	183.1
Western Germany	19.4	21.2	20.2	18.0	695.8	11.6	12.9	11.9	12.1	442.4
Italy	1.7	1.9	2.1	2.0	75.4	2.1	2.7	2.8	3.2	117.6
Netherlands	4.6	4.0	4.4	4.7	181.8	6.1	6.3	6.1	6.3	232.1
Norway	1.6	1.4	1.5	1.6	62.4	1.3	1.9	1.2	0.8	29.5
Portugal	0.2	0.1	0.2	0.2	8.9	0.1	0.1	0.1	0.1	3.7
Spain	0.7	0.5	0.4	0.4	14.8	0.2	0.5	0.7	0.9	31.3
Sweden	10.4	11.4	12.1	11.9	458.0	4.9	5.7	5.7	5.7	209.0
Switzerland	2.2	2.4	2.6	2.9	112.5	0.6	1.0	0.6	0.7	25.7
Eastern Bloc	20.6	19.4	19.2	21.7	839.0	19.5	18.0	22.5	20.6	753.7
China	0.2	0.1	0.2	0.2	8.9	0.4	0.6	0.4	0.5	18.0
Czechoslovakia	1.1	1.0	1.0	0.7	28.4	0.9	1.1	0.9	0.9	32.5
Eastern Germany	1.4	1.5	1.4	1.1	42.9	1.3	1.3	1.1	1.0	36.5
Poland	2.5	2.4	2.2	2.0	76.8	1.8	2.1	1.7	1.8	64.9
Soviet Union	14.7	13.6	13.7	16.9	653.1	14.2	12.1	17.8	15.7	577.1
U.S. and Canada	6.0	6.0	5.6	5.3	205.5	5.1	4.5	5.5	5.4	196.8
United States	5.7	5.6	5.1	4.9	189.4	5.0	4.4	5.4	5.2	191.2
Latin America	2.7	2.7	2.7	2.9	111.2	5.1	3.9	3.4	2.7	98.1
Argentina	0.5	0.4	0.4	0.5	19.5	1.1	1.3	0.8	0.6	21.2
Brazil	1.8	1.6	1.5	1.6	59.4	2.9	1.5	1.5	0.7	26.9
Others	0.9	1.0	1.2	1.3	50.4	2.6	2.7	3.4	3.6	132.7
Grand total	100.0	100.0	100.0	100.0	3 867.0	100.0	100.0	100.0	100.0	3 664.9
of which										
EFTA countries	33.5	34.5	35.4	35.9	1 389.6	34.9	34.7	31.9	32.8	1 200.5
EEC countries	34.5	34.7	34.7	31.5	1 219.2	28.1	30.9	29.4	30.7	1 123.7



March 1963 figures are affected by strikes.

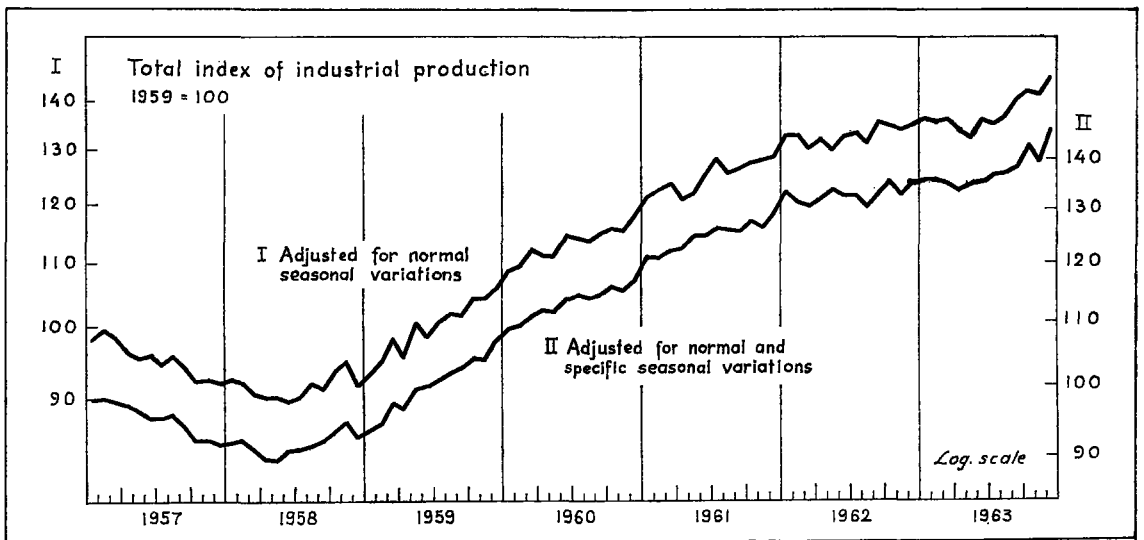
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1961	200	202	194	209	195	190	213	202	191	128	114	148
1962	203	205	196	209	203	197	217	200	198	132	114	156
1963	210	212	201	214	211	205	226	203	205	140	118	171
1963												
Jan.	206	208	199	209	208	200	220	200	201	135	117	158
Feb.	207	209	199	210	208	201	223	200	201	135	117	158
March	208	210	199	211	208	204	227	200	201	138	117	165
April	207	209	200	211	209	203	225	200	202	138	117	165
May	206	208	200	211	209	200	221	200	202	140	117	172
June	207	209	202	212	209	201	222	202	202	140	117	173
July	209	211	201	213	209	204	223	202	206	140	118	171
Aug.	210	212	202	213	212	206	226	202	206	141	118	175
Sept.	212	215	202	216	212	208	226	206	209	141	118	175
Oct.	214	217	203	216	214	211	230	205	210	143	118	180
Nov.	216	219	205	220	214	211	233	207	212	143	119	180
Dec.	217	220	205	222	214	212	236	209	212	145	123	182
1964												
Jan.	..	..	..	..	..	..	..	..	..	142	117	179

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
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
1963	154	164	346	108	93	151	121	120	128	105	115	123
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
June	153	164	343	108	92	149	120	121	127	105	115	121
July	154	163	343	108	92	151	120	120	127	105	115	123
Aug.	154	163	343	109	93	152	121	120	127	105	115	124
Sept.	156	167	343	109	93	154	122	123	127	105	115	125
Oct.	158	168	356	109	94	155	124	124	132	106	116	126
Nov.	158	169	356	109	94	155	124	124	132	106	117	126
Dec.	158	169	356	109	94	155	124	124	132	106	117	127
1964												
Jan.	164	175	361	113	104	159	129	129	134	110	129	129

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings x 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1961	125	132	127	120	122	136	131	119	125	49 004	150
1962	132	144	133	128	114	143	143	126	132	47 264	160
1963*	137	133	140	133	119	157	137	132	137	47 784	169
1962*											
June	122	139	119	123	116	110	139	121	133	1 763	155
July	99	84	106	89	107	134	84	90	133	1 200	145
Aug.	136	142	134	139	110	145	139	136	131	2 151	172
Sept.	138	149	138	134	101	151	148	133	136	1 984	170
Oct.	150	167	150	144	112	160	166	144	135	2 552	177
Nov.	144	155	146	136	110	154	155	140	134	2 966	171
Dec.	122	132	126	111	101	152	133	112	135	3 604	175
1963*											
Jan.	141	155	142	135	115	153	157	129	137	4 245	132
Feb.	133	129	136	128	115	149	137	125	136	4 995	142
March	137	135	139	134	125	153	141	128	136	5 409	156
April	134	129	136	131	128	143	135	131	134	4 036	171
May	145	145	146	144	133	161	147	141	132	10 095	191
June	128	124	126	132	110	129	129	130	136	1 941	167
July	105	81	113	96	114	149	81	99	135	1 299	153
Aug.	141	133	140	145	110	160	133	145	136	1 936	183
Sept.	145	142	149	139	113	172	147	139	140	2 192	176
Oct.	160	156	165	150	134	185	161	154	142	3 189	181
Nov.	149	141	155	139	111	173	147	145	141	3 915	173
Dec.	131	124	137	121	119	151	128	123	145	4 532	201



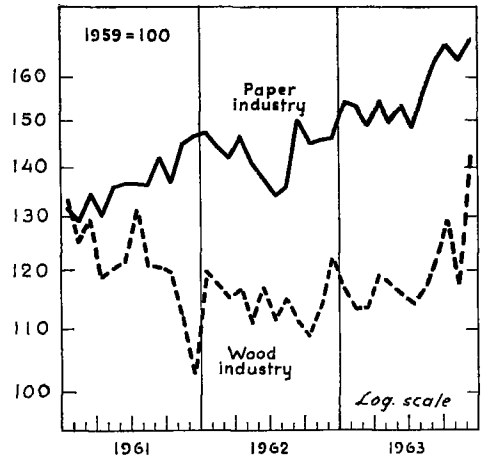
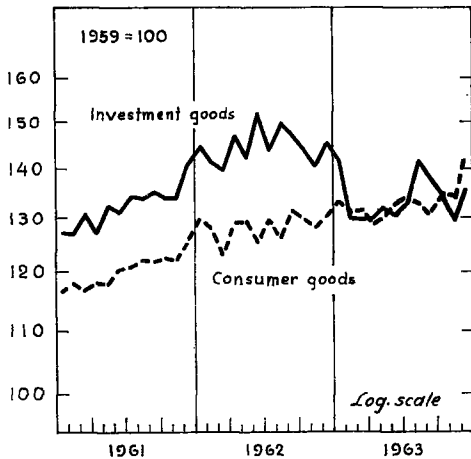
March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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*										
July-Sept.	6.29	2.38	0.68	2.01	0.83	26.81	133	120	130	134
Oct.-Dec.	8.01	4.32	0.91	1.87	0.60	25.53	135	123	130	135
1963*										
Jan.-Mar.	4.34	2.51	0.21	1.16	0.34	25.15	138	130	140	137
Apr.-June	4.71	2.36	0.28	1.41	0.49	26.57	145	137	148	145
July-Sept.	6.87	2.63	0.72	2.05	1.10	27.86	147	137	147	145

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-months		% of total labour force	
	1963	1964	1962	1963*	1962	1963*	1962*	1963*	1962*	1963*
Jan.	132	125	509	485	476	458	1 829	1 830	1.9	2.3
Feb.	125		398	293	367	281	1 828	..	1.7	2.3
March	13		433	293	403	171	1 822	1 819	1.6	2.1
April	145		459	510	402	438	1 847	1 841	1.2	1.6
May	156		636	751	642	688	1 900	1 905	0.7	0.8
June	128		746	830	865	870	1 896	1 895	0.7	0.8
July	133		972	977	1 080	1 134	1 790	1 737	0.8	1.0
Aug.	139		858	919	1 057	1 033	1 876	1 851	0.8	1.0
Sept.	139		700	745	752	842	1 925	1 922	0.7	1.1
Oct.	148		682	697	699	752	1 917	1 910	0.9	1.3
Nov.	132		672	661	627	658	1 892	1 895	1.5	1.6
Dec.	110		579	657	568	614	1 873		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 + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities.

Page 5. *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 sight liabilities + Other cheque accounts + Deposits against import licences (in 1956) — 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 rest of economy + Finnish bonds + Finnish coin — Equalization 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-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 (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. 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 (1962): 4.5 million. Sweden 7.6, Switzerland 5.7, Denmark 4.7 and Norway 3.6 million.

DENSITY OF POPULATION (1962): In South Finland 25.2, in North Finland 4.2 and in the whole country an average of 14.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1962): 60 % of the population inhabit the rural areas, 40 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 476 400 inhabitants, Tampere (Tammerfors) 133 300, Turku (Åbo) 130 800.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, 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 (1962): births 18.1 ‰, deaths 9.5 ‰, increase 8.0 ‰. Deaths in France 11.5 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 17 070 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 421 (10 %), forestry and fishing 1 376 (10 %), manufacturing 4 257 (31 %), construction 1 393 (10 %), transport and communications 1 064 (8 %), commerce, banking and insurance 1 771 (13 %), general government 1 635 (12 %), other services 838 (6 %), total 13 755. 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 exel. 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 121 for 1962 (1954 = 100). Measure of self-sufficiency in bread cereals 89 % in the crop year 1961/62.

INDUSTRY (1961): Gross value of industrial production 13 706 mill. marks, number of workers 345 000, salaried employees 67 000, motive power (1961) 3.9 mill. HP. Index of industrial production 155 for 1961 (1954 = 100).

RAILWAYS (Jan. 1, 1964): Length 5 427 km, of which 5 353 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Jan. 31, 1964): Steamers 174 (285 624 gross reg. tons), motor vessels 340 (633 139 gross reg. tons), sailing vessels with auxiliary engines 51 (5 575 gross reg. tons). Total 565 (924 338 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1963): Private cars 294 400, lorries and delivery vans 78 800, buses 6 800, others 13 900. Total 393 900.

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 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1963). There are two big and four small commercial banks with in all 682 offices, 383 savings banks, 504 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 1/4 %. Other credit institutions: term deposits 4 1/4 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 3 1/4 %; highest lending rate 8 %.

PUBLIC ENTERPRISES IN FINLAND

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INTRODUCTION

Finland is principally a free enterprise economy, although the extent of public enterprise is considerable. The title public enterprises here comprises those owned by the State and local government authorities.

The following is a brief description of the origin, the types and the extent of public enterprise in the Finnish economy.

REASONS FOR THE INTRODUCTION OF PUBLIC ENTERPRISES

Lack of capital in the private sector has given birth to many public undertakings. When private capital has been unable to provide for large-scale investments, the necessary funds have been raised by the State, which has also furnished security for the borrowing of foreign capital. Outstanding examples of this are to be found in the railroads and in hydro-electric power plant construction. It can be mentioned that prior to Finland's independence, in the early twentieth century, almost the whole of the State debt was attributable to railroad construction. A typical example of this kind of engagement by the State in the economy today is provision for infrastructure such as transport, energy and postal-telecommunications.

An example of the lack of domestic private capital is observable in mining. In the 1920's, the Government purchased the Outokumpu copper mine when the private company operating it was unable to obtain capital for further, and at that time not very promising, operations. Today, Outokumpu is the largest mining enterprise in the country, and makes Finland one of the largest European producers of copper. Similarly, the State was the first to be interested in exploiting the country's iron ore deposits on a major scale.

In the forest industry, the Government bought up a number of wood-processing firms to handle the products of its own vast forests. The most important of these is the Enso-Gutzeit Company, which now operates eleven factories and one power plant. In 1918, the first year of Finnish independence, the Government acquired the majority of the shares in the Gutzeit Company from their Norwegian owners.

Some other companies have been administered strong capital injections from the State when they have been on the verge of bankruptcy with no private capital available to assist them, and considerations of national interest have prompted keeping the firms in operation.

Public enterprise in Finland has been regarded as suitable for furnishing collective or public utilities such as water, electricity,

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harbour construction, etc. The fact that the supply of electricity, water and gas in the urban communities is administered by the municipal authorities has aroused hardly any public discussion of principle in our society. Such public utilities are rationally run as monopolies. This is generally accepted as the best solution, as long as the monopolies are subject to the necessary control from the State and municipal governments. It should be added that some branches of activity are subject to government restriction for reasons dictated by general social policy, defence and fiscal reasons. Examples of this are afforded by the State Alcohol Monopoly and the State Broadcasting Company.

CLASSIFICATION OF PUBLIC ENTERPRISES

In establishing an administrative and legal classification of State-owned enterprises in Finland, the following types can be distinguished:

1. Government departments engaged in business activity
2. State establishments formed for business activity
3. Joint-stock companies owned totally or in part by the State.

The types of government department engaged in business activity in Finland are the post and telecommunications, railways, the forest administration and the farms of the National Board of Agriculture. A characteristic feature of these is that the State activity takes the same form and has the same mode of operation as State administration in general. The Government and Parliament exercise a decisive influence over both the direction and the extent of the business activities of government departments. In the main, this is effected through financial grants for new investments

or the defrayment of losses; profits usually accrue to the State and are entered in the budget. Since this kind of State undertaking is operated as part of the administration, the wage-rate structure and the terms of employment follow the civil service pattern. To ensure that the most effective results are obtained from the activities of this type of State enterprise, it is permitted a certain degree of independence.

A position midway between the civil service departments and the State companies is occupied by the State establishments formed for business activity. This type is subjected to considerable government and Parliamentary control; in the budget, such enterprises are treated in the same way as government departments. On the other hand these undertakings are deliberately given greater independence than is usually possible with a government department. Their wage systems are more flexible, and in such matters as the hiring of employees there are variations from government practice. As to the management of these establishments, the following principles were instituted by an act passed in 1931, according to which "the industrial establishments of the State shall be managed and utilized according to sound business principles in a productive way for the interests of the State with due respect to profitability".

In the 1930's, the industries of the National Defence were organized as State industrial establishments. Now, most of these have been reorganized to form the large joint-stock company Valmet Oy, whose production is predominantly civilian, in the metal and shipbuilding trade. Three remaining minor industrial undertakings of the National Defence, in addition to the State Margarine Factory (market share 5—10 %), and the small State Electrical Works (TELEVA) are examples of existing State enterprises of this type.

In Finland, as well as in Sweden and Norway, there is a tendency for the State to accord its undertakings greater freedom of action; there has been a development towards types of enterprise more independent of Government and Parliament. The formal origin of the State-owned joint-stock companies dates back to the depression year 1931, when an act was passed by Parliament allowing the State to transfer certain State property to joint-stock companies to be established. The purpose of this reform was to enable the State companies to raise funds from the capital market, and to acquire private shareholders.

The characteristic feature of these joint-stock companies is that they operate in accordance with corporation law and methods of accountancy. In competition with private firms, the State companies have no special privileges and, with the exception of the Broadcasting Company, are subject to taxation in the normal way.

Control of the State companies is a subject of much discussion and some disagreement. The State joint-stock companies are exempted from direct examination and auditing by the Parliamentary-appointed State auditors.

The State accounting office, according to an act of 1947, has the right to supervise and control all joint-stock companies, as well as their subsidiaries in which the State holds more than 50 per cent of the shares. In practice, direct contact between the State accounting office and the companies has been maintained by the officials of the accounting office who have been elected annual auditors at the shareholders' meeting of the companies concerned.

The State companies are subject to the supervision of different ministries according to activity; most fall under the Ministry of Trade and Industry. At the annual shareholders' meeting of a State company, the interests of the State are represented by an

annually appointed representative of the Cabinet. Through its representative, the Government can see to it that suitable persons are elected members of the board of supervisors or the board of directors. The Government generally leaves the prime responsibility for the management of the companies to the company administrators and the elected auditors. Only resolutions concerning the most important issues may be passed at the shareholders' meeting, and may have been decided beforehand in the Cabinet.

In Finland, there are some 20 government departments or State establishments formed for business activity; the most important of these are shown below.

	Employees 1962
State Railways	35 500
Post and Telegraph	35 000
Forest administration	12 500

Table 1 gives the most important Finnish State companies.

THE SHARE OF PUBLIC ENTERPRISES IN THE FINNISH ECONOMY

Although the State is the largest single business entrepreneur, the economic life of Finland is dominated by private enterprise. Nevertheless, the State's share in the ownership and operation of business enterprises is today rather large — considering that it was largely acquired by non-socialist governments.

According to Table 2 government enterprises accounted in 1962 for 9.1 per cent of the gross domestic product, whereas the corresponding figure for the State companies was 5.3 and that for general government 11.8 per cent. Compared with these, the private sector accounted in all for 73.8 per cent of the gross domestic product.

Table 1. PRINCIPAL STATE COMPANIES IN 1962

	Share capital Mill. U.S. doll.	State ownership ¹⁾ Per cent	Employees in 1 000s
<i>Paper and pulp factories</i>			
Enso-Gutzeit Oy	25.5	76	18.8
Kemijärvi Oy ²⁾	4.7	86	
Oulu Oy	1.1	51	2.6
Veitsiluoto Oy	17.5	100	4.9
<i>Hydro-electric plants</i>			
Imatran Voima Oy	18.4	100	2.2
Kemijoki Oy ²⁾	21.7	97	2.4
Oulujoki Oy ²⁾	9.5	91	0.8
<i>Mines and metal industry</i>			
Otanmäki Oy (iron mines)	8.9	100	0.9
Outokumpu Oy (copper mines)	15.0	100	5.0
Rautaruukki Oy ²⁾ (steel mill)	12.5	94	
Valmet Oy (metal industry)	8.3	100	9.5
<i>Chemical industry</i>			
Rikkihappo Oy (sulphur and superphosphate factories)	3.1	100	2.2
Typpi Oy (nitrogen factory)	6.5	100	1.0
<i>Others</i>			
Aero Oy (airlines)	2.8	83	1.6
Oy Alkoholiliike Ab (alcohol monopoly)	3.0	100	1.9
Neste Oy (oil refinery)	6.4	100	1.2
Oy Yleisradio Ab (State broadcasting & television company)	15.6 ³⁾	100	1.2

1) Including the shareholding of other State companies, the National Pensions Institution and the Bank of Finland.

2) Under construction.

3) Including other assets.

If the activities of these institutional types are compared with another criterion, capital formation (Table 3), the relative figures in 1962 were: government enterprises 8.8,

State companies 8.3 and general government 16.0 per cent. The private share of capital formation amounted to 66.9 per cent.

Table 2. GROSS DOMESTIC PRODUCT BY TYPE OF OWNERSHIP IN 1958 AND 1962

Type of ownership Activity	Private ¹⁾		Government enterprises ²⁾		State companies ³⁾		General government ⁴⁾		Total	
	1958	1962 *	1958	1962 *	1958	1962 *	1958	1962 *	1958	1962 *
Total	8 339.7	12 137.3	1 141.5	1 496.9	614.4	876.4	1 312.4	1 941.7	11 408.0	16 452.3
	Million marks									
	Per cent									
Agriculture	98.5	98.5	1.5	1.5	—	—	—	—	100	100
Forestry	80.8	83.9	13.1	9.4	6.1	6.7	—	—	100	100
Industry	83.9	83.9	4.0	4.5	12.1	11.6	—	—	100	100
Construction ⁵⁾	61.8	74.1	33.7	23.1	4.5	2.8	—	—	100	100
Transport and communication	52.4	49.7	43.2	44.8	4.4	5.5	—	—	100	100
Others	58.9	58.5	2.1	2.1	0.7	0.6	38.3	38.8	100	100
Total	73.1	73.8	10.0	9.1	5.4	5.3	11.5	11.8	100	100

1) Individual ownership, private companies and partnerships, cooperative societies, non-profit institutions.

2) Government enterprises include State, municipal and intermunicipal enterprises — not joint-stock companies — whose activity is regulated by the annual budgets of general government.

3) State companies are joint-stock companies with the majority of shares owned by governmental bodies.

4) General government activities include public government affairs and education, health, social etc. services carried out by central government and local authorities.

5) The figures for government enterprises include public road and waterway construction.

Table 3. THE DISTRIBUTION OF CAPITAL FORMATION BY TYPE OF OWNERSHIP IN 1960 AND 1962
(Excluding repairs and maintenance)

Type of ownership Activity	Private		Government enterprises		State companies		General government		Total	
	1960	1962 *	1960	1962 *	1960	1962 *	1960	1962 *	1960	1962 *
Total	2 626.0	3 288.0	333.0	451.0	467.0	425.0	734.0	822.0	4 282.0 ¹⁾	5 148.0 ¹⁾
	Million marks									
	Per cent									
Agriculture	96.7	96.0	3.3	4.0	—	—	—	—	100	100
Forestry	85.7	83.7	8.9	10.5	5.4	5.8	—	—	100	100
Industry	60.8	67.5	5.7	6.2	33.5	26.3	—	—	100	100
Transport and communication	47.9	38.5	42.0	52.9	10.1	8.6	—	—	100	100
Commerce	95.7	95.9	3.9	3.5	0.4	0.6	—	—	100	100
Other activities	70.5	67.1	23.2	27.1	6.3	5.8	—	—	100	100
Private persons and associations	100	100	—	—	—	—	—	—	100	100
General government	—	—	—	—	—	—	100	100	100	100
Total	64.2	66.9	7.8	8.8	10.9	8.3	17.1	16.0	100.0	100.0

¹⁾ In 1960, increase in stocks and statistical error account for 122.0 million marks and in 1962 for 162.0 million, which sums are included in the total figures.

ITEMS

Investment inquiry. In October 1963, the Bank of Finland Institute for Economic Research conducted an investigation into the fixed investment of Finnish industry, as represented by manufacturing, mining, electricity production, and gas and water works. Questionnaires were sent to nearly 700 undertakings, chosen by sampling. The labour force of the firms returning completed questionnaires represented more than 90 per cent of the total labour force of the sample material. The next inquiry will be made in May 1964.

The table below gives figures relating to the fixed investment of manufacturing and total industry in 1962 and 1963 (cf. Item in No. 12, 1963). The figures for 1962 are final, while those for 1963 represent the informants provisional estimates made in the autumn with respect to the whole year.

In 1962, the value of building investment in the total of industry diminished by 10 per cent on 1961, the drop in investment in machinery and equipment being 5 per

	1962	1963	Change on 1962
	Mill. mk	Mill. mk	Per cent
<i>Manufacturing</i>			
Building	235	237	+ 1
Other construction	56	56	0
Machinery, equipment	796	568	- 29
Other	27	33	+ 18
Total	1 114	894	- 20
<i>Total industry</i>			
Building	262	261	- 0
Other construction	140	134	- 5
Machinery, equipment	889	710	- 20
Other	27	33	+ 18
Total	1 318	1 138	- 14

cent. Last year, the decrease in building investment came to an end, but investment in machinery and equipment fell more appreciably than in 1962.

During 1963, the downward course of investment in the main manufacturing categories — the wood and paper industries, the metal industry and other manufacturing industries — was fairly uniform, although it was most marked in the wood and paper industries. As the investment in electricity production and gas and water works rose

by more than 20 per cent, the diminution in total industrial investment was proportionately less than that in manufacturing.

*

Trade agreements. Finland has recently concluded trade agreements with the following countries.

Rumania, on December 20, 1963. Period: 1964. Finland will principally export machinery for the paper, cellulose and fibre-board industry, paper products, chemical wood pulp, and hides. Finland's import list includes fuel oil and oil products and cereals.

The Democratic Republic of Germany, on January 21, 1964. Period: 1964. Trade is fixed by quotas, and the Finnish export list includes roundwood, sawn goods, chemical pulp, newsprint and other paper and board, metal industry products and agricultural products. Her import list includes vehicles, industrial chemicals and machinery.

France and the six "Franco-African" countries, on January 31, 1964. The period of validity of the trade agreement dated December 23, 1958, was extended for the year 1964. The African countries concerned are the Republic of Central Africa, Congo (Brazzaville), Dahomey, Gabon, Mauretania and Tsad.

Bulgaria, on February 4, 1964. Period: 1964. Trade is fixed by quotas, and Finnish exports will include mechanical and chemical wood pulp, paper, cardboard, machinery and equipment. Finnish imports will mainly consist of fruit, vegetables and tobacco.

*

New bond loans. The Government has decided on the issue of the following two bond loans.

An 8 per cent loan for subscription by the banking institutions, amounting to 40 million marks. The bonds are dated January 2, 1964, and will mature in five years. The loan is issued at par.

A loan to be purchased by insurance companies. It amounts in total to 30 million marks, and was issued in two groups. Group I (16 million) will run for sixteen years, group II (14 million) for twenty-five years. Interest will be paid six-monthly at a rate of 7 per cent. This loan is tied to the cost of living index to the extent of 50 per cent. Group I was issued at a price of 95.18, and group II at a price of 93.82.

Authorization for issue of a private bond loan to the Industrial Mortgage Bank of Finland was also given. The loan amounts to 10 million marks. The bonds will be dated April 15, 1964, and the loan will run for twelve years at a rate 2¾ per cent above the general deposit rate of the three largest commercial banks. It is tied to the wholesale price index to the extent of 50 per cent.

*

Publications of the Bank of Finland. In series A of the Publications issued by the Bank of Finland Institute for Economic Research, Volume 1963 has appeared in Finnish and Swedish. It contains the following articles: Public Finance in 1954—1962, by Henri J. Vartiainen; Liquidity of the Public in Finland in 1948—1962, by Markku Puntila; Inventory Investments and Business Cycles, by Sirkka Hämäläinen; Prices and Wages in 1962—1963, by Kalevi Lagus.

*

Changes in the statistical tables. Page 4: Under Treasury, *Other claims, net* is arrived at by netting Advances for stand-by stocks against Long-term liabilities.

Page 5: Under Finnish credit institutions the former Cheque accounts of banks have been sub-divided into *Private banks* and *Post Office Savings Bank*. The heading Trade and industry has been changed to Other.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

JAAKKO S. LASSILA

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

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