



BANK OF FINLAND

MONTHLY BULLETIN

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AUGUST

1962

RECENT DEVELOPMENTS

BUDGETARY POLICY

The June Bulletin contained a discussion of the outlook for the State economy in the light of the Stabilisation Programme formulated by the Government in May.

This programme has now been accepted, or has come into force as regards its main features. The excise duty on tobacco was thus stepped up from June 1, and the prices of liquors were raised from July 1. The Diet consented to a temporary surtax on company taxable income for 1962. Small firms and housing corporations are exempted; for other companies the rate rises gradually to 12 per cent over the income range 1—3 million marks, and beyond this figure the rate is a flat one, thus bringing the total income tax rate to a maximum of 50 per cent. The tax will be collected in prepayments during the latter half of the current year. The amount will be deductible in the assessment for tax liability for 1963 income. The rise in the tax on cars was approved, but as an exceptional measure applying to one year only. The proposed increase in the duty on petrol was turned down by the Diet, but this was a point of minor importance in the stabilisation programme.

Negotiations for compensatory rises in civil service salaries and wages have been in progress since 1956. As the Government

recognised that the relative differentiation in pay scales had diminished, as a result of inflation and of regressive increases, sometimes by way of a lump-sum award, and that the schedules compared rather unfavourably with the private sector, particularly at the upper end of the scale, in June it introduced the third supplementary budget (see Items). Further to an overall increase, the salary and wage adjustments are thus aimed at correcting the disproportions of rank in the progressive salary scale. The basic minimum of the increase is 4.5 per cent, which rises successively to the upper end of the scale. On an average, it amounts to 6.5 per cent. About two-fifths of the rise will become effective in October 1962, and the remainder in January 1963. At an annual level, this means an additional outlay of some 10 000 million marks, of which 1 100 million falls due this year.

By virtue of the stabilisation measures adopted, and by means of due restraint in budgetary policy where possible, the financial position of the Treasury is expected to improve towards the late summer and the autumn. Recent monetary indicators also

On page 18, Public Finance in 1961

point in this direction. By mid-July, the total of bond sales thus amounted to 20 000 million marks, or two-thirds of the target set in the May calculations.

INDUSTRIAL PRODUCTION

The growth rate of industrial production has slowed down during the current year, mainly because of a weakening in the demand for Finnish export goods. The seasonally adjusted volume index of industrial production for January—May (preliminary) indicates a 1.4 per cent rise on the index for the fourth quarter of 1961, and a 3.9 per cent rise on the average for that year (see diagram and table on page 14). The advance since the low point of May 1958 was 45 per cent, and since the previous peak of July 1956, 29 per cent.

The recent development in the main groups of industrial production can be seen from the diagram on page 15. The decline in foreign demand has particularly affected the output of the wood industry, which began to fall off as early as mid-1960. For January—May 1962, the output of this industry, according to the seasonally adjusted index, fell below the average level of 1961

by 4 per cent. The production of the paper industry, which has been growing at an annual rate of 15 per cent during the last few years, has slowed up considerably. Nevertheless, the seasonally adjusted index for the first five months was still 4 per cent above the 1961 average. The capacity of the paper and pulp mills is still rising very rapidly; by the end of 1962 it is expected to exceed the 1960 capacity by about 50 per cent. The slackening of demand will accordingly result in some idle capacity, but this is expected to be a temporary phenomenon.

In the other branches of industry, production has generally kept pace with the growth in capacity. For January—May, the seasonally adjusted volume of consumer goods production was 4 per cent above the average for 1961, and 2 per cent above the last quarter of that year. The increase on the lowest level of 1958 was 40 per cent, and on the previous peak of 1956, 17 per cent. For the investment goods industry, the corresponding figures were 58 and 27 per cent respectively, while the increase on the 1961 average was 4 per cent.

July 21, 1962.

BANK OF FINLAND

Mill. mk

	1961		1962			
	Dec. 30	June 30	June 30	July 7	July 14	July 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	77 893	80 915	75 604	75 942	75 962	77 074
Gold	10 417	10 031	13 668	13 668	13 668	13 668
Foreign exchange	58 730	62 409	56 032	56 365	56 395	57 514
Foreign bills	996	807	1 401	1 406	1 396	1 389
Foreign bonds	7 750	7 668	4 503	4 503	4 503	4 503
<i>Supplementary note cover</i>	47 225	42 223	63 393	67 345	65 877	66 952
Inland bills discounted						
In foreign currency	9 432	10 060	8 864	8 864	8 863	8 863
In Finnish currency	7 083	11 386	3 299	3 197	3 099	2 885
Rediscounted bills	29 460	18 277	51 230	55 284	53 915	55 204
Treasury bond loan	1 250	2 500	—	—	—	—
<i>Other assets</i>	6 236	9 250	6 443	4 646	4 120	5 649
Finnish bonds	1 968	6 583	3 133	1 274	706	2 056
Cheque accounts	608	594	475	493	505	643
Finnish coin	755	825	1 005	1 004	1 019	1 023
Other claims	2 905	1 248	1 830	1 875	1 890	1 927
Total	131 354	132 388	145 440	147 933	145 959	149 675
Liabilities						
<i>Notes in circulation</i>	83 706	76 991	84 333	82 879	82 318	80 020
<i>Short-term liabilities</i>	7 321	17 814	14 063	17 595	17 107	23 631
Foreign exchange accounts	1 339	1 856	1 856	1 158	1 188	1 237
Mark accounts of holders abroad	3 768	3 957	3 333	3 389	3 395	3 404
Cheque account of the Treasury	108	9 738	3 718	8 555	7 393	13 726
Cheque accounts of banks	566	1 058	4 945	3 469	4 152	4 299
Other cheque accounts	184	378	225	227	190	188
Other short-term liabilities	1 356	827	666	797	789	777
<i>Long-term liabilities</i>	13 586	10 408	16 399	16 399	16 399	16 072
Foreign	9 069	9 607	8 498	8 498	8 498	8 498
Finnish	4 517	801	7 901	7 901	7 901	7 574
<i>Equalisation accounts</i>	9 522	10 238	12 384	12 750	12 819	12 616
<i>Bank's own funds</i>	17 219	16 937	18 261	18 310	17 316	17 336
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	5 176	5 176	6 198	6 198	6 198	6 198
Profits undisposed	—	814	1 022	1 022	—	—
Earnings less expenses	2 043	947	1 041	1 090	1 118	1 138
Total	131 354	132 388	145 440	147 933	145 959	149 675
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	77 893	80 915	75 604	75 942	75 962	77 074
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk)	47 225	42 223	50 000	50 000	50 000	50 000
Total	125 118	123 138	125 604	125 942	125 962	127 074
Note issue						
<i>Notes in circulation</i>	83 706	76 991	84 333	82 879	82 318	80 020
<i>Short-term liabilities</i>	7 321	17 814	14 063	17 595	17 107	23 631
Undrawn on cheque credits	885	796	353	335	323	185
Unused right of note issue	33 206	27 537	26 855	25 133	26 214	23 238
Total	125 118	123 138	125 604	125 942	125 962	127 074

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

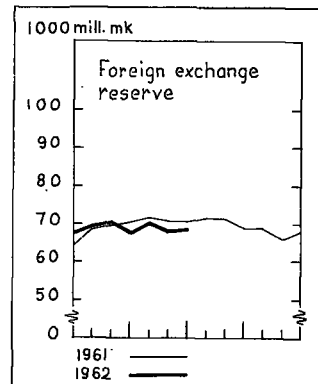
BANK OF FINLAND

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
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 ¹⁾	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 ²⁾	1 249	23 302
1961										
May	72 972	2 305	70 667	8 736	13 804	65 599	17 099	702	813	15 584
June	72 440	1 856	70 584	8 475	13 564	65 495	18 277	1 528 ²⁾	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563 ²⁾	885	16 187
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120 ²⁾	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531 ²⁾	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187 ²⁾	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557 ²⁾	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 ²⁾	1 249	23 302
1962										
Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478 ²⁾	1 261	21 152
Feb.	71 466	1 257	70 209	9 076	12 288	66 997	29 048	5 312 ²⁾	1 314	22 422
March	69 193	1 387	67 806	8 177	12 308	63 675	35 905	5 788 ²⁾	801	29 516
April	71 528	1 371	70 157	8 205	12 092	66 270	38 748	6 138 ²⁾	769	31 841
May	69 597	1 376	68 221	6 923	12 020	63 124	44 439	9 450 ²⁾	839	34 150
June	69 700	1 176	68 524	5 904	11 831	62 597	51 230	12 722 ²⁾	562	37 946

¹⁾ Including cash reserve accounts 6 677. ²⁾ Including cash reserve accounts.

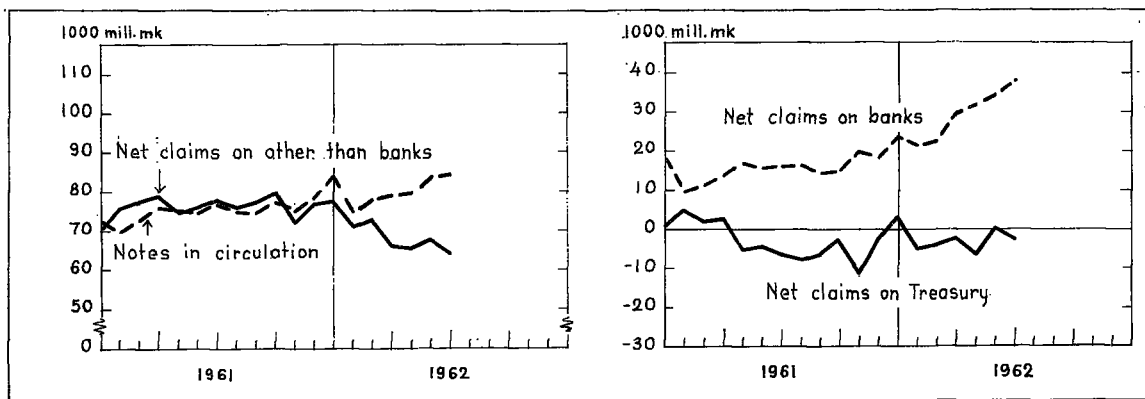
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1960	1961	1962		
	Dec. 31	Dec. 30	April 30	May 30	June 30
Gold	9.1	10.4	13.7	13.7	13.7
Convertible	44.2	40.3	36.6	33.8	35.0
Non-transferable EMA ..	3.2	1.4	1.5	1.5	0.3
Eastern Bloc	1.7	9.2	12.5	13.3	13.5
Other	6.3	6.5	5.9	5.9	6.0
Total	64.5	67.8	70.2	68.2	68.5



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
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	-3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1961										
May	2 500	607	7 423	271	-4 587	9 592	11 312	464	20 440	74 836
June	2 500	607	9 738	271	-6 902	11 386	11 295	464	22 217	76 991
July	2 500	607	11 014	171	-8 078	11 628	11 139	279	22 488	75 098
Aug.	2 500	670	9 345	171	-6 346	11 130	11 028	407	21 751	74 629
Sept.	1 250	700	4 912	171	-3 133	10 743	10 808	331	21 220	77 363
Oct.	1 250	700	13 173	171	-11 394	10 200	10 686	410	20 476	75 121
Nov.	1 250	700	4 022	142	-2 214	9 298	11 396	644	20 050	78 119
Dec.	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1962										
Jan.	1 250	700	7 028	114	-5 192	6 566	10 714	226	17 054	74 716
Feb.	1 250	700	5 898	114	-4 062	5 789	10 416	210	15 995	77 821
March	—	700	2 776	114	-2 190	3 468	10 374	242	13 600	77 965
April	—	700	6 853	114	-6 267	3 579	10 185	235	13 529	79 470
May	—	795	503	114	178	3 499	10 201	263	13 437	83 544
June	—	1 214	3 718	114	-2 618	3 299	9 955	329	12 925	84 333



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960	55 083	68 072	15 060	181 355	179 859	105 250	48 524	25 434	540 453	623 585
1961*	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1961*										
June	54 622	67 048	12 721	194 172	191 401	114 125	51 594	26 514	577 828	657 597
July	54 078	67 056	13 475	195 154	192 526	114 687	52 188	26 580	581 156	661 687
Aug.	55 300	69 178	13 440	196 578	194 204	115 946	52 674	26 616	586 039	668 657
Sept.	56 880	71 144	14 432	197 276	196 064	116 790	52 922	27 108	590 188	675 764
Oct.	58 295	72 396	13 805	198 558	197 797	117 742	53 277	27 559	594 967	681 168
Nov.	61 373	75 329	14 842	200 520	200 071	119 287	53 578	27 769	601 259	691 430
Dec.	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1962*										
Jan.	57 954	71 239	16 026	211 911	208 998	125 177	56 976	28 827	631 919	719 184
Feb.	58 280	70 807	19 668	213 987	212 064	127 448	58 030	29 211	640 763	731 238
March	55 164	68 713	17 526	216 138	214 561	130 019	58 708	29 561	649 006	735 245
April	54 798	68 015	17 446	217 176	214 927	130 386	58 586	29 404	650 498	735 959
May	58 010	72 222	18 671	219 011	215 791	131 599	58 648	29 275	654 343	745 236
June	56 632	69 681	12 736	218 358	213 361	129 815	58 248	28 891	648 694	731 111

End of month	Index- ed de- pos- its	High- interest depos- its	Tax- conces- sion accounts
1961*			
Oct.	4 949	49 097	14 265
Nov.	4 385	51 239	14 261
Dec.	3 726	52 892	14 880
1962*			
Jan.	3 448	53 200	14 856
Feb.	3 321	53 651	14 849
March	3 192	54 128	14 840
April	3 180	54 721	14 816
May	3 457	54 213	14 823
June	3 700	54 632	14 570

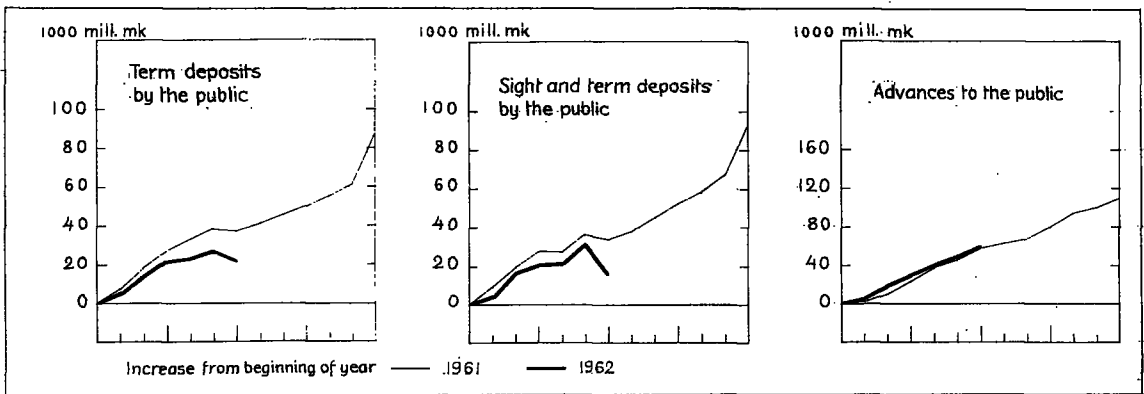
Selling rates for foreign exchange			
June 28, 1962			
		mk	mk
New York ...	1 \$	322: 10	Zurich 100 Fr 7 462: —
Montreal	1 \$	298: —	Paris 100 NF 6 575: —
London	1 £	904: 50	Rome 100 Lit 51: 93
Stockholm ...	100 Kr	6 266: —	Vienna 100 S 1 249: —
Oslo	100 Kr	4 512: —	Lisbon 100 Esc 1 128: —
Copenhagen ..	100 Kr	4 675: —	Reykjavik 100 Kr 749: —
Frankfurt o.M.	100DM	8 070: —	Madrid 100 Pta 542: —
Amsterdam ...	100 Fl	8 962: —	Prague, clear... 100 Kč 4 458: —
Brussels	100 Fr	648: —	Moscow, clear. ¹⁾ 1 Rbl 356: 67
			Clearing dollars ²⁾ 1 Cl \$ 321: —

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens, Belgrade, Berlin, Bogotá, 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
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960	260 460	154 935	39 495	117 601	45 216	586 187	31 520	617 707	149 461
1961*	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1961*									
June	283 751	168 145	44 054	130 671	48 214	639 955	34 880	674 835	149 836
July	284 060	170 452	43 638	133 639	48 438	644 770	35 457	680 227	149 842
Aug.	284 452	173 104	44 196	135 609	48 636	652 046	33 951	685 997	151 305
Sept.	287 252	176 701	45 551	138 513	49 443	663 829	33 631	697 460	157 802
Oct.	293 898	179 294	46 044	142 129	50 285	675 545	36 105	711 650	155 353
Nov.	296 617	181 352	45 955	142 347	52 198	685 091	33 378	718 469	161 753
Dec.	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1962*									
Jan.	306 496	182 187	45 001	146 504	52 139	696 434	35 893	732 327	156 476
Feb.	313 721	184 461	46 966	147 634	53 334	707 266	38 850	746 116	161 057
March	319 279	185 589	46 981	148 986	55 934	718 899	37 870	756 769	157 517
April	323 486	188 131	47 156	151 045	57 453	727 413	39 858	767 271	158 147
May	326 943	189 151	47 186	154 268	58 503	737 827	38 224	776 051	166 770
June	331 779	191 654	47 780	156 130	59 608	746 951	40 000	786 951	158 746

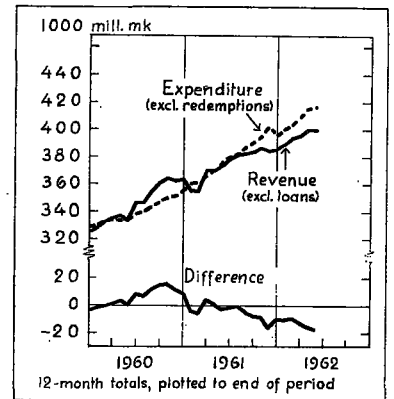


STATE FINANCES

1000 mill. mk

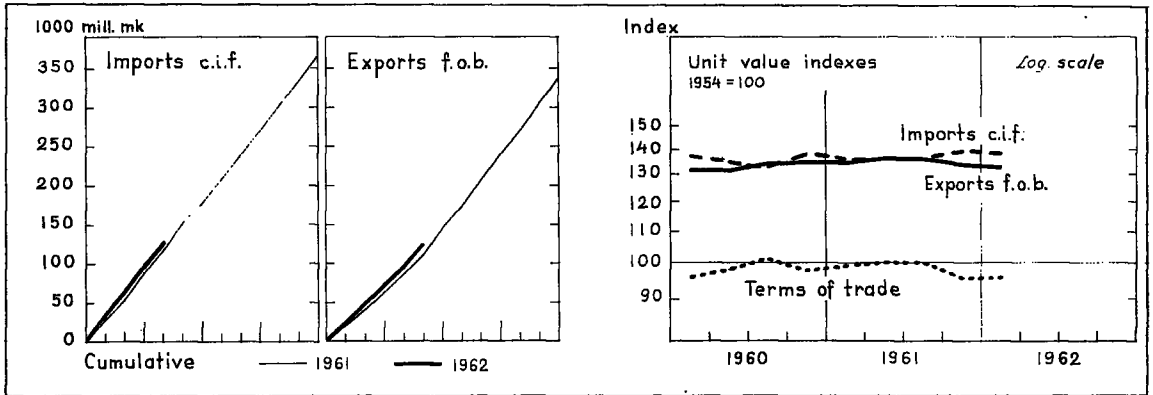
Revenue	Jan. — May		Expenditure	Jan. — May	
	1961	1962		1961	1962
Income and property tax (net)	30.2	38.9	Interest on State debt	2.4	2.8
Gross receipts	(88.6)	(97.7)	Child allowances	12.0	12.6
Refunds and communal income tax	(-58.4)	(-58.8)	The State's share in national pensions	6.1	7.8
Other direct taxes	0.3	0.5	Compensations to war-disabled	6.4	5.0
Purchase tax	36.3	39.5	Transfer of employers' payments for national pensions to the National Pensions Institution	2.2	3.7
Import duties	20.7	18.2	Subsidies	12.9	12.7
Revenue from Alcohol Monopoly	10.6	11.5	Net payments on price equalisation by extra-budgetary funds	0.5	—
Excise duty on tobacco	8.0	8.4	State aid to agriculture	1.7	2.1
Excise duty on liquid fuel	5.0	5.7	State aid to communal and private schools	12.8	15.0
Other excise duties	2.3	2.4	Net loss of State enterprises	0.7	2.4
Tax on automobiles and motor cycles	1.0	1.3	Maintenance of roads	3.7	4.4
Stamp duties	7.8	8.7	Other current expenditure	47.9	58.4
Employers' payments for child allowances and national pensions	12.5	14.1	Current expenditure	109.3	126.9
Net receipts of price equalisation by extra-budgetary funds	—	0.6	Real investments	32.1	32.7
Other revenue similar to taxes	2.8	2.0	Other capital expenditure	15.9	18.9
Total taxes	137.5	151.8	Capital expenditure	48.0	51.6
Interest and dividends	2.3	2.7	Total expenditure	157.3	178.5
Net profit of State enterprises	—	—	Redemption of external loans	1.1	1.0
Other current revenue	4.9	5.6	Redemption of internal loans	9.2	7.0
Current revenue	144.7	160.1	Redemption of indemnity bonds etc.	0.4	0.3
Capital revenue proper	3.3	3.7	Index premiums	0.6	0.5
Decrease in inventories	3.0	0.5	Redemptions	11.3	8.8
Capital revenue	6.3	4.2	Total	168.6	187.3
Total revenue	151.0	164.3			
External loans	1.5	0.6			
Internal loans	10.4	14.2			
Loans	11.9	14.8			
Short-term credit (increase +) ..	-1.2	-0.9			
Deficit (+) or surplus (-)	+ 6.9	+ 9.1			
Total	168.6	187.3			

Debt	1959	1960	1961	1962			
	Dec.	Dec.	Dec.	March	April	May	June
External debt ...	76.6	74.4	79.1	79.1	79.1	79.2	79.3
Ordinary loans ...	72.2	74.4	75.7	83.1	82.7	82.9	84.2
Indemnity bonds etc.	6.5	4.4	2.6	2.4	2.3	2.3	2.2
Short-term credit ..	4.1	3.0	2.4	2.0	1.5	1.5	3.4
Cash debt (net) ...	-5.8	-14.3	-9.8	-7.8	-8.3	-2.0	..
Internal debt ...	77.0	67.5	70.9	79.7	78.2	84.7	..
Total debt	153.6	141.9	150.0	158.8	157.3	163.9	..
Total debt, mill. \$	479.7	442.9	465.9	493.2	488.7	508.7	..



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		
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960	340 300	316 473	-23 827	133	123	131	132	147	136	98
1961	369 021	337 404	-31 617	135	145	134	134	140	137	99
Jan. — April 1960	104 926	76 525	-28 401	134	144	133	133	137	139	96
1961	117 470	85 363	-32 107							
1962*	127 343	94 997	-32 346							
1961 Oct. Nov. Dec.	31 284 33 354 35 063	32 393 34 845 31 258	+ 1 109 + 1 491 - 3 805	133	145	135	128	137	138	96
1962* Jan. Feb. March April May	32 179 30 691 34 002 30 469 ..	24 012 23 062 24 512 23 411 30 202	- 8 167 - 7 629 - 9 490 - 7 058 ..							

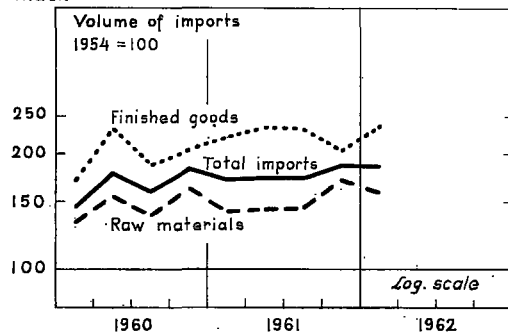


FOREIGN TRADE BY MAIN GROUPS

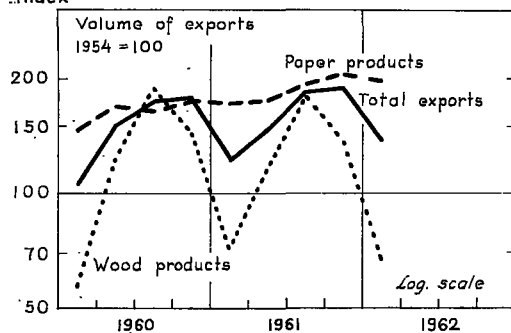
Mill. mk

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	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960	166 264	33 052	93 337	47 647	16 034	20 564	84 078	133 714	47 361	14 722
1961*	171 120	32 988	103 445	61 468	15 349	29 585	84 079	153 910	38 627	15 854
Jan. — April 1960	51 469	9 121	29 048	15 288	5 298	2 187	12 163	42 220	11 233	3 424
1961	53 069	10 540	33 093	20 768	4 724	3 689	16 929	46 911	9 456	3 654
1962*	56 995	10 925	38 013	21 410	4 597	2 927	14 475	51 327	17 200	4 471
1961*										
May	15 357	2 183	9 863	6 405	1 203	2 206	5 612	12 529	2 709	1 345
June	12 577	2 619	7 794	4 368	1 472	3 082	9 050	12 569	2 845	1 499
July	12 975	1 989	9 723	4 751	797	5 093	10 726	11 445	1 372	1 625
Aug.	13 584	2 567	9 243	4 311	1 207	4 552	10 323	14 051	1 563	1 255
Sept.	14 611	2 778	9 475	4 677	1 621	4 448	8 996	14 360	2 329	1 663
Oct.	15 157	2 916	8 473	4 738	1 216	3 301	8 030	14 315	3 747	1 784
Nov.	17 377	2 465	7 948	5 564	910	1 929	8 084	13 820	8 613	1 489
Dec.	16 413	4 932	7 832	5 886	2 199	1 285	6 328	13 910	5 993	1 543
1962*										
Jan.	16 410	2 144	8 320	5 305	807	903	4 784	12 912	3 571	1 035
Feb.	13 488	2 443	9 871	4 899	1 707	755	3 448	12 275	3 826	1 051
March	14 856	3 010	10 125	6 013	1 074	683	3 037	13 651	4 788	1 279
April	12 241	3 328	9 697	5 203	1 009	586	3 206	12 489	5 015	1 106
May	1 658	1 328	6 601	13 642	5 584	1 389

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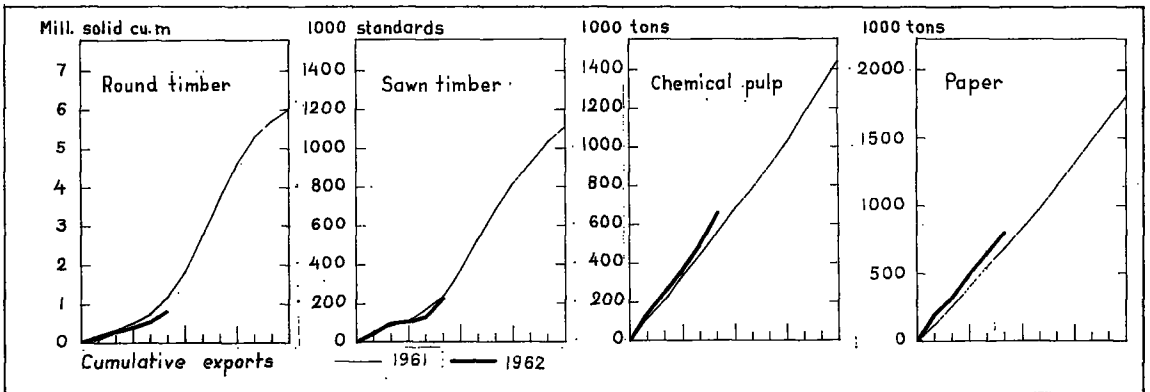


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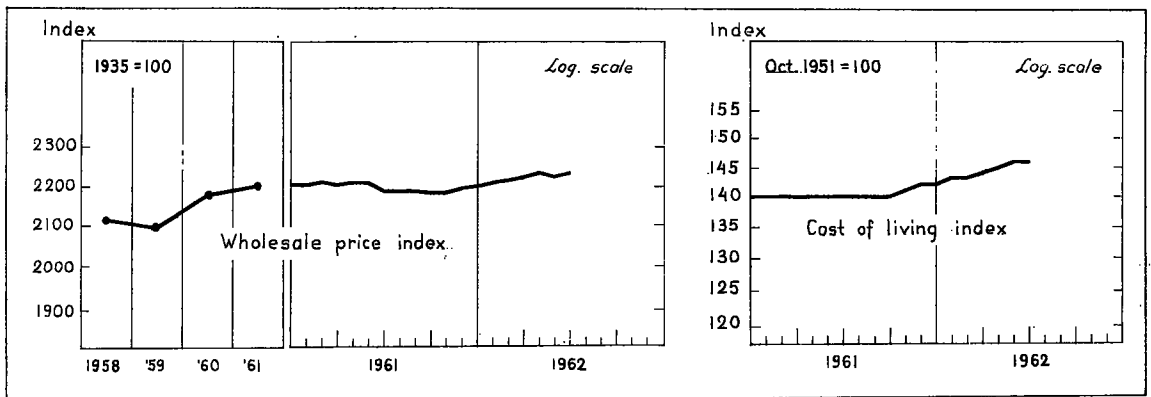
EXPORTS OF SOME IMPORTANT ARTICLES

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
Jan. — April 1960	511	102	119	52	298	163	52	43	223	461
1961	734	169	121	47	278	162	51	47	241	540
1962*	544	133	122	45	286	199	47	53	298	610
1961*										
May	466	67	26	20	74	44	13	15	68	142
June	623	133	19	16	74	47	11	11	66	140
July	970	162	20	10	61	37	12	8	70	143
Aug.	952	151	27	14	73	49	12	12	77	176
Sept.	882	127	26	14	80	45	14	13	86	172
Oct.	689	106	34	16	81	66	17	13	81	165
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	165	52	33	10	71	54	11	14	84	178
Feb.	141	31	31	10	75	42	11	13	72	141
March	129	23	29	13	68	51	14	13	75	173
April	109	27	29	12	72	52	11	13	67	148
May	286	85	32	17	68	74	12	14	79	154



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan. — April			Whole year		Jan. — April		
	1960	1961*	1961*	1962*		1960	1961*	1961*	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	16.2	15.7	15.9	16.0	20 355	26.7	24.5	26.5	20.4	19.384
United Kingdom	15.8	15.3	15.6	15.6	19 912	24.5	22.2	23.7	18.1	17.208
Other OECD countries										
in Europe	53.6	55.4	54.6	57.6	73 347	41.0	46.4	43.6	41.3	39.276
Austria	0.7	0.7	0.7	0.8	1 061	0.2	0.4	0.3	0.3	336
Belgium-Luxembourg	3.1	2.6	2.4	2.3	2 951	3.7	3.9	3.2	2.9	2 723
Denmark	2.6	3.2	3.6	3.0	3 863	3.5	3.5	2.9	3.3	3 149
France	5.8	5.0	4.9	6.0	7 627	4.7	5.2	4.9	4.6	4 331
Western Germany	19.4	21.3	20.8	20.6	26 241	11.6	12.9	12.5	12.0	11 361
Italy	1.7	1.9	2.1	2.3	2 911	2.1	2.7	3.3	3.2	3 058
Netherlands	4.6	4.0	3.8	4.2	5 389	6.1	6.3	5.6	5.5	5 187
Norway	1.6	1.5	1.4	1.8	2 230	1.3	1.9	1.7	1.3	1 252
Portugal	0.2	0.1	0.2	0.2	253	0.1	0.1	0.1	0.1	66
Spain	0.7	0.5	0.5	0.5	595	0.2	0.5	0.6	0.8	787
Sweden	10.4	11.5	11.0	12.7	16 165	4.9	5.7	5.0	4.9	4 700
Switzerland	2.2	2.4	2.6	2.5	3 165	0.6	1.0	0.6	0.6	591
Eastern Bloc	20.6	19.2	19.6	16.7	21 294	19.5	18.0	17.4	22.7	21 546
China	0.2	0.1	0.2	0.1	144	0.7	0.6	0.5	0.7	656
Czechoslovakia	1.1	1.0	1.1	1.0	1 249	0.9	1.1	1.0	1.1	1 061
Eastern Germany	1.4	1.5	1.4	1.3	1 628	1.3	1.4	1.1	1.0	948
Poland	2.5	2.4	1.7	1.6	2 020	1.8	2.2	2.5	2.1	1 993
Soviet Union	14.7	13.3	14.3	12.0	15 327	14.2	12.1	11.5	17.4	16 519
U.S. and Canada	6.0	6.1	6.8	6.1	7 770	5.1	4.5	5.1	7.1	6 717
United States	5.7	5.7	6.6	5.6	7 167	5.0	4.4	5.0	6.9	6 552
Latin America	2.7	2.7	2.0	2.3	2 942	5.1	3.9	5.0	5.1	4 877
Argentina	0.5	0.4	0.3	0.3	387	1.1	1.3	1.3	1.6	1 537
Brazil	1.8	1.6	1.3	1.2	1 574	2.9	1.5	2.4	2.1	2 027
Others	0.9	1.0	1.1	1.3	1 635	2.6	2.7	2.4	3.4	3 197
Grand total	100.0	100.0	100.0	100.0	127 343	100.0	100.0	100.0	100.0	94 997
of which										
EFTA countries	33.5	34.7	35.0	36.6	46 649	34.9	34.7	34.2	28.7	27 300
EEC countries	34.5	34.8	34.0	35.4	45 119	28.1	31.0	29.5	28.1	26 662



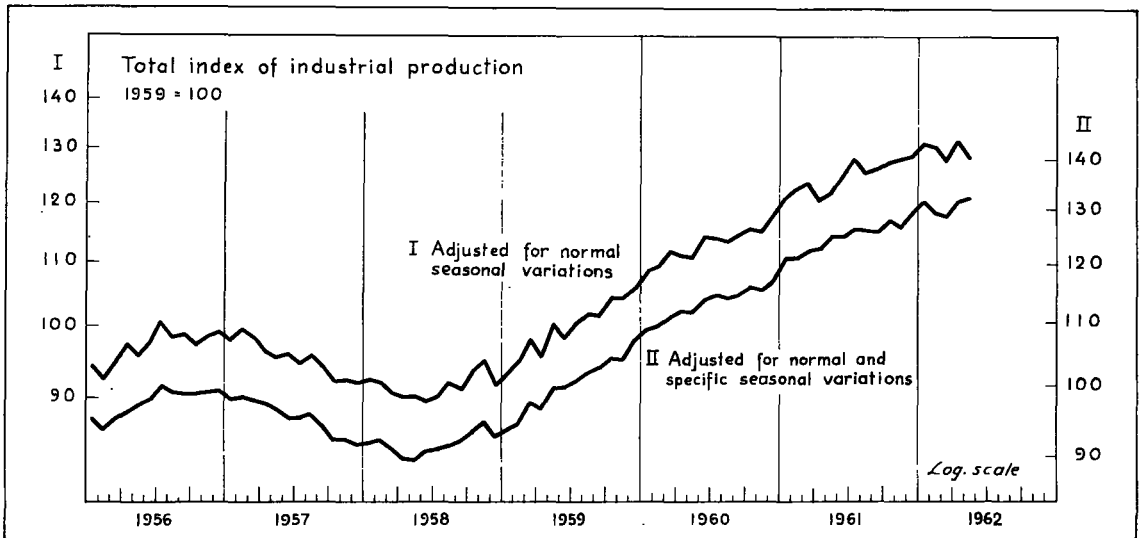
PRICE INDEXES

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				
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
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
1961									
June	2 188	2 296	2 223	3 565	1 890	1 958	128	114	148
July	2 185	2 308	2 294	3 566	1 889	1 922	129	114	154
Aug.	2 189	2 313	2 309	3 566	1 892	1 924	128	114	150
Sept.	2 181	2 305	2 265	3 566	1 892	1 917	129	114	151
Oct	2 182	2 310	2 268	3 596	1 889	1 910	129	114	151
Nov.	2 195	2 323	2 333	3 597	1 889	1 923	129	114	152
Dec.	2 198	2 327	2 357	3 600	1 888	1 923	129	114	152
1962									
Jan.	2 206	2 339	2 412	3 597	1 890	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154
March	2 221	2 354	2 471	3 597	1 897	1 936	130	114	153
April	2 231	2 371	2 508	3 623	1 905	1 931	130	114	154
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

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
1959	134	141	280	98	85	134	105	103	104	95	105	109
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
1961												
June	140	149	306	99	87	136	110	109	113	97	108	111
July	140	150	306	100	87	136	110	110	114	97	108	111
Aug.	140	149	306	100	88	136	110	110	114	97	109	111
Sept.	140	149	306	100	88	138	110	109	114	97	109	112
Oct.	141	148	322	100	88	138	111	109	119	97	109	112
Nov.	142	150	322	100	88	138	111	110	119	98	109	112
Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962												
Jan.	143	152	322	101	88	139	112	112	119	98	110	113
Feb.	143	152	322	102	89	139	112	112	119	99	110	113
March	144	154	322	102	89	140	113	113	119	99	111	114
April	145	155	322	102	90	141	114	114	119	99	111	115
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

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	38 100	121
1960	140	140	144	135	122	168	142	132	140	44 593	136
1961*	154	161	158	145	118	194	161	142	154	49 004	150
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125		
1961*											
April	122	132	121	119	128	123	132	118	121	2 874	147
May	127	140	125	125	127	132	137	123	122	14 516	153
June	121	132	118	121	127	118	130	119	125	1 299	148
July	96	81	106	82	125	136	81	82	129	981	138
Aug.	131	129	129	134	115	144	127	132	126	1 981	164
Sept.	131	144	130	128	114	142	141	126	126	2 320	170
Oct.	138	151	139	128	118	149	147	133	128	3 026	163
Nov.	138	156	140	125	106	150	151	132	128	3 615	162
Dec.	122	143	122	110	94	127	140	112	129	4 052	167
1962*											
Jan.	132	152	133	122	112	143	151	119	131	4 522	125
Feb.	128	146	128	120	118	137	145	118	131	5 600	140
March	142	161	142	132	136	153	160	131	128	5 509	158
April	126	137	125	120	117	128	138	119	132	5 193	157
May	139	152	137	138	124	145	152	134	129	10 220	177

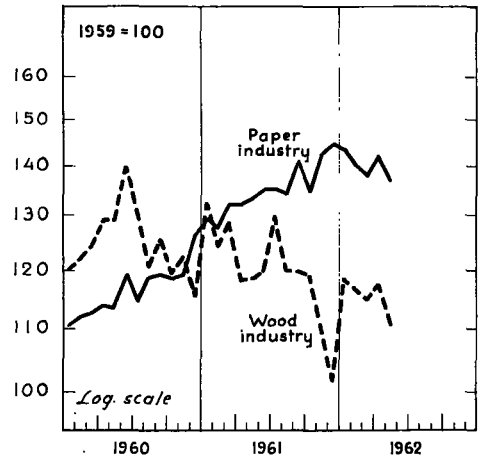
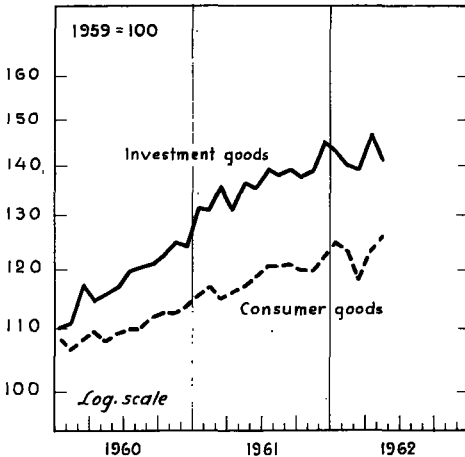


BUILDING - WAGES - TRANSPORT - EMPLOYMENT

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
1960*	22.28	8.80	3.02	6.68	2.76	22.39	116	111	108	117
1961*	24.95	10.62	2.29	8.72	2.56	23.63	125	117	120	126
1961*										
Apr. - June	4.11	1.65	0.24	1.51	0.53	27.67	124	115	121	126
July - Sept.	6.34	2.41	0.68	1.71	1.07	27.34	126	116	123	127
Oct. - Dec.	9.62	4.11	1.08	3.44	0.64	23.63	127	120	124	127
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	21.39

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo —		Vessels departed 1 000 net reg. tons		1 000 persons		% of total labour force	
	1961	1962	1961*	1962*	1961*	1962*	1961*	1962*	1961*	1962*
Jan.	134	136	450	509	412	475	1 803	1 854	1.8	1.8
Feb.	128	125	321	398	332	366	1 812	1 853	1.4	1.7
March	143	146	386	433	434	400	1 805		1.5	
April	139	135	422	459	402	401	1 840		1.4	
May	150	146	591	627	629	633	1 872		0.9	
June	149	134	729	746	912	863	1 872		1.0	
July	146		752		1060		1 777		0.9	
Aug.	160		779		1023		1 864		0.8	
Sept.	158		594		832		1 914		0.7	
Oct.	160		583		714		1 906		0.9	
Nov.	155		572		630		1 886		1.0	
Dec.	125		559		533		1 869		1.3	

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — 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; 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. *Employment 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. Employment 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 the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet elected in 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 (1959), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6 %, are covered by forests.

OWNERSHIP OF LAND (1959): The total land area was distributed among different classes of owners approximately as follows: private 56.2 %, State 34.4 %, joint stock companies etc. 8.2 %, communes 1.2 %.

POPULATION

NUMBER OF INHABITANTS (1960): 4.5 million. Sweden 7.5, Switzerland 5.3, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1960): In South Finland 23.0, in North Finland 4.1 and in the whole country an average of 14.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1960): 62 % of the population inhabit the rural areas, 38 % towns and urban districts. The largest towns are Helsinki (Helsingfors), the capital 453 000 inhabitants, Tampere (Tammerfors) 127 000, Turku (Åbo) 124 000.

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

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

EDUCATION (1961): 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 (1960): births 18.4 ‰, deaths 8.9 ‰, increase 9.1 ‰. Deaths in France 11.4 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1960, in thousand million marks): Gross domestic product at market prices 1 437 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 134 (12 %), forestry and fishing 112 (9 %), manufacturing 361 (31 %), construction 116 (10 %), transport and communications 90 (8 %), commerce, banking and insurance 141 (12 %), general government 134 (12 %), other services 71 (6 %), total 1 159. Index of real domestic product 116 (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 (1959): 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 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52 %, animal products 120 %.

INDUSTRY (1959): Gross value of industrial production 1 068 000 mill. marks, number of workers 303 000, salaried employees 59 000, motive power (1959) 3.0 mill. HP. Index of industrial production 123 for 1959 (1954 = 100).

RAILWAYS (Jan. 1, 1962): Length 5 387 km, of which 5 313 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (April 30, 1962): Steamers 198 (294 985 gross reg. tons), motor vessels 265 (540 902 gross reg. tons), sailing vessels with auxiliary engines 78 (7 704 gross reg. tons). Total 541 (843 591 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1961): Private cars 208 700, lorries and delivery vans 73 800, buses 6 200, others 12 900. Total 301 600.

AIR TRAFFIC: (Dec. 31, 1961) Number of aircraft in scheduled traffic 23, other aircraft 107. In 1961, 543 000 passengers were carried by the two Finnish companies; over 240 million passenger kilometres and 4.1 million ton kilometres of freight and mail were transported.

FINANCE AND BANKING

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

MUNICIPAL FINANCES. In the finance accounts for 1958 expenditure amounted to 173 143 mill. marks. Total revenue was 168 199 million, of which income from taxation 86 041 million. The municipal income tax (non-progressive) averaged 11.64 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1961). There are two big and three small commercial banks with in all 630 offices, 382 savings banks, 527 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 (April 28, 1962). Bank of Finland discount rates 6—7 1/8 %. Other credit institutions: term deposits 4 1/8 % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies 1/8 %, highest lending rate 8 %.

PUBLIC FINANCE IN 1961

BY

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The general state of affairs for the formulation of fiscal policy in 1961 was characterised by two distinct tendencies. On the one hand, the tide of prosperity that had continued since 1959 had brought about a definite improvement in the State economy, as evidenced by the considerable surplus in the accounts for 1960. On the other hand, the contractive fiscal policy of 1960, together with the rise in price levels, gave place in 1961 to various claims for the raising of expenditure in social fields and in some development projects, and simultaneously for alleviation of the nominal burden of the progressive income tax.

These endeavours found their expression in the budget in the finally approved form (see Bulletin No. 10, 1960 and No. 2, 1961). This contained, alongside an overall rise in current expenditure, some expansions in the State share in national pensions, and in compensation payments to war-disabled. Children's allowances were increased by one fourth, partly in the form of a general rise, and partly in the introduction of special allowances for certain categories. The increase in capital expenditure was more modest. The income tax rates for private persons were cut to remove the effect of progression caused by rise in prices since 1958.

The budget had to be formally balanced by entering the item of ordinary loans at 61 000 million marks, or about double the amount budgeted the year before. It was

generally expected that the actual need would be much less than this amount; but it was clear that the balance between revenue and expenditure would be less favourable than in 1960.

In January, the excise duty on tobacco was lowered for some types of cigarettes; simultaneously a crucial rise in the cost of living index was prevented, which would otherwise have necessitated the application of index compensation to national pensions. State Railway tariffs were raised in February.

The accounts for the first quarter ended in a cash deficit of 5 200 million marks, against a 2 800 million deficit the year before. Revenue was running at a rate of 9 per cent, and expenditure at 15 per cent above the 1960 level. The deficit was covered by using up cash balances.

By the end of June, the deficit was only 1 500 million marks, and the growth rates for revenue and expenditure remained unchanged. However, the import duties on coffee were lowered considerably in June, and a reduction in customs tariffs in accordance with the EFTA convention came into force in July. The growth in import duties was thus slowed down for the rest of the year.

The first — rather small — supplementary budget was published in March; it was more in the nature of a technical arrangement of some urgent expenditure relating to grain purchases and some wage adjustments. The

Table 1. STATE REVENUE AND EXPENDITURE
(Adjusted figures)

Revenue	1960		1961		Expenditure	1960		1961	
	Mill.mk		Mill.mk			Mill.mk		Mill.mk	
Income and Property tax (net)	74 867	73 899	Interest on State debt	6 325	6 388				
Gross receipts	(197 882)	(226 247)	Child allowances	20 625	24 697				
Refunds and Communal income tax	(—123 015)	(—152 348)	The State's share in national pensions	8 470	15 177				
Other direct taxes	1 761	1 599	Transfer of employers' payments for national pensions to National Pensions Institution	9 639	11 202				
Purchase tax	88 794	99 829	Compensation to war-disabled	7 371	12 208				
Import duties	45 621	46 555	Net payments of price equalisation by extra-budgetary funds	—	167				
Revenue from Alcohol Monopoly	25 589	28 599	Subsidies	36 952	37 738				
Excise duty on tobacco	20 162	20 596	State aid to agriculture	6 670	7 015				
Excise duty on sweetstuffs	1 885	2 001	State aid to communal and private schools	25 014	29 547				
Excise duty on beer	1 014	1 127	Military expenditure	17 142	19 363				
Excise duty on liquid fuel	13 170	14 660	Maintenance of roads	9 745	11 532				
Tax on automobiles and motor cycles	1 904	2 030	Pensions of State employees	9 047	9 797				
Other excise duties	2 447	2 551	Other current expenditure	90 967	99 636				
Stamp duties	16 436	18 337	Current Expenditure	247 967	284 467				
Employers' payments for child allowances and national pensions	30 213	33 081	Investments in State enterprises, forests and landed property	18 711	25 792				
Net receipts of price equalisation by extra-budgetary funds	1 858	—	Purchases of machinery and apparatus	6 528	9 714				
Other revenue similar to taxes	4 314	4 980	House building	12 477	13 299				
Total taxes	330 035	349 844	Roads, bridges and hydro-undertakings	32 013	28 484				
Interest and dividends	7 877	8 518	Real investments	69 729	77 289				
Net profit of State enterprises	7 030	6 017	Loans granted	27 281	23 700				
Other current revenue	10 138	11 923	Purchases of shares	2 563	4 947				
Current Revenue	355 080	376 302	Finland's quota in IDA	282	236				
Provision for depreciation by State enterprises	2 837	3 225	Increase in stand-by stocks and in inventories of extra-budgetary funds (net)	4 517	2 893				
Sales of State property	633	341	Capital Expenditure	104 372	109 065				
Repayments of loans	5 679	6 250	Total Expenditure	352 339	393 532				
Capital Revenue	9 149	9 816	Redemption of external loans	3 596	3 117				
Total Revenue	364 229	386 118	Redemption of internal loans	16 434	16 245				
External loans	1 375	7 538	Redemption of Indemnity Bonds etc.	2 166	1 792				
Internal loans	18 750	17 455	Index premiums	750	663				
Loans	20 125	24 993	Redemption	22 946	21 817				
Deficit	—	4 238	Surplus	9 069	—				
Total	384 354	415 349	Total	384 354	415 349				

second — and the main — supplement appeared in June. Expenditure included appropriations for capital projects, mainly

in connection with the railways, power plants, roads, bridges and machinery. Wages and salaries were also increased by 4.3 per cent,

Table 2. CHANGES IN STATE REVENUE AND EXPENDITURE

(Adjusted figures)

Revenue	Change on previous year, per cent		Expenditure	Change on previous year, per cent	
	1960	1961		1960	1961
Income and Property tax	+ 16	— 0	Child allowances	+ 1	+ 20
Purchase tax	+ 18	+ 12	National pensions	+ 7	+ 46
Import duties	+ 9	+ 2	Subsidies	+ 10	+ 2
Alcohol Monopoly	+ 11	+ 12	Aid to schools	+ 13	+ 18
Stamp duties	+ 16	+ 12	Military expenditure	— 4	+ 13
Excise duties	+ 9	+ 6	Maintenance of roads	+ 1	+ 18
Current Revenue	+ 14	+ 6	Current Expenditure	+ 9	+ 14
Capital Revenue	— 28	+ 7	Real Investments	+ 10	+ 11
Total Revenue (excl. loans)	+ 12	+ 6	Capital Expenditure	+ 6	+ 5
			Total Expenditure (excl. redemption)	+ 8	+ 11

in accordance with the pay rise in the private sector, and home price subsidies were raised.

By the end of the third quarter, the cash position was almost unchanged. The growth rates had fallen to 7 per cent for revenue, and 14 per cent for expenditure. Expansion in the latter was mainly on current account, the growth in real investments having been checked more effectively.

During the last quarter, the position again became rather strained; for January-November, the deficit amounted to 7 200 million marks. Two more supplementary budgets appeared in December. The first of these added expenditure on schools, the health service, the maintenance of roads and similar items. It also authorised the setting aside of 4 000 million marks for further additions to stand-by stocks, for which purpose also a 3 000 million bill credit from the Bank of Finland was negotiated. The last budget showed the results of a temporary solution concerned with civil service salaries and wages, for which a retroactive overall rise was granted. However, this happened so late that the actual payments had to be deferred to the next year, as were the purchases for stand-by stocks.

In retrospect, it can be said that the fiscal year 1961 brought no unforeseen changes; cuts in revenue and the increased outlay on

social services were bound to weaken the budgetary balance. Where possible, due restraint was exercised in carrying out the fiscal programme; savings were effected, for cyclical reasons or otherwise, mainly in capital expenditure, which normally offers more scope for flexibility in fiscal policy.

FINANCE ACCOUNTS

The final figures for State revenue and expenditure during 1960 and 1961 are given in Table 1. In the Table, the figures in the official finance accounts have been adjusted to correspond with those given on page 8 of this Bulletin.

The result for the year, a deficit of 4 238 million marks, is 13 307 million marks worse than that recorded for the previous year. This result need not be ascribed to any particular item; it is sufficient to remark the lower rate of growth in revenue with respect to expenditure, as recorded in Table 2. It is clear that a heavier concentration of growth rates lies on the side of current expenditure, a development quite contrary to that in the preceding year.

The change in total expenditure, 11 per cent, lies closer to the recorded rise of 10 per cent in national income than the 6 per cent change in revenue. If it is recalled that the rise in price level was about 4 per cent, in

real terms the growth of State expenditure amounts to about 7 per cent.

With the reductions in rates, the income tax yield showed no increase; with unchanged rates, the gain might have been approximately the 10 per cent mentioned. For import duties, the increase was only 2 per cent; prior to the drop in tariffs, the rate of increase had been close to 11 per cent. That the yield of excise duties rose by only 6 per cent is explained by the reduced duty on tobacco.

The net profit of State enterprises fell by 14 per cent. The State Forestry surplus was further increased, but this was more than offset by the State Railways and the Post Office showing a net surplus on current account which was less than the year before.

With respect to current expenditure, the rise in outlay on social items has already been commented upon. In addition, there was an 18 per cent increase in the State aid to schools, caused partly by the rise in wage levels, and partly by wider application of the pertinent legislation. Expenditure on roads grew by 18 per cent, as apart from the natural expansion of the road system, the State is taking over the care of some communal roads. In military expenditure, a 13 per cent increase was recorded, against a fall of 4 per cent the year before. Subsidies grew by only 2 per cent. A partial explanation is that the quantity of butter exported fell by almost one-third; although the subsidy paid per kilogramme of exported butter rose on an average by 13 per cent, the total subsidy paid was still slightly less than in 1960. The former net receipts of price equalisation became net payments, as in milling domestic grain partly replaced the foreign.

On the capital account, investments in State enterprises rose by 7 081 million marks or 38 per cent. The rise was more than accounted for by investment in the railways, amounting to 19 563 million (13 737 in 1960).

Table 3. SHORT-TERM FINANCING

(Adjusted figures)

	1960	1961
	Mill.mk	
Private funds (incr.—) ..	— 2 141	— 1 266
Net debt to Bank of Finland (decr.+)	+ 4 471	— 3 341
Export Levy deposited in Bank of Finland (decr.—)	— 2 686	— 229
Short-term debt to Post Office Savings Bank (decr.+)	+ 3 477	— 5 247
Other short-term debt (decr.+)	+ 1 148	+ 553
Cash holdings (incr.+)	+ 4 800	+ 5 292
Surplus (+), Deficit (—) ..	+ 9 069	— 4 238

Table 4. STATE DEBT

(Adjusted figures)

	1960	1961
	Mill.mk	
Loans	60 945	65 635
Promissory notes issued to IMF	13 489	13 489
External debt	74 434	79 124
Ordinary loans	74 451	75 661
Indemnity Bonds etc.	4 400	2 625
Internal debt (gross)	78 851	78 286
Less: Cash balance (net) ..	14 272	— 11 300
Net claims on Bank of Finland including Export Levy deposited there	— 2 178	1 392
Short-term debt to Post Office Savings Bank	11 393	16 640
Other short-term debt	2 973	2 420
Cash holdings	— 26 460	— 31 752
Internal debt (net)	64 579	66 986
Total debt	139 013	146 110

Purchases of machinery and apparatus were also up by one-half, while house-building recorded a moderate rise of only 7 per cent. Expenditure on roads, bridges and similar items decreased in fact by 11 per cent, the result of the relatively high level of employment obtaining in the country; the use of funds earmarked for various purposes of unemployment relief amounted to only 19 714 (28 661) million marks. Admittedly, investment programmes budgeted under their proper headings were somewhat higher, but their carrying into effect was also partly postponed for cyclical reasons; even a shortage of the necessary manpower at times played a rôle.

The grants of various loans decreased by 13 per cent; the decline mainly affected industrial loans — the granting of which is often connected with the employment situation — while housing and settlement recorded only a slight decrease. The main grants were 7 695 (7 894) million spent on Arava housing loans, 6 072 (6 121) million on loans from the Settlement Fund, 1 007 (2 461) million on „employment loans” and 279 (2 682) million on industrial loans from export levy funds. The purchases of shares in State-controlled companies (mostly raising the capital of ones already existing) were almost doubled in value. The increase in inventories was kept considerably lower than in 1960, mainly because of the virtual cessation of stand-by purchases.

THE STATE ECONOMY FROM THE MONETARY ANGLE

As the foregoing figures suggest, the fiscal policy in 1961 was somewhat more expansive than that for 1960. The expenditure (excluding ordinary redemptions) exceeded the revenue (excluding new loans) by 9 900 million marks, whereas in 1960 it had fallen short of the corresponding figure for revenue by 9 000 million. Net domestic long-term borrowing was also 1 100 million marks less than the year before. Thus, a marked change occurred in the cash position, and, for other reasons, in foreign borrowing.

It was mentioned above that the budgeted figure for Treasury loans was entered at 61 000 million marks. However, actual plans for raising domestic loans were made for about 20 000 million, which was deemed sufficient. Loans were in fact issued for 21 700 million and sold for 17 300 million marks; had all been sold, the deficit in the accounts would have been eliminated. Half of the loans was to be obtained from the credit institutions, and the other half mainly from the public. On an average, the terms

of loans offered had to be improved slightly. To promote private saving, the loans included a new type of savings bond.

Long-term domestic borrowing amounted to 10 900 (9 100) million by the end of June, one half of this being acquired from the banks. By the end of the third quarter, the figure had risen to 15 800 (12 900) million marks. In the last quarter, no new loans were issued, but the sale of the previous ones, plus a 700 million loan from the National Pensions Institution, brought the total to 17 300 (16 700) million marks. Of this, 10 300 (10 100) million came from the credit institutions, 6 200 (6 000) from the public and 800 (600) from insurance institutions. (Finance accounts loans also include 143 (2 095) million in drawings on the stand-by stocks credit and other deferred proceeds.) Sales to the banks and the public were thus slightly higher than in 1960. As simultaneous redemptions to the banks (excluding the Bank of Finland) totalled 8 000 (5 700) million, the net drain on the banking system amounted to 2 300 (4 400) million.

Of the total of foreign borrowing, about 7 500 million marks, 5 300 million represents drawings against the USSR commodity credit, and 2 200 million constitutes the proceeds of a loan raised on the Swiss capital market through a bank syndicate. This loan is to be utilised in power plant projects.

Table 3 gives an analysis of the short-term financing, and also serves to explain how the overall surplus is arrived at in these adjusted calculations. It is clear that the main burden of adjustment fell on the net short-term indebtedness to the Bank of Finland and to the Post Office Savings Bank. Changes in private funds and other short-term debts were of minor importance, cash holdings increased even more than in 1960, but the net debt to these two banks increased in total by 8 800 million marks, against a decrease of 5 300 million in 1960.

As concerns relations with the Bank of Finland, the cheque account of the Treasury was run down by 6 100 million marks; against this there was redemption of the Treasury Bond Loan by 2 500 million, and of the loan for stand-by stocks (not included in Table 3) by 3 000 million. All things considered, the liquidity position of the Treasury vis-à-vis the Bank was weakened by 690 million marks.

In conclusion, Table 4 gives the State debt at the end of 1960 and of 1961. Foreign indebtedness rose by 4 690 million marks, as the gross redemption amounted to 3 117 million. The balance of domestic ordinary loans increased but slightly, whereas the outstanding amount of indemnity bonds and similar items dropped by almost one-half. The gross internal debt was consequently a trifle reduced. The increase in the total debt

can thus be ascribed solely to the rise in the amount of foreign indebtedness, and to the change in short-term borrowing. The decrease on 1960 in the cash balance represents the financial deficit for the year, except that the calculations of the cash holdings do not include private funds (first item of Table 3). One thing observable is that net claims on the Bank of Finland turned into net liabilities, and similarly the debt to the Post Office Savings Bank greatly increased. The net internal debt was consequently increased by 3 per cent, and the total debt by 5 per cent.

In this connection, it might be of interest to note that at the end of the year the outstanding balance of loans granted from State funds amounted to about 252 000 million marks, or 80 per cent more than the concurrent burden of debt.

ITEMS

Supplementary budgets for 1962. The second supplementary budget, adding 5 500 million marks to expenditure, was published at the end of June, and the third, with expenditure up to 1 400 million, in July.

	1962 Ordinary and suppl. budgets	1961 Finance report	1960 Finance report
	Million marks		
Revenue:			
Current	392 968	375 644	345 771
Capital	14 189	14 350	13 487
Loans	89 040	23 121	31 684
Total	496 197	413 115	390 942
Expenditure:			
Current	331 230	288 129	248 877
Capital	143 274	134 781	123 599
Redemption	24 957	23 624	27 318
Total	499 461	446 534	399 794

The expenditure of the second budget is divided among numerous small items, of which the chief is the outlay on wages and salaries in different departments. Revenue is here entered at 1 600 million marks only, representing the estimated yield of the rate increase in employers' payments. This is because most of the additional outlay is to be financed by savings effected in previous appropriations, such as housing loans.

The expenditure of 1 400 million marks in the third budget consists mainly of salary increases (see p. 1). On the revenue side, the tax on cars is estimated to yield an additional 2 000 million.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN	A. SIMONEN
AHTI KARJALAINEN <i>(Absent as a member of Government)</i>	REINO ROSSI

SECRETARIES

U. A. VATANEN, <i>Credits</i>	PERTTI TAMMIVUORI <i>Administration</i>
HERO ASP, <i>Foreign affairs</i>	JOUKO J. VOUTILAINEN, <i>Foreign affairs; Information</i>
K. IGNATIUS, <i>Administration</i>	

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P. BLOMQUIST, <i>Accounts</i>	P.-E. ÖSTERLUND, <i>Foreign exchange (services)</i>
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ARTHUR ASPELUND, <i>Cash</i>	EINO JUSSILA, <i>Office</i>
K. EIROLA, <i>Internal accounts</i>	A. NENONEN, <i>Foreign correspondence</i>

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