



BANK OF FINLAND

MONTHLY BULLETIN

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AUGUST

1963

RECENT DEVELOPMENTS

INVESTMENT ACTIVITY

During the years of economic expansion 1958—1962, on an average, the increase in the volume of investment activity was double that of total production. However, in 1962 the growth rate fell sharply, and came to a halt in mid-year. The following table indicates that in 1962 the importance of private consumption demand as a factor of domestic expansion increased in comparison with private investment activity. The table further shows that, with the decline in the growth rate of private investment activity, public investment showed a rising tendency, and thus continued the counter-cyclical behaviour it had displayed during the boom years.

	VOLUME CHANGE ON PREVIOUS YEAR, PER CENT		
	Private investment activity	Public investment activity	Private consumption
1958	— 1	+ 1	— 2
1959	+ 9	+ 6	+ 6
1960	+ 25	— 5	+ 8
1961	+ 8	0	+ 7
1962 ^p	+ 1	+ 4	+ 4

p = preliminary

The volume of total investments increased 2 per cent in 1962. The final figures concerning the distribution of investments by

category of capital goods are not yet available, but it can be established that there has occurred growth in investment in housebuilding, machinery and equipment, and other construction. The growth in volume has been evenly distributed among these three categories of capital goods, ranging from 1 to 3 per cent.

At the beginning of 1963, however, the general picture of the development of investment activity was not so uniform as the percentage changes from 1961 to 1962 would suggest. The volume figures of 1962 relating to buildings completed and those under construction (see Recent Developments in July Bulletin) indicate that the low rate of growth in housebuilding activity was in fact a result of two counteracting factors. With these figures as basis, it can be estimated that, with an increase of more than 10 per cent in 1962 in the volume of dwellings, there will be about the same order of decrease in other housebuilding, particularly as regards industrial and commercial construction. Furthermore, although the volume of investment

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in machinery and equipment in 1962 was still slightly above the level for the previous year, the production and import figures from the first quarter of the current year indicate a sharp decline in its growth rate. The following table shows the quarterly development in the volume of imports and the production of investment goods.

VOLUME OF IMPORTS AND PRODUCTION OF INVESTMENT GOODS, INDEX 1959 = 100

	Import			Production		
	1961	1962	1963 ^p	1961	1962	1963 ^p
I	159	169	99	141	153	144
II	162	186		135	143	
III	159	134		118	126	
IV	94	105		150	153	

p = preliminary

During the six-month period, fourth quarter 1962 — first quarter 1963, the volume of imports of investment goods remained 22 per cent lower than during the corresponding period one year earlier. A similar tendency is discernible in the production of investment goods, although somewhat slighter, as the decrease in volume was 8 per cent. It is to be noted that the March 1963 figures were affected by strikes. Moreover, in the production of investment goods, the difficulty in analysing the effect of foreign demand precludes quantitative definition of the decline in domestic demand. The decrease in the imports of investment goods was, above all, consequent upon the heavy fall in im-

ports of transport equipment, particularly of cars, while the decline in machinery was not so marked.

On examination of the development of investment activity during the current year, the lack of up to date statistics limits the drawing of conclusions. For the moment, the expansive factors are constituted by the counter-cyclical public investment activity and the demand for dwellings. During the last few years this demand, particularly in urban districts, has been so high, irrespective of economic conditions, that it has levelled out the cyclical variations in investment activity. The slackening in investment activity is most clearly seen in the productive sectors, in both construction and machinery and equipment. For example, in industry the volume of investments remained about 5—10 per cent lower in 1962 than in 1961; this is evident from the answers to the investment inquiry made by the Bank of Finland Institute for Economic Research in autumn 1962 and spring 1963. The slackening in industrial investment activity is partly explained by the prevailing market conditions, and partly by its being a result of the diminishing need for new investments following realization of the capacity expansion programme during the years of growth. In all, investment conditions have changed but little from those outlined at the end of last year (see Bulletin No. 12, 1962).

July 5, 1963.

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

BANK OF FINLAND

Mill. mk

	1962		1963			
	Dec. 31	June 30	June 29	July 8	July 15	July 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	705.4	756.0	698.4	687.5	673.9	691.3
Gold	135.2	136.7	135.4	135.4	135.4	135.4
Foreign exchange	502.5	560.3	497.3	486.5	472.9	491.2
Foreign bills	17.7	14.0	30.6	30.5	30.5	29.6
Foreign bonds	50.0	45.0	35.1	35.1	35.1	35.1
<i>Supplementary note cover</i>	516.5	633.9	543.4	562.3	539.4	564.2
Inland bills discounted						
In foreign currency	81.8	88.6	75.8	75.8	75.8	75.8
In Finnish currency	33.5	33.0	51.5	47.7	49.4	50.7
Rediscounted bills	401.2	512.3	416.1	438.8	414.2	437.7
<i>Other assets</i>	88.0	64.5	134.2	129.8	128.4	134.3
Finnish bonds	34.7	31.3	85.6	81.1	80.5	86.2
Cheque accounts	3.6	4.8	3.9	3.1	3.2	3.5
Finnish coin	5.5	10.1	6.2	5.9	6.0	6.1
Other claims	44.2	18.3	38.5	39.7	38.7	38.5
Total	1 309.9	1 454.4	1 376.0	1 379.6	1 341.7	1 389.8
Liabilities						
<i>Notes in circulation</i>	774.4	843.3	897.1	864.2	845.4	836.2
<i>Short-term liabilities</i>	112.6	140.7	69.9	99.9	76.7	137.2
Foreign exchange accounts	17.1	11.8	17.4	17.9	17.3	18.0
Mark accounts of holders abroad	35.8	33.3	30.2	30.4	32.1	31.9
Cheque account of the Treasury	5.5	37.2	0.6	10.1	4.3	76.7
Cheque accounts of banks	49.3	49.5	17.1	37.6	20.0	8.4
Other cheque accounts	0.8	2.2	0.6	0.5	0.4	0.2
Other short-term liabilities	4.1	6.7	4.0	3.4	2.6	2.0
<i>Long-term liabilities</i>	80.2	164.0	74.2	74.2	74.2	74.2
Foreign	79.1	85.0	73.1	73.1	73.1	73.1
Finnish	1.1	79.0	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i>	157.5	123.8	149.3	155.2	158.6	155.2
<i>Bank's own funds</i>	185.2	182.6	185.5	186.1	186.8	187.0
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	62.0	62.0	73.6	73.6	73.6	73.6
Profits undisposed	—	10.2	—	—	—	—
Earnings less expenses	23.2	10.4	11.9	12.5	13.2	13.4
Total	1 309.9	1 454.4	1 376.0	1 379.6	1 341.7	1 389.8
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	705.4	756.0	698.4	687.5	673.9	691.3
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	500.0	500.0	500.0	500.0	500.0	500.0
Total	1 205.4	1 256.0	1 198.4	1 187.5	1 173.9	1 191.3
Note issue						
<i>Notes in circulation</i>	774.4	843.3	897.1	864.2	845.4	836.2
<i>Short-term liabilities</i>	112.6	140.7	69.9	99.9	76.7	137.2
<i>Undrawn on cheque credits</i>	4.3	3.5	4.0	4.8	4.8	4.4
<i>Unused right of note issue</i>	314.1	268.5	227.4	218.6	247.0	213.5
Total	1 205.4	1 256.0	1 198.4	1 187.5	1 173.9	1 191.3

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

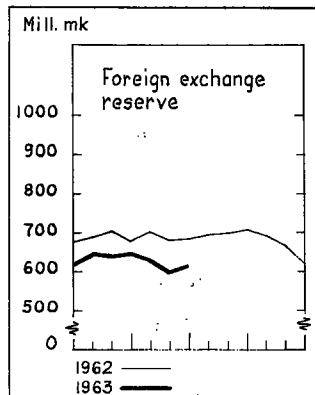
BANK OF FINLAND

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		
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	Net claims on the banks (7-8-9)
	1	2	3	4	5	6	7	8	9	10
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 ¹⁾	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	-0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 ²⁾	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1962										
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 ²⁾	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 ²⁾	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 ²⁾	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 ²⁾	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 ²⁾	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 ²⁾	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	428.7	139.4	2.4	286.9
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	326.2	41.7	1.6	282.9
March	660.3	16.2	644.1	74.6	108.7	610.0	322.5	6.3	1.0	315.2
April	646.8	17.6	629.2	76.0	106.6	598.6	305.9	40.4	1.5	264.0
May	616.4	18.1	598.3	80.4	106.5	572.2	336.9	52.6	2.9	281.4
June	632.7	17.4	615.3	65.7	103.3	577.7	416.1	17.1	1.6	397.4

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

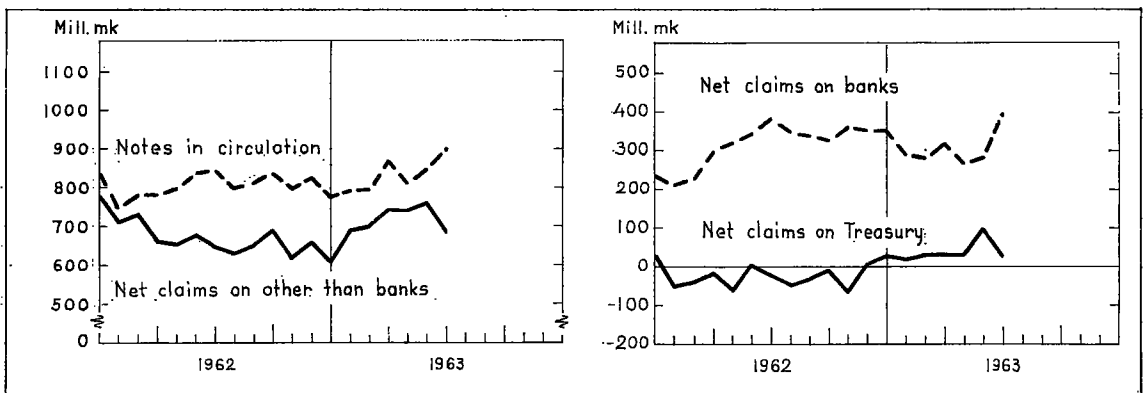
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1961		1962		
	Dec. 31	Dec. 31	April 30	May 31	June 31
Gold	104	135	135	135	135
Convertible	403	330	329	311	311
Non-transferable EMA ..	14	4	6	5	5
Eastern Bloc	92	101	106	95	112
Other	65	51	53	52	52
Total	678	621	629	598	615



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1962										
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1963										
Jan.	—	30.0	9.6	1.1	19.3	30.9	96.8	1.7	126.0	787.5
Feb.	—	30.0	0.1	1.1	28.8	31.0	103.8	0.9	133.9	794.4
March	—	30.0	0.0	1.1	28.9	32.6	106.6	1.3	137.9	866.7
April	—	30.0	1.2	1.1	27.7	47.8	105.8	1.0	152.6	811.0
May	70.0	30.0	0.0	1.1	98.9	52.1	104.8	1.6	155.3	846.5
June	—	30.0	0.6	1.1	28.3	51.5	88.2	3.0	136.7	897.1



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1962*	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1962*										
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5
Dec.	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1963*										
Jan.	663.0	805.8	230.2	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 738.9
Feb.	645.9	783.5	245.1	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 824.0
March	645.8	802.8	230.3	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 866.5
April	692.7	838.2	222.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 901.1
May	707.1	862.8	212.9	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 939.0
June	668.3	811.9	199.8	2 314.1	2 221.2	1 350.8	615.1	297.5	6 798.9	7 810.6

End of month	Index- ted de- pos- its	High- interest depos- its	Tax- conces- sion accounts
1962*			
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2
Dec.	67.5	531.7	107.2
1963*			
Jan.	88.6	514.5	95.1
Feb.	117.9	505.2	92.3
March	157.3	494.5	90.7
April	185.9	474.0	89.2
May	201.9	489.9	88.4
June	222.1	542.2	87.4

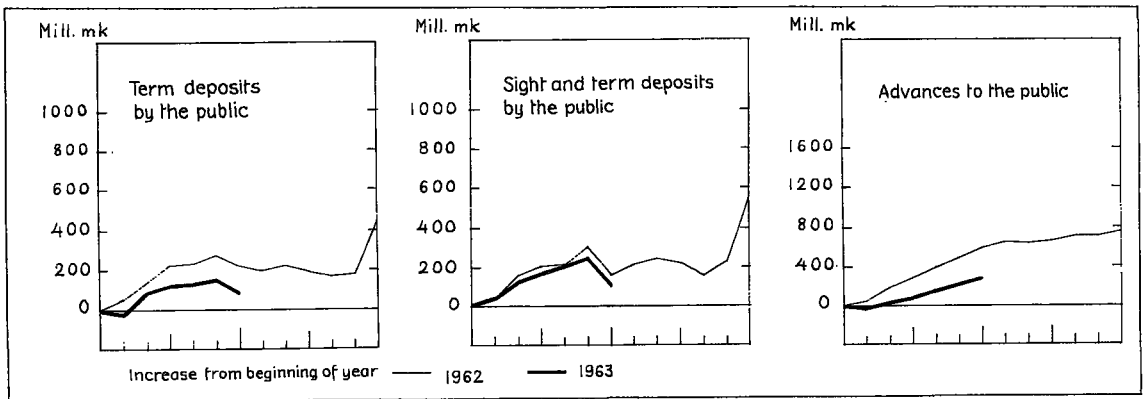
Selling rates for foreign exchange			
July 11, 1963			
		mk	mk
New York ...	1 \$	3.223	Zurich 100 Fr 74.54
Montreal	1 \$	2.988	Paris 100 FF 65.80
London	1 £	9.030	Rome 100 Lit 0.5185
Stockholm ...	100 Kr	62.25	Vienna 100 S 12.50
Oslo	100 Kr	45.14	Lisbon 100 Esc 11.25
Copenhagen ..	100 Kr	46.73	Reykjavik 100 Kr 7.49
Frankfurt o.M.	100 DM	80.97	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.55	Prague, clear... 100 Kč 44.58
Brussels	100 Fr	6.460	Moscow, clear. ¹⁾ 1 Rbl 3.5667
			Clearing dollars ²⁾ 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962*	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1962*									
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5
Dec.	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	1 734.1
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 706.0
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 799.4
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 775.6
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	1 811.5
June	3 409.5	2 063.8	552.7	1 655.4	637.7	7 921.1	398.0	8 319.1	..

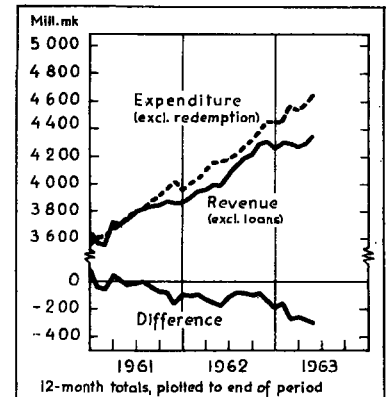


STATE FINANCES

Mill. mk

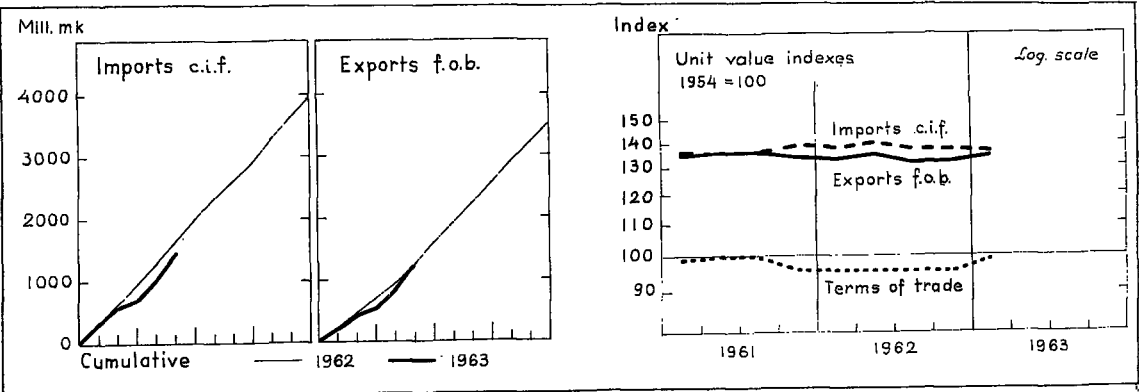
Revenue	Jan. - May		Expenditure	Jan. - May	
	1962	1963		1962	1963
Income and property tax (net)	389	434	Interest on State debt	28	40
Gross receipts	(977)	(1 061)	Child allowances	126	147
Refunds and communal income tax	(-588)	(-627)	The State's share in national pensions	78	81
Other direct taxes	5	5	Compensations to war-disabled	50	51
Purchase tax	395	354	Transfer of employers' payments for national pensions to the National Pensions Institution	37	—
Import duties	182	193	Subsidies	127	197
Revenue from Alcohol Monopoly	115	138	Net payments on price equalisation by extra-budgetary funds	—	2
Excise duty on tobacco	84	105	State aid to agriculture	21	20
Excise duty on liquid fuel	57	61	State aid to communal and private schools	150	155
Other excise duties	24	32	Net loss of State enterprises	24	49
Tax on automobiles and motor cycles	13	38	Maintenance of roads	44	42
Stamp duties	87	92	Other current expenditure	584	648
Employers' payments for child allowances (1962 incl. national pensions)	141	117	Current expenditure	1 269	1 432
Net receipts of price equalisation by extra-budgetary funds	6	—	Real investments	327	383
Other revenue similar to taxes	20	20	Other capital expenditure	189	164
Total taxes	1 518	1 589	Capital expenditure	516	547
Interest and dividends	27	28	Total expenditure	1 785	1 979
Other current revenue	56	47	Redemption of external loans	10	10
Current revenue	1 601	1 664	Redemption of internal loans	70	106
Capital revenue proper	37	43	Redemption of indemnity bonds etc.	3	4
Decrease in inventories	5	30	Index premiums	5	7
Capital revenue	42	73	Redemptions	88	127
Total revenue	1 643	1 737	Total	1 873	2 106
External loans	6	55			
Internal loans	142	189			
Loans	148	244			
Short-term credit (increase +) ..	-9	+34			
Deficit (+) or surplus (-)	+91	+91			
Total	1 873	2 106			

Debt	1960	1961	1962	1963		
	Dec.	Dec.	Dec.	April	May	June*
External debt ...	744	791	803	847	851	869
Ordinary loans ...	744	757	936	1 023	1 018	1 033
Indemnity bonds etc.	44	26	18	15	14	14
Short-term credit ..	30	24	61	27	95	34
Cash debt (net) ...	-144	-98	-125	-43	-29	..
Internal debt	674	709	890	1 022	1 098	..
Total debt	1 418	1 500	1 693	1 869	1 949	..
Total debt, mill. \$	442.3	465.9	525.4	580.1	604.6	..



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	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962*	3 930.5	3 533.1	-397.4	133	145	136	126	142	137	97
Jan.-May										
1961	1 512.8	1 109.7	-403.1							
1962*	1 644.0	1 252.0	-392.0							
1963*	1 427.3	1 211.8	-215.5							
1962*										
Oct.	373.3	349.8	- 23.5							
Nov.	344.7	299.3	- 45.4	132	142	137	125	136	137	96
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	323.6	234.1	- 89.5							
Feb.	263.0	205.4	- 57.6	134	147	137	125	141	136	99
March	101.8	96.6	- 5.2							
April	326.8	286.9	- 39.9							
May	412.1	388.8	- 23.3							

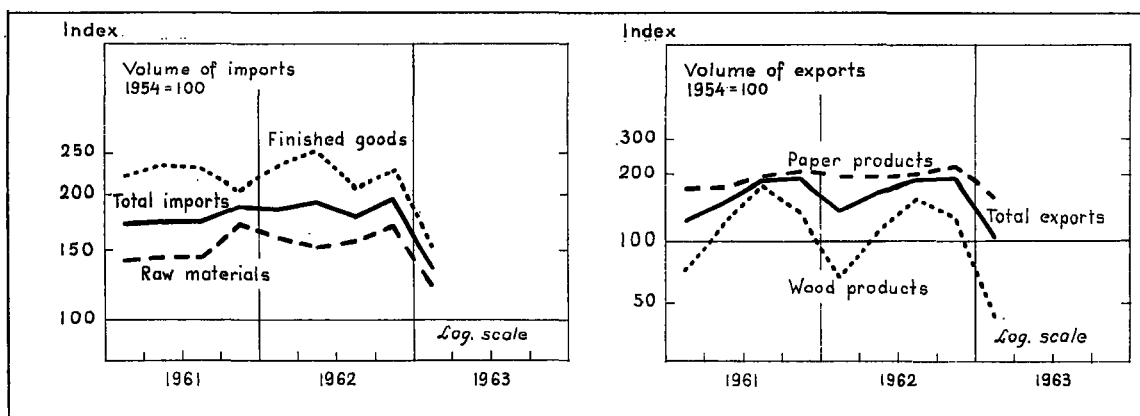


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

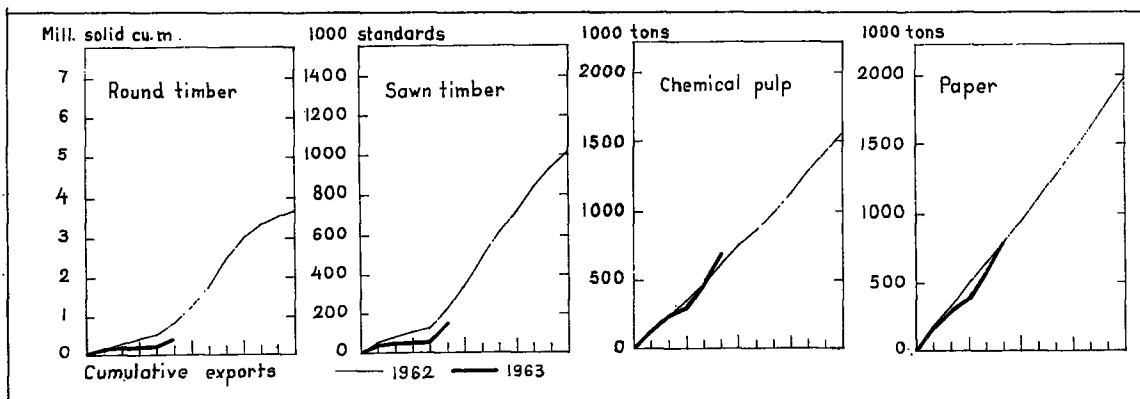
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962*	1 762.6	371.2	1 146.8	649.9	144.5	189.5	770.3	1 588.8	662.6	177.4
Jan.-May										
1961	684.3	127.2	429.6	271.7	59.3	58.9	225.4	594.4	121.7	50.0
1962*	724.5	140.0	502.0	277.5	62.5	42.6	210.8	649.7	227.8	58.6
1963*	677.7	116.9	371.1	261.6	58.7	21.6	178.9	676.5	210.6	65.5
1962*										
July	145.3	30.0	115.0	44.8	12.7	28.6	96.1	113.5	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.1	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4
Dec.	137.0	38.9	72.9	55.7	15.0	6.5	58.9	142.0	104.1	16.9
1963*										
Jan.	175.5	27.0	69.5	51.6	17.8	7.4	39.5	120.5	36.9	12.0
Feb.	119.5	24.7	69.1	49.7	9.9	2.1	21.4	121.3	39.6	11.1
March	42.5	11.5	24.1	23.7	5.3	1.6	10.8	62.9	10.2	5.8
April	145.4	27.2	91.8	62.4	10.9	2.3	31.4	174.6	50.0	17.7
May	194.8	26.5	116.6	74.2	14.8	8.2	75.8	197.2	73.9	18.9



March 1963 figures are affected by strikes.

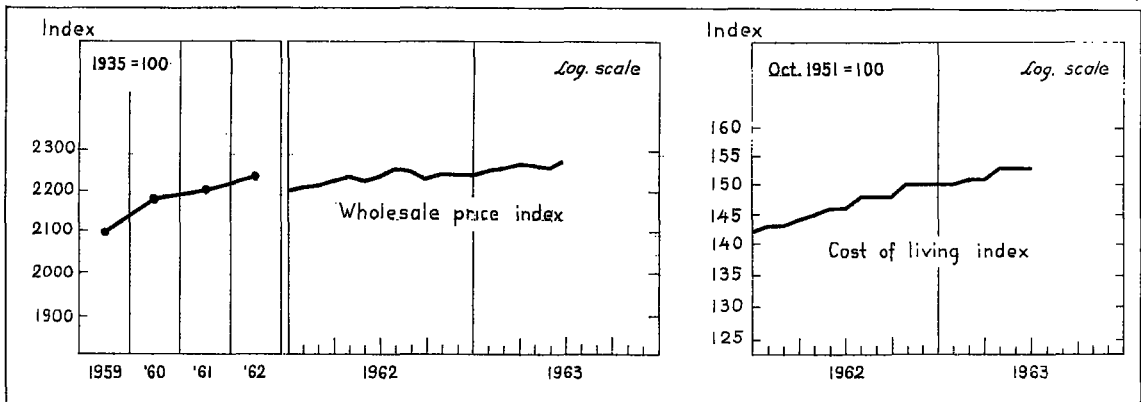
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m.	1 000 stds.	1 000 cu. m.	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962*	3 681	1 010	357	150	828	731	153	152	870	1 980
Jan.-May										
1961	1 200	236	147	67	352	206	67	62	309	682
1962*	830	218	154	62	354	273	69	67	377	789
1963*	403	148	163	69	339	348	76	65	329	802
1962*										
July	535	151	20	9	53	52	12	11	66	152
Aug.	713	129	22	15	75	56	13	10	65	168
Sept.	533	104	31	14	67	64	17	14	71	169
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185
Dec.	111	73	32	14	70	77	12	10	82	182
1963*										
Jan.	160	37	32	13	57	68	13	13	64	169
Feb.	27	7	30	10	60	55	11	9	54	132
March	23	3	18	9	32	29	8	6	30	80
April	29	12	41	16	87	87	23	16	79	192
May	164	89	42	21	103	109	21	21	102	229



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.-May			Whole year		Jan.-May		
	1961	1962*	1962*	1963*		1961	1962*	1962*	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.7	16.1	16.8	239.4	24.5	22.2	21.0	21.9	266.2
United Kingdom	15.3	15.2	15.7	16.3	232.4	22.2	20.3	18.8	19.6	237.5
Other OECD countries										
in Europe	55.2	55.7	57.3	53.8	767.6	46.4	42.9	42.1	43.8	530.5
Austria	0.7	0.7	0.8	0.8	11.9	0.4	0.3	0.3	0.4	4.9
Belgium-Luxembourg	2.6	2.4	2.3	2.3	32.7	3.8	3.4	2.8	2.9	35.8
Denmark	3.2	3.2	3.1	3.4	48.1	3.5	3.7	3.3	3.1	37.6
France	5.0	5.2	5.9	4.3	61.5	5.2	4.5	4.5	5.4	65.1
Western Germany	21.2	20.4	20.8	18.5	263.6	12.9	11.9	11.9	12.7	153.6
Italy	1.9	2.1	2.3	2.3	33.0	2.7	2.7	3.0	3.4	40.7
Netherlands	4.0	4.4	4.2	4.9	70.6	6.3	6.1	5.7	5.3	64.0
Norway	1.4	1.4	1.7	1.5	21.2	1.9	1.2	1.3	0.8	9.7
Portugal	0.1	0.2	0.2	0.2	3.2	0.1	0.1	0.1	0.1	1.1
Spain	0.5	0.4	0.5	0.4	5.3	0.5	0.7	0.8	0.8	9.2
Sweden	11.4	12.1	12.3	11.6	165.3	5.7	5.7	5.7	6.1	74.6
Switzerland	2.4	2.5	2.5	2.8	39.5	1.0	0.6	0.6	0.6	7.1
Eastern Bloc	19.4	19.2	16.6	20.2	288.5	18.0	22.5	21.7	21.8	263.9
China	0.1	0.2	0.1	0.3	3.6	0.6	0.5	0.6	0.4	4.9
Czechoslovakia	1.0	1.0	1.1	0.9	12.6	1.1	0.9	0.6	0.9	11.2
Eastern Germany	1.5	1.4	1.3	1.0	14.7	1.3	1.1	0.9	1.1	13.5
Poland	2.4	2.2	1.7	1.4	19.3	2.1	1.7	2.0	1.7	20.2
Soviet Union	13.6	13.7	11.7	16.0	229.1	12.1	17.8	16.7	16.8	203.5
U.S. and Canada	6.0	5.6	6.2	4.9	69.3	4.5	5.5	6.8	6.4	77.1
United States	5.6	5.1	5.6	4.5	63.3	4.4	5.4	6.8	6.2	75.2
Latin America	2.7	2.7	2.5	2.5	36.2	3.9	3.4	4.7	2.8	34.0
Argentina	0.4	0.4	0.6	0.6	9.1	1.3	0.7	1.4	0.6	7.2
Brazil	1.6	1.5	1.2	1.2	17.3	1.5	1.5	1.9	0.9	10.5
Others	1.0	1.1	1.3	1.8	26.3	2.7	3.5	3.7	3.3	40.1
Grand total	100.0	100.0	100.0	100.0	1 427.3	100.0	100.0	100.0	100.0	1 211.8
of which										
EFTA countries	34.5	35.2	36.4	39.9	570.1	34.7	31.9	30.1	30.7	372.6
EEC countries	34.7	34.5	35.5	32.7	466.9	30.9	28.7	27.9	30.4	368.1



March 1963 figures are affected by strikes.

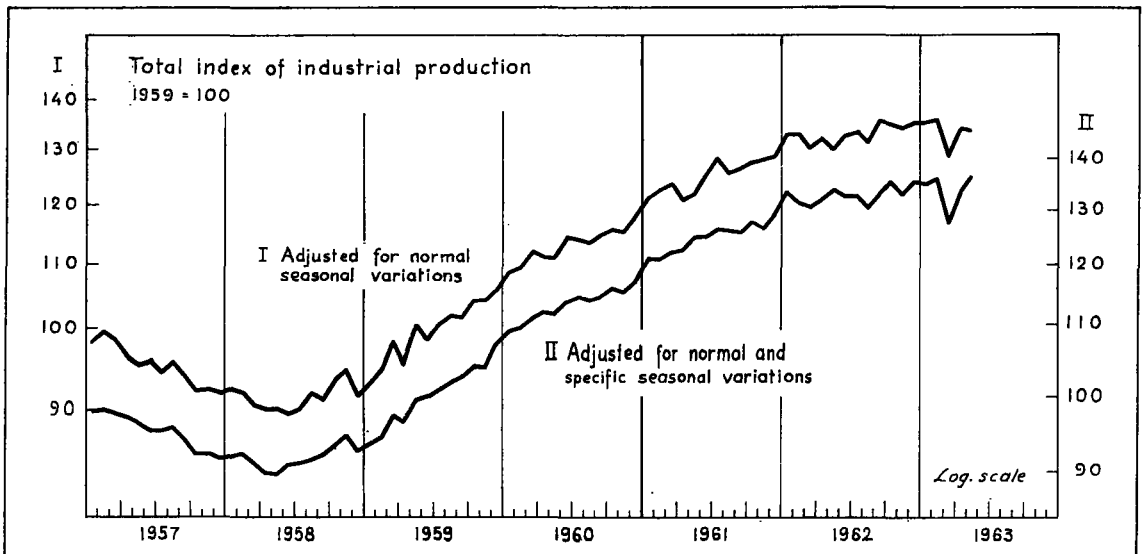
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1962									
June	2 234	2 375	2 417	3 624	1 941	1 932	131	114	157
July	2 255	2 401	2 568	3 602	1 942	1 942	134	114	158
Aug.	2 249	2 387	2 499	3 596	1 944	1 955	134	114	159
Sept.	2 227	2 356	2 332	3 595	1 946	1 951	134	115	159
Oct.	2 240	2 365	2 383	3 605	1 941	1 971	135	115	160
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158
1963									
Jan.	2 249	2 379	2 414	3 640	1 942	1 974	135	117	158
Feb.	2 257	2 391	2 462	3 670	1 937	1 969	135	117	158
March	2 272	2 413	2 566	3 679	1 937	1 972	138	117	165
April	2 266	2 405	2 519	3 684	1 937	1 967	138	117	165
May	2 261	2 402	2 500	2 680	1 940	1 958	140	117	172
June	2 276	2 410	2 515	3 688	1 947	1 991	140	117	173

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1962												
June	146	156	322	103	90	143	115	114	119	100	112	116
July	148	158	323	103	90	145	116	116	120	100	112	118
Aug.	148	158	323	103	90	146	116	116	120	100	112	119
Sept.	148	158	323	104	91	146	116	116	120	101	113	119
Oct.	150	158	342	104	91	146	117	116	127	101	113	119
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120
1963												
Jan.	150	158	342	105	92	148	118	116	127	102	114	120
Feb.	151	159	342	106	92	148	118	117	127	103	114	120
March	151	160	342	107	92	148	119	118	127	104	114	121
April	153	163	343	107	92	148	120	120	127	104	114	121
May	153	163	343	108	92	149	120	120	127	105	115	121
June	153	164	343	108	92	149	120	121	127	105	115	121

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial 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			
1960	113	118	115	109	126	117	117	110	113	44 593	136
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
1962*											
Jan.	134	154	134	127	113	147	151	122	133	4 522	125
Feb.	130	147	130	124	119	141	145	120	133	5 600	140
March	144	161	144	137	139	157	160	133	130	5 509	158
April	127	137	127	126	117	132	138	122	132	5 193	157
May	141	153	138	142	124	149	152	137	130	10 445	179
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	135	4 245	132
Feb.	133	129	135	128	115	149	137	124	136	4 995	142
March	137	135	139	134	125	153	141	128	129	5 409	156
April	134	129	136	132	128	143	135	131	134	4 036	171
May	145	145	145	144	133	161	147	140	134	10 095	..



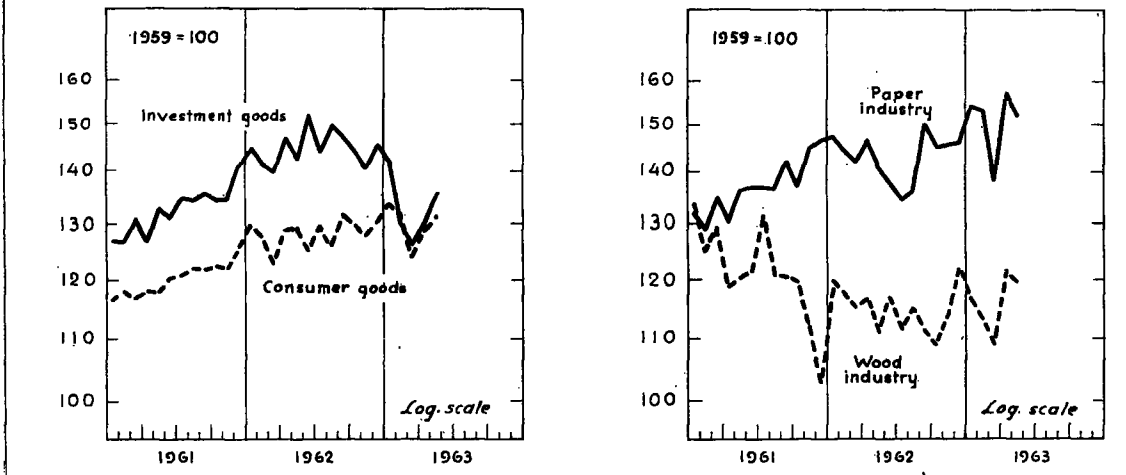
March 1963 figures are affected by strikes.

BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1961	24.97	10.28	2.31	8.70	2.63	22.09	125	117	119	126
1962*	22.73	10.49	2.13	6.89	2.24	25.53	132	120	128	134
1962*										
Jan. - Mar.	4.58	2.22	0.31	1.52	0.41	21.10	130	119	117	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	20.61	133	119	135	134
July - Sept.	6.26	2.32	0.66	2.08	0.82	26.81	133	120	130	134
Oct. - Dec.	8.01	4.32	0.91	1.87	0.60	25.53	135	123	130	135
1963*										
Jan. - Mar.	4.34	2.51	0.21	1.16	0.34	25.15

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-month		% of total labour force	
	1962	1963	1962	1963*	1962	1963*	1962*	1963*	1962*	1963*
Jan.	136	132	509	485	476	458	1 854	1 830	1.8	2.3
Feb.	125	125	398	293	367	281	1 853	..	1.7	2.3
March	146	13	433	293	403	171	1 845	1 819	1.6	2.1
April	135	145	459	510	402	438	1 867	1 841	1.2	1.6
May	146	156	636	751	642	688	1 921		0.7	
June	134	128	746		865		1 916		0.7	
July	135		972		1 080		1 809		0.8	
Aug.	147		858		1 057		1 896		0.8	
Sept.	143		700		752		1 946		0.7	
Oct.	152		682		699		1 935		0.9	
Nov.	140		672		627		1 912		1.5	
Dec.	114		579		568		1 893		2.1	

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-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 (1961): 4.5 million. Sweden 7.5, Switzerland 5.5, Denmark 4.6 and Norway 3.6 million.

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

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

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

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

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

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

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 13 210 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 408 (10 %), forestry and fishing 1 330 (10 %), manufacturing 4 304 (31 %), construction 1 336 (10 %), transport and communications 1070 (8 %), commerce, banking and insurance 1 772 (13 %), general government 1 663 (12 %), other services 838 (6 %), total 13 721. Index of real domestic product 127 (1957 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million

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

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 48 %, 15 to 50 ha 30 % and more than 50 ha 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 110 for 1960 (1954 = 100). Measure of self-sufficiency in the crop year 1960/61: bread cereals 86 %, animal products 123 %.

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

RAILWAYS (Jan. 1, 1963): Length 5 419 km, of which 5 345 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (June 30, 1963): Steamers 185 (298 226 gross reg. tons), motor vessels 324 (620 779 gross reg. tons), sailing vessels with auxiliary engines 52 (5 283 gross reg. tons). Total 561 (924 288 gross reg. tons).

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

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

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

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

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

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

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

PUBLIC FINANCE IN 1962

BY

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A deterioration in State finances began in 1961; the budget proposal for 1962 was a further step in this direction. The final form of the Budget, as approved by the outgoing Parliament, contained appreciable increases in outlay on education, health and national pensions, child allowances, and housing and settlement loans. No changes in tax rates were proposed. This meant that the balancing item of the budget, new State loans, had to be hoisted to a record peak of 770 million marks. Though the actual need would be less — there is always some margin between the actual cash figures and those entered in the budget — it was nevertheless evident that the policy outlines would require reappraisal later in the year.

The first supplementary budget was issued in February; its sole aim was the authorization of drawings against a special credit from the Soviet Union for purchases of military equipment.

By the end of the first quarter, the revenue (excluding loans) was 12 per cent, and the expenditure (excluding redemptions) 14 per cent above the corresponding levels for 1961. However, the deficit was less than the year before, as new domestic loans were raised to almost double the preceding amount. To make augmented sales of bonds possible, the terms offered to the public were improved.

By May, it was estimated that the need for new borrowing would in fact amount to 500 million marks for the whole year, unless new sources of revenue were discov-

ered, or expenditure cut. The maximum amount which the capital market could possibly bear was estimated at around 300 million.

The new Government, formed after the March parliamentary elections, consequently presented a number of measures designed to improve the Treasury position. The excise duty on tobacco was accordingly stepped up from June, and liquor prices were raised from July onwards. A temporary surtax, in addition to the ordinary rate of 38 per cent, was imposed on company taxable income for 1962. With small firms and housing corporations exempted, the rate for companies rises gradually to 12 per cent over the income range 10 000—30 000 marks, and remains level beyond this range. The amount is deductible in the assessment for tax liability on income for 1963. This surtax was collected in prepayments during the second half of the year. A progressive rise in the tax on cars also came into force; it was connected with the liberalization of car imports, and was understood as being subject to gradual alleviation in years to come. Employers' payments for child allowances were similarly raised by ½ per cent of wages paid. The Government further intended to effect savings by retarding and reducing the use of some building appropriations.

An agreement was concluded in early summer on civil service salaries and wages. Employees had held that the relative differentiation in pay scales had diminished in recent

years, by reason of inflation and regressive increases granted by way of lump-sum awards. Consequently, the rise agreed upon was 4.5 per cent at the low end of the scale, advancing successively towards the upper end. At an annual level, this meant an additional outlay of some 100 million marks. The second and third supplementary budgets were mainly concerned with wage and salary expenditure.

By the end of the first six months, the surplus totalled 29 million marks (there was a deficit of 15 million in June 1961). Both revenue and expenditure exceeded the 1961 level by 11 per cent. The surplus was again more than accounted for by heavier borrowing; in June alone, bonds were sold to the banks for 57 million marks. Domestic borrowing totalled 206 million marks, against 110 million one year earlier.

From June to October, the position of the Treasury was comparatively stable, principally by virtue of the stabilization measures mentioned above. The month of November was marked by a heavy seasonal drain, as certain tax payments and refunds fell due; the 94 million surplus became a 48 million deficit. Balance was restored in December by domestic borrowing of 79 million marks.

Two more supplementary budgets were issued in the autumn. One of these was more of a technical nature: it authorized the provision of means for the newly established Agricultural Marketing Fund (see Bulletin No. 10, 1962), which was from October onwards designed to defray the major part of the cost of current agricultural subsidies. The fifth supplement had an appropriation of 111 million marks by way of compensation to farmers for the losses suffered as a result of poor crops; its distribution was deferred until 1963.

In retrospect, it can be said that the fiscal year 1962 was characterized by the pressure exerted by the growth in expenditure on

disposable resources. With the slowing down of economic growth, a more expansive policy than that of 1961 was also called for. Nevertheless, serious misgivings could be raised that the State economy would add too much to the demand and price pressure. The lack of any budget equalization reserves made the task of fiscal policy even more difficult. Endeavours to effect the desired volume of public expenditure therefore resulted in a redistribution of income and demand.

FINANCE ACCOUNTS

The final figures for State revenue and expenditure are given in Table 1. The figures correspond to those given on page 8 of this Bulletin. Table 2 records some percentage changes on the previous year.

The final accounts almost achieved equality; a minute surplus of 240 000 marks was attained. Total revenue increased by 10 per cent, and total expenditure by 13 per cent. The growth of the latter amounts in real terms to 8 per cent, considerably more than the 3 per cent real growth in National Income.

The satisfactory result was mainly due to heavier domestic borrowing, 367 million against 175 million the year before, and in particular to the December spurt in selling bonds and debentures. More generally, it can be said that — apart from borrowing — the measures adopted in the summer created sufficient revenue to cover expenditure. The observed growth in revenue could not have been sustained by economic activity alone. This is also evident from Tables 1 and 2: the greatest increases in revenue are recorded precisely in those items which were the object of the stabilization measures. Increases on the expenditure side are more evenly distributed. — Against this, the purchase tax, a more accurate yardstick of economic activity, grew by only 6 per cent.

Table 1. STATE REVENUE AND EXPENDITURE
(Adjusted figures)

Revenue	1961		1962		Expenditure	1961		1962	
	Mill.mk		Mill.mk			Mill.mk		Mill.mk	
Income and Property tax (net)	739		896		Interest on State debt	64		68	
Gross receipts	(2 262)		(2 542)		Child allowances	247		287	
Refunds and Communal income tax	(-1 523)		(-1 646)		The State's share in national pensions	152		192	
Other direct taxes	16		19		Transfer of employers' payments for national pensions to National Pensions Institution	112		117	
Purchase tax	998		1 062		Compensation to war-disabled	122		114	
Import duties	466		458		Net payments of price equalisation by extra-budgetary funds	2		—	
Revenue from Alcohol Monopoly	286		313		Subsidies	377		401	
Excise duty on tobacco ...	206		228		State aid to agriculture ...	70		78	
Excise duty on sweetstuffs ..	20		22		State aid to communal and private schools	296		338	
Excise duty on beer	11		12		Military expenditure	194		239	
Excise duty on liquid fuel ..	147		162		Maintenance of roads	115		138	
Tax on automobiles and motor cycles	20		67		Pensions of State employees	98		115	
Other excise duties	26		26		Other current expenditure ..	995		1 149	
Stamp duties	183		200		Current Expenditure	2 844		3 236	
Employers' payments for child allowances and national pensions	331		388		Investments in State enterprises, forests and landed property	258		286	
Net receipts of price equalisation by extra-budgetary funds	—		7		Purchases of machinery and apparatus	97		74	
Other revenue similar to taxes	50		56		House building	133		166	
Total taxes	3 499		3 916		Roads, bridges and hydro-undertakings	285		293	
Interest and dividends	85		98		Real investments	773		815	
Net profit of State enterprises	60		3		Loans granted	237		270	
Other current revenue	119		128		Purchases of shares	50		44	
Current Revenue	3 763		4 145		Finland's quota in IDA and UN bonds	2		7	
Provision for depreciation by State enterprises	32		38		Increase in stand-by stocks and in inventories of extra-budgetary funds (net) ..	29		64	
Sales of State property ...	3		7		Capital Expenditure	1 091		1 200	
Repayments of loans	63		70		Total Expenditure	3 935		4 436	
Capital Revenue	98		115		Redemption of external loans	31		35	
Total Revenue	3 861		4 260		Redemption of internal loans	162		188	
External loans	75		47		Redemption of Indemnity Bonds etc.	18		8	
Internal loans	175		367		Index premiums	7		7	
Loans	250		414		Redemption	218		238	
Deficit	42		—		Surplus	—		0	
Total	4 153		4 674		Total	4 153		4 674	

The income tax yield rose by 157 million marks. Of this, 68 million originated in corporate surtax. The fall in import duty

yield is ascribable to the cut in duties from the EFTA countries and from the USSR. With respect to excise duties, that on tobacco

Table 2. CHANGES IN STATE REVENUE AND EXPENDITURE
(Adjusted figures)

Revenue	Change on previous year, per cent		Expenditure	Change on previous year, per cent	
	1961	1962		1961	1962
	Income and Property tax	— 0		+ 21	Child allowances
Purchase tax	+ 12	+ 6	National pensions	+ 46	+ 17
Import duties	+ 2	— 2	Subsidies	+ 2	+ 6
Alcohol Monopoly	+ 12	+ 9	Aid to schools	+ 18	+ 15
Stamp duties	+ 12	+ 9	Military expenditure	+ 13	+ 23
Excise duties	+ 6	+ 20	Maintenance of roads	+ 18	+ 20
Current Revenue	+ 6	+ 10	Current Expenditure	+ 14	+ 14
			Real Investments	+ 11	+ 5
Capital Revenue	+ 7	+ 17	Capital Expenditure	+ 5	+ 10
Total Revenue (excl.loans)	+ 6	+ 10	Total Expenditure (excl. redemption)	+ 11	+ 13

showed an augmented yield of 11 per cent. The most marked increase in tax was that on cars, more than treble that of the previous year.

Most other sources of revenue display moderate increases, apart from the net profit of State enterprises, which fell to almost nil; this result is mainly explained by the decrease in forestry revenue.

In current expenditure, outlay on child allowances grew by 16 per cent; a graduated rise in rates, according to the number of children in a family, had come into effect in the second quarter. Subsidies rose by only 6 per cent. The quantity of butter exported fell further by 40 per cent (in the year before a 32 per cent decrease had already been recorded), thus reducing the need for export subsidies. The domestic price support per kilogramme was raised from 2.09 to 2.30 marks in the autumn. A new type of subsidy was introduced in 1962, an income bonus paid to small farms according to the area under cultivation; 29 million marks of this was paid.

Military expenditure rose by almost one fourth. Besides ordinary grants for current expenses, a great deal of equipment was bought, partly by virtue of the Soviet credit. One item worthy of mention was the purchase of a frigate-type warship from Great Britain

to serve as a training vessel. Expenditure on roads went up of fifth, the consequence of large-scale extension and various road-paving projects. Further, the State has each year been assuming the maintenance of some communal and private roads. The increase in „other current expenditure” relates mainly to outlay on wages and salaries.

On the capital account, investments in State enterprises rose by 28 million marks, or 11 per cent; this was accounted for by investment in the railways, amounting to 220 million (196 in 1961). Purchases of machinery and apparatus show a decrease — a tight budgetary policy could be observed here. House and road building required more funds than during the year before; the employment situation was slightly weaker in 1962. Admittedly the use of funds specifically earmarked for various purposes of unemployment relief amounted to no more than 155 (197) million marks, but investment programmes budgeted under their proper headings were considerably higher. Taken as a whole, the growth in real investments was nevertheless not excessive.

The grants of loans increased by 14 per cent; the main grants included 69 (77) million spent on Arava housing loans, and 64 (61) million in loans from the Settlement Fund. „Employment loans” were made for

6 (10) million marks only. Large loans were given to a state-owned power company. Shares in international organizations include the purchase of United Nations bonds for 5 million marks. The increase in inventories comprised 34 million in stand-by stocks; a new credit for this purpose had been obtained from the Bank of Finland in 1961.

THE STATE ECONOMY FROM THE MONETARY ANGLE

To judge from the ordinary revenue and expenditure figures, the fiscal policy in 1962 was even more expansive than that for 1961. The expenditure (excluding ordinary redemptions) exceeded the revenue (excluding new loans) by 191 million (99 million in 1961). As, however, no idle funds were available for this deficit spending, what was given with one hand had to be taken back with the other. The net domestic borrowing was thus 166 million marks above the figure for the year before. The net result was that the State economy added greatly to the total demand, but simultaneously squeezed the capital market. As was mentioned above, the Treasury's own cash position remained unchanged.

If the total domestic borrowing, amounting to 367 (175) million marks, is broken down according to source, there is obtained:

	1961	1962
	Mill.mrk	
Bank of Finland	7	31
Post Office Savings Bank	50	66
Other banks	48	102
National Pensions Institution	7	29
Insurance companies	1	9
Public	62	130
	<u>Total 175</u>	<u>367</u>

In 1962, the share of the Bank of Finland included the stand-by credit. The banks thus accounted for 199 (105) million marks, or 54 (60) per cent. Simultaneous redemptions were 20 (55) million to the Bank of Finland, 142 (88) to other banks, and 39 (43) to other domestic creditors. Consequently, net borrowing was substantially more

Table 3. SHORT-TERM FINANCING
(Adjusted figures)

	1961	1962
	Mill.mrk	
Private funds (incr.—)	— 13	— 1
Net debt to Bank of Finland (decr. +)	— 36	+ 19
Short-term debt to Post Office Savings Bank (decr. +)	— 52	+ 7
Other short-term debt (decr. +) ..	+ 6	— 37
Cash holdings (incr. +)	+ 53	+ 12
Surplus (+), Deficit (—)	— 42	+ 0

Table 4. STATE DEBT
(Adjusted figures)

	1961	1962
	Mill.mrk	
Loans	656	668
Promissory notes issued to IMF	135	135
External debt	791	803
Ordinary loans	757	936
Indemnity Bonds etc.	26	18
Internal debt (gross)	783	954
Less: Cash balance (net)	— 113	— 114
Net debt (+) to Bank of Finland (excl. credit for stand-by stocks)	14	— 5
Short-term debt to Post Office Savings Bank	166	160
Other short-term debt	24	61
Cash holdings	— 317	— 330
Internal debt (net)	670	840
Total debt	1 461	1 643

from the non-bank sector than from the banks. Foreign borrowing represents drawings against the USSR commodity credit.

Table 3 provides an analysis of the short-term financing, a breakdown of the deficit or surplus. It is clear from this that the cash and demand holdings could be augmented by increasing the short-term debt. According to this table, the position of the Treasury vis-à-vis the Bank of Finland improved by 19 million; the Treasury Bond Loan of 1953 was redeemed in full by a last payment of 13 million, and the cheque account of the Treasury increased by 5 million. However, stand-by stocks were drawn to a net amount of 23 million marks, transactions which do not appear in these figures.

In conclusion, the State debt is shown in Table 4. Foreign indebtedness rose by 12 million, and the domestic gross debt by 171 million marks. The short-term net in-

debtedness underwent no noticeable change. The net internal debt was consequently increased by 25 per cent, and the total debt by 12 per cent. By way of comparison, 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 2 676 million marks, or 63 per cent more than the concurrent burden of debt. During the year, this balance had grown by 9 per cent.

ITEMS

Trade agreements. On May 29, 1963, an agreement was signed covering the exchange of goods between the *People's Republic of China* and Finland for 1963. Trade is fixed by quotas, and both exports and imports will amount to 8.5 million roubles. Finnish exports will include chemical pulp, paper and cardboard products, rayon staple fibre and metal industry products, and Finnish import list includes soya, rice, tin, textiles, fruit, etc.

On June 27, 1963, the term of the former agreement with *Greece*, which expired on May 31, was extended until May 31, 1964.

The new agreement between *Morocco* and Finland was signed on July 1, 1963 for one year, retrospective to June 1, 1963. This agreement provides for cancellation of the indicative lists. The exchange of goods will take place in conformity with the import and export arrangements prevailing in each country. Settlements will be effected in convertible currencies.

The term of the former agreement with *Hungary*, which expired on June 30, was extended for one year on July 2, 1963.

*

New bond loans. On June 13, the Government decided on the issue of the following two bond loans.

A labour pensions fund loan at a variable rate of interest. The bonds are dated July 1, 1963. The loan amounts to 5 million marks and has a currency period of 10 years. The rate of interest is $2\frac{3}{4}$ per cent above the general rate (for the moment $4\frac{1}{2}$ per cent) of six-month deposits of the two largest commercial banks. Amortization and interest are tied to the cost of living index to the extent of 50 per cent. The loan is issued at par. This loan is intended for subscription by the labour pensions funds of farming, lumbering and floating, and construction. The proceeds of the loan will be used for works in connection with drainage and water, silviculture and for railways and roads.

A tax payment bond loan. The loan amount to 60 million marks. Bonds are dated July 1, 1963, and bear interest at 9 per cent. The bonds can be used for the payment of government, municipal, and church taxes, and will be redeemable for one year starting April 1, 1964. Interest will be payable on tax settlement or redemption. The loan will be on sale to the public. It is issued at par.
