



BANK OF FINLAND

MONTHLY BULLETIN

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MARCH

1965

RECENT DEVELOPMENTS

INDUSTRIAL INVESTMENT ACTIVITY

During 1962 and 1963 there was a substantial decline in industrial investment. Not only did the general business outlook discourage such activity, but in some important branches of industry the excess capacity that had been built up during the previous investment boom reduced the opportunities for further investment. In 1964 the downward trend was reversed. The rise gradually accelerated, and by the end of the year the investment activity of industry could be regarded as one of the main expansionary forces in the Finnish economy.

The following table shows capital formation within the manufacturing industries. The figures are based on the investment surveys conducted by the Bank of Finland Institute for Economic Research. Those for 1964 are estimates given by the firms in October 1964.

	Fixed investment million marks		Percentage change	
	1963	1964	1963/62	1964/63
Building	245	298	+ 3	+ 21
Other construction	68	68	+ 18	+ 0
Machinery, equipment ...	588	638	- 25	+ 9
Other	22	29	- 19	+ 32
Total	923	1 033	- 17	+ 12

very marked. Investment in building, in terms of marks, had actually passed the lowest point in 1963, but the real increase was nil owing to the simultaneous rise in prices in that year, whereas the increase during 1964 seems to have been considerable, even in real terms. Both the official data available and the results of the surveys indicate that this expansion is no temporary phenomenon. The total volume of the permits granted for industrial building during the second half of 1964 was almost 50 per cent up on that granted during the corresponding period of 1963.

Though there was an appreciable increase in the growth rate of investment in machinery, the level of growth has nevertheless been rather modest to date in comparison with that of investment in buildings. In most branches of industry the 1964 increase in machinery investment was probably motivated mainly by a desire to rationalize necessitated by rising costs. On the other hand, in industry as a whole, one cannot probably yet speak of a general expansion of investment in machinery. In wood-processing and metal manufacturing, for instance, the growth rate of these investments rose by only two or three percentage points.

As is brought out most strikingly by the percentages, the reversal in the trend was

On page 18, The Regional Structure of the Finnish Economy

The development of investment has not been uniform throughout industry. In the wood-processing industry the downward trend continued in 1964, but the reduction, in terms of marks, was only 13 per cent having averaged nearly 25 per cent in the last two years. Insofar as expansion is resumed in this sphere, it will not only begin later but it seems that it will also be less strong than in the other main branches of industry. In the metal industry the growth in fixed investment was about 10 per cent in 1964, and this was almost exclusively accounted for by building, which began to gather momentum in the previous year.

The upsurge in investment was relatively strongest last year in those manufacturing industries other than wood-processing and metal. In this group there was a rise of

over 40 per cent compared with 1963; this was accounted for partly by building and partly by machinery investment.

During the last two years investment by the main group of non-manufacturing industries — electricity, gas and waterworks — was counter-cyclical relative to that of the manufacturing industries. In 1963, when investment in manufacturing was slack, it increased by about 20 per cent. Last year it was reduced by a few per cent. In consequence, the decline in fixed investment by industry as a whole was no more than 12 per cent in 1963, while in 1964 the increase was about 9 per cent, or less than that in manufacturing alone.

February 25, 1965

BANK OF FINLAND

Mill. mk

	1964		1965			
	Dec. 31	Jan. 31	Jan. 31	Feb. 8	Feb. 15	Feb. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	1 049.7	846.3	1 066.7	1 055.2	1 051.8	1 052.7
Gold	189.6	145.7	189.7	189.7	189.7	189.7
Foreign exchange	783.8	634.9	801.9	790.6	787.1	788.1
Foreign bills	29.7	24.5	28.5	28.3	28.4	28.3
Foreign bonds	46.6	41.2	46.6	46.6	46.6	46.6
<i>Supplementary note cover</i>	570.7	362.0	460.8	458.0	450.0	502.4
Inland bills discounted						
In foreign currency	55.2	68.7	55.2	55.2	54.2	54.2
In Finnish currency	67.1	52.1	48.3	48.8	48.6	48.4
Rediscounted bills	448.4	241.2	357.3	354.0	347.2	399.8
<i>Other assets</i>	97.4	130.4	89.8	88.8	87.7	90.2
Finnish bonds	35.8	83.7	10.8	9.7	11.9	15.4
Cheque accounts	2.5	1.6	1.9	1.7	1.7	1.8
Finnish coin	3.8	6.0	5.4	6.0	6.3	6.2
Other claims	55.3	39.1	71.7	71.4	67.8	66.8
Total	1 717.8	1 338.7	1 617.3	1 602.0	1 589.5	1 645.3
Liabilities						
<i>Notes in circulation</i>	1 002.7	835.0	910.2	884.0	887.4	905.4
<i>Liabilities payable on demand</i>	186.8	89.8	145.7	158.5	159.3	176.3
Foreign exchange accounts	84.7	20.2	94.7	102.8	106.1	105.7
Mark accounts of holders abroad	28.5	30.2	16.5	16.7	16.6	16.4
Cheque accounts						
Treasury	5.4	0.1	2.5	3.5	4.4	7.4
Post Office Savings Bank	49.6	27.4	2.5	6.0	10.5	23.7
Private banks	16.4	8.7	5.9	6.7	—	0.2
Other	0.7	0.6	0.8	0.4	0.6	0.7
Other sight liabilities	1.5	2.6	22.8	22.4	21.1	22.2
<i>Term liabilities</i>	55.4	68.0	65.9	65.9	65.9	65.9
Foreign	54.3	66.9	54.3	54.3	54.3	54.3
Finnish	1.1	1.1	11.6	11.6	11.6	11.6
<i>Equalization accounts</i>	261.8	148.3	282.8	279.9	262.5	283.0
<i>Bank's own funds</i>	211.1	197.6	212.7	213.7	214.4	214.7
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	84.8	84.8	97.9	97.9	97.9	97.9
Profits undisposed	—	11.2	13.2	13.2	13.2	13.1
Earnings less expenses	26.3	1.6	1.6	2.6	3.3	3.7
Total	1 717.8	1 338.7	1 617.3	1 602.0	1 589.5	1 645.3
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	1 049.7	846.3	1 066.7	1 055.2	1 051.8	1 052.7
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	500.0	362.0	460.8	458.0	450.0	500.0
Total	1 549.7	1 208.3	1 527.5	1 513.2	1 501.8	1 552.7
Note issue						
<i>Notes in circulation</i>	1 002.7	835.0	910.2	884.0	887.4	905.4
<i>Liabilities payable on demand</i>	186.8	89.8	145.7	158.5	159.3	176.3
<i>Undrawn on cheque credits</i>	5.0	5.9	5.1	5.2	5.6	5.3
<i>Unused right of note issue</i>	355.2	277.6	466.5	465.5	449.5	465.7
Total	1 549.7	1 208.3	1 527.5	1 513.2	1 501.8	1 552.7

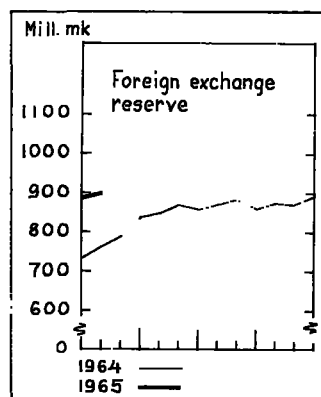
Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1957	384.3	45.7	338.6	176.5	201.9	313.2	160.2	- 39.7	51.4	69.1
1958	575.6	21.8	553.8	126.2	160.1	519.9	90.3	- 51.6	71.5	- 32.8
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	-	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	-	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	-	8.9	5.4	3.5
1964										
Jan.	780.6	20.2	760.4	65.7	97.1	729.0	-	18.9	0.1	18.8
Feb.	807.6	21.0	786.6	59.8	94.5	751.9	-	18.9	0.1	18.8
March	852.5	18.4	834.1	63.6	93.4	804.3	-	18.9	5.3	13.6
April	864.9	17.6	847.3	68.1	91.2	824.2	-	18.9	12.3	6.6
May	885.5	17.5	868.0	68.0	90.7	845.3	-	18.9	0.0	18.9
June	875.9	17.0	858.9	64.7	88.6	835.0	-	18.9	4.6	14.3
July	889.9	18.9	871.0	64.2	89.1	846.1	-	18.9	1.0	17.9
Aug.	901.0	19.0	882.0	64.3	86.3	860.0	-	18.9	3.3	15.6
Sept.	879.1	19.2	859.9	66.9	85.5	841.3	-	18.9	4.3	14.6
Oct.	894.4	20.8	873.6	71.8	82.8	862.6	-	18.9	7.7	11.2
Nov.	913.0	40.1	872.9	77.6	85.7	864.8	-	8.9	4.7	4.2
Dec.	973.4	84.7	888.7	76.3	82.8	882.2	-	8.9	5.4	3.5
1965										
Jan.	991.6	94.7	896.9	75.1	70.8	901.2	-	8.9	2.5	6.4

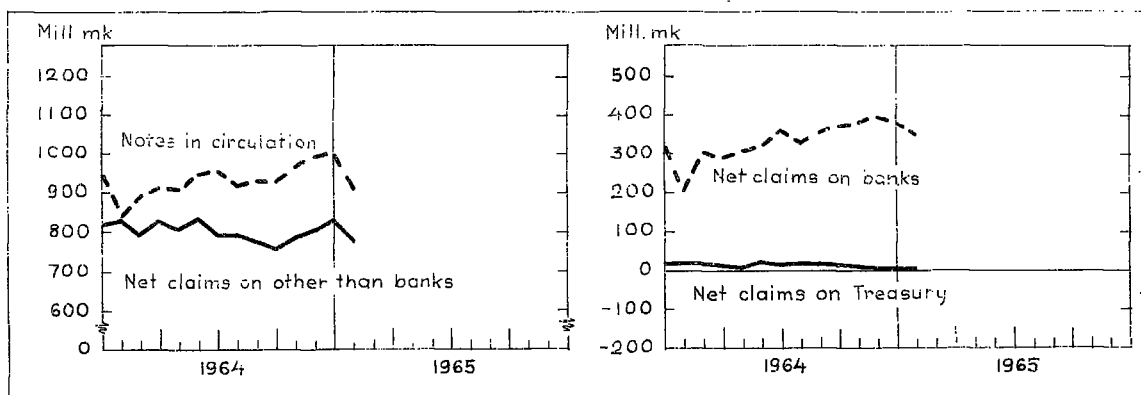
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1962	1963	1964		1965
	Dec. 31	Dec. 31	Nov. 30	Dec. 31	Jan. 30
Gold	135	135	143	190	190
Convertible	330	478	687	708	740
Other	156	121	43	-9	-33
Total	621	734	873	889	897



BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks	Post Office Savings Bank	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1957	249.1	24.1	—	-0.4	225.4	129.1	144.2	5.6	267.7	606.4
1958	187.1	14.7	—	20.8	151.6	88.2	143.0	5.3	225.9	650.8
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 ¹⁾	4.4 ¹⁾	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1964										
Jan.	241.2	8.7	27.4	2.1	203.0	52.1	89.4	1.1	140.4	835.0
Feb.	329.0	7.0	18.1	2.4	301.5	28.9	98.3	1.0	126.2	893.4
March	316.0	-13.2	38.2	2.2	288.8	23.3	111.3	0.7	133.9	911.2
April	349.0	0.7	41.8	1.7	304.8	20.9	113.2	0.6	133.5	905.5
May	329.5	5.2	0.2	1.7	322.4	20.4	119.7	1.3	138.8	945.4
June	403.2	2.7	34.6	2.9	363.0	19.1	104.3	2.5	120.9	954.9
July	357.8	4.1	23.0	3.7	327.0	19.0	110.1	1.8	127.3	918.1
Aug.	389.7	3.7	30.8	1.6	353.6	17.9	104.7	1.3	121.3	928.2
Sept.	388.2	-1.6	14.2	1.3	374.3	24.3	103.9	3.4	124.8	927.3
Oct.	407.7	-7.1	33.5	0.9	380.4	41.6	105.8	0.9	146.5	964.0
Nov.	394.2	-6.8	5.4	1.0	394.6	55.6	111.2	3.1	163.7	989.9
Dec.	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965										
Jan.	357.3	5.9	2.5	1.2	347.7	48.3	118.8	32.9	134.2	910.2

¹⁾ Including cash reserve accounts

DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1954	349.1	421.1	132.2	834.4	921.7	520.5	300.8	134.2	2 712.0	3 265.3
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964*	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1964*										
Jan.	707.3	844.6	229.1	2 452.5	2 361.4	1 447.8	655.4	311.9	7 249.2	8 322.9
Feb.	620.8	754.1	244.0	2 485.9	2 388.2	1 505.7	664.8	316.3	7 361.1	8 359.2
March	615.3	755.9	292.6	2 521.6	2 404.5	1 533.2	666.0	318.8	7 444.3	8 492.8
April	641.5	777.7	220.5	2 541.5	2 416.7	1 551.7	661.7	319.6	7 491.3	8 489.5
May	645.2	797.4	256.6	2 577.8	2 444.7	1 576.5	660.0	318.0	7 577.1	8 631.1
June	640.0	789.1	260.7	2 569.4	2 418.0	1 551.4	659.2	314.3	7 512.4	8 562.2
July	671.3	833.6	224.9	2 579.9	2 430.4	1 557.6	660.0	313.1	7 541.0	8 599.5
Aug.	665.6	837.3	229.0	2 592.6	2 447.7	1 569.0	663.9	312.2	7 585.4	8 651.7
Sept.	667.5	826.8	281.0	2 610.9	2 469.8	1 583.8	667.8	316.1	7 648.5	8 756.3
Oct.	643.6	791.4	256.2	2 630.2	2 483.0	1 591.5	673.1	320.5	7 698.5	8 746.1
Nov.	668.8	833.3	284.8	2 662.7	2 515.4	1 621.2	676.7	323.4	7 800.0	8 918.1
Dec.	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1965*										
Jan.	669.9	822.1	285.0	2 849.8	2 666.0	1 711.1	723.5	334.6	8 285.2	9 392.3

End of month	Index-tied deposits		High-interest deposits
	100 % clause ¹⁾	50 % clause, tax-free	
1964*			
April	170.9	259.9	767.5
May	556.2	159.4	675.5
June	674.0	146.2	650.5
July	745.5	134.0	639.2
Aug.	817.6	129.0	628.7
Sept.	916.6	120.5	621.4
Oct.	987.1	119.2	603.7
Nov.	1 072.9	119.6	593.9
Dec.	1 166.4	120.3	592.3
1965*			
Jan.	1 312.9	113.3	592.5

Selling rates for foreign exchange

Feb. 25, 1965

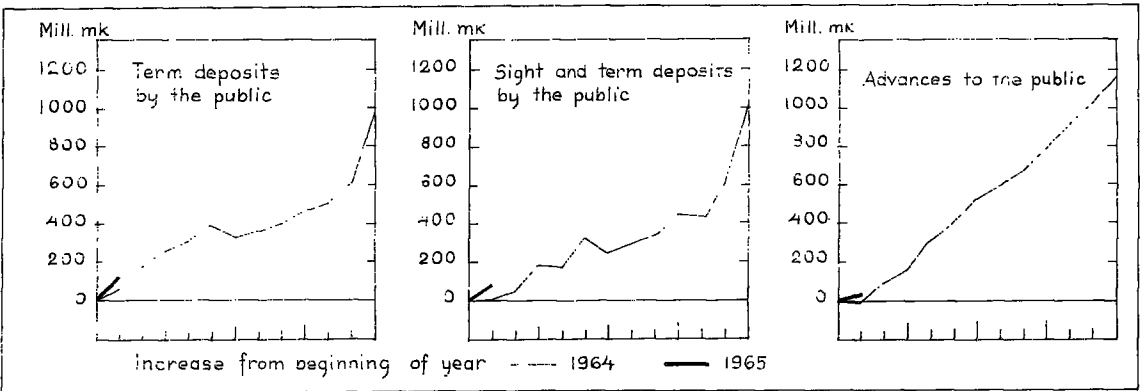
		mk		mk
New York ...	1 \$	3.218	Zurich	100 Fr 74.28
Montreal	1 \$	2.982	Paris	100 FF 65.65
London	1 £	8.995	Rome	100 Lit 0.5151
Stockholm ...	100 Kr	62.65	Vienna	100 S 12.45
Oslo	100 Kr	44.98	Lisbon	100 Esc 11.21
Copenhagen ..	100 Kr	46.54	Reykjavik	100 Kr 7.50
Frankfurt o.M.	100DM	80.92	Madrid	100 Pta 5.42
Amsterdam ...	100 Fl	89.54	Prague, clear... 100 Kc	44.58
Brussels	100 Fr	6.485	Moscow, clear. ¹⁾	1 Rbl 3.5667
			Clearing dollars ²⁾	1 Cl \$ 3.21

¹⁾ Tax-free since May 1, 1964.²⁾ Bucharest, Peking.³⁾ 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
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964*	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1964*									
Jan.	3 446.1	2 139.6	547.1	1 763.6	672.7	8 201.5	367.6	8 569.1	1 826.8
Feb.	3 509.5	2 148.7	554.2	1 769.8	683.9	8 266.6	399.5	8 666.1	1 798.0
March	3 547.4	2 150.3	559.5	1 783.0	687.5	8 329.6	398.1	8 727.7	1 849.7
April	3 635.3	2 170.0	563.1	1 806.8	706.6	8 473.4	408.4	8 881.8	1 826.2
May	3 628.6	2 190.4	570.0	1 827.9	751.1	8 599.4	368.6	8 968.0	1 914.1
June	3 689.8	2 200.9	575.3	1 859.8	768.2	8 688.9	405.1	9 094.0	1 901.4
July	3 706.0	2 219.7	583.0	1 876.1	777.1	8 771.9	390.0	9 161.9	1 889.4
Aug.	3 720.7	2 239.4	592.4	1 903.8	782.4	8 845.8	392.9	9 238.7	1 903.2
Sept.	3 761.2	2 268.8	601.3	1 949.4	787.2	8 967.3	400.6	9 367.9	1 946.3
Oct.	3 791.0	2 296.0	611.6	1 983.7	810.2	9 067.4	425.1	9 492.5	1 933.0
Nov.	3 819.3	2 322.2	607.8	2 028.0	824.7	9 203.3	398.7	9 602.0	2 012.2
Dec.	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1965*									
Jan.	3 900.7	2 337.6	614.6	2 078.1	827.5	9 342.4	416.1	9 758.5	1 940.9

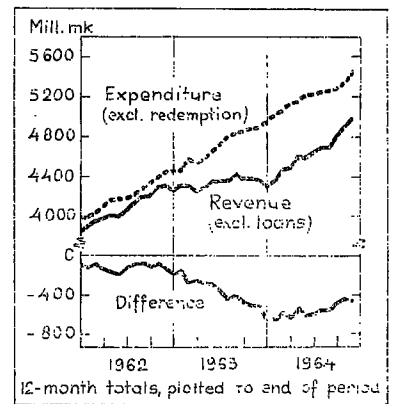


STATE FINANCES

Mill. mk

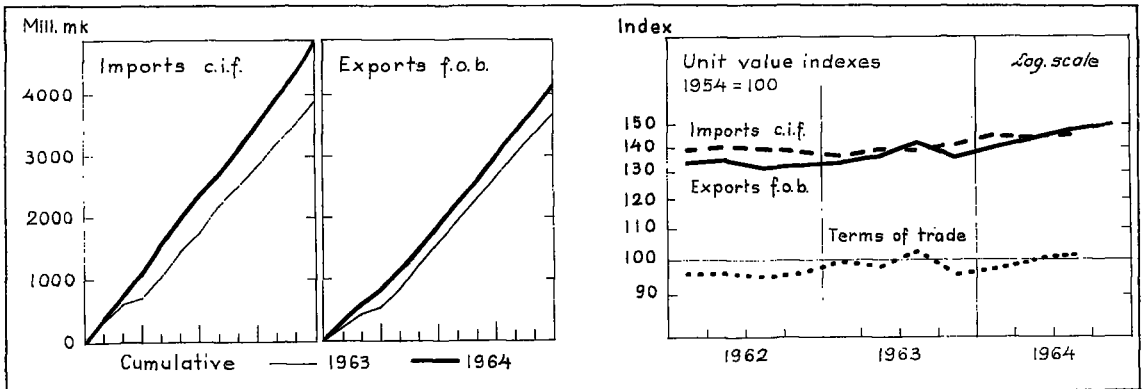
Revenue	Jan. - Nov.		Expenditure	Jan. - Nov.	
	1963	1964		1963	1964
Income and property tax (net)	894	1 276	Interest on State debt	76	109
Gross receipts	(2 320)	(2 858)	Child allowances	294	304
Refunds and communal income tax	(-1 426)	(-1 582)	The State's share in national pensions	187	211
Other direct taxes	18	22	Compensations to war-disabled	111	120
Sales tax	921	913	Subsidies	565	543
Import duties	431	448	Net payments on price equalization by extra-budgetary funds	11	16
Revenue from Alcohol Monopoly	312	350	State aid to agriculture	60	62
Excise duty on tobacco	250	266	State aid to communal and private schools	340	405
Excise duty on liquid fuel	163	189	Net loss of State enterprises	8	23
Other excise duties	73	87	Maintenance of roads	123	128
Tax on automobiles and motor cycles	81	131	Other current expenditure	1 469	1 706
Stamp duties	194	224	Current expenditure	3 244	3 627
Employers' payments for child allowances	279	321	Real investments	850	943
Net receipts of price equalization by extra-budgetary funds	—	—	Other capital expenditure	411	419
Other revenue similar to taxes	54	60	Capital expenditure	1 261	1 362
Total taxes	3 670	4 287	Total expenditure	4 505	4 989
Interest and dividends	68	73	Redemption of external loans	32	40
Other current revenue	123	153	Redemption of internal loans	172	188
Current revenue	3 861	4 513	Redemption of indemnity bonds etc.	7	4
Capital revenue proper	99	114	Index premiums	8	13
Decrease in inventories	39	56	Redemptions	219	245
Capital revenue	138	170	Total	4 724	5 234
Total revenue	3 999	4 683			
External loans	185	183			
Internal loans	328	237			
Loans	513	420			
Short-term credit (increase +)	+ 79	+ 111			
Deficit (+) or surplus (-)	+ 133	+ 20			
Total	4 724	5 234			

Debt	1961	1962	1963	1964		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
External debt	791	803	963	1 125	1 122	1 109
Ordinary loans	757	936	1 109	1 166	1 171	1 158
Indemnity bonds etc	26	18	11	8	8	7
Short-term credit	24	61	160	192	204	271
Cash debt (net)	-98	-125	78	59	-44	108
Internal debt	709	890	1 358	1 425	1 339	1 544
Total debt	1 500	1 693	2 321	2 550	2 461	2 653
Total debt, mill. \$	465.9	525.4	720.8	791.4	765.1	825.0



FOREIGN TRADE

Period	Value mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962	3 928.7	3 533.1	-395.6	134	146	132	128	150	139	96
1963	3 866.9	3 678.0	-188.9	137	145	142	129	147	139	99
1964	4 816.1	4 132.0	-684.1	146	161	155	133	158	143	102
1964*										
Jan.	363.0	281.3	- 81.7	140	148	152	131	133	144	97
Feb.	349.4	299.9	- 49.5							
March	368.0	231.4	-136.6							
April	448.8	339.5	-109.3	144	164	148	132	158	144	100
May	398.7	335.3	- 63.4							
June	412.4	366.4	- 46.0							
July	362.9	368.6	+ 5.7	147	161	155	134	164	146	101
Aug.	390.2	349.3	- 40.9							
Sept.	422.3	408.4	- 13.9							
Oct.	418.8	400.8	- 18.0	150	162	160	133	174	147	102
Nov.	432.8	367.2	- 65.6							
Dec.	448.8	383.9	- 64.9							

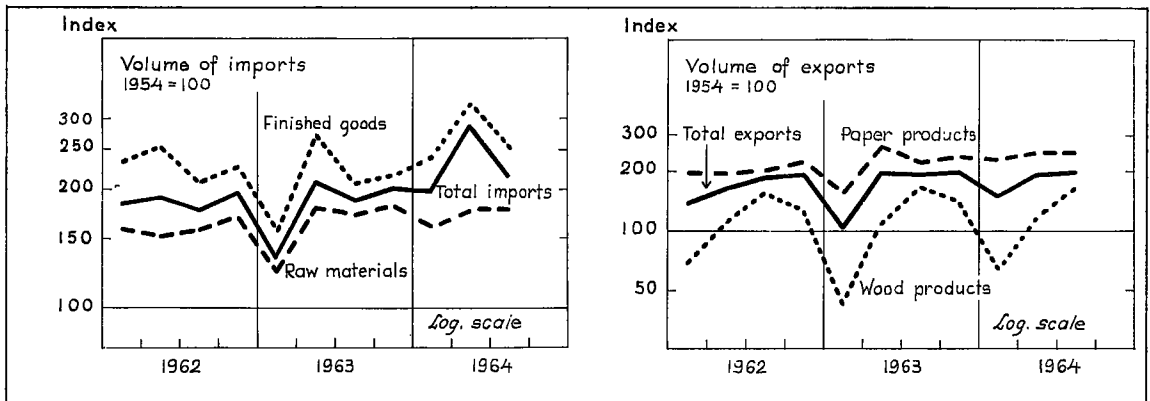


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

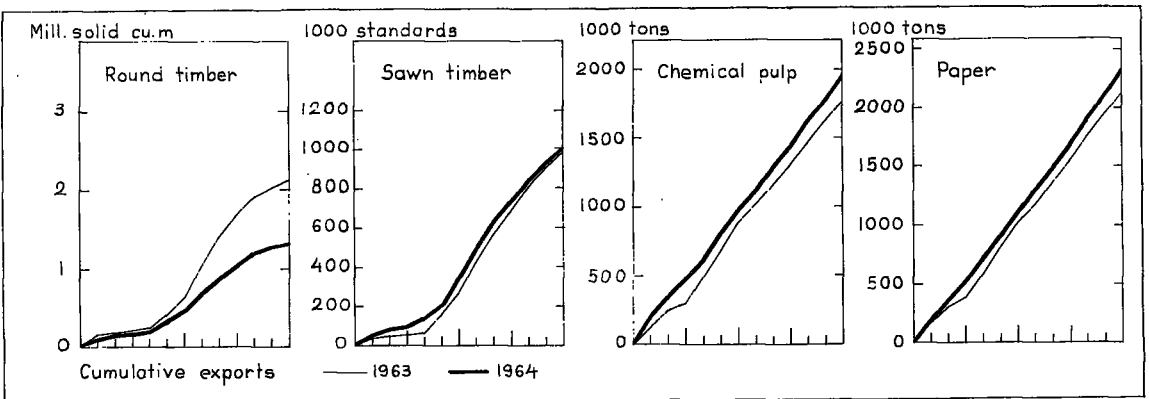
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Investment goods	Consumer goods						
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962	1 762.6	371.2	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963	1 827.5	373.3	1 004.3	661.8	164.8	112.8	811.8	1 752.2	613.8	222.6
1964*	2 110.7	508.4	1 395.8	801.2	230.4	89.8	895.8	2 019.5	610.5	286.0
1963 Dec.	167.7	33.8	105.9	61.2	24.5	5.8	80.9	147.4	58.5	22.2
1964* Jan.	171.9	42.1	91.1	57.9	14.0	4.3	50.3	169.3	25.6	17.8
Feb.	155.6	36.5	100.1	57.2	23.8	5.5	44.6	148.1	60.4	17.5
March	149.6	47.7	107.9	62.8	12.1	1.8	26.4	145.3	28.9	16.9
April	162.3	34.1	148.5	103.9	27.9	2.3	49.5	165.1	75.6	19.1
May	167.7	50.6	114.9	65.5	23.1	7.1	67.5	173.7	37.2	26.7
June	182.9	31.0	126.7	71.8	17.5	8.4	97.1	163.0	55.0	25.4
July	164.7	31.4	114.7	52.1	18.1	13.3	116.9	156.6	40.9	22.8
Aug.	182.4	48.0	109.6	50.2	19.9	14.9	95.7	166.8	28.1	23.9
Sept.	187.8	44.4	123.4	66.7	17.2	11.6	97.4	186.1	68.2	27.9
Oct.	179.1	36.4	131.7	71.6	16.7	9.0	89.0	192.1	67.5	26.5
Nov.	202.8	54.7	105.9	69.4	11.7	6.7	86.2	173.3	56.9	32.4
Dec.	203.9	51.5	121.3	72.1	28.4	4.9	75.2	180.1	66.2	29.1



March 1963 figures are affected by strikes.

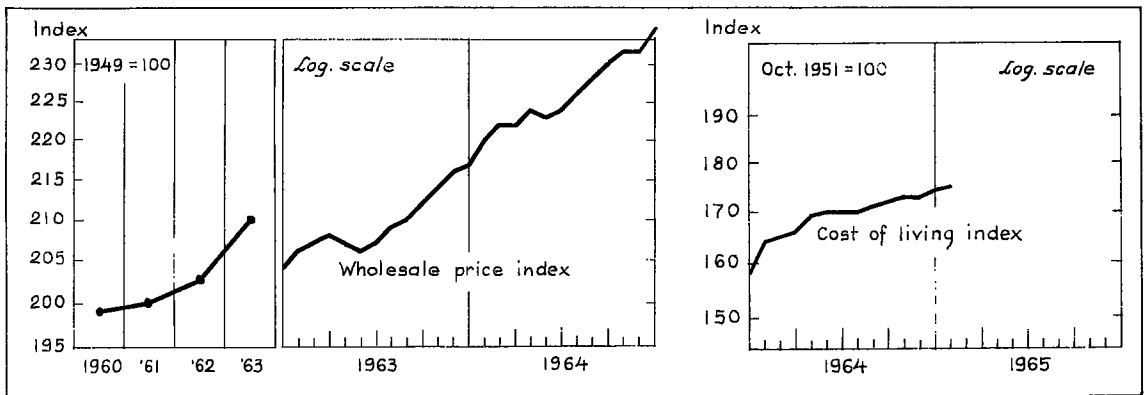
EXPORTS OF SOME IMPORTANT ARTICLES

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
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
1963	2 108	977	384	173	861	893	171	161	882	2 126
1964*	1 319	990	440	175	971	979	194	165	989	2 309
1963										
Dec.	83	77	32	13	72	63	12	14	74	184
1964*										
Jan.	86	47	37	17	97	104	14	16	75	179
Feb.	64	35	41	15	75	66	13	15	68	174
March	15	15	27	11	66	68	14	13	65	168
April	26	42	38	15	81	64	16	16	79	197
May	122	69	43	13	82	97	14	15	81	195
June	143	122	31	20	87	84	15	12	83	182
July	218	156	31	11	69	67	13	10	76	195
Aug.	202	125	27	12	90	75	15	10	76	188
Sept.	169	116	39	14	82	91	15	13	96	201
Oct.	140	97	41	17	86	97	17	15	100	219
Nov.	76	93	41	13	77	73	20	15	97	219
Dec.	58	73	44	17	79	93	28	15	93	192



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year					Whole year				
	1961	1962	1963	1964*		1961	1962	1963	1964*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.7	15.8	15.3	734.3	24.5	22.2	23.6	25.3	1 045.8
United Kingdom	15.3	15.2	15.3	14.8	711.4	22.2	20.2	21.5	23.0	950.6
Other OECD countries										
in Europe	55.2	55.6	53.0	52.7	2 538.2	46.4	43.0	43.9	45.9	1 896.4
Austria	0.7	0.7	0.7	0.7	33.6	0.4	0.3	0.3	0.4	14.6
Belgium-Luxembourg	2.6	2.4	2.2	2.0	95.7	3.8	3.4	3.3	3.5	143.8
Denmark	3.2	3.1	3.3	3.0	146.4	3.5	3.7	3.5	3.7	154.5
France	5.0	5.2	4.3	5.5	262.5	5.2	4.5	5.0	5.8	240.2
Western Germany	21.2	20.2	18.0	17.3	830.8	12.9	11.9	12.0	11.6	477.4
Italy	1.9	2.1	2.0	1.8	88.4	2.7	2.8	3.2	3.0	122.7
Netherlands	4.0	4.4	4.7	4.0	193.5	6.3	6.1	6.3	6.8	281.5
Norway	1.4	1.5	1.6	1.5	74.0	1.9	1.2	0.8	0.9	37.6
Portugal	0.1	0.2	0.2	0.2	11.8	0.1	0.1	0.1	0.1	5.5
Spain	0.5	0.4	0.4	0.5	24.7	0.5	0.7	0.9	0.9	37.4
Sweden	11.4	12.1	11.9	12.7	611.7	5.7	5.7	5.7	6.4	266.2
Switzerland	2.4	2.6	2.9	2.8	134.1	1.0	0.6	0.7	0.8	33.5
Eastern Bloc	19.4	19.2	21.7	22.4	1 080.8	18.0	22.5	20.8	17.5	721.1
China	0.1	0.2	0.2	0.4	20.9	0.6	0.4	0.5	0.5	21.0
Czechoslovakia	1.0	1.0	0.7	0.6	31.9	1.1	0.9	0.9	0.4	18.7
Eastern Germany	1.5	1.4	1.1	1.0	48.2	1.3	1.1	1.0	1.0	40.4
Poland	2.4	2.2	2.0	2.0	95.5	2.1	1.7	1.7	2.0	81.8
Soviet Union	13.6	13.7	16.9	17.6	846.0	12.1	17.8	16.0	12.1	498.1
U.S. and Canada	6.0	5.6	5.3	5.0	242.7	4.5	5.5	5.4	5.9	245.8
United States	5.6	5.1	4.9	4.8	232.6	4.4	5.4	5.2	5.7	238.0
Latin America	2.7	2.7	2.9	3.0	145.0	3.9	3.4	2.9	2.7	109.8
Argentina	0.4	0.4	0.5	0.3	16.2	1.3	0.8	0.6	0.8	32.9
Brazil	1.6	1.5	1.6	1.6	76.9	1.5	1.5	0.7	0.5	19.6
Others	1.0	1.2	1.3	1.6	75.1	2.7	3.4	3.4	2.7	113.1
Grand total	100.0	100.0	100.0	100.0	4 816.1	100.0	100.0	100.0	100.0	4 132.0
of which										
EFTA countries	34.5	35.4	36.0	35.8	1 722.8	34.7	31.9	32.6	35.4	1 462.4
EEC countries	34.7	34.7	31.2	30.5	1 470.9	30.9	29.4	29.8	30.6	1 265.6



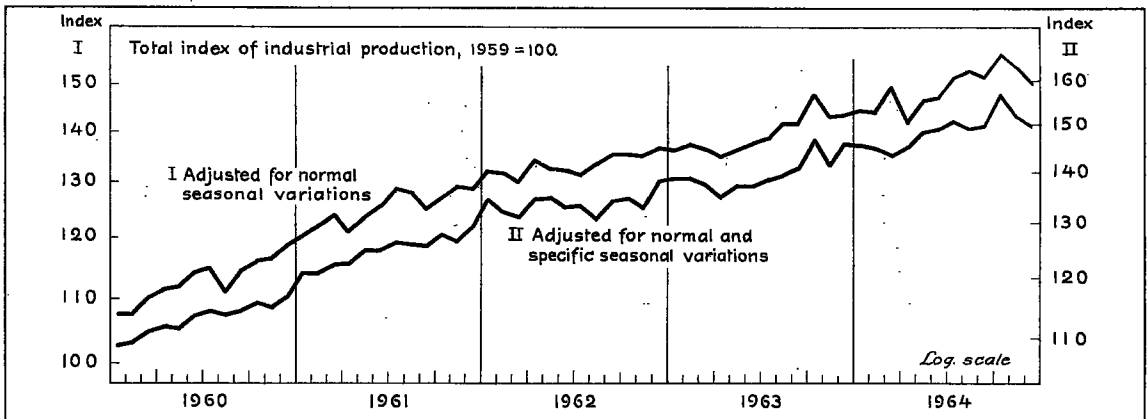
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1962	203	205	196	209	203	197	217	200	198	132	114	156
1963	210	212	201	214	211	205	226	203	205	140	118	171
1964	..	..	..	..	..	..	..	..	..	150	120	192
1964												
Jan.	220	224	204	219	211	222	240	209	214	142	117	179
Feb.	222	226	207	222	210	226	243	213	216	144	118	180
March	222	226	208	223	211	224	242	214	216	146	118	186
April	224	228	209	224	211	227	246	215	217	148	119	188
May	223	226	209	225	211	223	241	217	216	150	119	194
June	224	228	211	227	211	224	246	217	216	150	120	195
July	226	230	210	227	212	227	252	215	216	150	120	194
Aug.	228	232	211	229	216	228	255	217	218	152	121	197
Sept.	230	235	213	233	217	230	256	222	220	152	121	198
Oct.	232	237	212	236	217	230	260	223	221	153	122	200
Nov.	232	238	212	237	217	230	260	225	221	153	123	198
Dec.	235	240	213	238	221	233	263	225	224	154	123	199
1965												
Jan.	..	..	..	..	..	..	..	..	..	156	123	202

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
1962	147	156	327	103	90	143	115	115	121	100	112	117
1963	154	164	346	108	93	151	121	120	128	105	115	123
1964	170	184	364	114	107	164	133	135	135	110	132	134
1964												
Feb.	165	177	361	113	105	160	130	130	134	110	130	130
March	167	180	361	114	106	162	131	132	134	110	132	132
April	169	182	361	114	106	163	132	134	134	111	132	133
May	170	185	361	114	106	164	133	136	134	111	132	134
June	170	185	361	114	107	165	134	136	134	110	132	135
July	170	185	361	114	107	165	134	136	134	110	132	135
Aug.	171	185	361	114	107	166	134	136	134	110	133	135
Sept.	172	188	361	114	108	167	135	138	134	111	134	136
Oct.	173	187	372	114	108	167	135	137	138	111	134	136
Nov.	173	188	372	114	108	167	136	138	138	111	134	136
Dec.	174	189	372	114	109	168	136	139	138	111	135	137
1965												
Jan.	175	189	372	114	109	170	137	139	138	111	135	139

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	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1962	133	151	133	127	114	141	144	126	133	47 264	160
1963*	139	136	142	135	117	154	141	134	140	47 784	169
1964*	150	140	156	140	124	168	148	143	149	53 200	156
1963*											
April	136	133	137	133	126	140	139	132	135	4 036	171
May	147	149	147	146	131	158	152	142	137	10 095	191
June	130	128	128	134	109	126	134	131	138	1 941	167
July	106	83	114	96	112	146	83	100	139	1 299	153
Aug.	143	137	142	147	108	157	137	146	142	1 936	183
Sept.	148	146	151	141	111	169	151	141	142	2 192	176
Oct.	162	160	167	152	132	182	166	156	148	3 189	181
Nov.	151	145	157	141	110	169	152	146	143	3 915	173
Dec.	133	127	139	123	118	148	132	124	144	4 534	201
1964*											
Jan.	148	146	154	137	117	163	153	138	145	5 552	114
Feb.	147	144	152	138	127	162	152	137	144	6 031	143
March	146	139	152	136	121	162	147	137	149	6 500	142
April	157	150	161	153	150	169	158	153	142	5 469	161
May	144	133	149	158	127	164	139	138	146	11 353	154
June	143	141	146	139	137	142	145	141	147	1 863	150
July	116	77	128	103	118	168	85	107	152	1 327	145
Aug.	150	134	154	149	100	173	140	153	153	1 846	170
Sept.	162	157	168	152	121	182	167	155	152	2 335	173
Oct.	167	154	176	152	125	190	165	160	157	2 926	169
Nov.	163	156	172	147	121	182	164	156	154	3 462	164
Dec.	150	143	158	133	123	160	160	139	150	4 536	183

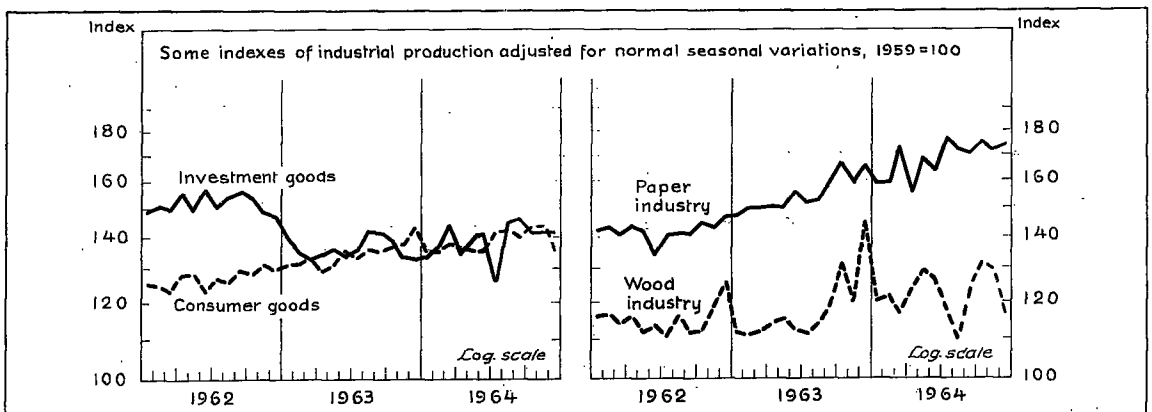


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings* 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1962	23.18	10.61	2.15	7.11	2.31	25.53	132	120	128	134
1963*	24.77	12.57	2.21	6.60	2.43	25.16	145	136	144	143
1963*										
Jan. - Mar.	4.34	2.51	0.21	1.16	0.34	25.50	138	130	143	137
Apr. - June	4.71	2.36	0.28	1.41	0.49	28.73	145	137	143	145
July - Sept.	6.87	2.63	0.72	2.05	1.10	28.58	148	137	141	145
Oct. - Dec.	8.85	5.07	1.00	1.98	0.50	25.16	149	138	150	146
1964*										
Jan. - Mar.	4.41	2.30	0.23	1.36	0.40	25.39	158	148	162	156
Apr. - June	4.93	1.83	0.31	1.91	0.66	29.45	164	154	163	162
July - Sept.	6.57	2.47	0.85	1.74	1.05	30.68	164	154	164	163

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo —		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1964	1965	1964*	1965*	1964*	1965*	1963*	1964*	1963*	1964*
Jan.	125	118	576	690	527	549	1 830	1 854	2.3	2.7
Feb.	124		538		451		..	1 851	2.3	2.3
March	122		535		389		1 819	1 839	2.1	1.8
April	138		588		487		1 841	1 882	1.6	1.5
May	125		755		709		1 905	1 920	0.8	1.1
June	128		995		963		1 895	1 906	0.8	1.2
July	128		1 165		1 253		1 737	1 772	1.0	1.1
Aug.	132		1 072		1 111		1 851	1 862	1.0	1.0
Sept.	138		861		873		1 922	1 924	1.1	1.0
Oct.	140		842		760		1 910	1 928	1.3	1.3
Nov.	135		909		683		1 895	1 905	1.6	1.5
Dec.	116		827		679		1 871	1 873	2.0	1.5



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims) *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities (Treasury).

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

Page 8. *Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings (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 of series adjusted for normal and specific seasonal variations see Bulletin No. 8, 1961, p. 18. Other seasonally adjusted series are calculated according to a method resembling the U.S. Bureau of Census Method II. 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 0 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 (1963): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1963): In South Finland 25.4, in North Finland 4.2 and in the whole country an average of 14.9 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1963): 58% of the population inhabit the rural areas, 42% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 488 300 inhabitants, Tampere (Tammerfors) 136 200, Turku (Åbo) 135 000.

OCCUPATIONS (1960): Agriculture and forestry 32%, industry and construction 31%, commerce 9%, transport and communications 7%, services 11%, economically inactive persons 11%.

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

EDUCATION (1963): 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 (1963): births 18.1 ‰, deaths 9.2 ‰, increase 8.6 ‰. Deaths in France 11.7 ‰, and Great Britain 12.2 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1963, in million marks) Gross domestic product at market prices 18 667 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 592 (10%), forestry and fishing 1 462 (10%), manufacturing 4 683 (31%), construction 1 540 (10%), transport and communications 1 178 (8%), commerce, banking and insurance 2 017 (13%), general government 1 900 (12%), other services 907 (6%), total 15 279. Index of real domestic product 133 (1957 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft), of which pine 43% and spruce 38%, the rest 19% being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56% of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 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 127 for 1963 (1954 = 100). Measure of self-sufficiency in bread cereals 69% in the crop year 1963/64.

INDUSTRY (1962): Gross value of industrial production 14 500 mill. marks, number of workers 352 000, salaried employees 71 100, motive power (1962) 5.0 mill. HP. Index of industrial production 133 for 1962 (1959 = 100).

RAILWAYS (Jan. 1, 1965): Length 5 463 km, of which 5 389 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (Jan. 31, 1965): Steamers 154 (257 683 gross reg. tons), motor vessels 373 (708 781 gross reg. tons), sailing vessels with auxiliary engines 38 (4 855 gross reg. tons). Total 565 (971 319 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1964): Private cars 364 800, lorries and delivery vans 78 600, buses 6 900, others 14 000, Total 464 300.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1963): Kilometres flown 12.6 million, passengers carried 696 000, passenger kilometres 312.6 million, and ton kilometres of freight and mail 5.0 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 1962 expenditure amounted to 2 504 mill. marks. Total revenue was 2 481 million, of which income from taxation 1 217 million. The municipal income tax (non-progressive) averaged 11.83% of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1964). There are two big and four small commercial banks with in all 721 offices, 378 savings banks, 493 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 (May 1, 1964). Bank of Finland discount rates 6—7 1/2%. Other credit institutions: term deposits 4 1/2%, 12 months' deposits 6%, 100 per cent index-tied deposits 2 3/4%, 50 per cent index-tied deposits 4%; highest lending rate 8%.

THE REGIONAL STRUCTURE OF THE FINNISH ECONOMY

BY

KAUKO MANNERMAA, *Mag. Pol.*

Like the other northern countries, Finland has a very uneven regional structure of population and production resources. The physical conditions in South Finland are considerably more favourable than in North Finland; the mean annual temperature on the South coast is almost 5°C higher than in the northern part of the country. As 41.5 per cent of the population still derived their living from agriculture and forestry in 1950, the difference in growing conditions alone is sufficient to explain why the population is concentrated in the southern parts of the country. The proportion of the population engaged in agriculture and forestry has, however, dropped rapidly; in the period 1950—60 it fell from 41.5 per cent to 31.7 per cent. Nevertheless these features still leave their mark on the present regional structure of the Finnish economy, even though the increasing diversification within the economy has added many new features to the picture.

Finland is divided into 16 economic regions which can in turn be grouped into four greater regions. These regions are shown on the map on page 19. Regions 11—17 make up the region of South Finland, 21—24 belong to the region of Central and Eastern Finland. 31—32 comprise the region of Etelä- and Keski-Pohjanmaa and 41—43 the North Finland region.

Even on the basis of the population and population density figures for these regions we can find great differences between them. These figures are given in Table 1. In 1960 only 11 per cent of the population lived in North Finland, which comprises 45 per cent of the land area. Although the land

area of South Finland is only 21 per cent of the total land area, 56 per cent of the population lived there. Finland is, however, still so sparsely populated that even in South Finland problems of population concentration arise only in the environs of Helsinki.

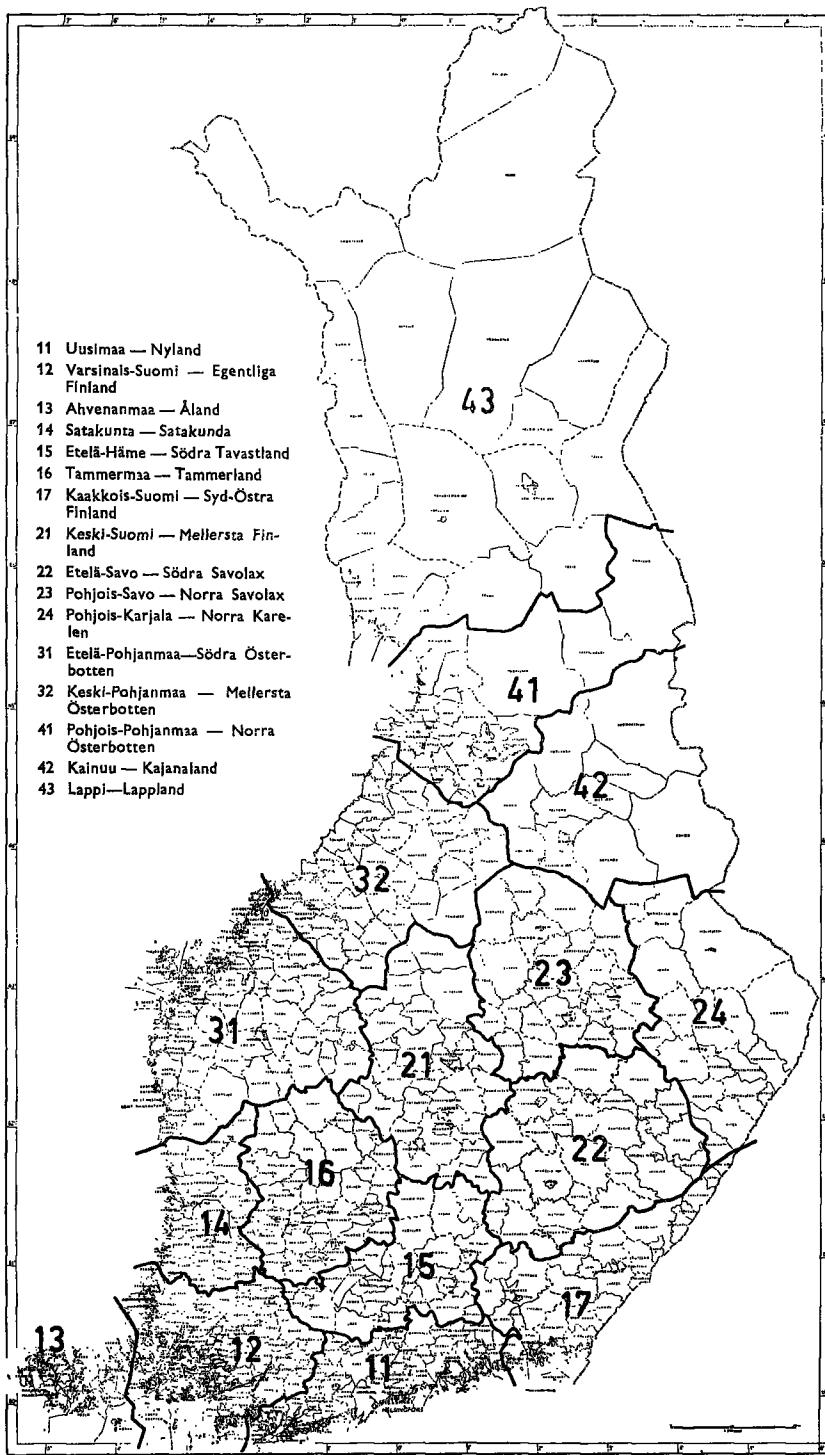
THE REGIONAL ECONOMIC STRUCTURE

As we can see from the figures in Table 1, there are also rather marked economic differences between the regions. Table 2 shows the distribution of the gross domestic product and labour input, and the ratio of domestic product to labour input per economic region. The figures are based on a special study carried out for the Economic Council. From the table we can calculate that 64 per cent of the domestic product was produced in South Finland in 1962, 17 per cent in Central and Eastern Finland, and a bare 10 per cent in Etelä- and Keski-Pohjanmaa and in North Finland. The distribution of the domestic product was thus regionally even more unequal than that of population.

Productivity measured as the ratio of gross domestic product to labour input is highest in Uusimaa and Kaakkois-Suomi, where this ratio is about 10 000 marks. On the other hand in Keski-Pohjanmaa, Etelä-Pohjanmaa, Pohjois-Savo and Ahvenanmaa it is below 7 000 marks. These differences in productivity stem above all from differences in the industrial structure of these economic areas, but they are also to some extent influenced by regional differences in working conditions for each industry.

Variations in the industrial structure per region are shown in Table 3. The proportion

ECONOMIC REGIONS OF FINLAND



of agriculture and forestry in South Finland is lower than in the other areas. On the other hand the proportion of industry and construction is highest in South Finland, excluding Uusimaa, where the service industries play a considerably greater role than they do in other areas. Not only the State administration but also wholesaling, for example, and certain other service industries are heavily concentrated in Helsinki.

Table 4 shows the distribution of production in various industrial groups by area. South Finland's share in the values of the output of both industry and construction, and also in that of the service industries, was about 70 per cent. Uusimaa alone accounted for a good 37 per cent of the total output of the service industries. Agriculture and forestry production was the most evenly spread over the regions. If, however, a distinction is made between agriculture and forestry, here too marked variations are revealed. Forestry output is concentrated mainly in Eastern, Central and Northern Finland, excluding North Lapland. On the other hand the forest resources of Etelä- and Keski-Pohjanmaa are rather poor, so that the part played by agriculture there is relatively great. Indeed, this explains to a great extent the low productivity figure for Pohjanmaa, as the ratio between the gross domestic product and the labour input in agriculture is only half that in the whole economy.

It should be pointed out that on the basis of the figures in Table 2 it is not possible to draw conclusions about the standard of living in the various regions. The population structure varies a good deal in different regions. Ever since the war the birth rate has been noticeably higher in the northern parts of the country than in the southern parts. In fact the proportion of 0—14 year olds in the total population of North Finland in 1960 was 37 per cent, whereas it

was only 27 per cent in South Finland. Partly because of the migration too, the proportion of 15—64 year olds is higher in South Finland than elsewhere in the country. Also the labour intensity varies depending on the region. In the central and northern parts of the country particularly, a large proportion of the agriculture is carried out by small farmers, and it is difficult to find an efficient use for their labour, especially in the winter. Income transfers within the private sector intensify regional income differences. On the other hand income transfers of the public sector work in the opposite direction.

THE GROWTH POTENTIAL OF THE VARIOUS REGIONS

So far the aim has been to give a picture of the structure of the Finnish economy according to region at the beginning of the 1960's. If we want to estimate the growth potential of the various regions, one possible approach would be to study the developments which have already taken place. Because of the correlation between population development and economic growth, we can take population development as an indicator of economic growth. Table 5 shows the growth of population by area for the period 1950—60.

The population grew particularly vigorously in Uusimaa in the 1950's. This rise can mainly be attributed to migration since throughout the 1950's the birth-rate in Uusimaa has been lower than in the north of the country. There has been a marked movement of population to Uusimaa from the central areas, where the growth in population has, indeed, been slow; in Etelä- and Keski-Pohjanmaa, in particular, the population has hardly risen at all. Likewise in other parts of South Finland outside Uusimaa the population rise has been slower than the average. The northern eco-

conomic regions show a vigorous rise in population as well as Uusimaa. In addition to having a high birth-rate these regions have benefited from a certain amount of migration from the country's central areas.

It is probable that the migration to Uusimaa will continue at a vigorous pace and the rate of economic growth in Uusimaa will be higher than the average rate of the whole country. According to the population forecast, the rise will be concentrated more than ever in Uusimaa. The problems of population concentration which are arising in Helsinki have made it imperative that more active measures be taken to achieve decentralization. In the other economic regions of South Finland the conditions for economic growth are probably satisfactory.

In the 1950's efforts were made to promote business and industry particularly in North Finland by such means as the granting of tax relief to industry. As the region was also rich in unexploited natural resources, development in North Finland made rapid progress. The situation has changed, however, in certain respects. The region's forest resources may no longer be able to guarantee long-term supplies of raw timber for new wood and paper mills in addition to those now being built, and the hydro-electric power stations planned for the region will be almost all completed within the next few years. There may still be new openings for development in the mining industry; the exploitation of some rather large though not very high quality iron ore deposits may prove feasible, for instance. There is also plenty of potential for the growth of tourism.

In Central and Eastern Finland it may not be possible to increase to any marked extent the exploitation of known natural resources once the current expansion of the paper industry is finished. Efforts have been made to increase economic conditions

in the region by improving transport communications: the construction of the Saimaa Canal, for example, is a step in this direction. The canal will open up a direct route to the sea from these areas.

Etelä- and Keski-Pohjanmaa are rather poor regions with respect to natural resources. Keski-Pohjanmaa can, indeed, be considered the least developed region in Finland from the economic point of view. However, a State-owned company is at present building a steel mill there, which is expected to inject new life into the economy of this region.

The lack of adequate traffic communications does not generally form a decisive obstacle to the development of any economic region, as investment in this sphere has throughout the post-war period been on rather a high level. This is partly because road construction has occupied a major position in the employment policy pursued by public authorities.

On the other hand the opportunities for education are, partly because of the scattered population, more restricted in the northern parts of the country than in the South. There has been a marked shortage of skilled labour in the North. People with an academic education, in particular, want to settle in the South. Since the foundation of Oulu University the facilities for higher education in these areas have been improved enormously, and, it is therefore to be hoped that we can put an end to this deficiency.

Nevertheless it can be considered that the basic conditions for a growth in production are present even in the northern economic regions. It is forecast, however, that the rise in the supply of labour in these regions will exceed the rise in demand in spite of public measures. Growth in production will tend to be concentrated where the demand is mainly concentrated, that is in South Finland.

STATISTICAL ANNEX

TABLE 1. POPULATION AND DENSITY OF POPULATION BY REGION, 1960

	Population 1 000s	Land area 1 000 sq. km	Inhabitants per sq. km
Uusimaa (11)	816.7	9.1	90
Varsinais-Suomi (12)	373.5	10.6	35
Ahvenanmaa (13) ..	21.0	1.5	14
Satakunta (14)	232.2	7.9	29
Etelä-Häme (15) ..	308.8	10.9	28
Tammermaa (16) ..	386.9	13.0	30
Kaakkois-Suomi (17)	335.9	10.4	32
Etelä-Suomi (11—17)	2 475.0	63.4	39
Keski-Suomi (21) ..	245.0	15.8	16
Etelä-Savo (22) ..	240.7	16.1	15
Pohjois-Savo (23) ..	233.6	15.5	15
Pohjois-Karjala (24)	207.7	18.0	12
Keski- ja Itä-Suomi (21—24) ..	927.0	65.4	14
Etelä-Pohjanmaa (31)	362.5	20.2	18
Keski-Pohjanmaa (32)	201.0	19.3	10
Etelä- ja Keski-Pohjanmaa (31—32)	563.5	39.5	14
Pohjois-Pohjanmaa (41)	168.7	21.6	8
Kainuu (42)	106.9	21.7	5
Lappi (43)	205.1	93.9	2
Pohjois-Suomi (41—43)	480.7	137.2	4
Total	4 446.2	305.5	15

Figures in brackets refer to the corresponding figures of the map.

TABLE 2. GROSS DOMESTIC PRODUCT AND LABOUR INPUT BY REGION, 1962¹

	Regional shares of GDP Million marks	Labour input 1 000 man- years	GDP/ Labour input Marks
Uusimaa (11)	4 170.1	414.6	10 060
Varsinais-Suomi (12)	1 419.6	170.5	8 330
Ahvenanmaa (13) ..	73.4	10.7	6 860
Satakunta (14)	776.4	98.8	7 860
Etelä-Häme (15) ..	1 065.9	135.9	7 840
Tammermaa (16) ..	1 454.8	175.9	8 270
Kaakkois-Suomi (17)	1 376.4	142.9	9 630
Etelä-Suomi (11—17)	10 336.6	1 149.3	8 990
Keski-Suomi (21) ..	781.6	100.9	7 750
Etelä-Savo (22) ..	687.9	97.3	7 070
Pohjois-Savo (23) ..	628.2	93.2	6 740
Pohjois-Karjala (24)	581.3	78.5	7 410
Keski- ja Itä-Suomi (21—24) ..	2 679.0	369.9	7 240

¹ The figures are based on the results of the revised national income calculation, which explains the divergence from previously published national income and employment data. The gross domestic product is valued at 1963 prices.

Etelä-Pohjanmaa (31)	966.8	146.9	6 530
Keski-Pohjanmaa (32)	451.2	72.0	6 270
Etelä- ja Keski-Pohjanmaa (31—32)	1 418.0	218.9	6 480
Pohjois-Pohjanmaa (41)	548.0	63.5	8 630
Kainuu (42)	317.3	41.6	7 630
Lappi (43)	682.4	77.8	8 770
Pohjois-Suomi (41—43)	1 547.7	182.9	8 460
Total	15 981.3	1 921.0	8 320

TABLE 3. PERCENTAGE DISTRIBUTION BY INDUSTRIAL GROUP OF REGIONAL GROSS DOMESTIC PRODUCT, 1962

	Agriculture and forestry	Industry and construction	Services	Total
Etelä-Suomi (11—17)	13	46	41	100
Uusimaa (11)	5	41	54	100
Other (12—17) ..	18	50	32	100
Keski- ja Itä-Suomi (21—24) ..	34	35	31	100
Etelä- ja Keski-Pohjanmaa (31—32)	29	36	35	100
Pohjois-Suomi (41—43)	24	42	34	100
Whole country	19	43	38	100

TABLE 4. PERCENTAGE DISTRIBUTION BY REGION OF THE SHARES OF INDUSTRIAL GROUPS IN THE GROSS DOMESTIC PRODUCT, 1962

	Agriculture and forestry	Industry and construction	Services	GDP
Etelä-Suomi (11—17)	44	70	69	64
Uusimaa (11)	7	25	37	26
Other (12—17) ..	37	45	32	38
Keski- ja Itä-Suomi (21—24) ..	30	14	14	17
Etelä- ja Keski-Pohjanmaa (31—32)	14	7	8	9
Pohjois-Suomi (41—43)	12	9	9	10
Total	100	100	100	100

TABLE 5. INCREASE IN POPULATION BY REGION, 1950—60

	1 000 persons	Per cent
Etelä-Suomi (11—17)	280.8	12.8
Uusimaa (11)	167.4	25.8
Other (12—17)	113.4	7.3
Keski- ja Itä-Suomi (21—24)	47.0	5.3
Etelä- ja Keski-Pohjanmaa (31—32)	4.0	0.7
Pohjois-Suomi (41—43)	84.7	21.4
Total	416.5	10.3

ITEMS

Trade agreement. On January 29, 1965, an agreement was concluded between Finland and *Czechoslovakia* regulating the exchange of goods between the two countries for 1965. Trade is fixed by quotas and the Finnish export quota includes products of the wood-working, chemical and agricultural industries, machinery, and metals. Her import quota includes motor vehicles, heavy chemicals, textiles, and products of the engineering and steel industries.

*

Domestic private bond issues. On February 10, 1965, the Finnish Government authorized *Real Estate Bank in Finland Ltd* and *Oy Fiskars Ab* to make private bond issues.

The issue of the Real Estate Bank is of 5 million marks. The bonds carry interest as from April 1, 1965, at a rate which is $2\frac{1}{2}$ percentage points above the general rate of six month deposits in savings banks (at present $4\frac{1}{2}$ per cent). The loan will be redeemed in 1968—75 by annual instalments of $12\frac{1}{2}$ per cent of the original nominal value of each bond. Amortization

and interest are tied to the cost of living index (Oct. 1951 = 100) to the extent of 50 per cent. The loan is issued at par.

The issue of *Oy Fiskars Ab* is of 10 million marks. The loan is current for a period of 10 years, and bears interest at a rate of $7\frac{3}{4}$ per cent; it is issued at par. The bonds are dated May 1, 1964 and will be redeemed by annual instalments of 1/10 of the original nominal value of each bond.

*

Publications of the Bank of Finland. The 1964 Volume of series A of the Publications issued by the Bank of Finland Institute for Economic Research has appeared in Finnish and Swedish. It contains the following articles: The Market Shares of Finland and its Competitors in the Pulp and Paper Imports of Great Britain and the EEC Countries, by Erkki Laatto; Hire Purchase in Finland, by Markku Puntila; Council for Mutual Economic Assistance, by Erkki Pihkala; Calendar Variations in Economic Time Series, by Pertti Kukkonen and Pekka Lahikainen; Early Plans for Founding a Bank in Finland, by Torgny Lindgren.

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
HEIKKI VALVANNE <i>ad int.</i>	

SECRETARIES

U. A. VATANEN	PERTTI TAMMIVUORI
JOUKO J. VOUTILAINEN	JAAKKO S. LASSILA
K. IGNATIUS	JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG, <i>Personnel</i>	C. G. SUNDMAN, <i>Foreign exchange (trade)</i>
P. BLOMQUIST, <i>Central Accounting</i>	P.-E. ÖSTERLUND, <i>Foreign exchange (services)</i>
A. KAJANTIE, <i>Internal Audit</i>	HELGE LINDSTRÖM <i>Credits</i>
ARTHUR ASPELUND, <i>Cash</i>	EINO JUSSILA, <i>Office</i>
K. EIROLA, <i>Accounts</i>	A. NENONEN, <i>Foreign correspondence</i>

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Director

J. J. PAUNIO, <i>Head of department</i>	TIMO HELELÄ <i>Head of department</i>
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