



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 37 No. 11

NOVEMBER

1963

RECENT DEVELOPMENTS

FOREST WORKS

Since the end of 1961, there has been a steady decrease in the quantity of timber fellings. The drop was more marked in the last quarter of 1962, and the decline continued to the end of the felling season 1962/63. From June to August this year, timber fellings were kept at a somewhat higher figure than one year previously. This does not necessarily mean a change in the development of fellings. Normally, only a small quantity is cut in the summer months, and consequently even small specific variations exert a considerable effect on the final result. The table below provides a comparison between the quantities of different kinds of wood cut for sale during the felling season 1962/63, and those for the previous felling season.

	1. 6. 1961— 31. 5. 1962	1. 6. 1962— 31. 5. 1963	Change per cent
	1 000 piled cu.m		
Softwood logs	13 158	13 775	+ 5
Hardwood logs	2 070	2 135	+ 3
Spruce pulpwood	15 279	10 902	— 29
Pine pulpwood	7 148	6 525	— 9
Birch pulpwood	2 072	2 944	+ 42
Pitprops	723	486	— 33
Firewood	6 755	7 067	+ 5
Other timber	1 347	1 166	— 13

The decrease in fellings is mainly ascribable to the substantial reduction in the cut of round piled timber for industrial use. The deceleration of the pulpwood cut results from the heavy drop in round timber exports, along with the reduction in the holding-stocks of pulpwood at the paper mills. Endeavours to substitute birch pulpwood for pine pulpwood are clearly reflected in the fellings of these pulpwoods. The rise in the fellings of softwood logs was quite unexpected; it may be attributed to the higher prices of logs, and also to the reduction of holding-stocks. The increase in the firewood cut was principally a consequence of the cold winter, as well as of the higher prices.

AGRICULTURE

Last summer, the tilled area totalled 2 703 000 ha, representing a rise of 0.6 per cent on the figure for summer 1962. Bread grains covered 315 000 ha (change on 1962 — 14 %), fodder plants 741 000 ha (+ 6 %),

**On page 18, Teollistamisrahasto Oy
(Industrialization Fund)**

grass 1 424 000 ha (+ 1 %), root vegetables 37 700 ha (— 3 %) and potatoes 76 600 ha (— 0 %). Sowing could be embarked upon normally in southern Finland, and earlier than usual in northern Finland, thanks to the May temperature being the highest ever recorded in Finland during that month. However, the drought of early summer hampered growth. The poor crop of 1962 brought in its train a shortage of seed, and available supplies were of inferior quality. By reason of the early spring and the poor quality of seed, the sown area was less than usual, and the growth was not dense. Nevertheless, growing conditions became more normal towards the end of the summer, and it was possible to harvest under more favourable conditions than usual. The hay crop was rather good and of satisfactory quality. It is estimated that the grain crop will be smaller in size, but of better quality than usual.

The poor crop yield of 1962 also lowered dairy farming output. During the early months of 1963, the quantity of milk received by dairies was less than one year previously. Favourable grazing conditions in the summer meant that the quantity of milk obtained during the January—July period was 2 per cent above that for the corresponding period of 1962. By the end of July 1963, the output of butter was 3 per cent, and that of cheese 2 per cent

more than in the corresponding months in the previous year. The rise in butter production has not introduced marketing difficulties, mainly due to the increasing possibilities of exporting butter to England. By the end of September, the quantity of butter exported was 16 per cent higher than in the corresponding period of 1962. The fall in production of farming produce last winter in the EEC countries has meant that no difficulty is experienced in exporting cheese and eggs to these countries. The export of eggs to the Eastern Bloc countries has been increased.

In accordance with the act on agricultural prices (see Bulletin No. 10, 1962, p. 2) the adjustment of producer prices of livestock products amounted to less than 3 per cent from the beginning of March, as the general level of wage-earners' income had increased 4 per cent by the end of February. As a consequence of the rise in total costs, agricultural earnings were raised by about 5 per cent at the annual adjustment of prices in September. Of this statutory compensation to agriculture, about 10 per cent was paid to small farmers by means of raising the acreage subsidy, the main part, or about 90 per cent, being met by an increase in the prices of livestock products and grain. Consequently, the consumer price index rose by 1 per cent.

October 20, 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	Sept. 29	Sept. 30	Oct. 8	Oct. 15	Oct. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	705.4	785.0	731.4	744.4	729.2	732.6
Gold	135.2	135.2	134.5	134.5	134.5	134.5
Foreign exchange	502.5	587.2	533.0	546.0	532.3	535.8
Foreign bills	17.7	17.6	29.6	29.6	29.6	29.5
Foreign bonds	50.0	45.0	34.3	34.3	32.8	32.8
<i>Supplementary note cover</i>	516.5	588.1	500.8	471.2	502.3	499.8
Inland bills discounted						
In foreign currency	81.8	86.7	73.9	73.9	72.8	72.4
In Finnish currency	33.5	25.7	21.5	21.4	14.5	12.7
Rediscounted bills	401.2	475.7	405.4	375.9	415.0	414.7
<i>Other assets</i>	88.0	70.5	121.7	115.2	129.7	131.6
Finnish bonds	34.7	32.9	73.5	67.7	82.2	82.5
Cheque accounts	3.6	4.6	3.7	3.4	3.0	4.8
Finnish coin	5.5	10.2	5.0	4.5	4.9	4.9
Other claims	44.2	22.8	39.5	39.6	39.6	39.4
Total	1 309.9	1 443.6	1 353.9	1 330.8	1 361.2	1 364.0
Liabilities						
<i>Notes in circulation</i>	774.4	834.1	869.2	854.0	851.4	847.5
<i>Short-term liabilities</i>	112.6	167.2	70.2	64.9	109.9	116.2
Foreign exchange accounts	17.1	15.2	19.4	19.8	19.1	19.8
Mark accounts of holders abroad	35.8	34.3	31.4	31.4	31.4	31.4
Cheque account of the Treasury	5.5	25.6	0.1	0.1	22.2	60.5
Cheque accounts of banks	49.3	84.4	14.5	9.5	33.1	—
Other cheque accounts	0.8	1.5	1.0	1.0	0.5	1.3
Other short-term liabilities	4.1	6.2	3.8	3.1	3.6	3.2
<i>Long-term liabilities</i>	80.2	142.5	72.2	72.2	70.7	70.7
Foreign	79.1	83.1	71.1	71.1	69.6	69.6
Finnish	1.1	59.4	1.1	1.1	1.1	1.1
<i>Equalization accounts</i>	157.5	122.5	152.1	149.4	138.8	139.1
<i>Bank's own funds</i>	185.2	177.3	190.2	190.3	190.4	190.5
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	—	—	—	—	—	—
Earnings less expenses	23.2	15.3	16.6	16.7	16.8	16.9
Total	1 309.9	1 443.6	1 353.9	1 330.8	1 361.2	1 364.0
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	705.4	785.0	731.4	744.4	729.2	732.6
Supplementary cover						
(Upper limit 500 mill. mk)	500.0	500.0	500.0	471.2	500.0	499.8
Total	1 205.4	1 285.0	1 231.4	1 215.6	1 229.2	1 232.4
Note issue						
Notes in circulation	774.4	834.1	869.2	854.0	851.4	847.5
Short-term liabilities	112.6	167.2	70.2	64.9	109.9	116.2
Undrawn on cheque credits	4.3	3.7	4.3	4.5	4.9	4.7
Unused right of note issue	314.1	280.0	287.7	292.2	263.0	264.0
Total	1 205.4	1 285.0	1 231.4	1 215.6	1 229.2	1 232.4

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

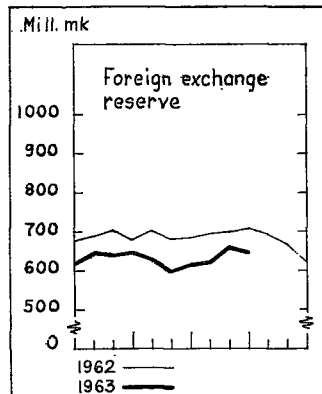
BANK OF FINLAND

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 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
July	641.1	18.2	622.9	64.9	104.9	582.9	380.9	26.9	1.9	352.1
Aug.	677.7	18.4	659.3	62.7	103.6	618.4	406.5	27.9	2.5	376.1
Sept.	667.5	19.4	648.1	63.9	102.5	609.5	405.4	14.5	2.8	388.1

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

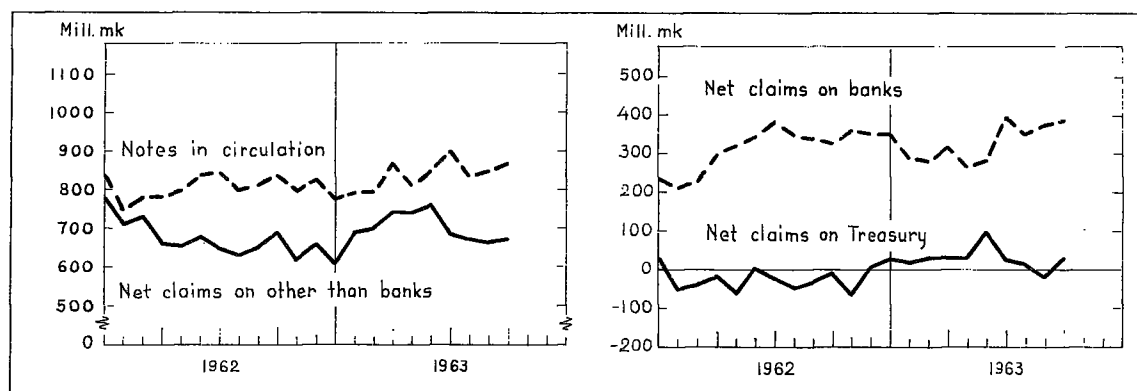
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1961	1962	1963		
	Dec. 31	Dec. 31	July 31	Aug. 31	Sept. 30
Gold	104	135	135	135	134
Convertible	403	330	300	349	361
Eastern Bloc	92	101	132	121	99
Other	79	55	55	54	54
Total	678	621	622	659	648



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										
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
July	—	30.0	11.8	1.1	17.1	45.5	87.5	1.3	131.7	834.5
Aug.	—	30.0	47.0	1.1	— 18.1	31.8	84.8	1.1	115.5	847.8
Sept.	—	30.0	0.1	1.1	28.8	21.5	87.1	2.0	106.6	869.2



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 1)	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	102.8	597.4	653.4	372.2	235.6	108.0	1 967.1	2 404.0
1953	321.1	379.1	98.9	704.6	767.1	425.4	270.7	119.5	2 287.6	2 765.6
1954	349.1	421.1	132.2	834.4	921.7	520.5	300.8	134.2	2 712.0	3 265.3
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	265.3	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
1962										
Sept.	581.9	727.6	151.5	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 343.8
Oct.	568.5	707.9	142.2	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 286.3
Nov.	610.5	757.4	165.9	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 376.4
Dec.	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963*										
Jan.	663.0	805.8	211.6	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 720.3
Feb.	645.9	783.5	222.0	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 800.9
March	645.8	802.8	206.7	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 842.9
April	692.7	838.2	202.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 881.1
May	707.1	862.8	191.0	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 917.1
June	668.3	811.9	184.6	2 314.1	2 221.2	1 350.8	615.1	297.5	6 798.9	7 795.4
July	685.5	824.4	166.4	2 288.2	2 211.0	1 346.1	616.2	285.8	6 747.5	7 738.3
Aug.	661.1	811.0	152.0	2 286.4	2 230.3	1 355.2	620.3	295.3	6 787.8	7 750.8
Sept.	668.7	831.0	199.3	2 301.6	2 237.8	1 363.5	621.8	300.5	6 825.4	7 855.7

*) New series.

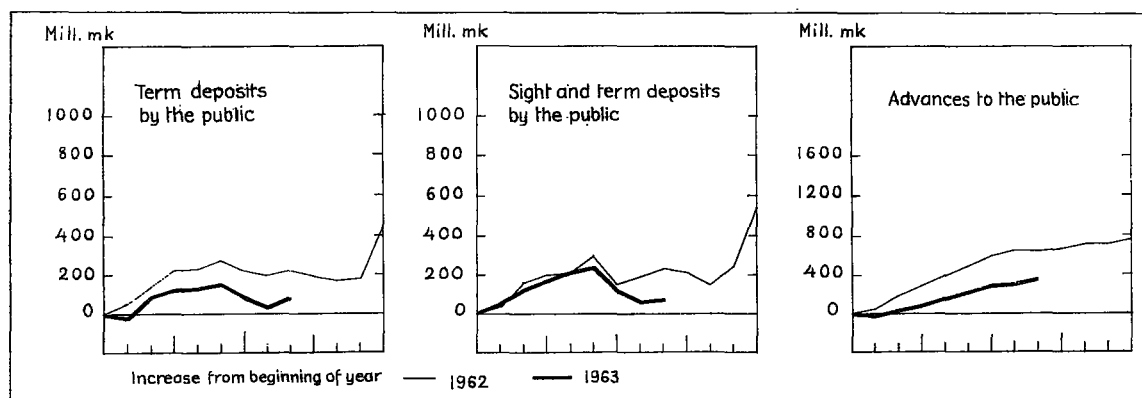
End of month	Index- ed de- pos- its	High- interest depos- its	Tax- conces- sion accounts	Selling rates for foreign exchange Oct. 21, 1963			
					mk		mk
1962*				New York ... 1 \$	3.223	Zurich 100 Fr	74.72
Dec.	67.5	531.7	107.2	Montreal 1 \$	2.989	Paris 100 FF	65.80
1963*				London 1 £	9.020	Rome 100 Lit	0.5180
Feb.	117.9	505.2	92.3	Stockholm ... 100 Kr	62.10	Vienna 100 S	12.48
March	157.3	494.5	90.7	Oslo 100 Kr	45.05	Lisbon 100 Esc	11.24
April	185.9	474.0	89.2	Copenhagen .. 100 Kr	46.69	Reykjavik 100 Kr	7.49
May	201.9	489.9	88.4	Frankfurt o.M. 100 DM	81.03	Madrid 100 Pta	5.42
June	222.1	542.2	87.4	Amsterdam ... 100 Fl	89.47	Prague, clear... 100 Kč	44.58
July	232.1	562.6	86.0	Brussels 100 Fr	6.455	Moscow, clear. ¹⁾ 1 Rbl	3.5667
Aug.	236.1	577.6	85.2			Clearing dollars ²⁾ 1 Cl \$	3.21
Sept.	248.4	600.6	83.0				

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	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1962 Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 637.8
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 646.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 575.9
Dec.	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 681.5
									1 722.5
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 733.0
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 704.9
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 798.2
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	1 774.5
June	3 409.5	2 063.8	552.7	1 655.4	637.7	7 921.1	398.0	8 319.1	1 810.4
July	3 400.4	2 076.2	551.7	1 662.8	641.0	7 962.4	369.7	8 332.1	1 803.5
Aug.	3 418.2	2 091.2	550.1	1 681.4	641.7	8 006.6	376.0	8 382.6	1 747.1
Sept.	3 437.9	2 111.7	550.2	1 710.8	647.5	8 087.2	371.0	8 458.2	..

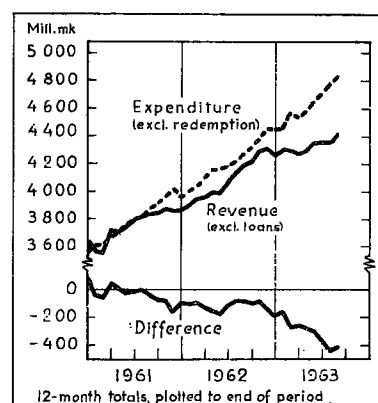


STATE FINANCES

Mill. mk

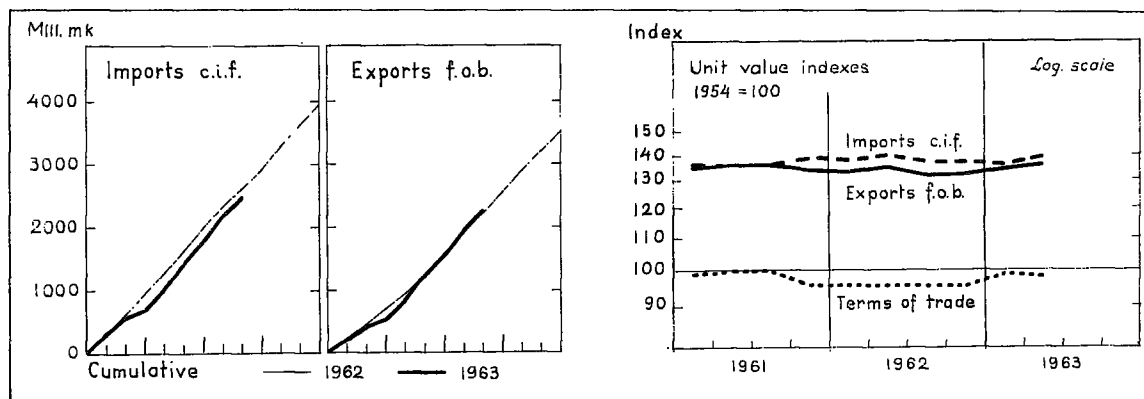
Revenue	Jan. - Aug.		Expenditure	Jan. - Aug.	
	1962	1963		1962	1963
Income and property tax (net)	710	760	Interest on State debt	47	59
Gross receipts	(1 616)	(1 748)	Child allowances	212	221
Refunds and communal income tax	(-906)	(-988)	The State's share in national pensions	127	133
Other direct taxes	8	8	Compensations to war-disabled	77	80
Purchase tax	679	647	Transfer of employers' payments for national pensions to the National Pensions Institution	64	—
Import duties	290	313	Subsidies	233	396
Revenue from Alcohol Monopoly	210	236	Net payments on price equalization by extra-budgetary funds	—	6
Excise duty on tobacco	153	198	State aid to agriculture	40	38
Excise duty on liquid fuel	102	111	State aid to communal and private schools	231	253
Other excise duties	38	52	Net loss of State enterprises	22	45
Tax on automobiles and motor cycles	35	70	Maintenance of roads	84	87
Stamp duties	137	141	Other current expenditure	907	1 047
Employers' payments for child allowances (1962 incl. national pensions)	240	200	Current expenditure	2 044	2 365
Net receipts of price equalization by extra-budgetary funds	8	—	Real investments	531	627
Other revenue similar to taxes	43	43	Other capital expenditure	333	290
Total taxes	2 653	2 779	Capital expenditure	864	917
Interest and dividends	56	58	Total expenditure	2 908	3 282
Other current revenue	94	89	Redemption of external loans	18	19
Current revenue	2 803	2 926	Redemption of internal loans	143	129
Capital revenue proper	67	77	Redemption of indemnity bonds etc.	6	6
Decrease in inventories	12	36	Index premiums	6	7
Capital revenue	79	113	Redemptions	173	161
Total revenue	2 882	3 039	Total	3 081	3 443
External loans	20	117			
Internal loans	217	244			
Loans	237	361			
Short-term credit (increase +) ..	+23	+18			
Deficit (+) or surplus (-)	-61	+25			
Total	3 081	3 443			

Debt	1960	1961	1962	1963		
	Dec.	Dec.	Dec.	July	Aug.	Sept.*
External debt ...	744	791	803	889	904	903
Ordinary loans	744	757	936	1 119	1 115	1 099
Indemnity bonds etc.	44	26	18	13	13	12
Short-term credit ..	30	24	61	8	19	14
Cash debt (net) ...	-144	-98	-125	-110	-95	..
Internal debt	674	709	890	1 030	1 052	..
Total debt	1 418	1 500	1 693	1 919	1 956	..
Total debt, mill. \$	442.3	465.9	525.4	595.4	606.7	..



FOREIGN TRADE

Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c.i.f.	Exports f.o.b.	Surplus of imports (-) or exports (+)	Articles of export f.o.b.					Articles of import c.i.f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	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	3 928.7	3 533.1	-395.6	133	145	136	126	142	137	97
Jan.-Aug.										
1961	2 377.8	2 054.9	-322.9							
1962	2 607.3	2 215.7	-391.6							
1963*	2 468.0	2 256.6	-211.4							
1963*										
Jan.	323.6	234.1	- 89.5	134	147	137	125	141	136	99
Feb.	263.0	205.4	- 57.6							
March	101.8	96.6	- 5.2							
April	326.6	286.9	- 39.7	136	144	142	126	149	139	98
May	411.9	388.8	- 23.1							
June	366.6	341.8	- 24.8							
July	382.0	359.6	- 22.4							
Aug.	292.5	343.4	+ 50.9							

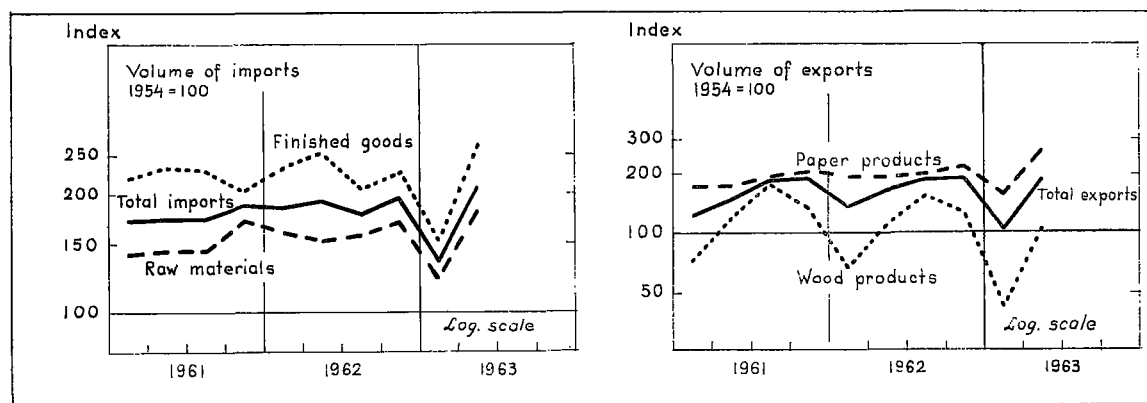


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

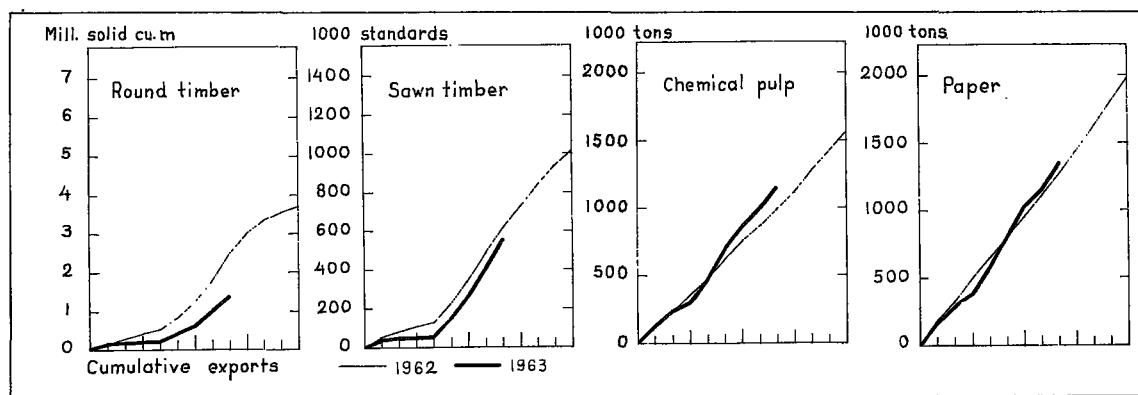
Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	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	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
Jan.-Aug.										
1961	1 075.6	199.0	697.2	406.0	94.0	186.2	526.4	975.1	179.5	93.7
1962	1 157.3	218.5	806.4	425.1	104.6	126.2	477.2	1 023.9	380.2	103.6
1963*	1 162.9	212.8	661.2	431.1	102.3	71.0	463.2	1 122.4	370.5	127.2
1962										
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	145.2	27.2	91.8	62.4	10.9	2.3	31.4	174.6	50.0	17.7
May	194.6	26.5	116.6	74.2	14.8	8.2	75.8	197.2	73.9	18.9
June	159.6	31.1	108.7	67.2	14.8	10.2	82.4	149.4	61.6	23.4
July	171.5	47.5	109.8	53.2	14.4	20.9	102.7	139.9	62.3	19.4
Aug.	154.5	17.3	71.6	49.1	14.4	18.3	99.2	156.6	36.0	18.9



March 1963 figures are affected by strikes.

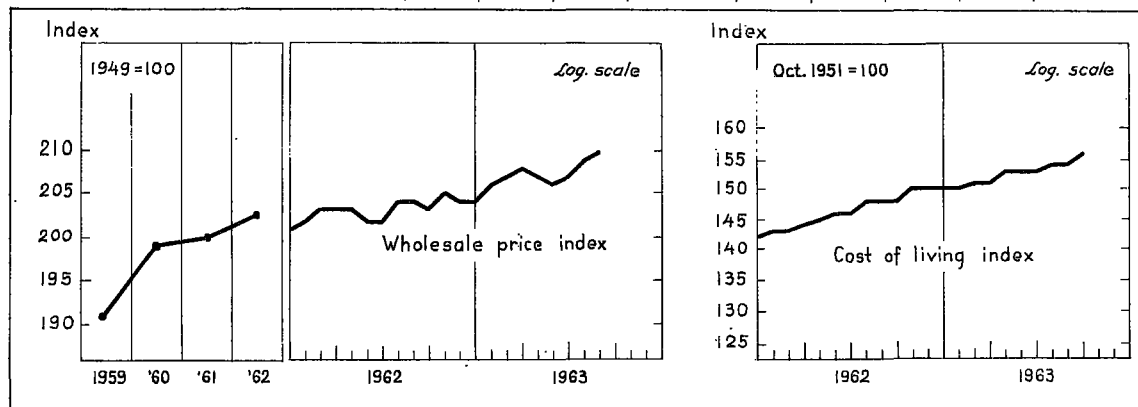
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
Jan.-Aug.										
1961	3 745	682	211	107	560	340	100	93	524	1 148
1962	2 481	621	224	97	547	449	97	99	569	1 268
1963*	1 379	558	245	113	563	588	111	100	547	1 351
1962										
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	20	21	102	229
June	201	111	31	17	88	90	11	15	68	220
July	429	156	21	16	68	66	10	10	70	138
Aug.	346	143	30	11	68	84	15	10	80	191



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan.-Aug.			Whole year		Jan.-Aug.		
	1961	1962	1962	1963*		1961	1962	1962	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.7	15.9	16.3	402.8	24.5	22.2	22.9	23.7	533.3
United Kingdom	15.3	15.2	15.4	15.7	387.7	22.2	20.3	20.9	21.6	486.6
Other OECD countries										
in Europe	55.2	55.7	56.4	53.8	1 327.4	46.4	42.9	43.1	44.4	1 002.0
Austria	0.7	0.7	0.8	0.8	19.2	0.4	0.3	0.3	0.4	8.1
Belgium-Luxembourg	2.6	2.4	2.4	2.3	57.6	3.8	3.4	3.2	3.3	74.8
Denmark	3.2	3.2	3.1	3.5	87.1	3.5	3.7	3.8	3.5	79.5
France	5.0	5.2	5.7	4.6	113.1	5.2	4.5	4.6	5.0	112.0
Western Germany	21.2	20.4	21.0	18.5	455.8	12.9	11.9	12.1	12.5	283.1
Italy	1.9	2.1	2.2	2.1	51.9	2.7	2.7	2.7	3.4	76.1
Netherlands	4.0	4.4	4.0	4.6	114.6	6.3	6.1	6.2	6.1	136.7
Norway	1.4	1.4	1.5	1.5	37.3	1.9	1.2	1.3	0.8	17.8
Portugal	0.1	0.2	0.2	0.2	5.4	0.1	0.1	0.1	0.1	2.2
Spain	0.5	0.4	0.4	0.4	9.0	0.5	0.7	0.6	0.7	16.7
Sweden	11.4	12.1	12.0	11.7	289.0	5.7	5.7	5.9	5.9	133.2
Switzerland	2.4	2.5	2.5	2.9	70.7	1.0	0.6	0.6	0.6	14.2
Eastern Bloc	19.4	19.2	17.7	20.2	497.1	18.0	22.5	20.8	20.9	471.9
China	0.1	0.2	0.2	0.2	5.4	0.6	0.5	0.4	0.5	10.6
Czechoslovakia	1.0	1.0	1.2	0.8	20.6	1.1	0.9	1.0	1.0	23.3
Eastern Germany	1.5	1.4	1.5	1.2	28.2	1.3	1.1	1.0	1.2	26.1
Poland	2.4	2.2	2.0	1.7	41.0	2.1	1.7	2.0	1.8	39.8
Soviet Union	13.6	13.7	12.1	15.7	386.0	12.1	17.8	15.9	15.7	355.3
U.S. and Canada	6.0	5.6	6.0	5.4	134.0	4.5	5.5	5.8	5.4	121.9
United States	5.6	5.1	5.4	4.9	121.1	4.4	5.4	5.7	5.3	119.0
Latin America	2.7	2.7	2.8	2.8	68.9	3.9	3.4	3.9	2.5	57.1
Argentina	0.4	0.4	0.6	0.7	17.6	1.3	0.7	0.9	0.5	11.8
Brazil	1.6	1.5	1.4	1.3	32.9	1.5	1.5	1.8	0.8	17.3
Others	1.0	1.1	1.2	1.5	37.8	2.7	3.5	3.5	3.1	70.4
Grand total	100.0	100.0	100.0	100.0	2 468.0	100.0	100.0	100.0	100.0	2 256.6
of which										
EFTA countries	34.5	35.2	35.5	36.3	896.4	34.7	31.9	32.8	32.9	741.7
EEC countries	34.7	34.5	35.3	32.4	800.1	30.9	28.7	28.8	30.9	698.1



March 1963 figures are affected by strikes.

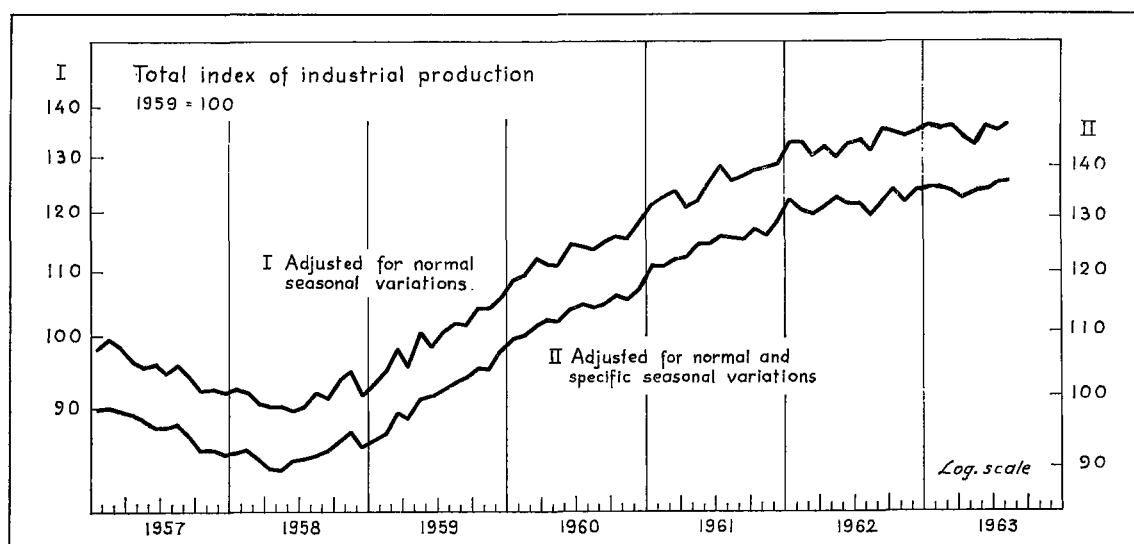
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1960	199	199	196	208	187	189	211	203	188	122	114	135
1961	200	202	194	209	195	190	213	202	191	128	114	148
1962	203	205	196	209	203	197	217	200	198	132	114	156
1962 Sept.	203	205	196	207	205	199	215	198	200	134	115	159
Oct.	205	206	198	208	205	200	218	199	200	135	115	160
Nov.	204	206	199	208	207	199	216	199	201	136	116	160
Dec.	204	206	199	209	207	198	217	199	201	135	117	158
1963 Jan.	206	208	199	209	208	200	220	200	201	135	117	158
Feb.	207	209	199	210	208	201	223	200	201	135	117	158
March	208	210	199	211	208	204	227	200	201	138	117	165
April	207	209	200	211	209	203	225	200	202	138	117	165
May	206	208	200	211	209	200	221	200	202	140	117	172
June	207	209	202	212	209	201	222	202	202	140	117	173
July	209	211	201	213	209	204	223	202	206	140	118	171
Aug.	210	212	202	213	212	203	226	202	206	141	118	175
Sept.	..	..	..	..	..	..	..	..	..	141	118	175

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 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
July	154	163	343	108	92	151	120	120	127	105	115	123
Aug.	154	163	343	109	93	152	121	120	127	105	115	124
Sept.	156	167	343	109	93	154	122	123	127	105	115	125

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
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*											
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	137	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	136	5 409	156
April	134	129	136	131	128	143	135	130	134	4 036	171
May	145	145	146	144	133	161	147	141	132	10 095	191
June	127	124	126	132	110	129	130	130	136	1 941	167
July	105	80	113	95	114	149	80	99	135	1 299	153
Aug.	140	131	140	143	110	160	132	143	136	1 936	183



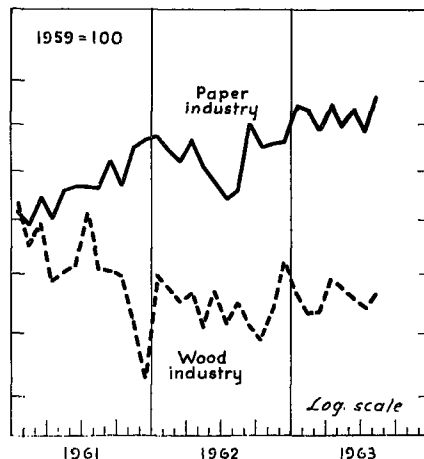
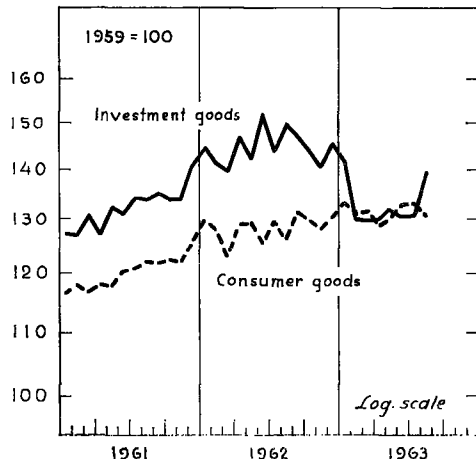
March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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
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*										
Apr.- June	4.20	1.67	0.26	1.62	0.46	25.87	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	137	130	128	137
Apr.- June	4.71	2.36	0.28	1.41	0.49	26.57	144	136	149	146

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	
	1962	1963	1962	1963*	1962	1963*	1962*	1963*	1962*	1963*
Jan.	136	132	509	485	476	458	1 829	1 830	1.9	2.3
Feb.	125	125	398	293	367	281	1 828	..	1.7	2.3
March	146	13	433	293	403	171	1 822	1 819	1.6	2.1
April	135	145	459	510	402	438	1 847	1 841	1.2	1.6
May	146	156	636	751	642	688	1 900	1 904	0.7	0.8
June	134	128	746	830	865	870	1 896	1 895	0.7	0.8
July	135	133	972	977	1 080	1 134	1 790	1 732	0.8	0.9
Aug.	147	139	858	919	1 057	1 033	1 876		0.8	
Sept.	143	139	700		752		1 925		0.7	
Oct.	152		682		699		1 917		0.9	
Nov.	140		672		627		1 892		1.5	
Dec.	114		579		568		1 873		2.1	

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + 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 felling* 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 17 070 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 421 (10 %), forestry and fishing 1 376 (10 %), manufacturing 4 257 (31 %), construction 1 393 (10 %), transport and communications 1 064 (8 %), commerce, banking and insurance 1 771 (13 %), general government 1 635 (12 %), other services 838 (6 %), total 13 755. Index of real domestic product 127 (1957 = 100).

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

cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood 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 (1961): Gross value of industrial production 13 706 mill. marks, number of workers 345 000, salaried employees 67 000, motive power (1961) 3.9 mill. HP. Index of industrial production 155 for 1961 (1954 = 100).

RAILWAYS (Jan. 1, 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 (Sept. 30, 1963): Steamers 182 (293 409 gross reg. tons), motor vessels 332 (618 891 gross reg. tons), sailing vessels with auxiliary engines 53 (5 652 gross reg. tons). Total 567 (917 952 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 1/2 %. Other credit institutions: term deposits 4 1/2 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 3 1/2 %; highest lending rate 8 %.

TEOLLISTAMISRAHASTO OY (INDUSTRIALIZATION FUND)

BY

SEPPO KONTTINEN, B.L.

GENERAL MANAGER OF THE INDUSTRIALIZATION FUND

In recent years, Finland has had to devote particular attention to the development of small and medium sized industries. During the years following the second world war, there has been effected a noteworthy expansion of the wood-processing industry, made possible by virtue of financial assistance from the World Bank. On the other hand, war reparation deliveries entailed the establishment of some other forms of industry in the country; some of these industries have proved to be viable even on the return of conditions to normal.

The infrastructure of the Finnish economy furnishes good prospects for further industrial development. The relatively marked success of the Finnish wood-processing industry has created wider markets for various home-market industries also. The expansion of large-scale industry has meant a substantial increase in electric energy, and development of the traffic net. The large post-war age groups provide a valuable labour reserve for employment in industry. The high standard of education, the level of technical skill of the people, and the sufficiency on qualified management as such, are fundamental conditions for industrial development.

Small and medium-sized industry in Finland has already proved that there are favourable prospects of development in many new branches of industry. Some specialized

industries producing high-quality consumer goods, and also some branches of the chemical industry seem particularly promising in this direction. As regards the problems posed by competition and marketing, particular attention should be paid to the changes brought about by the association of Finland with the European Free Trade Association. On the one hand, Finefta will in part extend the export prospects of some minor industries, on the other, it will confront some home-market industries with new requirements created by growing international competition.

An investigation of the economic position of Finland shows that the country has many potentialities for industrial development, but that the success gained in exploiting these potentialities has been far from satisfactory. The obstacles to development have been primarily attributable to the country's undeveloped capital market, with an ensuing chronic lack of capital in minor industries. Small industrial undertakings have experienced difficulties, particularly in acquiring long-term capital.

For various reasons, the financial assistance afforded Finnish small- and medium-sized industries by Finnish credit institutions has been inadequate. Credits have generally been granted to older companies with established credit relations, and the

ability to offer good security. Obviously, insufficient attention has been given in all cases to the prospective development of the firms concerned. Large undertakings have also, of course, found it easier to self-finance their investments than have minor ones.

The Finnish Stock Exchange has played a comparatively minor part in industrial financing. Although there are in Finland more than 800 private concerns with an annual turnover of more than 2 million marks each (625 000 U.S. dollars), no more than 51 companies are listed on the Helsinki Stock Exchange, and active trading has been engaged in for only 32 of them.

THE ESTABLISHMENT OF THE INDUSTRIALIZATION FUND

In order to support the development of minor industrial enterprises in Finland, a special credit institution, Teollistamisrahasto Oy, (Industrialization Fund), was established in 1954. The Fund was set up as a private corporation under the Companies' Act, and its shares were mainly subscribed by the financial institutions of the country; the remaining shares were held by the industrial organizations.

The Industrialization Fund was ready to start operations in 1956. At the beginning, its total assets amounted to 11 million marks (about 3.4 million U.S. dollars), made up as follows:

	Mill. marks	Mill. U.S. dollars
Share capital	0.5	0.15
Debentures	4.5	1.41
Loan from the Government	6.0	1.88
	11.0	3.44

The debentures of the Corporation were mainly purchased (80 %) by the shareholding financial institutions, the balance being held by the Bank of Finland. The loan was to be repaid in the year 2000.

In addition to domestic funds, the Corporation could act as intermediary in getting some foreign suppliers' credits for its clients, although the capacity of these credits was rather limited. In spite of many efforts, the Fund was unsuccessful in providing foreign long-term credits, mainly and obviously because the Fund had not been able to develop itself into an independent institution.

The Industrialization Fund did not engage in direct lending operations. Its investments were made through the shareholding financial institutions, with no responsibility, or risk to the Fund. Decisions on investment were principally based upon the recommendations of the intermediary banks. The follow-up of projects was limited to some formal reports from the final borrowers, and from their banks.

On December 31, 1962, the total assets of the Industrialization Fund amounted to 12.0 million marks (3.7 million U.S. dollars). Towards the end of 1961, the Fund had already committed its existing financial resources, and its operations were slackening.

THE REORGANIZATION PLAN

At this stage, both the shareholders of the Fund and the Finnish authorities became aware that in their earlier form the operations of the Corporation did not meet the requirements for the country's industrial development.

The Bank of Finland approached the World Bank and the International Finance Corporation for assistance in the reorganization of the Industrialization Fund and in the augmentation of its resources. After negotiations, a reorganization plan for the Fund was prepared and agreed upon by the World Bank, the International Finance Corporation, the Bank of Finland and the Fund itself.

The main elements of the reorganization were:

- a) to enlarge the resources of the Fund, thus enabling it to provide increased financial assistance to small and medium-sized industrial enterprises in Finland;
- b) to provide the Fund with a capital structure which, together with tax and other preferences, would offer the prospect of a reasonable return on its share capital, and which, with a conservative reserve policy, would give promise of a financially sound institution capable of attracting capital from conventional resources on its own credit;
- c) to strengthen the staff, management and organization of the Fund to enable it to appraise projects, to put the Fund into a position to give technical assistance to its clients, and to assist in the development of a capital market in Finland; and
- d) to change the mode of operations of the Fund from indirect lending through its shareholding banks without responsibility or risk to itself, to the form of direct financing normally undertaken by an investment corporation.

THE CAPITALIZATION

The share capital of the Corporation was increased to 13 million marks by a resolution of a meeting of shareholders on January 11, 1963. The raised share capital is divided into two series (Series A and Series B). The increase in share capital was fully paid up by the end of March, 1963.

In conformity with the Articles of Association, each share of Series A shall entitle the holder to 10 votes, and each share of Series B to 1 vote. The Corporation is en-

titled and under obligation annually to redeem $\frac{1}{30}$ of the shares of Series B. Special legislation has been passed, according to which the Fund will benefit from a special tax exemption on that part of its profits to be used for the redemption of its Series B shares.

Recently, a resolution was made by a meeting of the shareholders concerning an additional increase of the share capital to 15 million marks by the issue of 2 000 new Series A shares. These shares will be offered for subscription to the International Finance Corporation and certain financial institutions in the United States and in Europe. Pursuant to the Investment Agreement, signed on September 18, 1963, the investment of the IFC will be about 150 000 U.S. dollars.

By the end of March 1963, the Fund had issued a new 5 % debenture loan of 5.5 million marks. The debentures of this loan, as well as the old debentures, are subordinated to all other debts of the Corporation.

Five shareholding financial institutions have agreed to lend to the Fund 7.5 million marks at the stage when its present domestic resources have been committed. The maturity of this loan will be 15 years.

The World Bank has agreed to make a loan to the Fund in various currencies equivalent to 7 million dollars. The Loan Agreement was signed in Washington on September 18, 1963.

Upon the implementation of the reorganization plan, the total resources of the Fund will amount to 61.7 million marks (19.3 million U.S. dollars).

VOTING RIGHTS, ORGANIZATION

After the additional Series A shares have been issued, the voting rights will be as follows:

	Shares Held Mill. mk		Voting Rights Per cent
<i>Private Shareholders</i>			
Series A shares			
Finnish	3.3		48
IFC & Foreign	2.0	5.3	29 77
<i>Public Shareholders</i>			
Series A shares			
The Post Office Sav- ings Bank	0.7		10
Series B shares			
The Bank of Finland	9.0	9.7	13 23
		15.0	100

The legal bodies of the Industrialization Fund are:

a) a meeting of shareholders, b) the Board of Administration, consisting of 15 to 18 members and elected at the Shareholders' Meeting, c) The Board of Directors, consisting of the Chairman and the General Manager who shall act as a Deputy Chairman, and 6 to 8 other members, d) the Executive Committee of the Board of Directors consisting of the General Manager and of two other members of the Board of Directors, and e) the General Manager.

The principal duty of the Board of Directors shall be to determine the general terms and conditions on which the Fund shall make investments. The Board of Directors shall make the final decisions on all investments of the Fund, after the investment proposals have been preliminarily approved by the Executive Committee.

In future, the Fund will assume the direct operating functions of a development bank. It has accordingly begun to build up a staff

capable of providing the financial and economic analysis, technical, accounting and legal services, and the supervision of previously concluded investments, necessary to carry out the functions of an investment bank.

POLICIES AND OPERATIONS

For the future operations of the Industrialization Fund, a new Statement of Policy has been approved by the Board of Administration. In conformity with this Statement, it shall be the major objective of the Fund to assist in the growth and development of the capital market in Finland. The Fund will invest in small and medium-sized industrial undertakings which are privately managed and operated. Projects will be judged on the basis of their economic, technical and financial merits.

The Fund will provide financial assistance in any form it considers appropriate to its clients' needs and to its own interests. It will underwrite new issues, and will by all means at its disposal support the attempts of its clients to obtain finance consistent with sound financial practice.

* * *

Dr. Klaus Waris, Governor of the Bank of Finland, was elected the Chairman of the Board of Administration. Mr. Teuvo Aura, the Chief Manager of the Post Office Savings Bank, is the Chairman of the Board of Directors of the Fund.

ITEMS

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

The *USSR*. On October 19, 1963, an agreement was signed between Finland and the USSR concerning trade during 1964. In the main, it follows the lines of the basic agreement for 1961—65, although the total exchange of goods, estimated at 360 million roubles, will be above the annual average for the five years concerned. Finnish exports include some new articles, while the amount and the composition of imports are affected by the poor harvest in the USSR, and the need for raw materials in the Finnish wood-processing industry.

Of Finnish exports, metal industry products again take a large share. There is in progress the delivery of the complete machinery for a chemical pulp mill with an annual capacity of 100 000 tons, and of the machinery for a 22 000 HP icebreaker, to be completed in 1965. The agreement for 1964 provides for no deliveries from the shipbuilding industry in addition to the 20 vessels to be delivered in accordance with the basic agreement. Exports also include pumps and armatures, cranes, transport equipment and power transformers. As a new item in the machinery category, there are machines for the manufacture of nylon thread. Exports of raw materials and cable products will be about the same in quantity as in 1963. Enamelled copper wire exports will be reduced by one half of the 200 tons stated in the basic agreement, but instead, those of armoured power cable will rise

from 550 to 900 kilometres. Rayon wool exports will total 6 000 tons, as in 1963. Aluminium-coated paper and vanadium pentoxide appear for the first time in the export list, and other new articles there include various building materials, refrigerators, medical equipment and medicines, sanitary engineering armatures, and breeding cattle. The construction of the Tuuloma power plant is estimated to yield an income of 12.5 million roubles in 1964.

Among imports from the USSR, there will be a marked increase in raw material for the wood-processing industries, especially pulp wood. Similarly, there will be a rise in imports of oil products and coke. Machinery imports will also grow appreciably. Machine tools and pressing machines for workshops will be imported to a value of 600 000 roubles, 180 000 roubles above the 1963 figure. Imports of electric engineering and power equipment will rise by 125 000 roubles. The agreement further provides for the import of 6 000 motor cars, or 1 000—2 000 less than during the current year, and of 500 lorries. Fertilizer imports will remain high, apart from a slight decrease in potash. Grain imports will fall off considerably. As regards wheat, 130 000 tons will be imported, or 270 000 tons less than during 1963. The import list does not include rye, maize and seed. Sugar imports are estimated at 130 000 tons.

The excess of exports to the USSR, which amounted to 34 million roubles at the beginning of this year, will probably be 30 million at the end of the year. It is esti-

mated that the surplus will have fallen to 20 million roubles by the end of 1964, and one year later to nil. Thus the next basic agreement, for 1966—70, to be signed early in 1964, would start from an even balance.

Turkey, on July 31, 1963. The term of validity of trade agreement signed on May 13, 1960, was extended to July 31, 1964.

*

New bond loan. On October 1, 1963, an 8 $\frac{1}{4}$ per cent bond loan was launched by the Government; it amounts to 30 million marks and will run for four years. On October 1 each year from 1964 to 1967, 25 per cent of the original nominal value of the bonds will be redeemed. The rate of issue is 100 per cent.

*

Publications of the Bank of Finland. The Bank of Finland Year Book for 1962 has been published in Finnish, Swedish and English. The first section contains a brief review of the general economic development in 1962. The following three sections and

the statistical tables are concerned with monetary and credit policy, along with foreign exchange policy and relevant Central Bank measures. In the fifth section, an account is given of Finland's relations with international financial institutions. The sixth section contains additional information on the currency reform of 1963, such as supplementary regulations, the new par value of the mark, the new notes and coins and preparations for effecting the exchange of money. The Year Book has been compiled by the Bank of Finland Institute for Economic Research.

In Series B, the following new publication has appeared: 24, Timo Helelä, Tutkimus teollisuustyöntekijöiden palkkojen muutoksesta ja niihin vaikuttavista tekijöistä (A Study on the Wage Function). Issued in Finnish with a summary in English. Helsinki 1963, 186 p.

*

Bank of Finland Institute for Economic Research. Timo Helelä, D. Pol. Sc. has been appointed Head of department of the Institute from November 1.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
(Absent as Prime Minister)

REINO ROSSI

HEIKKI VALVANNE,
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

JAAKKO S. LASSILA

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

K. EIROLA,
Accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Director

J. J. PAUNIO,
Head of department

TIMO HELELÄ
Head of department