



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 40 No. 7

JULY

1966

RECENT DEVELOPMENTS

FINLAND'S LONG-TERM BORROWING ABROAD

The tightness of the international long-term capital market was felt rather sharply by Finland in 1965. The country's net borrowing abroad declined to Fmks 161 million, as compared with Fmks 534 million in the record year of 1964. In the first half of 1966, the market situation has, if anything, further deteriorated — from the point of view of Finland — as the western European international issue market has become more and more dominated by attractive American company issues. Preliminary statistics for the first six months of this year indicate, however, that Finland's gross borrowing abroad was only slightly less than in the corresponding period of 1965, although there has been an important shift in the form in which this borrowing has taken place.

The total amount of new long-term loans raised by Finnish borrowers in the first half of 1966 was Fmks 188 million, against Fmks 200 million in the same period of last year. Gross borrowing thus declined by only 6 per cent. In 1965, however, about two-fifths of the new loans had been in the form of two publicly sold bond issues one by a private company on the Western European market, and one by the City of Helsinki in New York. Changing market conditions, however, did not permit a single public

issue in the January—June, 1966 period. To fill this gap, ordinary finance loans have come to play a larger role in Finnish borrowing. The gross amount of these credits, which for the most part are granted by foreign banks and investment syndicates, rose from Fmks 32 million in the first six months of 1965 to Fmks 78 million in the same period of this year. Finding the public issue markets for all practical purposes closed, the Finnish borrowers have thus turned increasingly to private placements, which usually have a shorter maturity period and carry a higher rate of interest than publicly placed bonds.

Apart from this shift from bond loans into finance credits, no major changes took place in the structure of Finland's foreign borrowing. Loans from foreign Government and governmental institutions increased somewhat through borrowing from the Export-Import Bank of Washington and further utilization of the 1959 rouble credit from the USSR. Similarly, there was some increase in disbursements of World Bank loans, mainly reflecting increased withdrawals under the first road loan granted in 1964.

Amortization of long-term loans declined from Fmks 133 million in the first half of 1965 to Fmks 112 million in the same period

On page 18, Wages in Finland in 1958—1965

of 1966; this decline, however, is attributable to timing of certain large amortizations and is therefore not particularly significant. For the year as a whole, repayments of existing loans will be larger than in 1965. Due to smaller amortizations, nevertheless, the net increase in Finland's long-term debt in the first six months of this year was Fmks 77 million, or slightly larger than the Fmks 67 million rise recorded in the same period of 1965.

As the current account deficit continues, although at a somewhat lower level than in 1965, the foreign exchange reserve and short-term foreign borrowing will again be the main elements in its financing. In January—June of the current year, the foreign exchange reserve of the Bank of Finland has declined by Fmks 145 million, or about 18 per cent. As holdings of bilateral assets increased, the drain on convertible resources

was even larger, as much as Fmks 189 million. Statistics on other holders of foreign exchange — mainly Government and authorized banks — are available so far only for January—May, and indicate that their traditional net debtor position has improved by only Fmks 11 million.

At the end of May 1966, Finland's total foreign exchange resources, including its bilateral claims and its gold tranche at the International Monetary Fund, amounted to Fmks 577 million, a figure about one-quarter smaller than that of May 1965. A comparison with the level of imports — which has no practical meaning but serves some purpose as an illustration — indicates that Finland's net foreign exchange position at the end of May was equivalent to slightly less than six weeks' import bill, which by Western European standards must be considered a rather low level.

July 7, 1966

BANK OF FINLAND

Mill. mk

| | 1965 | | 1966 | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. 31 | May 31 | May 31 | June 8 | June 15 | June 23 |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| Ordinary note cover | 944.7 | 844.0 | 847.1 | 822.6 | 809.3 | 800.8 |
| Gold | 267.5 | 189.8 | 177.3 | 177.3 | 177.3 | 177.3 |
| IMF gold tranche | 45.6 | — | 100.0 | 100.0 | 100.0 | 100.0 |
| Foreign exchange | 547.8 | 586.7 | 483.3 | 460.2 | 446.2 | 434.4 |
| Foreign bills | 54.7 | 24.0 | 58.6 | 57.2 | 57.9 | 61.2 |
| Foreign bonds | 29.1 | 43.5 | 27.9 | 27.9 | 27.9 | 27.9 |
| Supplementary note cover | 712.1 | 661.2 | 751.8 | 778.9 | 776.2 | 883.2 |
| Inland bills discounted | | | | | | |
| In foreign currency | 45.5 | 52.6 | 43.7 | 40.9 | 40.9 | 40.9 |
| In Finnish currency | 26.0 | 11.8 | 43.3 | 43.8 | 49.1 | 39.9 |
| Rediscounted bills | 640.6 | 596.8 | 664.8 | 694.2 | 686.2 | 802.4 |
| Other assets | 119.5 | 130.9 | 215.7 | 186.0 | 202.9 | 177.4 |
| Finnish bonds | 36.9 | 24.5 | 116.7 | 80.7 | 92.7 | 45.5 |
| Cheque accounts | 1.9 | 18.2 | 2.1 | 1.6 | 1.9 | 3.1 |
| Finnish coin | 6.2 | 6.6 | 9.5 | 9.7 | 10.2 | 9.6 |
| Other claims | 74.5 | 81.6 | 87.4 | 94.0 | 98.1 | 119.2 |
| Total | 1 776.3 | 1 636.1 | 1 814.6 | 1 787.5 | 1 788.4 | 1 861.4 |
| Liabilities | | | | | | |
| Notes in circulation | 1 028.5 | 983.7 | 1 019.1 | 986.4 | 987.1 | 1 049.0 |
| Liabilities payable on demand | 98.3 | 112.7 | 99.6 | 99.9 | 96.2 | 104.5 |
| Foreign exchange accounts | 44.8 | 74.4 | 40.6 | 37.9 | 37.2 | 40.5 |
| Mark accounts of holders abroad | 10.9 | 14.7 | 23.7 | 23.6 | 23.0 | 22.7 |
| Cheque accounts | | | | | | |
| Treasury | 1.1 | — | 0.7 | 12.1 | 1.0 | 0.9 |
| Post Office Savings Bank | 8.3 | 0.8 | 0.9 | 2.0 | 2.7 | 1.9 |
| Private banks | 11.9 | — | 10.8 | 0.2 | 9.1 | 15.1 |
| Other | 1.2 | 1.2 | 1.8 | 1.8 | 1.7 | 1.6 |
| Other sight liabilities | 20.1 | 21.6 | 21.1 | 22.3 | 21.5 | 21.8 |
| Term liabilities | 57.2 | 62.8 | 74.7 | 74.1 | 74.1 | 74.1 |
| Foreign | 45.6 | 51.2 | 41.6 | 41.0 | 41.0 | 41.0 |
| Finnish | 11.6 | 11.6 | 33.1 | 33.1 | 33.1 | 33.1 |
| Equalization accounts | 165.1 | 254.2 | 180.2 | 185.3 | 188.9 | 191.1 |
| Bank's own funds | 427.2 | 222.7 | 441.0 | 441.8 | 442.1 | 442.7 |
| Capital | 300.0 | 100.0 | 300.0 | 300.0 | 300.0 | 300.0 |
| Reserve fund | 97.9 | 97.9 | 112.6 | 112.6 | 112.6 | 112.6 |
| Profits undisposed | — | 13.2 | 14.7 | 14.7 | 14.7 | 14.7 |
| Earnings less expenses | 29.3 | 11.6 | 13.7 | 14.5 | 14.8 | 15.4 |
| Total | 1 776.3 | 1 636.1 | 1 814.6 | 1 787.5 | 1 788.4 | 1 861.4 |
| STATEMENT OF NOTE ISSUE | | | | | | |
| Right of note issue | | | | | | |
| Ordinary cover | 944.7 | 844.0 | 847.1 | 822.6 | 809.3 | 800.8 |
| Supplementary cover | | | | | | |
| (Upper limit 500 mill. mk) | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |
| Total | 1 444.7 | 1 344.0 | 1 347.1 | 1 322.6 | 1 309.3 | 1 300.8 |
| Note issue | | | | | | |
| Notes in circulation | 1 028.5 | 983.7 | 1 019.1 | 986.4 | 987.1 | 1 049.0 |
| Liabilities payable on demand | 98.3 | 112.7 | 99.6 | 99.9 | 96.2 | 104.5 |
| Undrawn on cheque credits | 5.1 | 4.5 | 4.9 | 5.4 | 5.2 | 3.9 |
| Unused right of note issue | 312.8 | 243.1 | 223.5 | 230.9 | 220.8 | 143.4 |
| Total | 1 444.7 | 1 344.0 | 1 347.1 | 1 322.6 | 1 309.3 | 1 300.8 |

Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

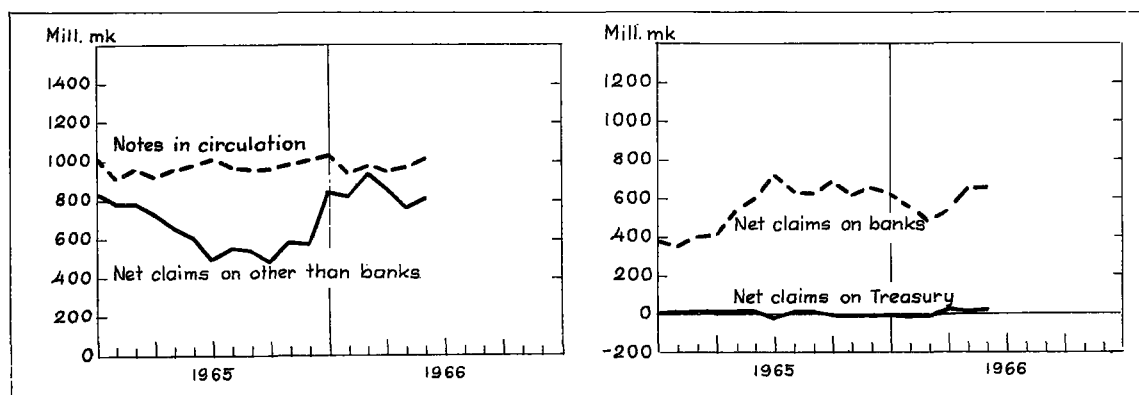
| End of year and month | Gold and foreign accounts | | | | | | Treasury | | | |
|-----------------------|---------------------------|--|--------------------------------|----------------------|---------------------------|----------------------------|-----------------|-------------------|-----------------------------|------------------------------------|
| | 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 |
| 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 |
| 1965 | 860.9 | 44.8 | 816.1 | 83.8 | 56.5 | 843.4 | — | — 1.1 | 1.1 | — 2.2 |
| 1965 | | | | | | | | | | |
| May | 776.5 | 74.4 | 702.1 | 67.5 | 65.9 | 703.7 | — | 8.9 | — | 8.9 |
| June | 688.9 | 55.8 | 633.1 | 86.9 | 64.3 | 655.7 | — | 8.9 | 28.9 | — 20.0 |
| July | 697.3 | 39.1 | 658.2 | 83.4 | 64.7 | 676.9 | — | 8.9 | 1.4 | 7.5 |
| Aug. | 710.2 | 70.9 | 639.3 | 82.2 | 64.0 | 657.5 | — | 8.9 | 6.1 | 2.8 |
| Sept. | 663.8 | 69.6 | 594.2 | 78.9 | 61.6 | 611.5 | — | 8.9 | 15.1 | — 6.2 |
| Oct. | 770.9 | 85.5 | 685.4 | 78.6 | 60.8 | 703.2 | — | 8.9 | 11.6 | — 2.7 |
| Nov. | 756.4 | 97.2 | 659.2 | 78.3 | 60.1 | 677.4 | — | — 1.1 | 1.2 | — 2.3 |
| Dec. | 860.9 | 44.8 | 816.1 | 83.8 | 56.5 | 843.4 | — | — 1.1 | 1.1 | — 2.2 |
| 1966 | | | | | | | | | | |
| Jan. | 861.5 | 42.3 | 819.2 | 82.6 | 56.3 | 845.5 | — | — 1.1 | 1.6 | — 2.7 |
| Feb. | 914.2 | 39.8 | 874.4 | 81.8 | 52.8 | 903.4 | — | — 1.1 | 2.5 | — 3.6 |
| March | 819.9 | 41.4 | 778.5 | 83.7 | 70.6 | 791.6 | 16.5 | — 1.1 | 0.5 | 14.9 |
| April | 767.5 | 39.0 | 728.5 | 89.2 | 68.4 | 749.3 | 16.5 | — 1.1 | 6.6 | 8.8 |
| May | 760.6 | 40.6 | 720.0 | 86.5 | 65.3 | 741.2 | 16.5 | — 1.1 | 0.7 | 14.7 |

| | Foreign exchange situation, mill. mk | | | | | | | |
|------------------------------|--------------------------------------|-------|-------|----------------------------|-------|-------|-----------|----------|
| | Net holdings, Dec. 31, 1965 | | | Net holdings, May 31, 1966 | | | Change in | |
| | Bank of Finland | Other | Total | Bank of Finland | Other | Total | May | Jan.—May |
| | | | | | | | | |
| Gold | 267 | — | 267 | 177 | — | 177 | — | — 90 |
| Convertible currencies | 483 | —155 | 328 | 359 | —145 | 214 | —29 | —114 |
| Other currencies | 20 | 1 | 21 | 84 | 2 | 86 | + 7 | + 65 |
| IMF gold tranche | 46 | — | 46 | 100 | — | 100 | — | + 54 |
| Total | 816 | —154 | 662 | 720 | —143 | 577 | —22 | — 85 |

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 |
| 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 | I 002.7 |
| 1965 | 640.6 | 11.9 | 8.3 | 0.2 | 620.2 | 26.0 | 121.9 | 31.6 | 116.3 | I 028.5 |
| 1965 | | | | | | | | | | |
| May | 596.8 | —0.8 | 0.8 | 1.1 | 595.7 | 11.8 | 141.6 | 32.2 | 121.2 | 983.7 |
| June | 776.8 | 10.0 | 41.6 | 2.1 | 723.1 | 7.6 | 134.6 | 32.6 | 109.6 | I 010.3 |
| July | 646.1 | 4.4 | 10.7 | 2.2 | 628.8 | 9.5 | 138.5 | 32.6 | 115.4 | 965.5 |
| Aug. | 644.7 | 1.2 | 7.0 | 2.7 | 633.8 | 7.0 | 137.3 | 31.5 | 112.8 | 957.5 |
| Sept. | 700.7 | 0.2 | 8.3 | 2.1 | 690.1 | 16.6 | 137.0 | 34.0 | 119.6 | 962.9 |
| Oct. | 641.2 | 2.0 | 21.8 | 0.1 | 617.3 | 29.8 | 119.4 | 32.2 | 117.0 | 980.2 |
| Nov. | 657.7 | 3.6 | 5.9 | 0.0 | 648.2 | 34.5 | 135.3 | 32.5 | 137.3 | I 001.8 |
| Dec. | 640.6 | 11.9 | 8.3 | 0.2 | 620.2 | 26.0 | 121.9 | 31.6 | 116.3 | I 028.5 |
| 1966 | | | | | | | | | | |
| Jan. | 569.7 | 12.1 | 3.9 | 1.2 | 552.5 | 24.8 | 136.5 | 59.4 | 101.9 | 943.1 |
| Feb. | 484.6 | 7.7 | 3.2 | 1.5 | 472.2 | 41.6 | 131.3 | 61.4 | 111.5 | 968.4 |
| March | 554.6 | 21.5 | 1.1 | 1.2 | 530.8 | 40.9 | 137.1 | 56.9 | 121.1 | 946.8 |
| April | 640.1 | —12.6 | 5.2 | 2.7 | 644.8 | 44.3 | 122.4 | 55.2 | 111.5 | 962.4 |
| May | 664.8 | 10.8 | 0.9 | 1.8 | 651.3 | 43.3 | 116.7 | 53.1 | 106.9 | I 019.1 |

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 | 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 |
| 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 | 683.3 | 855.4 | 296.5 | 2 816.7 | 2 614.7 | 1 681.4 | 713.8 | 331.4 | 8 158.2 | 9 310.1 |
| 1965* | 665.7 | 849.5 | 309.4 | 3 160.1 | 2 959.0 | 1 953.6 | 773.2 | 357.2 | 9 203.3 | 10 362.2 |
| 1965* | | | | | | | | | | |
| May | 678.6 | 853.8 | 296.0 | 2 959.6 | 2 765.6 | 1 831.7 | 732.2 | 341.9 | 8 631.2 | 9 781.0 |
| June | 661.7 | 823.9 | 279.2 | 2 954.1 | 2 733.2 | 1 811.8 | 726.4 | 339.1 | 8 564.8 | 9 667.9 |
| July | 646.7 | 803.4 | 247.5 | 2 979.8 | 2 750.6 | 1 803.2 | 731.1 | 338.5 | 8 620.9 | 9 671.8 |
| Aug. | 695.1 | 866.7 | 239.6 | 2 980.9 | 2 767.5 | 1 832.6 | 728.5 | 337.9 | 8 647.4 | 9 753.7 |
| Sept. | 688.3 | 866.7 | 248.9 | 2 987.9 | 2 790.6 | 1 852.5 | 732.7 | 343.4 | 8 707.2 | 9 822.8 |
| Oct. | 598.7 | 766.8 | 232.8 | 2 992.2 | 2 809.2 | 1 860.0 | 735.4 | 347.7 | 8 744.5 | 9 744.1 |
| Nov. | 674.2 | 852.0 | 266.6 | 3 017.2 | 2 858.6 | 1 887.2 | 743.4 | 351.3 | 8 857.8 | 9 976.4 |
| Dec. | 665.7 | 849.5 | 309.4 | 3 160.1 | 2 959.0 | 1 953.6 | 773.2 | 357.2 | 9 203.3 | 10 362.2 |
| 1966* | | | | | | | | | | |
| Jan. | 652.2 | 813.8 | 305.1 | 3 181.5 | 2 990.0 | 1 989.7 | 787.7 | 360.2 | 9 309.3 | 10 428.2 |
| Feb. | 642.8 | 800.9 | 356.6 | 3 144.3 | 3 039.3 | 2 038.7 | 798.4 | 364.8 | 9 485.7 | 10 643.2 |
| March | 597.5 | 765.1 | 271.1 | 3 273.5 | 3 073.2 | 2 067.9 | 808.1 | 368.3 | 9 591.1 | 10 627.3 |
| April | 584.7 | 745.3 | 285.2 | 3 264.2 | 3 068.7 | 2 066.8 | 799.3 | 368.0 | 9 567.2 | 10 597.7 |
| May | 650.9 | 826.8 | 303.4 | 3 307.3 | 3 099.8 | 2 089.1 | 799.4 | 368.4 | 9 664.2 | 10 794.4 |

| End of month | Index-tied deposits | | High-interest deposits |
|--------------|---------------------|-------------|------------------------|
| | 100 % clause | 50 % clause | |
| 1965* | | | |
| Aug. | 1 492.4 | 70.1 | 674.5 |
| Sept. | 1 489.1 | 77.9 | 690.2 |
| Oct. | 1 506.4 | 78.5 | 700.8 |
| Nov. | 1 535.1 | 78.4 | 703.1 |
| Dec. | 1 594.7 | 75.7 | 708.0 |
| 1966* | | | |
| Jan. | 1 648.9 | 68.5 | 729.8 |
| Feb. | 1 677.7 | 69.3 | 755.9 |
| March | 1 696.3 | 67.0 | 785.2 |
| April | 1 725.8 | 65.5 | 793.2 |
| May | 1 732.7 | 63.7 | 820.1 |

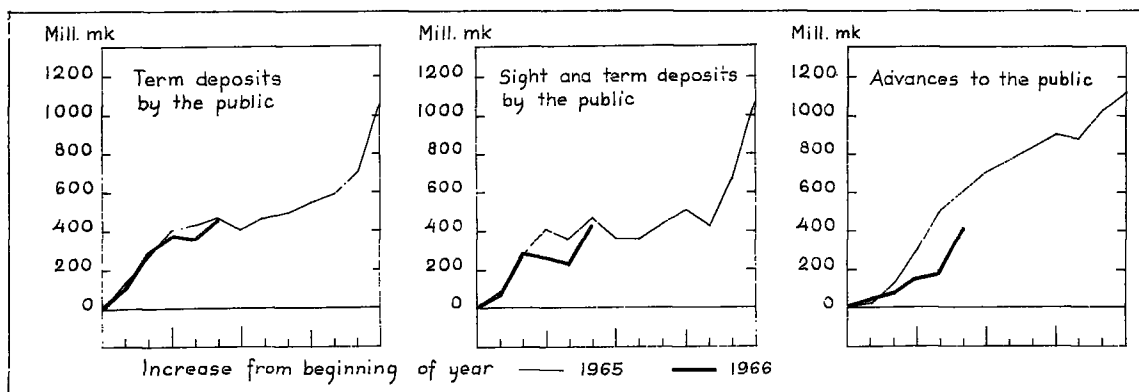
| Selling rates for foreign exchange | | | | | |
|------------------------------------|--------|-------|--------------------------------|---------|--------|
| June 28, 1966 | | | | | |
| | | mk | | mk | |
| New York ... | 1 \$ | 3.224 | Zurich | 100 Fr | 74.74 |
| Montreal | 1 \$ | 2.997 | Paris | 100 FF | 65.80 |
| London | 1 £ | 8.995 | Rome | 100 Lit | 0.5167 |
| Stockholm ... | 100 Kr | 62.50 | Vienna ... | 100 S | 12.49 |
| Oslo | 100 Kr | 45.06 | Lisbon | 100 Esc | 11.22 |
| Copenhagen .. | 100 Kr | 46.65 | Reykjavik | 100 Kr | 7.50 |
| Frankfurt o.M. | 100 DM | 80.54 | Madrid | 100 Pta | 5.42 |
| Amsterdam ... | 100 Fl | 89.18 | Moscow, clear. ¹⁾ | 1 Rbl | 3.5667 |
| Brussels | 100 so | 6.470 | Clearing dollars ²⁾ | 1 Cl \$ | 3.21 |

¹⁾ Bucharest, Peking.²⁾ Athens, Berlin, Bogota, Budapest, Prague, 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 |
| 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 | 2 318.0 | 607.7 | 2 057.5 | 829.4 | 9 320.5 | 408.5 | 9 729.0 | 2 042.5 |
| 1965* | 4 279.6 | 2 607.4 | 716.5 | 2 347.1 | 899.4 | 10 437.4 | 412.6 | 10 850.0 | 2 087.4 |
| 1965* | | | | | | | | | |
| May | 4 196.4 | 2 433.6 | 647.6 | 2 208.7 | 850.4 | 9 917.8 | 418.9 | 10 336.7 | 2 039.1 |
| June | 4 234.0 | 2 448.2 | 655.5 | 2 240.9 | 862.8 | 9 994.7 | 446.7 | 10 441.4 | 2 023.9 |
| July | 4 202.3 | 2 473.6 | 681.0 | 2 270.7 | 868.0 | 10 066.1 | 429.5 | 10 495.6 | 1 946.9 |
| Aug. | 4 210.8 | 2 492.5 | 689.2 | 2 302.2 | 871.7 | 10 120.3 | 446.1 | 10 566.4 | 1 990.0 |
| Sept. | 4 184.9 | 2 547.9 | 697.3 | 2 323.4 | 876.2 | 10 186.7 | 443.0 | 10 629.7 | 1 999.5 |
| Oct. | 4 160.1 | 2 584.3 | 713.8 | 2 261.7 | 893.2 | 10 140.8 | 472.3 | 10 613.1 | 1 909.0 |
| Nov. | 4 215.5 | 2 608.6 | 714.0 | 2 304.1 | 913.3 | 10 334.0 | 421.5 | 10 755.5 | 2 043.8 |
| Dec. | 4 279.6 | 2 607.4 | 716.5 | 2 347.1 | 899.4 | 10 437.4 | 412.6 | 10 850.0 | 2 087.4 |
| 1966* | | | | | | | | | |
| Jan. | 4 293.6 | 2 613.2 | 715.3 | 2 361.7 | 903.3 | 10 462.9 | 424.2 | 10 887.1 | 2 002.6 |
| Feb. | 4 310.7 | 2 630.2 | 721.9 | 2 376.4 | 900.3 | 10 486.8 | 452.7 | 10 939.5 | 2 079.3 |
| March | 4 345.7 | 2 643.8 | 731.0 | 2 389.9 | 897.5 | 10 541.0 | 466.9 | 11 007.9 | 1 934.9 |
| April | 4 373.1 | 2 666.5 | 737.6 | 2 363.8 | 892.9 | 10 539.0 | 494.9 | 11 033.9 | 1 949.4 |
| May | 4 490.5 | 2 699.3 | 735.7 | 2 441.5 | 899.1 | 10 781.9 | 484.2 | 11 266.1 | 2 101.9 |

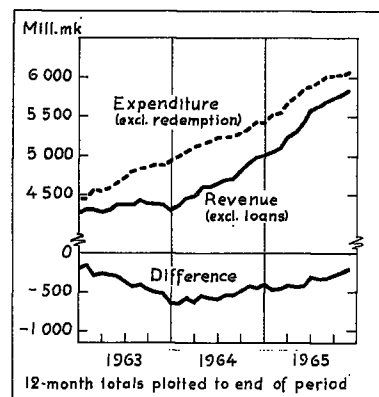


STATE FINANCES

Mill. mk

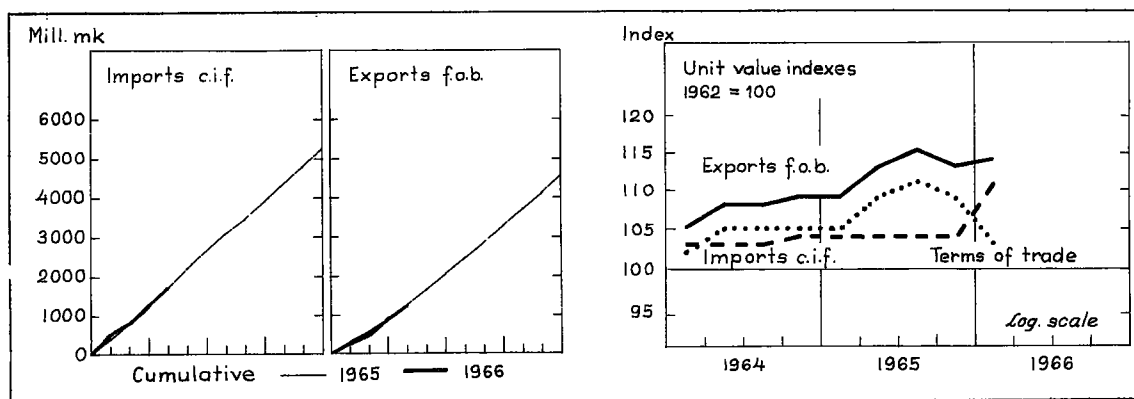
| Revenue | Jan.—Apr. | | Expenditure | Jan.—Apr. | |
|---|-----------|---------|---|-----------|-------|
| | 1965 | 1966 | | 1965 | 1966 |
| Income and property tax (net) | 621 | 652 | Interest on State debt | 67 | 85 |
| Gross receipts | (1 255) | (1 446) | Child allowances | 76 | 75 |
| Refunds and communal income tax | (-634) | (-794) | The State's share in national pensions | 82 | 87 |
| Other direct taxes | 6 | 8 | The State's share in national health insurance | .. | 14 |
| Sales tax | 409 | 419 | Compensations to war-disabled | 50 | 49 |
| Import duties | 165 | 156 | Subsidies | 163 | 199 |
| Revenue from Alcohol Monopoly | 134 | 146 | Net payments on price equalization by extra-budgetary funds | — | 3 |
| Excise duty on tobacco | 95 | 103 | State aid to agriculture | 15 | 15 |
| Excise duty on liquid fuel | 88 | 110 | State aid to communal and private schools | 173 | 172 |
| Other excise duties | 26 | 29 | Net loss of State enterprises | 43 | 32 |
| Tax on automobiles and motor cycles | 60 | 52 | Maintenance of roads | 41 | 43 |
| Purchase tax on motor vehicles | 11 | 3 | Other current expenditure | 700 | 745 |
| Stamp duties | 55 | 56 | Current expenditure | 1 410 | 1 519 |
| Employers' payments for child allowances | 127 | 134 | Real investments | 432 | 447 |
| Net receipts of price equalization by extra-budgetary funds | 9 | — | Other capital expenditure | 216 | 178 |
| Other revenue similar to taxes | 22 | 27 | Capital expenditure | 648 | 625 |
| Total taxes | 1 828 | 1 895 | Total expenditure | 2 058 | 2 144 |
| Interest and dividends | 25 | 26 | Redemption of external loans | 16 | 30 |
| Other current revenue | 58 | 64 | Redemption of internal loans | 126 | 150 |
| Current revenue | 1 911 | 1 985 | Redemption of indemnity bonds etc. | 3 | 0 |
| Capital revenue proper | 44 | 43 | Index premiums | 10 | 9 |
| Decrease in inventories | 15 | 43 | Redemptions | 155 | 189 |
| Capital revenue | 59 | 86 | Total | 2 213 | 2 333 |
| Total revenue | 1 970 | 2 071 | | | |
| External loans | 12 | 23 | | | |
| Internal loans | 118 | 259 | | | |
| Loans | 130 | 282 | | | |
| Short-term credit (increase +) .. | +36 | —136 | | | |
| Deficit (+) or surplus (—) | +77 | +116 | | | |
| Total | 2 213 | 2 333 | | | |

| Debt | 1963 | 1964 | 1965 | 1966 | | |
|---------------------------|-------|-------|-------|---------|---------|-------|
| | Dec. | Dec. | Dec.* | March* | April* | May* |
| External debt ... | 963 | 1 184 | 1 177 | 1 333 | 1 332 | 1 336 |
| Ordinary loans | 1 109 | 1 205 | 1 433 | 1 451 | 1 539 | 1 691 |
| Indemnity bonds etc. | 11 | 7 | 203 | 183 | 173 | 163 |
| Short-term credit .. | 160 | 325 | 393 | 352 | 257 | .. |
| Cash debt (net) ... | 78 | 23 | .. | 78 | 25 | .. |
| Internal debt | 1 358 | 1 560 | .. | 2 064 | 1 994 | .. |
| Total debt | 2 321 | 2 744 | .. | 3 397 | 3 326 | .. |
| Total debt, mill. \$ | 720.8 | 852.8 | .. | 1 053.8 | 1 031.6 | .. |



FOREIGN TRADE

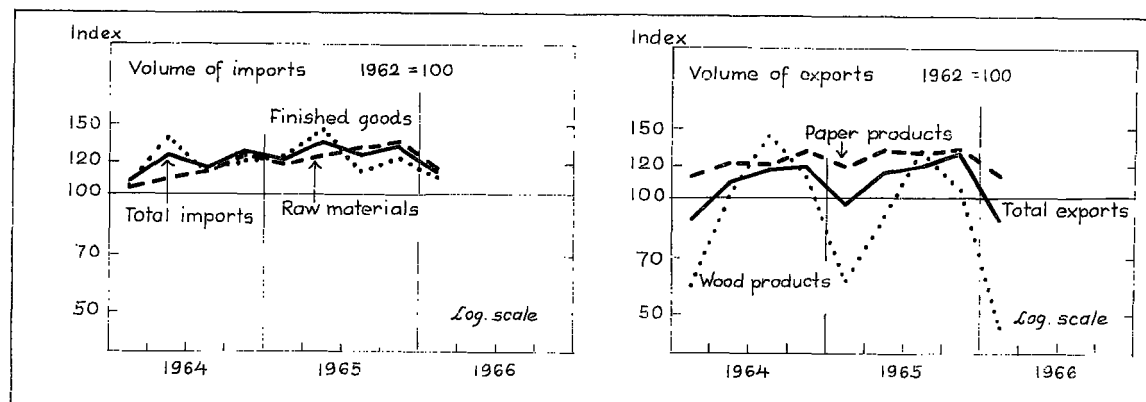
| Period | Value mill. mk | | | Unit value indexes 1962 = 100 | | | | | | |
|-----------|---------------------|---------------------|--|-------------------------------|-----------------------------|------------------------------|-------------------------------|---|-----------------------------------|----------------------|
| | 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 | | |
| 1961 | 3 690.2 | 3 374.0 | -316.2 | 102 | 99 | 103 | 104 | 100 | 99 | 103 |
| 1962 | 3 928.7 | 3 533.1 | -395.6 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| 1963 | 3 866.9 | 3 678.0 | -188.9 | 102 | 96 | 104 | 100 | 105 | 101 | 101 |
| 1964 | 4 816.5 | 4 131.9 | -684.6 | 108 | 109 | 111 | 104 | 113 | 103 | 105 |
| 1965* | 5 266.1 | 4 565.8 | -700.3 | 113 | 115 | 123 | 106 | 119 | 104 | 109 |
| Jan.-Apr. | | | | | | | | | | |
| 1964 | 1 529.2 | 1 152.1 | -377.1 | | | | | | | |
| 1965* | 1 679.0 | 1 263.9 | -415.1 | | | | | | | |
| 1966* | 1 685.6 | 1 251.7 | -433.9 | | | | | | | |
| 1965* | | | | | | | | | | |
| April | 434.8 | 341.3 | - 93.5 | 113 | 117 | 123 | 106 | 124 | 104 | 109 |
| May | 530.0 | 395.2 | -134.8 | | | | | | | |
| June | 434.0 | 404.8 | - 29.2 | | | | | | | |
| July | 428.7 | 398.2 | - 30.5 | | | | | | | |
| Aug. | 387.2 | 386.8 | - 0.4 | 115 | 120 | 126 | 107 | 123 | 104 | 111 |
| Sept. | 463.7 | 425.3 | - 38.4 | | | | | | | |
| Oct. | 428.8 | 432.4 | + 3.6 | | | | | | | |
| Nov. | 446.9 | 387.5 | - 59.4 | | | | | | | |
| Dec. | 467.8 | 471.7 | + 3.9 | 113 | 113 | 124 | 107 | 120 | 104 | 109 |
| 1966* | | | | | | | | | | |
| Jan. | 429.2 | 308.4 | -120.8 | | | | | | | |
| Feb. | 368.0 | 230.3 | -137.7 | | | | | | | |
| March | 446.5 | 340.2 | -106.3 | 114 | 127 | 126 | 105 | 118 | 111 | 103 |
| April | 441.9 | 372.8 | - 69.1 | | | | | | | |



FOREIGN TRADE BY MAIN GROUPS

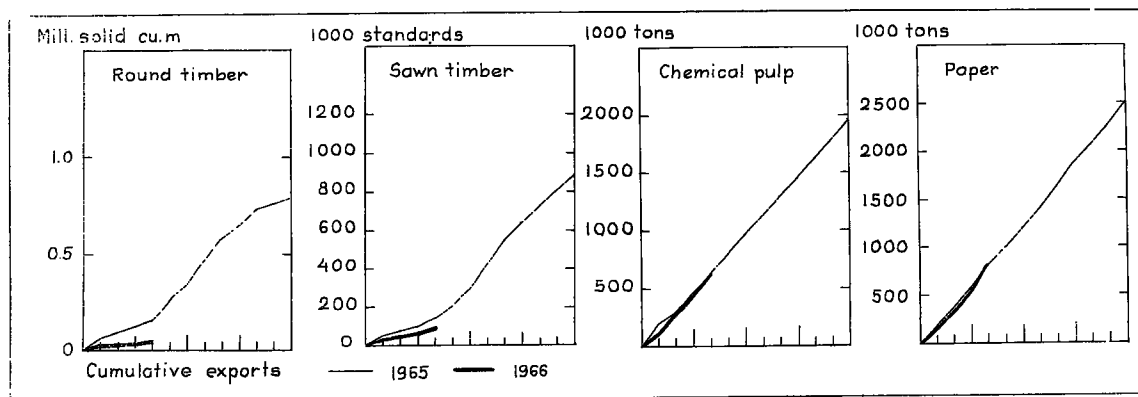
Mill. mk

| 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 | | | | | | |
| 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 | 1 396.2 | 801.2 | 230.4 | 89.8 | 895.8 | 2 019.5 | 610.3 | 286.1 |
| 1965* | 2 362.4 | 514.7 | 1 511.4 | 877.6 | 251.8 | 60.3 | 919.8 | 2 165.6 | 800.3 | 368.0 |
| Jan.-Apr. | | | | | | | | | | |
| 1964 | 639.5 | 160.4 | 447.5 | 281.8 | 77.7 | 13.9 | 170.8 | 627.8 | 190.5 | 71.4 |
| 1965* | 733.8 | 158.4 | 503.6 | 283.2 | 80.8 | 10.9 | 193.6 | 697.4 | 192.2 | 89.0 |
| 1966* | 732.6 | 155.5 | 462.0 | 335.5 | 98.4 | 7.7 | 160.5 | 693.1 | 185.2 | 106.8 |
| 1965* | | | | | | | | | | |
| April | 177.6 | 47.8 | 138.2 | 71.2 | 17.2 | 2.4 | 55.2 | 195.8 | 46.4 | 24.3 |
| May | 209.1 | 34.4 | 188.1 | 98.4 | 29.2 | 6.2 | 69.9 | 173.4 | 84.5 | 32.0 |
| June | 195.1 | 48.7 | 124.1 | 66.1 | 18.4 | 6.1 | 89.2 | 185.0 | 73.1 | 33.0 |
| July | 203.8 | 35.2 | 128.4 | 61.3 | 16.0 | 9.4 | 116.5 | 170.6 | 58.6 | 27.1 |
| Aug. | 179.6 | 51.3 | 96.9 | 59.4 | 14.4 | 7.9 | 104.3 | 182.7 | 46.5 | 31.0 |
| Sept. | 223.2 | 47.6 | 112.8 | 80.1 | 21.5 | 6.2 | 96.3 | 195.8 | 67.0 | 38.5 |
| Oct. | 205.2 | 42.7 | 112.4 | 68.5 | 18.1 | 6.4 | 96.9 | 187.8 | 79.6 | 43.6 |
| Nov. | 200.0 | 44.3 | 124.8 | 77.8 | 13.8 | 3.4 | 75.3 | 181.0 | 76.8 | 37.2 |
| Dec. | 212.5 | 52.1 | 120.5 | 82.7 | 39.6 | 3.8 | 77.9 | 191.9 | 122.0 | 36.5 |
| 1966* | | | | | | | | | | |
| Jan. | 204.0 | 41.1 | 103.8 | 80.3 | 34.2 | 3.6 | 57.5 | 152.6 | 35.0 | 25.5 |
| Feb. | 158.1 | 38.7 | 100.7 | 70.5 | 16.1 | 1.0 | 27.8 | 133.7 | 31.8 | 19.9 |
| March | 182.0 | 37.5 | 129.2 | 97.8 | 33.4 | 0.6 | 29.4 | 189.6 | 55.4 | 31.8 |
| April | 188.5 | 38.2 | 128.3 | 86.9 | 14.7 | 2.5 | 45.8 | 217.2 | 63.0 | 29.6 |



EXPORTS OF SOME IMPORTANT ARTICLES

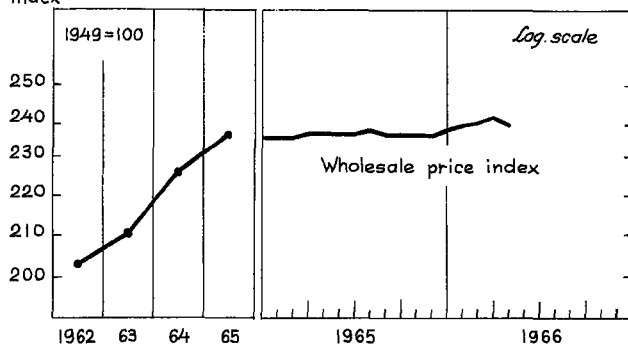
| Period | Round timber 1 000 solid cu. m | Sawn timber 1 000 stds | Veneers and plywood 1 000 cu. m | Mechanical pulp 1 000 tons | Sulphite pulp 1 000 tons | Sulphate pulp 1 000 tons | Board 1 000 tons | Fibre building board 1 000 tons | Newsprint 1 000 tons | Paper, all kinds 1 000 tons* |
|-----------|--------------------------------------|------------------------------|---|-------------------------------------|-----------------------------------|-----------------------------------|------------------------|---|----------------------------|---------------------------------------|
| 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 | 172 | 861 | 893 | 171 | 161 | 882 | 2 126 |
| 1964 | 1 320 | 990 | 440 | 175 | 971 | 980 | 194 | 165 | 989 | 2 309 |
| 1965* | 781 | 870 | 461 | 149 | 931 | 1 037 | 174 | 144 | 1 101 | 2 500 |
| Jan.-Apr. | | | | | | | | | | |
| 1964 | 191 | 139 | 143 | 58 | 319 | 302 | 57 | 60 | 287 | 718 |
| 1965* | 154 | 140 | 159 | 59 | 321 | 322 | 56 | 54 | 340 | 815 |
| 1966* | 52 | 86 | 160 | 51 | 291 | 328 | 59 | 42 | 369 | 822 |
| 1965* | | | | | | | | | | |
| April | 31 | 41 | 41 | 16 | 78 | 91 | 16 | 16 | 101 | 225 |
| May | 109 | 63 | 40 | 11 | 68 | 100 | 15 | 12 | 80 | 198 |
| June | 79 | 91 | 39 | 14 | 74 | 94 | 14 | 13 | 93 | 203 |
| July | 131 | 137 | 24 | 9 | 75 | 81 | 14 | 8 | 79 | 193 |
| Aug. | 102 | 114 | 32 | 11 | 77 | 90 | 14 | 11 | 94 | 213 |
| Sept. | 77 | 94 | 42 | 11 | 80 | 79 | 17 | 8 | 104 | 231 |
| Oct. | 78 | 94 | 43 | 11 | 79 | 85 | 14 | 16 | 100 | 215 |
| Nov. | 29 | 72 | 37 | 11 | 74 | 88 | 11 | 12 | 107 | 204 |
| Dec. | 22 | 65 | 45 | 12 | 83 | 98 | 17 | 10 | 104 | 230 |
| 1966* | | | | | | | | | | |
| Jan. | 18 | 44 | 42 | 9 | 76 | 76 | 12 | 11 | 78 | 182 |
| Feb. | 8 | 15 | 28 | 11 | 69 | 47 | 11 | 7 | 63 | 147 |
| March | 3 | 6 | 40 | 13 | 73 | 102 | 18 | 9 | 85 | 211 |
| April | 23 | 21 | 50 | 18 | 73 | 103 | 18 | 15 | 143 | 282 |



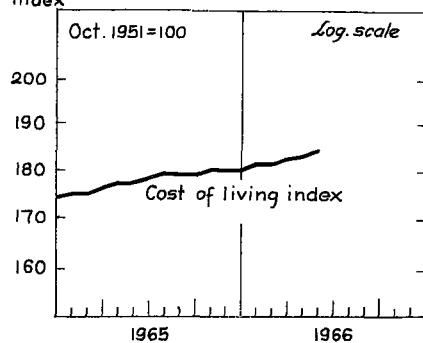
FOREIGN TRADE BY COUNTRIES

| Area and country | Imports, i. i. f. | | | | | Exports, f. o. b. | | | | |
|------------------------------|-------------------|-------|-----------|-------|----------|-------------------|-------|-----------|-------|----------|
| | Whole year | | Jan.-Apr. | | | Whole year | | Jan.-Apr. | | |
| | 1964 | 1965* | 1965* | 1966* | Mill. mk | 1964 | 1965* | 1965* | 1966* | Mill. mk |
| Sterling area | % | % | % | % | Mill. mk | % | % | % | % | Mill. mk |
| United Kingdom | 15.2 | 15.8 | 15.4 | 17.1 | 287.6 | 25.3 | 22.8 | 23.6 | 22.9 | 286.8 |
| | 14.8 | 15.3 | 15.0 | 16.6 | 279.9 | 23.0 | 20.7 | 20.9 | 21.3 | 266.9 |
| Other OECD countries | | | | | | | | | | |
| in Europe | 52.7 | 55.5 | 57.0 | 54.7 | 921.4 | 45.9 | 44.8 | 45.4 | 46.6 | 583.6 |
| Austria | 0.7 | 0.8 | 0.8 | 0.9 | 14.5 | 0.4 | 0.2 | 0.3 | 0.5 | 6.0 |
| Belgium-Luxembourg | 2.0 | 2.2 | 2.3 | 2.0 | 33.2 | 3.5 | 3.3 | 2.9 | 2.6 | 33.1 |
| Denmark | 3.0 | 3.1 | 3.0 | 3.4 | 56.5 | 3.7 | 3.9 | 3.6 | 3.5 | 43.6 |
| France | 5.5 | 4.2 | 4.3 | 4.9 | 83.1 | 5.8 | 4.5 | 4.9 | 4.8 | 59.5 |
| Western Germany | 17.3 | 18.9 | 19.9 | 18.1 | 305.9 | 11.5 | 11.2 | 11.8 | 11.3 | 141.7 |
| Italy | 1.9 | 1.9 | 2.1 | 2.4 | 40.2 | 3.0 | 3.0 | 3.5 | 3.7 | 46.7 |
| Netherlands | 4.0 | 4.2 | 4.3 | 3.6 | 61.4 | 6.8 | 6.0 | 5.6 | 5.4 | 67.7 |
| Norway | 1.5 | 1.9 | 1.8 | 1.9 | 31.5 | 0.9 | 1.1 | 1.1 | 2.1 | 25.8 |
| Portugal | 0.2 | 0.2 | 0.2 | 0.4 | 6.1 | 0.1 | 0.2 | 0.2 | 0.4 | 5.4 |
| Spain | 0.5 | 0.5 | 0.7 | 0.5 | 8.2 | 0.9 | 1.1 | 1.1 | 0.9 | 11.8 |
| Sweden | 12.7 | 14.0 | 13.8 | 13.0 | 218.8 | 5.5 | 7.5 | 7.1 | 8.6 | 107.1 |
| Switzerland | 2.8 | 2.9 | 2.9 | 2.9 | 49.9 | 0.8 | 0.7 | 0.7 | 1.2 | 14.4 |
| Eastern Bloc | 22.5 | 18.9 | 18.0 | 17.3 | 292.2 | 17.4 | 21.0 | 18.7 | 16.5 | 206.4 |
| China | 0.4 | 0.3 | 0.5 | 0.6 | 9.8 | 0.5 | 0.6 | 0.4 | 0.4 | 4.9 |
| Czechoslovakia | 0.7 | 0.7 | 0.8 | 0.5 | 9.0 | 0.4 | 0.5 | 0.7 | 0.6 | 8.0 |
| Eastern Germany | 1.0 | 0.9 | 0.9 | 0.6 | 10.8 | 1.0 | 0.8 | 0.6 | 0.8 | 10.1 |
| Poland | 2.0 | 1.9 | 1.4 | 1.1 | 18.1 | 2.0 | 2.3 | 2.8 | 1.4 | 17.9 |
| Soviet Union | 17.6 | 14.4 | 13.8 | 13.8 | 232.9 | 12.0 | 15.9 | 13.2 | 12.0 | 149.6 |
| U.S. and Canada | 5.0 | 5.2 | 5.1 | 5.7 | 95.5 | 6.0 | 6.2 | 7.0 | 8.0 | 100.0 |
| United States | 4.8 | 5.0 | 5.0 | 5.4 | 90.9 | 5.8 | 6.0 | 6.8 | 7.8 | 97.2 |
| Latin America | 3.0 | 2.9 | 2.1 | 2.5 | 42.8 | 2.7 | 2.9 | 2.8 | 3.1 | 38.3 |
| Argentina | 0.3 | 0.3 | 0.4 | 0.2 | 3.1 | 0.8 | 0.9 | 1.0 | 1.3 | 15.9 |
| Brazil | 1.6 | 1.2 | 1.1 | 1.1 | 19.5 | 0.5 | 0.3 | 0.4 | 0.3 | 4.3 |
| Colombia | 0.6 | 0.6 | 0.2 | 0.8 | 13.2 | 0.5 | 0.7 | 0.7 | 0.7 | 8.7 |
| Other | 1.6 | 1.7 | 2.4 | 2.7 | 46.1 | 2.7 | 2.3 | 2.5 | 2.9 | 36.6 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 1 685.6 | 100.0 | 100.0 | 100.0 | 100.0 | 1 251.7 |
| of which | | | | | | | | | | |
| EFTA countries | 35.8 | 38.2 | 37.5 | 39.0 | 657.3 | 35.4 | 34.3 | 34.0 | 37.5 | 469.2 |
| EBC countries | 30.5 | 31.4 | 32.9 | 31.1 | 523.8 | 30.6 | 28.0 | 28.6 | 27.9 | 348.8 |

Index



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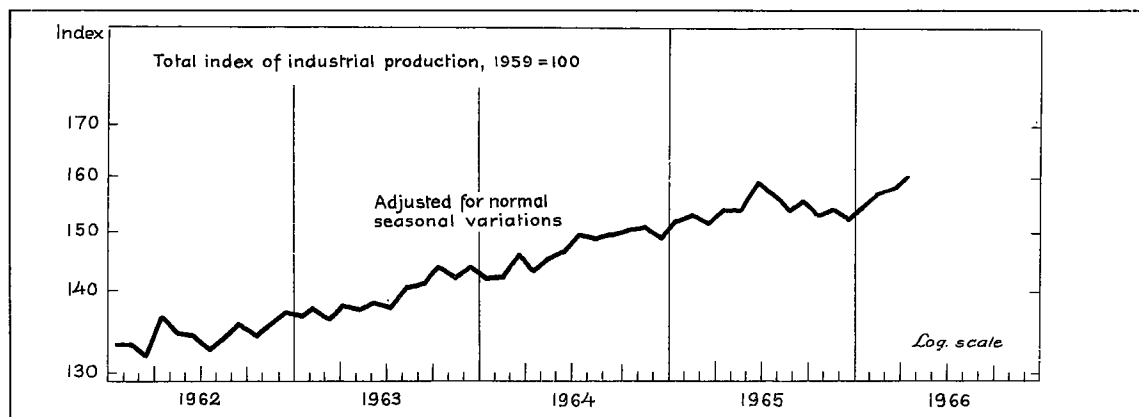
PRICE INDEXES

| Period | Wholesale prices 1949 = 100 | | | | | | | | | Building costs 1951 = 100 | | |
|--------|-----------------------------|----------------|----------------|----------------|-------------------------------|----------------|-------------------------------|------------------------|----------------------------------|---------------------------|-------------------|----------------------------------|
| | Total index | Origin | | Purpose | | | Stage of processing | | | Total | Building material | Workers' average hourly earnings |
| | | Domestic goods | Imported goods | Producer goods | Machinery & transport equipm. | Consumer goods | Raw materials and commodities | Simply processed goods | More elaborately processed goods | | | |
| 1963 | 210 | 212 | 201 | 214 | 211 | 205 | 226 | 203 | 205 | 140 | 118 | 171 |
| 1964 | 226 | 231 | 210 | 228 | 214 | 227 | 250 | 218 | 218 | 150 | 120 | 192 |
| 1965 | 236 | 242 | 214 | 241 | 224 | 232 | 266 | 228 | 223 | 158 | 125 | 208 |
| 1965 | | | | | | | | | | | | |
| May | 236 | 242 | 213 | 242 | 223 | 231 | 268 | 229 | 222 | 159 | 125 | 212 |
| June | 236 | 242 | 213 | 242 | 223 | 231 | 266 | 229 | 222 | 159 | 125 | 212 |
| July | 237 | 243 | 213 | 242 | 224 | 233 | 269 | 228 | 223 | 159 | 125 | 209 |
| Aug. | 236 | 242 | 214 | 242 | 224 | 232 | 267 | 228 | 223 | 159 | 125 | 212 |
| Sept. | 236 | 241 | 213 | 241 | 224 | 231 | 265 | 228 | 223 | 159 | 125 | 209 |
| Oct. | 236 | 242 | 213 | 242 | 224 | 231 | 266 | 228 | 223 | 159 | 125 | 210 |
| Nov. | 236 | 242 | 213 | 242 | 224 | 231 | 266 | 228 | 223 | 158 | 125 | 206 |
| Dec. | 237 | 243 | 213 | 242 | 227 | 231 | 266 | 229 | 224 | 158 | 125 | 206 |
| 1966 | | | | | | | | | | | | |
| Jan. | 238 | 244 | 213 | 243 | 227 | 234 | 269 | 230 | 224 | 159 | 125 | 207 |
| Feb. | 240 | 246 | 214 | 245 | 227 | 235 | 273 | 232 | 224 | 160 | 126 | 210 |
| March | 241 | 248 | 215 | 246 | 228 | 237 | 276 | 232 | 225 | 159 | 126 | 206 |
| April | 240 | 247 | 216 | 247 | 229 | 235 | 272 | 233 | 225 | 161 | 127 | 208 |
| May | 239 | 245 | 216 | 246 | 228 | 233 | 268 | 233 | 226 | 164 | 127 | 216 |

| 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 |
| 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 |
| 1965 | 178 | 195 | 377 | 115 | 109 | 173 | 140 | 144 | 140 | 111 | 135 | 141 |
| 1965 | | | | | | | | | | | | |
| May | 177 | 195 | 373 | 114 | 108 | 172 | 139 | 143 | 138 | 111 | 135 | 140 |
| June | 178 | 197 | 373 | 114 | 109 | 172 | 140 | 145 | 138 | 111 | 135 | 140 |
| July | 179 | 199 | 375 | 115 | 109 | 173 | 141 | 146 | 139 | 111 | 135 | 141 |
| Aug. | 179 | 199 | 375 | 115 | 109 | 173 | 141 | 146 | 139 | 111 | 135 | 141 |
| Sept. | 179 | 197 | 375 | 115 | 110 | 174 | 140 | 145 | 139 | 111 | 136 | 142 |
| Oct. | 180 | 198 | 387 | 115 | 110 | 174 | 142 | 146 | 143 | 111 | 136 | 142 |
| Nov. | 180 | 197 | 387 | 115 | 110 | 176 | 142 | 145 | 143 | 112 | 136 | 144 |
| Dec. | 180 | 197 | 387 | 115 | 110 | 176 | 142 | 145 | 143 | 112 | 136 | 144 |
| 1966 | | | | | | | | | | | | |
| Jan. | 181 | 197 | 387 | 115 | 110 | 177 | 142 | 145 | 143 | 112 | 136 | 145 |
| Feb. | 181 | 198 | 387 | 117 | 110 | 178 | 142 | 145 | 143 | 113 | 136 | 145 |
| March | 182 | 199 | 387 | 117 | 110 | 178 | 143 | 146 | 143 | 114 | 136 | 145 |
| April | 183 | 200 | 388 | 117 | 110 | 179 | 144 | 147 | 144 | 114 | 137 | 146 |
| May | 184 | 204 | 388 | 117 | 110 | 179 | 145 | 150 | 144 | 114 | 137 | 146 |

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 | | | |
| 1963 | 138 | 144 | 141 | 131 | 121 | 155 | 140 | 133 | 139 | 47 780 | 169 |
| 1964* | 148 | 149 | 154 | 135 | 128 | 170 | 148 | 142 | 147 | 53 200 | 156 |
| 1965* | 155 | 157 | 161 | 139 | 132 | 178 | 156 | 146 | 154 | 51 905 | 170 |
| 1964* | | | | | | | | | | | |
| Sept. | 161 | 167 | 166 | 147 | 125 | 183 | 167 | 154 | 150 | 2 335 | 173 |
| Oct. | 165 | 163 | 173 | 147 | 129 | 192 | 165 | 158 | 150 | 2 926 | 169 |
| Nov. | 161 | 166 | 170 | 142 | 125 | 184 | 164 | 155 | 151 | 3 462 | 164 |
| Dec. | 149 | 162 | 157 | 129 | 127 | 162 | 160 | 138 | 149 | 4 536 | 183 |
| 1965* | | | | | | | | | | | |
| Jan. | 150 | 155 | 159 | 128 | 127 | 176 | 154 | 136 | 152 | 4 822 | 120 |
| Feb. | 152 | 163 | 158 | 134 | 136 | 174 | 161 | 138 | 153 | 6 095 | 147 |
| March | 168 | 177 | 177 | 148 | 157 | 197 | 174 | 156 | 152 | 6 342 | 168 |
| April | 152 | 155 | 157 | 139 | 144 | 168 | 154 | 145 | 154 | 5 674 | 188 |
| May | 158 | 156 | 166 | 142 | 147 | 186 | 158 | 148 | 154 | 11 698 | 181 |
| June | 148 | 159 | 149 | 139 | 133 | 150 | 158 | 144 | 159 | 2 162 | 164 |
| July | 119 | 95 | 131 | 103 | 118 | 174 | 95 | 110 | 157 | 1 400 | 155 |
| Aug. | 155 | 140 | 161 | 147 | 112 | 187 | 144 | 154 | 154 | 2 082 | 173 |
| Sept. | 167 | 173 | 173 | 152 | 130 | 193 | 172 | 159 | 156 | 2 844 | 186 |
| Oct. | 169 | 176 | 177 | 150 | 133 | 193 | 176 | 160 | 153 | 2 856 | 184 |
| Nov. | 165 | 168 | 172 | 150 | 121 | 180 | 167 | 161 | 154 | 3 317 | 181 |
| Dec. | 152 | 162 | 158 | 139 | 122 | 158 | 164 | 145 | 152 | 3 842 | 196 |
| 1966* | | | | | | | | | | | |
| Jan. | 154 | 159 | 160 | 139 | 114 | 166 | 161 | 144 | 154 | 4 219 | 131 |
| Feb. | 155 | 158 | 161 | 141 | 123 | 171 | 161 | 145 | 157 | 4 742 | 148 |
| March | 176 | 178 | 183 | 161 | 149 | 200 | 179 | 167 | 158 | 4 198 | 175 |
| April | 157 | 150 | 162 | 151 | 137 | 175 | 150 | 157 | 161 | 3 177 | 174 |

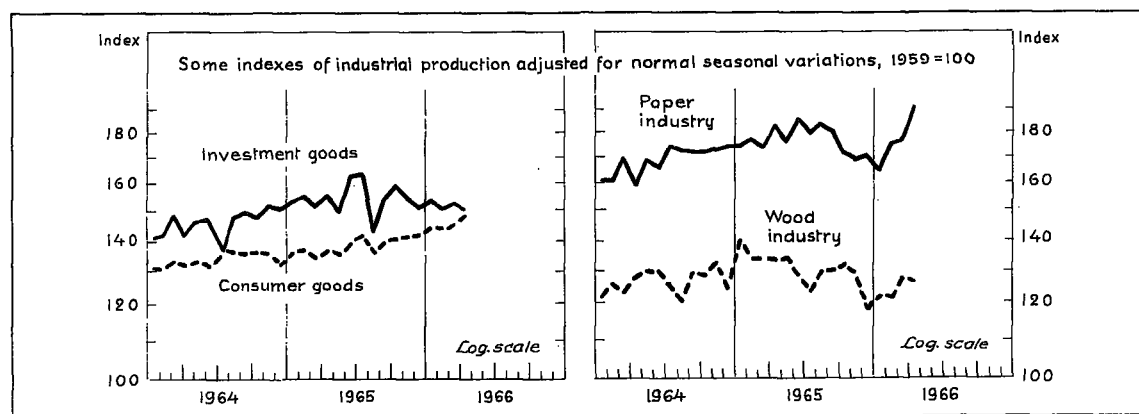


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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 | | |
| | | | | | | | | Agri- culture | Forestry | Manu- facturing |
| 1963 | 25.16 | 12.81 | 2.29 | 6.62 | 2.44 | 26.28 | 145 | 136 | 144 | 143 |
| 1964 | 24.59 | 10.57 | 2.43 | 7.61 | 2.80 | 28.75 | 164 | 156 | 172 | 162 |
| 1965* | 27.04 | 10.96 | 2.58 | 9.20 | 3.12 | 31.31 | 178 | 177 | 187 | 178 |
| 1965* | | | | | | | | | | |
| Jan.-Mar. | 4.56 | 1.93 | 0.23 | 1.77 | 0.50 | 28.31 | 176 | 176 | 188 | 175 |
| Apr.- June | 5.57 | 2.03 | 0.40 | 1.72 | 1.18 | 32.67 | 179 | 173 | 189 | 178 |
| July-Sept. | 7.15 | 2.57 | 0.97 | 2.27 | 0.87 | 35.65 | 179 | 177 | 194 | 179 |
| Oct.-Dec. | 9.76 | 4.43 | 0.98 | 3.44 | 0.57 | 31.31 | 179 | 180 | 181 | 179 |
| 1966* | | | | | | | | | | |
| Jan.-Mar. | 4.92 | 2.30 | 0.24 | 1.85 | 0.42 | 29.60 | .. | .. | .. | .. |

| Period | Railways | | Foreign shipping | | | | Labour input | | Unemployment | |
|--------|-------------------------------|-------|--|-------|-------|-------|------------------|-------|-------------------------|-------|
| | Goods trucks loaded Thousands | | Vessels arrived with cargo — 1 000 net reg. tons | | | | 1 000 man-months | | % of total labour force | |
| | 1965 | 1966* | 1965 | 1966* | 1965 | 1966* | 1965 | 1966* | 1965 | 1966* |
| Jan. | 118 | 118 | 689 | 724 | 548 | 560 | 1 877 | 1 896 | 2.0 | 2.2 |
| Feb. | 124 | 118 | 549 | 434 | 452 | 270 | 1 860 | 1 869 | 1.6 | 2.4 |
| March | 144 | 140 | 678 | 519 | 494 | 344 | 1 839 | 1 877 | 1.7 | 2.1 |
| April | 138 | 134 | 721 | 624 | 601 | 557 | 1 884 | 1 903 | 1.7 | 2.0 |
| May | 132 | 136 | 969 | 1 092 | 773 | 884 | 1 940 | | 1.1 | |
| June | 129 | | 1 192 | | 1 111 | | 1 960 | | 1.0 | |
| July | 134 | | 1 388 | | 1 312 | | 1 797 | | 1.2 | |
| Aug. | 138 | | 1 351 | | 1 251 | | 1 893 | | 1.2 | |
| Sept. | 143 | | 1 123 | | 956 | | 1 948 | | 0.9 | |
| Oct. | 139 | | 1 090 | | 868 | | 1 946 | | 1.2 | |
| Nov. | 131 | | 1 021 | | 855 | | 1 933 | | 1.4 | |
| Dec. | 115 | | 905 | | 769 | | 1 888 | | 2.1 | |



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. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *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). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

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 act 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 according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. 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. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *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 ° 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 1966 are as follows: Social Democrats 55, Centre Party 49, People's Democrats 41, Conservatives 26, Swedish Party 12, Liberal Party 9, Social Democratic League 7 and Finnish Small Farmers' Party 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 %, municipalities and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1964): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1964): In South Finland 25.6, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1964): 57 % of the population inhabit the rural areas, 43 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 497 000 inhabitants, Tampere (Tammerfors) 139 200, Turku (Åbo) 138 300.

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

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

EDUCATION (1964): 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 (1964): births 17.6 ‰, deaths 9.3 ‰, increase 7.8 ‰. Deaths in France 10.7 ‰ and Great Britain 11.3 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1964, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 051 (10 %), forestry and fishing 1 953 (9 %), manufacturing 6 160 (29 %), construction 1 969 (9 %), transportation and communication 1 477 (7 %), commerce, banking and insurance 2 739 (13 %), public administration 2 336 (11 %), other services 2 453 (12 %), total 21 138. Index of real domestic product 143 (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 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1963): Gross value of industrial production 15 500 mill. marks, number of workers 347 000, salaried employees 73 200, motive power (1963) 4.4 mill. HP. Index of industrial production 138 for 1963 (1959 = 100).

RAILWAYS (Jan. 1, 1966): Length 5 532 km, of which 5 458 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (May 31, 1966): Steamers 131 (224 457 gross reg. tons), motor vessels 394 (768 590 gross reg. tons), sailing vessels with auxiliary engines 28 (3 808 gross reg. tons). Total 553 (996 855 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1965): Passenger cars 454 300, lorries and vans 81 100, buses 7 000, others 3 600. Total 546 000.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1965): Kilometres flown 13.0 million, passengers carried 721 451, passenger kilometres 370.5 million, and ton kilometres of freight and mail 7.0 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, the 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 1964 expenditure amounted to 3 179 mill. marks. Total revenue was 3 165 million, of which income from taxation 1 575 million. The municipal income tax (non-progressive) averaged 12.00 % 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, 1965) There are two big and four small commercial banks with in all 747 offices, 366 savings banks, 489 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 Pension Institute and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1965). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 ½ %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

WAGES IN FINLAND IN 1958—1965

BY

AHTI MOLANDER, Lic. Pol. Sc.

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

INTRODUCTION

Wage earnings have increased very considerably in recent years. For 1958—1965 the rise was 70 per cent in all, corresponding to an average annual increase of more than 7 per cent. During those years wage rates based on collective agreements rose by 47 per cent, or 5 per cent per annum on average. Thus wage drift, including the effect of structural changes, accounted for an appreciable part of the total rise. In what follows some factors influencing the development will be discussed in greater detail.

LENGTH OF AGREEMENT PERIODS

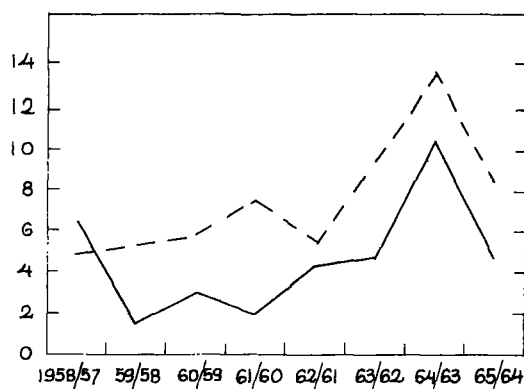
The wage agreements have varied considerably in their duration. Those concluded in September 1957, which immediately raised wage rates by an average 2.5 per cent were valid to the end of 1958. The agreements following, effective from the beginning of 1959, were for one year and provided for an average 3 per cent wage increase as from the beginning of the year. Next came the agreements for 1960, which raised wage rates by 3.5 per cent on average as from the beginning of that year. For 1961 and 1962 two-year agreements were reached, according to which wages were raised by 4.3 per cent at the beginning of 1961 and by a further 3.5 per cent at the beginning of 1962. The agreements following were again one-year settlements covering 1963; here the

increases varied slightly between different sectors, the average increase amounting to 8 per cent. In 1964 and 1965 two-year agreements were in force providing for a 6 per cent wage increase as from the beginning of 1964 and a 3.8 per cent increase as from the beginning of 1965. Early in 1966, with effect from the beginning of the year, three-year agreements were reached in most industries, securing increases of 5—6 per cent per annum on average during 1966—1968. In some industries agreements were made for one year only, in some for two years, but the increases provided for were not very different from those generally agreed on. Civil service salaries were not part of the wage agreements described above. However, in practice, civil service salaries followed the collective agreements and this practice has been fixed by law for 1966—1968.

INDEX CLAUSES

The degree of index linkage has also varied. The collective agreements of autumn 1957 included provision for two-thirds compensation for rises in the cost of living index; on this basis wages were raised by 4 per cent at the beginning of April 1958. The various agreements in force during 1959—1963 contained no index clauses. However, as inflation accelerated in 1962 and 1963, in the following two years wages were again linked to the cost of living index. In

Chart 1. Rates of change of cost of living index (—) and wage earnings (---), 1958—1965



1964 two compensatory increases of 3 per cent were granted: at the beginning of March, the index rise on December 1963 was compensated for almost in full, and in October there was a compensatory increase corresponding to almost three-quarters of the index rise since the previous wage adjustment. The provisions of the index clause included in the agreements for 1966—1968 differ considerably from previous practices. In 1966 the index linkage is not in force but in December 1967 full compensation will be given for any index rise in excess of 3 per cent which may occur from January to November 1967, similarly in December 1968 full compensation will be given for any index rise exceeding 4 per cent between November 1967 and November 1968.

WAGES AND PRICES

Temporary uniformity between the movements of wages and prices is evident from Chart 1 which shows the annual rates of change of the cost of living index and wage earnings in 1958—1965.

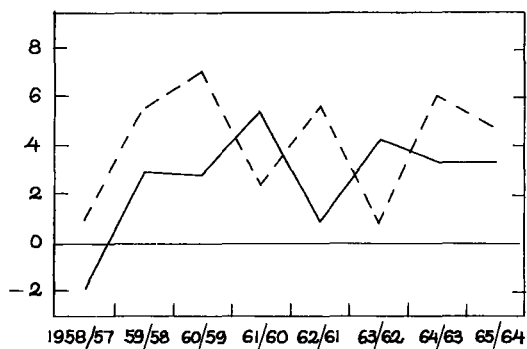
After the devaluation carried out in autumn 1957 a substantial increase in prices was anticipated. However, this did not fully materialise, because the collective agreements concluded at that time only provided for

such wage increases as were permitted by the rise in productivity. Furthermore, the fact that the index clause secured only partial compensation for cost of living increases also tended to slow down the rate of price rises. The price and wage development could be stabilised for nearly five years ahead, although some price increases did occur during those years. In the same way there was a wage drift due to the prevailing boom and consequent excess demand for labour. At the end of 1961 a marked upward trend of prices set in. This was clearly reflected in the collective agreements for 1963, according to which the wage rises were almost twice those of 1958—1962. Prices also rose at an increasing rate in 1963. At the beginning of 1964 the sales tax system was reformed. As the measure was expected to cause a substantial rise in costs of living the wage demands put forward at that time were relatively high. This explains the inclusion of index clauses in the two-year agreements for 1964—1965. The wage adjustments granted at the beginning of 1964 and the subsequent compensatory adjustments raised wage earnings by altogether 13.5 per cent in that year. The concurrent rise in the cost of living index was 10.4 per cent. In 1965 the rate of rise in prices declined appreciably; this had a favourable effect on price expectations. This change in outlook was apparent in the collective agreements for 1966—1968 made in early 1966, in which a milder increase of prices than that of the two previous years is obviously expected.

REAL WAGES

During the course of 1958—1965 the rapid rise in productivity made possible the considerable rise of real wages. The total increase in real earnings amounted to 25 per cent, or about 3 per cent per annum.

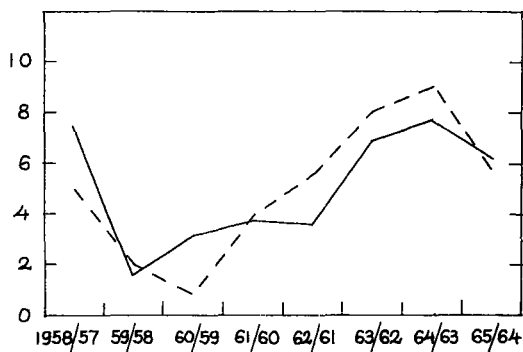
Chart 2. Rates of change of real earnings (——) and productivity (---), 1958—1965



WAGES AND PRODUCTIVITY

The rise in productivity, expressed as the ratio of output to labour input, totalled 35 per cent over the period 1958—1965, about 4 per cent per annum. Thus the rise in productivity slightly exceeded the increase in real earnings. However, the result is probably affected by the choice of base period, since a lag of about one year seems to prevail between the rates of change of real earnings and productivity, as is evident from Chart 2. On the other hand the interdependence may also have worked the other way: a marked increase in wages may have called forth investments intended to raise productivity.

Chart 3. Rates of change of price index for gross domestic product (——) and wage costs per unit of output (---), 1958—1965



LABOUR COSTS

Owing to the rapid advances in productivity the rise in nominal wage earnings has not made its full impact on prices. During 1958—1965 wage costs per unit of output increased by 41 per cent in all. As the concurrent rise in the price index for the gross domestic product was only 37 per cent, the share of wages in the national income increased to some extent. Chart 3 shows the rates of change of the price index for the gross domestic product and wage costs per unit of output in 1958—1965. The curves indicate that during the expansion of 1958—1960 prices rose more than did wages per unit of output, whereas after 1961 the situation was reversed.

WAGE DRIFT

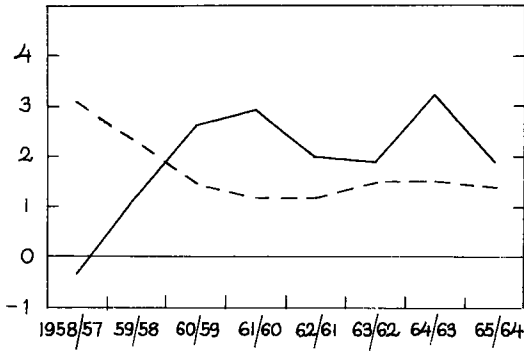
The size of the wage drift also seems to be closely related to the cyclical development. Chart 4 shows the wage drift, including the effect of structural changes, measured as the difference between the annual rates of change of earnings and the wage rates. A curve illustrating the unemployment percentage is included in the chart.

The series are clearly countercyclical in relation to each other. This fact lends support to the statement concerning dependence between wage drift and cyclical developments.

PRICE POLICY

The rise in prices and wages which occurred during 1958—1965, accelerating from time to time, prompted the Government to introduce income policy measures aimed primarily at checking inflation. Following the devaluation of autumn 1957 the strict controls of the post-war years could be gradually relaxed. By the end of 1958 only a few commodity prices were still controlled. Practically speaking, price formation was free

Chart 4. Wage drift (—) measured as difference between rates of change of earnings and wage rates and rate of unemployment (— — —), 1958—1965



until autumn 1962, when some important consumer goods were again subjected to price control. Later in the autumn a fairly

extensive price freeze was imposed, since the currency reform due on January 1, 1963 (cf. Bulletin No. 1, 1963), was expected to have some less desirable side-effects because of the probability of prices being raised to the nearest round figure. In the autumn of 1963 dismantling of the price freeze began, but before it was completed a new price freeze was introduced. This measure was aimed at precluding uncalled-for price increases in connection with the sales tax reform which was to be effected at the beginning of 1964 (cf. Bulletin No. 1, 1964). From spring 1964 prices were again gradually freed, but it was not until autumn 1965 that the freeze was finally ended, with the exception of a small number of commodities.

ITEMS

Huhtamäki-yhtymä Oy borrows Sfr. 4 500 000. Huhtamäki-yhtymä Oy, one of the largest manufacturers of processed foods and pharmaceuticals in Finland, has issued external loan bonds of Sfr. 4 500 000. The offer has been underwritten by a group headed by Bank Hofmann AG, Zurich.

The loan is current for a period of 10 years starting July 1, 1966, and bears interest at a rate of $5\frac{1}{2}$ per cent payable annually. The issue price is $96\frac{1}{2}$ per cent. The loan will be redeemed July 1, 1976. The issue is guaranteed as regards both principal and interest by Kansallis-Osake-Pankki. The bonds are quoted on the Stock Exchange of Zurich.

*

Domestic bond issues. The Government has recently announced the following bond issues.

1966 II 7 per cent bonds of 30 million marks. The bonds are dated June 1 and will be redeemed by annual instalments in five years. The loan carries a 50 per cent index clause. It was issued at par.

The issue of 10 million marks for subscription by the Labour Pensions Funds of farming, forest works, and construction. The bonds carry interest as from July 1, 1966, at a rate which is $2\frac{3}{4}$ percentage points above the general rate of six month deposits in the two largest commercial banks. The loan is current for a period of 10 years and is tied to the cost of living index to the

extent of 50 per cent. The loan was priced at par.

*

Trade agreement. On June 23, 1966 a new trade agreement was signed between Greece and Finland. The bilateral exchange of goods will be replaced by multilateral trade, and payments between Greece and Finland will be made in convertible currencies effective August 1, 1966.

*

"Finnhansa" and "Finnpartner". Two sister car ferries "Finnhansa" and "Finnpartner" have recently been delivered to their owners. The vessels sail on the route Helsinki—Lübeck.

Some of the principal particulars of the ships are: the maximum length 134.3 m. (Finnpartner 134.4 m.), the maximum breadth 19.9 m., the maximum draught 5.7 m., total power on propellers 14 000 HP. speed 21 knots, gross tonnage 7 482 (Finnpartner 7 460). Finnhansa takes 350 cabin passengers (Finnpartner 500), 1 800 (1 400) passengers in all, 300 (240) cars, 26 lorries with trailer. In addition there is container space 80 000 (37 000) CBF.

The car ferries have been built to Det Norske Veritas' Ice Class + 1 A 1 Is A and equipped with a Wärtsilä-Sulzer main engine with two 8-cylinder ship diesels. The ships have been built at the Oy Wärtsilä Ab's shipyard at Helsinki.

*

The Bank of Finland. On June 30, Mr Arthur Aspelund retired from his post of Chief Cashier of the Bank. Mr Stig Törnroth, Mag. Phil., has been appointed Chief Cashier from July 1.

Correction. In the previous number of this issue the first two lines in the first column of page 23 belong to the corresponding place on page 25.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN
*(Absent as a member of
Government)*

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

HEIKKI VALVANNE
ad int.

DIRECTORS

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

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

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