

BANK OF FINLAND

MONTHLY BULLETIN

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DECEMBER

1967

RECENT MEASURES CONNECTED WITH THE CHANGE IN THE PAR VALUE OF THE MARK ON OCTOBER 12, 1967

EXPORT LEVY

In order to contain pressure on prices and costs, to safeguard monetary equilibrium and to tax windfall profits resulting from the change in the par value of the mark, the Government proposed and the Parliament approved an Export Levy Act which came into force on October 21. According to the Act an export levy of 14 per cent has to be paid by Finnish exporters. The Act will be valid to the end of 1969 but after the initial three months the rate of the levy shall be gradually reduced. The funds acquired will be used for special growth-promoting purposes. (See Export Levy Act item in Bulletin No. 11 and item on Budget Proposal for 1968 in this Bulletin.)

In the Act the Government was given the right to cancel or reduce the export levy for certain commodity groups. Accordingly, from October 21, the Government has exempted from the export levy i. a. commodities to be returned, supplies such as foodstuffs and fuels to be sold means of transport travelling abroad, goods bought by foreign residents in Finland in Finnish currency and sent abroad to them afterwards and commodities exported with the support of the Government, i. e. primarily agricultural produce. Exemptions from and reductions of the export levy have also been

decided depending upon the import content of the goods exported. More specifically, exports are divided into five categories according to the share of imports in the export value.

In the first category with full exemption of the export levy are included some manufactured products, e. g. certain iron and steel products and cables, in which the import content is so high that the collection of the export levy would make the export production unprofitable.

In the second category an export levy of 5 per cent is charged for goods of which the following may be mentioned as examples: coffee, chocolate products, yarns and materials, plastic boats and optical and other equipment and apparatus.

In the 8 per cent group are included i. a. sugar products, textile and clothing industry products, articles made of plastic and rubber and most of the products of the metal industry and the electricity and shipbuilding industries.

An 11 per cent export levy is collected e. g. on chemicals, tools and instruments and on footwear.

The full export levy of 14 per cent is

On page 18, Vocational Education in Finland

applied to all other exports or about 70 per cent of total exports.

TARIFFS ON GOODS OF THE "DÉCALAGE"
LIST UNDER FINEFTA AGREEMENT TO BE
ABOLISHED

In order to slow down the increase in import prices and to speed up measures designed to make domestic production more efficient the Government presented in December a bill to Parliament containing a proposal to abolish duties on products of the so-called "décalage" list under Article 3 of the FINEFTA Agreement. Duties on textiles and certain designated goods which were lowered 70 per cent by December 31, 1966 benefited from a delayed tariff-reduction schedule extending until December 31, 1969. However, according to the proposal this schedule will be abolished already by December 31, 1967. Finland will also have terminated all quantitative restrictions on imports of industrial goods from EFTA countries by this date with a few exceptions concerning e. g. oil, coal and fertilizers under Article 4 of the Agreement.

PRICE CONTROL

To prevent rises in price and cost levels unrelated to the change in the par value of the mark, the Government decided on October 12, 1967 that price increases for commodities significantly affecting the level of the cost of living must be approved by the Ministry of Social Affairs. The decision is based on the Price Control Act of the year 1957, the validity of which has been extended for a year at a time. According to the decision the prices of the commodities covered by the decision may not be raised from the level that prevailed before the devaluation without the Ministry's permission. The decision aims at preventing excessive, premature and unfounded price rises.

A list of the commodities and charges for which approval is required if a rise in price is to take place was given by the Ministry of Social Affairs at the beginning of November, 1967. The list includes a number of foods and beverages, fuels, clothes and textiles, leather and rubber footwear, furniture, furnishing materials and household appliances, radio and television sets for consumer use, detergents, fertilizers, building materials and a number of other goods such as agricultural machinery, hand tools, motor saws, bicycles, motorcycles, passenger cars and delivery vans not exempt from the automobile tax.

INCOMES POLICY

In order to maintain Finland's international competitive position the rise in costs and in nominal income have to be curbed so that they develop in step with the growth in real income and the increase in productivity. For this purpose the Government has considered it necessary to create close contacts between itself and the various interest groups through a negotiating procedure in order to work out what are the means available for incomes policy.

In accordance with the decision of the Government these problems will be settled under the leadership of the Prime Minister. To ensure that all possible expertise is at the disposal of the Government and to give an effective start to the negotiations the Government has co-opted the state arbitrator in labour disputes as the leading official for disentangling and negotiating incomes and price policy problems (See Item). He will work in close co-operation with the Economic Council and will obtain all needed information from State research institutes and offices.

(continued on page 30)

BANK OF FINLAND

Mill. mk

	1966		1967			
	Dec. 31	Oct. 31	Oct. 31	Nov. 8	Nov. 15	Nov. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	637.2	705.3	1 090.3	1 061.6	1 021.9	992.1
Gold	143.9	173.2	196.3	196.3	196.3	195.7
IMF gold tranche	100.0	100.0	—	—	—	—
Foreign exchange	312.0	344.3	787.7	759.0	716.4	691.6
Foreign bills	56.4	60.1	79.7	81.9	83.8	79.4
Foreign bonds	24.9	27.7	26.6	25.4	25.4	25.4
<i>Supplementary note cover</i>	1 063.7	908.5	915.7	955.3	964.9	989.1
Inland bills discounted						
In foreign currency	36.3	39.1	56.5	56.5	56.5	55.8
In Finnish currency	112.2	61.9	109.2	110.9	110.5	112.4
Rediscounted bills	915.2	807.5	750.0	787.9	797.9	820.9
<i>Other assets</i>	424.6	276.7	438.7	455.6	489.6	517.0
Finnish bonds	284.8	121.2	227.4	234.4	274.7	284.8
Cheque accounts	2.1	5.0	15.5	3.4	1.5	1.1
Finnish coin	11.7	12.9	20.3	18.6	15.5	14.7
Other claims	126.0	137.6	175.5	199.2	197.9	216.4
Total	2 125.5	1 890.5	2 444.7	2 472.5	2 476.4	2 498.2
Liabilities						
<i>Notes in circulation</i>	1 106.2	1 011.7	938.6	928.9	927.6	924.9
<i>Liabilities payable on demand</i>	179.6	98.0	125.0	145.9	114.8	161.3
Foreign exchange accounts	61.2	35.7	64.5	68.6	72.2	71.7
Mark accounts of holders abroad	16.2	15.9	13.2	13.2	14.3	14.3
Cheque accounts						
Treasury	39.8	3.5	10.6	8.2	1.4	42.7
Post Office Savings Bank	17.3	21.5	15.7	31.5	2.6	0.8
Private banks	13.8	—	—	1.5	1.8	17.1
Other	2.8	1.4	1.3	2.4	2.4	2.1
Other sight liabilities	28.5	20.0	19.7	20.5	20.1	12.6
<i>Term liabilities</i>	126.3	67.0	534.6	534.8	572.2	551.7
Foreign	84.6	39.2	364.1	364.1	364.1	343.3
Finnish	41.7	27.8	170.5	170.7	208.1	208.4
<i>Equalization accounts</i>	266.9	273.8	384.4	400.1	398.3	395.9
<i>Bank's own funds</i>	446.5	440.0	462.1	462.8	463.5	464.4
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	112.6	112.6	129.5	129.5	129.5	129.5
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	33.9	27.4	32.6	33.3	34.0	34.9
Total	2 125.5	1 890.5	2 444.7	2 472.5	2 476.4	2 498.2
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	637.2	705.3	1 090.3	1 061.6	1 021.9	992.1
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	500.0	700.0	700.0	700.0	700.0
Total	1 337.2	1 205.3	1 790.3	1 761.6	1 721.9	1 692.1
Note issue						
Notes in circulation	1 106.2	1 011.7	938.6	928.9	927.6	924.9
Liabilities payable on demand	179.6	98.0	125.0	145.9	114.8	161.3
Undrawn on cheque credits	4.9	3.0	4.0	3.7	5.5	5.9
Unused right of note issue	46.5	92.6	722.7	683.1	674.0	600.0
Total	1 337.2	1 205.3	1 790.3	1 761.6	1 721.9	1 692.7

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

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
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
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1966										
July	703.9	43.1	660.8	85.8	58.4	688.2	11.5	— 1.1	0.9	9.5
Aug.	657.9	38.6	619.3	84.4	58.2	645.5	11.5	— 1.1	3.1	7.3
Sept.	649.4	37.4	612.0	87.4	57.4	642.0	11.5	— 1.1	3.0	7.4
Oct.	617.5	35.7	581.8	87.8	55.1	614.5	11.5	— 1.1	3.5	6.9
Nov.	560.7	43.3	517.4	88.3	55.4	550.3	11.5	— 1.1	4.3	6.1
Dec.	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	— 1.1	1.1	6.1
Feb.	619.5	47.2	572.3	78.6	98.0	552.9	8.3	— 1.1	0.3	6.9
March	595.3	49.9	545.4	77.4	97.8	525.0	8.3	— 1.1	2.4	4.8
April	714.6	60.8	653.8	79.5	171.9	561.4	8.3	— 1.1	1.3	5.9
May	699.3	60.7	638.6	75.3	171.9	542.0	8.3	— 1.1	4.9	2.3
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	— 1.1	2.3	4.9
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	— 1.1	4.9	2.3
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	— 1.1	23.6	—16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	— 1.1	1.0	6.2
Oct. 1 ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	— 1.3	10.6	— 3.6

	Foreign exchange situation, mill. mk					
	Net holdings, Dec. 31, 1966			Net holdings, Oct. 31, 1967 ¹⁾		
	Bank of Finland	Other	Total	Bank of Finland	Other	Total
Gold	144	—	144	196	—	196
Convertible currencies	274	—189	85	504	—288	216
Other currencies	— 23	1	— 22	220	4	224
IMF gold tranche	100	—	100	—	—	—
Total	495	—188	307	920	—284	636

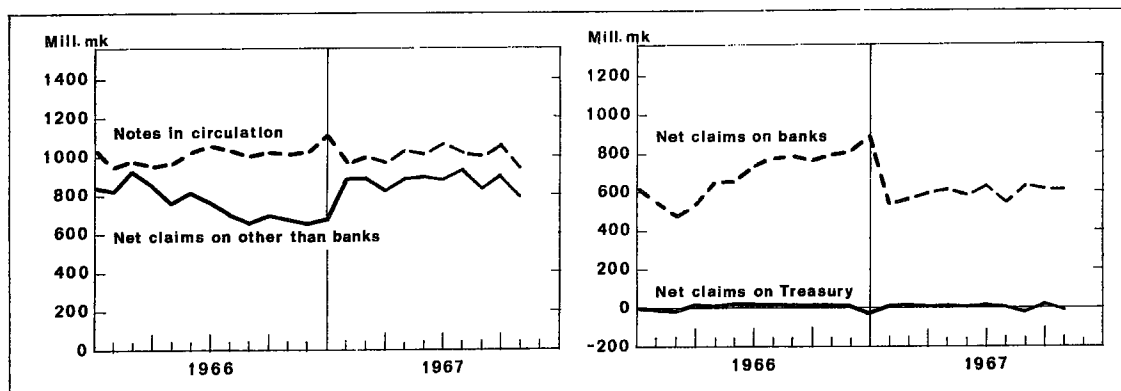
¹⁾ Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

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 ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
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	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1966										
July	781.7	10.6	1.5	2.4	767.2	42.2	146.7	52.4	136.5	1 031.8
Aug.	811.5	29.4	4.2	0.8	777.1	40.1	143.1	52.0	131.2	1 005.2
Sept.	781.5	10.4	8.4	0.8	761.9	53.7	164.0	52.7	165.0	1 017.2
Oct.	807.5	— 1.0	21.5	0.5	786.5	61.9	169.2	47.6	183.5	1 011.7
Nov.	848.7	— 0.5	44.4	0.3	804.5	62.0	175.1	44.6	192.5	1 016.5
Dec.	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967										
Jan.	611.1	73.4	5.3	— 1.2	533.6	106.8	157.0	57.7	206.1	968.7
Feb.	637.9	64.5	14.7	— 0.7	559.4	88.0	152.5	55.4	185.1	991.7
March	728.5	101.4	29.7	— 1.0	598.4	98.2	158.1	59.9	196.4	964.9
April	753.2	115.6	28.8	— 1.3	610.1	107.9	155.7	60.0	203.6	1 033.5
May	774.2	120.7	75.6	— 5.0	582.9	95.8	166.8	60.8	201.8	1 010.6
June	775.1	125.4	22.7	— 1.3	628.3	82.3	203.8	58.5	227.6	1 062.1
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	1 019.8
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6

¹⁾ Including cash reserve accounts in 1961 and from February 1967.



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
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	1 768.6	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	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1966										
Oct.	558.5	737.1	280.0	3 428.0	3 179.6	2 109.0	831.3	370.7	9 918.7	10 935.8
Nov.	594.0	796.4	279.1	3 458.3	3 219.4	2 141.7	835.2	373.5	10 028.3	11 103.8
Dec.	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967*										
Jan.	655.4	832.5	325.4	3 671.0	3 372.9	2 250.3	883.8	384.8	10 563.1	11 721.0
Feb.	649.8	823.8	381.9	3 700.9	3 413.2	2 275.9	897.9	389.1	10 677.2	11 882.9
March	616.5	801.3	340.1	3 723.5	3 448.5	2 312.3	906.8	399.1	10 783.2	11 924.6
April	559.8	731.8	351.6	3 758.3	3 466.1	2 323.7	908.0	394.2	10 850.5	11 933.9
May	596.1	777.8	337.6	3 782.6	3 596.1	2 348.4	908.3	392.1	10 928.7	12 044.1
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1966			
Dec.	2 185.5	31.3	835.0
1967*			
Jan.	2 340.9	25.9	834.5
Feb.	2 426.3	19.0	816.1
March	2 543.1	13.9	796.8
April	2 636.1	8.6	780.0
May	2 748.4	1.1	748.5
June	2 810.1	0.2	731.5
July	2 891.9	0.2	711.1
Aug.	2 961.7	—	699.2
Sept.	3 049.4	—	687.2
Oct.	3 529.1	—	680.0

Selling rates for foreign exchange			
Nov. 24, 1967			
		mk	mk
New York	1 \$	4.2000	Zurich 100 Fr 97.33
Montreal	1 \$	3.9040	Paris 100 FF 85.70
London	1 £	10.1640	Rome 100 Lit 0.6741
Stockholm ..	100 Kr	81.16	Vienna 100 S 16.26
Oslo	100 Kr	58.80	Lisbon 100 Esc 14.62
Copenhagen ..	100 Kr	56.19	Reykjavik 100 Kr —
Frankfurt o. M.	100 DM	105.53	Madrid 100 Pta 6.05
Amsterdam ..	100 Fl	116.83	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.4630	Clearing dollars ²⁾ 1 Cl \$ 4.212

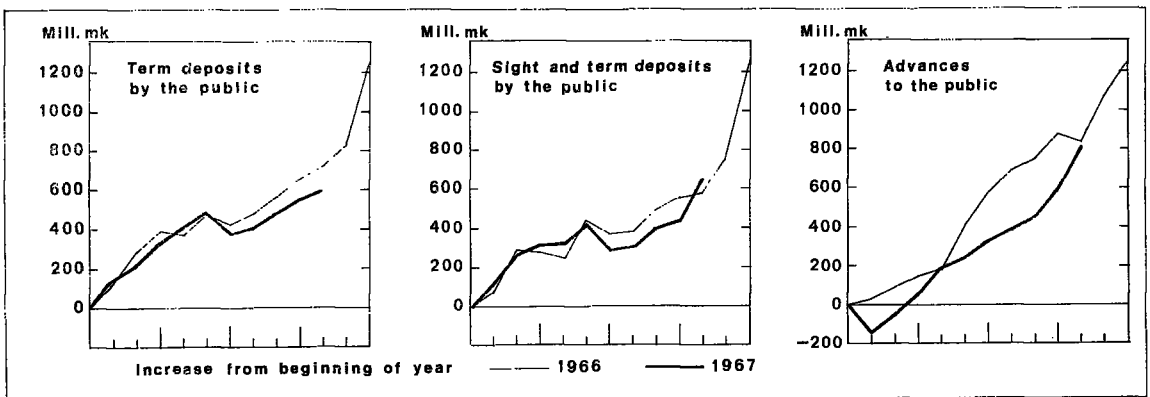
¹⁾ Bucharest.²⁾ Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

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
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1966									
Oct.	4 604.8	2 880.6	786.0	2 502.1	918.8	11 207.9	484.4	11 692.3	1 973.3
Nov.	4 745.0	2 919.3	787.0	2 554.6	918.7	11 448.4	476.2	11 924.6	2 047.2
Dec.	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967*									
Jan.	4 716.4	2 955.7	793.9	2 593.2	905.6	11 494.2	470.6	11 964.8	2 050.2
Feb.	4 793.3	2 969.8	804.6	2 590.2	901.2	11 570.9	488.2	12 059.1	2 112.8
March	4 857.3	2 978.6	819.1	2 600.9	901.0	11 632.5	524.4	12 156.9	2 042.7
April	4 912.3	3 011.0	830.0	2 616.2	926.2	11 766.6	529.1	12 295.7	2 084.7
May	4 920.4	3 044.2	825.7	2 633.5	928.7	11 846.7	505.8	12 352.5	2 080.8
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	2 105.1
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. 1)	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6

*) See footnote on page 4.



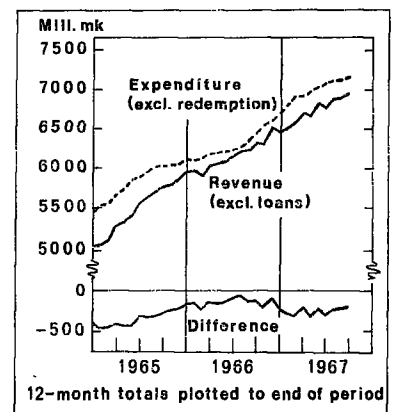
STATE FINANCES

Mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1966	1967		1966	1967
Income and property tax (net)	1 284	1 460	Interest on State debt	153	180
Gross receipts	(3 083)	(3 575)	Child allowances	223	233
Refunds and communal income tax	(-1 799)	(-2 115)	The State's share in national pensions	202	226
Other direct taxes	21	22	The State's share in national health insurance	46	36
Sales tax	1 025	1 209	Compensations to war-disabled	104	116
Import duties	379	329	Subsidies	448	440
Revenue from Alcohol Monopoly ..	357	392	Net payments of price equalization	46	58
Excise duty on tobacco	285	302	State aid to agriculture	41	32
Excise duty on liquid fuel	328	357	State aid to communal and private schools	396	469
Other excise duties	77	106	Net loss of State enterprises	43	43
Tax on automobiles and motor cycles	136	154	Maintenance of roads	124	133
Tax on motor vehicles	43	50	Other current expenditure	1 725	..
Stamp duties	127	135	Current expenditure	3 551	..
Employers' payments for child allowances	323	354	Real investments ¹⁾	842	837
Other revenue similar to taxes	69	77	Other capital expenditure	524	..
Total taxes	4 454	4 947	Capital expenditure	1 366	..
Interest and dividends	82	97	Total expenditure	4 917	5 380
Other current revenue	209	185	Redemption of external loans	59	50
Current revenue	4 745	5 229	Redemption of internal loans	250	365
Capital revenue proper	113	131	Redemption of indemnity bonds etc.	1	1
Decrease in inventories	42	40	Index premiums	14	16
Capital revenue	155	171	Redemptions	324	432
Total revenue	4 900	5 400	Total	5 241	5 812
External loans	54	130			
Internal loans	551	387			
Loans	605	517			
Short-term credit (increase +) ..	-323	-11			
Deficit (+) or surplus (-)	+ 59	-94			
Total	5 241	5 812			

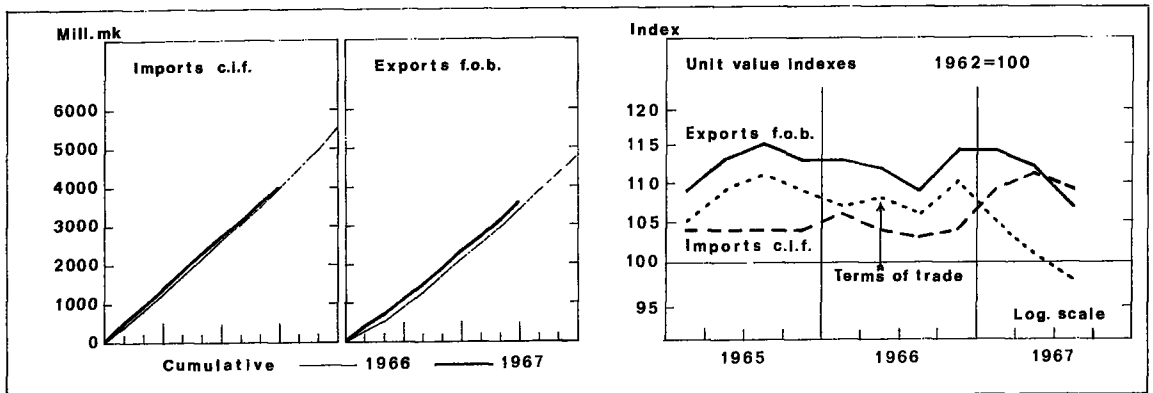
¹⁾ According to the calculations by the Economic Department of the Ministry of Finance.

Debt	1964	1965	1966	1967		
	Dec.	Dec.	Dec.	July	Aug.	Sept.
External debt	1 184	1 175	1 337	1 379	1 384	1 422
Ordinary loans	1 353	1 661	1 980	1 994	2 008	1 998
Indemnity bonds etc.	7	203	93	23	13	3
Short-term credit ..	177	163	95	99	94	84
Cash debt (net)	23	-101	-119	-233	-185	-213
Internal debt	1 560	1 926	2 049	1 883	1 930	1 872
Total debt	2 744	3 101	3 386	3 262	3 314	3 294
Total debt, mill. \$	853	962	1 050	1 012	1 028	1 021



FOREIGN TRADE

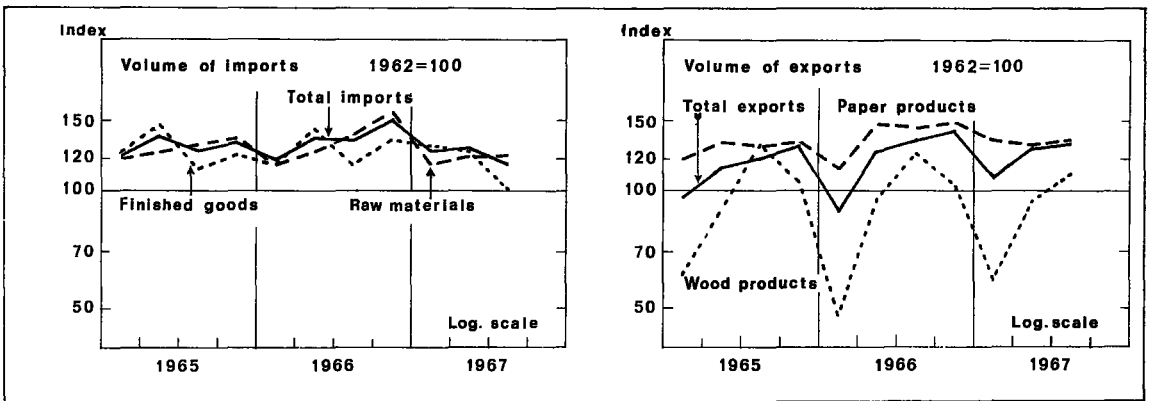
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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	4 566.0	-700.1	113	115	123	106	119	104	109
1966*	5 524.3	4 818.5	-705.8	112	112	122	105	119	104	108
Jan.-Sept.										
1965	3 921.5	3 274.2	-647.3							
1966*	3 987.3	3 401.3	-586.0							
1967*	3 987.8	3 597.1	-390.7							
1966*										
July	411.6	404.8	- 6.8	109	110	121	105	104	103	106
Aug.	437.5	419.8	- 17.7							
Sept.	504.9	450.9	- 54.0							
Oct.	489.0	460.6	- 28.4	114	112	120	105	130	104	110
Nov.	491.2	437.5	- 53.7							
Dec.	556.9	518.7	- 38.2							
1967*										
Jan.	467.7	365.5	-102.2	114	108	119	106	130	109	105
Feb.	443.4	343.9	- 99.5							
March	434.0	378.5	- 55.5							
April	487.3	397.6	- 89.7	112	110	118	106	120	111	101
May	481.9	404.4	- 77.5							
June	421.8	457.5	+ 35.7							
July	400.7	372.8	- 27.9	107	109	118	106	101	109	98
Aug.	430.7	411.3	- 19.4							
Sept.	420.3	465.6	+ 45.3							



FOREIGN TRADE BY MAIN GROUPS

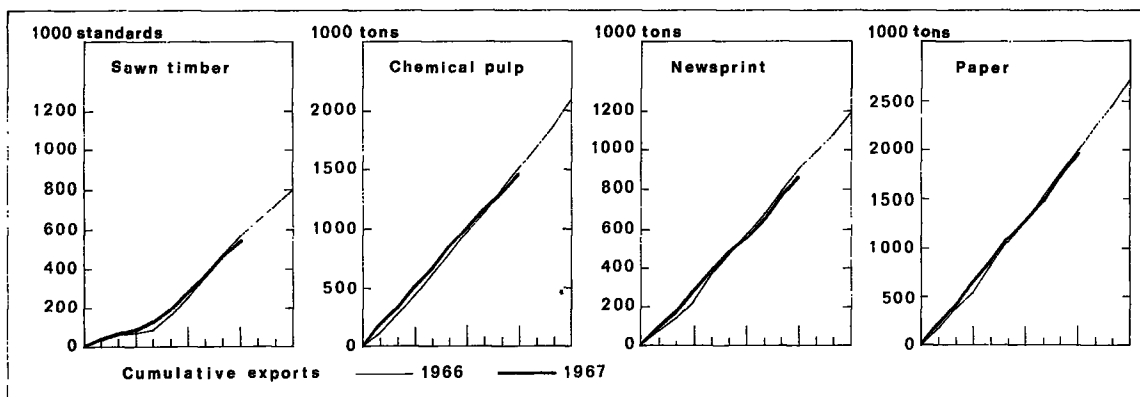
Mill. mk

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						
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	368.2
1966*	2 450.4	589.8	1 448.5	1 035.6	264.0	59.0	863.5	2 297.0	877.5	457.5
Jan.-Sept.										
1965	1 743.7	375.6	1 153.6	648.6	180.3	46.7	669.7	1 604.9	521.9	250.7
1966*	1 748.8	415.9	1 074.4	748.2	195.4	42.7	625.7	1 681.6	546.8	309.1
1967*	1 735.9	444.9	1 037.6	769.4	175.1	41.6	598.9	1 682.4	713.0	386.1
1966*										
July	199.6	36.2	99.9	75.9	14.0	6.8	102.6	186.1	63.0	32.3
Aug.	213.2	62.0	90.0	72.3	17.9	6.9	96.3	207.3	49.8	41.6
Sept.	221.8	67.9	120.8	94.4	20.0	7.9	88.8	205.1	80.5	48.6
Oct.	229.6	60.0	108.3	91.1	17.6	5.3	85.1	203.1	99.8	49.7
Nov.	225.8	54.6	112.3	98.5	17.5	5.1	73.8	196.2	93.2	51.7
Dec.	246.4	59.3	153.5	97.7	33.5	5.3	79.6	216.1	137.5	46.7
1967*										
Jan.	203.0	62.4	114.5	87.8	30.5	2.2	52.5	188.6	58.7	33.0
Feb.	176.9	38.5	134.0	94.0	11.6	2.2	41.0	180.5	74.4	34.2
March	176.8	41.4	121.8	94.0	15.6	3.2	41.5	199.0	79.0	40.2
April	203.1	54.6	128.7	100.9	31.1	5.8	56.9	187.1	72.1	44.6
May	212.2	49.0	129.7	91.0	15.0	5.2	71.6	190.0	78.1	44.5
June	184.6	46.3	120.6	70.3	24.6	5.0	85.6	175.7	118.5	48.1
July	181.6	47.8	105.1	66.2	12.6	5.2	85.2	177.9	61.4	30.5
Aug.	203.6	53.1	88.6	85.4	14.4	7.9	88.1	189.1	58.7	53.1
Sept.	194.1	51.8	94.6	79.8	19.7	4.9	76.5	194.5	112.1	57.9



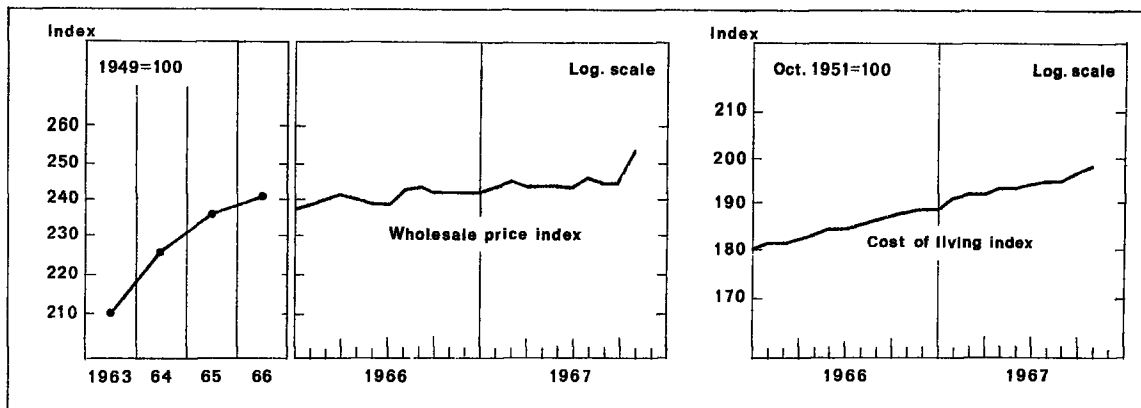
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
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
1966*	675	799	460	130	909	1 179	190	131	1 192	2 712
Jan.-Sept.										
1965	655	639	336	115	695	766	132	110	789	1 851
1966*	502	567	353	103	677	835	142	99	894	2 000
1967*	539	538	349	82	627	836	143	100	857	1 963
1966*										
July	88	120	26	10	72	86	16	9	103	232
Aug.	83	106	36	10	79	112	18	9	107	244
Sept.	91	88	39	11	79	105	17	12	110	241
Oct.	59	87	31	10	78	104	16	12	96	239
Nov.	50	78	25	9	71	108	15	9	89	227
Dec.	64	67	51	8	83	132	17	11	112	246
1967*										
Jan.	21	39	40	8	74	104	15	12	90	219
Feb.	14	26	33	10	79	77	16	9	84	202
March	15	18	46	8	74	102	18	12	110	229
April	78	43	44	9	69	89	16	11	91	217
May	117	62	42	9	71	111	16	14	96	208
June	65	90	39	10	60	93	14	11	92	205
July	72	96	28	8	64	87	15	9	92	215
Aug.	107	94	35	9	65	83	16	9	106	243
Sept.	50	70	42	11	71	90	17	13	96	225



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.—Sept.			Whole year		Jan.—Sept.		
	1965	1966*	1966*	1967*		1965	1966*	1966*	1967*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	16.6	16.9	16.5	657.2	22.8	22.6	24.1	23.0	825.5
United Kingdom	15.3	16.1	16.3	15.8	627.5	20.7	20.5	22.0	20.9	752.3
Other OECD countries										
in Europe	55.5	53.7	53.7	54.0	2 155.5	44.8	46.7	46.2	43.7	1 572.0
Austria	0.8	0.9	0.8	1.0	38.8	0.3	0.4	0.4	0.5	16.5
Belgium-Luxembourg	2.2	1.9	2.0	2.0	80.4	3.3	3.1	3.1	2.5	89.8
Denmark	3.1	3.5	3.3	3.2	129.4	3.9	3.5	3.5	3.7	134.7
France	4.2	4.3	4.6	3.9	157.2	4.4	4.5	4.6	4.3	154.2
Western Germany	18.9	17.0	17.4	17.1	679.9	11.2	11.1	10.8	8.4	302.9
Italy	1.9	2.0	2.1	2.1	83.3	3.0	3.0	2.9	3.1	110.8
Netherlands	4.2	3.6	3.6	3.7	147.8	6.0	5.8	5.8	5.3	189.2
Norway	1.9	2.1	2.1	2.1	84.2	1.1	1.8	1.9	2.5	88.3
Portugal	0.2	0.3	0.3	0.5	18.3	0.2	0.4	0.4	0.2	8.1
Spain	0.5	0.4	0.4	0.4	17.1	1.1	1.2	1.1	1.2	42.3
Sweden	14.0	14.1	13.7	14.7	586.5	7.5	8.8	8.6	9.1	328.4
Switzerland	2.9	3.1	2.9	3.0	119.2	0.7	0.9	0.9	1.0	36.8
Eastern Bloc	18.9	19.8	19.0	19.2	764.4	21.0	18.7	17.3	21.6	776.0
China	0.3	0.5	0.5	0.6	23.9	0.6	0.6	0.7	0.7	25.1
Czechoslovakia	0.7	0.6	0.7	0.7	26.4	0.6	0.8	0.7	0.4	15.7
Eastern Germany	0.9	0.9	0.8	0.9	34.5	0.8	1.0	0.9	0.7	25.1
Poland	1.9	1.6	1.5	1.5	60.2	2.3	1.4	1.4	1.5	54.5
Soviet Union	14.4	15.5	14.8	14.8	591.3	15.8	14.2	12.7	17.5	628.0
U.S. and Canada	5.2	4.9	4.9	4.4	176.2	6.2	6.6	6.8	5.8	210.3
United States	5.0	4.6	4.6	4.1	166.0	6.0	6.4	6.6	5.6	202.2
Latin America	1.6	2.8	3.0	2.8	112.1	3.8	2.9	3.1	3.0	108.2
Argentina	0.3	0.3	0.4	0.3	10.8	0.9	1.0	1.1	1.0	35.4
Brazil	0.3	1.3	1.2	1.0	40.5	1.4	0.4	0.4	0.8	29.6
Colombia	0.6	0.7	0.8	0.8	31.3	0.7	0.6	0.7	0.3	10.6
Other	3.0	2.2	2.5	3.1	122.4	1.4	2.5	2.5	2.9	105.1
Grand total	100.0	100.0	100.0	100.0	3 987.8	100.0	100.0	100.0	100.0	3 597.1
of which										
EFTA countries	38.2	40.0	39.5	40.2	1 603.9	34.3	36.4	37.7	37.9	1 365.1
EEC countries	31.4	28.8	29.6	28.8	1 148.7	28.0	27.5	27.1	23.5	846.9



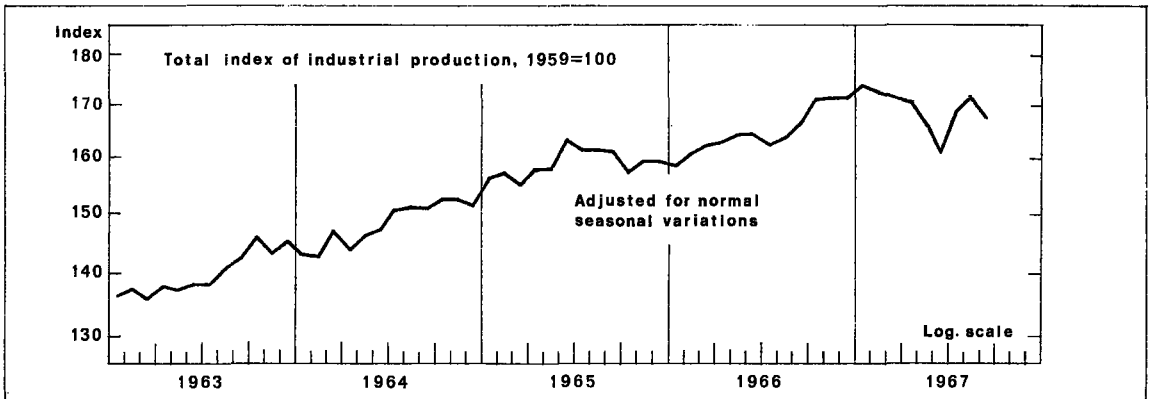
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Dome- stic 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			
1964	226	231	210	228	214	227	250	218	218	100	100	100
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1966												
Oct.	242	248	215	244	229	242	270	233	230	109	115	104
Nov.	242	249	216	244	229	243	272	232	231	109	115	104
Dec.	242	249	216	244	229	243	273	232	231	109	115	104
1967												
Jan.	243	250	216	244	232	245	271	232	234	112	119	105
Feb.	245	253	216	243	233	251	276	232	235	112	119	106
March	244	251	216	243	233	248	273	232	235	112	119	106
April	244	251	216	242	236	248	271	231	235	112	119	105
May	244	251	216	242	236	248	273	230	235	112	119	105
June	243	250	217	242	236	247	271	231	234	114	123	106
July	246	254	216	241	235	254	279	230	236	114	123	106
Aug.	245	253	216	241	235	254	277	230	236	114	123	106
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109

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
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
1966	185	202	392	119	111	182	145	149	145	116	138	148
1966												
Oct.	188	203	401	124	113	186	147	149	149	120	140	152
Nov.	189	204	401	125	113	187	148	150	149	122	140	153
Dec.	189	205	401	126	113	189	149	150	149	122	140	154
1967												
Jan.	191	205	403	127	114	193	150	151	149	123	141	157
Feb.	192	206	403	128	114	193	151	151	149	124	142	158
March	192	206	403	128	115	194	151	152	149	125	143	158
April	193	207	403	129	115	194	151	152	149	125	143	158
May	193	209	403	129	115	195	152	153	149	125	143	159
June	194	210	403	129	115	194	152	154	149	125	143	158
July	195	212	407	129	115	195	153	156	151	126	143	159
Aug.	195	212	407	130	115	195	153	156	151	126	143	159
Sept.	197	216	407	130	116	196	154	159	151	126	143	160
Oct.	198	217	419	130	116	197	156	159	155	126	144	161

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			
1964	148	149	154	136	129	170	148	143	148	53 200	156
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966*	166	159	173	154	118	191	162	165	165	46 507	174
1966*											
Feb.	159	165	166	145	122	177	169	151	161	4 742	148
March	181	186	189	166	149	207	189	173	162	4 198	175
April	162	159	165	156	136	172	160	163	163	3 177	174
May	168	163	176	158	133	190	165	167	164	12 681	180
June	159	157	160	157	122	173	158	162	164	2 305	174
July	120	73	133	107	96	186	81	118	163	910	157
Aug.	167	149	171	165	100	196	149	175	164	1 793	178
Sept.	178	173	184	168	121	206	176	177	166	2 630	199
Oct.	186	176	196	169	111	215	181	189	172	3 116	188
Nov.	182	176	191	167	104	208	181	186	172	3 048	188
Dec.	168	168	176	151	107	186	169	168	172	3 688	200
1967*											
Jan.	177	173	185	162	111	203	174	174	174	3 835	140
Feb.	171	175	176	160	130	187	175	169	173	5 079	161
March	175	181	180	164	134	196	177	170	172	5 029	177
April	182	177	188	173	140	205	174	184	171	4 492	191
May	171	168	175	166	136	186	168	172	167	9 435	190
June	156	159	154	160	107	157	156	164	161	2 148	175
July	123	80	135	112	92	185	76	124	169	955	159
Aug.	174	154	177	176	113	196	155	184	172	1 978	189
Sept.	177	170	181	173	117	197	168	181	167	2 488	..

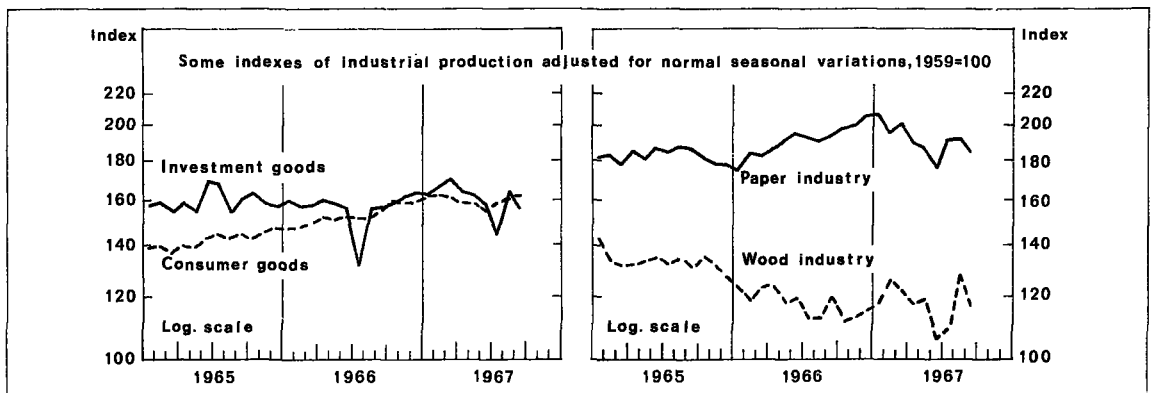


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	154	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	36.34	192	197	200	190
1966										
Apr.-June	4.55	1.99	0.41	1.34	0.55	35.78	191	200	212	188
July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	198	197	215	195
Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967*										
Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	202	207	218	201
Apr.-June	..	..	..	..	..	..	205	232	218	203

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000		Vessels departed net reg. tons		1 000 man-months		% of total labour force	
	1966	1967*	1966	1967*	1966	1967*	1966	1967*	1966	1967*
Jan.	118	123	724	840	561	692	1 896	1 846	2.2	3.1
Feb.	118	125	434	615	268	502	1 869	1 836	2.4	3.1
March	140	133	518	756	347	627	1 877	1 824	2.1	2.6
April	134	140	621	834	561	676	1 905	1 848	2.0	2.5
May	136	129	1 091	1 119	876	972	1 953	1 918	1.3	2.1
June	131	124	1 353	1 386	1 211	1 240	1 905	1 883	1.0	2.1
July	121	116	1 586	1 511	1 395	1 390	1 728	1 656	0.9	2.2
Aug.	138	130	1 367	1 436	1 286	1 371	1 833		1.1	2.4
Sept.	139	126	1 213	1 240	1 077	1 063	1 969		1.0	2.6
Oct.	140	136	1 086		856		1 955		1.2	
Nov.	133		1 089		830		1 955		1.2	
Dec.	120		994		805		1 912		1.7	



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. — Cash reserve accounts. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings (net) of State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated 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.

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 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6) and Finnish 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 (1965): 4.6 million. Sweden 7.7, Switzerland 5.9, Denmark 4.8 and Norway 3.7 million.

DENSITY OF POPULATION (1965): In South Finland 25.7, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1965): 56 % of the population inhabit the rural areas, 44 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 900 inhabitants, Tampere (Tammerfors) 142 000, Turku (Åbo) 140 400.

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 (1965): 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 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1965): births 16.9 ‰, deaths 9.6 ‰, increase 6.1 ‰. Deaths in France 11.1 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1966, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 144 (9 %), forestry and fishing 1 843 (8 %), manufacturing 7 203 (29 %), construction 2 406 (10 %), transport and communication 1 798 (7 %), commerce, banking and insurance 3 263 (13 %), public administration 1 073 (4 %), other services 4 898 (20 %), total 24 628. Index of real domestic product 170 (1954 = 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 (1964): Gross value of industrial production 17 450 mill. marks, number of workers 349 000, salaried employees 76 400, motive power (1964) 4.6 mill. HP. Index of industrial production 148 for 1964 (1959 = 100).

RAILWAYS (Jan. 1, 1967): Length 5 556 km, of which 5 545 km are State and 11 km private railways.

MERCHANT FLEET (Oct. 31, 1967): Steamers 102 (174 217 gross reg. tons), motor vessels 402 (824 376 gross reg. tons), sailing vessels with auxiliary engines 17 (2 448 gross reg. tons). Total 521 (1 001 041 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1966): Passenger cars 505 900, lorries and vans 85 200, buses 7 200, others 3 800. Total 602 100.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1966): Kilometres flown 14.5 million, passengers carried 768 757, passenger kilometres 409.7 million, and ton kilometres of freight and mail 7.9 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, 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). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1965 expenditure amounted to 3 628 mill. marks. Total revenue was 3 684 million, of which income from taxation 1 880 million. The municipal income tax (non-progressive) averaged 12.20 % 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, 1966). There are two big and four small commercial banks with in all 783 offices, 356 savings banks, 483 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-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). 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 3 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

VOCATIONAL EDUCATION IN FINLAND

BY

AARNO NIINI,

GENERAL DIRECTOR OF THE CENTRAL BOARD FOR VOCATIONAL EDUCATION

EARLIER DEVELOPMENTS IN VOCATIONAL EDUCATION

When the first phase of Finland's industrial development started in the 1860's, it did not yet imply any substantial change in the social structure and not even special measures for the training of skilled labour. In the sawmill and other wood processing industries e. g. a certain amount of workers became trained gradually in their posts; the few existing workshops hired handicraftsmen. The rest of the workers learnt their trades in their employment or were unskilled workers for e. g. transportation and similar jobs.

At this time vocational education was primarily a general education, for there were no subjects relating to working methods or materials neither in the so-called Sunday schools founded in 1843 nor in the night schools founded fifteen years later, where the apprentices of handicraftsmen were trained. In the technical schools, founded to train employees for industry, there was, in addition to general subjects, also practical training in the school workshop, but the aim was to train foremen, and for this the students were too young. The so-called handicraft schools (later domestic handicraft schools) formed an exception; they were meant to provide needed handicraft training at home for the rural population. Therefore

the making of different kinds of household tools was taught in these schools.

Vocational education was reformed by decree in 1885; workers started to be trained in lower and higher craftsmen's schools. These schools continued to be night schools and were meant for those working during the day. Schooling of foremen was taken over by industrial schools, in which there were mechanical and building departments.

The needs of emergent industry could be satisfied better than before, but the degree of schooling was still very modest. Table 1 illustrates this quite clearly.

TABLE 1. NUMBER OF STUDENTS IN VOCATIONAL EDUCATION IN 1895—1920, THOUSANDS 1)

Year	Craftsmen's schools	Other vocational schools	Domestic handicraft schools	Industrial schools	Total
1895	1 400	..	3 000	200	4 600
1900	2 400	..	3 200	400	6 000
1905	2 800	..	5 100	400	8 300
1910	2 600	400	2 100	600	5 700
1915	1 800	700	3 200	500	6 200
1920	2 600	900	3 800	500	7 800

1) Earlier statistics are not available from all schools.

After the country had gained independence in 1917 the legislation on vocational education was again reformed in 1920. The so-called preparatory vocational education that had started already at the beginning of the century and that followed after the six

years of primary school, was officially recognised. Beside the industrial school the technical college was founded for training employees for higher planning and management activities (actually in existence already since 1911).

Vocational training did not, however, grow substantially before the end of the second World War, and can be seen from Table 2. The increase in the intake capacity was about 75 per cent on the beginning of the century.

TABLE 2. NUMBER OF STUDENTS IN VOCATIONAL EDUCATION IN 1925—1940, THOUSANDS

Year	Vocational night schools	Day schools	Domestic handicraft schools	Technical training	Total
1925	2 300	1 500	3 900	800	8 500
1930	2 700	2 000	1 900	1 600	8 200
1935	2 800	3 400	2 400	1 700	10 300
1940	2 400	3 600	2 500	2 100	10 600

TEN-YEAR PLAN OF 1947

It was not until during the last war that it was realized what an important factor vocational training is in total production. The opportunities for an immediate extension of education were, however, very limited due to the national economic situation, lack of raw materials and other similar factors. In the Ministry of Trade and Industry, which controlled vocational training in the country with the exception of domestic handicraft schools, a special department was founded in 1942 to develop vocational education; one of the first tasks of the new department was to draw up a long-term plan for the expansion of its field. The ten-year plan completed in 1947 consisted of the following ten main points:

1. The legislation on vocational education should be revised so that municipalities and boroughs would be obliged to found and maintain vocational schools, the size of which would be determined.

2. The need for vocational education in rural areas and in smaller communes should be met by the creation of State-owned Central Vocational schools according to a definite plan so that there would be a complete network of vocational schools covering the whole country.

3. At the same time as vocational education is extended, the supply of teachers should be ensured by founding a permanent institute for the training of teachers.

4. The legislation concerning the provision of vocational education according to the terms of an apprenticeship contract should be revised and its supervision should be centralised under one authority only.

5. A vocational guidance service should be started immediately based on the bill under preparation.

6. The capacity of technical training institutions should be increased according to the proposal on State establishments.

7. Legislation similar to that on vocational education should be provided in order to increase the capacity of commercial training institutions (points 1 and 2).

8. The supervision of text books for vocational education should be started and their publication should be subsidised by the State.

9. An endeavour should be made to adjust the teachers' salaries and working conditions so that vocational education would seem to be an attractive career.

10. With the extension of vocational education, a sufficient increase in the supervisory and administrative staff should take place and its organization should be developed.

Since at that time only one-year plans could be confirmed by the Government within the annual budget, the ten-year plan was never officially accepted, but the detailed plans connected with the different points served as guidelines for the Department of Vocational Education hereafter.

The aims have, however, been continuously adjusted according to the prevailing circumstances.

Due to the shortage of funds until about the middle of the 1950's it was not, however, possible to implement the plan entirely. Parts of it, e. g. points 1 and 2 were published in the form of a bill presented to Parliament already in 1951, but it was not until 1955 that funds became available for a systematic development of vocational training. In the same year a general adjustment of the aims was carried out.

The various goals have been achieved as indicated in the following:

Points 1 and 2 in 1958, when the new law on vocational education was passed by Parliament. The law differed from the previous plan in the respect that also the rural communes were supposed to take part in the organisation of vocational education and that these communes should co-operate (usually as unions) in arranging the training.

Point 3. The training of teachers was begun with special courses as early as in 1947. Ten years later a law was enacted concerning an institution to train teachers for vocational schools. The Act was issued in its present form in 1962. At present there are two institutions for this purpose.

Point 4 is the last one to be carried out, for the revision of the legislation on vocational education according to the terms of an apprenticeship contract was passed by Parliament only in spring 1967 and the law will come into force on January 1, 1968.

The legislation on vocational guidance dates from 1960; at this time the vocational guidance regional offices already founded by the communes were transferred to the State. The supervisory body is not the Central Board for Vocational Education, but the Ministry of Communications and Public

Works. On the advisory board the representatives of the school system have a slight majority.

The plan for extending technical training was approved on the basis of a committee report in 1960, and the first appropriations for this purpose were granted.

No legislation has been passed which obliges the communes to support commercial education, since they had taken rather extensive measures to found new commercial schools, already before the enactment of the law on vocational education.

The realization of plans covering the items under Point 8 was started already in 1947.

Endeavours to keep the teachers' salaries on the same level as those of other groups of teachers have in general been successful.

When the ten-year plan was drawn up the following posts existed in the Department of Vocational Education of the Ministry of Commerce and Industry: one head of department, four section chiefs and five inspectors (these include also the posts in the Vocational Guidance Bureau). When the department was transformed into the Central Board for Vocational Education in 1966, the following posts were created: a director, four heads of department, three section chiefs, twelve chief inspectors and four inspectors and assistant inspectors.

The original ten-year plan has thus been carried out in twenty years, the major part in the last ten years.

PRESENT SITUATION IN VOCATIONAL EDUCATION

At the beginning of 1967 the number of statutory or so-called public vocational schools, in which the communes are obliged to reserve places, was 81 and that of other vocational schools (coincidentally) also 81. In the autumn of 1967 altogether 19 600 students were admitted to these schools; this is about 46 per cent of those who applied.

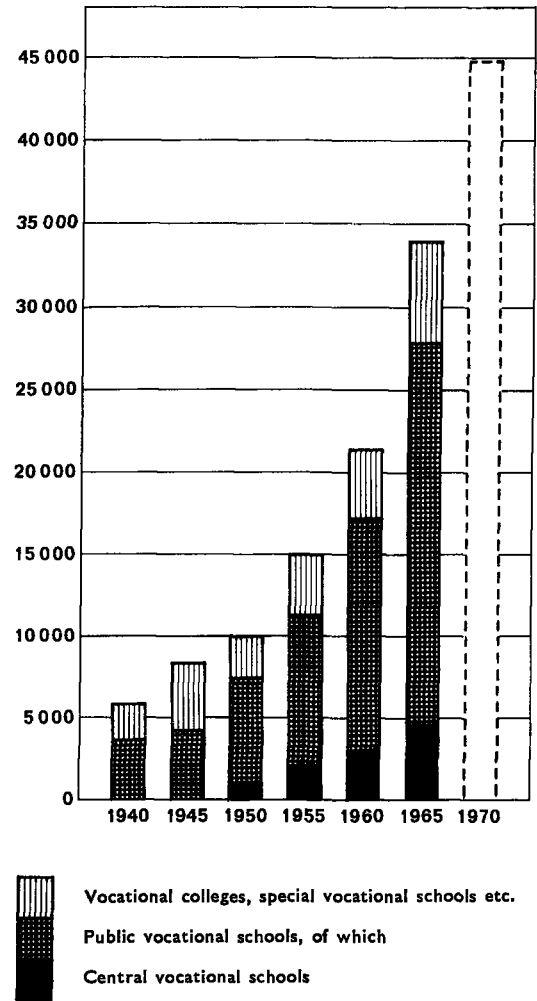
Public vocational schools mostly last for two years (some of the courses take three years) and they offer roughly the same amount of theoretical and practical training. The majority of the pupils come from eight years of primary and civic school, and a part from a junior secondary school (nine years of education). Other vocational schools are mainly special two-year schools owned by private enterprises or groups of enterprises and the students are selected from among those who have finished a public vocational school. For the time being a great deal of basic training is also given in these schools, usually spread over a period of 3—4 years. Like the communal schools, these also obtain a State grant covering 65 per cent of their authorized annual expenditure and 75 per cent of the purchases of workshop equipment. In addition, the communal schools receive 50—65 per cent of their authorized building costs from the State, but the private ones are subsidised only within the limits of the appropriation in the budget.

The changes in the number of students in vocational education institutions in 1940—1965 and a forecast for 1970 are given in Chart 1. Domestic handicraft schools are not included in these figures; the number of students enrolled in those has remained roughly the same as before the war. Neither do these figures include retraining courses through which about 6 000 people threatened by unemployment obtained basic vocational education in 6—9 months and about 8 000 people obtained further or special training.

The total expenditure on vocational education institutions by the State (excluding building investments) was about 58 million marks in 1966, i. e. around 2 224 marks per student in State schools, 1 568 marks in communal and 1 190 marks in other vocational schools.

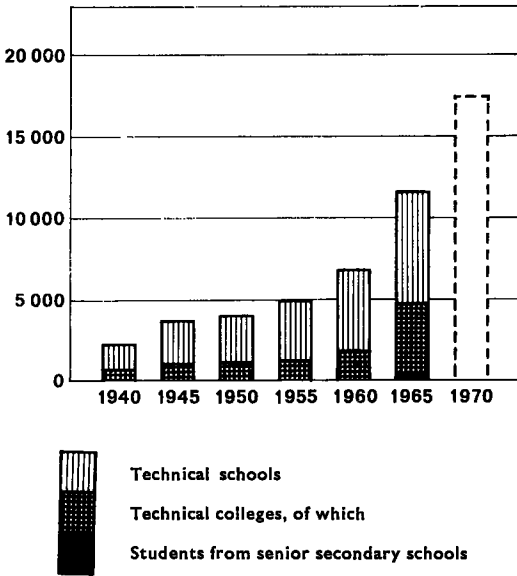
Technical training institutions train technicians and engineers to supervise operations

Chart 1. Number of students in vocational education institutions in 1940—1965



and carry out planning of work at different levels. The applicant for the technical school, which trains technicians, must possess a primary school-leaving certificate and 18 months of practice (nowadays usually a vocational school course in his field); there is a three-year curriculum consisting mainly of theoretical subjects and of laboratory and other instruction. The technical college training engineers lasts for four years and the applicant requires a junior secondary school-leaving certificate and 16 months of practice

Chart 2. Number of students in technical training institutions in 1940—1965



or a vocational school course. Those having a senior secondary school-leaving certificate take three years to qualify.

There are 24 technical training institutions in Finland; of these 12 are State-owned, 9 communal and 3 owned by endowment associations or foundations. The communal and private schools obtain from the State 80 per cent of the authorized salary expenditure and 50 per cent of their other annual expenditure. Building subsidies are granted within the limits of the appropriation in the budget.

The development of these schools in 1942—1965 and a forecast for 1970 are contained in Chart 2.

Total State expenditure on technical training institutions (excluding building costs) was 18.5 million marks in 1966; of this the share of State-owned schools was 14.8 million marks (1417 marks per student) and subsidies to communal and private schools were 3.7 million marks (1420 marks per student).

There are four different types of commercial training institutions instructing people for business.

The commercial college offers a two-year course for those having a junior secondary school-leaving certificate and trains lower executive staff for offices, banks and wholesale enterprises. For those who possess a senior secondary school-leaving certificate a course of one year is offered. The commercial school gives two years of training for young persons from a civic school for clerical work in offices and stores. The schools training sales personnel offer basic commercial instruction at night for those working during the day or also in special courses. The special commercial schools are owned by business establishments or associations of businessmen who wish to provide teaching that has been found necessary for those in their employment. The changes in the num-

Chart 3. Number of students in commercial training institutions in 1940—1965

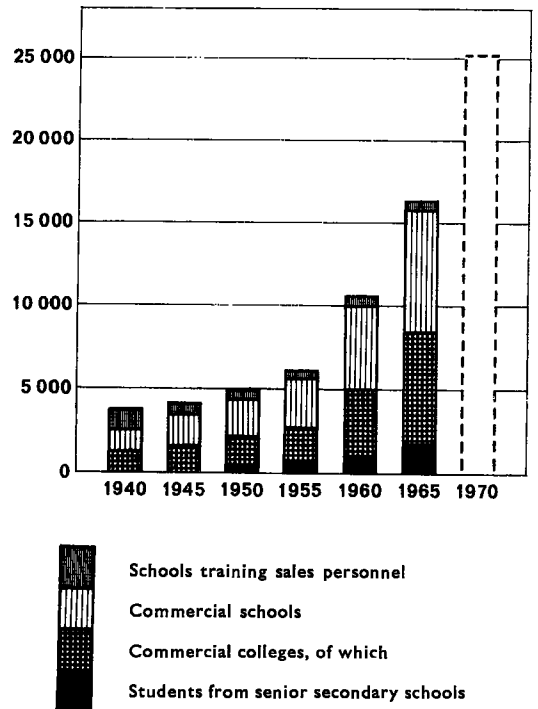


TABLE 3. EXPENDITURE ON VOCATIONAL EDUCATION PROVIDED BY THE GOVERNMENT,
1920—1965, IN THOUSANDS OF NEW MARKS

Year	Public vocational schools		Other vocational schools	Technical establishments	Commercial establishments	Navigational establishments	Subsidies to vocational education	Total	Total State expenditure
	State	Communal							
1920	—	—	7	8	20	3	—	38	20 734
1925	—	15	11	36	35	6	—	102	39 519
1930	—	25	26	59	39	8	7	163	47 371
1935	—	38	25	57	37	6	10	173	28 727
1940	—	49	37	65	48	7	18	223	174 336
1945	—	228	462	232	173	13	530	1 638	337 533
1950	932	1 300	634	1 351	970	91	1 925	7 203	1 433 423
1955	2 626	3 798	943	2 637	2 167	167	2 155	14 494	1 682 109
1960	5 672	9 000	1 471	5 227	4 200	253	3 194	29 016	2 325 842
1965	16 034	49 578	30 122 ¹⁾	20 976	15 493	3 297	5 435	140 936	6 213 000

1) Retraining courses to prevent unemployment.

ber of students in commercial training institutions can be seen from Chart 3.

Apart from the special schools, commercial training institutions obtain 75 per cent of their authorized annual expenditure from the Government. Building subsidies are not provided by law, but in recent years direct State subsidies have amounted to 25 per cent and State loans at a low rate of interest to 25 per cent of the building costs. Special schools are granted subsidies within the limits of the appropriation in the budget.

State subsidies to commercial training institutions amounted to about 15.7 million mark in 1966; thus costs per student were 766 marks. Table 3 illustrates the changes in the expenditure on vocational education provided by the Government (1920—1965).

OUTLOOK FOR THE FUTURE

Five-year plans for the different economic sectors in the period 1968—1972 are being prepared as part of the long-term national economic plan. As regards vocational education the plans are based on the estimated need for qualified labour in different occupations.

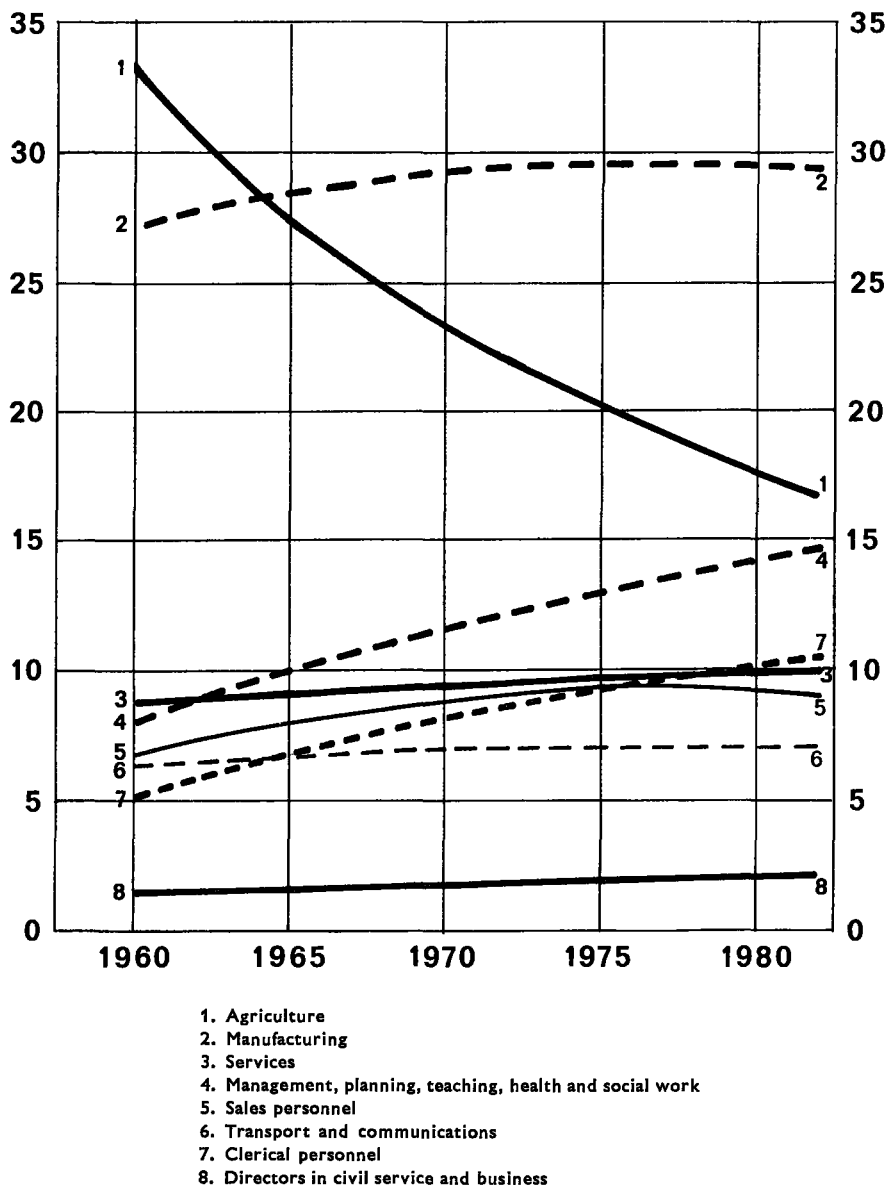
On one hand these estimates are based on two general predictions, one regarding the development of the total labour force

in different industries and occupations, and another giving changes in the younger age groups over the next few years and the increase in the possibilities they have for obtaining education. On the other hand an effort is also being made to estimate the new demand for labour and the replacements for those leaving.

Chart 4 shows the distribution of labour among different kinds of employment on the basis of the 1960 census and a forecast until 1980. The total labour force was 2 033 000 persons in 1960 and it is estimated to rise to 2 350 000 persons in 1980. The chart indicates that the share of agricultural workers is diminishing quickly. The need for additional labour in manufacturing will also decline in the next few years, while the number of management and service jobs will increase relatively sharply. Since the number of those reaching working age will decline continuously (see chart 5), it is predicted that there will be a permanent shortage of labour in the 1970's.

Up to now it has not been necessary to place any limit on increasing training for any occupation, since until recent years only less than 50 per cent of those leaving the primary or junior secondary school could be placed in vocational education institutions or senior secondary schools

Chart 4. Estimated demand for labour in different industries
in 1960—1980, per cent of total employment



(Chart 5). The rapid development of the educational system, especially after 1955, which will continue, will mean that in the 1970's everyone who is capable will have the opportunity to continue his studies after his basic schooling. Then the need for qualified labour has to be satisfied by the society

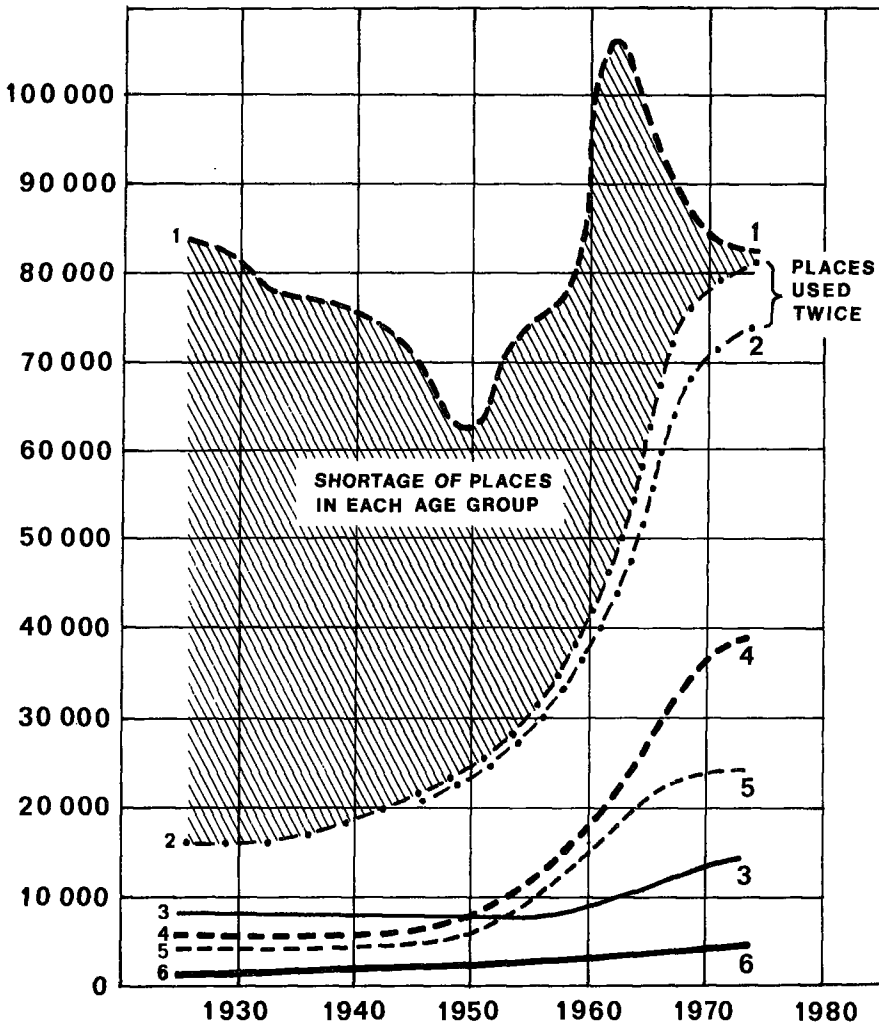
through the provision of sufficient, but not too extensive chances for vocational education in each field; in this way the labour will be evenly distributed among the different sectors. Since it is likely that senior secondary schools will expand to contain more pupils than the universities are able

to admit, the system should be prepared for the possibility that students who have graduated from a senior secondary school will to a greater extent than before seek admission to vocational colleges. On the other hand it is necessary to develop the openings for those who have passed through a vocational college to continue their studies at university

level, as well as opportunities in general to move from a lower establishment to a higher one. In most fields there is already quite a lot of flexibility in this matter in Finland.

With the decrease in the age groups no more than 23 000—25 000 new students should be accepted annually by schools giving training in manufacturing, handicrafts,

Chart 5. Number of students in schools after basic schooling in 1930—1970, annual number of new students



1. Average number of those aged 15
2. Total in schools attended after basic schooling
3. Schools subordinated to the Central Board for Vocational Education
4. Senior secondary schools
5. Schools subordinated to the Ministry of Agriculture
6. Schools for nurses, social workers, etc.

and building. The number of those continuing their studies in technical training institutions is estimated to be 6 000—7 000 and that of those in commercial training institutions 14 000—15 000. In domestic science and catering (included in schools subordinated to the Ministry of Agriculture in chart 5) an annual entry of 6 000—8 000 is required, in health care 5 000—6 000, in other services (including transport and communications) 4 000—5 000 and in art about 1 000. Since the annual intake of new students in universities including technical and commercial colleges of university standard is estimated to be about 16 000 at the end of the 1970's, further and higher educational establishments offer a chance for a professional qualification to 75 000—83 000 young people annually. Even the lower estimate is greater than the number of those normally entering the working force from one age group; therefore there is no need for a substantial expansion of these estimates.

The revision of the law on vocational education according to the terms of an apprenticeship contract carried through this year may on the other hand also result in a shortening of the training period in vocational schools and in some of the practical training, now part of the school curriculum (especially during the third year) being given in the employment following school. The increase by one fourth in the number of pupils would thus not indicate a corresponding increase in the total number of students. The activities of the extra-curricula courses, in which also those being trained on the basis of an apprenticeship contract would participate, would increase.

The reform of the compulsory schooling implies a lengthening of the period of education from 7—8 years to 9 years and an increase in the number of general subjects; all pupils will even be taught a foreign language from the third grade. A better theoretical basis will thus be created for vocational education and the students will be more interested in the idea of preparing themselves for a particular career. However, the intensified theoretical instruction received in the basic schooling seems to be no reason for making the curricula in vocational schools more practical. A good general education is necessary for all occupations since it is important to raise the level of general knowledge, and especially knowledge about the society, and also because of the rapid change in the structure of the economy (which may lead to unavoidable retraining). In addition, the need to improve the openings for further studies in general is due to the the same reasons.

As in the near future the school facilities and the number of teachers will be adequate to provide everybody with an opportunity to obtain vocational education or to continue studying at a senior secondary school after the basic schooling, the society also has to ensure that a lack of funds on the part of the parents or great distance between the home and the school do not prevent children from obtaining education. The next great educational reform is therefore likely to make education free also in senior secondary schools and in the corresponding vocational training institutions and to provide students there with the same advantages as are now offered in compulsory education, in the primary and civic schools.

ITEMS

Budget Proposal for 1968. On October 24, the Government presented to the Diet its budget proposal for the coming year. The structure of the budget has been completely reformed; expenditure and revenue are now reclassified in economic categories and according to Government functions. The effects of the change in the par value of the mark, which came into force on October 12, were observed in this proposal.

The total expenditure amounts to 9 250 million marks, or 18 per cent more than in the ordinary budget for 1967. About one half of the increase is due to the export levy funds, estimated at 600 million marks. These levies are collected on windfall profits from exports in order to neutralize disturbances affecting the internal equilibrium. The funds thus accruing are to be used for financing current investment projects of primary importance for the rationalization of production and for promoting economic growth and the necessary structural changes associated with this. Accordingly, one third of the funds or 200 million marks shall be used for investments in State-owned companies and for the investment expenditure of the State Railways and the Postal and Telegraph Services; one third for the development of power production by State-owned companies and for the construction of storage facilities for stand-by stocks of fuel; and one third to increase the opportunities available to the special credit institutions

for providing export credit, or investment credit for small and medium-sized industries, to grant loans to small-scale industry or for the promotion of other manufacturing, and to carry out an intensified forest improvement programme. (See Export Levy Act item in Bulletin No. 11, 1967).

The maintenance of a satisfactory level of employment is to be secured mainly through public works. As previously, unemployment compensation can be paid where these are not available.

The employment situation is expected to worsen this winter and spring compared with a year before; the appropriations included in the budget for the maintenance of employment consequently amount to 1 500 million marks or 18 per cent more than in the ordinary budget for 1967. Also state loans and aid for various investment purposes have increased considerably. An endeavour has been made to channel these funds also so as to help maintain employment.

The increase in expenditure on agriculture is rather moderate, while that on forestry will increase by more than 50 per cent. The aim has been, apart from creating employment, also to intensify long-term forest improvement projects to safeguard access to raw material for the wood-processing industry.

Wage expenditure is estimated to grow by approximately 9 per cent in 1968. This

is almost entirely due to wage increases. The Government has decided to be more severe in limiting the growth of its staff. The net increase in the number of new offices thus would be slightly less than 1 per cent; of this, higher and other education would account for more than a half.

In comparison with the 1967 budget the largest increase, almost 50 per cent, has taken place in investment expenditure. Consumption expenditure has expanded by 13 per cent and transfer and other expenditure by slightly more than 10 per cent.

It has been necessary to introduce some alterations in the basis for revenue in order to finance expenditure. These are estimated to yield about 200 million marks in addition to the export levy funds mentioned above; some indirect taxes and some tariffs are increased — partly already in the last months of 1967. In order to balance the budget 565 million marks have been entered as loans. This is, however, 100 million marks less than amortization. In this way the state finances attempt to ease the money market for the private sector.

*

Sponsor Oy. A company to support industrial development was founded on October 26, 1967.

Sponsor Oy will have two main functions. One of them will concentrate on the development, acquisition and channelling of products and production ideas. It can obtain financing for the development of promising ideas, have prototypes made and experimented, and sell or otherwise act as intermediary in the manufacturing rights for these and other products. Further, it may be possible, in collaboration with corresponding foreign companies, to acquire and channel production ideas and manufacturing rights to Finnish enterprises.

The other task is to give support to enterprising activities. Sponsor Oy can revive declining companies for example by acquiring ownership, reorganizing them and selling them again to new owners. In some cases it may even be possible to establish new companies or to help in forming them in order to create conditions for the realization of a production idea. It may also be expedient to acquire the ownership of several small or medium-sized enterprises engaged in the same activity and merge them into one large unit, or to promote structural rationalization by other means, such as rationalization of product lines, etc.

The company carries on its operations together with the Industrialization Fund (Teollistamisrahasto Oy). A technical advisory group consisting of experts from various fields of technical research and applied research, will be appointed.

The company's share capital is Fmk 10 million subscribed by the founders of the company, i.e. the Bank of Finland, seven credit institutions, the Industrialization Fund, the Federation of Finnish Industries and the Union of Manufacturers.

*

Rautaruukki Oy. Rautaruukki Oy was founded in 1960. The capital stock of the company amounts to Fmk 205 million, with a majority holding by the State. The company was formed for the purpose of building an iron refinery to produce heavy plates. The erection of the iron refinery was carried out in two phases. The first consisted of the sintering plant, blast furnace plant, power plant, harbour, and the necessary auxiliary plants which have been in production since 1964. The second phase, completed in October 1967, covers the melting shop and rolling mill and the respective auxiliary plants. The plant has a

harbour with quays of 655 metres in length. Vessels with a draught of 8 metres can enter the harbour fairway. The iron ore required is mainly supplied by mines situated in Northern Finland. The annual sintering capacity is about one million tons of sinter. The blast furnace produces 600 000 tons of crude iron annually. The rolling mill produces about 300 000 tons of heavy plates annually, the thickness of which ranges from 5 to 60 mm. The laboratory works along two lines — quality control and research. The number of employees is 1 700 and the plant has a training school for future employees.

*

Mr Keijo Liinamaa has been co-opted as an official at the Cabinet Office from the beginning of December 1967 to the end of 1968. His duties will be to disentangle and negotiate problems concerning incomes and price policy. Mr Liinamaa will be on leave

of absence from his role as state arbitrator in labour disputes.

*

Postgraduate studentship in Economics for Finland. To mark the 50th anniversary of Finland's independence Hambros Bank has established a postgraduate studentship in Economics. This will be the first award of its kind and will enable a citizen of Finland to study economics in Britain. The Scholarship will be worth £1,000 per annum.

*

Publications of the Bank of Finland. In series C of the Publications issued by the Bank of Finland Institute for Economic Research, the following new publication has appeared in Finnish: Lauri Heikinheimo, Kullervo Kuusela and Sampsa Sivonen, "Metsätalouden hinta-, kustannus- ja kannattavuusarvio" (Estimates of prices, costs and profitability in Finnish forestry).

(continued from page 2)

ADVANCE PAYMENT REQUIREMENT FOR THE
IMPORT OF CONSUMER DURABLES AND
OTHER GOODS ABOLISHED

Since October 1962 a stipulation has required that imports of certain consumer goods be paid for before clearance at the customs; in April 1967 this was extended to cover about 20 per cent of total imports consisting mainly of finished consumer goods. The Bank of Finland has decided to abolish the above restrictions and to allow the use of commodity credits up to a maximum of six months for all imported commodities from January 1, 1968.

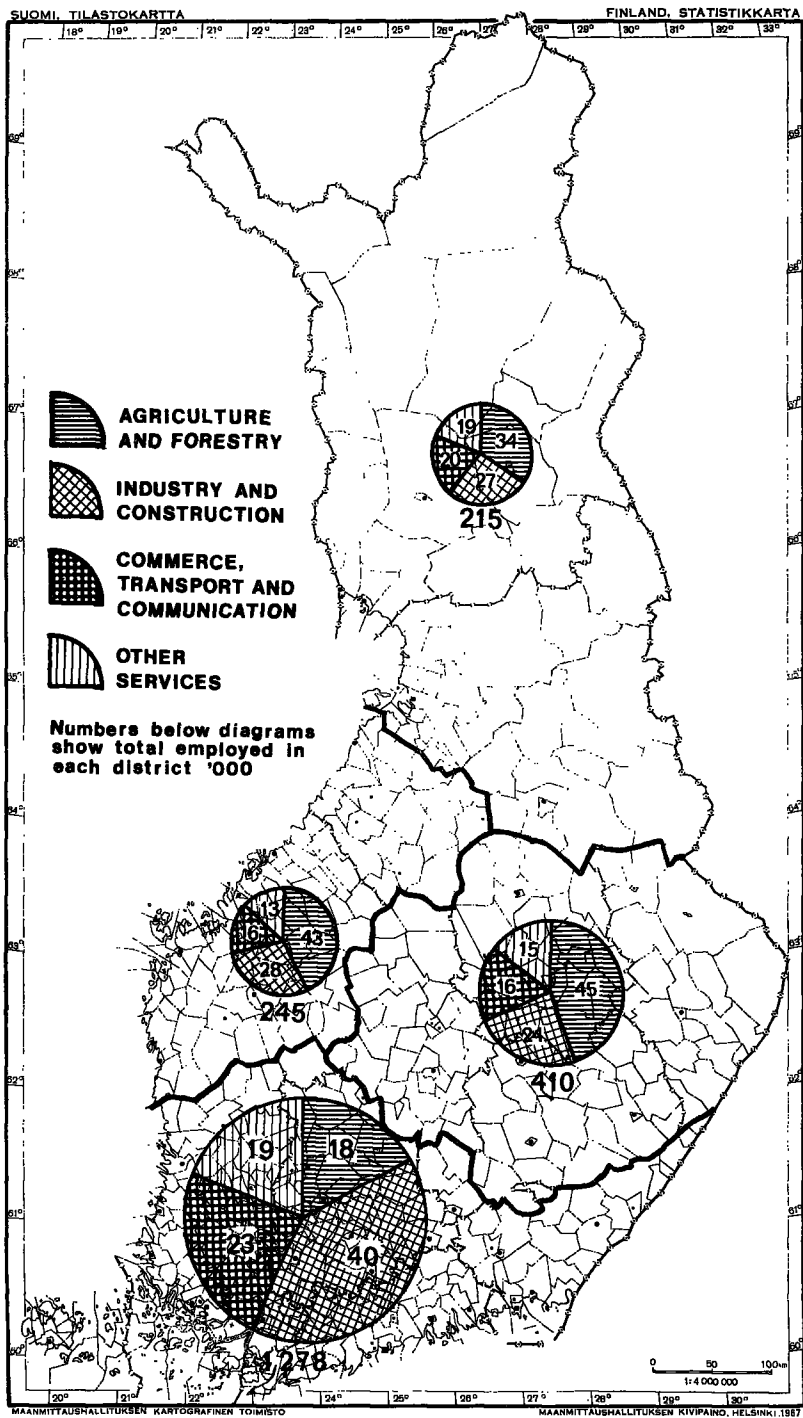
LIMIT ON THE PURCHASE OF TRAVELLERS'
EXCHANGE INCREASED

The Bank of Finland has decided to raise the maximum foreign currency allowance which Finnish travellers abroad can automatically obtain to 1 000 marks per person and per trip, no matter to which country the journey is made. The decision will come into force on January 1, 1968. Until the end of 1967 the quota will continue to be 400 marks for Scandinavia and 800 marks for other countries.

The total of the foreign currency allowance together with that for travel services will also be raised from the present 1 200 marks to 1 500 marks.

November 24, 1967

Employment by industries in various districts of Finland in 1966, per cent



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