

BANK OF FINLAND

MONTHLY BULLETIN

Vol. 37 No. 5

MAY

1963

RECENT DEVELOPMENTS

THE MONEY MARKET

The money market has remained tight this year. On the advice of the Bank of Finland, the banks have kept the growth in their lending less than the growth in deposits. For its part, the Bank of Finland has by means of special measures slightly eased their position in relation to the Central Bank.

The principal changes in the Bank's statement are shown below. The first two weeks of January have not been taken into account, as during that period development was quite exceptional, in part because of arrangements connected with the currency reform. The table indicates whether the respective items increased (+) or reduced (—) the number of notes in circulation.

NET CHANGES IN THE STATEMENT OF THE BANK OF FINLAND FROM JANUARY 15, TO APRIL 11, 1963

	Mill. mk
Gold and foreign exchange reserve, increase	+ 9.3
Foreign bills and bonds, increase	+ 10.4
Net claims on the Treasury, increase ...	+ 40.8
Bills in Finnish currency, increase	+ 4.3
Bills in foreign currency, reduction	— 1.9
Rediscounted bills, reduction	—103.1
Cheque accounts of banks, reduction	+ 24.1
Finnish bonds, increase	+ 38.5
Equalization accounts, reduction	+ 5.6
Bank's own funds, increase	— 5.6
Other items, net	+ 16.2
Total = notes in circulation, increase	+ 38.6

The foreign assets of the Bank of Finland increased slightly despite the deficit in the balance of payments. The weakening in the

position of the Treasury towards the Bank constituted another expansive factor. Against this, the liquidity of the banks in relation to the Bank of Finland improved, the 103 million decrease in the rediscounts outweighing by 79 million marks the decrease in their cheque account balances. This result was partly attributable to temporary bond purchases from the banks, the reason for the rise in Bank of Finland holdings of Finnish bonds. In all, the note circulation grew by 39 million marks.

The inflow of public deposits began to advance again before the end of the year, although the rate of increase was considerably below that one year earlier. During January—March, term deposits in all banking institutions rose by 120 million marks, against 220 million during the corresponding months of 1962. Including cheque accounts, total deposits by the public increased during the first quarter by 123 million marks, against 186 million one year previously. This was at the same time marked by a significant change in their composition. Index-tied twelve month deposits, totalling 68 million marks at the end of December, stood at 157 million at the end of March, whereas non-index-tied high-interest deposits were simultaneously reduced from 532 to

On page 18, The Development of Finnish Export Trade in Forest Products, 1950—1961

495 million. This must be regarded as indicating the expectations of the public as to the future course of prices.

After mid-1962, the banks intensified their efforts to restrict the growth in lending; they have pursued the same policy this year. During January—March, their total advances to the public increased by 77 million marks, whereas one year before the corresponding increase had been 287 million. In the commercial banks, where lending has been restricted most, the total of loans granted was less at the end of March than at the end of June 1962, and for all the banking institutions taken together, the increase over those nine months amounted to no more than 3 per cent.

The Bank of Finland now considers that there have been achieved the results aimed at in respect of the banks' credit policy, and sought by a tightening of rediscounting terms last year. In view of this, the Bank of Finland stated that the banks need no longer restrict their lending for the sake of reducing their rediscounting debt. On the other hand, as the adverse development of the balance of payments does not allow of any credit expansion such as would lead to a continuous increase in rediscounting, the banks must ensure that the growth in lending remains within the bounds set by the

growth in deposits. The Bank of Finland accordingly changed the rediscounting terms, with effect from April 24, in such a way that the banks were granted the right of rediscounting bills without penalty rate up to a certain limit, and so that the burden of the penalty rate was eased also in other respects. However, the maximum amounts fixed for the individual banks' total rediscounting were reduced at the same time.

The new maximum amounts of allowable rediscounting total 545 million marks for all banks, compared with about 700 million previously. As the present total of rediscounted bills is less than 300 million marks, this leaves a margin for some seasonal growth over the next few months. The right of rediscounting free of penalty rate corresponds to one third of the maximum rediscounting permitted each bank, and in practice represents at least 60 per cent of the funds of the banks; for rediscounts of this order the banks previously paid a penalty rate of $1\frac{1}{2}$ per cent per annum. If the total debt of a bank exceeds the limit of penalty-free rediscounting, a penalty rate is charged according to a rising scale, with a maximum of 4 per cent, which will be charged when rediscounting attains the upper limit.

April 25, 1963

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

BANK OF FINLAND

Mill. mk

	1962		1963			
	Dec. 31	March 31	March 30	April 8	April 11	April 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	705.4	773.7	734.9	730.5	731.2	736.4
Gold	135.2	136.6	135.3	135.3	135.3	135.3
Foreign exchange	502.5	555.3	525.0	517.3	518.1	524.9
Foreign bills	17.7	16.1	24.6	27.9	27.8	27.8
Foreign bonds	50.0	65.7	50.0	50.0	50.0	48.4
<i>Supplementary note cover</i>	516.5	486.2	435.0	373.8	381.0	415.7
Inland bills discounted						
In foreign currency	81.8	92.4	79.9	79.9	79.9	78.3
In Finnish currency	33.5	34.7	32.6	32.1	41.2	42.7
Rediscounted bills	401.2	359.1	322.5	261.8	259.9	294.7
<i>Other assets</i>	88.0	39.7	155.4	188.6	213.9	159.7
Finnish bonds	34.7	10.6	87.1	91.0	91.7	92.3
Cheque accounts	3.6	4.0	3.7	2.3	2.8	4.2
Finnish coin	5.5	10.8	11.6	10.9	9.9	8.8
Other claims	44.2	14.3	53.0	84.4	109.5	54.4
Total	1 309.9	1 299.6	1 325.3	1 292.9	1 326.1	1 311.8
Liabilities						
<i>Notes in circulation</i>	774.4	779.7	866.7	820.9	837.2	791.4
<i>Short-term liabilities</i>	112.6	90.3	56.3	65.5	82.0	115.5
Foreign exchange accounts	17.1	13.9	16.2	15.5	17.1	17.7
Mark accounts of holders abroad	35.8	34.3	31.5	31.1	31.0	31.0
Cheque account of the Treasury	5.5	27.8	0.0	2.0	1.1	50.4
Cheque accounts of banks	49.3	4.0	6.3	14.3	29.4	13.8
Other cheque accounts	0.8	1.9	0.6	0.8	1.3	0.7
Other short-term liabilities	4.1	8.4	1.7	1.8	2.1	1.9
<i>Long-term liabilities</i>	80.2	142.4	78.3	78.3	78.3	76.7
Foreign	79.1	88.8	77.2	77.2	77.2	75.6
Finnish	1.1	53.6	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i>	157.5	109.9	133.4	137.2	137.1	135.9
<i>Bank's own funds</i>	185.2	177.3	190.6	191.0	191.5	192.3
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	62.0	62.0	73.6	73.6	73.6	73.6
Profits undisposed	—	10.2	11.6	11.6	11.6	11.6
Earnings less expenses	23.2	5.1	5.4	5.8	6.3	7.1
Total	1 309.9	1 299.6	1 325.3	1 292.9	1 326.1	1 311.8
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	705.4	773.7	734.9	730.5	731.2	736.4
<i>Supplementary cover</i>						
(Upper limit 500 mill. mk)	500.0	486.2	435.0	373.8	381.0	415.7
Total	1 205.4	1 259.9	1 169.9	1 104.3	1 112.2	1 152.1
Note issue						
<i>Notes in circulation</i>	774.4	779.7	866.7	820.9	837.2	791.4
<i>Short-term liabilities</i>	112.6	90.3	56.3	65.5	82.0	115.5
<i>Undrawn on cheque credits</i>	4.3	4.3	4.2	5.6	5.2	3.7
<i>Unused right of note issue</i>	314.1	385.6	242.7	212.3	187.8	241.5
Total	1 205.4	1 259.9	1 169.9	1 104.3	1 112.2	1 152.1

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

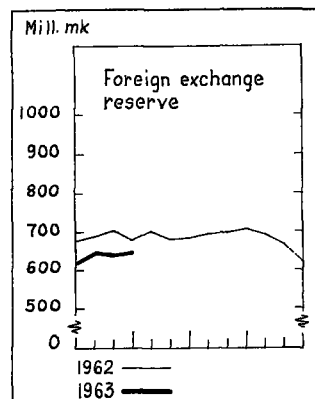
BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3 + 4—5)	Redis-counted bills	Liabilities		Net claims on the banks (7—8—9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 ¹⁾	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	—0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 ²⁾	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1962										
Feb.	714.7	12.6	702.1	90.8	122.9	670.0	290.5	53.1 ²⁾	13.1	224.3
March	691.9	13.9	678.0	81.8	123.1	636.7	359.1	55.9 ²⁾	8.0	295.2
April	715.3	13.7	701.6	82.0	120.9	662.7	387.5	61.4 ²⁾	7.7	318.4
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 ²⁾	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 ²⁾	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 ²⁾	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 ²⁾	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 ²⁾	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 ²⁾	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	428.7	139.4	2.4	286.9
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	326.2	41.7	1.6	282.9
March	660.3	16.2	644.1	74.6	108.7	610.0	322.5	6.3	1.0	315.2

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

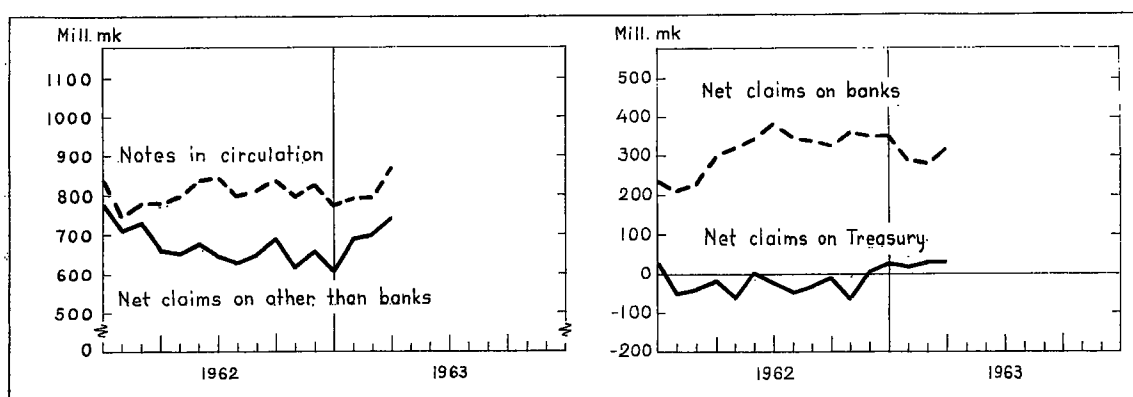
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1960	1961	1962	1963	
	Dec. 31	Dec. 31	Dec. 31	Feb. 28	March 30
Gold	91	104	135	135	135
Convertible	442	403	330	346	359
Non-transferable EMA ..	32	14	4	3	3
Eastern Bloc	17	92	101	102	93
Other	63	65	51	54	54
Total	645	678	621	640	644



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1962										
Feb.	12.5	7.0	59.0	1.1	— 40.6	57.9	104.2	2.1	160.0	778.2
March	—	7.0	27.8	1.1	— 21.9	34.7	103.7	2.4	136.0	779.7
April	—	7.0	68.5	1.1	— 62.6	35.8	101.9	2.4	135.3	794.7
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1963										
Jan.	—	30.0	9.6	1.1	19.3	30.9	96.8	1.7	126.0	787.5
Feb.	—	30.0	0.1	1.1	28.8	31.0	103.8	0.9	133.9	794.4
March	—	30.0	0.0	1.1	28.9	32.6	106.6	1.3	137.9	866.7



DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1962*	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1962*										
March	551.6	687.1	175.3	2 161.4	2 145.6	1 300.2	587.1	295.6	6 490.1	7 352.5
April	548.0	680.2	174.5	2 171.8	2 149.3	1 303.9	585.9	294.0	6 505.0	7 359.7
May	580.1	722.2	186.7	2 190.1	2 157.9	1 316.0	586.5	292.8	6 543.4	7 452.3
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5
Dec.	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1963*										
Jan.	663.0	805.8	230.2	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 738.9
Feb.	645.9	783.5	245.1	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 824.0
March	645.8	802.8	230.3	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 866.5

End of month	Indexed deposits	High-interest deposits	Tax-concession accounts
1962*			
July	42.6	537.4	142.7
Aug.	49.5	534.9	139.9
Sept.	54.1	529.3	136.1
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2
Dec.	67.5	531.7	107.2
1963*			
Jan.	88.6	514.5	95.1
Feb.	117.9	505.2	92.3
March	157.3	494.5	90.7

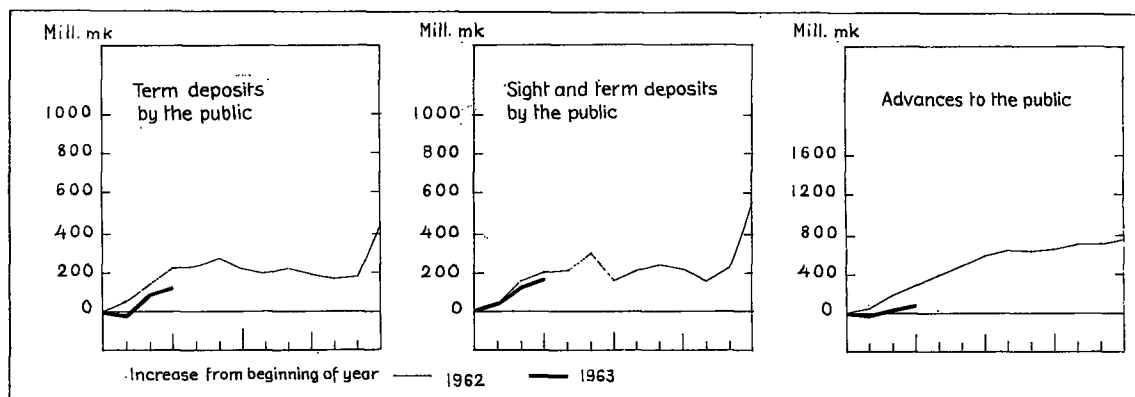
Selling rates for foreign exchange				
April 26, 1963				
		mk		mk
New York ...	1 \$	3.223	Zurich	100 Fr 74.50
Montreal	1 \$	2.992	Paris	100 FF 65.80
London	1 £	9.030	Rome	100 Lit 0.5193
Stockholm ...	100 Kr	62.10	Vienna	100 S 12.48
Oslo	100 Kr	45.15	Lisbon	100 Esc 11.26
Copenhagen ..	100 Kr	46.75	Reykjavik	100 Kr 7.49
Frankfurt o.M.	100DM	80.80	Madrid	100 Pta 5.42
Amsterdam...	100 Fl	89.76	Prague, clear...	100 Kč 44.58
Brussels	100 Fr	6.470	Moscow, clear. ¹⁾	1 Rbl 3.5667
			Clearing dollars ²⁾	1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962*	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1962*									
March	3 192.8	1 855.9	469.8	1 489.9	559.3	7 189.0	378.7	7 567.7	1 576.3
April	3 234.9	1 881.3	471.6	1 510.4	574.5	7 274.1	398.6	7 672.7	1 582.6
May	3 269.4	1 891.5	471.9	1 542.7	585.0	7 378.3	382.2	7 760.5	1 668.8
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5
Dec.	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	1 734.1
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 706.0
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 799.4

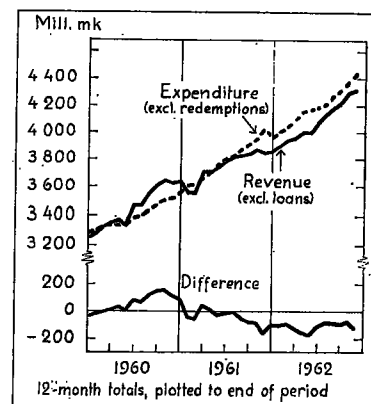


STATE FINANCES

Mill. mk

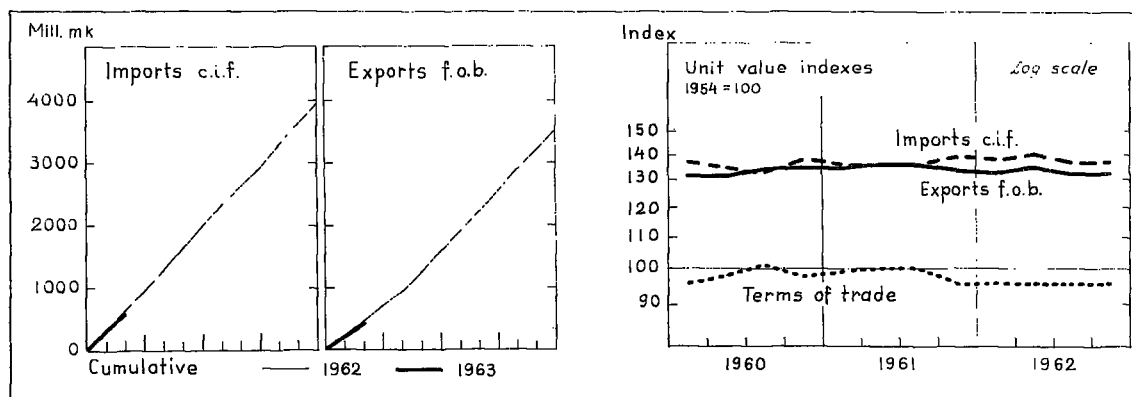
Revenue	January		Expenditure	January	
	1962	1963		1962	1963
Income and property tax (net)	-17	9	Interest on State debt	10	15
Gross receipts	(130)	(149)	Child allowances	2	1
Refunds and communal income tax	(-147)	(-140)	The State's share in national pensions	14	15
Other direct taxes	1	1	Compensations to war-disabled	12	14
Purchase tax	63	70	Transfer of employers' payments for national pensions to the National Pensions Institution	0	—
Import duties	32	43	Subsidies	25	35
Revenue from Alcohol Monopoly ...	10	13	Net payments on price equalisation by extra-budgetary funds	10	5
Excise duty on tobacco	18	21	State aid to agriculture	3	3
Excise duty on liquid fuel	12	13	State aid to communal and private schools	24	21
Other excise duties	5	7	Net loss of State enterprises	—	7
Tax on automobiles and motor cycles	1	5	Maintenance of roads	5	6
Stamp duties	16	16	Other current expenditure	103	111
Employers' payments for child allowances and national pensions	29	22	Current expenditure	208	233
Net receipts of price equalisation by extra-budgetary funds	—	—	Real investments	51	53
Other revenue similar to taxes	3	3	Other capital expenditure	46	21
Total taxes	173	223	Capital expenditure	97	74
Interest and dividends	2	5	Total expenditure	305	307
Net profit of State enterprises	6	—	Redemption of external loans	1	0
Other current revenue	15	9	Redemption of internal loans	29	38
Current revenue	196	237	Redemption of indemnity bonds etc.	1	0
Capital revenue proper	6	9	Index premiums	1	3
Decrease in inventories	9	8	Redemptions	32	41
Capital revenue	15	17	Total	337	348
Total revenue	211	254			
External loans	0	3			
Internal loans	86	88			
Loans	86	91			
Short-term credit (increase +) ..	+3	-19			
Deficit (+) or surplus (-)	+37	+22			
Total	337	348			

Debt	1959	1960	1961	1962	1963		
	Dec.	Dec.	Dec.	Dec.*	Jan.*	Feb.*	March*
External debt ...	766	744	791	803	809	811	845
Ordinary loans	722	744	757	936	990	991	1 021
Indemnity bonds etc.	65	44	26	18	18	18	16
Short-term credit ..	41	30	24	61	42	31	41
Cash debt (net) ...	-58	-144	-98	..	-98
Internal debt	770	674	709	..	952
Total debt	1 536	1 418	1 500	..	1 761
Total debt, mill. \$	479.7	442.3	465.9	..	546.4



FOREIGN TRADE

Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Article of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962*	3 930.5	3 533.1	-397.4	133	145	136	126	142	137	97
Jan.-Feb.										
1961	548.3	415.0	-133.3							
1962*	628.7	470.7	-158.0							
1963*	586.6	439.5	-147.1							
1962*										
July	335.1	315.3	- 19.8	132	145	134	125	142	137	96
Aug.	295.7	319.1	+ 23.4							
Sept.	293.9	325.1	+ 31.2							
Oct.	373.3	349.8	- 23.5							
Nov.	344.7	299.3	- 45.4	132	142	137	125	136	137	96
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	323.6	234.1	- 89.5							
Feb.	263.0	205.4	- 57.6							

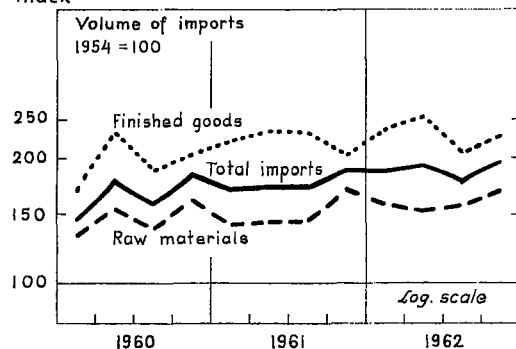


FOREIGN TRADE BY MAIN GROUPS

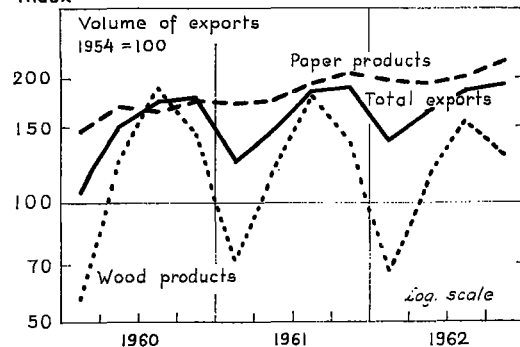
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962*	1 762.6	371.2	1 146.8	649.9	144.5	189.5	770.3	1 588.8	662.6	177.4
Jan.-Feb.										
1961	258.4	49.2	143.9	96.8	28.7	17.0	83.1	223.3	45.0	17.9
1962*	299.0	45.9	181.9	101.9	25.1	16.6	82.3	251.9	74.0	20.8
1963*	295.0	51.7	139.0	100.9	27.7	9.5	60.9	241.8	76.5	23.1
April	122.4	33.3	97.0	52.0	10.1	5.9	32.1	124.9	50.1	11.0
May	154.7	30.7	121.8	63.4	16.6	13.3	66.0	136.4	55.8	13.9
June	143.9	22.3	119.9	53.2	16.4	19.6	85.0	125.2	67.1	16.0
July	145.3	30.0	115.0	44.8	12.7	28.6	96.1	113.5	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.1	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4
Dec.	137.0	38.9	72.9	55.7	15.0	6.5	58.9	142.0	104.1	16.9
1963*										
Jan.	175.5	27.0	69.7	51.4	17.8	7.4	39.5	120.5	36.9	12.0
Feb.	119.5	24.7	69.5	49.5	9.9	2.1	21.4	121.3	39.6	11.1

Index

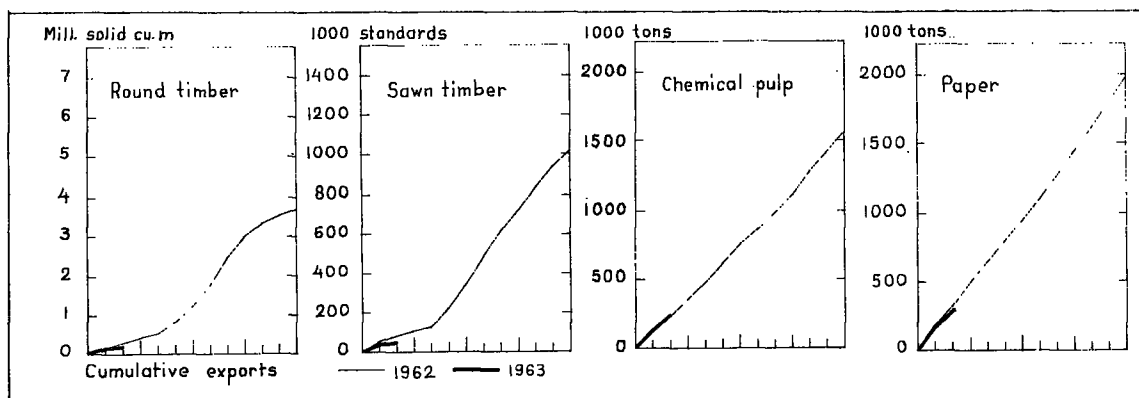


Index



EXPORTS OF SOME IMPORTANT ARTICLES

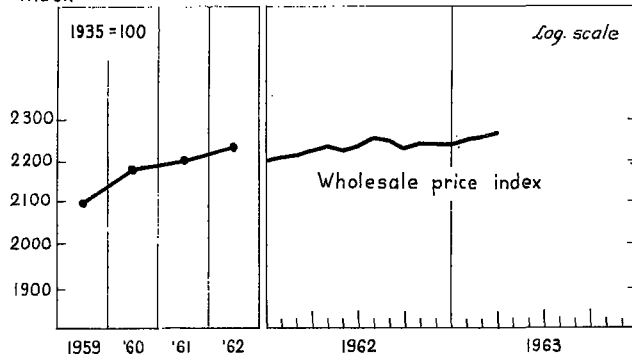
Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962*	3 681	1 010	357	150	828	731	153	152	870	1 980
Jan.-Feb.										
1961	340	81	63	24	136	74	24	23	116	257
1962*	310	83	64	20	146	96	27	27	156	319
1963*	187	47	62	23	117	123	24	22	118	301
1962*										
April	109	27	29	12	72	52	11	13	67	148
May	286	85	32	17	68	74	12	14	79	154
June	403	123	28	11	65	68	13	11	61	154
July	535	151	20	9	53	52	12	11	66	152
Aug.	713	129	22	15	75	56	13	10	65	168
Sept.	533	104	31	14	67	64	17	14	71	169
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185
Dec.	111	73	32	14	70	77	12	10	82	182
1963*										
Jan.	160	37	32	13	57	68	13	13	64	169
Feb.	27	10	30	10	60	55	11	9	54	132



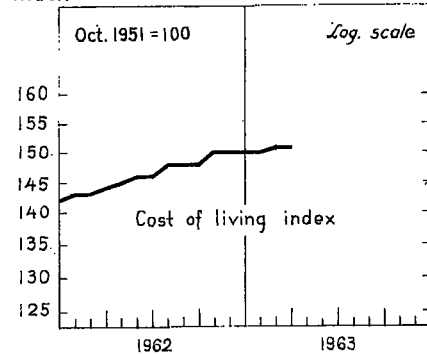
FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.-Feb.			Whole year		Jan.-Feb.		
	1961	1962*	1962*	1963*		1961	1962*	1962*	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.7	15.1	14.9	87.2	24.5	22.2	21.0	23.0	101.3
United Kingdom	15.3	15.2	14.8	14.4	84.4	22.2	20.3	19.0	20.4	89.5
Other OECD countries										
in Europe	55.2	55.7	59.8	52.6	308.7	46.4	42.9	42.6	46.6	204.6
Austria	0.7	0.7	0.7	0.8	4.5	0.4	0.3	0.3	0.6	2.8
Belgium-Luxembourg ...	2.6	2.4	2.4	2.2	13.1	3.8	3.4	3.0	3.2	13.8
Denmark	3.2	3.2	3.2	3.3	19.5	3.5	3.7	3.6	3.1	13.6
France	5.0	5.2	6.7	3.9	22.9	5.2	4.5	4.9	4.8	21.1
Western Germany	21.2	20.4	20.3	18.2	106.7	12.9	11.9	12.2	14.1	61.9
Italy	1.9	2.1	2.3	2.3	13.7	2.7	2.7	3.0	3.4	14.9
Netherlands	4.0	4.4	4.6	4.9	28.8	6.3	6.1	5.8	5.2	22.8
Norway	1.4	1.4	2.1	1.3	7.3	1.9	1.2	1.4	1.0	4.4
Portugal	0.1	0.2	0.3	0.3	1.5	0.1	0.1	0.1	0.1	0.6
Spain	0.5	0.4	0.4	0.4	2.2	0.5	0.7	0.9	0.6	2.6
Sweden	11.4	12.1	13.4	11.6	68.1	5.7	5.7	4.5	7.6	33.4
Switzerland	2.4	2.5	2.5	2.4	14.3	1.0	0.6	0.7	0.5	2.2
Eastern Bloc	19.4	19.2	15.1	24.6	144.5	18.0	22.5	20.6	19.3	84.8
China	0.1	0.2	0.1	0.1	0.8	0.6	0.5	1.0	0.3	1.2
Czechoslovakia	1.0	1.0	0.7	0.6	3.5	1.1	0.9	1.1	0.9	4.0
Eastern Germany	1.5	1.4	1.4	0.7	4.3	1.3	1.1	1.0	0.8	3.4
Poland	2.4	2.2	1.7	1.7	9.9	2.1	1.7	1.9	1.0	4.5
Soviet Union	13.6	13.7	10.3	20.6	120.7	12.1	17.8	15.3	15.3	67.3
U.S. and Canada	6.0	5.6	6.7	4.3	25.1	4.5	5.5	7.8	6.1	26.8
United States	5.6	5.1	5.8	3.6	21.0	4.4	5.4	7.6	6.0	26.3
Latin America	2.7	2.7	2.1	1.9	11.0	3.9	3.4	4.1	2.3	10.1
Argentina	0.4	0.4	0.1	0.2	0.8	1.3	0.7	1.8	0.5	2.1
Brazil	1.6	1.5	1.3	1.1	6.6	1.5	1.5	1.0	0.9	3.9
Others	1.0	1.1	1.2	1.7	10.1	2.7	3.5	3.9	2.7	11.9
Grand total	100.0	100.0	100.0	100.0	586.6	100.0	100.0	100.0	100.0	439.5
of which										
EFTA countries	34.5	35.2	36.9	34.0	199.6	34.7	31.9	29.6	33.3	146.5
EEC countries	34.7	34.5	36.4	32.0	188.1	30.9	28.7	28.9	31.2	137.3

Index



Index



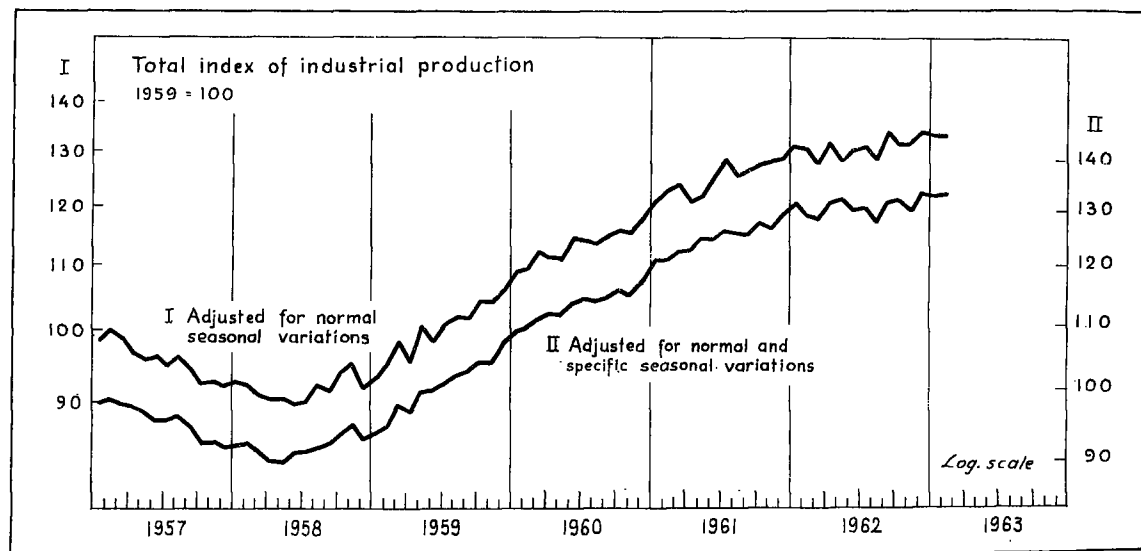
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1962									
March	2 221	2 354	2 471	3 597	1 897	1 936	130	114	153
April	2 231	2 371	2 508	3 623	1 905	1 931	130	114	154
May	2 223	2 359	2 440	3 625	1 906	1 933	130	114	153
June	2 234	2 375	2 417	3 624	1 941	1 932	131	114	157
July	2 255	2 401	2 568	3 602	1 942	1 942	134	114	158
Aug.	2 249	2 387	2 499	3 596	1 944	1 955	134	114	159
Sept.	2 227	2 356	2 332	3 595	1 946	1 951	134	115	159
Oct.	2 240	2 365	2 383	3 605	1 941	1 971	135	115	160
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158
1963									
Jan.	2 249	2 379	2 414	3 640	1 942	1 974	135	117	158
Feb.	2 257	2 391	2 462	3 670	1 937	1 969	135	117	158
March	2 272	2 413	2 566	3 679	1 937	1 972	138	117	165

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1962												
March	144	154	322	102	89	140	113	113	119	99	111	114
April	145	155	322	102	90	141	114	114	119	99	111	115
May	146	156	322	102	90	142	114	114	119	99	112	116
June	146	156	322	103	90	143	115	114	119	100	112	116
July	148	158	323	103	90	145	116	116	120	100	112	118
Aug.	148	158	323	103	90	146	116	116	120	100	112	119
Sept.	148	158	323	104	91	146	116	116	120	101	113	119
Oct.	150	158	342	104	91	146	117	116	127	101	113	119
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120
1963												
Jan.	150	158	342	105	92	148	118	116	127	102	114	120
Feb.	151	159	342	106	92	148	118	117	127	103	114	120
March	151	160	342	107	92	148	119	118	127	104	114	121

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									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			
1954 = 100											
1959	123	118	125	122	98	144	120	120	123		
1960	140	140	144	135	122	168	142	132	140		
1961*	154	161	158	145	118	194	161	142	154		
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125	49 004	150
1962*	131	144	131	124	113	139	142	124	131	47 264	160
1962*											
Feb.	128	146	128	120	118	137	145	118	131	5 600	140
March	142	161	142	133	136	153	160	131	128	5 509	158
April	126	137	125	121	117	128	138	120	132	5 193	157
May	139	152	136	139	124	145	152	135	129	10 220	179
June	121	139	116	120	115	107	139	119	130	1 763	155
July	98	88	107	84	106	130	84	89	131	1 200	145
Aug.	134	140	133	134	109	141	139	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170
Oct.	148	168	147	142	111	155	166	142	132	2 552	177
Nov.	142	157	142	136	109	149	155	138	132	2 966	171
Dec.	121	135	124	109	100	128	133	111	134	3 604	175
1963*											
Jan.	140	158	140	130	114	149	157	127	134	4 245	132
Feb.	132	137	134	124	114	145	139	123	134	4 995	142

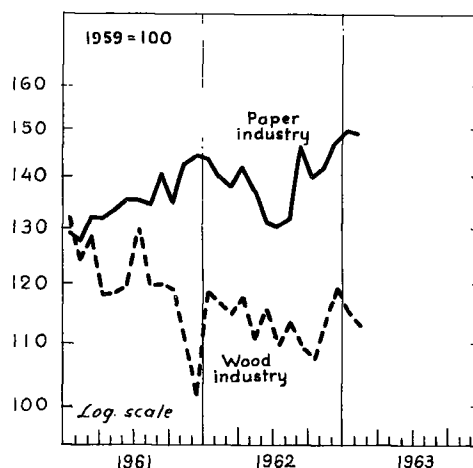
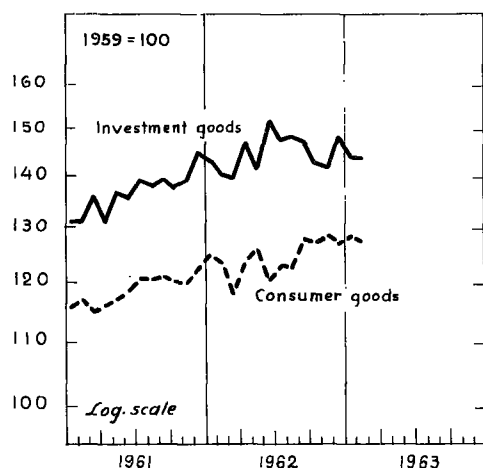


BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1961	24.97	10.28	2.31	8.70	2.63	22.09	125	117	119	126
1962*	22.73	10.49	2.13	6.89	2.24	25.53	132	120	128	134
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	21.39	130	119	117	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	20.61	133	119	135	134
July - Sept.	6.26	2.32	0.66	2.08	0.82	26.81	133	120	130	134
Oct. - Dec.	8.01	4.32	0.91	1.87	0.60	25.53	135	123	130	135

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-month		% of total labour force	
	1962	1963	1962	1963*	1962	1963*	1961	1962*	1961	1962*
Jan.	136	132	509	485	476	458	1 803	1 854	1.8	1.8
Feb.	125	125	398	293	367	281	1 812	1 853	1.4	1.7
March	146	13	433		403		1 805	1 845	1.5	1.6
April	135		459		402		1 840	1 867	1.4	1.2
May	146		636		642		1 872	1 921	0.9	0.7
June	134		746		865		1 872	1 916	1.0	0.7
July	135		972		1 080		1 777	1 809	0.9	0.8
Aug.	147		858		1 057		1 864	1 896	0.8	0.8
Sept.	143		700		752		1 914	1 946	0.7	0.7
Oct.	152		682		699		1 906	1 935	0.9	0.9
Nov.	140		672		627		1 886	1 912	1.0	1.5
Dec.	114		579		568		1 869	1 896	1.3	2.1

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

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

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — Equalisation accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Thus the series above and below the line are not fully comparable. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in the base year; 1954=100 for 1959—1961, and 1959=100 from 1961. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation see Bulletin No. 8, 1961, p. 18. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50% of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin.)

SYMBOLS USED

* Preliminary o Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1962 are as follows: Agrarians 53, People's Democrats 47, Social Democrats 38, Conservatives 32, Swedish Party 14, Finnish People's Party 13, Social Democratic League 2 and Liberal League 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, communes and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1961): 4.5 million. Sweden 7.5, Switzerland 5.5, Denmark 4.6 and Norway 3.6 million.

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

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

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

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

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

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

TRADE AND TRANSPORT

NATIONAL INCOME (1961, in million marks) Gross domestic product at market prices 12 207 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 408 (11 %), forestry and fishing 1 351 (10 %), manufacturing 3 969 (31 %), construction 1 235 (10 %), transport and communications 999 (8 %), commerce, banking and insurance 1 582 (12 %), general government 1 492 (12 %), other services 767 (6 %), total 12 803. Index of real domestic product 124 (1957 = 100).

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

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

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

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

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

MERCHANT FLEET (March 31, 1963): Steamers 186 (295 593 gross reg. tons), motor vessels 313 (604 471 gross reg. tons), sailing vessels with auxiliary engines 54 (5 488 gross reg. tons). Total 553 (905 552 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1961): Private cars 208 700, lorries and delivery vans 73 800, buses 6 200, others 12 900. Total 301 600.

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

FINANCE AND BANKING

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

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

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

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

RATES OF INTEREST (April 28, 1962). Bank of Finland discount rates 6—7 1/4 %. Other credit institutions: term deposits 4 1/4 % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies 1/4 %; highest lending rate 8 %.

THE DEVELOPMENT OF FINNISH EXPORT TRADE IN FOREST PRODUCTS, 1950—1961

BY

VILJO HOLOPAINEN, D. For.,

PROFESSOR OF FOREST PRODUCTS MARKETING, UNIVERSITY OF HELSINKI

After the end of the Second World War the Finnish forest industry had to overcome many difficulties. Under the peace settlement of 1944 the country lost some 12—13 per cent of its industrial capacity and forest resources, besides which a considerable amount of forest land had to be cleared and used as arable land after the war. The industrial machinery then available had deteriorated during the war years and was no longer technically up to date. Moreover, the transport system and power supplies had suffered considerable damage during the war.

During the first years of the post-war period, therefore, the Finnish forest industry was obliged to concentrate on repairing the damage caused by the war and restoring its technical ability to compete in the international market. By the beginning of the 1950's this had been largely accomplished, and the Finnish forest industry entered upon a new and interesting period of development, reflected, as the following brief account will show, in a steady growth in the export of the principal forest products over the decade that followed.

Figures 1—3 show the development of the export by Finland of the chief forest products (sawn timber, cellulose and paper) over the period 1950—1961. By balancing out over the whole period, as indicated by the straight lines in the diagrams, the following percentages are obtained for the in-

creases in the quantities exported in each category:

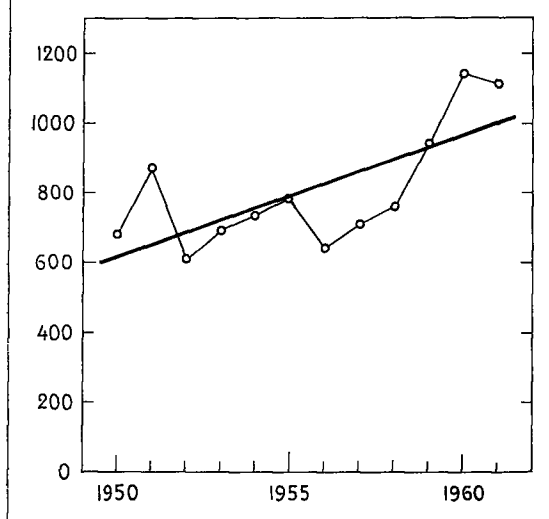
	Total increase 1950—1961 per cent	Average annual increase per cent
Roundwood	60	4.4
Sawnwood	60	4.4
Plywood	46	3.5
Fibre board and particle board	616	40.0
Mechanical pulp	— 18	— 1.5
Cellulose	81	5.5
Newsprint	131	8.0
Other paper	404	31.0
Paperboard	770	53.0

As the table shows, exports of all products except mechanical pulp increased. The greatest percentual increases came under the headings of fibre and particle board, paper (notably in the "other paper" category) and paperboard.

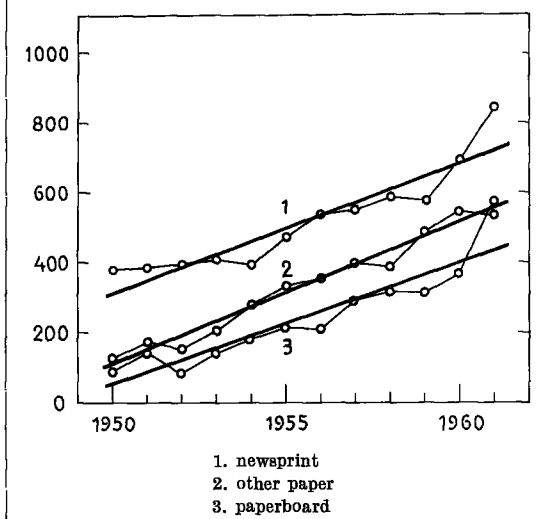
Forest products have always formed by far the most important part of Finland's exports, although their share in the total export decreased slightly during the period under review. In 1950 they represented 87 per cent and in 1960 75 per cent of the value of the total exports. This fall is due mainly to the great increase in the export of metal industry products.

When the increase in the export of forest products is analysed in terms of the income-producing factors (disregarding price fluctuations), two different growth-components can be isolated: the *quantitative increment* and the *processing-level increment*.

1. Exports of sawnwood in 1950—1961



3. Exports of paper and paperboard in 1950—1961

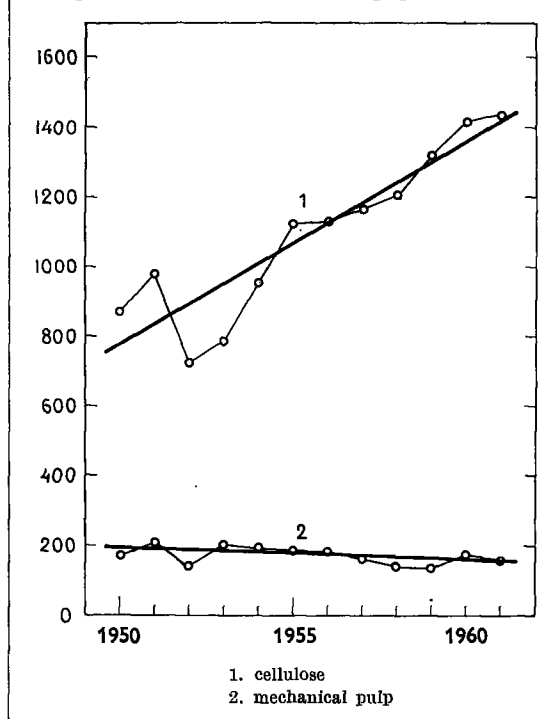


The term *quantitative increment*, as used here, does not mean a mere increase in volume, but the amount by which the value

of exports derived from the forest and timber economy has been increased as a result of the additional quantity of primary roundwood used in export production, assuming that the prices of the various export products and their relative share in the total export remain unchanged.

The *processing-level* is the average f.o.b. export value of forest products per cubic metre of primary raw wood used. If the export pattern changes in such a way that an increasing proportion of the total export is composed of highly processed products, a *processing-level increment* can be recorded, since the unit value of the production per cubic metre of primary roundwood (assuming stable prices) is greater. Apart from the rise in the processing-level as seen in the export pattern, the processing-level increment as defined above is also affected by, and includes within itself, the *technical increment* which occurs when technical developments reduce the amount of raw wood required for a given product, and/or when the wood acquired for export production is processed more economically, so that wastage is diminished.

2. Exports of cellulose and mechanical pulp in 1950—1961



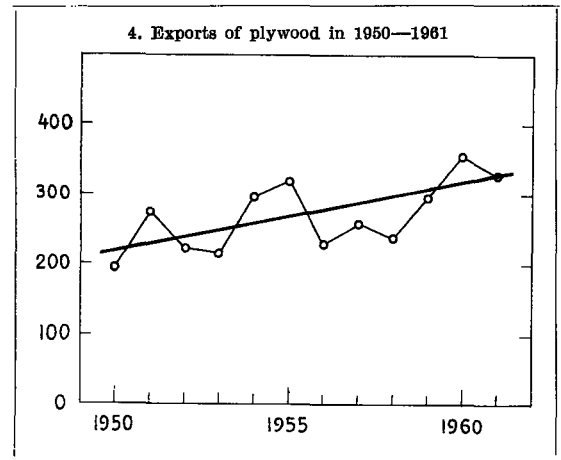
Between 1950 and 1960 the quantitative increment in respect of Finnish forest industry exports was approximately 38 per cent, an average of 3.3 per cent per year. The processing-level increment during the same period was 25 per cent, averaging 2.2 per cent per year.

The processing-level increment occurred primarily because the exports of the pulp and paper industries increased during this period more than the exports of roundwood and sawnwood. In addition, as the table above shows, the share of paper and paperboard in the pulp and pulp products increased considerably and increasing quantities of cellulose were exported as bleached cellulose, i.e. at a higher level of processing than before. The processing-level increment as defined above was also enlarged by the increased use of sawmill residues and paper waste, more particularly in the pulp and paper industries. In 1950 these represented only 9 per cent of the raw materials used by the pulp and paper industries; by 1960 the proportion had risen to 17 per cent, or the equivalent of 2.5 million cubic metres of pulpwood.

The change noted above in the structure of the export pattern corresponds fairly closely to the change in demand that has taken place in the world market, and especially in the European market — the demand for paper, and for pulp products generally, having increased more sharply than that for sawnwood.

During the period 1950—1960 Finland's share in the recorded totals for world exports of forest industry products developed as follows:

	1950 per cent	1960 per cent
Sawnwood	12.3	13.7
Plywood	48.7	23.7
Cellulose	18.6	17.0
Newsprint	6.9	9.2
Other paper	8.6	25.2
Paperboard	15.7	11.0



It will be seen that Finland's exports of sawnwood, cellulose and newsprint have more or less kept pace with the development of the world "commercial" demand. Finland's share in the international plywood and paperboard trade decreased, but in the category "other paper" the percentage has increased.

The trend in demand noted above is probably not just a phenomenon of recent decades. Market forecasts made in a number of quarters indicate that the same trend will continue in the future. The F.A.O., for example, anticipates that the world demand for paper and paperboard during the 20-year period 1955—1975 will increase by about 150 per cent. The F.A.O.'s new forecast of the demand for sawnwood is not yet ready, but judging by earlier experience, it will increase considerably less than the demand for paper. According to Professor T. Streyfert's admittedly cautious forecast, the increase in the demand for sawn wood in Europe over the 50 years 1950—2000 is likely to be only about 10 per cent, and in the whole world about 40 per cent.

Thus there is reason to emphasize that the development of Finland's forest industry will continue in the future to be based principally on the increase in production and export of paper and pulp. From the in-

formation available it can be calculated that during the 10-year period 1955—1965 the capacity of Finland's sulphite-cellulose industry will have increased by about 51 per cent, that of the sulphate-cellulose industry by about 195 per cent, and that of the mechanical pulp industry by about 71 per cent. During this 10-year period the production capacity of the woodpulp industry as a whole will have doubled.

The great increases in production capacity within the pulp industry make it reasonable to forecast specifically that the export of cellulose will continue to increase during the 1960's. Side by side with this expansion, however, expansions in the paper and paper-board industries have been and are still being effected, and it is reasonable to expect that the export of these products will continue to develop powerfully in the future.

ITEMS

Trade agreement. On March 8, 1963, an agreement was signed covering the exchange of goods between Finland and Czechoslovakia for 1963. Trade is fixed by quotas and the Finnish export quota includes copper, machinery, cellulose, paper and cardboard products, sawn goods, wallboard and metal products. Her import quota includes chemicals, textiles, metal products, machinery, cars and motor cycles.

*

New bond loans. In March, the Government issued the second (1963) 8 per cent bond loan for subscription by banking institutions. It amounts to 10 million new marks. The bonds are dated March 21, 1963, and will mature in five years. The loan is issued at par.

In April, the Government issued a loan for the National Pensions Institution, amounting to 5 million new marks. The bonds are dated April 30, 1963 and will mature in ten years. The rate of interest is 2½ per cent above the general deposit rate of the

two largest commercial banks. The loan is tied to the wholesale price index for domestic goods to the extent of 50 per cent.

*

Publications of the Bank of Finland. In Series C the following two publications have appeared: Erik Dahmén, "Suomen Taloudellinen Kehitys ja Talouspolitiikka, Ekonomisk Utveckling och Ekonomisk Politik i Finland", a study of Finnish economic development and economic policy in 1949—1962 and some future prospects. Torgny Lindgren, "Suomen Yhteisen-cansan Suuremmaksi Wacudexi, Til Finska Allmogens Mera Trygghet", a study in the use of the Finnish language in Swedish bank notes in the eighteenth and nineteenth centuries. Both books have been published in Finnish and Swedish.

A pamphlet "Bank Notes and Coins of Finland", containing pictures and brief descriptions of the new bank notes and coins issued under the new Currency Act, has been published in English.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
(Absent as Prime Minister)

REINO ROSSI

HEIKKI VALVANNE,
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

K. EIROLA,
Accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Chief

J. J. PAUNIO,
Research