



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 36 No. 12

DECEMBER

1962

### RECENT DEVELOPMENTS

#### INVESTMENT ACTIVITY IN 1962

During the boom which has lasted in Finland for some years, investment activity, apart from exports, was the most expansive demand factor until 1961. While the volume of the gross domestic product was 23 per cent higher in 1961 than in 1958, gross investment had grown by 37 per cent. During the current year, with the decline in the rate of growth of exports, and an even more marked fall in investment, the centre of gravity of demand has shifted over to consumption.

The data now at hand concerning private house-building in the first half of 1962 partly confirm and partly amend the information previously given on this activity (see Bulletin No. 4, 1962). Firstly, the growth rate of house-building came almost to a standstill early in the year. Secondly, residential building is now the sole expansive factor remaining, whereas other private building, particularly industrial construction, already shows a clear decrease on the figures for last year. The quantity (in cubic metres) of industrial buildings completed during the first six months of 1962 was 28 per cent less than that one year earlier. For dwelling-houses, the corresponding change was an increase of 3 per cent, and for building as a whole a reduction by 6 per cent. The same tendency is evident for buildings under construction. At the end of June, the volume of uncompleted indus-

trial buildings was 12 per cent less than one year before, while that of uncompleted dwelling houses was still 2 per cent more. As for building as a whole, the volume under construction fell short of the mid-1961 volume by 2 per cent.

There was a 24 per cent drop in permits issued (in terms of cu.m) for industrial buildings during the first half of 1962, which clearly indicates that the optimism prevailing as late as at the end of 1961 was weakening. Instead, licensing for residential building reflects a very strong demand for dwellings. During the first half of the current year, 15 per cent more building permits for dwellings were issued than one year before. The volume of permits for all building accordingly remained one per cent above that for January—June 1961.

With reference to the above, it may be said that since the middle of 1961 the bulk of productive fixed investment has been concerned with machinery and equipment. However, it seems that the latter investments attained their peak during the early part of this year. The volume of investment goods imported during the first half of 1962 exceeded by 6 per cent the corresponding volume one year before. At the same

*On page 18, Economic Growth and Social Welfare*

time, the output of the investment goods industry also grew by 6 per cent, although this increase was largely ascribable to a substantial increase in the foreign demand for metal industry products, and particularly vessels.

All things considered, it can be estimated that the 1962 volume of domestic gross investment will slightly exceed last year's level, mainly because of larger investment in machinery and equipment, and the expansion of private residential building and public-building construction. The official statistics available to date seem to indicate that industrial investment will not surpass the level of last year. This assumption is supported by the findings of an investment survey carried out by the Bank of Finland Institute for Economic Research this autumn.

#### INTERNAL TRADE

Generally speaking, internal trade grows at about the same rate as total production, with a time-lag of some six months. Thus during 1962, although the growth rate of internal trade has been declining since the early months of the year, it has been higher than that of total production. Wholesalers' turnover figures for the first six months exceeded those for January—June 1961 by nearly 9 per cent in value and 7 per cent in volume. For January—September, the advance over one year was 8 per cent in value and 6 per cent in volume.

Consumer demand has remained great, as is indicated by the substantial increase in retail trade. This is partially ascribable to high employment and to a general rise in

earnings. Compared with the corresponding periods of last year, the January—June value of retail sales grew by 11 per cent, and the January—September value by 10 per cent. To some extent, however, the increase in demand was accompanied by a rise in prices. For the first six months the consumer price index was 3 per cent higher in 1962 than in 1961, and for January—September 4 per cent higher. Nevertheless, the pressure on prices has clearly diminished in recent months. As prices rose, the volume of retail trade grew less than its value, by 8 per cent for the half year and 6 per cent for nine months taken against the corresponding periods of last year. If variations resulting from the calendar and the seasonal variations are eliminated, it will be seen that the growth rate of the adjusted volume of retail sales has declined slightly during 1962. Whereas in the latter half of 1961 the average growth was a full 7 per cent at an annual level rate, in 1962 it was 5 per cent in the first quarter, 4 per cent in the second, and about 3 per cent in the third quarter.

The sales structure makes it obvious that the increase in demand principally related to durable consumer goods. The value of the sales of hard ware, electrical appliances and sports equipment was 27 per cent higher during January—September 1962 than one year before, while a less-than-average advance was registered for food and tobacco, which rose by 6 per cent, and for textiles, clothing and leather goods, up by 7 per cent on the corresponding values for 1961.

*November 20, 1962*

## BANK OF FINLAND

Mill. mk

	1961		1962			
	Dec. 30	Oct. 31	Oct. 31	Nov. 8	Nov. 15	Nov. 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	77 893	80 065	77 289	77 452	77 999	75 837
Gold .....	10 417	10 025	13 521	13 521	13 521	13 521
Foreign exchange .....	58 730	60 120	57 525	57 688	58 183	55 920
Foreign bills .....	996	877	1 886	1 886	1 938	1 885
Foreign bonds .....	7 750	9 043	4 357	4 357	4 357	4 511
<i>Supplementary note cover</i> .....	47 225	44 251	61 080	57 123	54 507	56 735
Inland bills discounted						
In foreign currency .....	9 432	9 741	8 523	8 498	8 427	8 427
In Finnish currency .....	7 083	10 200	2 088	2 358	2 310	3 174
Rediscounted bills .....	29 460	23 060	50 469	46 267	43 770	45 134
Treasury bond loan .....	1 250	1 250	—	—	—	—
<i>Other assets</i> .....	6 236	10 688	7 127	6 248	5 681	5 869
Finnish bonds .....	1 968	8 077	3 364	2 403	1 908	1 915
Cheque accounts .....	608	548	426	465	371	468
Finnish coin .....	755	871	1 029	997	1 009	1 009
Other claims .....	2 905	1 192	2 308	2 383	2 393	2 477
<b>Total</b>	<b>131 354</b>	<b>135 004</b>	<b>145 496</b>	<b>140 823</b>	<b>138 187</b>	<b>138 441</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	83 706	75 121	79 419	81 400	80 359	80 692
<i>Short-term liabilities</i> .....	7 321	19 962	22 599	15 767	14 166	18 621
Foreign exchange accounts .....	1 339	1 662	1 670	1 700	1 681	1 655
Mark accounts of holders abroad .....	3 768	3 534	3 354	3 569	3 565	3 543
Cheque account of the Treasury .....	108	13 173	8 264	6 648	4 489	10 149
Cheque accounts of banks .....	566	—	8 688	3 162	3 738	2 665
Other cheque accounts .....	184	350	81	155	186	107
Other short-term liabilities .....	1 356	1 243	542	533	507	502
<i>Long-term liabilities</i> .....	13 586	11 799	13 775	13 775	13 775	8 281
Foreign .....	9 069	9 286	8 157	8 157	8 157	8 157
Finnish .....	4 517	2 513	5 618	5 618	5 618	124
<i>Equalisation accounts</i> .....	9 522	11 361	11 753	11 863	11 832	12 725
<i>Bank's own funds</i> .....	17 219	16 761	17 950	18 018	18 055	18 122
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	5 176	5 176	6 198	6 198	6 198	6 198
Profits undisposed .....	—	—	—	—	—	—
Earnings less expenses .....	2 043	1 585	1 752	1 820	1 857	1 924
<b>Total</b>	<b>131 354</b>	<b>135 004</b>	<b>145 496</b>	<b>140 823</b>	<b>138 187</b>	<b>138 441</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	77 893	80 065	77 289	77 452	77 999	75 837
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk) .....	47 225	44 251	50 000	50 000	50 000	50 000
<b>Total</b>	<b>125 118</b>	<b>124 316</b>	<b>127 289</b>	<b>127 452</b>	<b>127 999</b>	<b>125 837</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	83 706	75 121	79 419	81 400	80 359	80 692
<i>Short-term liabilities</i> .....	7 321	19 962	22 599	15 767	14 166	18 621
Undrawn on cheque credits .....	885	1 087	403	363	457	360
<i>Unused right of note issue</i> .....	33 206	28 146	24 868	29 922	33 017	26 164
<b>Total</b>	<b>125 118</b>	<b>124 316</b>	<b>127 289</b>	<b>127 452</b>	<b>127 999</b>	<b>125 837</b>

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

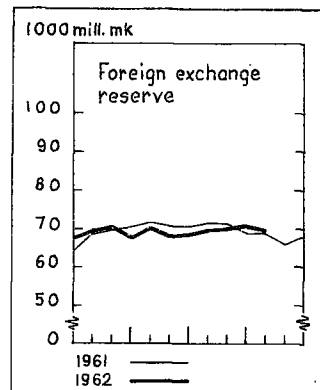
## BANK OF FINLAND

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
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 <sup>1)</sup>	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 <sup>2)</sup>	1 249	23 302
1961										
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120 <sup>2)</sup>	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531 <sup>2)</sup>	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187 <sup>2)</sup>	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557 <sup>2)</sup>	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 <sup>2)</sup>	1 249	23 302
1962										
Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478 <sup>2)</sup>	1 261	21 152
Feb.	71 466	1 257	70 209	9 076	12 288	66 997	29 048	5 312 <sup>2)</sup>	1 314	22 422
March	69 193	1 387	67 806	8 177	12 308	63 675	35 905	5 788 <sup>2)</sup>	801	29 516
April	71 528	1 371	70 157	8 205	12 092	66 270	38 748	6 138 <sup>2)</sup>	769	31 841
May	69 597	1 376	68 221	6 923	12 020	63 124	44 439	9 450 <sup>2)</sup>	839	34 150
June	69 700	1 176	68 524	5 904	11 831	62 597	51 230	12 722 <sup>2)</sup>	562	37 946
July	71 018	1 298	69 720	6 256	11 888	64 088	50 829	15 609 <sup>2)</sup>	725	34 495
Aug.	71 472	1 429	70 043	6 249	11 731	64 561	49 084	14 683 <sup>2)</sup>	527	33 874
Sept.	72 235	1 519	70 716	6 265	11 734	65 247	47 567	14 264 <sup>2)</sup>	582	32 721
Oct.	71 046	1 670	69 376	6 243	11 511	64 108	50 469	14 182 <sup>2)</sup>	512	35 775

<sup>1)</sup> Including cash reserve accounts 6 677. <sup>2)</sup> Including cash reserve accounts.

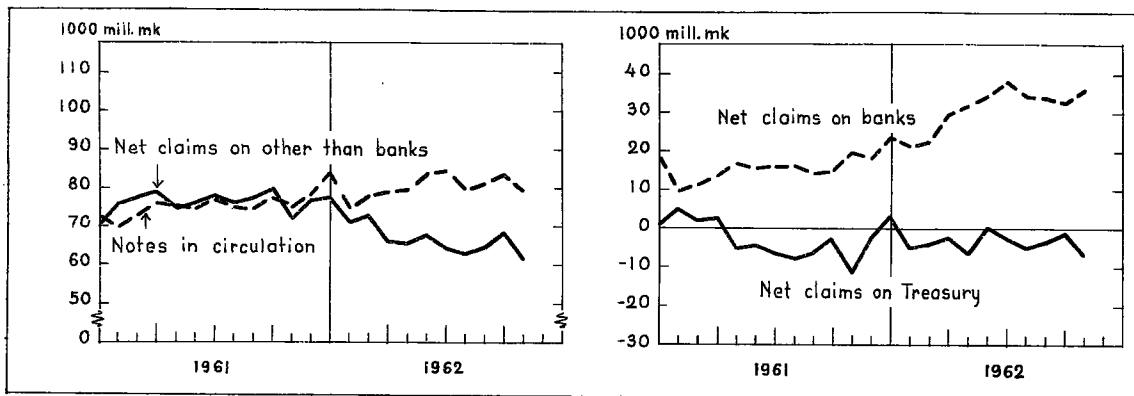
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1960	1961	1962		
	Dec. 31	Dec. 31	Aug. 31	Sept. 29	Oct. 31
Gold .....	9.1	10.4	13.7	13.5	13.5
Convertible .....	44.2	40.3	35.1	36.2	34.9
Non-transferable EMA ..	3.2	1.4	0.8	0.5	0.5
Eastern Bloc .....	1.7	9.2	15.1	15.2	15.5
Other .....	6.3	6.5	5.3	5.3	5.0
<b>Total</b>	<b>64.5</b>	<b>67.8</b>	<b>70.0</b>	<b>70.7</b>	<b>69.4</b>



## 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
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	-3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1961										
Aug.	2 500	670	9 345	171	-6 346	11 130	11 028	407	21 751	74 629
Sept.	1 250	700	4 912	171	-3 133	10 743	10 808	331	21 220	77 363
Oct.	1 250	700	13 173	171	-11 394	10 200	10 686	410	20 476	75 121
Nov.	1 250	700	4 022	142	-2 214	9 298	11 396	644	20 050	78 119
Dec.	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1962										
Jan.	1 250	700	7 028	114	-5 192	6 566	10 714	226	17 054	74 716
Feb.	1 250	700	5 898	114	-4 062	5 789	10 416	210	15 995	77 821
March	—	700	2 776	114	-2 190	3 468	10 374	242	13 600	77 965
April	—	700	6 853	114	-6 267	3 579	10 185	235	13 529	79 470
May	—	795	503	114	178	3 499	10 201	263	13 437	83 544
June	—	1 214	3 718	114	-2 618	3 299	9 955	329	12 925	84 333
July	—	1 391	6 257	114	-4 980	2 921	9 892	501	12 312	79 982
Aug.	—	1 507	4 829	114	-3 436	2 821	9 573	227	12 167	81 037
Sept.	—	1 547	2 563	114	-1 130	2 570	9 870	183	12 257	83 411
Oct.	—	1 625	8 264	114	-6 753	2 088	9 632	111	11 609	79 419



## 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
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960	55 083	68 072	15 060	181 355	179 859	105 250	48 524	25 434	540 453	623 585
1961	57 791	72 082	15 947	210 591	207 962	124 104	55 817	28 528	627 031	715 060
1961										
Oct.	58 295	72 396	13 805	198 558	197 797	117 742	53 277	27 559	594 967	681 168
Nov.	61 373	75 329	14 842	200 520	200 071	119 287	53 578	27 769	601 259	691 430
Dec.	57 791	72 082	15 947	210 591	207 962	124 104	55 817	28 528	627 031	715 060
1962*										
Jan.	57 954	71 239	16 026	211 911	208 998	125 177	56 976	28 827	631 919	719 184
Feb.	58 280	70 807	19 668	213 987	212 064	127 448	58 030	29 211	640 763	731 238
March	55 164	68 713	17 526	216 138	214 561	130 019	58 708	29 561	649 006	735 245
April	54 798	68 015	17 446	217 176	214 927	130 386	58 586	29 404	650 498	735 959
May	58 010	72 222	18 671	219 011	215 791	131 599	58 648	29 275	654 343	745 236
June	56 632	69 669	12 736	218 358	213 361	129 814	58 248	28 891	648 693	731 098
July	59 407	72 740	16 469	217 696	212 647	129 334	58 402	28 751	646 852	736 061
Aug.	59 617	73 703	16 312	217 454	214 159	129 757	58 749	28 574	648 717	738 732
Sept.	58 186	72 759	17 311	216 378	213 773	129 232	58 574	28 485	646 467	736 537
Oct.	56 846	70 794	16 605	215 186	212 928	128 300	58 621	28 561	643 622	731 021

End of month	Index- tied depos- its	High- interest depos- its	Tax- conces- sion accounts
1961			
Dec.	3 788	52 836	14 890
1962*			
March	3 192	54 128	14 840
April	3 180	54 721	14 816
May	3 457	54 213	14 823
June	3 702	54 632	14 570
July	4 261	53 742	14 268
Aug.	4 946	53 489	13 990
Sept.	5 413	52 929	13 611
Oct.	5 808	52 169	13 132

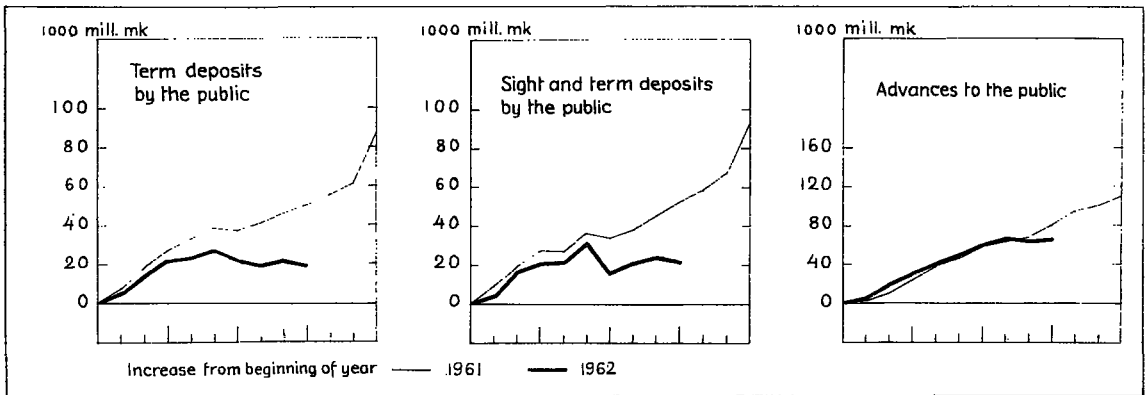
Selling rates for foreign exchange			
Oct. 30, 1962			
		mk	mk
New York ...	1 \$	322: 30	Zurich ..... 100 Fr 7 472: —
Montreal .....	1 \$	299: 60	Paris ..... 100 NF 6 580: —
London .....	1 £	903: —	Rome ..... 100 Lit 51: 93
Stockholm ...	100 Kr	6 256: —	Vienna ... .. 100 S 1 249: —
Oslo .....	100 Kr	4 508: —	Lisbon ..... 100 Esc 1 126: —
Copenhagen ..	100 Kr	4 658: —	Reykjavik .... 100 Kr 749: —
Frankfurt o.M.	100 DM	8 042: —	Madrid ..... 100 Pta 542: —
Amsterdam ...	100 Fl	8 939: —	Prague, clear... 100 Kč 4 458: —
Brussels .....	100 Fr	647: 50	Moscow, clear. <sup>1)</sup> 1 Rbl 356: 67
			Clearing dollars <sup>2)</sup> 1 Cl \$ 321: —

<sup>1)</sup> Bucharest, Peking.<sup>2)</sup> Ankara, Athens, Belgrade, 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
	Commer- cial 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
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960	260 460	154 935	39 495	117 601	45 216	586 187	31 520	617 707	149 461
1961	304 799	181 763	43 683	146 272	51 517	692 820	35 214	728 034	164 606
1961									
Oct.	293 898	179 294	46 044	142 129	50 285	675 545	36 105	711 650	155 353
Nov.	296 617	181 352	45 955	142 347	52 198	685 091	33 378	718 469	161 753
Dec.	304 799	181 763	43 683	146 272	51 517	692 820	35 214	728 034	164 606
1962*									
Jan.	306 496	182 187	45 001	146 504	52 139	696 434	35 893	732 327	156 589
Feb.	313 721	184 461	46 966	147 634	53 334	707 266	38 850	746 116	161 170
March	319 279	185 589	46 981	148 986	55 934	718 899	37 870	756 769	157 630
April	323 486	188 131	47 156	151 045	57 453	727 413	39 858	767 271	158 260
May	326 943	189 151	47 186	154 268	58 503	737 827	38 224	776 051	166 883
June	331 779	191 654	47 780	156 130	59 608	746 951	40 000	786 951	158 859
July	333 307	193 792	48 620	157 249	60 269	755 043	38 194	793 237	160 205
Aug.	329 880	195 969	47 751	157 748	60 276	754 208	37 416	791 624	163 776
Sept.	326 487	197 940	49 761	159 331	60 449	756 573	37 395	793 968	164 689
Oct.	327 058	199 568	51 973	159 756	60 937	760 159	39 133	799 292	157 593

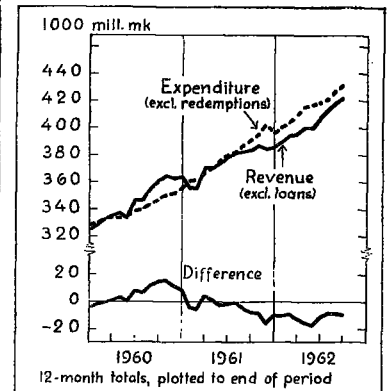


## STATE FINANCES

1000 mill. mk

Revenue	Jan. — Sept.		Expenditure	Jan. — Sept.	
	1961	1962		1961	1962
Income and property tax (net) .....	57.1	74.8	Interest on State debt .....	5.1	5.6
Gross receipts .....	(155.7)	(175.8)	Child allowances .....	18.4	21.3
Refunds and communal income tax .....	(-98.6)	(-101.0)	The State's share in national pensions .....	11.2	14.3
Other direct taxes .....	0.9	1.1	Compensations to war-disabled .....	9.6	8.5
Purchase tax .....	70.8	76.0	Transfer of employers' payments for national pensions to the National Pensions Institution .....	8.6	7.3
Import duties .....	34.7	32.2	Subsidies .....	27.4	28.4
Revenue from Alcohol Monopoly .....	20.9	23.4	Net payments on price equalisation by extra-budgetary funds .....	0.8	—
Excise duty on tobacco .....	15.2	16.8	State aid to agriculture .....	4.2	4.7
Excise duty on liquid fuel .....	10.4	11.9	State aid to communal and private schools .....	21.8	25.0
Other excise duties .....	4.2	4.3	Net loss of State enterprises .....	—	0.0
Tax on automobiles and motor cycles .....	1.7	4.5	Maintenance of roads .....	7.5	9.5
Stamp duties .....	13.8	15.1	Other current expenditure .....	89.1	103.5
Employers' payments for child allowances and national pensions .....	23.8	27.4	<b>Current expenditure</b> .....	203.7	228.1
Net receipts of price equalisation by extra-budgetary funds .....	—	0.7	Real investments .....	55.9	59.3
Other revenue similar to taxes .....	3.9	4.5	Other capital expenditure .....	31.9	40.8
<b>Total taxes</b> .....	257.4	292.7	<b>Capital expenditure</b> .....	87.8	100.1
Interest and dividends .....	4.3	5.8	<b>Total expenditure</b> .....	291.5	328.2
Net profit of State enterprises .....	4.4	—	Redemption of external loans .....	2.4	2.5
Other current revenue .....	9.4	11.6	Redemption of internal loans .....	12.0	15.0
<b>Current revenue</b> .....	275.5	310.1	Redemption of indemnity bonds etc. .....	1.5	0.6
Capital revenue proper .....	6.6	7.3	Index premiums .....	0.6	0.6
Decrease in inventories .....	2.7	3.3	<b>Redemptions</b> .....	16.5	18.7
<b>Capital revenue</b> .....	9.3	10.6	<b>Total</b> .....	308.0	346.9
<b>Total revenue</b> .....	284.8	320.7			
External loans .....	6.1	2.2			
Internal loans .....	15.9	26.2			
<b>Loans</b> .....	22.0	28.4			
Short-term credit (increase +) ..	-2.5	+2.6			
<b>Deficit (+) or surplus (-)</b> .....	+3.7	-4.8			
<b>Total</b> .....	308.0	346.9			

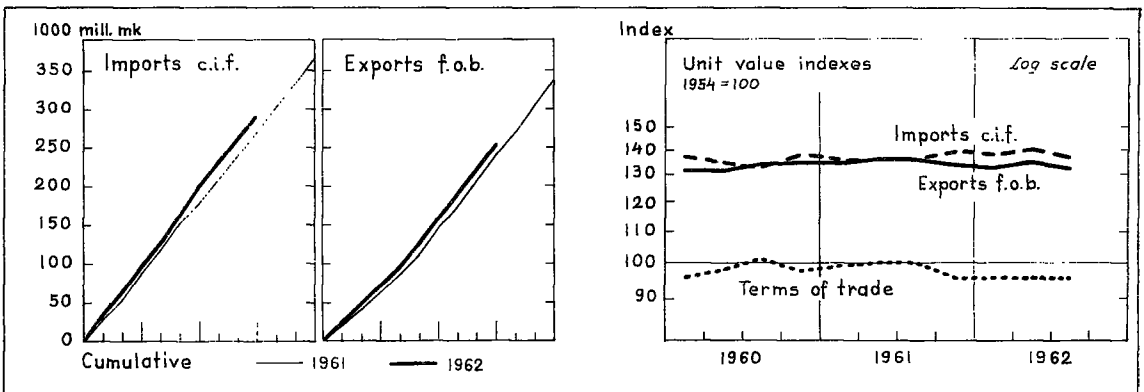
Debt	1959	1960	1961	1962			
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.*
<b>External debt</b> ...	76.6	74.4	79.1	79.3	79.8	79.3	80.3
Ordinary loans ...	72.2	74.4	75.7	83.5	83.1	86.9	87.0
Indemnity bonds etc.	6.5	4.4	2.6	2.1	2.0	2.0	1.9
Short-term credit ..	4.1	3.0	2.4	2.9	4.7	5.0	4.7
Cash debt (net) ...	-5.8	-14.3	-9.8	-19.9	-17.1	-15.8	..
<b>Internal debt</b> ...	77.0	67.5	70.9	68.6	72.7	78.1	..
<b>Total debt</b> .....	153.6	141.9	150.0	147.9	152.5	157.4	..
Total debt, mill. \$	479.7	442.9	465.9	459.1	473.0	488.3	..





FOREIGN TRADE

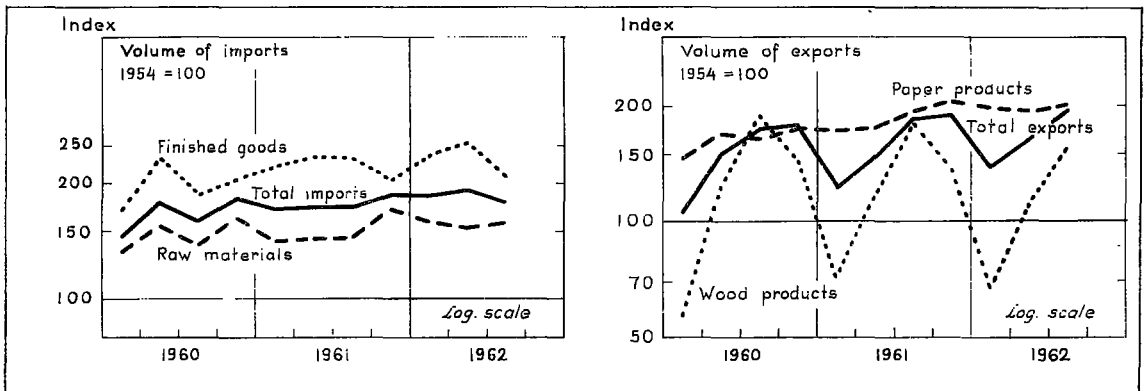
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960	340 300	316 473	-23 827	133	123	131	132	147	136	98
1961	369 021	337 404	-31 617	135	145	134	134	140	137	99
Jan.— Sept. 1960	245 820	222 962	-22 858							
1961	269 320	238 910	-30 410							
1962*	290 854	254 071	-36 783							
1962*										
Jan.	32 179	24 012	- 8 167	133	145	135	128	137	138	96
Feb.	30 691	23 062	- 7 629							
March	34 004	24 512	- 9 492							
April	30 469	23 411	- 7 058	135	140	134	128	160	140	96
May	37 062	30 202	- 6 860							
June	33 936	32 923	- 1 013							
July	33 507	31 531	- 1 976	132	145	134	125	142	137	96
Aug.	29 587	31 913	+ 2 326							
Sept.	29 419	32 505	+ 3 086							



## FOREIGN TRADE BY MAIN GROUPS

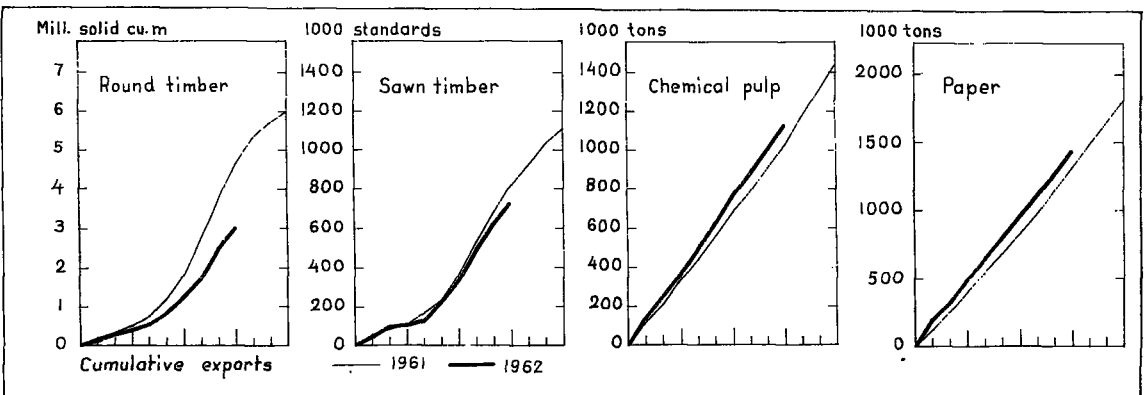
Mill. mk

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	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960	166 264	33 052	93 337	47 647	16 034	20 564	84 078	133 714	47 361	14 722
1961	171 120	32 988	103 445	61 468	15 349	29 585	84 079	153 910	38 627	15 854
Jan. — Sept. 1960	119 515	22 768	69 291	34 246	11 670	15 458	59 699	97 599	28 095	10 441
1961	122 174	22 676	79 191	45 280	11 023	23 069	61 637	111 865	20 274	11 042
1962*	129 690	25 340	88 932	46 892	11 524	15 268	55 330	116 276	43 511	12 162
1961										
Sept.	14 611	2 778	9 475	4 677	1 621	4 448	8 996	14 360	2 329	1 663
Oct.	15 157	2 916	8 473	4 738	1 216	3 301	8 030	14 315	3 747	1 784
Nov.	17 377	2 465	7 948	5 564	910	1 929	8 084	13 820	8 613	1 489
Dec.	16 413	4 932	7 832	5 886	2 199	1 285	6 328	13 910	5 993	1 543
1962*										
Jan.	16 410	2 144	8 320	5 305	807	903	4 784	12 912	3 571	1 035
Feb.	13 488	2 443	9 871	4 889	1 707	755	3 448	12 275	3 826	1 051
March	14 856	3 010	10 125	6 013	1 074	683	3 037	13 651	4 788	1 279
April	12 240	3 328	9 697	5 204	1 009	586	3 206	12 489	5 015	1 106
May	15 467	3 071	12 185	6 339	1 658	1 328	6 601	13 642	5 584	1 389
June	14 396	2 230	11 990	5 320	1 638	1 959	8 504	12 518	6 708	1 596
July	14 530	2 996	11 501	4 480	1 273	2 861	9 617	11 343	5 003	1 434
Aug.	14 368	2 632	7 652	4 935	1 294	3 542	8 521	13 557	3 520	1 479
Sept.	13 935	3 486	7 591	4 407	1 064	2 651	7 612	13 889	5 496	1 793



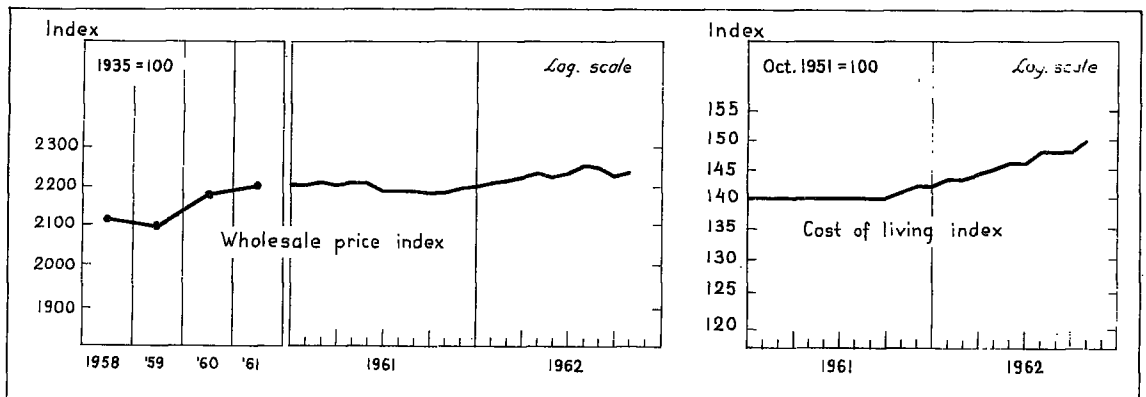
EXPORTS OF SOME IMPORTANT ARTICLES

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
Jan. — Sept. 1960	3 608	815	256	132	682	359	122	93	511	1 067
1961	4 627	809	237	121	640	395	113	106	608	1 313
1962*	3 014	725	255	111	614	513	114	113	640	1 437
1961										
Sept.	882	127	26	14	80	45	14	13	86	172
Oct.	689	106	34	16	81	66	17	13	81	165
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	165	52	33	10	71	54	11	14	84	178
Feb.	141	31	31	10	75	42	11	13	72	141
March	129	23	29	13	68	51	14	13	75	173
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



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. — Sept.			Whole year		Jan. — Sept.		
	1960	1961	1961	1962*		1960	1961	1961	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	16.2	15.7	15.8	15.8	45 895	26.7	24.5	26.1	22.8	58 005
United Kingdom .....	15.8	15.3	15.4	15.3	44 442	24.5	22.2	23.8	20.8	52 771
<b>Other OECD countries</b>										
<b>in Europe</b> .....	53.6	55.4	55.3	56.5	164 266	41.0	46.4	47.4	43.2	109 789
Austria .....	0.7	0.7	0.7	0.8	2 251	0.2	0.4	0.3	0.3	702
Belgium-Luxembourg .....	3.1	2.6	2.6	2.4	6 914	3.7	3.9	3.9	3.4	8 585
Denmark .....	2.6	3.2	3.2	3.0	8 793	3.5	3.5	3.8	3.8	9 617
France .....	5.8	5.0	5.1	5.5	15 885	4.7	5.2	5.1	4.5	11 496
Western Germany .....	19.4	21.3	21.4	21.1	61 388	11.6	12.9	13.2	12.0	30 607
Italy .....	1.7	1.9	1.9	2.2	6 430	2.1	2.7	2.8	2.7	6 912
Netherlands .....	4.6	4.0	3.9	4.2	12 097	6.1	6.3	6.5	6.1	15 587
Norway .....	1.6	1.5	1.4	1.5	4 318	1.3	1.9	2.0	1.3	3 279
Portugal .....	0.2	0.1	0.1	0.2	582	0.1	0.1	0.1	0.1	183
Spain .....	0.7	0.5	0.5	0.4	1 221	0.2	0.5	0.6	0.6	1 527
Sweden .....	10.4	11.5	11.4	12.2	35 506	4.9	5.7	5.6	5.9	14 970
Switzerland .....	2.2	2.4	2.4	2.5	7 173	0.6	1.0	1.0	0.6	1 493
<b>Eastern Bloc</b> .....	20.6	19.1	18.9	18.0	52 370	19.5	18.0	15.2	21.2	53 773
China .....	0.2	0.1	0.1	0.2	565	0.7	0.6	0.6	0.4	1 063
Czechoslovakia .....	1.1	1.0	1.2	1.2	3 496	0.9	1.1	1.1	1.0	2 433
Eastern Germany .....	1.4	1.5	1.5	1.4	4 153	1.3	1.4	1.4	1.0	2 656
Poland .....	2.5	2.4	2.2	2.0	5 886	1.8	2.2	2.2	1.9	4 837
Soviet Union .....	14.7	13.3	13.1	12.5	36 303	14.2	12.1	9.0	16.3	41 436
<b>U.S. and Canada</b> .....	6.0	6.1	6.3	5.8	16 936	5.1	4.5	4.4	5.7	14 435
United States .....	5.7	5.7	5.9	5.3	15 304	5.0	4.4	4.3	5.5	14 083
<b>Latin America</b> .....	2.7	2.7	2.6	2.8	8 000	5.1	3.9	4.2	3.7	9 546
Argentina .....	0.5	0.4	0.5	0.5	1 582	1.1	1.3	1.3	0.8	2 117
Brazil .....	1.8	1.6	1.6	1.4	3 996	2.9	1.5	1.8	1.7	4 327
<b>Others</b> .....	0.9	1.0	1.1	1.1	3 387	2.6	2.7	2.7	3.4	8 523
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	290 854	100.0	100.0	100.0	100.0	254 071
<b>of which</b>										
<b>EFTA countries</b> .....	33.5	34.7	34.7	35.4	103 066	34.9	34.7	36.6	32.7	83 015
<b>EEC countries</b> .....	34.5	34.8	34.9	35.3	102 713	28.1	31.0	31.5	28.8	73 187



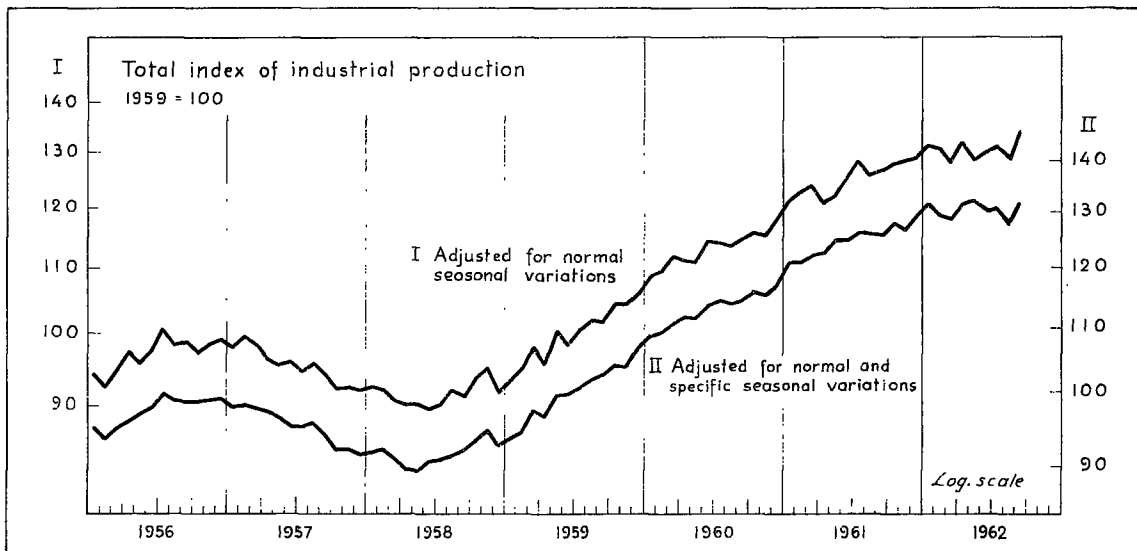
## PRICE INDEXES

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				
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
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
1961									
Oct.	2 182	2 310	2 268	3 596	1 889	1 910	129	114	151
Nov.	2 195	2 323	2 333	3 597	1 889	1 923	129	114	152
Dec.	2 198	2 327	2 357	3 600	1 888	1 923	129	114	152
1962									
Jan.	2 206	2 339	2 412	3 597	1 890	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154
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

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
1959	134	141	280	98	85	134	105	103	104	95	105	109
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
1961												
Oct.	141	148	322	100	88	138	111	109	119	97	109	112
Nov.	142	150	322	100	88	138	111	110	119	98	109	112
Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962												
Jan.	143	152	322	101	88	139	112	112	119	98	110	113
Feb.	143	152	322	102	89	139	112	112	119	99	110	113
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

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1954 = 100											
1959	123	118	125	122	98	144	120	120	123	38 100	121
1960	140	140	144	135	122	168	142	132	140	44 593	136
1961*	154	161	158	145	118	194	161	142	154	49 004	150
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125		
1961*											
Aug.	131	129	129	134	115	144	127	132	126	1 981	164
Sept.	131	144	130	128	114	142	141	126	126	2 320	170
Oct.	138	151	139	128	118	149	147	133	128	3 026	163
Nov.	138	156	140	125	106	150	151	132	128	3 615	162
Dec.	122	143	122	110	94	127	140	112	129	4 052	167
1962*											
Jan.	132	152	133	122	112	143	151	119	131	4 522	125
Feb.	128	146	128	120	118	137	145	118	131	5 600	140
March	142	161	142	132	136	153	160	131	128	5 509	158
April	126	137	125	120	117	128	138	120	132	5 193	157
May	139	152	137	138	124	145	152	135	129	10 220	179
June	120	139	116	119	115	106	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	140	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170

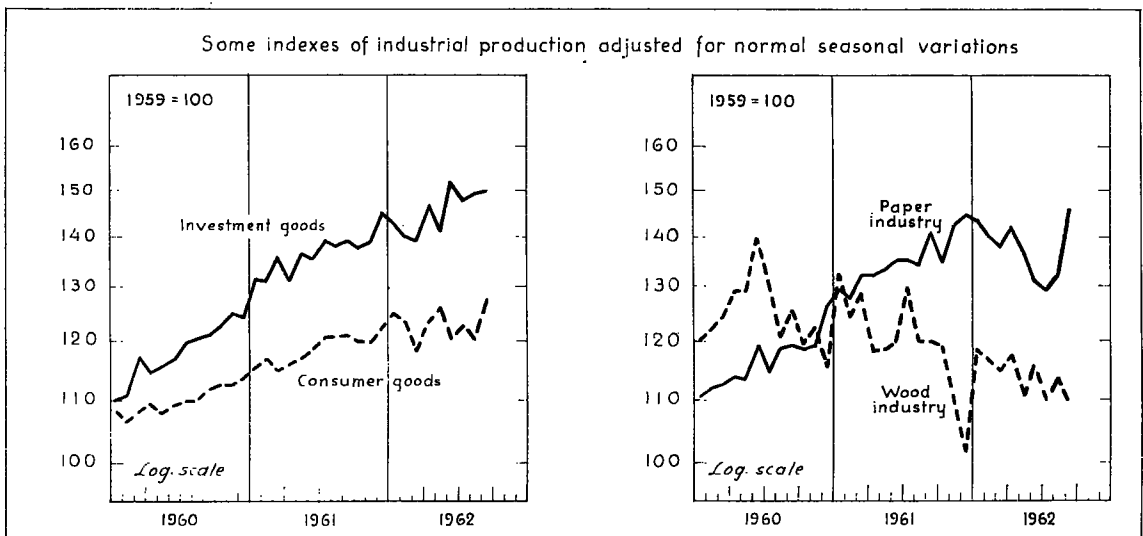


**BUILDING - WAGES - TRANSPORT - EMPLOYMENT**

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*	24.95	10.62	2.29	8.72	2.56	22.09	125	117	119	126
1961*										
Apr. - June	4.11	1.65	0.24	1.51	0.53	26.03	124	115	120	126
July - Sept.	6.34	2.41	0.68	1.71	1.07	27.01	126	116	123	127
Oct. - Dec.	9.62	4.11	1.08	3.44	0.64	22.09	128	120	125	128
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	20.61	130	119	121	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	25.51	132	119	126	134

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 persons		% of total labour force	
	1961	1962	1961*	1962*	1961*	1962*	1961*	1962*	1961*	1962*
Jan.	134	136	450	509	412	475	1 803	1 854	1.8	1.8
Feb.	128	125	321	398	332	366	1 812	1 853	1.4	1.7
March	143	146	386	433	434	400	1 805	1 845	1.5	1.6
April	139	135	422	459	402	401	1 840	1 867	1.4	1.2
May	150	146	591	627	629	633	1 872	1 921	0.9	0.7
June	149	134	729	746	912	863	1 872	1 916	1.0	0.7
July	146	135	752	974	1060	1 089	1 777	1 809	0.9	0.8
Aug.	160	147	779	861	1023	1 057	1 864	1 889	0.8	0.9
Sept.	158	143	594	700	832	752	1 914		0.7	
Oct.	160	152	583	680	714	701	1 906		0.9	
Nov.	155		572		630		1 886		1.0	
Dec.	125		559		533		1 869		1.3	

Some indexes of industrial production adjusted for normal seasonal variations



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### 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. *Employment 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. Employment 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 the Diet 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.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet 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 (1959), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6 %, are covered by forests.

OWNERSHIP OF LAND (1959): The total land area was distributed among different classes of owners approximately as follows: private 56.2 %, State 34.4 %, joint stock companies etc. 8.2 %, communes 1.2 %.

### POPULATION

NUMBER OF INHABITANTS (1960): 4.5 million. Sweden 7.5, Switzerland 5.3, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1960): 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 (1960): 62 % of the population inhabit the rural areas, 38 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 453 000 inhabitants, Tampere (Tammerfors) 127 000, Turku (Åbo) 124 000.

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 (1961): 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 (1960): births 18.4 ‰, deaths 8.9 ‰, increase 9.1 ‰. Deaths in France 11.4 ‰ and Great Britain 11.5 ‰.

### TRADE AND TRANSPORT

NATIONAL INCOME (1961, in thousand million marks) Gross domestic product at market prices 1 221 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 141 (11 %), forestry and fishing 135 (10 %), manufacturing 397 (31 %), construction 123 (10 %), transport and communications 100 (8 %), commerce, banking and insurance 158 (12 %), general government 149 (12 %), other services 77 (6 %), total 1 280. 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 (1959): 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 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52 %, animal products 120 %.

INDUSTRY (1960): Gross value of industrial production 1 244 000 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, 1962): Length 5 387 km, of which 5 313 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Oct. 31, 1962): Steamers 193 (296 422 gross reg. tons), motor vessels 279 (559 840 gross reg. tons), sailing vessels with auxiliary engines 79 (7 940 gross reg. tons). Total 551 (864 202 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.

AIR TRAFFIC: (Dec. 31, 1961) Number of aircraft in scheduled traffic 23, other aircraft 107. In 1961, 543 000 passengers were carried by the two Finnish companies; over 240 million passenger kilometres and 4.1 million ton kilometres of freight and mail were transported.

### 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. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1960 expenditure amounted to 197 256 mill. marks. Total revenue was 206 010 million, of which income from taxation 103 727 million. The municipal income tax (non-progressive) averaged 11.87 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1961). There are two big and three small commercial banks with in all 630 offices, 382 savings banks, 527 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 1/8 %. Other credit institutions: term deposits 4 1/8 % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies 1/8 %; highest lending rate 8 %.

## ECONOMIC GROWTH AND SOCIAL WELFARE

BY

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The whole period since the Second World War, particularly the latter part of the 'fifties and the first years of the new decade, has been one of unequalled economic growth. This applies to Finland, and to most other countries in both East and West. In Finland this growth is clearly reflected in all the figures of national income. The nominal values of the net domestic product and the real domestic product have risen very rapidly.

emergence of new opportunities have deeply influenced all internal social relations.

This unparalleled economic growth has introduced a new era for the expansion of all forms of social welfare — in the widest sense of the word. When social welfare is taken in the broad context used in Scandinavian social statistics (Social Welfare Statistics of the Northern Countries) this expansion is very clearly indicated by the following figures pertaining to expenditure — public and private — for social purposes.

	Net domestic product at factor cost in thousand million marks	Index of real domestic product (1954=100)		Thousand million marks	Per cent of net national income
1948 .....	307	74	1946 .....	9.6	6.2
1951 .....	615	91	1950 .....	44.0	10.7
1954 .....	682	100	1954 .....	68.0	10.0
1957 .....	906	109	1958 .....	120.0	12.5
1960 .....	1 152	126	1960 .....	132.0	11.5
1961 .....	1 280	135			
1962 <sup>1)</sup> .....	1 380	140			

<sup>1)</sup> 1962 estimated.

As the second column clearly indicates, the expansion of the Finnish economy has been a reality, and not merely an increase of nominal values in a time of gradual inflation. A growth of 89 per cent in the real national income in the course of fourteen years, or on an average more than 4.5 per cent annually, has been the dominating factor in Finnish society during this time. The rapid expansion of the Finnish economy and

These Finnish figures are directly comparable with corresponding ones from the Scandinavian countries. In 1958, the social expenditure in Norway was 11.9, in Denmark 13.7, and in Sweden 13.7 per cent of the net national income; this indicates that the level of social welfare expenditure differed only slightly in these four Northern countries. Since 1958, this form of expenditure has risen considerably in each of these countries, but no exact figures are currently available for a detailed comparison for later years.

It is neither possible nor necessary to report here in detail on the development of all phases of Finnish social welfare policy, nor its financial aspects. A brief digest of the social expenditure for 1946 and 1960 is given according to the classification in Co-ordinated Statistics of Social Welfare in the Northern Countries.

Category of expenditure	1946	1960
	Per cent	
Health .....	18	22
Injuries at work and labour protection .....	7	5
Unemployment .....	4	7
Old age, disablement, etc. ....	20	28
Family welfare .....	13	23
General and unspecified social assistance .....	19	7
Relief to military and war casualties	13	6
Tax rebates for children .....	6	2
	<u>100</u>	<u>100</u>

In comparison with increasing expenditure for childhood — included above in family welfare — and old age, which have displayed the fastest growth, the earliest segments of traditional social policy have not expanded. On the contrary, the relative share of labour protection and poor relief — unspecified social assistance — has shrunk considerably. There is, in addition, a third item which has been shrinking rapidly since the early post-war years; this is the heavy bill to be paid for war victims, war widows and orphans as well as war invalids whose rehabilitation has in many cases produced positive results. There is further one significant segment of social expenditure which has not been included in these inter-Scandinavian statistics, viz. all the expenditure entailed in the resettlement, compensation and welfare of Finland's displaced persons, originally more than ten per cent of the population. This expenditure was substantial in the late 'forties and early 'fifties. This special aspect of Finnish life cannot be omitted when a total picture of Finnish social policy is drawn.

One further category not taken into account in these inter-Scandinavian statistics is represented by the subsidies for public housing. However, there is no doubt that the investment of public funds for the construction of good and cheap dwellings in both urban and rural areas is one of the most important components of family welfare. To what extent public works — in the broad sense of the word — are included in the expenditure for the combating of unemployment seems to differ from country to country.

There is in Finland a marked trend towards the financing of all social welfare programmes from public funds, state or municipal, and accordingly contributions by the recipients of various benefits are decreasing. In 1960, recipients paid in premiums or special taxes less than 10 per cent of the total of all social welfare expenditure. Thus taxation, the main source of revenue from which such expenditure is met, has attained greater importance as a redistributor of income.

Many of these social welfare programmes of the post-war period have developed in a piecemeal fashion, and lack any comprehensive long-term planning or coordination of conflicting aspects. Parliament has yielded to the pressure of different circles, and has accepted new programmes for the expansion of social welfare services without any long-term order of urgency. This is particularly true as regards the child allowance system, accepted in 1948, and the largest single item in the redistribution of income through social welfare measures; it represents 16 per cent of all social expenditure in 1960. A similar haphazard approach can be observed in the efforts to solve the difficult problem of unemployment. This also applies to many programmes of public health, the construction of new hospitals, training for the medical profession, etc. Consequently, a national

sickness insurance scheme had been postponed from one parliamentary session to another until a bill was finally submitted to Parliament in November 1962.

The Finnish Social Policy Association — a private organization — made in 1957 a bold effort to arrive at a comprehensive plan for a national social policy programme. A committee of experts was appointed to advise Dr. *Pekka Kuusi* in drafting such a national programme. Kuusi's book „60-luvun sosiaalipolitiikka” (Social welfare policy in the 1960's) appeared in the autumn of 1961, and immediately aroused a fruitful and very lively public discussion on the basic principles guiding social policy, as well as on practical applications of the draft programme. Thus a prominent social scientist who had been able to pursue his research independent of political parties and pressures had performed a most significant service for his country. Three editions of Kuusi's book have already been published. English and Swedish translations are to be expected in 1963. Kuusi's intensive and penetrating study of some crucial problems relating to the targets of social welfare policies and their practical implementation will be Finland's contribution to the discussion of certain basic problems of social reform in our era of rapid economic growth and deep, fundamental structural changes in the society.

In conclusion, three special aspects of Finnish social policy may be discussed.

The research carried out by Kuusi has amply demonstrated that as a rule social welfare measures, result in a redistribution of income which affects all circles of society. This redistribution of income occurs between urban and rural populations, between wage-earners and farmers, between the more industrialized and advanced southern provinces and the forest-covered and poorer northern parts of the country, and so on. The extent and consequences of

this redistribution have been studied only in part. One such recent study was made (1961) by *Onni Vauhkonen*, who analysed the redistribution of hospital costs — in 1959 — and was able to prove that on an average three-fourths of all hospital costs were paid from public funds, state or municipal, and less than one-fourth by the patient himself. More research, however, is needed to measure and to assess the scope of the redistribution of income which seems to be included in all programmes for the benefit of children, families, old people, the disabled, etc.

The intensification and specialization of social services is urgently needed. Medical services, family services, old age services, disability services, all social services can satisfy the deeper needs of the recipients better if sufficient attention is paid to individual differences. The case of child allowances may here serve as an example. From the very beginning, the child allowances have been paid for all children under 16, comprising 32 per cent of the total population. An amendment to the child allowance act (1948) introduced from April 1961 a most welcome intensification of the system. By this amendment, certain categories of children receive a double or treble allowance, viz. orphans, the children of old-age pensioners, certain illegitimate children, and those indigent children who are physically or mentally ill and cared for in their own homes and not in institutions. There are no actual means tests to distinguish the indigent cases. Financially, these special child allowances have not imposed too great a burden on the Finnish economy, but they have meant an important intensification of the allowance system from the point of view of the recipients. As regards the rehabilitation services for the disabled, similar positive developments have been remarked.

Many of the social welfare programmes

are confined to the redistribution of income and can accordingly be measured by the expenditure involved. As stated above, these transfers of purchasing power are significant from the point of view of the whole economy as well as the recipients themselves. But these collective and economic measures cannot satisfy all the needs connected with the security of individuals. On the contrary, with advancing industrialization and urbanization, there seems to be a growth in the individual's need of personal services. Inter-personal relations and problems are not solved as easily as in the old rural villages, where traditions and strong social norms dominated, and where such problems seemed to „solve themselves”. In an industrial society and in an urban community personal guidance and advice are badly needed. The more recent development of personal services in Finland — as in so many other countries — is an indication of

a new phase in the development of social services. Marriage counselling, mainly by the clergy or social workers in churches or voluntary organizations, child guidance clinics and other mental health services — maintained mainly by municipal boards — social work among alcoholics and narcotics and delinquents, have expanded and developed in recent years to satisfy the needs of individuals and families in distress. The relevant dimensions of these services cannot be measured by expenditure, perhaps by no quantitative units at all. Nevertheless, the urgency of such services to the individual is a reality in our contemporary, complex society. It is the basic function of social welfare to serve individuals and families in distress, to try to satisfy their economic and non-economic needs. With the growth of the economy, and with a rising standard of living, many deep-seated non-economic human needs seem to have become more urgent.

## ITEMS

**Import credit restrictions.** In addition to other monetary policy measures designed to curb the expansive import demand, and to relieve the pressure on the foreign exchange reserves, the Bank of Finland decided on October 20, 1962, that, before Customs clearance is granted for such import goods as passenger cars, radios, television sets, cameras, washing machines and similar durable consumer goods, payment for them shall be made to an authorized bank, or an amount equivalent to their price shall be deposited for payment with the Bank of Finland. This provision had immediate effect. In specific cases, the Bank of Finland may allow exceptions from this regulation.

\*

**Cash reserve agreement dissolved.** In May 1961, a cash reserve agreement between the Bank of Finland and the credit institutions came into force for one year; last spring the agreement was renewed for another twelve months on terms which were essentially the same (see Items in Bulletins No. 5, 1961 and 1962). During the last few months, a considerable retardation in deposits has given the credit institutions fewer opportunities to increase their grants of credit; on the other hand, they have been unable to adapt their lending to the changed deposit situation with sufficient rapidity, which has meant a growth in their borrowing from the Bank of Finland. To provide them with an opportunity to reduce their debt and to raise their liquidity, the Bank of Finland

decided on November 13, 1962 to release the credit institutions from the cash reserve agreement, and to refund the deposits accumulated on cash reserve accounts, amounting to about 5 500 million marks, from November 20.

\*

**Trade agreement.** On October 30, 1962, an agreement was signed covering the exchange of goods between Finland and Poland for 1963. Trade is fixed by quotas, and both exports and imports will amount to 16 000 million marks. Finnish exports will include roundwood, cellulose, cardboard, paper and paper products, iron ore and machinery, and Finland's import list includes coal, rolling-mill products, industrial chemicals, etc.

\*

**New bond loans.** The Government has given authorization for issue of the following two bond loans to Maa- ja teollisuuskiinteistöpankki Oy (The Land and Industry Real Estate Bank). One of these loans amounts to 1 000 million marks, and the other to 500 million. The bonds of both loans are dated November 15, 1962, and their rate of interest is  $2\frac{3}{4}$  per cent above the general deposit rate of the co-operative credit societies. The former loan will run for ten years and the latter for fifteen years; these loans are tied to the wholesale price index for domestic goods to the extent of 50 per cent.

\*

**Publications of the Bank of Finland.** The Bank of Finland Year Book for 1961 has been published in Finnish, Swedish and English. The first section contains a brief review of the general economic development in 1961. The following three sections and the statistical tables are concerned with monetary and credit policy, along with foreign exchange policy and the relevant Central Bank measures. In the fifth section, an account is given of Finland's relations with international financial institutions. The sixth section contains a report on the monetary reform of 1963 and the new Currency Act. The Year Book has been compiled by the

Bank of Finland Institute for Economic Research.

In series A of the Publications issued by the Bank of Finland Institute for Economic Research, Volume 1962 I has appeared in Finnish and Swedish. It contains the following articles: Government lending, by Henri J. Vartiainen and Jorma Halme; The structure of Finnish exports in 1956—1960, by Erkki Mäentakanen; Seasonal adjustment of the volume of industrial production as a tool of business cycle analysis, by Pertti Kukkonen; Credit market statistics and Finnish financial capital accounts at the end of 1953—1959, by Ulla Bredenberg.

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# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

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

REINO ROSSI

## SECRETARIES

U. A. VATANEN,  
*Credits*

PERTTI TAMMIVUORI  
*Administration*

EERO ASP,  
*Foreign affairs*

JOUKO J. VOUTILAINEN,  
*Foreign affairs; Information*

K. IGNATIUS,  
*Administration*

## HEADS OF DEPARTMENT

G. ENGBERG,  
*Personnel*

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

P. BLOMQUIST,  
*Accounts*

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

A. KAJANTIE,  
*Control*

HELGE LINDSTRÖM,  
*Credits*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

K. EIROLA,  
*Internal accounts*

A. NENONEN,  
*Foreign correspondence*

## INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,  
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J. J. PAUNIO,  
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