



BANK OF FINLAND

MONTHLY BULLETIN

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NOVEMBER

1968

BUDGETARY DEVELOPMENTS

The period of slow economic growth that has prevailed in the Finnish economy since the middle of 1965 has received the Government's increasing attention. Immediately after the devaluation of the mark in October 1967 the Government submitted to Parliament its proposed budget for 1968, in which considerable appropriations were reserved for basic investments conducive to economic growth. The total of the budget, which after parliamentary sanction was 9 276 million marks, included i.a. a 600 million mark "growth package". The collection of a special export levy from exporters was commenced after devaluation and it was intended to use the funds thus accruing for the promotion of industry, forestry and exportation, power production and improvements to the communication network (see Bulletin 12/1967). The employment situation had also weakened as a result of the slow economic growth rate. Moreover, the situation was expected to further deteriorate during the winter. Thus unemployment appropriations were increased by about 10 per cent on the previous year. During 1968 the measures introduced to maintain employment have been designed with more attention to economics thus limiting the growth of State employment appropriations while increasing loans and contributions to

communes for this purpose. The total amount of unemployment compensation now runs at a higher level than previously. This autumn an additional 80 million marks was granted for another public works programme in the third supplementary budget. Consequently the total of employment appropriations budgeted for 1968 exceeds 1 600 million marks.

The revenue rates were increased to some extent in 1968. In conformity with the budgetary policy pursued earlier and aimed at curbing growth in consumption and imports these measures were considered necessary despite the expectation that loans would become easier to obtain than in the previous year.

The extensively applied index linkage has been almost entirely abolished by stabilization measures taken last spring (see Bulletins 4 and 5/1968). As a result, i.a. the Treasury had to immediately stop the sale of indexed bonds. In order to collect the necessary amount of funds the Treasury found it necessary to offer favourable interest rates when raising loans and the loan periods were also cut down on publicly issued bonds.

*On page 18, Finland and International
Economic Aid*

These bonds have, as a result been readily purchased.

Between January and August 1968 revenue, excluding the repayments of loans and new borrowing, amounted to 5 478 million marks or to 15 per cent more than in the corresponding period 1967. Expenditure, excluding financial investments and amortization, was 5 065 million marks or 17 per cent more than the previous year. Drawings on loans and amortizations were roughly equal January—August, and financial investments totalled 376 million net. As a result of the revenue accruing from export levies, which are deposited in a special account at the Bank of Finland and amounted to nearly 300 million marks at the end of August, a surplus of 27 million marks was realized. On the other hand, short-term credits had increased by more than 200 million marks from the beginning of the year.

When the budget was under preparation growth in GNP was estimated to be 3.5 per cent. The most recent estimates, however, indicate a probable growth of only 2 per cent. Consequently i.a. the yield of some taxes has turned out to be less than expected, which has forced the Treasury to resort to the loan markets more than was originally planned.

The Government's proposed budget for 1969 was submitted to Parliament at the beginning of October. The total of the budget is 9 199 million marks. Export levies excluded, this means an increase of about 6 per cent on the ordinary budget for 1968. The amount of export levies collected in 1967 was 14 million and in the 1968 budget they amounted to 600 million marks. As the total of export levy funds to be collected has been set at 650 million, only 36 million marks have been entered as export levies on the revenue side of the 1969 budget.

It has been difficult to keep the total of the budget within the afore-mentioned limits.

In connection with the stabilization agreement it was promised that taxation would not be increased in 1969 and that new loans would not exceed 550 million marks. As the scope of the budget was thus limited and yet on the other hand appropriations i.a. supporting economic growth were increased, some items of expenditure had to be decreased in order to maintain balance in the budget. Reductions are planned, above all, in expenditure on agriculture and defence. The decline in agricultural expenditure is, however, partly the result of certain technical changes in budgeting. On the other hand, it has been proposed that special compensations should be paid to those farmers who refrain from cultivating their land for a certain time period or start reforestation previously cultivated areas. Thus an attempt is being made to alleviate the problem of excess production in agriculture. Increases in educational expenditure have continued in this budget; in particular, the development of higher education has been given special attention. Moreover, appropriations earmarked for housing loans exceed considerably the 1968 level. Also, increases in the share capital of state-owned companies have been proposed, i.a. to promote the creation of the petrochemical industry.

The break-down of expenditures according to their economic nature shows that consumption expenditure will increase most, i.e. by 8 per cent. This is due to increased wage and salary expenditure. As the stabilization measures will not exert their full effect until next year, the wage and salary increases will be considerably less in 1969 than this year; on the other hand, the increases granted during this year will have their full effect next year. In addition to certain revisions in organization, the afore-mentioned development of higher education and the decrease in working hours will add to the need to

(continued on page 27)

BANK OF FINLAND

Mill. mk

	1967		1968			
	Dec. 30	Sept. 29	Sept. 30	Oct. 8	Oct. 15	Oct. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	798.8	858.5	1 459.5	1 449.2	1 442.8	1 464.9
Gold	188.8	149.4	190.1	190.1	190.1	190.1
Foreign exchange	512.3	631.2	1 149.9	1 130.9	1 129.2	1 152.5
Foreign bills	72.5	57.3	73.4	75.8	77.2	75.9
Foreign bonds	25.2	20.6	46.1	52.4	46.3	46.4
<i>Supplementary note cover</i>	1 130.7	892.4	848.1	794.7	802.5	900.4
Inland bills discounted						
In foreign currency	122.5	45.4	31.8	31.8	30.1	29.4
In Finnish currency	140.7	97.6	139.1	139.0	134.4	138.3
Rediscounted bills	867.5	749.4	677.2	623.9	638.0	732.7
<i>Other assets</i>	707.7	524.0	397.5	395.9	423.0	313.6
Finnish bonds	370.5	330.6	123.4	142.2	167.5	43.1
Cheque accounts	4.0	3.5	23.7	2.3	2.3	9.1
Finnish coin	12.3	16.2	17.4	17.3	17.6	17.7
Other claims	320.9	173.7	233.0	234.1	235.6	243.7
Total	2 637.2	2 274.9	2 705.1	2 639.8	2 668.3	2 678.9
Liabilities						
<i>Notes in circulation</i>	1 052.1	1 047.9	1 046.4	1 014.8	1 017.8	1 005.3
<i>Liabilities payable on demand</i>	139.6	93.9	91.0	86.3	106.6	110.9
Foreign exchange accounts	74.7	53.6	62.0	59.3	59.9	60.7
Mark accounts of holders abroad	14.1	13.5	13.1	13.0	13.0	12.9
Cheque accounts						
Treasury	4.4	1.0	1.0	0.1	0.4	12.5
Post Office Savings Bank	17.2	1.4	1.8	0.1	0.4	12.4
Private banks	9.8	1.1	—	—	18.9	—
Other	1.8	2.0	1.8	2.0	2.0	1.7
Other sight liabilities	17.6	21.3	11.3	11.8	12.0	10.7
<i>Term liabilities</i>	553.1	449.2	689.1	669.4	667.7	685.0
Foreign	339.5	280.0	159.5	159.5	157.1	157.0
Finnish	213.6	169.2	529.6	509.9	510.6	528.0
<i>Equalization accounts</i>	422.0	228.1	395.7	385.5	391.2	391.6
<i>Bank's own funds</i>	470.4	455.8	482.9	483.8	485.0	486.1
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	129.5	129.5	150.0	150.0	150.0	150.0
Earnings less expenses	40.9	26.3	32.9	33.8	35.0	36.1
Total	2 637.2	2 274.9	2 705.1	2 639.8	2 668.3	2 678.9
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	798.8	858.5	1 459.5	1 449.2	1 442.8	1 464.9
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	700.0	700.0	700.0	700.0	700.0
Total	1 498.8	1 558.5	2 159.5	2 149.2	2 142.8	2 164.9
Note issue						
Notes in circulation	1 052.1	1 047.9	1 046.4	1 014.8	1 017.8	1 005.3
Liabilities payable on demand	139.6	93.9	91.0	86.3	106.6	110.9
Undrawn on cheque credits	3.1	3.5	6.2	5.2	5.2	5.7
Unused right of note issue	304.0	413.2	1 015.9	1 042.9	1 013.2	1 043.0
Total	1 498.8	1 558.5	2 159.5	2 149.2	2 142.8	2 164.9

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

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	10.9
1967										
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	1.1	23.6	16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	1.1	1.0	6.2
Oct. ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	1.3	10.6	3.6
Nov.	878.6	71.9	806.7	106.8	357.4	556.1	8.3	2.3	18.4	12.4
Dec.	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	10.9
1968										
Jan.	811.2	67.8	743.4	98.6	350.5	491.5	4.1	63.6	0.3	59.8
Feb.	996.4	66.1	930.3	98.5	349.3	679.5	4.1	118.2	2.7	116.8
March	1 095.4	67.9	1 027.5	101.4	349.5	779.4	4.1	164.4	5.0	165.3
April	1 193.6	73.4	1 120.2	127.3	347.2	900.3	4.1	201.4	3.0	200.3
May	1 235.0	81.5	1 153.5	127.2	346.3	934.4	4.1	249.7	0.7	246.3
June	1 346.4	86.1	1 260.3	124.5	303.5	1 081.3	6.7	276.9	0.0	270.2
July	1 361.9	69.9	1 292.0	120.5	172.9	1 239.6	6.7	277.1	2.6	273.0
Aug.	1 337.0	72.7	1 264.3	117.5	173.1	1 208.7	6.7	297.2	0.1	290.6
Sept.	1 340.0	62.0	1 278.0	119.5	172.6	1 224.9	6.7	329.1	1.0	323.4

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 30, 1967			Net holdings Sept. 30, 1968			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan. - Sept.
Gold	189	—	189	190	—	190	—	+ 1
Convertible currencies	458	—295	163	1 011	—358	653	+ 65	+490
Other currencies	— 21	—1	— 22	77	6	83	— 9	+105
Total	626	—296	330	1 278	—352	926	+ 56	+596

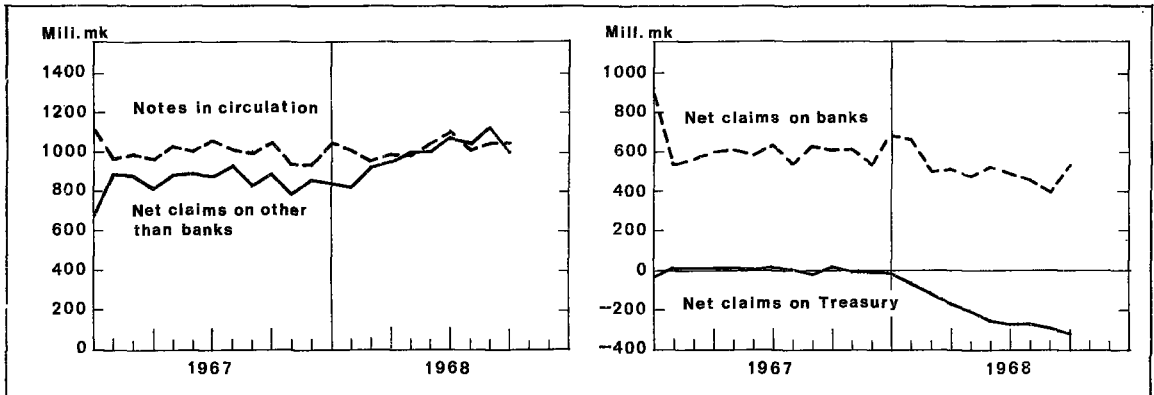
¹⁾ Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1961	294.6	44.7	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1967										
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6
Nov.	780.2	170.9	69.1	0.2	540.0	113.9	295.5	51.8	357.6	937.9
Dec.	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968										
Jan.	833.9	153.9	19.5	0.1	660.4	149.3	362.3	49.8	461.8	1 010.3
Feb.	682.9	163.8	18.4	0.1	500.6	136.5	283.6	49.1	371.0	956.6
March	697.0	167.4	21.2	0.2	508.2	137.3	258.5	48.6	347.2	979.1
April	653.4	156.3	19.6	+ 0.0	477.5	141.0	229.0	49.9	320.1	990.1
May	701.7	160.8	17.4	0.3	523.2	131.8	228.3	50.9	309.2	1 035.7
June	694.8	180.5	20.3	0.1	493.9	133.5	223.7	44.9	312.3	1 101.5
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	+ 0.0	399.3	135.9	249.8	42.3	343.4	1 054.0
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4

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



DEPOSITS BY THE PUBLIC—FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1967										
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9
Nov.	663.0	850.5	310.9	3 879.2	3 543.0	2 354.7	912.2	398.5	11 087.8	12 249.2
Dec.	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968*										
Jan.	622.3	788.2	444.8	4 049.8	3 645.9	2 432.7	954.9	422.7	11 506.3	12 739.3
Feb.	672.5	841.1	407.1	4 148.5	3 704.1	2 475.8	967.4	421.8	11 717.9	12 966.1
March	664.0	837.9	353.5	4 167.7	3 736.9	2 498.4	978.0	421.1	11 802.3	12 993.7
April	674.9	852.2	454.4	4 209.9	3 750.5	2 525.0	979.0	420.9	11 885.5	13 192.1
May	697.3	890.9	403.6	4 212.2	3 758.5	2 520.6	972.0	417.5	11 881.0	13 175.5
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9

End of month	100 % Index-tied deposits	High- interest deposits
1967		
Nov.	3 745.1	645.1
Dec.	3 997.2	610.5
1968*		
Jan.	4 272.0	561.9
Feb.	4 409.0	525.3
March	4 458.0	545.4
April	4 294.1	695.3
May	3 909.7	973.8
June	3 612.1	1 244.9
July	3 349.7	1 489.8
Aug.	3 159.1	1 659.9
Sept.	2 935.0	1 860.3

Selling rates for foreign exchange			
Oct. 30, 1968			
		mk	mk
New York	1 \$	4.1870	Zurich 100 Fr 97.47
Montreal	1 \$	3.9020	Paris 100 FF 84.21
London	1 £	10.0100	Rome 100 Lit 0.6725
Stockholm ..	100 Kr	81.95	Vienna 100 S 16.21
Oslo	100 Kr	58.63	Lisbon 100 Esc 14.60
Copenhagen ..	100 Kr	55.75	Reykjavik 100 Kr 7.35
Frankfurt o. M.	100 DM	105.20	Madrid 100 Pta 6.02
Amsterdam ..	100 Fl	115.07	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.3200	Clearing dollars ²⁾ 1 Cl \$ 4.212

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

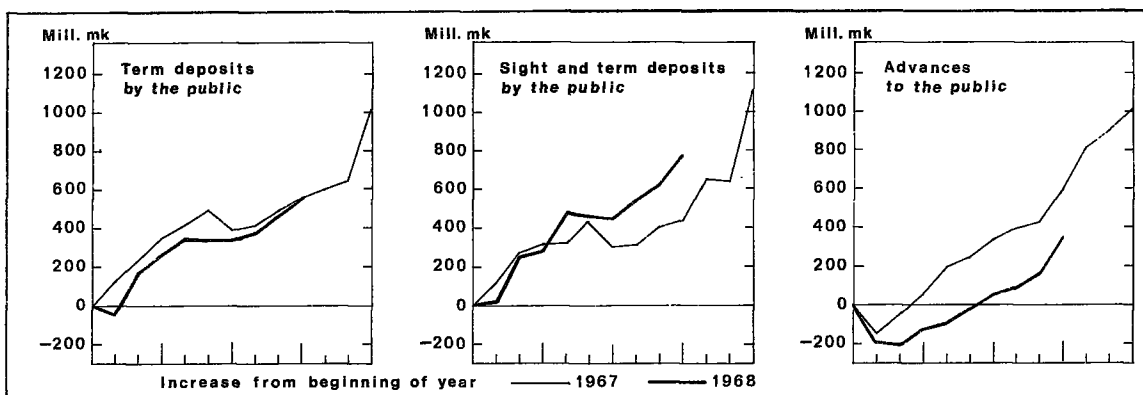
ADVANCES TO THE PUBLIC — MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1967									
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. ¹⁾	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6
Nov.	5 114.3	3 238.7	861.0	2 764.8	1 033.6	12 504.5	507.9	13 012.4	2 059.7
Dec.	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968*									
Jan.	5 140.2	3 242.5	876.0	2 648.7 ²⁾	1 026.1	12 437.6	495.9	12 933.5	2 202.9
Feb.	5 130.9	3 242.3	890.8	2 632.7	1 019.0	12 413.6	502.1	12 915.7	2 174.9
March	5 201.6	3 241.8	903.8	2 629.7	1 017.3	12 441.3	552.9	12 994.2	2 151.4
April	5 198.9	3 261.1	914.8	2 645.4	1 006.3	12 528.7	497.8	13 026.5	2 275.6
May	5 235.3	3 287.3	915.5	2 661.0	1 004.5	12 610.5	493.1	13 103.6	2 268.2
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9

¹⁾ See footnote on page 4.

²⁾ New series.



STATE FINANCES

Mill. mk

Revenue	1967	1968	Expenditure	1967	1968
		Jan. - Aug.			Jan. - Aug.
Income and property tax (net)	1 685	1 532	Wages, salaries, pensions etc.	1 266	919
Gross receipts	(4 965)	(3 461)	Repair and maintenance	239	167
Refunds & local authorities	(-3 280)	(-1 929)	Other consumption expenditure ..	563	411
Other taxes on income and property	40	22	<i>Total consumption expenditure</i>	2 068	1 497
Employers' child allowance payments	486	349	State aid to local authorities	1 015	822
Sales tax	1 908	1 317	State aid to industries	866	593
Revenue from Alcohol Monopoly ..	465	341	of which: agric. price subsidies	(645)	(458)
Customs duties & import charges	466	253	Child allowances	309	216
Export levy	14	369	Share in nat. pensions & health		
Excise duty on tobacco	404	257	insurance	351	268
» » on liquid fuel	477	291	Other transfer expenditure	678	539
Other excise duties	113	71	<i>Total consumption expenditure</i>	3 219	2 438
Tax on autom. and motor cycles	167	93	Machinery & equipment	225	180
Stamp duties	179	119	House construction	283	182
Special diesel etc. vehicles tax	74	29	Land and waterway construction	741	549
Other taxes and similar revenue	47	30	<i>Total transfer expenditure</i>	1 249	911
Total taxes	6 525	5 073	Interest on State debt	218	157
Miscellaneous revenue	387	275	Index compensations	18	23
Interest, dividends etc.	151	86	Net deficit of State enterprises ..	41	50
Sales and depreciation of property ..	62	44	Other expenditure	2	1
Redemptions of loans granted	157	104	<i>Total other expenditure</i>	279	231
Total revenue	7 282	5 582	<i>Increase in inventories</i>	38	-12
Foreign borrowing	157	150	<i>Lending</i>	406	333
Domestic borrowing	446	350	<i>Other financial investments</i>	131	147
Total borrowing	603	500	Total expenditure	7 390	5 545
Deficit (+) or surplus (-)	+82	-27	Redemption of foreign loans	71	60
Total	7 967	6 055	Redemption of domestic loans ..	506	450
			Total redemptions	577	510
			Total	7 967	6 055

Debt	1966	1967	1968						
	Dec.	Dec.	March	April	May	June	July	August	Sept.
Foreign debt	1 340	1 844	1 819	1 819	1 828	1 946	1 940	1 942	1 920
Loans	2 075	2 013	1 959	1 926	2 017	2 035	2 008	1 914	1 901
Compensatory stock etc.	96	5	5	5	5	5	5	5	5
Short-term credit	101	167	186	173	167	121	205	228	304
Cash debt (net)	-85	-12	-9	113	18	-76	-305	-77	..
Domestic debt	2 187	2 173	2 141	2 217	2 207	2 085	1 913	2 070	..
Total debt	3 527	4 017	3 960	4 036	4 035	4 031	3 853	4 012	..
Total debt, mill. \$	1 094	955	945	963	964	963	920	958	..

BALANCE OF PAYMENTS

Mill. mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1962	3 515	3 948	-433	+222	-112	+ 71	-252	- 47	+ 5	-294
1963	3 658	3 878	-220	+243	-100	+ 74	- 3	- 70	+ 6	- 67
1964	4 109	4 831	-722	+330	-115	+ 42	-465	-101	+ 3	-563
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	- 88	+ 17	-277	-209	- 3	-489
Jan.-Mar.										
1966	879	1 247	-368	+ 72	- 23	+ 10	-309	- 38	+ 0	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 8	- 76	- 36	- 2	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 1	- 27	- 40	+ 2	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+ 9	- 74	- 36	+ 3	-107
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137

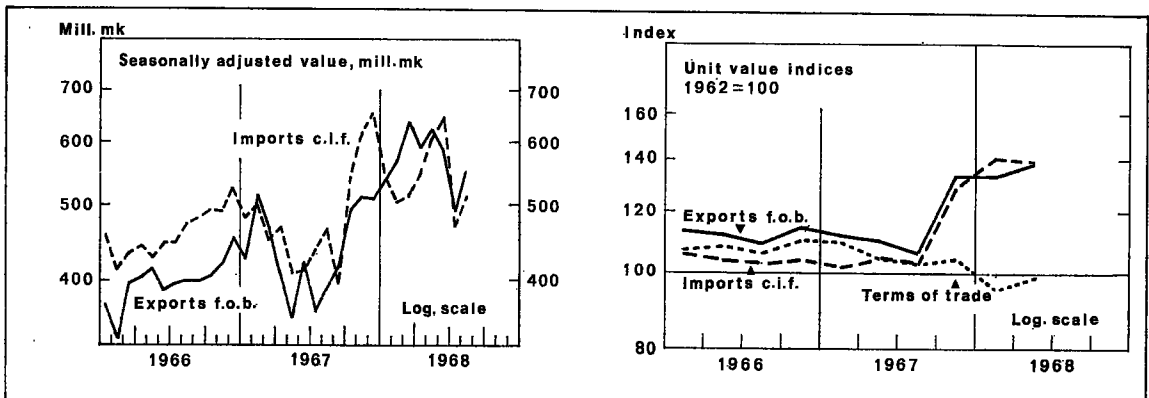
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1962	+271	-134	..	- 9	-166	- 74	- 43	+240	- 43	+ 43	..
1963	+513	-164	..	- 23	+259	-109	- 22	- 16	+112	-112	..
1964	+762	-228	- 31	- 11	- 71	+112	+ 55	+ 83	+179	-179	..
1965	+434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
Jan.-Mar.											
1966	+ 89	- 60	+ 2	- 15	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
1967	+192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
Apr.-June											
1966	+116	- 52	- 36	+ 3	- 83	+ 19	-114	+ 64	-114	+121	- 7
1967	+315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
July-Sept.											
1966	+111	- 67	- 9	+ 20	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
1967	+251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
Oct.-Dec.											
1966	+202	- 92	- 18	- 40	- 55	- 6	-122	+ 66	-117	+117	± 0
1967	+152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61

Assets: increase —, decrease +. Liabilities: increase + decrease —.

¹⁾ Including Direct investment net.

FOREIGN TRADE

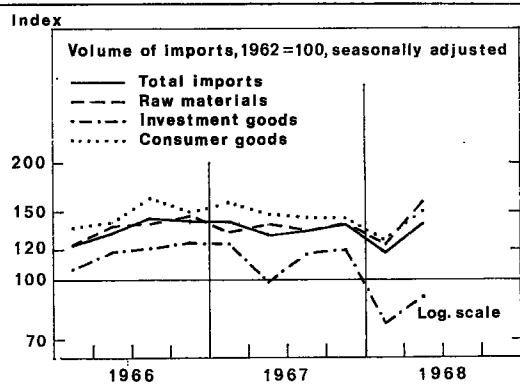
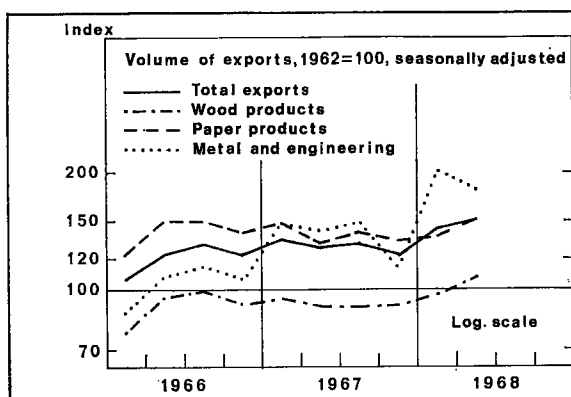
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967*	5 230.3	5 794.4	-564.1	115	114	124	111	117	110	105
Jan.-Aug.										
1966	2 950.4	3 482.3	-531.9							
1967*	3 130.8	3 567.5	-436.7							
1968*	4 310.5	4 247.8	+ 62.7							
1967*										
July	372.8	400.7	- 27.9	106	108	118	105	94	103	103
Aug.	411.3	430.7	- 19.4							
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1							
Nov.	529.9	615.8	- 85.9							
Dec.	542.3	649.3	-107.0	133	133	140	127	141	128	104
1968*										
Jan.	464.9	534.3	- 69.4	133	137	138	130	132	140	95
Feb.	399.3	465.4	- 66.1							
March	537.1	510.0	+ 27.1							
April	557.3	556.3	+ 1.0							
May	660.8	655.6	+ 5.2							
June	597.4	609.2	- 11.8							
July	518.2	446.6	+ 71.6							
Aug.	575.5	470.4	+105.1								138	114	143	131	157	139	99



FOREIGN TRADE BY MAIN GROUPS

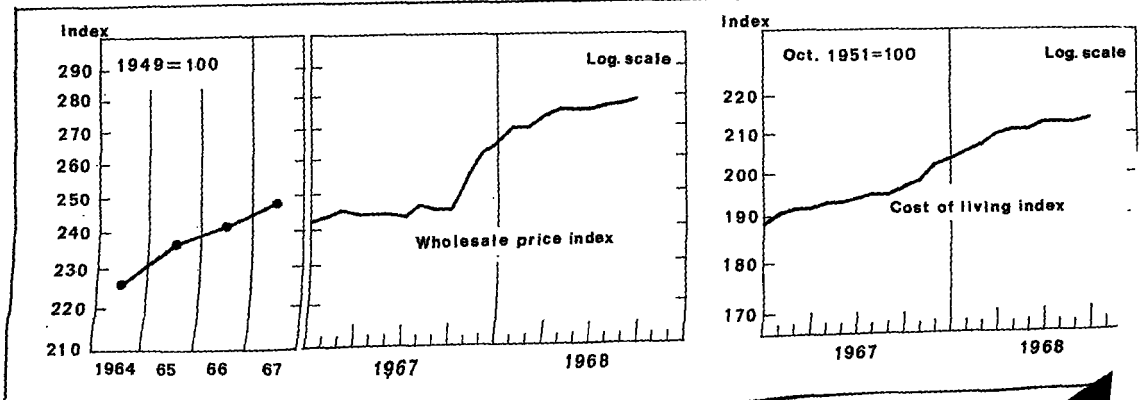
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967*	261.4	54.3	865.7	2 384.5	1 079.7	584.7	2 545.9	668.2	1 462.8	1 117.5
Jan.-Aug. 1966	175.4	34.8	536.8	1 476.4	466.3	260.7	1 526.9	348.0	953.6	653.8
1967*	154.6	36.7	522.4	1 487.9	600.9	328.3	1 541.9	393.1	943.2	689.3
1968*	217.3	35.4	703.9	1 939.6	955.1	459.2	1 908.1	567.6	951.3	820.8
1967*										
June	24.6	5.0	85.6	175.7	118.5	48.1	184.6	46.3	120.6	70.3
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.8	85.2
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3
Nov.	19.5	4.1	96.3	231.1	120.2	58.7	289.0	86.1	119.0	121.7
Dec.	42.0	3.1	79.0	243.0	108.9	66.3	268.3	75.9	186.8	118.3
1968*										
Jan.	35.1	4.0	66.2	205.4	105.7	48.5	236.1	96.0	103.4	98.8
Feb.	13.5	1.1	41.7	201.7	91.7	49.6	205.2	54.3	100.4	105.5
March	48.6	2.6	55.9	251.5	114.0	64.5	220.4	61.3	118.6	109.7
April	18.3	3.7	91.3	271.3	119.5	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	157.1	70.7	294.1	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.3	62.6	282.6	74.5	146.1	106.0
July	19.8	5.5	115.1	246.2	88.3	43.3	205.5	51.0	101.3	88.8
Aug.	26.0	7.0	119.6	263.6	92.5	66.8	217.8	76.5	96.6	79.5



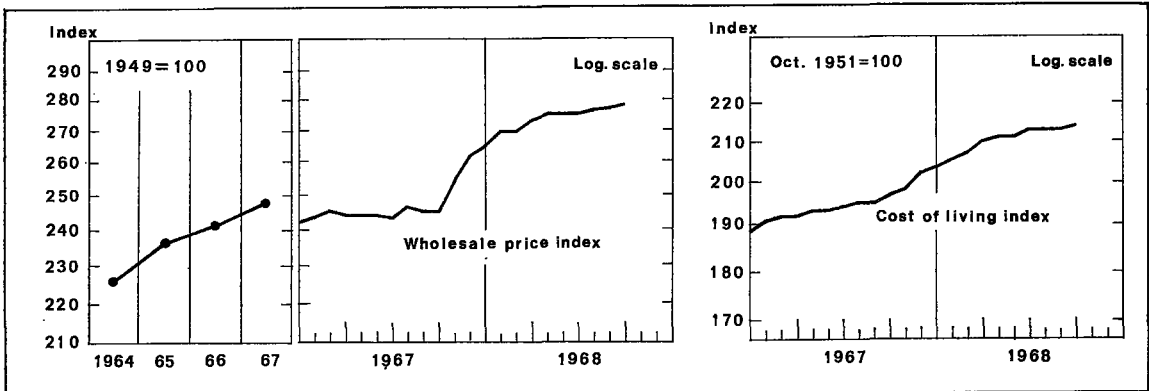
FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year		Jan.-Aug.			Whole year		Jan.-Aug.		
	1966	1967*	1967*	1968*		1966	1967*	1967*	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.6	22.8	23.1	23.2	1 001.6	16.6	15.8	16.8	15.8	671.8
United Kingdom	20.5	20.9	21.0	21.1	908.5	16.1	15.2	16.0	15.1	643.1
Other OECD countries										
in Europe	46.7	44.0	43.5	45.1	1 946.2	53.8	53.9	53.9	53.3	2 262.4
Austria	0.4	0.5	0.4	0.4	17.7	0.9	1.0	1.0	1.0	43.4
Belgium-Luxembourg	3.1	2.6	2.5	2.4	103.4	1.9	2.0	2.0	2.1	91.0
Denmark	3.5	3.8	3.6	3.5	148.9	3.5	3.3	3.2	3.5	148.4
France	4.5	4.3	4.4	3.9	169.9	4.3	3.7	4.0	3.3	137.3
Western Germany	11.0	8.6	8.5	9.7	419.3	17.0	16.2	17.0	15.8	671.9
Italy	3.0	3.1	3.2	3.0	129.7	2.0	2.0	2.1	2.3	96.1
Netherlands	5.8	5.1	5.3	4.7	203.4	3.6	3.8	3.5	3.3	139.8
Norway	1.9	2.4	2.0	2.9	124.7	2.1	2.3	2.1	2.2	94.2
Portugal	0.4	0.2	0.2	0.2	9.7	0.3	0.4	0.5	0.5	22.2
Spain	1.2	1.0	1.2	0.8	36.5	0.4	0.4	0.5	0.4	17.7
Sweden	8.8	9.7	9.1	10.0	431.6	14.1	15.4	14.6	15.2	645.1
Switzerland	0.9	1.0	1.0	1.4	58.2	3.1	3.0	3.0	3.3	139.3
Eastern Bloc	18.7	21.2	21.4	19.6	845.2	19.8	20.4	19.0	21.6	917.7
China	0.6	0.8	0.8	0.7	30.8	0.5	0.6	0.7	0.5	21.0
Czechoslovakia	0.8	0.5	0.4	0.4	18.0	0.6	0.6	0.6	0.8	32.7
Eastern Germany	1.0	0.7	0.7	0.6	27.3	0.9	0.9	0.8	0.9	37.6
Poland	1.4	1.3	1.6	0.9	39.8	1.6	1.5	1.4	1.5	64.7
Soviet Union	14.1	17.1	17.1	16.3	702.2	15.5	16.1	14.8	17.4	738.4
U.S. and Canada	6.6	6.0	6.0	6.6	285.0	4.9	4.2	4.5	3.7	156.7
United States	6.4	5.8	5.8	6.4	275.3	4.5	3.9	4.2	3.5	149.9
Latin America	2.9	2.9	3.1	3.1	131.8	2.7	2.7	2.7	2.9	122.1
Argentina	1.0	1.0	1.0	1.0	44.0	0.3	0.2	0.3	0.2	10.0
Brazil	0.4	0.7	0.8	0.7	27.7	1.2	1.1	1.0	1.0	42.7
Colombia	0.6	0.3	0.3	0.3	14.2	0.7	0.8	0.7	0.9	37.2
Other	2.5	3.1	2.9	2.4	100.7	2.2	3.0	3.1	2.7	117.1
Grand total	100.0	100.0	100.0	100.0	4 310.5	100.0	100.0	100.0	100.0	4 247.8
of which										
EFTA countries	36.4	38.5	37.4	39.4	1 699.2	40.0	40.6	40.3	40.9	1 735.6
EEC countries	27.5	23.5	23.9	23.8	1 025.7	28.8	27.7	28.7	26.7	1 136.1



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan.-Aug.			Whole year		Jan.-Aug.		
	1966	1967*	1967*	1968*		1966	1967*	1967*	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.6	22.8	23.1	23.2	1 001.6	16.6	15.8	16.8	15.8	671.8
United Kingdom	20.5	20.9	21.0	21.1	908.5	16.1	15.2	16.0	15.1	643.1
Other OECD countries										
in Europe	46.7	44.0	43.5	45.1	1 946.2	53.8	53.9	53.9	53.3	2 262.4
Austria	0.4	0.5	0.4	0.4	17.7	0.9	1.0	1.0	1.0	43.4
Belgium-Luxembourg	3.1	2.6	2.5	2.4	103.4	1.9	2.0	2.0	2.1	91.0
Denmark	3.5	3.8	3.6	3.5	148.9	3.5	3.3	3.2	3.5	148.4
France	4.5	4.3	4.4	3.9	169.9	4.3	3.7	4.0	3.3	137.3
Western Germany	11.0	8.6	8.5	9.7	419.3	17.0	16.2	17.0	15.8	671.9
Italy	3.0	3.1	3.2	3.0	129.7	2.0	2.0	2.1	2.3	96.1
Netherlands	5.8	5.1	5.3	4.7	203.4	3.6	3.8	3.5	3.3	139.8
Norway	1.9	2.4	2.0	2.9	124.7	2.1	2.3	2.1	2.2	94.2
Portugal	0.4	0.2	0.2	0.2	9.7	0.3	0.4	0.5	0.5	22.2
Spain	1.2	1.0	1.2	0.8	36.5	0.4	0.4	0.5	0.4	17.7
Sweden	8.8	9.7	9.1	10.0	431.6	14.1	15.4	14.6	15.2	645.1
Switzerland	0.9	1.0	1.0	1.4	58.2	3.1	3.0	3.0	3.3	139.3
Eastern Bloc	18.7	21.2	21.4	19.6	845.2	19.8	20.4	19.0	21.6	917.7
China	0.6	0.8	0.8	0.7	30.8	0.5	0.6	0.7	0.5	21.0
Czechoslovakia	0.8	0.5	0.4	0.4	18.0	0.6	0.6	0.6	0.8	32.7
Eastern Germany	1.0	0.7	0.7	0.6	27.3	0.9	0.9	0.8	0.9	37.6
Poland	1.4	1.3	1.6	0.9	39.8	1.6	1.5	1.4	1.5	64.7
Soviet Union	14.1	17.1	17.1	16.3	702.2	15.5	16.1	14.8	17.4	738.4
U.S. and Canada	6.6	6.0	6.0	6.6	285.0	4.9	4.2	4.5	3.7	156.7
United States	6.4	5.8	5.8	6.4	275.3	4.5	3.9	4.2	3.5	149.9
Latin America	2.9	2.9	3.1	3.1	131.8	2.7	2.7	2.7	2.9	122.1
Argentina	1.0	1.0	1.0	1.0	44.0	0.3	0.2	0.3	0.2	10.0
Brazil	0.4	0.7	0.8	0.7	27.7	1.2	1.1	1.0	1.0	42.7
Colombia	0.6	0.3	0.3	0.3	14.2	0.7	0.8	0.7	0.9	37.2
Other	2.5	3.1	2.9	2.4	100.7	2.2	3.0	3.1	2.7	117.1
Grand total	100.0	100.0	100.0	100.0	4 310.5	100.0	100.0	100.0	100.0	4 247.8
of which										
EFTA countries	36.4	38.5	37.4	39.4	1 699.2	40.0	40.6	40.3	40.9	1 735.6
EEC countries	27.5	23.5	23.9	23.8	1 025.7	28.8	27.7	28.7	26.7	1 136.1



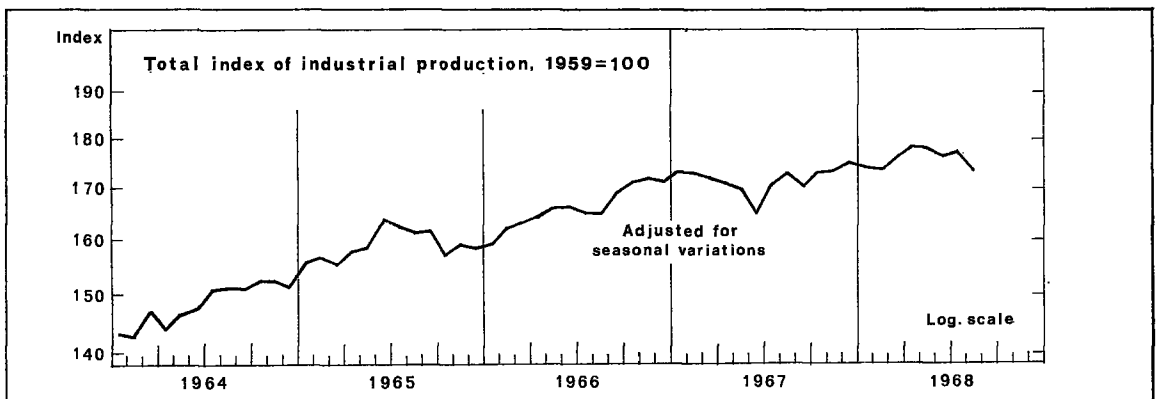
PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Mach- inery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1967	248	254	225	246	241	253	276	236	240	114	121	107
1967												
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109
Nov.	262	264	256	260	262	265	285	252	255	119	123	111
Dec.	264	265	258	262	266	266	285	254	258	120	123	112
1968												
Jan.	269	272	258	265	273	273	294	257	262	124	130	113
Feb.	269	273	257	265	273	274	290	257	265	124	130	113
March	273	277	256	267	276	279	295	262	266	125	130	114
April	275	279	259	270	277	281	296	265	269	125	130	114
May	275	279	260	270	277	282	297	264	269	125	130	114
June	275	279	260	269	277	283	298	265	269	127	135	115
July	276	281	258	270	277	285	302	264	269	127	135	115
Aug.	277	282	258	271	277	285	303	263	270	127	135	115
Sept.	278	282	259	273	277	283	305	264	270	127	135	115

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100										
			Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services	
1965	178	140	..	..	..	..	..	..	..	..	..	..	..
1966	185	145	..	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100	100
1967													
Sept.	197	154	101	102	100	101	100	101	101	99	100	101	101
Oct.	198	156	101	102	100	101	103	101	101	100	101	101	101
Nov.	202	159	104	105	103	101	104	105	102	107	103	103	103
Dec.	203	159	105	105	106	102	105	106	102	107	105	103	103
1968													
Jan.	205	161	106	105	109	102	106	108	106	110	107	106	106
Feb.	207	162	107	105	110	103	107	109	108	110	107	107	107
March	210	165	108	109	110	105	107	108	108	110	108	108	108
April	211	166	109	111	110	107	106	108	109	110	108	108	108
May	211	166	109	111	110	107	106	108	109	110	108	108	109
June	213	167	110	112	110	107	107	108	109	110	108	110	110
July	213	167	110	113	110	107	108	107	109	109	108	110	110
Aug.	213	168	110	113	110	107	108	107	110	109	108	110	110
Sept.	214	168	110	113	110	107	108	108	110	109	108	110	110

PRODUCTION—INTERNAL TRADE

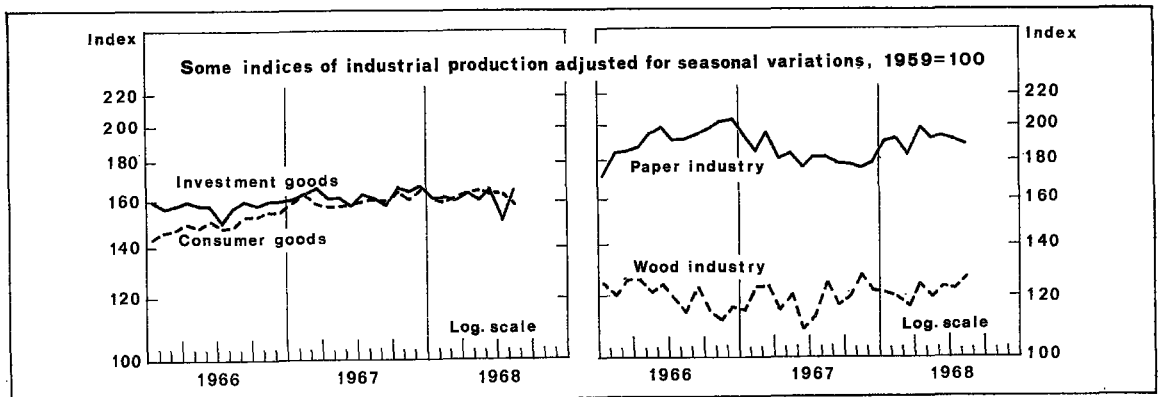
Period	Index of industrial production 1959 = 100									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967*	171	164	178	161	119	182	166	175	172	44 963	181
1967*											
Jan.	178	171	187	161	111	195	176	177	173	3 835	140
Feb.	171	174	178	160	129	179	177	169	173	5 079	161
March	175	179	182	162	134	188	179	171	172	5 029	177
April	183	176	190	171	139	196	178	186	171	4 492	191
May	173	167	178	165	136	179	172	175	170	9 435	190
June	158	158	157	161	107	151	159	167	165	2 148	175
July	124	79	137	112	92	177	77	127	171	955	159
Aug.	175	153	179	174	112	188	158	186	173	1 978	189
Sept.	178	169	183	171	117	189	170	183	170	2 488	197
Oct.	191	190	196	182	120	194	190	199	173	3 166	223
Nov.	186	183	194	170	122	181	185	193	174	2 969	184
Dec.	165	167	173	148	108	164	167	164	175	3 389	182
1968*											
Jan.	181	175	189	166	119	193	179	176	174	3 509	137
Feb.	180	180	188	163	132	192	183	176	174	4 977	158
March	188	184	197	171	135	203	186	187	176	4 898	164
April	178	167	185	169	140	184	172	184	179	4 384	174
May	187	173	194	179	142	199	178	195	178	10 331	188
June	157	149	160	153	106	152	152	167	177	1 875	157
July	133	77	147	120	105	188	90	133	178	955	169
Aug.	173	154	179	169	112	194	157	180	173	1 751	190



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
1965	27.04	10.96	2.58	9.20	3.12	31.31	179	178	192	177
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	..	..	..	..	..	..	207	216	217	207
1967										
Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	201	208	196	202
Apr.-June	..	..	..	..	..	..	207	217	230	207
July-Sept.	..	..	..	..	..	..	209	214	229	210
Oct.-Dec.	..	..	..	..	..	..	210	223	232	211
1968*										
Jan.-Mar.	..	..	..	..	..	..	221	226	217	224
Apr.-June	..	..	..	..	..	..	224	229	224	229
July-Sept.	..	..	..	..	..	..	230	234	237	..

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1967	1968*	1967*	1968*	1967*	1968*	1967*	1968*	1967*	1968*
Jan.	123	114	840	885	692	772	1 856	1 792	3.1	5.8
Feb.	125	115	615	723	502	603	1 846	1 772	3.1	5.3
March	133	129	756	777	627	687	1 834	1 767	2.6	5.0
April	140	128	834	995	676	767	1 853	1 763	2.5	4.8
May	129	125	1 119	1 233	972	1 109	1 918	1 814	2.1	3.5
June	124	103	1 386	1 466	1 240	1 263	1 883	1 774	2.1	3.6
July	116	123	1 511	1 703	1 390	1 540	1 654	1 553	2.2	3.6
Aug.	130	124	1 436	1 608	1 371	1 495	1 791	1 682	2.4	3.2
Sept.	126	120	1 240		1 063		1 880		2.6	
Oct.	136		1 169		936		1 906		3.3	
Nov.	127		1 090		897		1 889		3.9	
Dec.	105		1 039		870		1 835		4.3	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank less cash holdings (net) of State departments and funds.

BALANCE OF PAYMENTS

Page 9. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indices* (p. 10): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. Terms of trade: the ratio of export indices to import indices. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDICES

Page 13. All indices calculated by the Central Statistical Office.

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 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 according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: 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* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1967): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.8 and Norway 3.8 million.

DENSITY OF POPULATION (1967): In South Finland 26.0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1967): 52% of the population inhabit the rural areas, 48% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 528 300 inhabitants, Tampere (Tammerfors) 150 200, Turku (Åbo) 148 100.

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

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

EDUCATION (1967): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1967): births 16.5 ‰, deaths 9.4 ‰, increase 5.0 ‰. Deaths in France 10.8 ‰ and Great Britain 12.1 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1967, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 295 (9%), forestry and fishing 1 798 (7%), manufacturing 7 907 (30%), construction 2 544 (9%), transport and communication 1 920 (7%), commerce, banking and insurance 3 507 (13%), public administration 1 221 (4%), other services 5 494 (21%), total 26 686. Index of real domestic product 109 (1964 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 470 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43% and spruce 38%, the rest 19% being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56% of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17%, 5 to 15 ha. 48%, 15 to 50 ha. 30% and more than 50 ha. 5%. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1967 (1964 = 100). Measure of self-sufficiency in bread cereals 79% in the crop year 1966/67.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 167 for 1966 (1959 = 100).

RAILWAYS (Jan. 1, 1968): Length 5 636 km, of which 5 607 km are State and 29 km private railways.

MERCHANT FLEET (Sept. 30, 1968): Steamers 82 (124 666 gross reg. tons), motor vessels 412 (913 322 gross reg. tons), sailing vessels with auxiliary engines 15 (1 869 gross reg. tons). Total 509 (1 039 857 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1967): Passenger cars 551 200, lorries and vans 92 900, buses 7 400, others 4 200. Total 655 700.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1967): Kilometres flown 15.7 million, passengers carried 897 605, passenger kilometres 455.0 million, and ton kilometres of freight and mail 7.5 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45% of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1967). There are two big and four small commercial banks with in all 809 offices, 353 savings banks, 479 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from their members. The National Pension Institute and sixty-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). Bank of Finland discount rates 6—7 ½%. Other credit institutions: term deposits 4 ½%, 12 months' deposits 6%, 100 per cent index-tied deposits 3%; highest lending rate 10%.

FINLAND AND INTERNATIONAL ECONOMIC AID

BY

JAAKKO ILONIEMI, Mag. Pol.

CHIEF OF THE BUREAU OF TECHNICAL ASSISTANCE

In an international report published in 1962 comparisons were made between the aid efforts of some OECD-countries. [The countries were divided into two categories: firstly countries with "colonial responsibilities", and secondly, those without such responsibilities. The difference in the volume of aid was, with the exception of the United States, quite clear. The ex-colonial countries were spending considerably more — a greater share of their GNP — on development assistance than were the developed countries without such special ties to the Third World. This was clearly illustrated by the fact that two of the wealthiest European countries, Switzerland and Sweden, spent no more than 0.05 and 0.06 per cent of their GNP on official aid. The corresponding figures for the two former major colonial powers, Great Britain and France, were 0.61 and 1.51 per cent of GNP, respectively.

The beginning of the 1960's marked an all-time international peak in the volume of economic assistance to the developing countries — the advanced industrialized countries spent at that time a higher proportion of their GNP on aid than ever before, or indeed presently. This was mainly due to the fact that the United States and the former major colonial powers were very heavily engaged in development assistance. Other developed countries,

perhaps with the exception of the Federal Republic of Germany, were at this time in the very early stages of their aid programmes. This was also true of the Scandinavian area, where almost all aid was channelled through the United Nations and aid programmes executed under its auspices. Moreover the technical assistance rendered by these countries reflected an interest in the problems of developing countries by minority groups within the society, rather than a manifestation of official policy.

FINLAND: RECIPIENT AND DONOR

During the 1950's, Finland was a net recipient of international assistance. She received some technical assistance, notably fellowships, under the UN's Expanded Programme of Technical Assistance. From the early 1960's onwards however, Finland has contributed more than she has received and has now ceased receiving international assistance entirely (using the general definition of aid which excludes World Bank loans).

The growth of the Finnish aid programme has, to a large extent, been a reflection of Finnish involvement in the United Nations. Even today, more than 2/3 of all her aid funds are channelled through the latter's multilateral programmes. Finnish aid has increased year by year, mostly in the

form of subscriptions of capital to such financing agencies as the International Development Association or the Asian Development Bank. Outright grants have been made to, among others, the United Nations Development Programme and the World Food Programme. For an outside observer it may be difficult to see a pattern in this development — the sums seem to have increased without the emergence of development in any specific direction, either geographic or functional. This can be partly explained by the fact that neither the administration of aid, nor the shaping of an aid policy, has been a matter of great concern, nor has it been centralized within any government department. Decisions pertaining to aid have been taken within a variety of official bodies, notably the Ministry for Foreign Affairs, the Ministry of Finance and the Bank of Finland, and this list is by no means exhaustive. This situation did not give rise to any concern as long as the total aid effort was minute. But as the funds allocated for aid purposes have increased, and the interest taken by the press and the public at large in this issue has been more discernible, the need for a planned long-term policy has become acute.

COMMISSION REPORTS ON AID REQUIREMENTS

In early 1967 a commission was appointed by the Government composed of a representative group of government officials, economists, members of Parliament, representatives of the business world and of non-governmental private organizations taking an interest in international development assistance. It was charged with the task of preparing and presenting a long-term plan for increased development assistance. [The commission was also instructed to comment upon the financing of such a

plan. In the spring of 1968 the commission reported its findings to the Government. It is the first comprehensive report of the economic factors influencing Finland's aid policy, which has been published. Although there has been no official reaction to this report so far, many aspects of development aid, which will undoubtedly influence Finnish efforts in the future, have been elucidated.

The nature of the burden

The report approaches the problem of aid from the donor's point of view: it attempts to assess the real costs and economic consequences to the donor's economy of extending aid. Problems of a more political nature are not discussed at any length. It is quite clear, however, that economic considerations will influence at least to some degree, the political considerations involved in any aid effort.

The report notes: "It is customary to presume that the economy of an aid donor is diversified and that the exports of the donor consist of highly processed industrial products. This is not entirely true in the case of Finland. The structure of her exports is still rather one-sided and she is a net importer of capital. The development of the balance of payments and the adaptation of the economy to international competition are factors which should be taken into consideration when the volume of resources, or the forms of aid to be extended, are being planned."

This quotation contains, the essence of the report. There are restraints of considerable significance which determine by and large the volume and the form of aid which can be extended by Finland. These are largely restraints which do not reflect the political will to give — but form the real burden of aid to the donor, in this case Finland.

An awareness of the existence of limitations has not been used as an excuse to avoid participation in international efforts for the benefit of the less developed countries. However, they do serve as a yardstick to the political decision maker who is then in a position to see in a more meaningful way the implications of an expansive aid policy under Finnish conditions, which are not always comparable to the general terms quoted in the international debate on aid.

Aid tying and balance of payments

One of the main sources of concern to the commission has been the adverse effect of aid on the balance of payments. It is stated in the report that since Finland has little experience of conditions within the countries which are the main recipients of international aid, and since the structure of Finnish exports does not on the whole coincide with the imports financed through aid, it is not likely that increased unconditional aid will lead to increased exports. In other words more aid would amount to a net outflow of convertible currencies from the country and thus become a real burden on the balance of payments. It would also burden the economy as a whole because, under this assumption, it would not add to employment in the country.

Tied aid would alleviate this problem considerably, but is of course only possible under bilateral aid arrangements. One might therefore aim at extending bilateral financial aid with tied procurement. This is one of the main recommendations of the commission. In view of the fact that Finland is unable to grant considerably more aid than that required by her present obligations within the framework of multilateral organizations, the exact level of any additional aid will clearly depend on the terms on which such aid is granted.

Estimated totals and break-downs

The report is, however, not altogether unconcerned with the real problems of the recipients of aid and their difficulties in accepting tied aid. Therefore the report suggests that in future more than half of the total aid flow should be in the form of contributions to multilateral agencies or technical assistance on a grants basis. The importance of technical assistance and pre-investment studies is emphasized very strongly. Three illustrative examples are given in order to analyze the strain of increased aid on the Finnish economy. They are all based on the five year period 1968—1972. The most modest programme operates on the assumption that Finland would spend 0.19 per cent of her GNP on official aid in 1972.¹ This would mean some \$7 million on multilateral aid, \$5 million on technical assistance and \$5.5 million on tied financial aid. The total would be somewhat under \$18 million. The second programme results in a total aid flow of some \$24 million and the third — the most optimistic one — \$35 million. The second programme would be equivalent to 0.25 per cent of the GNP in 1972 and the third and most ambitious one would be equivalent to 0.38 per cent of the GNP in 1972. In the latter case the share of aid given in the form of tied financial aid would be somewhat under 50 per cent of the total aid flow and slightly more than the amount which would be channelled through multilateral agencies.

It should be emphasized that the above figures are not a reflection of official government policy but alternative recommendations set out in the first part of the commission's report in order to serve as a background to future government decisions.

The commission will continue its work and prepare the second part of the report

¹ The figure for 1968 is approximately 0.11 per cent of the GNP.

in which it will deal with the issues arising out of aid from the recipients point of view. The two parts are together designed to illustrate the problem from both sides.

NORDIC COOPERATION IN UN

Although Finland's decisions concerning her aid policies naturally reflect the views of the Finnish government, it is worth noting, that a continuous and extensive exchange of views is taking place between all the Nordic governments on all matters related to aid. This discussion dates back to 1961, when, in accordance with a recommendation of the Nordic Council, a permanent Committee, at Cabinet level, was set up to coordinate Nordic national aid efforts and to supervise joint Nordic projects. The Committee has annually renewed the joint projects and reported to the Nordic Council on progress made. The coordination of the national aid programmes has taken place mainly through consultations between the respective Nordic aid agencies. The views of the Nordic countries in matters of a broader and more general character, as well as questions of policy as dealt with at international conferences, have regularly been discussed at meetings between Foreign Ministers and among the heads of delegations to such meetings. This has led, e.g. in the United Nations Conference on Trade and Development, to joint statements and to a rotation of representation in the UNCTAD bodies. The same principle is applied in the United Nations Development Programme and other UN bodies. The Nordic countries are among the main contributors to this programme — in absolute terms Finland is the 16th of all contributors, who amount to close on a hundred nations and taking into account her GNP, she is ninth as a contributor.

A continuous policy of consultation has

led, as noted above, to a virtually uniform outlook when Nordic delegates take the floor in international bodies concerned with discussing aid policies and objectives. But there are still some important differences with respect to the details of policy implementation. These are at present under review in a joint Nordic Committee and it is possible that in the near future an even greater degree of uniformity will be achieved.

JOINT NORDIC PROJECTS

The idea of international participation in a world wide aid effort has thus been closely associated with the idea of Nordic cooperation. This has been manifested since 1962 in a joint technical assistance project carried out in Tanzania. The Nordic countries, in compliance with their general policy of stressing the significance of education, food production and health, have built a fairly large training center to further these aims. In Kenya, the Nordic countries are engaged on a large training project in the field of cooperatives. In November 1968 a joint Nordic team will start drafting a plan for a large agricultural project in Tanzania. These are practical manifestations of the high degree of Finnish involvement in joint ventures. Further examples of such ventures can be seen in the participation of all the four Nordic governments in the replenishment of IDA with contributions exceeding their pro rata share, as well as their membership and representation in the Asian Development Bank.

As has been explained, the commission's report has primarily dealt with the future of Finnish aid, and the figures presented above related to the period 1968—1972. Let us therefore take a look at the present situation and the proposed figures for 1969.

1969 — THE BUDGETARY OUTLOOK

In the budget proposal for 1969 — which is still subject to parliamentary approval — new figures are entered for international aid. The proposed total appropriation for aid is about 29 million Finnish marks, i.e. \$6.950.000, of which by far the largest part is to be distributed through multilateral aid agencies, namely the International Development Association \$1.360.000, the World Food Programme \$476.200 and the United Nations Development Programme \$1.600.000. Bilateral aid will amount to about \$1.523.000, which represents only some 22 per cent of multilateral aid. This contribution to international development assistance would correspond to 0.09 per cent of the country's GNP in 1968. These figures are, above all, an indication of the considerable Finnish involvement in United Nations sponsored aid programmes. The replenishment of the IDA has already been mentioned. Other sizeable programmes are the UN Development Programme to which the Finnish contribution has increased annually. After a temporary interruption, Finland is once again among the contributors to the World Food Programme and for the first time a token contribution is to be made to the population programmes of the chief international agencies in this field. Bilateral activities, still at an experimental level, are to be intensified. At present the bilateral programmes are chiefly comprised of seminars and similar activities. Experiments in this field have shown the seminars to be a somewhat more expensive but at the same time more productive form of training than the award of scattered fellowships to foreign students.

Another field where specialized Finnish experience is used to the benefit of the recipient is in forest exploitation. Finland and Tunisia cooperate on techniques of forestry, modern methods of harvest and

modes of transport. A training centre is presently under construction for this purpose after some four years of experimental work in the mountainous areas of Tunisia. This training is complemented with courses in Finland for the more advanced trainees. Furthermore Finnish made equipment is tested under Tunisian conditions and the suitability of modern forestry machinery is measured in an environment of abundant labour.

PUBLIC OPINION AND INCREASING AID

Much of the enthusiasm for international development assistance comes from young people and it is therefore quite natural that youth organisations should have advocated forms of assistance to which the contribution of young people could be made in a more direct way. A similar organisation to the American Peace Corps, has contributed to the satisfaction of this desire. The experimental step of forming a Volunteer Service with young people was taken in August 1968 in Tanzania. The first group, consisting of a variety of junior professionals covering fields as far apart as radio techniques and literacy campaigns, is now in field service and the future of this form of aid will be tested against the experience thus gained. Volunteer Service is, perhaps more than any other form of technical assistance, at the same time a training ground for those engaged in the work. It may greatly increase the suitability of the participants for more qualified jobs after further complementary training and study. It may also broaden the recruitment basis for experts proper. Finland, being a country without traditional links with developing nations has very few specialists with experience in these areas. This has been one of the reasons why recruitment for service abroad has not been an easy task.

THE FUTURE OF AID

In a nutshell the main principles of the Finnish contribution to world wide development effort can be stated as follows:

The political will to increase our contribution is clearly manifest and is steadily gaining ground among the politically active. This will is, in part, circumscribed by the fact that recent developments in the balance of payment have made it a difficult task to transfer resources, especially convertible currencies, abroad. As the economy and

exports undergo a rapid process of diversification, and as balance of payments difficulties are alleviated, the prospects for increased aid will improve. In the meanwhile Finland must continue to fulfill her obligations as a member of the chief international development agencies and as a participant in the joint Nordic aid efforts. The growth of bilateral programmes is dependent on the expansion of those forms of aid which are not too heavy a burden on the Finnish economy as a whole.

ITEMS

Finland: member of the Security Council of the United Nations. On November 1, 1968 Finland was elected as an alternate member of the Security Council of the United Nations for the two year period beginning on January 1, 1969. The other members newly elected were Colombia, Nepal, Spain and Zambia.

*

Finland provides capital through the Inter-American Bank to foster Latin America's economic development. On October 4, 1968 Finland entered an agreement to provide up to \$11.1 million through the Inter-American Development Bank to foster the development of Latin America and strengthen Finland's economic ties with the region.

The agreement provides for:

The borrowing by the Inter-American Bank of \$1.1 million in U.S. dollars from the Bank of Finland evidenced by a promissory note. The note will mature in five years and will carry a yearly interest rate of 6 per cent.

Finnish Export Credit Ltd. to make available up to \$10 million, also in U.S. dollars, through 1970 to the Inter-American Development Bank. Portions of the \$10 million would be drawn down in the form of 6 per cent promissory notes on or before each June 15 and December 15 during the period. The quantities drawn down would be related to the amount of additional purchases in Finland generated by the Inter-American Devel-

opment Bank lending operations in Latin America during the period.

The funds Finland provides will be incorporated in the ordinary capital resources of the Inter-American Development Bank and will be used in making ordinary loans in Latin America.

The agreement makes Finland the 12th nation from outside the Inter-American Bank's 21-nation family to utilize the Bank's services for channelling development capital into Latin America.

*

Trade agreement between Finland and the USSR. On November 1, 1968, a trade agreement for 1969 was signed between Finland and the USSR. This is the fourth agreement within the framework of the fourth five-year pact covering the period 1966—1970 and signed in August 1964. The total exchange of goods is estimated to be worth over 450 million roubles which is about 10 per cent higher than that suggested in the five-year pact.

Finland will export the machinery for a sulphate pulp mill, producing sack paper, with an annual capacity of 414 000 tons, a paper mill with an annual capacity of 220 000 tons of sack paper, a paper mill with an annual capacity of 200 000 tons of craft sack paper, a pulp mill with an annual capacity of 200 000 tons of viscose pulp, a sulphate pulp mill with an annual capacity of 250 000 tons, a plywood mill with an annual capacity of 200 000 cu. m, a card-

board mill producing cardboard and wrapping paper and special machinery for two sulphate mills each with an annual capacity of 250 000 tons. The export list also includes 26 ships, one icebreaker with 22 000 HP, one cable ship, 2 motor cargo vessels, 8 timber transport vessels, 7 tankers, 3 house boats, 4 motor cargo vessels for inland waters, sulphite and sulphate pulp, various types of cable and different kinds of paper and board and their products, furniture, dairy products, textiles and footwear.

Included among the imports from the USSR, will be power engines and electro-technical machinery, machine tools, machines for the mining, peat, chemical, textile, printing and food industries, rolling and metallurgical machines and equipment, measuring instruments, bearings, pumps and compressors, tractors, 6 000 passenger cars (10 500 in 1968), other motor vehicles, 500—700 000 tons of coal and anthracite, 5 250 000 tons raw oil (4 600 000 tons in 1968), 1 850 000 tons diesel oil, silver, platinum and copper (new item), and various chemicals and foodstuffs.

Frontier trade will be agreed upon separately.

*

Finland's Balance of Payments on Travel Account January—September 1968. Preliminary figures produced by the Bank of Finland Institute for Economic Research indicate that there was a 3.9 million mark surplus on the travel account of Finland's balance of payments as against a deficit of 76 million still in the corresponding period last year. Receipts from travel amounted to 224.1 million marks between January and September 1968, which is 61 per cent more than during the corresponding period for 1967. Expenditure on travel increased by only one per cent and was 220.2

million marks. Calculated in terms of foreign exchange, the increase in receipts from travelling rose by approximately 23 per cent in comparison with January—September last year, whereas expenditure on travel in terms of foreign exchange showed a decline of 23 per cent.

*

The Industrial Mortgage Bank of Finland borrows DM 60 million. The Industrial Mortgage Bank of Finland has issued external loan bonds to the value of DM 60 million. The offer has been underwritten by a consortium headed by Berliner Handelsgesellschaft.

The loan, with an annual interest rate of 6 $\frac{3}{4}$ per cent, is current for a period of 12 years starting from November 1, 1968. The issue price is 98 $\frac{1}{2}$ per cent and the bonds will be redeemed annually during the period November 1, 1973—November 1, 1980. The loan is guaranteed by the Republic of Finland.

The bonds are quoted on the Hamburg, Düsseldorf and Frankfurt on Main Stock Exchanges.

*

Oy Stockmann Ab borrows Sfr. 7 million. Oy Stockmann Ab (Department Stores, Wholesalers, Industrial Producers) has issued external loan bonds to the value of Sfr. 7 000 000. The offer has been underwritten by a consortium headed by Bank Hofmann AG, Zurich.

The loan, with an annual interest rate of 6 per cent, is current for a period of 10 years starting from October 10, 1968. It is issued at par and will be redeemed on October 10, 1978. The issue is guaranteed as regards both principal and interest by

Oy Pohjoismaiden Yhdyspankki (Ab Nordiska Föreningsbanken). The bonds are quoted on the Zurich Stock Exchange.

*

Domestic bond issue. The Government has

authorized the city of Tammisaari to make a bond issue to the value of 1 500 000 marks. The currency period is 13 years starting from December 15, 1968. The rate of interest is 8 ½ per cent and the loan is issued at par.

(continued from page 2)

increase the number of civil servants. The growth in transfer expenditure is 5 per cent, whereas investment expenditure (including financial investments) will decline by about a quarter. The decrease in investment expenditure is primarily due to the fact that the major part of these funds granted from the export levy funds were included in the 1968 budget, although the use of the appropriations will be extended over several years. Secondly the acceleration in economic activity is expected to decrease the need for state employment appropriations. When preparing the budget the Government's estimate was that the volume of private investment would increase by 18 per cent; this was motivated i.a. by an increase in housing loans.

It is proposed to shift from the direct granting of loans by the Treasury to a system of interest subventions by transferring a part of those loans previously included in the budget to the Post Office Savings

Bank. The bank in question would obtain interest support from the Treasury and the interest rate charged on these loans could thus be less than the normal rate.

Some changes of technical nature will take place in taxation. The State Alcohol Monopoly will discontinue the payment of income tax; a special tax on alcoholic beverages has been imposed in place of it. In addition, some changes have been effected in the taxation of industrial and business income (see Bulletin 8/1968).

An amount of 801 million marks has been reserved for the amortizations, interest and index compensations on domestic loans. This includes the 100 million mark amortization of a loan obtained by the Treasury from the Bank of Finland in 1966. As the aforementioned 550 million is entered on the revenue side as new state borrowing, and as it will be endeavoured to draw a part of it from abroad, it can be anticipated that the Treasury's credit transactions will have an easing effect on the money market.

October 30, 1968

BANK OF FINLAND

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Governor (Absent as Prime Minister)

REINO ROSSI,
Acting Governor

ESKO K. LEINONEN

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

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

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN
ad int.

DIRECTORS

JOUKO J. VOUTILAINEN

TIMO HELELÄ

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Credits

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K. EIROLA,
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