



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 37 No. 4

APRIL

1963

### RECENT DEVELOPMENTS

#### PRICES

During 1960—1961 the course of prices in Finland was subjected to the influence of opposing forces: on the one hand, the strong increase in total demand tended to raise prices, and on the other, declining import prices, along with rising productivity, tended to mitigate the pressure of costs. Thus, in 1961 the increase in costs amounted to no more than 2 per cent, while the price index for the domestic product rose by 4 per cent on the previous year. In 1962 the pattern changed. The growth in total demand obviously slowed down, whereas the cost factors gained weight with the slight rise in import prices and deceleration in the advance of productivity, which made prices more sensitive to wage increases. In 1962 the rise in the price index for the domestic product no longer exceeded that for prime costs. The following figures show development over the last two years.

	Change on previous year, per cent	
	1961	1962
Wage costs/unit of production ..	+4	+5
Import prices (c.i.f.) .....	-2	+1
Total prime costs .....	+2	+4
Price index for domestic product	+4	+4

As regards the course of development during the current year, it seems that the rise in the cost level will set the upper limit for the rise in prices. It is probable that

the effect of demand factors on prices will be neutral, or even negative, in the market situation of the immediate future.

If the movement of prices during 1962 is examined more closely, the marked rise in consumer prices is striking. For instance, food prices went up by about 5 per cent during the first half of the year. This increase, combined with the steep rise in the prices of services — a typical consequence of wage increases in the service trades, where productivity is slow in mounting — were clearly reflected, especially in the consumer price index, which rose by 6.3 per cent over 1962. The concurrent increase in the wholesale price index was only 1.8 per cent. In 1961, partly by means of measures of economic policy, the rise in the consumer price index had been restricted to 2.1 per cent. Such measures could not be resorted to in 1962, when the cash position of the State was weaker.

Owing to the continuous rise in consumer prices, the Government found it necessary, in the autumn of 1962, to order a partial price-freeze, with a view to preventing a possible rounding-off of prices in connection with the currency reform due on January 1. In fact, the rise in the consumer price index was arrested towards the end of the year.

*On page 18, Finland's Foreign Trade  
in 1962*

## FOREST WORKS

By the end of 1961, a peak had been reached in the volume of forestry production; since then, the volume of production has steadily contracted. In 1962, the volume of forestry production was 3 per cent below the 1961 figure, with both fellings for sale and for home use being taken into consideration. The drop in the quantity of timber fellings was more marked in the last quarter of 1962, and the decline has continued during the early part of 1963. The table below indicates the quantities of different kinds of wood cut for sale during the first eight months of the current felling season 1962/63, taken against those for the previous felling season.

	1. 6. 1961— 31. 1. 1962	1. 6. 1962— 31. 1. 1963	Change per cent
	1 000 piled	cu.m	
Softwood logs ....	3 486	3 773	+ 8
Hardwood logs ....	1 341	1 256	— 6
Spruce pulpwood ..	7 716	6 363	—18
Pine pulpwood ....	3 785	3 569	— 6
Birch pulpwood ...	1 110	1 573	+42
Pitprops .....	406	307	—24
Firewood .....	3 402	3 233	— 5
Other timber ....	550	391	—29
Total	21 796	20 465	— 6

In the main, the decrease in fellings relates to pulpwood and pitprops. Despite the rise in output of the paper and pulp industry, it has been possible to restrict pulpwood cuts,

as raw wood exports have fallen sharply in quantity. In 1961, the export of raw wood stood at about 5.7 million piled cu. m, but in 1962 the corresponding figure was only 3.6 million piled cu. m, and during 1963 the figure will in all probability be appreciably lower. Along with declining exports, the cut in fellings has been ascribable to the reduction in holding-stocks of raw wood, partly explained by the difficulties experienced in marketing paper industry products.

At the end of January 1963, the quantity of saw logs cut was more than that one year earlier, owing to favourable weather conditions and to the lively sales of sawn timber at the beginning of the year, but for February—March the figure will probably be on about the same level as one year previously.

In all likelihood, the total timber fellings in February—March will be lower than during the corresponding period of the previous felling season. This is observable from the number of persons employed in forest works. At the turn of January, the peak of the season, the number of men working in the forests was 137 000, compared with 166 000 men one year previously, and in mid-March their number was still 20 000 lower than one year earlier.

*March 25, 1963*

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

## BANK OF FINLAND

Mill. mk

	1962		1963			
	Dec. 31	Feb. 28	Feb. 28	March 8	March 15	March 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	705.4	805.4	726.7	720.0	722.6	743.2
Gold .....	135.2	103.3	135.3	135.3	135.3	135.3
Foreign exchange .....	502.5	611.4	520.9	514.4	517.1	537.4
Foreign bills .....	17.7	15.1	20.5	20.3	20.2	20.5
Foreign bonds .....	50.0	75.6	50.0	50.0	50.0	50.0
<i>Supplementary note cover</i> .....	516.5	453.4	437.1	432.3	428.2	454.9
Inland bills discounted						
In foreign currency .....	81.8	92.5	79.9	79.9	79.9	79.9
In Finnish currency .....	33.5	57.9	31.0	32.9	32.9	33.2
Rediscounted bills .....	401.2	290.5	326.2	319.5	315.4	341.8
Treasury bond loan .....	—	12.5	—	—	—	—
<i>Other assets</i> .....	88.0	53.0	132.8	206.1	214.9	167.7
Finnish bonds .....	34.7	24.2	65.2	73.1	86.9	98.6
Cheque accounts .....	3.6	4.1	1.6	2.6	3.1	3.0
Finnish coin .....	5.5	10.1	13.7	12.4	12.7	12.4
Other claims .....	44.2	14.6	52.3	118.0	112.2	53.7
<b>Total</b>	<b>1 309.9</b>	<b>1 311.8</b>	<b>1 296.6</b>	<b>1 358.4</b>	<b>1 365.7</b>	<b>1 365.8</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	774.4	778.2	794.4	814.7	828.7	831.7
<i>Short-term liabilities</i> .....	112.6	126.4	92.4	130.8	124.4	125.5
Foreign exchange accounts .....	17.1	12.6	16.5	16.4	16.4	16.5
Mark accounts of holders abroad .....	35.8	34.1	31.6	31.6	31.5	31.5
Cheque account of the Treasury .....	5.5	59.0	0.1	17.5	7.9	64.8
Cheque accounts of banks .....	49.3	5.5	41.7	62.2	59.5	9.9
Other cheque accounts .....	0.8	1.8	0.5	1.1	0.8	0.7
Other short-term liabilities .....	4.1	13.4	2.0	2.0	8.3	2.1
<i>Long-term liabilities</i> .....	80.2	138.2	78.3	78.3	78.3	78.3
Foreign .....	79.1	88.8	77.2	77.2	77.2	77.2
Finnish .....	1.1	49.4	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i> .....	157.5	93.5	142.8	145.5	144.9	140.2
<i>Bank's own funds</i> .....	185.2	175.5	188.7	189.1	189.4	190.1
Capital .....	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund .....	62.0	62.0	73.6	73.6	73.6	73.6
Profits undisposed .....	—	10.2	11.6	11.6	11.6	11.6
Earnings less expenses .....	23.2	3.3	3.5	3.9	4.2	4.9
<b>Total</b>	<b>1 309.9</b>	<b>1 311.8</b>	<b>1 296.6</b>	<b>1 358.4</b>	<b>1 365.7</b>	<b>1 365.8</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	705.4	805.4	726.7	720.0	722.6	743.2
<i>Supplementary cover</i> (Upper limit 500 mill. mk) .....	500.0	453.4	437.1	432.3	428.2	454.9
<b>Total</b>	<b>1 205.4</b>	<b>1 258.8</b>	<b>1 163.8</b>	<b>1 152.3</b>	<b>1 150.8</b>	<b>1 198.1</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	774.4	778.2	794.4	814.7	828.7	831.7
<i>Short-term liabilities</i> .....	112.6	126.4	92.4	130.8	124.4	125.5
<i>Undrawn on cheque credits</i> .....	4.3	4.2	6.3	5.4	4.9	4.9
<i>Unused right of note issue</i> .....	314.1	350.0	270.7	201.4	192.8	236.0
<b>Total</b>	<b>1 205.4</b>	<b>1 258.8</b>	<b>1 163.8</b>	<b>1 152.3</b>	<b>1 150.8</b>	<b>1 198.1</b>

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

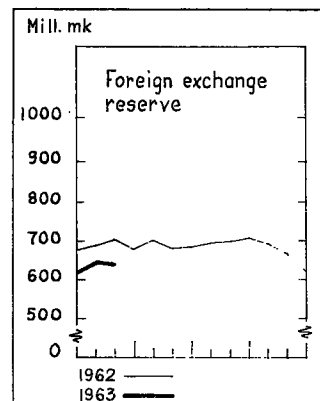
## BANK OF FINLAND

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
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 <sup>1)</sup>	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	—0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 <sup>2)</sup>	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1962										
Jan.	702.4	12.3	690.1	90.8	124.4	656.5	268.9	44.8	12.6	211.5
Feb.	714.7	12.6	702.1	90.8	122.9	670.0	290.5	53.1	13.1	224.3
March	691.9	13.9	678.0	81.8	123.1	636.7	359.1	55.9 <sup>2)</sup>	8.0	295.2
April	715.3	13.7	701.6	82.0	120.9	662.7	387.5	61.4 <sup>2)</sup>	7.7	318.4
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 <sup>2)</sup>	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 <sup>2)</sup>	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 <sup>2)</sup>	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 <sup>2)</sup>	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 <sup>2)</sup>	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 <sup>2)</sup>	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6 <sup>2)</sup>	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3 <sup>2)</sup>	0.8	351.1
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	428.7	139.4	2.4	286.9
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	326.2	41.7	1.6	282.9

<sup>1)</sup> Including cash reserve accounts 66.8. <sup>2)</sup> Including cash reserve accounts.

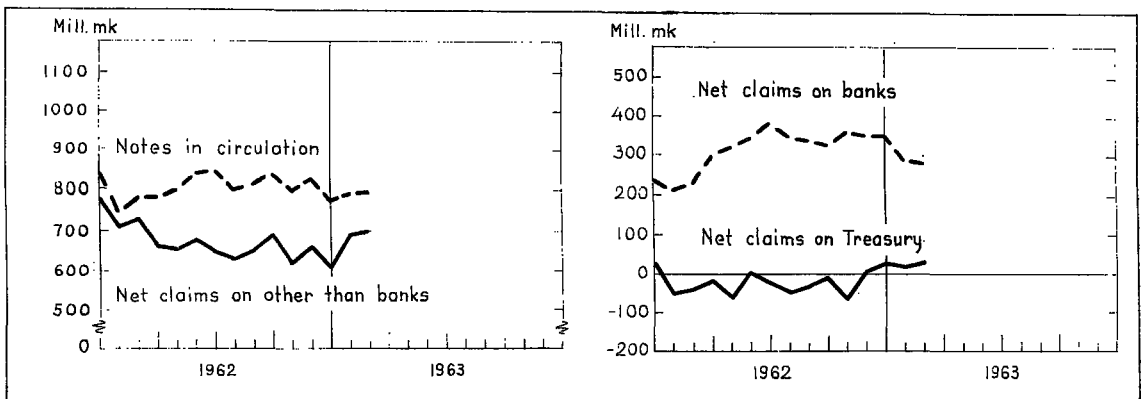
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1960	1961	1962	1963	
	Dec. 31	Dec. 31	Dec. 31	Jan. 31	Feb. 28
Gold .....	91	104	135	135	135
Convertible .....	442	403	330	350	346
Non-transferable EMA ..	32	14	4	5	3
Eastern Bloc .....	17	92	101	104	102
Other .....	63	65	51	50	54
<b>Total</b>	<b>645</b>	<b>678</b>	<b>621</b>	<b>644</b>	<b>640</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
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1962										
Jan.	12.5	7.0	70.3	1.1	— 51.9	65.7	107.1	2.3	170.5	747.2
Feb.	12.5	7.0	59.0	1.1	— 40.6	57.9	104.2	2.1	160.0	778.2
March	—	7.0	27.8	1.1	— 21.9	34.7	103.7	2.4	136.0	779.7
April	—	7.0	68.5	1.1	— 62.6	35.8	101.9	2.4	135.3	794.7
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1963										
Jan.	—	30.0	9.6	1.1	19.3	30.9	96.8	1.7	126.0	787.5
Feb.	—	30.0	0.1	1.1	28.8	31.0	103.8	0.9	133.9	794.4



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1962*	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1962*										
Jan.	579.5	712.4	160.3	2 119.1	2 090.0	1 251.8	569.8	288.3	6 319.2	7 191.9
Feb.	582.8	708.1	196.7	2 139.9	2 120.6	1 274.5	580.3	292.1	6 407.6	7 312.4
March	551.6	687.1	175.3	2 161.4	2 145.6	1 300.2	587.1	295.6	6 490.1	7 352.5
April	548.0	680.2	174.5	2 171.8	2 149.3	1 303.9	585.9	294.0	6 505.0	7 359.7
May	580.1	722.2	186.7	2 190.1	2 157.9	1 316.0	586.5	292.8	6 543.4	7 452.3
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5
Dec.	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1963*										
Jan.	663.0	805.8	230.2	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 738.9

End of month	Index- ied de- pos- its	High- interest depos- its	Tax- conces- sion accounts
1962*			
May	34.6	542.1	148.2
June	37.0	546.3	145.7
July	42.6	537.4	142.7
Aug.	49.5	534.9	139.9
Sept.	54.1	529.3	136.1
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2
Dec.	67.5	531.7	107.2
1963*			
Jan.	88.6	514.5	95.1

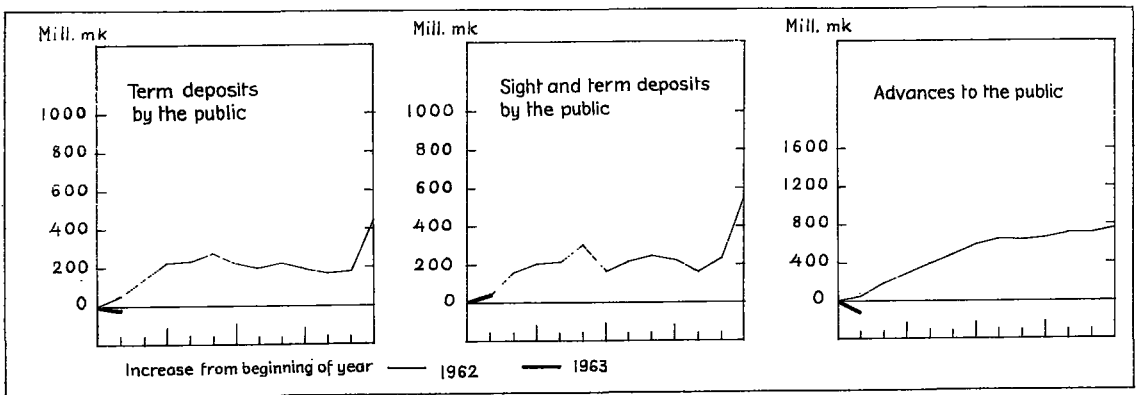
Selling rates for foreign exchange			
March 27, 1963			
		mk	mk
New York ...	1 \$	3.223	Zurich ..... 100 Fr 74.50
Montreal .....	1 \$	2.994	Paris ..... 100 FF 65.80
London .....	1 £	9.030	Rome ..... 100 Lit 0.5193
Stockholm ...	100 Kr	62.10	Vienna ... .. 100 S 12.49
Oslo .....	100 Kr	45.11	Lisbon ..... 100 Esc 11.26
Copenhagen ..	100 Kr	46.75	Reykjavik .... 100 Kr 7.49
Frankfurt o.M.	100 DM	80.68	Madrid ..... 100 Pta 5.42
Amsterdam ...	100 Fl	89.69	Prague, clear... 100 Kč 44.58
Brussels .....	100 Fr	6.465	Moscow, clear. <sup>1)</sup> 1 Rbl 3.5667
			Clearing dollars <sup>2)</sup> 1 Cl \$ 3.21

<sup>1)</sup> Bucharest, Peking.<sup>2)</sup> Ankara, Athens Berlin Bogota Budapest, Sofia, Warsaw.

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962*	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1962*									
Jan.	3 065.0	1 821.9	450.0	1 465.0	521.4	6 964.4	358.9	7 323.3	1 565.9
Feb.	3 137.2	1 844.6	469.7	1 476.4	533.3	7 072.7	388.5	7 461.2	1 611.7
March	3 192.8	1 855.9	469.8	1 489.9	559.3	7 189.0	378.7	7 567.7	1 576.3
April	3 234.9	1 881.3	471.6	1 510.4	574.5	7 274.1	398.6	7 672.7	1 582.6
May	3 269.4	1 891.5	471.9	1 542.7	585.0	7 378.3	382.2	7 760.5	1 668.8
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5
Dec.	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	..

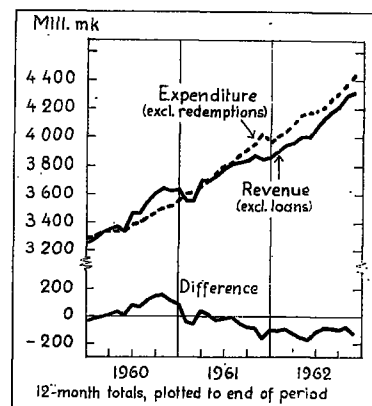


## STATE FINANCES

Mill. mk

Revenue	Jan. — Nov.		Expenditure	Jan. — Nov.	
	1961	1962		1961	1962
Income and property tax (net) .....	692	861	Interest on State debt .....	55	59
Gross receipts .....	(1 902)	(2 163)	Child allowances .....	247	287
Refunds and communal income tax .....	(-1 210)	(-1 302)	The State's share in national pensions .....	137	174
Other direct taxes .....	14	16	Compensations to war-disabled .....	115	106
Purchase tax .....	877	949	Transfer of employers' payments for national pensions to the National Pensions Institution .....	86	93
Import duties .....	425	408	Subsidies .....	350	367
Revenue from Alcohol Monopoly .....	243	275	Net payments on price equalisation by extra-budgetary funds .....	10	—
Excise duty on tobacco .....	187	207	State aid to agriculture .....	56	62
Excise duty on liquid fuel .....	134	148	State aid to communal and private schools .....	270	309
Other excise duties .....	51	54	Net loss of State enterprises .....	—	—
Tax on automobiles and motor cycles .....	20	64	Maintenance of roads .....	96	116
Stamp duties .....	168	183	Other current expenditure .....	1 099	1 272
Employers' payments for child allowances and national pensions .....	294	342	<b>Current expenditure</b> .....	<b>2 521</b>	<b>2 845</b>
Net receipts of price equalisation by extra-budgetary funds .....	—	4	Real investments .....	681	731
Other revenue similar to taxes .....	47	54	Other capital expenditure .....	381	491
<b>Total taxes</b> .....	<b>3 152</b>	<b>3 565</b>	<b>Capital expenditure</b> .....	<b>1 062</b>	<b>1 222</b>
Interest and dividends .....	57	65	<b>Total expenditure</b> .....	<b>3 583</b>	<b>4 067</b>
Net profit of State enterprises .....	55	0	Redemption of external loans .....	25	27
Other current revenue .....	113	141	Redemption of internal loans .....	127	156
<b>Current revenue</b> .....	<b>3 377</b>	<b>3 771</b>	Redemption of indemnity bonds etc. ....	16	8
Capital revenue proper .....	77	87	Index premiums .....	7	6
Decrease in inventories .....	—	33	<b>Redemptions</b> .....	<b>175</b>	<b>197</b>
<b>Capital revenue</b> .....	<b>77</b>	<b>120</b>	<b>Total</b> .....	<b>3 758</b>	<b>4 264</b>
<b>Total revenue</b> .....	<b>3 454</b>	<b>3 891</b>			
External loans .....	69	37			
Internal loans .....	163	288			
<b>Loans</b> .....	<b>232</b>	<b>325</b>			
Short-term credit (increase +) ..	-11	+23			
<b>Deficit (+) or surplus (-)</b> .....	<b>+83</b>	<b>+25</b>			
<b>Total</b> .....	<b>3 758</b>	<b>4 264</b>			

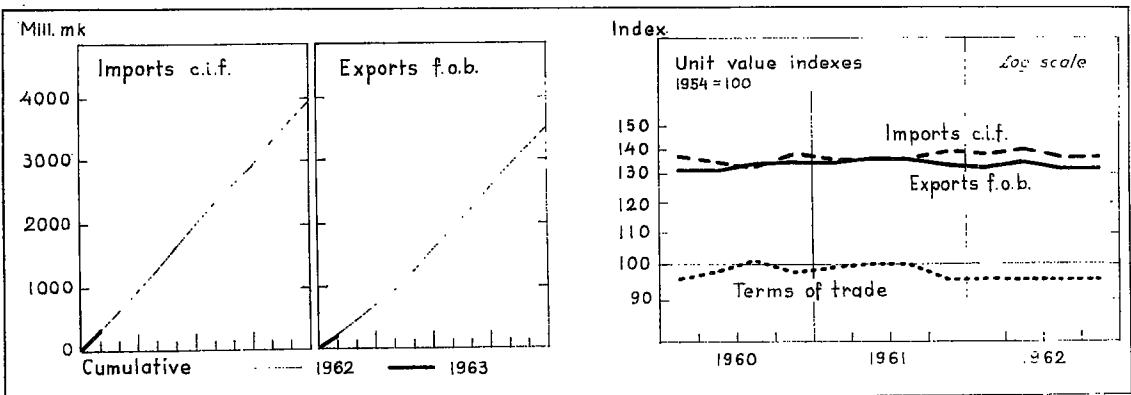
Debt	1959	1960	1961	1962		1963	
	Dec.	Dec.	Dec.	Nov.	Dec.*	Jan.*	Feb.*
<b>External debt</b> ...	766	744	791	805	803	809	811
Ordinary loans ....	722	744	757	888	936	991	991
Indemnity bonds etc.	65	44	26	19	18	18	18
Short-term credit ..	41	30	24	47	61	42	31
Cash debt (net) ...	-58	-144	-98	-86	..	..	..
<b>Internal debt</b> ....	<b>770</b>	<b>674</b>	<b>709</b>	<b>868</b>	..	..	..
<b>Total debt</b> .....	<b>1 536</b>	<b>1 418</b>	<b>1 500</b>	<b>1 673</b>	..	..	..
<b>Total debt, mill. \$</b>	<b>479.7</b>	<b>442.3</b>	<b>465.9</b>	<b>519.2</b>	..	..	..





# FOREIGN TRADE

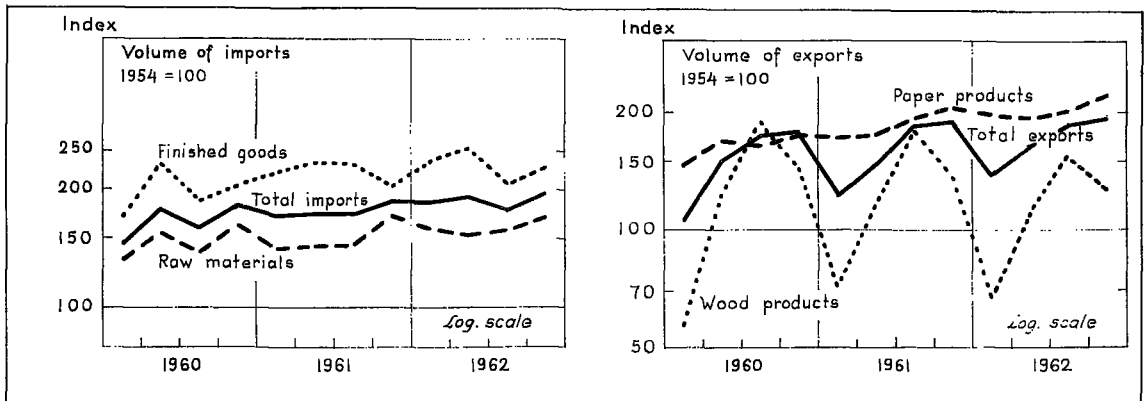
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962*	3 930.5	3 533.1	-397.4	133	145	136	126	142	137	97
1962*										
Jan.	321.8	240.1	- 81.7	133	145	135	128	140	138	96
Feb.	306.9	230.5	- 76.4							
March	340.0	245.1	- 94.9							
April	304.7	234.1	- 70.6	135	140	134	128	160	140	96
May	370.6	302.0	- 68.6							
June	339.3	329.3	- 10.0							
July	335.1	315.3	- 19.8	132	145	134	125	142	137	96
Aug.	295.7	319.1	+ 23.4							
Sept.	293.9	325.1	+ 31.2							
Oct.	373.3	349.8	- 23.5	132	142	137	125	136	137	96
Nov.	344.7	299.3	- 45.4							
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	324.8	234.1	- 90.7							



## FOREIGN TRADE BY MAIN GROUPS

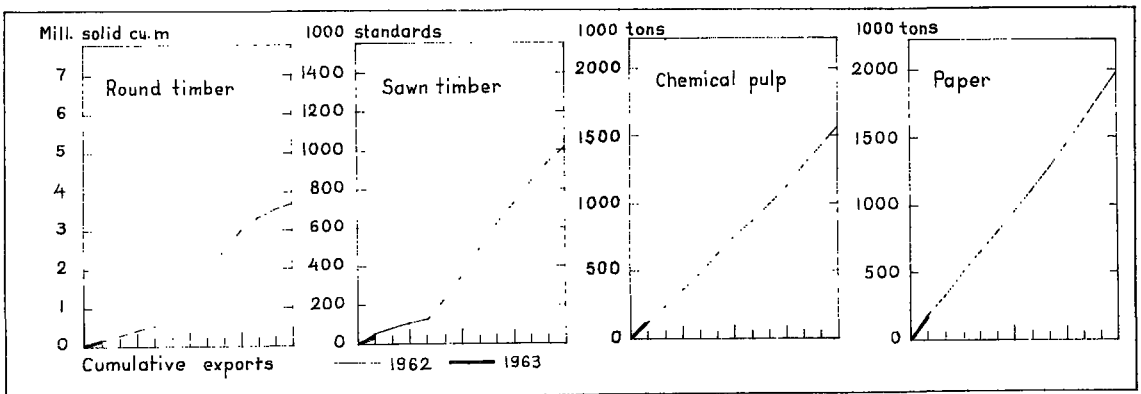
Mill. mk

Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962*	1 762.6	371.2	1 146.8	649.9	144.5	189.5	770.3	1 588.8	662.6	177.4
1961 Dec.	164.1	49.3	78.3	58.9	22.0	12.9	63.3	139.1	59.9	15.4
1962* Jan.	164.1	21.5	83.2	53.0	8.1	9.0	47.8	129.1	35.7	10.4
Feb.	134.9	24.4	98.7	48.9	17.1	7.5	34.5	122.7	38.2	10.5
March	148.6	30.1	101.2	60.1	10.7	6.8	30.4	136.5	47.9	12.8
April	122.4	33.3	97.0	52.0	10.1	5.9	32.1	124.9	50.1	11.0
May	154.7	30.7	121.8	63.4	16.6	13.3	66.0	136.4	55.8	13.9
June	143.9	22.3	119.9	53.2	16.4	19.6	85.0	125.2	67.1	16.0
July	145.3	30.0	115.0	44.8	12.7	28.6	96.1	113.5	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.1	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4
Dec.	137.0	38.9	72.9	55.7	15.0	6.5	58.9	142.0	104.1	16.9
1963* Jan.	175.4	27.0	70.8	51.6	17.8	7.4	39.5	120.5	36.9	12.0



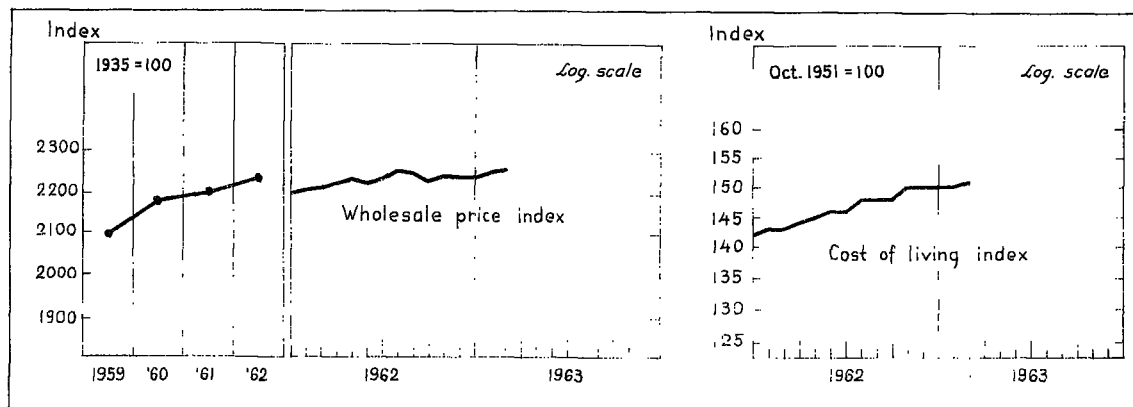
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962*	3 681	1 010	357	150	828	731	153	152	870	1 980
1961 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
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185
Dec.	111	73	32	14	70	77	12	10	82	182
1963* Jan.	160	37	32	13	57	68	12	13	64	169



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		January			Whole year		January		
	1961	1962*	1962*	1963*		1961	1962*	1962*	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	15.7	15.7	15.2	13.5	43.8	24.5	22.2	24.1	24.4	57.2
United Kingdom .....	15.3	15.2	14.9	13.2	42.9	22.2	20.3	21.6	21.6	50.7
<b>Other OECD countries</b> <b>in Europe</b> .....	55.2	55.7	57.4	50.7	164.6	46.4	42.9	43.6	48.9	114.4
Austria .....	0.7	0.7	0.6	0.8	2.7	0.4	0.3	0.3	0.7	1.6
Belgium-Luxembourg .....	2.6	2.4	2.5	2.5	8.2	3.8	3.4	3.4	3.2	7.5
Denmark .....	3.2	3.2	3.5	3.5	11.3	3.5	3.7	3.7	3.6	8.4
France .....	5.0	5.2	4.9	3.8	12.3	5.2	4.5	4.9	3.7	8.8
Western Germany .....	21.2	20.4	20.9	17.1	55.7	12.9	11.9	12.4	14.4	33.6
Italy .....	1.9	2.1	2.4	2.3	7.3	2.7	2.7	3.2	4.1	9.5
Netherlands .....	4.0	4.4	4.6	4.8	15.5	6.3	6.1	6.2	5.6	13.0
Norway .....	1.4	1.4	1.6	1.5	4.9	1.9	1.2	1.6	0.8	1.9
Portugal .....	0.1	0.2	0.2	0.3	0.9	0.1	0.1	0.0	0.1	0.2
Spain .....	0.5	0.4	0.5	0.4	1.3	0.5	0.7	0.5	0.2	0.6
Sweden .....	11.4	12.1	12.5	10.0	32.6	5.7	5.7	4.5	9.4	22.1
Switzerland .....	2.4	2.5	2.5	2.8	8.9	1.0	0.6	0.5	0.7	1.6
<b>Eastern Bloc</b> .....	19.4	19.2	16.1	27.3	88.8	18.0	22.5	17.5	13.5	31.6
China .....	0.1	0.2	0.1	0.1	0.5	0.6	0.5	0.3	0.3	0.8
Czechoslovakia .....	1.0	1.0	0.8	0.7	2.2	1.1	0.9	0.8	0.2	0.6
Eastern Germany .....	1.5	1.4	1.6	0.9	2.9	1.3	1.1	1.0	0.7	1.6
Poland .....	2.4	2.2	2.0	2.3	7.5	2.1	1.7	2.1	0.2	0.4
Soviet Union .....	13.6	13.7	10.7	22.2	72.1	12.1	17.8	13.1	11.4	26.6
<b>U.S. and Canada</b> .....	6.0	5.6	7.8	5.2	17.0	4.5	5.5	7.0	7.7	18.1
United States .....	5.6	5.1	6.3	4.3	13.9	4.4	5.4	7.0	7.5	17.7
<b>Latin America</b> .....	2.7	2.7	2.4	2.0	6.5	3.9	3.4	3.7	2.5	5.8
Argentina .....	0.4	0.4	0.1	0.2	0.5	1.3	0.7	1.7	0.5	1.2
Brazil .....	1.6	1.5	1.7	1.2	4.0	1.5	1.5	0.8	1.1	2.5
<b>Others</b> .....	1.0	1.1	1.1	1.3	4.1	2.7	3.5	4.1	3.0	7.0
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	324.8	100.0	100.0	100.0	100.0	234.1
<b>of which</b>										
<b>EFTA countries</b> .....	34.5	35.2	35.7	32.1	104.2	34.7	31.9	32.2	37.0	86.5
<b>EEC countries</b> .....	34.7	34.5	35.4	31.0	100.8	30.9	28.7	30.1	31.4	73.5



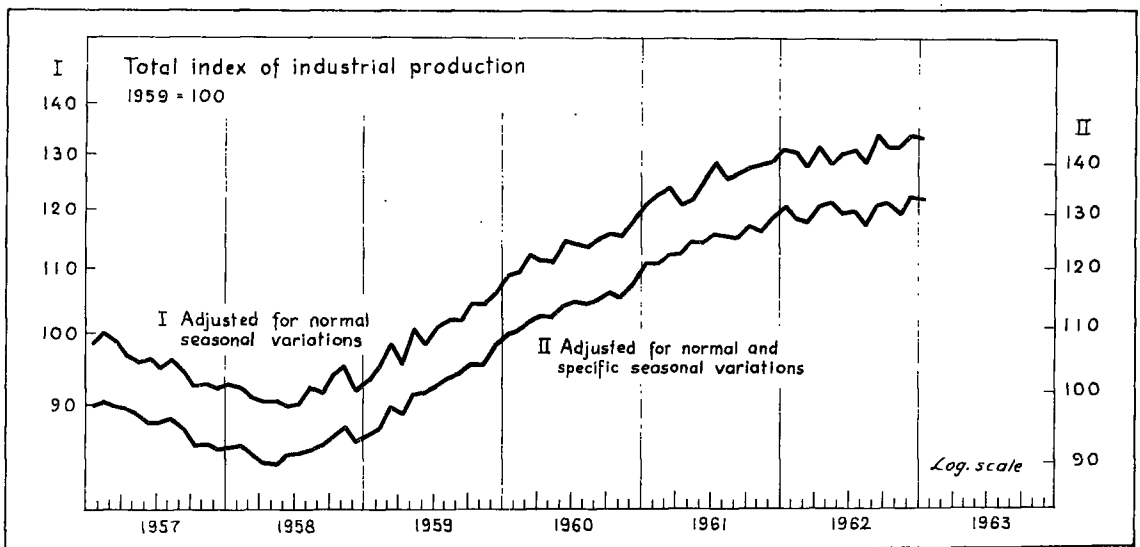
## PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1962									
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
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158
1963									
Jan.	2 249	2 379	2 414	3 640	1 942	1 974	135	117	158
Feb.	2 257	2 391	2 462	3 670	1 937	1 969	135	117	158

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1962												
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
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120
1963												
Jan.	150	158	342	105	92	148	118	116	127	102	114	120
Feb.	151	159	342	106	92	148	118	117	127	103	114	120

## 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		
1960	140	140	144	135	122	168	142	132	140		
1961*	154	161	158	145	118	194	161	142	154		
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125	49 004	150
1962*	131	144	131	124	113	139	142	124	131	47 264	160
1962*											
Jan.	132	152	133	122	112	143	151	120	131	4 522	125
Feb.	128	146	128	120	118	137	145	118	131	5 600	140
March	142	161	142	133	136	153	160	131	128	5 509	158
April	126	137	125	121	117	128	138	120	132	5 193	157
May	139	152	136	139	124	145	152	135	129	10 220	179
June	121	139	116	120	115	107	139	119	130	1 763	155
July	98	88	107	84	106	130	84	89	131	1 200	145
Aug.	134	140	133	134	109	141	139	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170
Oct.	148	168	147	142	111	155	166	142	132	2 552	177
Nov.	142	157	142	136	109	149	155	138	132	2 966	171
Dec.	121	135	124	109	100	128	133	111	134	3 604	175
1963*											
Jan.	140	158	140	130	114	149	157	127	134	4 245	132

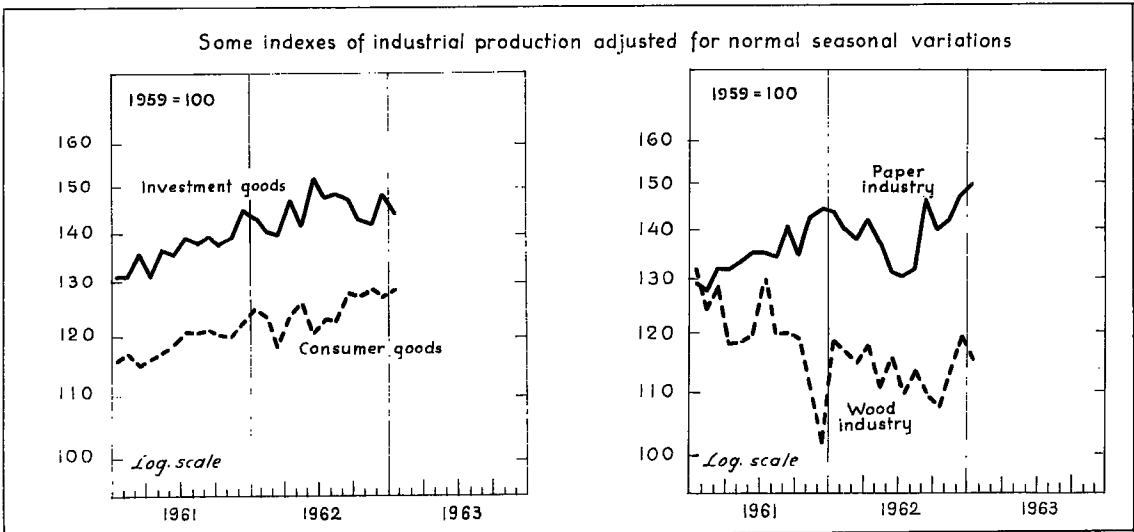


**BUILDING - WAGES - TRANSPORT - EMPLOYMENT**

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*										
July-Sept.	6.37	2.42	0.72	1.63	1.18	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	117	132
Apr.-June	4.09	1.66	0.26	1.58	0.42	25.51	133	119	135	134
July-Sept.	6.26	2.32	0.55	2.08	0.82	26.70	133	120	130	134

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo		Vessels departed 1 000 net reg. tons		1 000 persons		% of total labour force	
	1962	1963	1962	1963*	1962	1963*	1961	1962*	1961	1962*
Jan.	136	132	509	419	475	507	1 803	1 854	1.8	1.8
Feb.	125	125	398		366		1 812	1 853	1.4	1.7
March	146		433		400		1 805	1 845	1.5	1.6
April	135		459		401		1 840	1 867	1.4	1.2
May	146		627		633		1 872	1 921	0.9	0.7
June	134		746		863		1 872	1 916	1.0	0.7
July	135		974		1 089		1 777	1 809	0.9	0.8
Aug.	147		861		1 057		1 864	1 896	0.8	0.8
Sept.	143		700		752		1 914	1 946	0.7	0.7
Oct.	152		680		701		1 906	1 935	0.9	0.9
Nov.	140		670		630		1 886	1 912	1.0	1.5
Dec.	114		578		567		1 869	1 896	1.3	2.1

Some indexes of industrial production adjusted for normal seasonal variations



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

### BANK OF FINLAND

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

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

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

### DEPOSITS BY THE PUBLIC —

#### ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

### STATE FINANCES

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

### FOREIGN TRADE

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

### PRICE INDEXES

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

### PRODUCTION — INTERNAL TRADE

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

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *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 Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

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

### LAND

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

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

### POPULATION

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

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

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

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

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

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

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

### TRADE AND TRANSPORT

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

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

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

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

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

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

MERCHANT FLEET (Feb. 28, 1963): Steamers 188 (293 302 gross reg. tons), motor vessels 310 (593 007 gross reg. tons), sailing vessels with auxiliary engines 56 (5 728 gross reg. tons). Total 554 (892 037 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. In 1931, Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1960 expenditure amounted to 1 973 mill. marks. Total revenue was 2 060 million, of which income from taxation 1 037 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 Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 13 branches in other towns.

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

RATES OF INTEREST (April 28, 1962). Bank of Finland discount rates 6—7 1/2 %. Other credit institutions: term deposits 4 1/2 % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies 1/2 %; highest lending rate 8 %.

# FINLAND'S FOREIGN TRADE IN 1962

BY

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## THE INTERNATIONAL BACKGROUND

Over the past two years the growth rate of the Western European economies has been strikingly smooth. Although the general economic performance in 1962 can still be regarded as satisfactory, the signs of an abatement of the continental boom became more marked during the course of the year. On the other hand, the United States recovery turned out to be weaker than in the corresponding phases of earlier post-war cycles, and so the expected stimulus to European business across the Atlantic did not materialize. Of the European countries, France and Italy showed the most rapid increases, while, at the other end of the scale, the United Kingdom's performance still contrasted with that of the continental countries, showing a below-average rate of expansion.

Generally speaking, the growth rate of the weighted volume index of industrial production in the leading Western European countries (seasonally adjusted) showed a declining trend throughout the year. A similar tendency was noticeable in the United States, where the decline was actually even steeper. However, from the Finnish point of view the important thing is that building activity in the U.S.A. remained lively.

The development of industrial production abroad is very clearly reflected in strategic

Finnish economic indicators, their degree of sensitivity being in this respect very high indeed: a mere slackening in foreign demand may result in an actual decline in Finland's industrial production. Last year the cyclical development overseas generated a certain element of uncertainty in Finland's principal export commodity markets, although confidence was obviously returning towards the end of the year. But the Finnish economy could not avoid being affected by some contractive tendencies resulting from the slackening in the export demand for forest products, which pulled down the level of economic activity.

## VOLUME, VALUE AND TERMS OF TRADE

The sluggishness in Finland's export trade must be seen against this background of reduced growth in world output and the additional discouragement caused by the reductions in stocks, which absorbed the rise in foreign requirement for imported materials. Despite the fact that during the opening months of the year Finland's foreign trade was brisker than usual, the growth rate of the volume of total exports showed a continuous long-term tendency to fall. A short-term analysis reveals that there was a shifting period of temporary acceleration in the rate of increase around the last quarter of

1961, but subsequently only the beginning of 1962 yielded a positive growth rate. The seasonally adjusted variation in total exports from quarter to quarter at that time corresponded to an annual growth of some 10 per cent. During the rest of the year exports seem to have been actually declining.

Compared with the corresponding periods of the previous year, the first quarter showed the largest increase both in volume and value. In terms of value, the export figures for the whole year were only slightly greater than those for the preceding year, reaching a total value of 3 533 million new marks. However, as a result of the 1.5 per cent decrease in prices, the increase in volume was slightly greater.

The rate of increase in the volume of imports has been slackening ever since the third quarter of 1959. In this its development has followed rather closely the development of domestic production and exports. During the first half of the year the seasonally adjusted rise in imports from quarter to quarter seems to have corresponded to an annual growth of 6 to 3 per cent. Thus the growth rate continuously slowed down remaining nevertheless still positive even though very tardy. During the latter half of the year it was apparently approaching zero.

The increases as compared with the corresponding quarters of the previous year were consequently heaviest in the first two quarters. The rise in import prices was also centred around this period, although it was compensated by later developments, so that 1962 brought about an almost equal increase in the volume of imports and in their value, which amounted to 3 930 million new marks.

For the fourth year in succession the balance of trade worsened, and 1962 witnessed a deficit amounting to 397 million new marks: 81 million new marks more than the 1961 figure. The country's external balance was now seriously endangered, the rise in imports

exceeding the rise in exports. This development was aggravated by price movements.

The deterioration in the terms of trade amounted to 1.5 per cent compared with the average of 1961. In fact this change in the mutual structure of foreign trade prices was already evident during the closing months of 1961, but its full effect was not seen until 1962. Within the course of the year the unit value indexes of exports and imports underwent simultaneous parallel movements only, the terms of trade remaining surprisingly steady at 96.4 from quarter to quarter.

#### THE COMMODITY COMPOSITION OF FINLAND'S FOREIGN TRADE

The developments in the composition of Finland's exports in terms of principal commodity classes were anything but uniform. The appreciable rise in exports of metal industry products made by far the greatest contribution to the growth in total exports, while exports of round and hewn timber (including pulpwood) together with wood working industry products (including sawn goods) experienced a considerable drop and failed to reach the level of 1961. The remainder of the increase can be attributed to paper industry exports (including pulp) which continued to expand, although at a markedly lower rate than in 1961. Exports of agricultural products suffered a decline, and in other goods a normal increase was registered. This development is shown in the tables below.

The exports of metal industry products rose by 277 million new marks, or nearly 72 per cent over the 1961 value. This spectacular expansion was to a great extent only apparent and is to be explained by statistical exaggeration due to the unusually large carryovers from 1961 to 1962. But even so the significance of metal exports in view of the employment situation was quite important,

## 1. VALUE OF EXPORTS AND IMPORTS

	1961		1962*		Change in value on 1961 per cent
	Mill. nmk	Per cent	Mill. nmk	Per cent	
<i>Exports (fob)</i>	<i>3 374</i>	<i>100.0</i>	<i>3 533</i>	<i>100.0</i>	<i>+ 4.7</i>
Agricultural products .....	153	4.5	144	4.1	— 5.9
Round and hewn timber .....	296	8.8	190	5.4	—35.8
Wood industry products .....	841	24.9	770	21.8	— 8.4
Paper industry products .....	1 539	45.6	1 589	44.9	+ 3.2
Metal and engineering industry products .....	386	11.5	663	18.8	+71.8
Other goods .....	159	4.7	177	5.0	+11.3
<i>Imports (cif)</i>	<i>3 690</i>	<i>100.0</i>	<i>3 930</i>	<i>100.0</i>	<i>+ 6.5</i>
Raw materials and accessories .....	1 711	46.4	1 762	44.8	+ 3.0
Fuels and lubricants .....	330	8.9	371	9.5	+12.4
Finished producer goods .....	1 034	28.0	1 147	29.2	+10.9
Finished consumer goods .....	615	16.7	650	16.5	+ 5.7
<i>Balance of trade</i>	<i>—316</i>		<i>—397</i>		

this group of goods being the sole expansionary component of exports after mid-1962. Ships and machinery had a central position, and last year they together accounted for 78 per cent of the total value of metal industry exports. Engineering exports seem again to have regained their normal place in the list after a temporary fall in 1960, when workshop capacity was employed to an unusual extent on the satisfaction of domestic needs originating from the expansion program of the wood working industry.

On the whole the short term problem of the forestry and wood processing industries has been the worldwide over-production. This disequilibrium is traceable to supply as well as demand factors. On the one hand, as is well known, excess capacity has arisen in various producing countries. On the other hand the rate of economic growth has slackened and there has been a tendency to diminish stocks. The world market has thus been experiencing efforts by purchasers to insist on shorter delivery dates and shipments on credit. This development has influenced production, mainly in the pulp factories and paper mills but also to some extent, in the sawmills.

The tendency to press down the price level has been quite successfully attacked by re-

newed mutual agreements among the Nordic producers to restrict production. The pressure of excess supply has been most severe in the newsprint market, where Canadian producers have also applied production cuts.

Although at the beginning of 1962 the number of houses under construction in Western Europe was quite satisfactory, there were doubts about the future development of sawn timber consumption. In addition, stocks in purchasing countries had been run up to relatively high levels.

These were the main factors responsible for the late opening of the sawn goods market and forward purchasing for 1962. In fact each year since 1959, when the market for the following year was opened in July, the signing of the first contracts has been postponed till later and later in the year. Normally the Soviet Union has taken the initiative and last year was no exception. The market opened on 12th December. This cautiousness on the part of purchasers and the reluctant opening of the market were clearly reflected in Finnish sales figures. By the end of February Finland had sold about 400 000 standards for 1962 deliveries. The corresponding figure one year earlier had been 620 000 standards and two years earlier it had been even higher. Thus the

2. VOLUME OF EXPORTS AND IMPORTS  
1954=100

	1961	1962*	Change on 1961 per cent
<i>Exports</i>	160	170	+ 6.3
Agricultural products ...	261	240	- 8.0
Round and hewn timber ..	150	96	-36.0
Wood industry products ..	126	114	- 9.5
Paper industry products ..	186	204	+ 9.7
Metal and engineering in- dustry products .....	131	222	+69.5
<i>Imports</i>	177	188	+ 6.2
Raw materials and acces- sories .....	152	161	+ 5.9
Fuels and lubricants ...	159	168	+ 5.7
Finished producer goods ..	225	226	+ 0.4
Finished consumer goods ..	231	245	+ 6.1

total sales of 1 014 000 standards, which fell short of the 1961 figure only by 96 000 standards, must be considered a very satisfactory result, although Finland lost ground to other competitors. However, it has to be taken into account that the quantities overlaying at the turn of 1961/62 were unusually low.

A general feature was that the traditional western suppliers, Finland, Sweden and Austria, reduced their deliveries, while shipments from eastern countries substantially increased. Although Canadian timber has been very competitive on the European market owing to the devaluation of the Canadian dollar and the low ocean freight rates, after mid-1962 Canada was again intensifying her selling efforts in the United States, where building activity remained brisk, and also in Australia.

The prices for sawn softwood were extremely steady during 1962. Owing to the generally low level, however, the average prices fell short of those prevailing during the previous year.

As regards paper industry products, the volume of mechanical pulp dropped by 6 per cent, while exports of chemical wood pulp increased by more than 100 000 tons or by 8 per cent. The greater part of this increase

can be ascribed to deliveries of bleached sulphate pulp, which nearly doubled, reflecting the shift in world demand in favour of bleached qualities. Exports of dissolving pulp also increased by around 10 per cent.

The rise in paper exports applied to all types of paper, even though it was rather weak as regards newsprint and kraft paper. A more marked increase was seen in exports of cardboard owing to a rather keen demand and to an increased production capacity for fluting. Since kraftliner, in particular, has been selling well in the European market, especially in the EEC countries, the cardboard mills have been able to run at high capacity utilization ratios.

The export of agricultural products presented some difficulties and volume decreased by 8 per cent. The effect of the ceiling for butter imports established in Great Britain proved to be smaller than expected, thanks to the increased domestic consumption of butter. Agricultural production also suffered from the poor harvest last summer. Although the exports of eggs to Western Germany ceased at the end of July, new marketing outlets in Eastern Germany were found during the autumn.

The import category to expand most was finished consumer goods. Increased earnings and reduced customs duties were the main incitements although factors causing uncertainty as to future economic development led to cautiousness and reappraisals of stocking policies on the part of importers and retail traders. In the first part of the year the growth of industrial production, despite the definite signs of levelling off, led to a considerable increase in the requirements for imported raw materials and accessories. A relatively lively investment demand also had a noticeable effect on imports of finished producer goods.

During the second half of the year a slackening in the demand for imports was very

clearly discernible in all categories, although imports of consumer goods maintained a tendency to expand excessively even towards the end of the year. Probably this expansion would have been even more rapid had not credit restrictions been imposed upon imports of durable consumer goods.

During recent years the prices of primary products have shown a slight but persistent downward tendency. This has been clearly reflected in the prices paid for Finnish imports of raw materials and accessories: the figures for all quarters were lower than those for the corresponding periods in 1961, and the figure for the whole year represented a drop of 2.3 per cent. However, this decline was more than made up for by the higher prices of fuels and lubricants and of finished goods; in particular, the prices of finished producer goods were as much as 10 per cent higher than in the previous year. This tendency had already begun in the preceding years. The prices of finished consumer goods, on the other hand, though they did rise slightly during the first quarter, had only a negligible effect. Thus the effect of the increases in wages and other production costs in Finland's major import countries appears to have outweighed that of the drop in the prices of raw materials.

#### THE REGIONAL PATTERN

The year 1962 also brought some changes in the area distribution of Finland's foreign trade. Owing to the deliveries of large metal industry projects referred to above, the rise in exports was mainly accounted for by exports to Eastern Bloc countries, particularly the Soviet Union. The largest decrease in terms of currency units was noted in exports to the United Kingdom, while the largest proportional decline was in exports to Switzerland.

The increase in imports, on the other hand, was mainly traceable to western sources. The value of imports from EFTA countries increased by 8.9 per cent and from EEC countries by 5.7 per cent. This development can partly be attributed to the reductions in customs duties, while the increase in imports from Western Germany and Sweden was largely due to the lively demand for such durable consumer goods as television sets, radios and mixers, for which these countries enjoy a high „origin-preference" rating among consumers.

Great Britain retained its traditional position as Finland's principal trading partner, Western Germany and the Soviet Union taking the next highest relative shares in the total exchange of goods.



# BANK OF FINLAND

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AHTI KARJALAINEN <i>(Absent as Prime Minister)</i>	REINO ROSSI

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*ad int.*

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