



BANK OF FINLAND

MONTHLY BULLETIN

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MAY

1964

RECENT DEVELOPMENTS

PRICES AND PRICE POLICY

Prices

During the last four years, the course of prices has been almost the opposite of what might have been expected, if judgement is based on the development of total demand. In 1960 and 1961, when both production and demand grew with especial vigour, the rise in prices was comparatively modest, just over 2 per cent, if measured by the cost of living index. In 1962 and 1963, the growth in production slowed down, and during those years the increase in prices accelerated to a full 4 per cent annually. In the main, this development can be explained by the increase in prices being effectively curbed during the first two years by the rapid rise in productivity, which happened despite a continuous and marked increase in wages, and by the comparative stability of import prices. In 1962—63, the check on prices weakened, because the rise in productivity was retarded while import prices began to rise at a rate slightly faster than before.

However, if the price level is measured by the price index of the domestic product, the picture takes on a quite different aspect, indicating a steady rise of about 4 per cent annually. The fact that on the average the cost of living index rose less in 1960—61 and more in 1962—63 than did the index of the

domestic product, is probably due in part to its composition. The cost of living index takes into consideration proportionately more of the commodities of those industries in which the rise in productivity was retarded. Moreover, during the later period the Government was unable to offer much resistance to the upward tendency of prices; in fact, the measures it had to take in order to make up its cash deficit, which had been accumulating for some time, rather accelerated the price increase.

If we consider wholesale prices alone, the picture is much brighter. During 1963, they rose by slightly more than 3 per cent on the previous year, against 1.5 per cent in 1962 and 0.8 per cent in 1961.

As for the various sub-groups of the wholesale price index, the changes during 1963 were as follows. Consumer goods prices increased by 5.1 per cent, and producer goods by 2.5 per cent. The prices of imported goods rose by 2.3 and those of domestic goods by 3.8 per cent. Of the latter, the prices of industrial products increased by 3.3 per cent, of forestry products by 5.4 per cent, and of agricultural products by 2.5 per cent.

On page 18, Finland's Foreign Trade in 1963

In general, it can be said that prices during the period 1960—61 followed costs in their upward course, whereas in 1962—63 the retardation in total growth made the price increase lag behind the rise in costs, whichever price index is taken into the deliberations. There may consequently still exist some unreleased cost pressure.

Price policy

In 1962, a marked rise in the cost of living index tended to increase the fear of inflation. As the currency reform which was to raise the purchasing power of the Finnish mark one-hundred-fold was due for introduction on January 1, 1963, the Government announced a partial price freeze before that date, with a view to preventing an unjustified rounding-up of prices. Originally, it was intended that the price freeze should be brought to an end in the summer of 1963. In reality, its abolition was not begun until the autumn, and before it was completed, towards the end of the year, a renewed price freeze was ordered, because of the purchase tax reform to be put into effect at the turn of the year 1963/64. The new purchase tax system involved a shift of the

tax burden from the wholesale stage to the retail stage. As several necessities had previously been exempted from this tax, while some other commodities bore percentage tax levy far in excess of the uniform percentage planned, it was considered that temporary price control was called for to ensure that the one-time tax-free prices were not raised by more than the amount of tax, and that the latter were reduced by the amount of the tax reduction. Generally speaking, the prices of consumer goods rose, whereas those of investment goods and producer goods were reduced.

It was estimated that these changes would raise the cost of living index by 3 per cent, a fact which partly explains why the wage increases at the beginning of 1964 were relatively great. The collective agreements now also contain an index clause after an interval of several years. In addition, farmers' incomes are linked to the general level of earnings, and if wages rise as expected, this mechanism will raise the cost of living index via the consumer prices of farm products. It is therefore expected that during this year prices will rise considerably more than last year.

April 19, 1964

BANK OF FINLAND

Mill. mk

	1963		1964			
	Dec. 31	March 30	March 31	April 8	April 15	April 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	817.8	734.9	916.1	926.5	923.4	922.6
Gold	134.5	135.3	145.8	145.8	145.8	145.8
Foreign exchange	617.7	525.0	706.7	717.0	711.8	711.1
Foreign bills	26.2	24.6	25.9	26.0	26.2	26.1
Foreign bonds	39.4	50.0	37.7	37.7	39.6	39.6
<i>Supplementary note cover</i>	451.2	435.0	406.0	361.5	362.2	410.9
Inland bills discounted						
In foreign currency	68.7	79.9	66.7	66.7	65.6	65.1
In Finnish currency	57.2	32.6	23.3	21.3	21.3	20.9
Rediscounted bills	325.3	322.5	316.0	273.5	275.3	324.9
<i>Other assets</i>	138.8	155.4	120.6	82.0	87.8	101.5
Finnish bonds	89.5	87.1	35.9	8.7	18.3	28.6
Cheque accounts	1.7	3.7	16.6	3.3	3.0	4.0
Finnish coin	3.6	11.6	6.9	7.0	7.2	7.2
Other claims	44.0	53.0	61.2	63.0	59.3	61.7
Total	1 407.8	1 325.3	1 442.7	1 370.0	1 373.4	1 435.0
Liabilities						
<i>Notes in circulation</i>	943.7	866.7	911.2	861.4	865.9	875.8
<i>Liabilities payable on demand</i>	59.2	56.3	93.3	91.7	73.5	87.9
Foreign exchange accounts	18.2	16.2	18.4	18.3	18.9	18.7
Mark accounts of holders abroad	33.6	31.5	28.5	28.5	28.6	27.9
Cheque accounts						
Treasury	0.2	0.0	5.3	1.8	0.1	11.0
Post Office Savings Bank	3.0	9.8	38.2	17.1	17.5	25.7
Private banks	1.3	—3.5	—	22.5	5.0	2.1
Other	0.4	0.6	0.4	0.8	0.6	0.4
Other sight liabilities	2.5	1.7	2.5	2.7	2.8	2.1
<i>Term liabilities</i>	68.0	78.3	66.0	64.4	64.4	64.4
Foreign	66.9	77.2	64.9	63.3	63.3	63.3
Finnish	1.1	1.1	1.1	1.1	1.1	1.1
<i>Equalization accounts</i>	141.0	133.4	169.7	149.5	165.9	202.8
<i>Bank's own funds</i>	195.9	190.6	202.5	203.0	203.7	204.1
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	73.6	73.6	84.8	84.8	84.8	84.8
Profits undisposed	—	11.6	11.2	11.2	11.2	11.2
Earnings less expenses	22.3	5.4	6.5	7.0	7.7	8.1
Total	1 407.8	1 325.3	1 442.7	1 370.0	1 373.4	1 435.0
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	817.8	734.9	916.1	926.5	923.4	922.6
Supplementary cover (Upper limit 500 mill. mk)	451.2	435.0	406.0	361.5	362.2	410.9
Total	1 269.0	1 169.9	1 322.1	1 288.0	1 285.6	1 333.5
Note issue						
Notes in circulation	943.7	866.7	911.2	861.4	865.9	875.8
Liabilities payable on demand	59.2	56.3	93.3	91.7	73.5	87.9
Undrawn on cheque credits	5.8	4.2	4.2	4.2	4.6	3.6
Unused right of note issue	260.3	242.7	313.4	330.7	341.6	366.2
Total	1 269.0	1 169.9	1 322.1	1 288.0	1 285.6	1 333.5

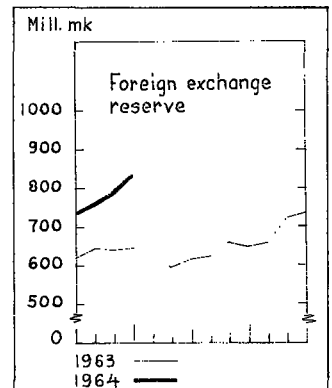
Rediscount rate since April 28, 1962, 7 per cent.

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
1956	294.1	46.0	248.1	112.7	153.4	207.4	191.6	— 23.1	105.5	63.0
1957	384.3	45.7	338.6	176.5	201.9	313.2	160.2	— 39.7	51.4	69.1
1958	575.6	21.8	553.8	126.2	160.1	519.9	90.3	— 51.6	71.5	— 32.8
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1963										
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	—	28.9	0.1	28.8
March	660.3	16.2	644.1	74.6	108.7	610.0	—	28.9	0.0	28.9
April	646.8	17.6	629.2	76.0	106.6	598.6	—	28.9	1.2	27.7
May	616.4	18.1	598.3	80.4	106.5	572.2	70.0	28.9	0.0	98.9
June	632.7	17.4	615.3	65.7	103.3	577.7	—	28.9	0.6	28.3
July	641.1	18.2	622.9	64.9	104.9	582.9	—	28.9	11.8	17.1
Aug.	677.7	18.4	659.3	62.7	103.6	618.4	—	28.9	47.0	— 18.1
Sept.	667.5	19.4	648.1	63.9	102.5	609.5	—	28.9	0.1	28.8
Oct.	675.2	18.6	656.6	62.3	100.8	618.1	—	18.9	0.5	18.4
Nov.	741.1	18.3	722.8	59.8	103.3	679.3	—	18.9	0.8	18.1
Dec.	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964										
Jan.	780.6	20.2	760.4	65.7	97.1	729.0	—	18.9	0.1	18.8
Feb.	807.6	21.0	786.6	59.8	94.5	751.9	—	18.9	0.1	18.8
March	852.5	18.4	834.1	63.6	93.4	804.3	—	18.9	5.3	13.6

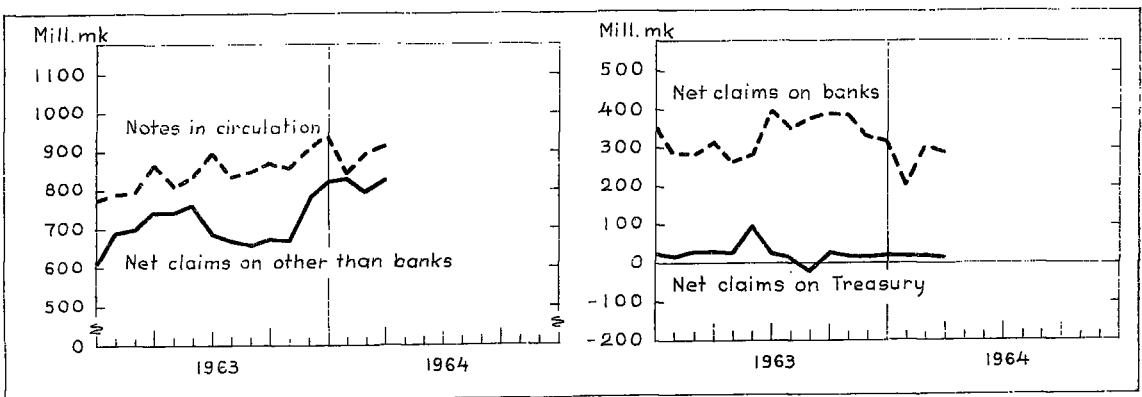
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1962	1963	1964		
	Dec. 31	Dec. 31	Jan. 31	Feb. 29	March 31
Gold	135	135	146	146	146
Convertible	330	478	503	544	586
Eastern Bloc	101	66	58	47	49
Other	55	55	53	50	53
Total	621	734	760	787	834



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	Post Office Savings Bank	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1956	336.7	11.7	—	2.8	322.2	149.2	105.5	52.1	202.6	607.4
1957	249.1	24.1	—	-0.4	225.4	129.1	144.2	5.6	267.7	606.4
1958	187.1	14.7	—	20.8	151.6	88.2	143.0	5.3	225.9	650.8
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 ¹⁾	4.4 ¹⁾	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
1963										
Feb.	326.2	2.2	39.5	1.6	282.9	31.0	103.8	0.9	133.9	794.4
March	322.5	-3.5	9.8	1.0	315.2	32.6	106.6	1.3	137.9	866.7
April	305.9	-9.2	49.6	1.5	264.0	47.8	105.8	1.0	152.6	811.0
May	336.9	11.5	41.1	2.9	281.4	52.1	104.8	1.6	155.3	846.5
June	416.1	5.1	12.0	1.6	397.4	51.5	88.2	3.0	136.7	897.1
July	380.9	4.0	22.9	1.9	352.1	45.5	87.5	1.3	131.7	834.5
Aug.	406.5	6.3	21.6	2.5	376.1	31.8	84.8	1.1	115.5	847.8
Sept.	405.4	-15.3	29.8	2.8	388.1	21.5	87.1	2.0	106.6	869.2
Oct.	422.8	0.2	38.9	2.7	381.0	30.1	85.0	0.8	114.3	859.9
Nov.	334.9	-3.9	8.3	1.7	328.8	31.9	97.9	2.4	127.4	904.8
Dec.	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964										
Jan.	241.2	8.7	27.4	2.1	203.0	52.1	89.4	1.1	140.4	835.0
Feb.	329.0	7.0	18.1	2.4	301.5	28.9	98.3	1.0	126.2	893.4
March	316.0	-13.2	38.2	2.2	288.8	23.3	111.3	0.7	133.9	911.2

¹⁾ Including cash reserve accounts.

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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1953	321.1	379.1	98.9	704.6	767.1	425.4	270.7	119.5	2 287.6	2 765.6
1954	349.1	421.1	132.2	834.4	921.7	520.5	300.8	134.2	2 712.0	3 265.3
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	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	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0
1963*										
Feb.	645.9	783.5	222.0	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 800.9
March	645.8	802.8	206.7	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 842.9
April	692.7	838.2	202.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 881.1
May	707.1	862.8	191.0	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 917.1
June	668.3	811.9	184.6	2 314.1	2 221.2	1 350.8	615.1	297.5	6 798.9	7 795.4
July	685.5	824.4	166.4	2 288.2	2 211.0	1 346.1	616.2	285.8	6 747.5	7 738.3
Aug.	661.1	811.0	152.0	2 286.4	2 230.3	1 355.2	620.3	295.3	6 787.8	7 750.8
Sept.	668.7	831.0	199.3	2 301.6	2 237.8	1 363.5	621.8	300.5	6 825.4	7 855.7
Oct.	678.8	838.8	181.5	2 307.7	2 242.9	1 369.7	623.7	304.5	6 848.6	7 868.9
Nov.	696.4	860.6	209.6	2 322.2	2 265.8	1 388.0	624.6	308.3	6 909.1	7 979.3
Dec.	715.3	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0
1964*										
Jan.	707.3	844.6	229.1	2 452.5	2 361.4	1 447.8	655.4	311.9	7 249.2	8 322.9
Feb.	620.8	754.1	244.0	2 485.9	2 388.2	1 505.7	664.8	316.3	7 361.1	8 359.2
March	615.3	755.9	292.6	2 521.6	2 404.5	1 533.2	666.0	318.8	7 444.3	8 492.8

End of month	Index-tied deposits		High-interest deposits
	100 % clause, taxable	50 % clause, tax-free	
1963*			
July	20.2	211.9	562.6
Aug.	25.1	211.0	577.6
Sept.	30.8	217.6	600.6
Oct.	36.2	218.6	622.4
Nov.	42.1	223.6	640.8
Dec.	52.1	229.4	669.9
1964*			
Jan.	67.7	234.6	718.0
Feb.	116.3	255.1	740.1
March	142.9	262.6	752.5

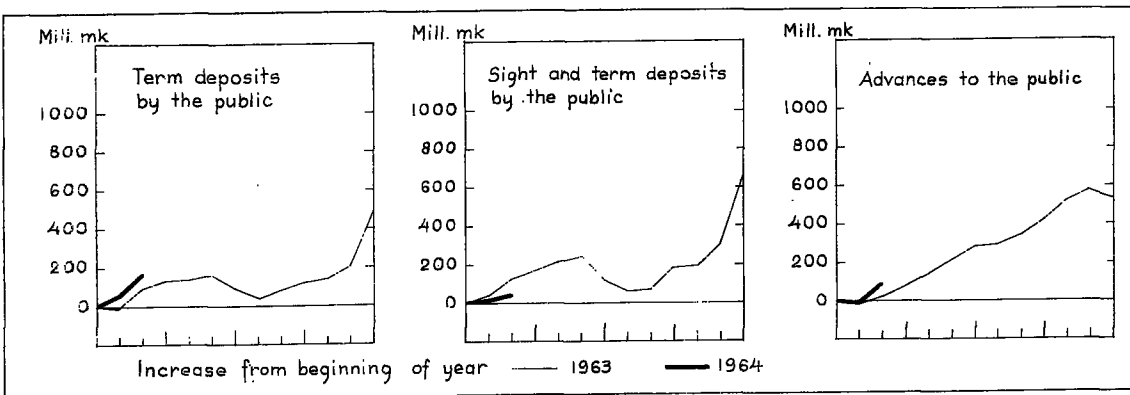
Selling rates for foreign exchange			
April 20, 1964			
		mk	mk
New York ...	1 \$	3.219	Zurich 100 Fr 74.52
Montreal	1 \$	2.980	Paris 100 FF 65.70
London	1 £	9.010	Rome 100 Lit 0.5152
Stockholm ...	100 Kr	62.65	Vienna 100 S 12.47
Oslo	100 Kr	45.05	Lisbon 100 Esc 11.23
Copenhagen ..	100 Kr	46.68	Reykjavik 100 Kr 7.49
Frankfurt o.M.	100DM	81.00	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.26	Prague, clear... 100 Kč 44.58
Brussels	100 Fr	6.465	Moscow, clear. ¹⁾ 1 Rbl 3.5667
			Clearing dollars ²⁾ 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	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
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	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963*	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5
1963*									
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 704.9
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 798.2
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 774.5
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	1 810.4
June	3 409.5	2 063.8	552.7	1 655.4	637.7	7 921.1	398.0	8 319.1	1 803.5
July	3 400.4	2 076.2	551.7	1 662.8	641.0	7 962.4	369.7	8 332.1	1 747.1
Aug.	3 418.2	2 091.2	550.1	1 681.4	641.7	8 006.6	376.0	8 382.6	1 740.3
Sept.	3 437.9	2 111.7	550.2	1 710.9	647.5	8 087.2	371.0	8 458.2	1 827.7
Oct.	3 469.7	2 133.4	573.8	1 727.2	654.1	8 171.6	386.6	8 558.2	1 804.9
Nov.	3 481.7	2 144.3	577.0	1 746.4	659.2	8 235.2	373.4	8 608.6	1 892.9
Dec.	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5
1964*									
Jan.	3 446.1	2 139.6	547.1	1 763.6	672.7	8 201.5	367.6	8 569.1	1 827.1
Feb.	3 509.5	2 148.7	554.2	1 769.8	683.9	8 266.6	399.5	8 666.1	1 798.3
March	3 547.4	2 150.3	559.5	1 783.0	687.5	8 329.6	398.1	8 727.7	1 850.0

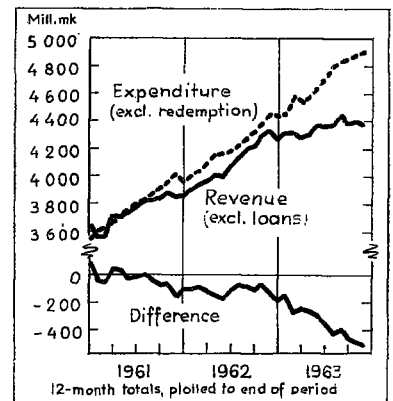


STATE FINANCES

Mill. mk

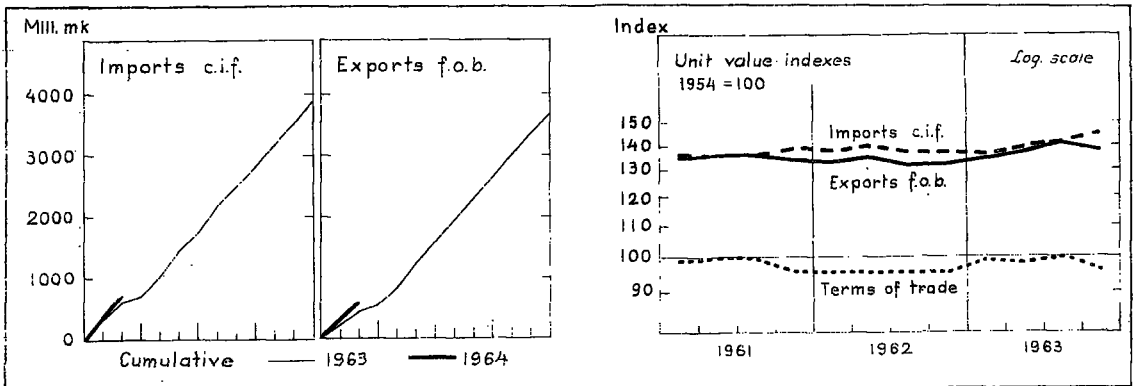
Revenue	Jan. - Feb.		Expenditure	Jan. - Feb.	
	1963	1964		1963	1964
Income and property tax (net)	112	220	Interest on State debt	18	26
Gross receipts	(372)	(470)	Child allowances	74	75
Refunds and communal income tax	(-260)	(-250)	The State's share in national pensions	31	36
Other direct taxes	1	3	Compensations to war-disabled	22	22
Purchase tax	130	123	Subsidies	72	79
Import duties	74	84	Net payments on price equalization by extra-budgetary funds	4	—
Revenue from Alcohol Monopoly	47	52	State aid to agriculture	6	5
Excise duty on tobacco	40	73	State aid to communal and private schools	68	82
Excise duty on liquid fuel	25	25	Net loss of State enterprises	13	25
Other excise duties	13	12	Maintenance of roads	13	16
Tax on automobiles and motor cycles	10	16	Other current expenditure	255	255
Stamp duties	31	31	Current expenditure	576	621
Employers' payments for child allow- ances	43	51	Real investments	140	178
Net receipts of price equalization by extra-budgetary funds	—	1	Other capital expenditure	76	107
Other revenue similar to taxes	6	6	Capital expenditure	216	285
Total taxes	532	697	Total expenditure	792	906
Interest and dividends	10	12	Redemption of external loans	1	3
Net profit of State enterprises	—	—	Redemption of internal loans	42	59
Other current revenue	17	19	Redemption of indemnity bonds etc.	1	0
Current revenue	559	728	Index premiums	3	4
Capital revenue proper	20	20	Redemptions	47	66
Decrease in inventories	15	23			
Capital revenue	35	43			
Total revenue	594	771			
External loans	6	29			
Internal loans	98	130			
Loans	104	159			
Short-term credit (increase +) ..	—30	+23			
Deficit (+) or surplus (—)	+171	+19			
Total	839	972	Total	839	972

Debt	1961		1962		1963		1964	
	Dec.	Dec.	Nov.	Dec.*	Feb.*	March*		
External debt ...	791	803	958	965	991	1 018		
Ordinary loans	757	936	1 091	1 111	1 181	1 170		
Indemnity bonds etc.	26	18	11	11	11	9		
Short-term credit ..	24	61	130	140	184	158		
Cash debt (net) ...	—98	—125	14	..	105	..		
Internal debt	709	890	1 246	..	1 481	..		
Total debt	1 500	1 693	2 204	..	2 472	..		
Total debt, mill. \$	465.9	525.4	684.3	..	768.4	..		



FOREIGN TRADE

Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					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		
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	3 928.7	3 533.1	-395.6	134	146	132	128	150	139	96
1963*	3 866.9	3 678.0	-188.9	138	140	148	127	145	139	99
Jan. - Feb.										
1962	628.7	470.7	-158.0							
1963*	586.3	439.5	-146.8							
1964*	712.8	581.2	-131.6							
1963*										
July	382.0	359.6	- 22.4	141	137	146	128	174	141	100
Aug.	290.4	343.4	+ 53.0							
Sept.	330.0	359.8	+ 29.8							
Oct.	371.3	377.7	+ 6.4							
Nov.	331.4	331.4	- 0.0	137	144	150	128	130	142	96
Dec.	368.6	339.3	- 29.3							
1964*										
Jan.	363.3	281.3	- 82.0							
Feb.	349.5	299.9	- 49.6							

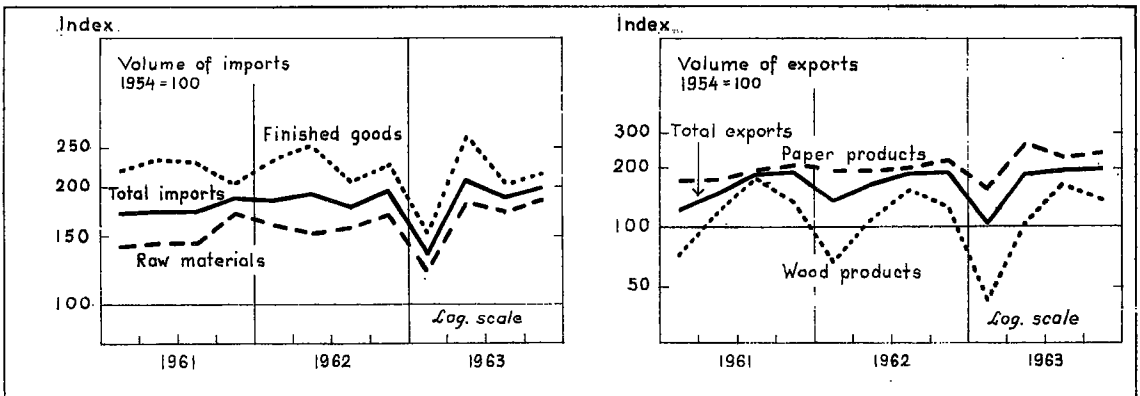


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

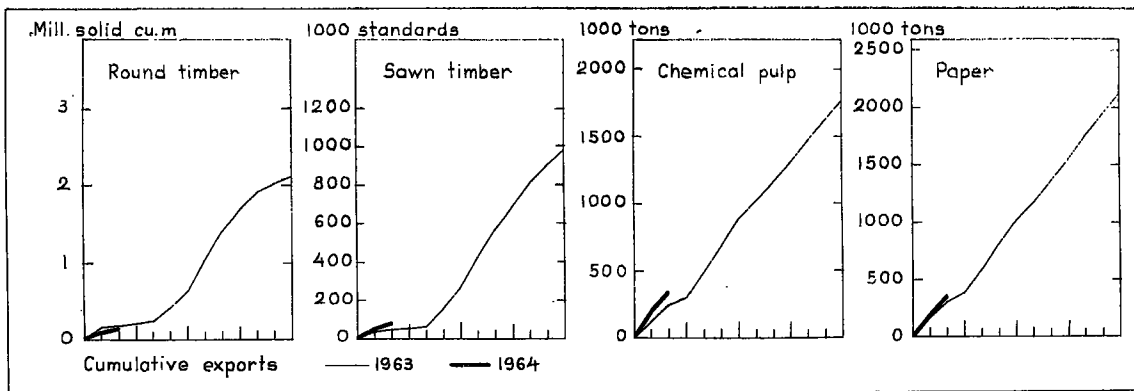
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Producer goods	Consumer goods						
1954	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	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963*	1 827.5	373.3	1 004.3	661.8	164.8	112.8	811.8	1 752.2	613.8	222.6
Jan.-Feb.										
1962	299.0	45.9	181.9	101.9	25.1	16.6	82.3	251.9	74.0	20.8
1963*	295.2	51.7	138.2	101.2	27.7	9.5	60.9	241.8	76.5	23.1
1964*	327.8	79.5	190.4	115.1	37.8	9.8	94.9	317.4	86.0	35.3
1963*										
April	145.2	27.2	91.8	62.4	10.9	2.3	31.4	174.6	50.0	17.7
May	194.6	26.5	116.6	74.2	14.8	8.2	75.8	197.2	73.9	18.9
June	159.6	31.1	108.7	67.2	14.8	10.2	82.4	149.4	74.8	23.4
July	171.5	47.5	109.8	53.2	14.4	20.9	102.7	139.9	62.3	19.4
Aug.	152.4	17.3	71.6	49.1	14.4	18.3	99.2	156.6	36.0	18.9
Sept.	154.2	48.2	78.4	49.2	10.9	16.3	92.7	156.0	59.3	24.6
Oct.	184.2	45.3	82.0	59.8	15.9	11.9	91.7	173.0	60.3	24.9
Nov.	160.4	33.2	77.2	60.6	11.2	7.8	83.3	153.4	52.0	23.7
Dec.	167.7	33.8	105.9	61.2	24.5	5.8	80.9	147.4	58.5	22.2
1964*										
Jan.	172.2	42.3	90.9	57.9	14.0	4.3	50.3	169.3	25.6	17.8
Feb.	155.6	37.2	99.5	57.2	23.8	5.5	44.6	148.1	60.4	17.5



March 1963 figures are affected by strikes.

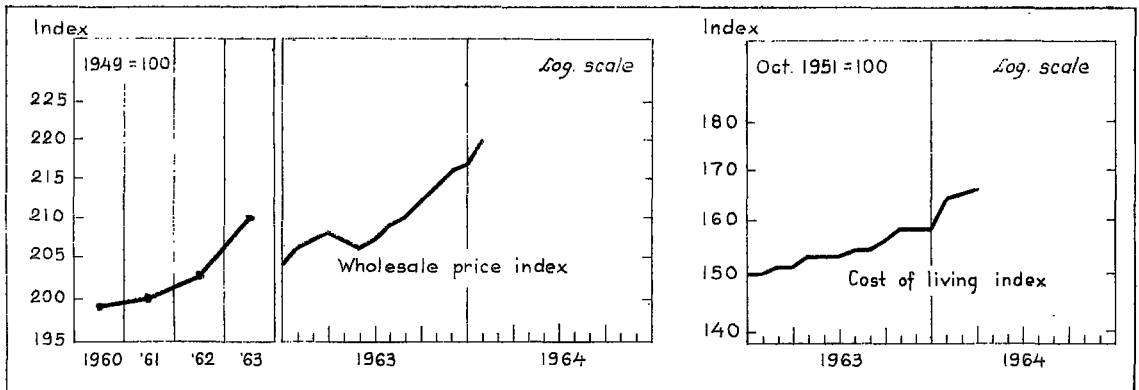
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1963*	2 108	977	384	173	861	893	171	161	882	2 126
Jan.-Feb.										
1962	310	83	64	20	146	96	27	27	156	319
1963*	187	44	62	23	117	123	24	22	118	301
1964*	150	82	78	32	172	170	27	31	143	353
1963*										
April	29	12	41	16	87	87	23	16	79	192
May	164	89	42	21	103	109	20	21	102	229
June	201	111	31	17	88	90	11	15	68	220
July	429	156	21	16	68	66	10	10	70	138
Aug.	346	143	30	11	68	84	15	10	80	191
Sept.	302	123	34	13	77	79	16	14	83	189
Oct.	224	117	40	18	74	90	18	16	94	215
Nov.	120	102	33	16	75	73	14	17	84	187
Dec.	83	77	32	13	72	63	12	14	74	184
1964*										
Jan.	86	47	37	17	97	104	14	16	75	179
Feb.	64	35	41	15	75	66	13	15	68	174



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. — Feb.			Whole year		Jan. — Feb.		
	1962	1963*	1963*	1964*		1962	1963*	1963*	1964*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.8	14.9	13.7	97.9	22.2	23.6	23.0	25.6	148.6
United Kingdom	15.2	15.3	14.4	13.4	95.7	20.2	21.5	20.3	23.4	135.9
Other OECD countries										
in Europe	55.6	53.0	52.6	51.9	369.8	43.0	43.9	46.5	49.6	288.5
Austria	0.7	0.7	0.8	0.7	4.7	0.3	0.3	0.7	0.3	1.6
Belgium-Luxembourg	2.4	2.2	2.2	1.8	13.4	3.4	3.3	3.1	3.2	18.6
Denmark	3.1	3.3	3.3	3.2	22.5	3.7	3.5	3.1	3.2	18.8
France	5.2	4.3	3.9	4.0	28.3	4.5	5.0	4.8	5.5	31.7
Western Germany	20.2	18.0	18.2	17.6	125.3	11.9	12.0	14.0	11.6	67.3
Italy	2.1	2.0	2.3	2.0	14.4	2.8	3.2	3.4	3.9	22.8
Netherlands	4.4	4.7	4.9	4.1	29.3	6.1	6.3	5.2	6.8	39.5
Norway	1.5	1.6	1.3	1.5	10.7	1.2	0.8	1.0	0.9	5.5
Portugal	0.2	0.2	0.3	0.2	1.8	0.1	0.1	0.1	0.1	0.7
Spain	0.4	0.4	0.4	1.0	7.2	0.7	0.9	0.6	0.9	5.4
Sweden	12.1	11.9	11.6	12.6	89.9	5.7	5.7	7.6	10.3	59.7
Switzerland	2.6	2.9	2.4	2.7	19.1	0.6	0.7	0.5	0.8	4.9
Eastern Bloc	19.2	21.7	24.6	24.3	173.1	22.5	20.8	19.3	11.7	67.9
China	0.2	0.2	0.1	0.5	3.3	0.4	0.5	0.3	0.1	0.3
Czechoslovakia	1.0	0.7	0.6	0.6	4.4	0.9	0.9	0.9	0.8	4.5
Eastern Germany	1.4	1.1	0.7	0.9	6.4	1.1	1.0	0.8	0.9	5.4
Poland	2.2	2.0	1.7	2.6	18.5	1.7	1.7	1.0	1.9	10.9
Soviet Union	13.7	16.9	20.6	18.8	134.3	17.8	16.0	15.3	6.9	40.4
U.S. and Canada	5.6	5.3	4.3	5.8	41.3	5.5	5.4	6.1	6.9	40.1
United States	5.1	4.9	3.6	5.5	39.4	5.4	5.2	6.0	6.8	39.3
Latin America	2.7	2.9	1.9	2.4	17.4	3.4	2.7	2.3	2.8	16.0
Argentina	0.4	0.5	0.1	0.1	0.4	0.8	0.6	0.5	0.5	3.0
Brazil	1.5	1.6	1.1	1.6	11.7	1.5	0.7	0.9	0.7	3.9
Others	1.2	1.3	1.7	1.9	13.3	3.4	3.6	2.8	3.4	20.1
Grand total	100.0	100.0	100.0	100.0	712.8	100.0	100.0	100.0	100.0	581.2
of which										
EFTA countries	35.4	35.9	34.0	34.3	244.4	31.9	32.6	33.4	39.1	227.0
EEC countries	34.7	31.5	32.0	29.5	210.3	29.4	30.6	31.1	30.9	179.7



March 1963 figures are affected by strikes.

PRICE INDEXES

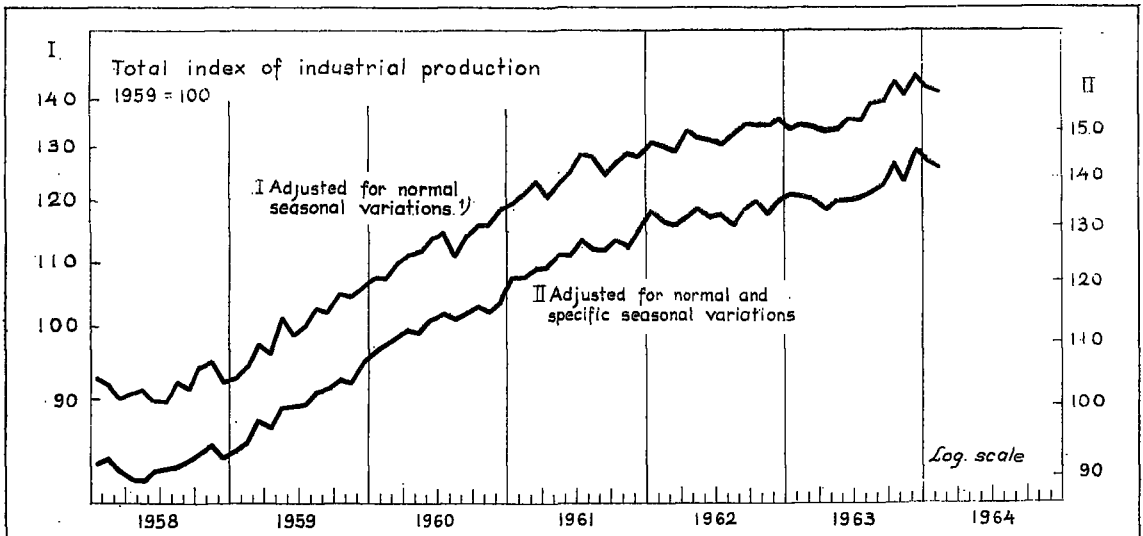
Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1961	200	202	194	209	195	190	213	202	191	128	114	148
1962	203	205	196	209	203	197	217	200	198	132	114	156
1963	210	212	201	214	211	205	226	203	205	140	118	171
1963												
March	208	210	199	211	208	204	227	200	201	138	117	165
April	207	209	200	211	209	203	225	200	201	138	117	165
May	206	208	200	211	209	200	221	200	202	140	117	172
June	207	209	202	212	209	201	222	202	202	140	117	173
July	209	211	201	213	209	204	223	202	202	140	118	171
Aug.	210	212	202	213	212	206	226	202	206	141	118	175
Sept.	212	215	202	216	212	208	226	206	206	141	118	175
Oct.	214	217	203	216	214	211	230	205	209	143	118	180
Nov.	216	219	205	220	214	211	233	207	210	143	119	180
Dec.	217	220	205	222	214	212	236	209	212	145	123	182
									212			
1964												
Jan.	220	224	204	219	211	222	240	209	214	142	117	179
Feb.	222	226	207	222	210	226	243	213	216	144	118	180
March	222	226	208	223	211	224	242	214	216	146	118	186

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
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
1963	154	164	346	108	93	151	121	120	128	105	115	123
1963												
March	151	160	342	107	92	148	119	118	127	104	114	121
April	153	163	343	107	92	148	120	120	127	104	114	121
May	153	163	343	108	92	149	120	120	127	105	115	121
June	153	164	343	108	92	149	120	121	127	105	115	121
July	154	163	343	108	92	151	120	120	127	105	115	123
Aug.	154	163	343	109	93	152	121	120	127	105	115	124
Sept.	156	167	343	109	93	154	122	123	127	105	115	125
Oct.	158	168	356	109	94	155	124	124	132	106	116	126
Nov.	158	169	356	109	94	155	124	124	132	106	117	126
Dec.	158	169	356	109	94	155	124	124	132	106	117	127
1964												
Jan.	164	175	361	113	104	159	129	129	134	110	129	129
Feb.	165	177	361	113	105	160	130	130	134	110	130	130
March	167	180	361	114	106	162	131	132	134	110	132	132

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations ¹⁾		
					Wood industry	Paper industry	Metal industry	Other			
1961	125	132	127	120	122	136	131	119	125	49 004	150
1962	132	144	133	128	114	143	143	126	133	47 264	160
1963*	137	133	140	133	119	157	137	132	137	47 784	169
1962*											
Oct.	150	167	150	144	112	160	166	144	134	2 552	177
Nov.	144	155	146	136	110	154	155	140	134	2 966	171
Dec.	122	132	126	111	101	152	133	112	136	3 604	175
1963*											
Jan.	141	155	142	135	115	153	157	129	134	4 245	132
Feb.	133	129	136	128	115	149	137	125	135	4 995	142
March	137	135	139	134	125	153	141	128	134	5 409	156
April	134	129	136	131	128	143	135	131	134	4 036	171
May	145	145	146	144	133	161	147	141	134	10 095	191
June	128	124	126	132	110	129	129	130	136	1 941	167
July	105	81	113	96	114	149	81	99	136	1 299	153
Aug.	141	133	140	145	110	160	133	145	139	1 936	183
Sept.	145	142	149	139	113	172	147	139	140	2 192	176
Oct.	160	156	165	150	134	185	161	154	144	3 189	181
Nov.	149	141	155	139	111	173	147	145	141	3 915	173
Dec.	131	124	137	121	119	151	128	123	145	4 534	201
1964*											
Jan.	146	142	152	136	119	166	149	136	142	5 553	114
Feb.	145	140	150	137	129	165	147	136	141	6 031	..

¹⁾ New series.

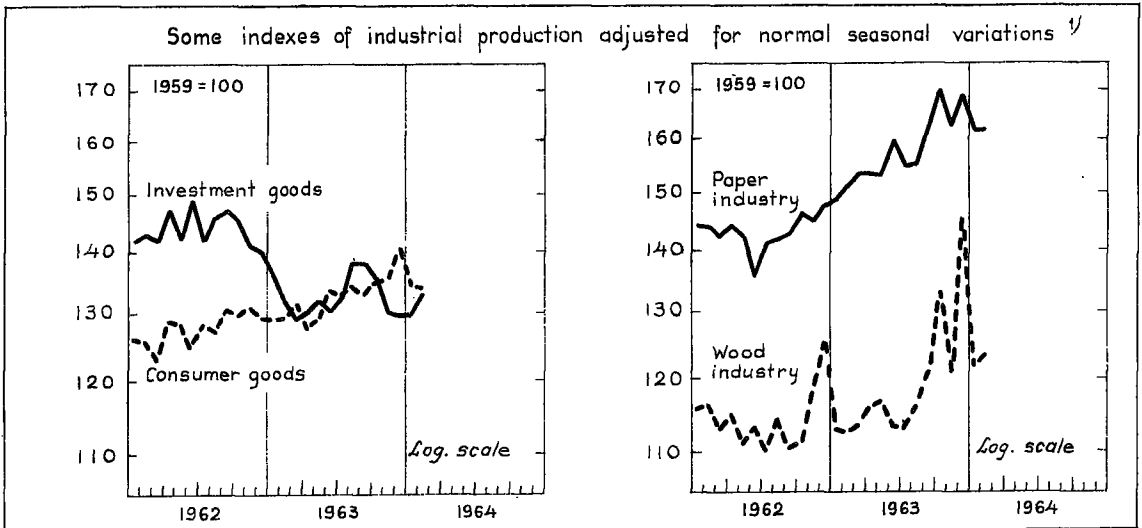


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING - WAGES - TRANSPORT - EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1962	23.18	10.61	2.15	7.11	2.31	25.53	132	120	128	134
1963*	24.77	12.57	2.21	6.60	2.43	25.16	145	136	144	143
1962										
Oct.- Dec.	8.10	4.34	0.90	1.95	0.61	25.53	135	123	130	135
1963*										
Jan. - Mar.	4.34	2.51	0.21	1.16	0.34	25.15	138	130	140	137
Apr. - June	4.71	2.36	0.28	1.41	0.49	26.57	145	137	148	145
July - Sept.	6.87	2.63	0.72	2.05	1.10	27.86	148	137	147	145
Oct. - Dec.	8.85	5.07	1.00	1.98	0.50	25.16	148	137	146	145

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1963	1964	1963	1964*	1963	1964*	1963*	1964*	1963*	1964*
Jan.	132	125	485	576	458	527	1 830	1 854	2.3	2.7
Feb.	125	124	293	538	281	451	..	1 857	2.3	2.3
March	13	122	293	535	171	389	1 819		2.1	
April	145		510		438		1 841		1.6	
May	156		751		688		1 905		0.8	
June	128		830		870		1 895		0.8	
July	133		977		1 134		1 737		1.0	
Aug.	139		919		1 033		1 851		1.0	
Sept.	139		745		842		1 922		1.1	
Oct.	148		697		752		1 910		1.3	
Nov.	132		661		658		1 895		1.6	
Dec.	110		657		614		1 871		2.0	



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 + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other sight liabilities + Other cheque accounts + Deposits against import licences (in 1956) — 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 rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated 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. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation of series adjusted for normal and specific seasonal variations see Bulletin No. 8, 1961, p. 18. Other seasonally adjusted series are calculated according to a method resembling the U.S. Bureau of Census Method II. *Commodities according to use*: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. *Special manufacturing indexes*: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50% of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

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

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1962): 4.5 million. Sweden 7.6, Switzerland 5.7, Denmark 4.7 and Norway 3.6 million.

DENSITY OF POPULATION (1962): In South Finland 25.2, in North Finland 4.2 and in the whole country an average of 14.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1962): 60 % of the population inhabit the rural areas, 40 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 476 400 inhabitants, Tampere (Tammerfors) 133 300, Turku (Åbo) 130 800.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, 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 (1962): births 18.1 ‰, deaths 9.5 ‰, increase 8.0 ‰. Deaths in France 11.5 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 17 070 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 421 (10 %), forestry and fishing 1 376 (10 %), manufacturing 4 257 (31 %), construction 1 393 (10 %), transport and communications 1 064 (8 %), commerce, banking and insurance 1 771 (13 %), general government 1 635 (12 %), other services 838 (6 %), total 13 755. Index of real domestic product 127 (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 121 for 1962 (1954 = 100). Measure of self-sufficiency in bread cereals 89 % in the crop year 1961/62.

INDUSTRY (1961): Gross value of industrial production 13 706 mill. marks, number of workers 345 000, salaried employees 67 000, motive power (1961) 3.9 mill. HP. Index of industrial production 155 for 1961 (1954 = 100).

RAILWAYS (Jan. 1, 1964): Length 5 427 km, of which 5 353 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (March 31, 1964): Steamers 170 (284 818 gross reg. tons), motor vessels 353 (646 528 gross reg. tons), sailing vessels with auxiliary engines 41 (4 937 gross reg. tons). Total 564 (936 283 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1963): Private cars 294 400, lorries and delivery vans 78 800, buses 6 800, others 13 900. Total 393 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1963): Kilometres flown 12.6 million, passengers carried 696 000, passenger kilometres 312.6 million, and ton kilometres of freight and mail 5.0 million.

FINANCE AND BANKING

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

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1963). There are two big and four small commercial banks with in all 682 offices, 383 savings banks, 504 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 (May 1, 1964). Bank of Finland discount rates 6—7 1/4 %. Other credit institutions: term deposits 4 1/4 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 1/2 %, 50 per cent index-tied deposits 4 %; highest lending rate 8 %.

FINLAND'S FOREIGN TRADE IN 1963

BY

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THE INTERNATIONAL BACKGROUND

If we consider as a whole the economies of Continental Western Europe, in 1963 their development followed the general trends which had already characterized the situation during the two or three preceding years. Thus the growth rate of real GNP proved to be about the same as in 1962, and consumer demand remained the factor primarily responsible for the maintenance of growth. On the other hand, in the United Kingdom, the growth rate of the economy increased subsequent to the middle of last year to such an extent that towards the end of the year it approached the target rate of 4 per cent per annum. Also in the United States, last year was economically favourable, as throughout the twelve months the growth was more rapid than had been expected in the forecasts prepared at the start. Accordingly the indices of industrial production in the countries important from Finland's standpoint displayed faster rates of growth than in 1962.

VOLUME, VALUE AND TERMS OF TRADE

In view of the cyclical sensitivity of Finland's exports, it may seem astonishing that, despite favourable international develop-

ments, the volume did not rise by more than 1 per cent on the figure for the previous year. However, it should be borne in mind that, judging by the export statistics of the Finnish metal industry, the year 1962 was exceptionally favourable, as some deliveries actually made in 1961 and 1963 appeared in the Customs statistics as 1962 exports. Similarly, account must be taken of the quite substantial decline in the export volume of round timber, a phenomenon to be considered advantageous with a view to Finland's present forest resources.

The strikes which broke out in the early months of last year occasioned an extremely sharp decline in the volume of exports during the first quarter of 1963 compared with the corresponding period of the previous year. This decline in export deliveries was made up during the following quarters, so that the influence of strikes on the total volume of exports may have remained rather small. In spite of the insignificant growth of the volume of Finnish exports, their value rose to 3 678 million marks in 1963, or 4.1 per cent above the level of 1962. Export prices consequently rose by about 3 per cent. This became particularly apparent during the second half of the year when the prices of sawn goods displayed an especially substantial rise.

The decline in investment demand was a phenomenon which also characterized the development of the Finnish economy, and particularly its imports, last year. The volume of imports declined by 1.6 per cent, principally following a 12 per cent decline on 1962 in the demand for investment goods. Nevertheless, there were no changes in import prices, and thus the value of total imports in 1963, 3 867 million marks, was 1.6 per cent less than in 1962.

The development of Finland's foreign trade, discussed in the foregoing, brought about an improvement in the trade balance by reducing the deficit from 396 million marks in 1962 to 189 million marks in 1963. The deficit was thus well over 50 per cent less than in 1962.

THE COMMODITY COMPOSITION OF FINLAND'S FOREIGN TRADE

Analysis of the composition of Finland's exports in terms of the principal commodity classes indicates that forest products still make up nearly three-fourths of her total exports, and by reason of the relatively poor export performance of the Finnish metal industry, the proportion of forest products even rose to some extent in 1963. Among the factors exerting an influence on the structure of Finland's exports last year, reference should be made to the growth of the part played by agricultural products, and first and foremost of so-called "other exports". However, as far as agricultural exports are concerned the phenomenon was of no more than a temporary nature.

Exports of round timber (including pulpwood) fell by 41 per cent from 1962 to 1963. The export volume of round timber has in fact been declining for several years. The explanation lies simply in the fact that the gap between the volume of annual output and domestic demand is rapidly diminishing,

since in recent years the Finnish wood-processing industries have greatly increased their productive capacity. It is accordingly to be expected that by the end of this decade the net exports of round timber will have come to an end.

For the first time in three years, the exports of sawn goods fell below one million standards, or to 982 000 standards, against 1 014 000 standards in 1962. The volume of exports accordingly declined by over 3 per cent. Owing to an improvement in the prices of sawn goods towards the end of the year, the value of exports remained about the same as in 1962. It should be mentioned that the improvement in these prices which began towards the end of the year was paralleled by an increase in the volume of shipments.

The exports of mechanical and chemical pulp in 1963 were marked by a gratifying growth. The development was thus contrary to experience in 1962, when deliveries of both of these commodities were substantially less than in the preceding year. The volume of mechanical pulp exported rose by 15 per cent on the 1962 figure and that of chemical pulp by 13 per cent. On the average, no changes were recorded in the export prices of pulp from those obtaining in the previous year, so that exports increased in value as much as they did in volume. However, the growth of exports from 1962 to 1963 can, at least to some extent be ascribed to changes in stocks, as the stocks held by the purchaser countries were at quite low levels at the beginning of the year. In view of price policy considerations, restrictions were also applied last year to exports of chemical pulp.

The volume of exports of paper industry products rose by 11.4 per cent from 1962 to 1963; this increase was primarily due to goods other than newsprint, the exports of which increased by only 1.5 per cent in volume. Two factors may be cited to account

1. VALUE OF EXPORTS AND IMPORTS

	1962		1963*		Change in value on 1962 per cent
	Mill. mk	Per cent	Mill. mk	Per cent	
<i>Exports (fob)</i>	3 533	100.0	3 678	100.0	+ 4.1
Agricultural products	144	4.1	165	4.5	+14.6
Round and hewn timber	190	5.4	112	3.0	-41.1
Wood industry products	770	21.8	812	22.1	+ 5.5
Paper industry products	1 589	44.9	1 752	47.6	+10.3
Metal and engineering industry products	663	18.8	614	16.7	- 7.4
Other goods	177	5.0	223	6.1	+26.0
<i>Imports (cif)</i>	3 928	100.0	3 867	100.0	- 1.6
Raw materials and accessories	1 764	44.9	1 826	47.2	+ 3.5
Fuels and lubricants	371	9.5	373	9.7	+ 0.5
Finished producer goods	1 144	29.1	1 005	26.0	-12.2
Finished consumer goods	649	16.5	662	17.1	+ 2.0
<i>Balance of trade</i>	-395		-139		

for the relatively small rise in newsprint exports. First, in recent years the countries producing paper have appreciably raised their productive capacity, and this has led to intensified competition in the world market; and, secondly, at the moment the stocks of the purchaser countries are very high. This is but a temporary phenomenon, for the output of and the demand for newsprint in Western Europe are estimated to regain their balance by 1965. Against this, the exports of other paper products were quite satisfactory. For example, exports of printing and typing paper increased by 17 per cent in volume, and exports of kraft-paper by 11 per cent. The rise in interest in paper industry products as packaging material was reflected last year also by the exports of cardboard and products based upon paper and cardboard. The volume of cardboard exports mounted by 12 per cent on the preceding year's figure, and that of products based on paper and cardboard by 36.5 per cent. The value of exports of paper industry products showed a rise of 10.3 per cent on the 1962 figure. Thus a minor decline in prices, taken as a whole, was discernible. The price cuts were principally

in respect of newsprint and printing paper, while increases were recorded in the prices of kraft paper and the products based on paper and cardboard.

The fall by 3.8 per cent in the volume of exports of metal industry products in 1963 was partly a result of the circumstance mentioned above that some 1963 deliveries had already appeared in the Customs statistics as 1962 exports. But this is not the whole truth, as the actual volume of exports also fell off from 1962 to 1963. The decisive reason for this development must be taken as the concentration of some deliveries made within the framework of long-term export contracts in the early years of the contract period; the corresponding "gap" in the succeeding years has then manifested itself as an export decline, such as occurred in 1963. Nevertheless, if the development of exports of the Finnish metal industry products is examined in long-term perspective, a clearly rising trend is discernible. The 7.4 per cent fall in the value of exports of metal industry products last year reflects a 3 per cent decline in the prices of metal and engineering industry products between 1962 and 1963.

2. VOLUME OF EXPORTS AND IMPORTS
1954=100

	1962	1963*	Change on 1962 per cent
<i>Exports</i>	168	170	+ 1.2
Agricultural products ...	242	256	+ 5.8
Round and hewn timber .	96	59	-38.5
Wood industry products .	117	110	- 6.0
Paper industry products .	201	224	+11.4
Metal and engineering in- dustry products	210	199	- 3.8
<i>Imports</i>	186	183	- 1.6
Raw materials and acces- sories	159	166	+ 4.4
Fuels and lubricants ...	173	165	- 4.6
Finished producer goods .	234	198	-15.4
Finished consumer goods	239	233	- 0.4

The year 1962 was a favourable one for agricultural exports, which increased by 5.8 per cent in volume and by 14.6 per cent in value. The improvement was definitely attributable to a rising tendency displayed by United Kingdom butter prices; by way of reaction, the UK attempted to increase the supply of butter by means of raising import quotas, for instance for Finnish butter. As a result, butter exports rose by 54.5 per cent from 1962 to 1963. There was also a minor increase, 2 per cent, in the volume of cheese exports.

An export sector which gave reason for satisfaction in 1963 was that of "other goods", including the products of the chemical and textile industries. In this group, the value of exports rose by 26 per cent, and although the share of these goods in the total of Finland's exports does not amount to more than 5 per cent, it is interesting to note the favourable development in fields which have only in recent years made their appearance in the country's export statistics.

The fall in the growth rate of the Finnish economy which set in last year manifested itself as a decline in imports in all of the main groups of commodities except raw materials and accessories, the imports of which rose by 4.4 per cent in volume between 1962

and 1963. Even in this group, the increase was chiefly the outcome of a 30 per cent rise in imports of food products. The diminution of imports was most marked in the group of investment goods, where the volume of deliveries was 15.4 per cent less than a year before. To account for the decline in investment demand, attention is drawn to the large investment programme of the wood-processing industries. This has characterized the development of the Finnish economy for several years and is now near completion. Simultaneously, a cautious attitude towards investment was adopted by other industries following the cyclical retardation of growth rates. Moreover, the stringency of last year's money market should also be borne in mind as a factor tending to restrict investment. A decline in the imports of fuels and lubricants also served to reflect the phase of cyclical development which has been a feature of the last year.

There was a decline of 0.4 per cent in the volume of imports of consumer goods from 1962 to 1963. To account for this decline, which was not in line with the simultaneous, general trend of consumption demand, it should be noted that although there was a rise in this demand, a shift took place from durable to non-durable consumer goods, or towards a situation in which home industry was capable of covering a part of the demand larger than in 1962.

THE REGIONAL PATTERN

In 1963, there was a movement towards improved balance in Finland's foreign trade with both the EFTA and the EEC countries. Exports to the EFTA countries were about 7 per cent above the 1962 figure, whereas imports remained on the same level. As a result, the deficit in trade with these countries was diminished by 27 per cent. A development in the same direction was even

more accentuated in Finland's trade with the EEC countries; exports to these countries rose by 8 per cent, at the same time as imports from them fell by as much as 17 per cent. This meant a reduction of 68 per cent in the trade deficit with the SIX. In 1963, the share of the EFTA countries in Finland's total exports was 33 per cent, and that in her total imports 36 per cent. The corresponding figures for the EEC countries were 30 and 31 per cent respectively. Exports to the United Kingdom increased by 11 per cent from 1962 to 1963, so that she retained her place as the most important purchaser country of Finnish products. Among the SIX, Finland's largest purchaser country is Germany, which last year took 16 per cent of the total of Finnish exports. In the Finnish import statistics, Germany occupied the first position with a share of 18 per cent of the total imports. It should further be noted that Finland's exports to France increased by 14 per cent from 1962 to 1963.

The share of the Eastern Bloc in Finland's total exports fell from 22.5 per cent in 1962 to 20.5 per cent in 1963. At this point there should be recalled what was said above in the discussion of the exports of metal industry products and the significance therein of long-term export contracts: account should also be taken of the fact that the countries of the Eastern Bloc, and the Soviet Union in particular, are among the major buyers of Finland's metal industry products. Last year, the share of the Soviet Union was 18 per cent of Finland's total exports and 14 per cent of her total imports.

In 1963, Finland's exports to countries other than those mentioned above remained much the same as in 1962. In total, these countries took 17 per cent of Finland's exports, and accounted for 11 per cent of her total imports. In conclusion, it should be mentioned that Finland's exports to the United States increased by 27 per cent from 1962 to 1963.

ITEMS

Fifteen years of Arava activity. On April 1, 1949, the State Housing Production Commission, generally entitled Arava, began operations. It was founded for the purpose of assisting privately financed residential building in urban and densely populated areas by means of cheap loans. The object was that of alleviating the severe post-war shortage of dwellings, and raising the standard of housing. The following figures relate to buildings erected with the aid of Arava loans.

By the end of 1963, 130 617 dwellings had been completed, of which 88 783, or about 68 per cent, were represented by multistoreyed

houses and the remaining 41 834 by houses for one or two families.

During the first ten years, Arava was able to do rather little to raise the housing standard as regards the size of dwellings, since the average area of an Arava home was restricted by law. In 1959, the relevant act was revised, and one amendment introduced was the removal of size restrictions. As a result, the area of dwellings, particularly in blocks of flats, rose from an average of about 50 sq.m in 1949—58, and 49.0 sq.m in 1959, to 54.3 sq.m in 1962 and 57.2 sq.m in 1963. During the first ten years, 44.6 per cent of the new dwellings comprised one or

two rooms and a kitchenette; the corresponding figure for 1963 was 27.8 per cent.

With regard to the production of blocks of flats, in 1949—58 loans were principally granted to joint stock companies of flat-owners. The number of dwellings completed in such houses was 41 310, or 71.7 per cent of the total, while the number of dwellings to be let was 16 314, or 28.3 per cent. Subsequently more loans began to be granted in the latter category, so that for the last five years the proportions were evened out to 59.1 and 40.9 per cent respectively.

In respect of small houses, there has been a change-over from the formerly predominant two-family houses built in one and a half storeys, to one-storeyed houses for one family. Of those built in the years 1949—58, 30 per cent were for rent, but by 1963 this ratio had dropped to 4.2 per cent. The average area of owner-occupied small houses grew from 75.8 sq.m in 1949—58, and 74.5 sq.m in 1959, to 82.6 sq.m in 1963. The standard of fitting has risen considerably. In 1949—58, only 54.7 per cent of all small houses had central heating, in 1963 the percentage was 94.2. During the earlier period, the average number of houses lacking all conveniences was as high as 22 per cent, but the corresponding figure for 1963 was only 0.7 per cent.

Among the recipients of Arava loans for small houses, the proportion of those belonging to the highest social groups has decreased. In 1949—58, 34.2 per cent of such borrowers belonged to the two highest groups; in 1959 the percentage was 29.6, and

by 1963 it had fallen to 21.7 per cent. Instead, the proportion of borrowers in the third social group (skilled workers etc.) grew from 43.8 per cent in 1949—58 to 50.0 per cent in 1959, and to 66.0 per cent in 1963.

The following figures illustrate the recent development of construction costs for Arava buildings in comparison with the official index of building costs.

	Index of building costs per cu.m. for multistoreyed Arava houses	Official building cost index
	1951 = 100	
1959	108	118
1960	108	122
1961	117	128
1962	121	132
1963	129	140

*

Finnair flies to Leningrad. On April 4, the Finnish airline Finnair inaugurated a regular summer service between Helsinki and Leningrad. The flight will be in operation until October 31, 1964. Finnair is the first foreign airline ever to be granted permission to fly to Leningrad. Finnair and the Soviet airline Aeroflot concluded an agreement to initiate a joint service last winter after a supplement on the route in question was made to the official flight agreement (made October 19, 1955) between the Soviet Union and Finland.

The joint service now makes possible four scheduled round trips a week between Helsinki and Leningrad.

BANK OF FINLAND

BOARD OF MANAGEMENT

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Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN

REINO ROSSI

SECRETARIES

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P. BLOMQUIST,
Central Accounting

P.-E. ÖSTERLUND,
*Foreign exchange
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Internal Audit

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