



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 39 No. 5

MAY

1965

RECENT DEVELOPMENTS

EMPLOYMENT SITUATION

When the present upswing began around the middle of 1963 unemployment was low. The percentage rate of unemployment, seasonally adjusted, averaged 1.5 during 1963, against 1.2 in the two years before, when there was some degree of overemployment. In 1958, during the previous period of decline, the percentage rate was as high as 3. During the recession of 1962—1963 the employment position had remained satisfactory, partly because the retardation of production was of short duration and partly because effective employment policies were pursued by the authorities.

Although the growth rate of total production was comparatively high from mid-1963 — 5—6 per cent per annum — the rate of unemployment did not begin to fall until a few months ago. Last year it stood at 1.5—1.6 up to November, mainly because production advanced most in the capital-intensive sectors of industry. The labour-intensive sectors, i.e. building construction, engineering and consumer goods industries, advanced less than the average. The volume of production of the building industry increased by less than 2 per cent, that of the machinery and transport equipment industries by an average of 2 per cent and that of the consumer goods industry by less than

4 per cent. Although total industrial production increased by almost 8 per cent, the growth of employment in industry was no more than 2 per cent. Apart from structural changes in production, the substantial increase in costs and extensive rationalization investments contributed to checking the demand for labour. In 1964 the employed labour force increased by only 1.2 per cent and labour input by 1.5 per cent on an average, with the growth rate rising during the last quarter of the year.

The figures on page 2, based on the statistics of the public employment exchange offices, indicate a rapid improvement in the employment situation during the last quarter of 1964 and the first quarter of the current year.

Unemployment had in recent months exhibited a rapid decline in both construction and industry. The indicator for the latter fell from 2.5 for the fourth quarter of 1964 to 2.2, mainly as a consequence of the upswing in the engineering industries. As this labour-intensive industry is expected to expand production considerably throughout the current year, it will decisively influence the employment position of industry as a whole. It has been forecast that the industrial

On page 18, Finland's Foreign Trade in 1964

NUMBER OF APPLICANTS FOR WORK PER VACANCY OFFERED IN PUBLIC EMPLOYMENT EXCHANGE OFFICES, SEASONALLY ADJUSTED QUARTERLY FIGURES

	1963				1964				1965
	I	II	III	IV	I	II	III	IV	I
Agriculture	1.9	2.0	2.1	2.5	2.1	2.1	2.2	2.5	2.9
Forestry	0.9	1.0	1.0	0.9	1.1	1.3	1.5	1.4	1.6
Industry	4.2 ¹⁾	2.1	2.3	2.8	2.5	2.3	2.8	2.5	2.2
Construction	1.6	1.6	1.8	1.9	1.8	1.9	1.8	1.6	1.5
Transport and communications	1.3	1.1	1.1	1.1	1.2	1.2	1.1	1.3	1.1
Services	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3
Total	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.4
Unemployment percentage according to the Labour Force Sample Survey	1.5	1.2	1.4	1.6	1.4	1.6	1.6	1.5	1.1 ²⁾

1) Figure affected by labour disputes.

2) Average for January—February.

labour force will grow by 3 per cent this year.

The upswing in construction since the third quarter of last year is also quite obvious. To judge by the various indicators available its growth rate was almost 10 per cent during the first quarter of the current year. The indicator for unemployment in total construction (see table) fell from 1.8 in the third quarter 1964 to 1.5 in the first quarter 1965.

The number engaged in agriculture and forestry continues to decline following rationalization. Last year there were 30 000 persons or 5 per cent fewer in these industries than in 1963. Fellings got under way slowly last autumn and the number employed in forestry fell short of the corresponding 1963 figure by about 10 per cent, and the seasonal peak of the past winter was still slightly lower than in the previous year.

In 1964 the greatest increase in employment was recorded in services. The fact that

the unemployment indicator remained 1.3 in the first quarter of the current year suggests that the growth rate will continue at a high level.

The table further shows that both the average ratio of applicants for work to vacancies offered and the seasonally adjusted unemployment percentage rate fell during the first quarter of 1965. In January the latter was 1.2 and in February 1.0. This level of unemployment corresponds to normal frictional unemployment. A lower figure would be a signal that the adverse effects of overemployment were beginning to appear. In view of this generally favourable development and expectations that it will continue to improve, there has been no need to increase the magnitude of public works compared with 1964. In that year the number of persons engaged in such works increased by an average of 5 000 to 95 000, in 1963 the corresponding increase was 6 000. The number of employed in public works will probably remain relatively high because of regional and structural unemployment.

April 27, 1965

BANK OF FINLAND

Mill. mk

	1964		1965			
	Dec. 31	March 31	March 31	April 8	April 15	April 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	1 049.7	916.1	973.8	968.8	955.6	950.4
Gold	189.6	145.8	189.7	189.7	189.7	189.7
Foreign exchange	783.8	706.7	715.1	710.0	695.7	690.4
Foreign bills	29.7	25.9	22.4	22.3	23.4	23.5
Foreign bonds	46.6	37.7	46.6	46.8	46.8	46.8
<i>Supplementary note cover</i>	570.7	406.0	525.9	515.8	542.7	542.1
Inland bills discounted						
In foreign currency	55.2	66.7	54.2	54.2	53.1	52.6
In Finnish currency	67.1	23.3	40.0	37.9	29.9	26.5
Rediscounted bills	448.4	316.0	431.7	423.7	459.7	463.0
<i>Other assets</i>	97.4	120.6	118.5	104.4	122.7	126.9
Finnish bonds	35.8	35.9	22.1	27.9	42.9	41.2
Cheque accounts	2.5	16.6	25.4	3.3	3.0	3.6
Finnish coin	3.8	6.9	6.4	6.4	6.1	5.9
Other claims	55.3	61.2	64.6	66.8	70.7	76.2
Total	1 717.8	1 442.7	1 618.2	1 589.0	1 621.0	1 619.4
Liabilities						
<i>Notes in circulation</i>	1 002.7	911.2	921.3	922.1	960.5	941.1
<i>Liabilities payable on demand</i>	186.8	93.3	161.6	146.9	156.6	157.9
Foreign exchange accounts	84.7	18.4	102.0	99.7	108.3	106.7
Mark accounts of holders abroad	28.5	28.5	15.7	15.6	15.5	15.3
Cheque accounts						
Treasury	5.4	5.3	—	1.5	3.7	0.7
Post Office Savings Bank	49.6	38.2	0.6	6.7	3.6	9.3
Private banks	16.4	—	19.5	0.7	2.5	4.4
Other	0.7	0.4	0.8	0.7	0.9	0.9
Other sight liabilities	1.5	2.5	23.0	22.0	22.1	20.6
<i>Term liabilities</i>	55.4	66.0	65.9	64.3	64.3	64.3
Foreign	54.3	64.9	54.3	52.7	52.7	52.7
Finnish	1.1	1.1	11.6	11.6	11.6	11.6
<i>Equalization accounts</i>	261.8	169.7	251.5	237.3	220.5	236.4
<i>Bank's own funds</i>	211.1	202.5	217.9	218.4	219.1	219.7
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	84.8	84.8	97.9	97.9	97.9	97.9
Profits undisposed	—	11.2	13.2	13.2	13.2	13.2
Earnings less expenses	26.3	6.5	6.8	7.3	8.0	8.6
Total	1 717.8	1 442.7	1 618.2	1 589.0	1 621.0	1 619.4
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	1 049.7	916.1	973.8	968.8	955.6	950.4
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	500.0	406.0	500.0	500.0	500.0	500.0
Total	1 549.7	1 322.1	1 473.8	1 468.8	1 455.6	1 450.4
Note issue						
<i>Notes in circulation</i>	1 002.7	911.2	921.3	922.1	960.5	941.1
<i>Liabilities payable on demand</i>	186.8	93.3	161.6	146.9	156.6	157.9
Undrawn on cheque credits	5.0	4.2	3.8	3.7	4.0	3.5
Unused right of note issue	355.2	313.4	387.1	396.1	334.5	347.9
Total	1 549.7	1 322.1	1 473.8	1 468.8	1 455.6	1 450.4

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

BANK OF FINLAND

Mill. mk

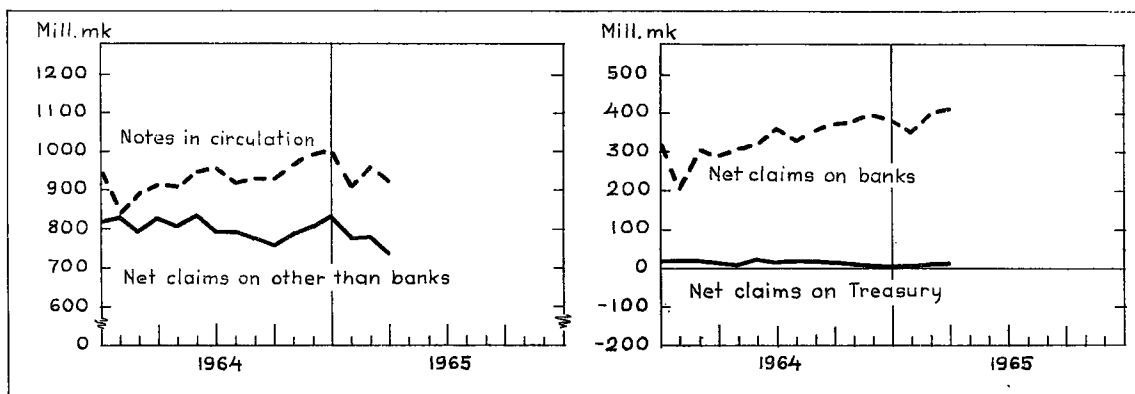
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
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
1964	973.4	84.7	888.7	76.3	82.8	882.2	-	8.9	5.4	3.5
1964										
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
April	864.9	17.6	847.3	68.1	91.2	824.2	-	18.9	12.3	6.6
May	885.5	17.5	868.0	68.0	90.7	845.3	-	18.9	0.0	18.9
June	875.9	17.0	858.9	64.7	88.6	835.0	-	18.9	4.6	14.3
July	889.9	18.9	871.0	64.2	89.1	846.1	-	18.9	1.0	17.9
Aug.	901.0	19.0	882.0	64.3	86.3	860.0	-	18.9	3.3	15.6
Sept.	879.1	19.2	859.9	66.9	85.5	841.3	-	18.9	4.3	14.6
Oct.	894.4	20.8	873.6	71.8	82.8	862.6	-	18.9	7.7	11.2
Nov.	913.0	40.1	872.9	77.6	85.7	864.8	-	8.9	4.7	4.2
Dec.	973.4	84.7	888.7	76.3	82.8	882.2	-	8.9	5.4	3.5
1965										
Jan.	991.6	94.7	896.9	75.1	70.8	901.2	-	8.9	2.5	6.4
Feb.	982.2	104.3	877.9	74.3	70.6	881.6	-	8.9	1.4	7.5
March	904.8	102.0	802.8	69.0	70.0	801.8	-	8.9	-	8.9

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1964			Net holdings, March 31, 1965			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	March	Jan.-Mar.
Gold	+ 273	-	+ 273	+ 273	-	+ 273	-	-
Convertible currencies	+ 708	- 74	+ 634	+ 650	- 57	+ 593	- 53	- 41
Other currencies	- 9	+ 1	- 8	- 37	-	- 37	+ 8	- 29
Gold and foreign exchange	+ 972	- 73	+ 899	+ 886	- 57	+ 829	- 45	- 70
Gold tranche position in IMF ..			+ 46			+ 46	-	-
Total			+ 945			+ 875	- 45	- 70

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
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
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1964										
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
April	349.0	0.7	41.8	1.7	304.8	20.9	113.2	0.6	133.5	905.5
May	329.5	5.2	0.2	1.7	322.4	20.4	119.7	1.3	138.8	945.4
June	403.2	2.7	34.6	2.9	363.0	19.1	104.3	2.5	120.9	954.9
July	357.8	4.1	23.0	3.7	327.0	19.0	110.1	1.8	127.3	918.1
Aug.	389.7	3.7	30.8	1.6	353.6	17.9	104.7	1.3	121.3	928.2
Sept.	388.2	-1.6	14.2	1.3	374.3	24.3	103.9	3.4	124.8	927.3
Oct.	407.7	-7.1	33.5	0.9	380.4	41.6	105.8	0.9	146.5	964.0
Nov.	394.2	-6.8	5.4	1.0	394.6	55.6	111.2	3.1	163.7	989.9
Dec.	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965										
Jan.	357.3	5.9	2.5	1.2	347.7	48.3	118.8	32.9	134.2	910.2
Feb.	416.6	18.1	1.6	1.1	395.8	48.4	114.1	34.2	128.3	959.2
March	431.7	19.5	0.6	2.0	409.6	40.0	134.2	32.3	141.9	921.3

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
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	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964*	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1964*										
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
April	641.5	777.7	220.5	2 541.5	2 416.7	1 551.7	661.7	319.6	7 491.3	8 489.5
May	645.2	797.4	256.6	2 577.8	2 444.7	1 576.5	660.0	318.0	7 577.1	8 631.1
June	640.0	789.1	260.7	2 569.4	2 418.0	1 551.4	659.2	314.3	7 512.4	8 562.2
July	671.3	833.6	224.9	2 579.9	2 430.4	1 557.6	660.0	313.1	7 541.0	8 599.5
Aug.	665.6	837.3	229.0	2 592.6	2 447.7	1 569.0	663.9	312.2	7 585.4	8 651.7
Sept.	667.5	826.8	281.0	2 610.9	2 469.8	1 583.8	667.8	316.1	7 648.5	8 756.3
Oct.	643.6	791.4	256.2	2 630.2	2 483.0	1 591.5	673.1	320.5	7 698.5	8 746.1
Nov.	668.8	833.3	284.8	2 662.7	2 515.4	1 621.2	676.7	323.4	7 800.0	8 918.1
Dec.	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1965*										
Jan.	669.9	822.1	285.0	2 849.8	2 666.0	1 711.1	723.5	334.6	8 285.2	9 392.3
Feb.	632.2	775.8	367.3	2 885.6	2 715.3	1 760.2	734.6	339.9	8 435.8	9 578.9
March	680.4	837.5	320.1	2 917.3	2 756.0	1 800.1	744.5	344.9	8 562.9	9 720.5

End of month	Index-tied deposits		High-interest deposits
	100 % clause ¹⁾	50 % clause, tax-free	
1964*			
June	674.0	146.2	650.5
July	745.5	134.0	639.2
Aug.	817.6	129.0	628.7
Sept.	916.6	120.5	621.4
Oct.	987.1	119.2	603.7
Nov.	1 072.9	119.6	593.9
Dec.	1 166.4	120.3	592.3
1965*			
Jan.	1 312.9	113.3	592.5
Feb.	1 386.5	99.1	591.0
March	1 462.8	82.4	603.3

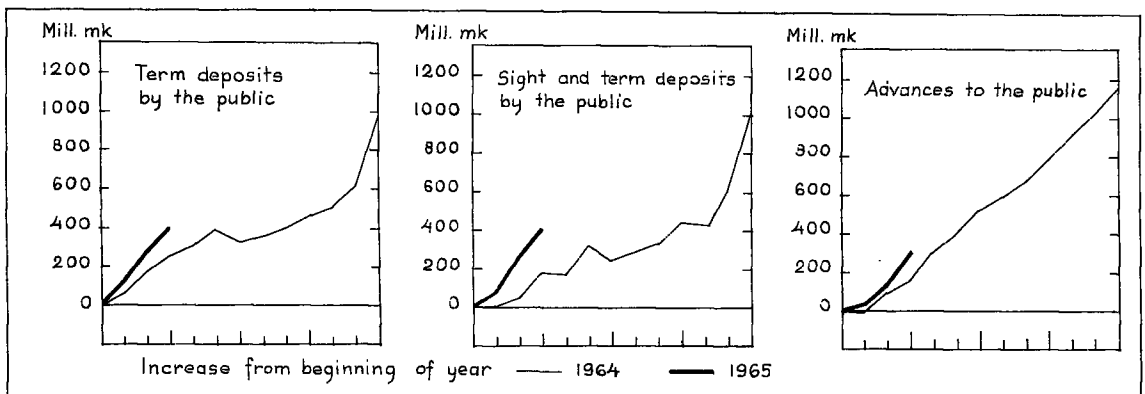
Selling rates for foreign exchange			
April, 22, 1965			
		mk	mk
New York ...	1 \$	3.224	Zurich 100 Fr 74.28
Montreal	1 \$	2.990	Paris 100 FF 65.80
London	1 £	9.025	Rome 100 Lit 0.5163
Stockholm ...	100 Kr	62.73	Vienna 100 S 12.49
Oslo	100 Kr	45.10	Lisbon 100 Esc 11.25
Copenhagen ..	100 Kr	46.67	Reykjavik 100 Kr 7.50
Frankfurt o.M.	100DM	81.16	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.61	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 Fr	6.497	Clearing dollars ²⁾ 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964*	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1964*									
March	3 547.4	2 150.3	559.5	1 783.0	687.5	8 329.6	398.1	8 727.7	1 849.7
April	3 635.3	2 170.0	563.1	1 806.8	706.6	8 473.4	408.4	8 881.8	1 826.2
May	3 628.6	2 190.4	570.0	1 827.9	751.1	8 599.4	368.6	8 968.0	1 914.1
June	3 689.8	2 200.9	575.3	1 859.8	768.2	8 688.9	405.1	9 094.0	1 901.4
July	3 706.0	2 219.7	583.0	1 876.1	777.1	8 771.9	390.0	9 161.9	1 889.4
Aug.	3 720.7	2 239.4	592.4	1 903.8	782.4	8 845.8	392.9	9 238.7	1 903.2
Sept.	3 761.2	2 268.8	601.3	1 949.4	787.2	8 967.3	400.6	9 367.9	1 946.3
Oct.	3 791.0	2 296.0	611.6	1 983.7	810.2	9 067.4	425.1	9 492.5	1 933.0
Nov.	3 819.3	2 322.2	607.8	2 028.0	824.7	9 203.3	398.7	9 602.0	2 012.2
Dec.	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1965*									
Jan.	3 900.7	2 337.6	614.6	2 078.1	827.5	9 342.4	416.1	9 758.5	1 940.9
Feb.	3 944.4	2 357.1	623.6	2 100.4	830.1	9 437.5	418.1	9 855.6	2 010.4
March	4 049.1	2 379.6	633.0	2 128.6	838.0	9 594.4	433.9	1 0028.3	..

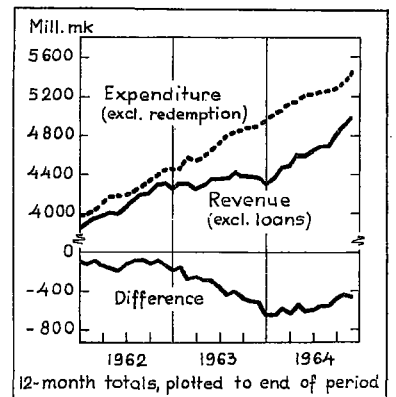


STATE FINANCES

Mill. mk

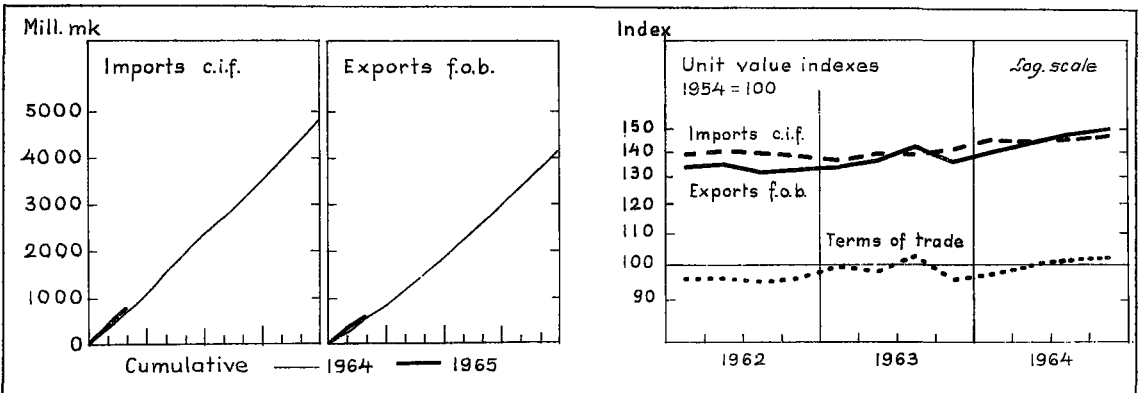
Revenue	Jan. - Feb.		Expenditure	Jan. - Feb.	
	1964	1965		1964	1965
Income and property tax (net)	220	192	Interest on State debt	26	34
Gross receipts	(470)	(500)	Child allowances	75	75
Refunds and communal income tax	(-250)	(-308)	The State's share in national pensions	36	41
Other direct taxes	3	2	Compensations to war-disabled	22	25
Sales tax	120	220	Subsidies	79	89
Import duties	84	73	Net payments on price equalization by extra-budgetary funds	—	—
Revenue from Alcohol Monopoly	55	56	State aid to agriculture	5	6
Excise duty on tobacco	73	49	State aid to communal and private schools	82	102
Excise duty on liquid fuel	25	45	Net loss of State enterprises	25	33
Other excise duties	12	13	Maintenance of roads	16	20
Tax on automobiles and motor cycles	16	24	Other current expenditure	255	319
Stamp duties	31	25	Current expenditure	621	744
Employers' payments for child allow- ances	51	61	Real investments	178	191
Net receipts of price equalization by extra-budgetary funds	1	7	Other capital expenditure	107	100
Other revenue similar to taxes	6	8	Capital expenditure	285	291
Total taxes	697	775	Total expenditure	906	1 035
Interest and dividends	12	15	Redemption of external loans	3	4
Other current revenue	19	24	Redemption of internal loans	59	78
Current revenue	728	814	Redemption of indemnity bonds etc.	0	0
Capital revenue proper	20	27	Index premiums	4	6
Decrease in inventories	23	14	Redemptions	66	88
Capital revenue	43	41	Total	972	1 123
Total revenue	771	855			
External loans	29	9			
Internal loans	130	68			
Loans	159	77			
Short-term credit (increase +)	+ 23	-14			
Deficit (+) or surplus (-)	+ 19	+205			
Total	972	1 123			

Debt	1962	1963	1964		1965	
	Dec.	Dec.	Nov.	Dec.*	Feb.*	March*
External debt	803	963	1 109	1 187	1 192	1 188
Ordinary loans	936	1 109	1 158	1 206	1 200	1 192
Indemnity bonds etc.	18	11	7	7	7	5
Short-term credit	61	160	271	325	311	301
Cash debt (net)	-125	78	108	-31	175	..
Internal debt	890	1 358	1 544	1 507	1 693	..
Total debt	1 693	2 321	2 653	2 694	2 885	..
Total debt, mill. \$	525.4	720.8	825.0	837.7	897.1	..



FOREIGN TRADE

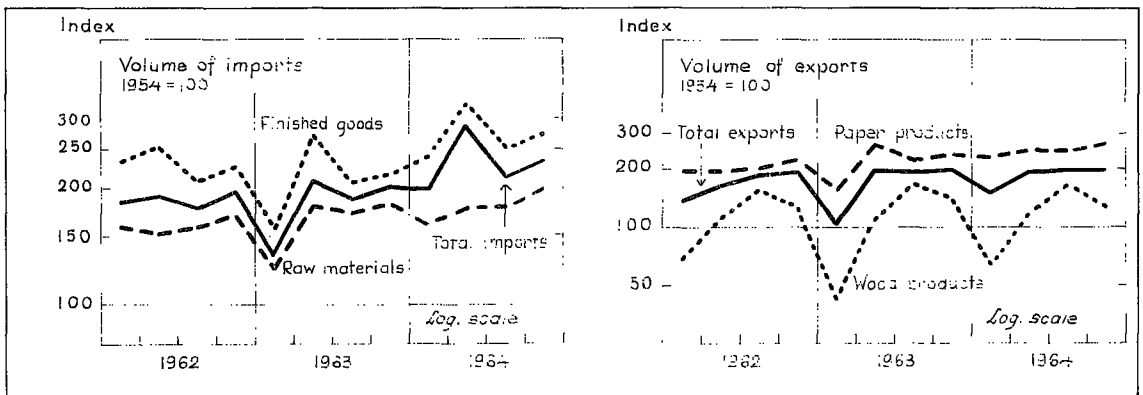
Period	Value mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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	137	145	142	129	147	139	99
1964*	4 816.1	4 132.0	-684.1	146	161	155	133	158	143	102
Jan.-Feb.										
1963	586.2	439.4	-146.8							
1964*	712.4	581.2	-131.2							
1965*	789.1	585.1	-204.0							
1964*										
April	448.8	339.5	-109.3	144	164	148	132	158	144	100
May	398.7	335.3	- 63.4							
June	412.4	366.4	- 46.0							
July	362.9	368.6	+ 5.7	147	161	155	134	164	146	101
Aug.	390.2	349.3	- 40.9							
Sept.	422.3	408.4	- 13.9							
Oct.	418.8	400.8	- 18.0	150	162	160	133	174	147	102
Nov.	432.8	367.2	- 65.6							
Dec.	448.8	383.9	- 64.9							
1965*										
Jan.	383.9	317.3	- 66.6							
Feb.	405.2	267.8	-137.4							



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

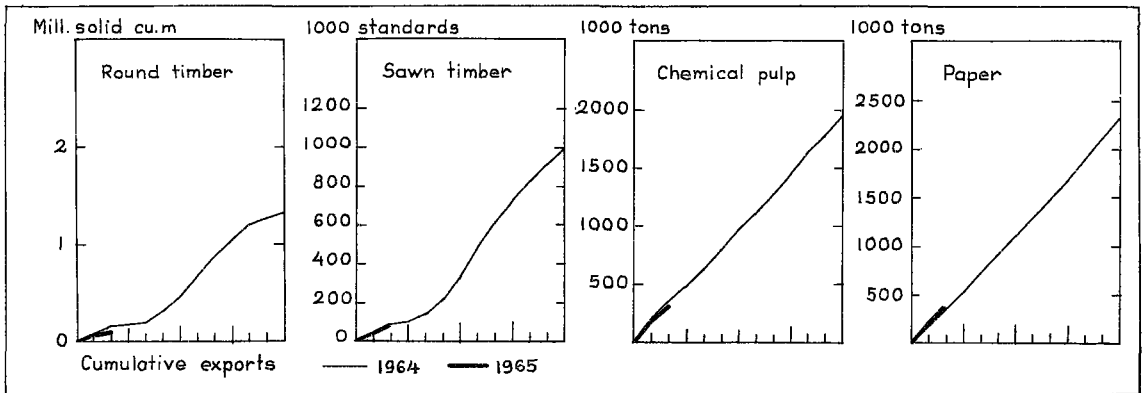
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Investment goods	Consumer goods						
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
1964*	2 110.7	508.4	1 395.8	801.2	230.4	89.8	895.8	2 019.5	610.5	286.0
Jan.-Feb.										
1963	295.2	51.7	138.3	101.0	27.7	9.5	60.9	241.7	76.5	23.1
1964*	327.5	78.7	191.1	115.1	37.8	9.8	94.9	317.4	86.0	35.3
1965*	357.0	64.6	238.5	129.0	38.0	6.3	100.7	312.9	85.1	42.1
1964*										
May	167.7	50.6	114.9	65.5	23.1	7.1	67.5	173.7	37.2	26.7
June	182.9	31.0	126.7	71.8	17.5	8.4	97.1	163.0	55.0	25.4
July	164.7	31.4	114.7	52.1	18.1	13.3	116.9	156.6	40.9	22.8
Aug.	182.4	48.0	109.6	50.2	19.9	14.9	95.7	166.8	28.1	23.9
Sept.	187.8	44.4	123.4	66.7	17.2	11.6	97.4	186.1	68.2	27.9
Oct.	179.1	36.4	131.7	71.6	16.7	9.0	89.0	192.1	67.5	26.5
Nov.	202.8	54.7	105.9	69.4	11.7	6.7	86.2	173.3	56.9	32.4
Dec.	203.9	51.5	121.3	72.1	28.4	4.9	75.2	180.1	66.2	29.1
1965*										
Jan.	184.8	33.2	110.4	55.5	24.3	3.7	60.3	169.0	39.9	20.1
Feb.	172.2	31.4	128.1	73.5	13.7	2.6	40.4	143.9	45.2	22.0



March 1963 figures are affected by strikes.

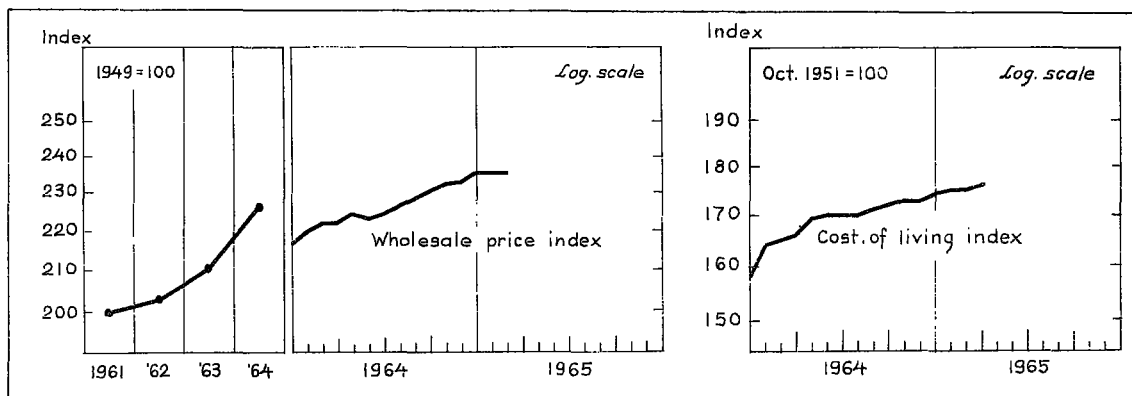
EXPORTS OF SOME IMPORTANT ARTICLES

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
1964*	1 319	990	440	175	971	979	194	165	989	2 309
Jan.-Feb.										
1963	187	44	63	23	117	123	24	22	118	301
1964*	150	85	78	32	172	170	27	31	143	353
1965*	97	77	81	28	151	149	25	28	158	369
1964*										
May	122	69	43	13	82	97	14	15	81	195
June	143	122	31	20	87	84	15	12	83	182
July	218	156	31	11	69	67	13	10	76	195
Aug.	202	125	27	12	90	75	15	10	76	188
Sept.	169	116	39	14	82	91	15	13	96	201
Oct.	140	97	41	17	86	97	17	15	100	219
Nov.	76	93	41	13	77	73	20	15	97	219
Dec.	58	73	44	17	79	93	28	15	93	192
1965*										
Jan.	62	52	44	13	91	95	13	14	83	189
Feb.	35	25	37	15	60	54	12	14	75	180



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. - Feb.			Whole year		Jan. - Feb.		
	1963	1964*	1964*	1965*		1963	1964*	1964*	1965*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	15.3	14.0	15.7	124.0	23.6	25.3	25.6	25.6	149.8
United Kingdom	15.3	14.8	13.4	15.4	121.6	21.5	23.0	23.4	23.0	134.5
Other OECD countries in Europe	53.0	52.7	52.0	58.1	458.1	43.9	45.9	49.6	47.5	277.9
Austria	0.7	0.7	0.7	0.8	6.7	0.3	0.4	0.3	0.3	1.9
Belgium-Luxembourg	2.2	2.0	1.8	2.3	17.7	3.3	3.5	3.2	3.4	20.0
Denmark	3.3	3.0	3.2	3.4	27.1	3.5	3.7	3.2	4.0	23.5
France	4.3	5.5	4.0	3.8	30.1	5.0	5.8	5.5	4.9	28.7
Western Germany	18.0	17.3	17.6	18.5	145.9	12.0	11.6	11.6	12.2	71.3
Italy	2.0	1.8	2.0	2.0	15.6	3.2	3.0	3.9	3.3	19.2
Netherlands	4.7	4.0	4.1	4.7	37.2	6.3	6.8	6.8	6.1	35.7
Norway	1.6	1.5	1.5	2.2	17.6	0.8	0.9	0.9	1.1	6.3
Portugal	0.2	0.2	0.3	0.2	1.7	0.1	0.1	0.1	0.2	1.4
Spain	0.4	0.5	1.0	0.7	5.2	0.9	0.9	0.9	1.1	6.5
Sweden	11.9	12.7	12.6	15.1	118.9	5.7	6.4	10.3	7.5	43.9
Switzerland	2.9	2.8	2.7	3.3	25.8	0.7	0.8	0.8	0.7	4.0
Eastern Bloc	21.7	22.4	24.1	16.3	129.0	20.8	17.5	11.7	14.5	84.6
China	0.2	0.4	0.4	0.4	3.5	0.5	0.5	0.1	0.4	2.0
Czechoslovakia	0.7	0.6	0.6	0.8	6.3	0.9	0.4	0.8	0.6	3.6
Eastern Germany	1.1	1.0	0.9	1.0	7.6	1.0	1.0	0.9	0.6	3.3
Poland	2.0	2.0	2.6	1.8	14.0	1.7	2.0	1.9	2.8	16.4
Soviet Union	16.9	17.6	18.7	11.5	91.4	16.0	12.1	6.9	9.1	53.4
U.S. and Canada	5.3	5.0	5.9	6.1	48.1	5.4	5.9	6.9	7.3	42.6
United States	4.9	4.8	5.6	5.9	46.9	5.2	5.7	6.8	7.2	41.8
Latin America	2.9	3.0	2.4	1.5	12.1	2.9	2.7	2.8	2.6	15.3
Argentina	0.5	0.3	0.1	0.1	1.0	0.6	0.8	0.5	1.2	7.0
Brazil	1.6	1.6	1.6	1.0	7.7	0.7	0.5	0.7	0.3	1.7
Other	1.3	1.6	1.6	2.3	17.8	3.4	2.7	3.4	2.5	14.9
Grand total	100.0	100.0	100.0	100.0	789.1	100.0	100.0	100.0	100.0	585.1
of which										
EFTA countries	36.0	35.8	34.3	40.5	319.4	32.6	35.4	39.1	36.8	215.5
EEC countries	31.2	30.5	29.5	31.2	246.5	29.8	30.6	30.9	29.9	174.9



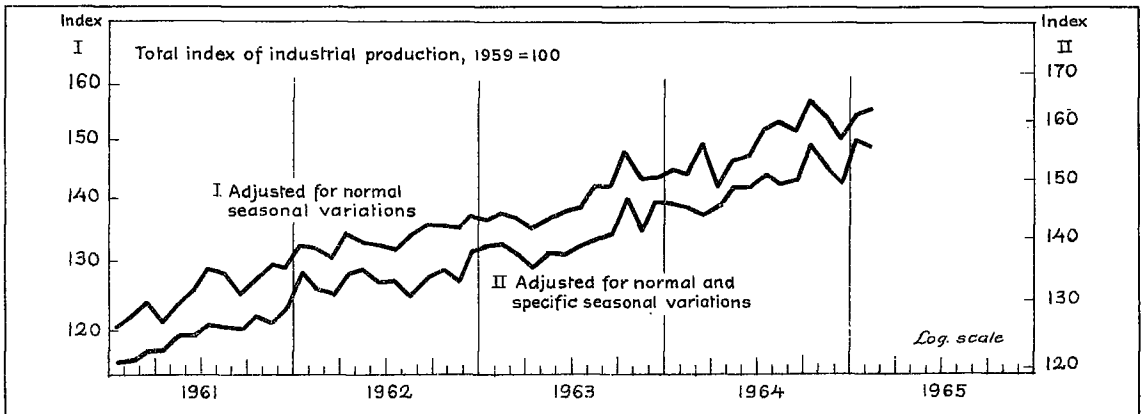
PRICE INDEXES

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			
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
1964	226	231	210	228	214	227	250	218	218	150	120	192
1964												
March	222	226	207	223	210	224	242	214	216	146	118	186
April	224	228	208	224	210	227	246	215	216	148	119	188
May	223	226	209	225	211	223	241	217	216	150	119	194
June	224	228	210	227	211	224	246	217	216	150	120	195
July	226	230	210	227	212	227	252	215	216	150	120	194
Aug.	228	232	211	229	216	228	255	217	218	152	121	197
Sept.	230	235	212	233	217	230	256	222	220	152	121	198
Oct.	232	237	212	236	217	230	260	223	220	153	122	200
Nov.	233	238	213	238	220	230	260	225	222	153	123	198
Dec.	235	240	213	238	222	233	263	225	224	154	123	199
1965												
Jan.	235	240	216	240	222	231	264	228	222	156	123	202
Feb.	235	240	216	240	222	232	264	228	222	156	123	204
March	..	..	..	..	..	..	..	..	..	157	125	207

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
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
1964	170	184	364	114	107	164	133	135	135	110	132	134
1964												
April	169	182	361	114	106	163	132	134	134	111	132	133
May	170	185	361	114	106	164	133	136	134	111	132	134
June	170	185	361	114	107	165	134	136	134	110	132	135
July	170	185	361	114	107	165	134	136	134	110	132	135
Aug.	171	185	361	114	107	166	134	136	134	110	133	135
Sept.	172	188	361	114	108	167	135	138	134	111	134	136
Oct.	173	187	372	114	108	167	135	137	138	111	134	136
Nov.	173	188	372	114	108	167	136	138	138	111	134	136
Dec.	174	189	372	114	109	168	136	139	138	111	135	137
1965												
Jan.	175	189	372	114	109	170	137	139	138	111	135	139
Feb.	175	190	372	114	109	170	137	140	138	111	136	139
March	176	194	372	114	108	171	138	142	138	111	135	139

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1962	133	151	133	127	114	141	144	126	133	47 264	160
1963*	139	136	142	135	117	154	141	134	140	47 784	169
1964*	150	140	156	140	124	168	148	143	149	53 200	156
1963*											
June	130	128	128	134	109	126	134	131	138	1 941	167
July	106	83	114	96	112	146	83	100	139	1 299	153
Aug.	143	137	142	147	108	157	137	146	142	1 936	183
Sept.	148	146	151	141	111	169	151	141	142	2 192	176
Oct.	162	160	167	152	132	182	166	156	148	3 189	181
Nov.	151	145	157	141	110	169	152	146	143	3 915	173
Dec.	133	127	139	123	118	148	132	124	144	4 534	201
1964*											
Jan.	148	146	154	137	117	163	153	138	145	5 552	114
Feb.	147	144	152	138	127	162	152	137	144	6 031	143
March	146	139	152	136	121	162	147	137	149	6 500	142
April	157	150	161	153	150	169	158	153	142	5 469	161
May	144	133	149	158	127	164	139	138	146	11 353	154
June	143	141	146	139	137	142	145	141	147	1 863	150
July	116	77	128	103	118	168	85	107	152	1 327	145
Aug.	150	134	154	149	100	173	140	153	153	1 846	170
Sept.	162	157	168	152	121	182	167	155	152	2 335	173
Oct.	167	154	176	152	125	190	165	160	157	2 926	169
Nov.	163	156	172	147	121	182	164	156	154	3 462	164
Dec.	150	143	158	133	123	160	160	139	150	4 536	183
1965*											
Jan.	152	146	161	134	123	174	153	138	154	4 822	120
Feb.	154	154	160	140	131	172	160	141	155	6 095	147

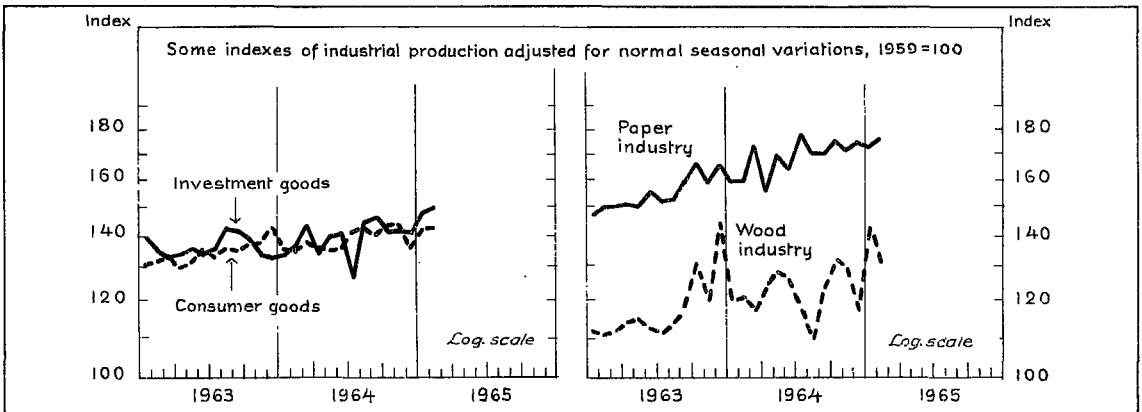


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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	25.16	12.81	2.29	6.62	2.44	26.28	145	136	144	143
1964*	24.59	10.57	2.43	7.61	2.80	28.55	164	156	170	162
1963										
July-Sept.	7.04	2.77	0.76	2.01	1.10	28.58	148	137	141	145
Oct.-Dec.	8.90	5.13	1.00	1.99	0.51	26.28	149	138	150	146
1964*										
Jan.-Mar.	4.41	2.30	0.23	1.36	0.40	25.39	158	148	161	156
Apr.-June	4.93	1.83	0.31	1.91	0.66	29.45	164	154	172	162
July-Sept.	6.57	2.47	0.85	1.74	1.05	30.77	165	149	175	163
Oct.-Dec.	8.68	3.97	1.04	2.60	0.69	28.55	169	165	175	167

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1964	1965	1964*	1965*	1964*	1965*	1964	1965*	1964	1965*
Jan.	125	118	576	690	527	549	1 854	1 877	2.7	2.0
Feb.	124	124	538	549	451	451	1 851	1 871	2.3	1.6
March	122	144	535	617	389	493	1 839		1.8	
April	138		588		487		1 882		1.5	
May	125		755		709		1 920		1.1	
June	128		995		963		1 906		1.2	
July	128		1 165		1 253		1 772		1.1	
Aug.	132		1 072		1 111		1 862		1.0	
Sept.	138		861		873		1 924		1.0	
Oct.	140		842		760		1 928		1.3	
Nov.	135		909		683		1 905		1.5	
Dec.	116		827		679		1 866		1.7	



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 (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — 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 (1963): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1963): In South Finland 25.4, in North Finland 4.2 and in the whole country an average of 14.9 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1963): 58% of the population inhabit the rural areas, 42% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 488 300 inhabitants, Tampere (Tammerfors) 136 200, Turku (Åbo) 135 000.

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 (1963): 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 (1963): births 18.1 ‰, deaths 9.2 ‰, increase 8.6 ‰. Deaths in France 11.7 ‰ and Great Britain 12.2 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1963, in million marks) Gross domestic product at market prices 18 667 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 592 (10%), forestry and fishing 1 462 (10%), manufacturing 4 683 (31%), construction 1 540 (10%), transport and communications 1 178 (8%), commerce, banking and insurance 2 017 (13%), general government 1 900 (12%), other services 907 (6%), total 15 279. Index of real domestic product 133 (1957 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

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

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17%, 5 to 15 ha 48%, 15 to 50 ha 30% and more than 50 ha 5%. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 127 for 1963 (1954 = 100). Measure of self-sufficiency in bread cereals 69% in the crop year 1963/64.

INDUSTRY (1962): Gross value of industrial production 14 500 mill. marks, number of workers 352 000, salaried employees 71 100, motive power (1962) 5.0 mill. HP. Index of industrial production 133 for 1962 (1959 = 100).

RAILWAYS (Jan. 1, 1965): Length 5 463 km, of which 5 389 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Apr. 30, 1965): Steamers 152 (257 702 gross reg. tons), motor vessels 379 (728 361 gross reg. tons), sailing vessels with auxiliary engines 35 (4 357 gross reg. tons). Total 566 (990 420 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1964): Private cars 364 800, lorries and delivery vans 78 600, buses 6 900, others 14 000, Total 464 300.

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 1962 expenditure amounted to 2 504 mill. marks. Total revenue was 2 481 million, of which income from taxation 1 217 million. The municipal income tax (non-progressive) averaged 11.83% 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, 1964). There are two big and four small commercial banks with in all 721 offices, 378 savings banks, 493 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 1964

BY

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INTRODUCTION

In the majority of market economies among Finland's principal purchaser countries the gross domestic product grew by 5 per cent in 1964, except in the United Kingdom where the percentage was below 4. Although about one fourth of Finnish exports go to that country the British import restrictions did not affect Finland's exports to any particular extent in 1964.

The appended Figure illustrates the economic development in some market economies. It indicates a continuous rise in their industrial production, very strong in 1963 and slightly weaker in 1964.

The exchange of goods with the USSR took place within the framework of the basic agreement concluded for 1961—1965. As this period had almost terminated, the early fulfilment of agreed quotas caused a reduction of some exports, mainly those of vessels and engineering products.

The favourable economic development in the purchaser countries was reflected in an appreciable increase in Finnish exports. Total exports amounted to 4 132 million marks in 1964, an increase of 12 per cent on the previous year. The advance was largely due to a rise in prices for the principal export articles. The unit value index for exports rose evenly from the beginning of the year, the average rise on 1963 being 6.6 per cent according to preliminary estimates.

The corresponding increase in import prices was considerably slower, 2.9 per cent on average according to preliminary figures. Nevertheless the value of imports during the year amounted to 4 816 million marks. This increase of record proportions was due, in addition to the upswing in economic activity, to such factors as stockbuilding and the high propensity of consumers to purchase imported goods, cars in particular.

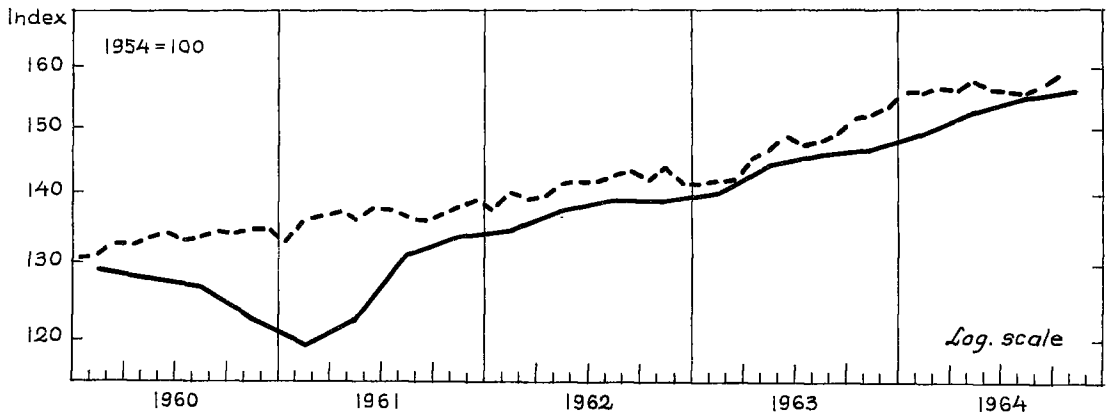
Thus the balance of trade showed a deficit as high as 684 million marks, compared with 189 million for 1963.

The values and volume indexes as well as the regional distribution of exports and imports by main groups are set out in tables 1—3 annexed.

EXPORTS

During the first half of the year the volume of commodity exports grew much more rapidly than in the corresponding period last year. The index (adjusted for seasonal variations and the effects of strikes) for the first two quarters exceeded the average level of 1963 by more than 12 per cent, but later in the year the growth rate clearly declined. For the whole of 1964 the increase in the volume of exports remained below 6 per cent.

SEASONALLY ADJUSTED, COMBINED INDEX OF INDUSTRIAL PRODUCTION IN BELGIUM, FRANCE, THE NETHERLANDS, DENMARK, SWEDEN, THE UNITED KINGDOM, THE USA AND WESTERN GERMANY — — — —; THE USA ————; THE WEIGHTS ARE PROPORTIONATE TO THE COUNTRIES' SHARES IN FINNISH EXPORTS.



The quantities of paper industry products exported exceeded the 1963 figure by close on 12 per cent, and as demand was brisk throughout the year, their prices rose slightly. Exports of sulphate and sulphite pulp grew quantitatively by more than 10 per cent, those of printing and writing paper by 20 per cent and of newsprint by 12 per cent. For craft liner board alone a decline in sales was recorded on the European markets.

The volume of exports of sawn goods reached one million standards, which must be regarded almost as a maximum in present market conditions of raw wood. Among the United Kingdom's suppliers of softwood Finland was third after the USSR and Canada. Exports of plywood surpassed the 1963 quantities by 15 per cent. The total value of wood industry products grew by 10 per cent, largely owing to price increases.

As for metal and engineering industry products, the official statistics indicate that their exports attained the 1963 level. In fact, however, they remained nearly 6 per cent below it, since the statistics include about 30 million marks relating to aircraft returned in connection with the renewal of the civil aviation equipment. Exports of some metals

increased, but those of machinery fell off. Regarding the group as a whole, exports to the socialist countries declined considerably whereas in the case of western exports the rising trend of the last few years continued.

Exports of butter remained high owing to additional quotas being negotiated during the year. Exports of cheese grew by more than one fourth on the 1963 figure. Furthermore, the introduction of articles such as milk powder on the eastern markets also contributed to increasing exports of agricultural products. On the other hand, the EEC restrictions considerably reduced Finland's exports of eggs to Western Europe.

When considering the structure of exports, we find that the proportion of more highly processed goods continued to rise in 1964. The share of paper industry products in total exports increased, whereas that of wood industry products was slightly reduced. The decline in round timber exports, which began in 1961, went on; actually Finland is now a net importer of raw wood. The share of metal and engineering industry products was reduced, after having risen for several years. That of agricultural products increased for the reasons elaborated above.

IMPORTS

The growth rate of the volume of commodity imports began to accelerate during the second half of 1963 and attained its maximum in the second quarter of 1964, after which the increase slackened. The whole-year growth of 21 per cent marked a record.

Of the different categories of imports, raw materials and producer goods form almost half of all commodity imports. The variations in this group depend on the changes in the volume of production and stockbuilding. In 1964 these two factors were responsible for a steady growth in raw material imports, the volume of which increased on the average by 11 per cent.

Growing consumption of mineral fuel, an increase in the stock of passenger cars and wider use of diesel oil increased the demand for fuels and lubricants by about one fifth in comparison with 1963. As stocks were also augmented, imports of these commodities grew considerably.

Nearly half of the domestic demand for machinery and equipment has generally been met by imported goods. In 1964 the volume of these imports grew by more than 20 per cent, thus increasing the value of investment goods imports. A further increase was caused by passenger cars which are included in this group; the number of cars imported in 1964 corresponded to one third of the previous year's total stock of cars. In all, the volume of imports of investment goods increased by as much as 36 per cent.

An increase in the households' disposable income raised the demand for imported goods in particular (see Bulletin No. 4, 1965), the more so as the rise in the domestic cost level reduced the competitiveness of Finnish goods. Quantitatively consumer goods imports increased by 15 per cent on 1963. Their value grew by more than one fifth, partly because of the high world market prices for sugar and coffee.

REGIONAL DISTRIBUTION

The most outstanding feature in the regional distribution of Finland's foreign trade in 1964 was the decrease in the value of exports to socialist countries, mainly ascribable to reduced exports of metal and engineering industry products. The shares of EFTA countries grew to some extent, those of Sweden and Switzerland relatively most. The combined share of the USA and Canada was 6 per cent.

Of the total value of imports, the combined share of EFTA and EEC countries was 62 per cent despite a slight reduction on the 1963 figure. The share of the socialist countries grew somewhat. Imports from the USA and Canada together represented 5 per cent.

The United Kingdom retained its traditional leading position among Finland's trade partners, followed by Western Germany and the USSR.

1. VALUE OF EXPORTS AND IMPORTS

	1963		1964		Change in value on 1963 per cent
	Mill. mk	Per cent	Mill. mk	Per cent	
<i>Exports (fob)</i>	3 678	100.0	4 132	100.0	+12.3
Agricultural products	165	4.5	230	5.5	+39.4
Round and hewn timber	113	3.1	90	2.2	-20.4
Wood industry products	812	22.1	896	21.7	+10.3
Paper industry products	1 752	47.6	2 020	48.9	+15.3
Metal and engineering industry products	614	16.7	610	14.8	- 0.7
Other goods	222	6.0	286	6.9	+28.8
<i>Imports (cif)</i>	3 867	100.0	4 816	100.0	+24.5
Raw materials and producer goods	1 828	47.3	2 111	43.8	+15.5
Fuels and lubricants ¹⁾	373	9.6	508	10.6	+36.2
Finished investment goods (incl. passenger cars) ..	1 004	26.0	1 396	29.0	+39.0
Finished consumer goods	662	17.1	801	16.6	+21.0
<i>Balance of trade</i>	-189		-684		

1) The 1964 value includes some items, totalling 40—50 million marks, which were actually imported in 1963.

2. VOLUME OF EXPORTS AND IMPORTS
1954=100

	1963	1964	Change on 1963 per cent
<i>Exports</i>	171	181	+ 5.8
Agricultural products ..	271	347	+28.0
Round and hewn timber	57	41	-28.1
Wood industry products	115	116	+ 0.9
Paper industry products	220	246	+11.8
Metal and engineering industry products ..	199	184	- 7.5
<i>Imports</i>	183	221	+20.8
Raw materials and pro- ducer goods	164	182	+11.0
Fuels and lubricants ..	170	229	+34.7
Finished investment goods	205	279	+36.1
Finished consumer goods	240	221	+15.0

3. REGIONAL DISTRIBUTION OF EXPORTS AND IMPORTS IN 1964
MILLION MARKS

	Total	Market economies	Socialist countries	Of which USSR
<i>Exports (fob)</i>	4 132	3 411	721	498
Agricultural products	230	184	46	33
Round and hewn timber	90	82	8	—
Wood industry products	896	881	15	8
Paper industry products	2 020	1 691	328	208
Metal and engineering industry products	610	338	272	221
Other goods	286	235	52	28
<i>Imports (cif)</i>	4 816	3 735	1 081	846
Raw materials and producer goods	2 111	1 662	450	344
Fuels and lubricants	508	81	426	360
Finished investment goods	1 396	1 286	110	86
Finished consumer goods	801	706	95	56
<i>Balance of trade</i>	-684	-324	-360	-348

ITEMS

Supplementary budget for 1965. The first supplementary budget for 1965 was approved by Parliament in March. It was necessitated mainly by the closing of the Agricultural Marketing Fund. As the new arrangements were made later than the ordinary budget for the current year, provision for the necessary grants for the corresponding agricultural subsidies had to be made in a supplementary budget.

On the revenue side 300 million marks will be raised in new State loans and 10 million drawn on the USSR credit.

On the expenditure side 360 million marks was appropriated for the agricultural subsidies referred to above, 145 million for employment grants, 49 million for the Finnish contingent of the UN forces in Cyprus and 20 million for losses suffered by agriculture owing to frost damages. Total expenditure of the supplementary budget amounts to 596 million marks, revenue falling short of this level by some 283 million.

*

Trade and payments agreements. On April 13, 1965, trade and payments agreements were signed between Finland and the *Democratic Republic of Germany* for the following three years. By the new trade agreement the term of validity of the former agreement, signed on December 10, 1956, will be extended to December 31, 1968. The exchange of goods will be effected on the basis of the export and import lists fixed for 1965, which will subsequently be adjusted for each of the following years. — The term of validity of the former payments agreement, signed on February 25, 1959, was also extended to December 31, 1968.

*

Helsinki borrows \$10 million. Helsinki has issued external loan bonds of U.S. \$10 million. The offering, Helsinki's first in the

U.S. since 1930, has been underwritten by a group headed by Harriman Ripley & Co. and Smith, Barney & Co.

The loan is current for a period of 12 years starting April 1, 1965, and bears interest at a rate of 6 1/4 per cent payable half-yearly. The issue price is 97 1/4 per cent. A semiannual sinking fund beginning October 1, 1968, is designed to retire 93 1/2 per cent of the issue prior to maturity. The bonds are otherwise non-callable. Principal and interest on the bonds, which will be direct, unconditional and general obligations of Helsinki, will be payable in U.S. currency.

*

Domestic bond issues. The Government has launched the following four loans.

First and second issue of the 1965 *Tax Payment Certificates*. Both issues total 60 million marks. The first issue is dated April 1, and the second May 3. The rate of interest of both issues is 9 per cent. The certificates can be used for the payment of state, municipal, and church taxes, and will be redeemable from April 1, 1966 to March 31, 1967 for the first issue and from May 3, 1966 to May 2, 1967 for the second issue. They are priced at par.

Second and third 1965 *Bonds at Variable Rate of Interest*. The second loan amounts to 100 million marks and the third to 50 million. The bonds of the second loan will be dated June 30 and those of the third December 20. The loans are issued in ten groups each, the value of bonds being 100 000 for the second issue and 10 000 for the third issue and they will mature in ten years. The rate of interest of both issues is 2 1/2 percentage points above the general rate of six month deposits in the two largest commercial banks. Both loans are tied to the cost of living index to the extent of 50 per cent. They will be priced at par.

The Government has authorized the Central Bank of Co-operative Credit Societies to make a private bond issue.

The issue is for 10 million marks and bears interest at a rate of $7\frac{1}{4}$ per cent. The bonds will be dated June 1 and are current for a period of 12 years.

*

Tourist Development Fund. On April 26 the Tourist Development Fund Ltd. was founded by 67 different financial and insurance institutions, industrial and transport companies etc. with the aim of supporting the activities of those firms already working in this field and of promoting the establishment of others. Further, it will aim to assist the financing of firms connected with tourism by securing long-term credit and other financing, and to increase the size of such funds in every way. The company will also engage in general economic advisory work, foster co-operation between organizations and firms in the field of tourism, and support the promotion of Finland as a tourist country. It is of particular importance that the company should try to develop economic planning and research work in the field of tourism and promote the drawing up of forecasts, investment programmes and long-term comprehensive plans. The company will also be a motivating force in the production in the near future of an over-all plan for the development of tourism in Finland.

*

Opening of Kemijärvi Oy's sulphate mill. The company Kemijärvi Oy was founded in 1961 with a share capital of 35 million marks. On April 15, 1965 the complete sulphate mill of Kemijärvi Oy was opened in Kemijärvi, North-West Lapland. The nearest export port is situated at Kemi.

The mill will have a production capacity

of 110 000 metric tons bleached sulphate per annum and the annual need for raw material is 800 000 piled cubic metres timber. Pine is mainly used for raw material but also other softwood and birch, which until now have been of no industrial use in the North-West Lapland, will be used. — The personnel in the mill's employ numbers 400 and it is estimated that delivery and transport of the raw wood will provide work for about 3 000 persons.

*

Hire-purchase terms. The hire-purchase terms on passenger cars were tightened on November 15, 1964, by an agreement between importers and distributors of cars (see Bulletin No. 12, 1964, p. 23). These terms did not, however, prove stringent enough to secure a sufficient reduction in hire-purchase sales. The volume of these sales were still considered to endanger the external liquidity.

In April 1965 the Bank of Finland considered a further tightening of the hire-purchase terms on cars and also those on some other consumers durables necessary. The Bank suggested, that the Government exercise its legal right to regulate the hire-purchase terms.

After negotiations as provided in the relevant act with representatives of the importers and distributors concerned, the Government fixed the new hire-purchase terms, which came into force on April 23. Accordingly the minimum down-payment on passenger cars is now 40 or 60 per cent and the maximum repayment period 18 or 9 months, dependent on the terms previously applied to similar contracts. On lorries, vans and tractors the terms are 30 per cent and 18 months; the television sets, refrigerators and washing machines the minimum down-payment is also 30 per cent, but the maximum repayment period only 12 months.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

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

REINO ROSSI

HEIKKI VALVANNE
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

JAAKKO S. LASSILA

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
Office

K. EIROLA,
Accounts

A. NENONEN,
Foreign correspondence

INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,
Director

J. J. PAUNIO,
Head of department

TIMO HELELÄ
Head of department