



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 39 No. 9

SEPTEMBER

1965

### RECENT DEVELOPMENTS

#### PRIVATE CONSUMPTION

The slight recession in economic activity which began in the second half of 1962 was also reflected in a slackening of the growth rate in private consumption. The real increase in private consumption amounted to 8½ per cent in 1961 and to 6 per cent in 1962, the corresponding figures in gross domestic product being 7 per cent and 3½ per cent. Thus, in spite of its slackened growth rate private consumption was an expansionary factor.

During the latter part of 1963 the growth rate in total production accelerated again, even though the whole-year increase in gross domestic product remained at only 3 per cent. One of the factors making for an expansion in total production was the acceleration in consumer demand. The nominal increase of disposable income of the private sector was 12 per cent. While prices of consumer goods increased by 4 per cent from those in the previous year, the increase in real disposable income of the private sector was 8 per cent. Owing to a decline in the propensity to consume, private consumption increased considerably less or by 3½ per cent.

In 1963 consumer demand was concentrated on non-durable goods and services. The volume of consumption of the former grew by 6 per cent and that of the latter by 8 per

cent on 1962, whereas the demand for durable consumer goods (incl. motor cars) fell by 8 per cent and that of semi-durable goods by 1 per cent.

During the course of 1964 the volume of total production increased by 6 per cent and the volume of private consumption by 5½ per cent. The slower growth of private consumption was probably due in the main to a marked rise in consumer prices. In 1964 these were 8 per cent higher than in 1963, the increase being for the greater part a consequence of the sales tax reform, which was effected at the beginning of last year. Under the new sales tax system the prices of non-durable consumer goods rose appreciably, while those of durable goods were lowered. Thus, although the increase in disposable income of the private sector was nominally 11 per cent — mainly as a result of the wage agreements concluded at the beginning of the year — the real increase was no more than 3 per cent. The fact that private consumption grew nonetheless by 5½ per cent is largely due to a rise in the propensity to consume.

As for the structure of consumer demand, in contrast with 1963 it was now primarily directed towards durables. The volume of

*On page 18, Insurance in Finland, 1963*

demand for durable consumer goods (incl. cars) increased by 24 per cent, that for semi-durable goods by 3 per cent, for non-durable goods by 4 per cent and for services by 5 per cent. In respect of durable goods the change was partly attributable to the sales tax reform, which reduced their relative prices. The increase in demand for these goods primarily related to cars, although the prices of cars were little affected by the revision of the sales tax rates. In part, the increase in purchases of cars was made possible by the liberalization of car imports in March 1963. Another cause was that numerous households now, after years of increasing incomes, obviously attained a status which allowed them to buy cars. Also, for several durable consumer goods a saturation point seems to have been reached, which diverted consumer demand from household machines and television sets etc. to motor cars.

For the current year the development of private consumption can be studied by means of the statistics on retail sales and imports of cars. The figures for retail trade cover roughly 70 per cent of all sales, but they do not include cars.

During the first half of the year, the growth rate of retail sales was clearly rising, the six-month total of such sales exceeding the corresponding figures for 1964 by 13 per cent in value and 8 per cent in volume. However, it should be noted that sales were exceptionally low in January 1964, since a part of the purchases that would normally had been made in January had actually been made the previous December in anticipation of the sales tax revision. If this influence is eliminated, the adjusted half-

yearly figures indicate an increase of 5½ per cent in retail sales.

The value of passenger cars imported during January—May was 51 per cent higher than the corresponding figure for 1964. Last year the increase on January—May 1963 was 125 per cent, but here it should be remembered that the import of cars was restricted in the initial months of 1963. Obviously the demand for passenger cars is still growing, although at a slower pace than a year ago. The slackened growth is partly due to the tightening of hire-purchase terms on passenger cars, first in October 1964 and again in April 1965. In addition the taxation rules applicable to cars were revised at the beginning of June, as a result of which the tax increased by 5 to 15 per cent, depending on the price-groups of the cars. All in all it seems that total private consumption will increase at least as much during 1965 as last year.

The composition of demand is further illustrated by the figures for the value of retail trade in categories of goods. During the first half-year increases in excess of the average (13 per cent) were recorded for the group of textiles, clothing and leather articles, where the rise was 21 per cent, and for general stores, where it was 14 per cent. Again it must be pointed out that the increase in the sales of these non-durable goods was largely the outcome of the particularly low early 1964 figures following the sales tax reform. For the sales of hardware, electrical appliances and sports equipment, all of which mainly represent durable goods, the advance was far below the average, i.e. 7 per cent.

*August 28, 1965*

## BANK OF FINLAND

Mill. mk

	1964		1965			
	Dec. 31	July 31	July 31	Aug. 7	Aug. 14	Aug. 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
Ordinary note cover .....	1 049.7	954.1	780.7	790.6	800.3	793.9
Gold .....	189.6	144.9	187.9	187.9	187.9	187.9
Foreign exchange .....	783.8	745.0	509.4	519.2	529.4	529.4
Foreign bills .....	29.7	24.2	42.8	42.9	42.4	42.2
Foreign bonds .....	46.6	40.0	40.6	40.6	40.6	34.4
Supplementary note cover .....	570.7	439.0	705.5	682.1	669.9	712.7
Inland bills discounted						
In foreign currency .....	55.2	62.2	49.9	49.9	49.9	49.9
In Finnish currency .....	67.1	19.0	9.5	7.5	7.1	7.0
Rediscounted bills .....	448.4	357.8	646.1	624.7	612.9	655.8
Other assets .....	97.4	109.1	151.7	138.4	144.3	146.2
Finnish bonds .....	35.8	34.6	47.4	32.0	32.0	42.4
Cheque accounts .....	2.5	2.2	1.8	2.7	8.4	2.9
Finnish coin .....	3.8	6.6	5.7	5.3	5.7	6.0
Other claims .....	55.3	65.7	96.8	98.4	98.2	94.9
<b>Total</b>	<b>1 717.8</b>	<b>1 502.2</b>	<b>1 637.9</b>	<b>1 611.1</b>	<b>1 614.5</b>	<b>1 652.8</b>
<b>Liabilities</b>						
Notes in circulation .....	1 002.7	918.1	965.5	959.0	954.6	961.2
Liabilities payable on demand .....	186.8	80.9	94.6	115.2	122.4	112.6
Foreign exchange accounts .....	84.7	18.9	39.1	58.1	73.9	73.5
Mark accounts of holders abroad .....	28.5	28.4	14.7	14.6	14.4	14.3
Cheque accounts						
Treasury .....	5.4	1.0	1.4	2.1	—	0.7
Post Office Savings Bank .....	49.6	23.0	10.7	2.4	0.5	0.2
Private banks .....	16.4	4.1	4.4	13.7	9.7	—
Other .....	0.7	1.3	1.8	1.8	1.6	1.6
Other sight liabilities .....	1.5	4.2	22.5	22.5	22.3	22.3
Term liabilities .....	55.4	61.8	61.6	61.6	61.6	61.6
Foreign .....	54.3	60.7	50.0	50.0	50.0	50.0
Finnish .....	1.1	1.1	11.6	11.6	11.6	11.6
Equalization accounts .....	261.8	242.0	301.1	259.7	259.5	300.3
Bank's own funds .....	211.1	199.4	215.1	215.6	216.4	217.1
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 .....	—	—	—	—	—	—
Earnings less expenses .....	26.3	14.6	17.2	17.7	18.5	19.2
<b>Total</b>	<b>1 717.8</b>	<b>1 502.2</b>	<b>1 637.9</b>	<b>1 611.1</b>	<b>1 614.5</b>	<b>1 652.8</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	1 049.7	954.1	780.7	790.6	800.3	793.9
Supplementary cover						
(Upper limit 500 mill. mk) .....	500.0	439.0	500.0	500.0	500.0	500.0
<b>Total</b>	<b>1 549.7</b>	<b>1 393.1</b>	<b>1 280.7</b>	<b>1 290.6</b>	<b>1 300.3</b>	<b>1 293.9</b>
<b>Note issue</b>						
Notes in circulation .....	1 002.7	918.1	965.5	959.0	954.6	961.2
Liabilities payable on demand .....	186.8	80.9	94.6	115.2	122.4	112.6
Undrawn on cheque credits .....	5.0	5.3	5.2	4.3	5.1	4.9
Unused right of note issue .....	355.2	388.8	215.4	212.1	218.2	215.2
<b>Total</b>	<b>1 549.7</b>	<b>1 393.1</b>	<b>1 280.7</b>	<b>1 290.6</b>	<b>1 300.3</b>	<b>1 293.9</b>

Rediscount rate since April 28, 1962, 7 per cent

## BANK OF FINLAND

Mill. mk

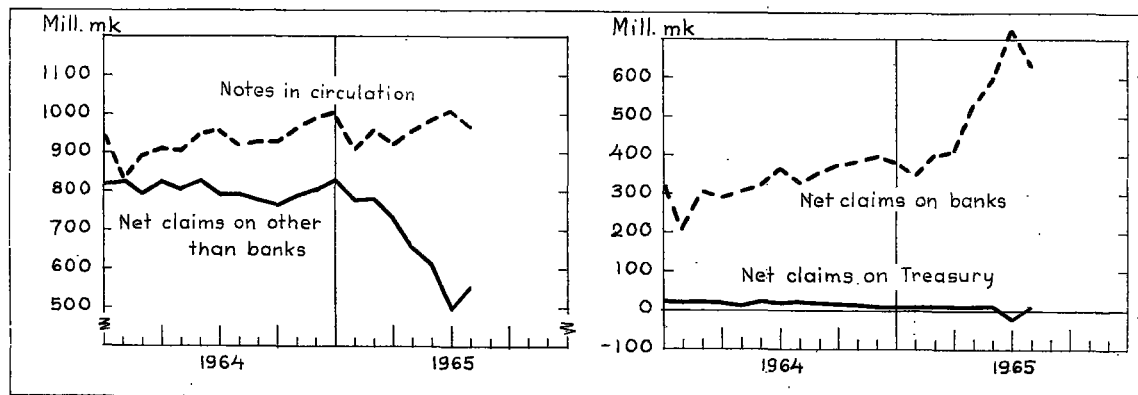
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net 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										
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
April	866.8	94.6	772.2	70.6	67.9	774.9	—	8.9	1.6	7.3
May	776.5	74.4	702.1	67.5	65.9	703.7	—	8.9	—	8.9
June	688.9	55.8	633.1	86.9	64.3	655.7	—	8.9	28.9	— 20.0
July	697.3	39.1	658.2	83.4	64.7	676.9	—	8.9	1.4	7.5

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1964			Net holdings, July 31, 1965			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.-July
Gold .....	+273	—	+273	+271	—	+271	—	—2
Convertible currencies .....	+708	—74	+634	+446	—78	+368	—53	—266
Other currencies .....	—9	+1	—8	+24	+1	+25	+22	+33
Gold and foreign exchange .....	+972	—73	+899	+741	—77	+664	—31	—235
Gold tranche position in IMF .....			+46			+46	—	—
Total .....			+945			+710	—31	—235

## 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 <sup>1)</sup>	4.4 <sup>1)</sup>	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										
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
April	548.5	0.8	19.3	1.4	527.0	23.6	125.0	31.9	116.7	958.1
May	596.8	—0.8	0.8	1.1	595.7	11.8	141.6	32.2	121.2	983.7
June	776.8	10.0	41.6	2.1	723.1	7.6	134.6	32.6	109.6	1 010.3
July	646.1	4.4	10.7	2.2	628.8	9.5	138.5	32.6	115.4	965.5

<sup>1)</sup> 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	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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*										
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
April	629.5	783.0	294.8	2 936.0	2 760.1	1 815.0	739.6	343.5	8 594.4	9 672.2
May	678.6	853.8	296.0	2 959.6	2 765.6	1 831.7	732.2	341.9	8 631.2	9 781.0
June	661.7	823.9	279.2	2 954.1	2 733.2	1 811.8	726.4	339.1	8 564.8	9 667.9
July	646.7	803.4	247.5	2 979.8	2 750.6	1 803.2	731.1	338.5	8 620.9	9 671.8

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1964*			
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
April	1 506.3	75.3	611.6
May	1 484.1	73.5	628.8
June	1 454.9	73.8	654.4
July	1 473.8	72.3	664.8

Selling rates for foreign exchange			
Aug. 31, 1965			
	mk		mk
New York ... 1 \$	3.224	Zurich ..... 100 Fr	74.70
Montreal ..... 1 \$	2.992	Paris ..... 100 FF	65.80
London ..... 1 £	9.000	Rome ..... 100 Lit	0.5163
Stockholm ... 100 Kr	62.38	Vienna ... .. 100 S	12.50
Oslo ..... 100 Kr	45.10	Lisbon ..... 100 Esc	11.22
Copenhagen .. 100 Kr	46.46	Reykjavik .... 100 Kr	7.50
Frankfurt o.M. 100DM	80.42	Madrid ..... 100 Pta	5.42
Amsterdam ... 100 Fl	89.63	Moscow, clear. <sup>1)</sup> 1 Rbl	3.5667
Brussels ..... 100 Fr	6.497	Clearing dollars <sup>2)</sup> 1 Cl \$	3.21

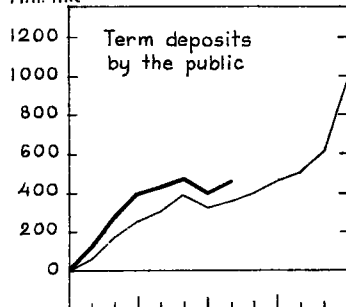
<sup>1)</sup> Bucharest, Peking.<sup>2)</sup> Ankara, Athens, Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

## ADVANCES TO THE PUBLIC - MONEY SUPPLY

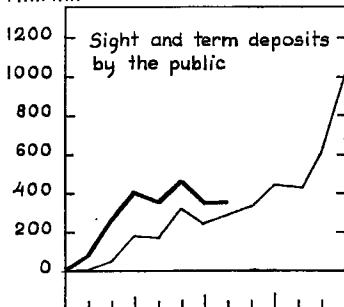
Mill. mk

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*									
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	10 028.3	1 997.7
April	4 187.6	2 396.9	637.0	2 170.2	843.0	9 786.3	448.4	10 234.7	1 949.0
May	4 196.4	2 433.6	647.6	2 208.7	850.4	9 917.8	418.9	10 336.7	2 040.2
June	4 234.0	2 448.2	655.5	2 240.9	862.8	9 994.7	446.7	10 441.4	2 025.0
July	4 202.3	2 473.6	681.0	2 270.7	868.0	10 066.1	429.5	10 495.6	1 948.0

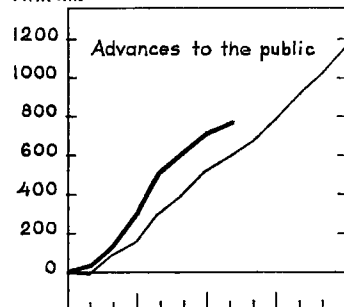
Mill. mk



Mill. mk



Mill. mk



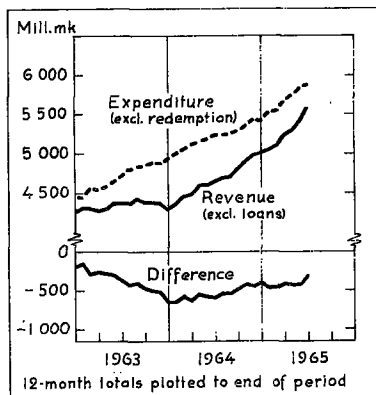
Increase from beginning of year — 1964 — 1965

## STATE FINANCES

Mill. mk

Revenue	Jan. - June		Expenditure	Jan. - June	
	1964	1965		1964	1965
Income and property tax (net) .....	715	893	Interest on State debt .....	71	93
Gross receipts .....	(1 533)	(1 848)	Child allowances .....	153	152
Refunds and communal income tax .....	(-818)	(-955)	The State's share in national pensions .....	113	124
Other direct taxes .....	9	9	Compensations to war-disabled .....	60	68
Sales tax .....	439	651	Subsidies .....	246	264
Import duties .....	242	266	Net payments on price equalization by extra-budgetary funds .....	—	1
Revenue from Alcohol Monopoly .....	183	209	State aid to agriculture .....	25	27
Excise duty on tobacco .....	140	145	State aid to communal and private schools .....	215	250
Excise duty on liquid fuel .....	88	148	Net loss of State enterprises .....	38	47
Other excise duties .....	44	40	Maintenance of roads .....	57	68
Tax on automobiles and motor cycles .....	84	118	Other current expenditure .....	886	10 83
Purchase tax on motor vehicles .....	—	18	<b>Current expenditure</b> .....	1 864	2 177
Stamp duties .....	128	86	Real investments .....	560	628
Employers' payments for child allowances .....	168	198	Other capital expenditure .....	247	308
Net receipts of price equalization by extra-budgetary funds .....	3	—	<b>Capital expenditure</b> .....	807	936
Other revenue similar to taxes .....	41	49	<b>Total expenditure</b> .....	2 671	3 113
<b>Total taxes</b> .....	2 284	2 830	Redemption of external loans .....	22	45
Interest and dividends .....	39	47	Redemption of internal loans .....	122	207
Other current revenue .....	72	97	Redemption of indemnity bonds etc. .....	3	3
<b>Current revenue</b> .....	2 395	2 974	Index premiums .....	10	19
Capital revenue proper .....	58	72	<b>Redemptions</b> .....	157	274
Decrease in inventories .....	65	29	<b>Total</b> .....	2 828	3 387
<b>Capital revenue</b> .....	123	101			
<b>Total revenue</b> .....	2 518	3 075			
External loans .....	127	13			
Internal loans .....	173	240			
<b>Loans</b> .....	300	253			
Short-term credit (increase +) .....	+30	+56			
<b>Deficit (+) or surplus (—)</b> .....	—20	+ 3			
<b>Total</b> .....	2 828	3 387			

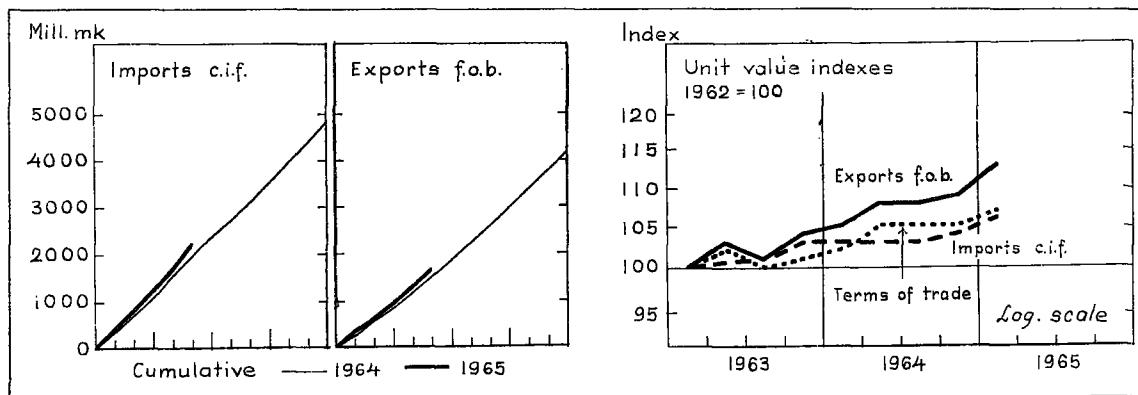
Debt	1962	1963	1964	1965			
	Dec.	Dec.	Dec.	April	May	June	July*
<b>External debt</b> ...	803	963	1 184	1 184	1 180	1 154	1 140
Ordinary loans ....	936	1 109	1 205	1 196	1 206	1 238	1 226
Indemnity bonds etc.	18	11	7	204	204	204	204
Short-term credit ..	61	160	325	361	377	381	363
Cash debt (net) ...	—125	78	23	110	195	35	..
<b>Internal debt</b> ....	890	1 358	1 560	1 871	1 982	1 858	..
<b>Total debt</b> .....	1 693	2 321	2 744	3 055	3 162	3 012	..
Total debt, mill. \$	525.4	720.8	852.8	947.6	980.7	934.2	..





## FOREIGN TRADE

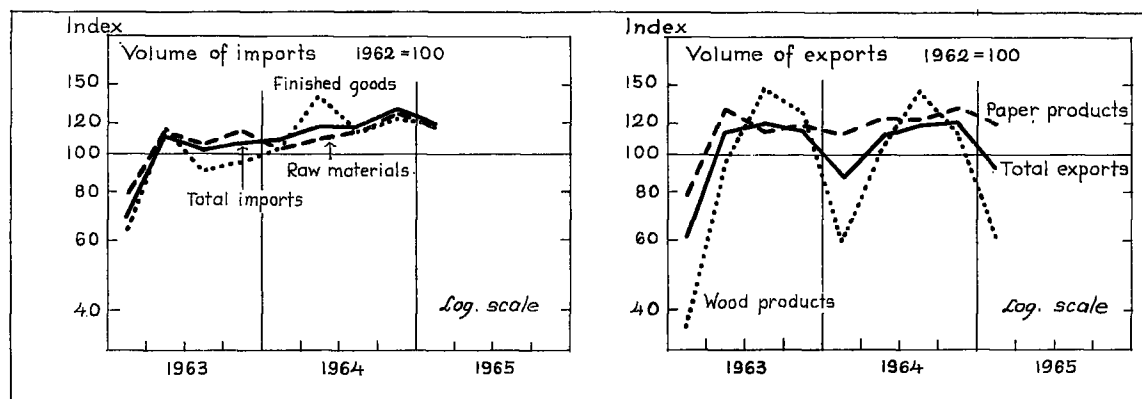
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (—) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1961	3 690.2	3 374.0	—316.2	102	99	103	104	100	99	103
1962	3 928.7	3 533.1	—395.6	100	100	100	100	100	100	100
1963	3 866.9	3 678.0	—188.9	102	96	104	100	105	101	101
1964	4 816.1	4 132.0	—684.1	108	109	111	104	113	103	105
Jan.-June										
1963	1 793.0	1 566.7	—226.3							
1964	2 340.3	1 853.7	—486.6							
1965*	2 644.0	2 063.9	—580.1							
1964										
April	448.8	339.5	—109.3	108	109	110	104	115	103	105
May	398.7	335.3	—63.4							
June	412.4	366.4	—46.0							
July	362.9	368.6	+ 5.7							
Aug.	390.2	349.3	—40.9	108	111	112	105	113	103	105
Sept.	422.3	408.4	—13.9							
Oct.	418.8	400.8	—18.0							
Nov.	432.8	367.2	—65.6							
Dec.	448.8	383.9	—64.9	109	116	115	105	112	104	105
1965*										
Jan.	383.9	317.3	—66.6							
Feb.	405.2	267.8	—137.4							
March	455.1	337.5	—117.6	112	114	118	105	119	106	106
April	434.8	341.3	—93.5							
May	530.0	395.2	—134.8							
June	435.0	404.8	—30.2							



## FOREIGN TRADE BY MAIN GROUPS

Mill. mk

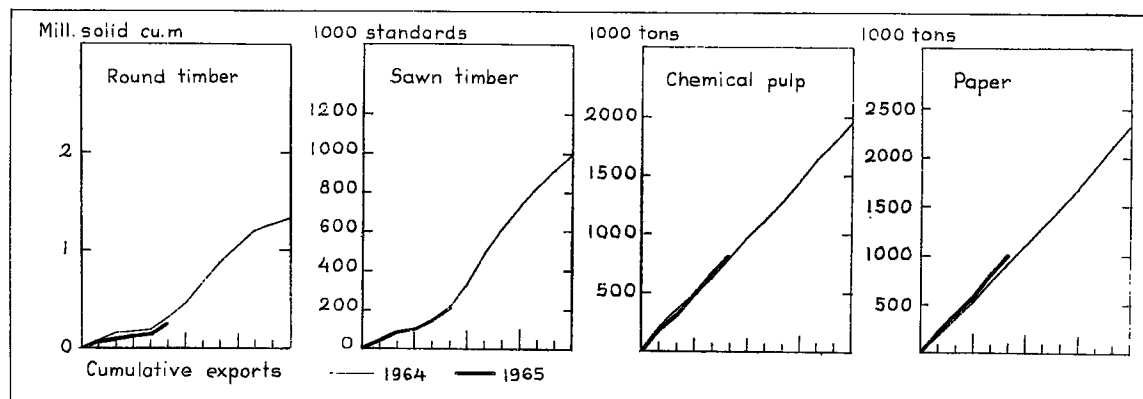
Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Investment goods	Consumer goods						
1961	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.-June										
1963	837.0	148.0	479.5	328.5	73.5	31.8	261.3	825.8	285.4	88.9
1964	990.1	242.2	689.1	418.9	118.4	29.4	335.4	964.6	282.6	123.3
1965*	1 138.4	241.5	816.1	448.0	128.4	23.2	352.6	1 055.8	349.8	154.1
1964										
Feb.	155.6	36.5	100.1	57.2	23.8	5.5	44.6	148.1	60.4	17.5
March	149.6	47.7	107.9	62.8	12.1	1.8	26.4	145.3	28.9	16.9
April	162.3	34.1	148.5	103.9	27.9	2.3	49.5	165.1	75.6	19.1
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.	184.9	33.2	110.4	55.4	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	199.2	46.0	126.7	83.2	25.6	2.2	37.6	188.7	60.7	22.7
April	177.6	47.8	138.2	71.2	17.2	2.4	55.2	195.8	46.4	24.3
May	209.1	34.4	188.1	98.4	29.2	6.2	69.9	173.4	84.5	32.0
June	195.4	48.7	124.6	66.3	18.4	6.1	89.2	185.0	73.1	33.0



March 1963 figures are affected by strikes.

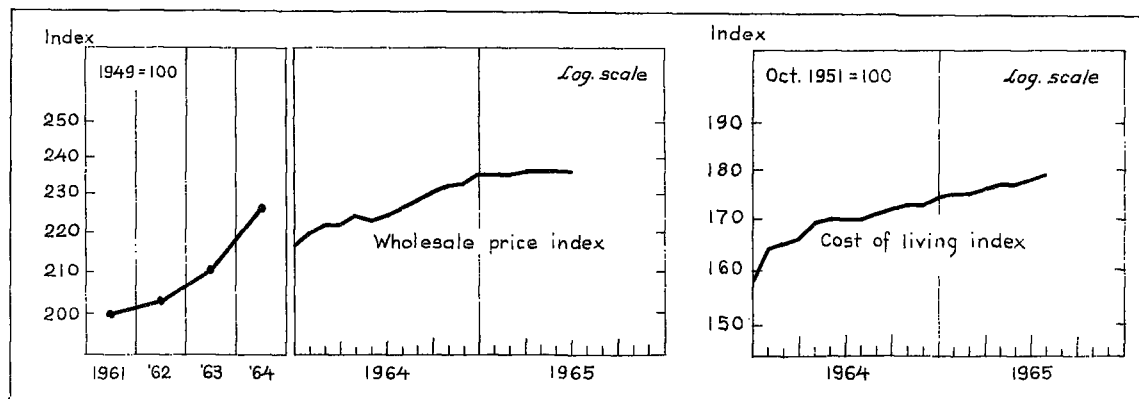
## EXPORTS OF SOME IMPORTANT ARTICLES

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
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.-June										
1963	604	259	194	85	427	438	86	80	397	1 022
1964	456	330	217	91	488	483	86	87	451	1 095
1965*	342	294	238	84	463	516	92	79	513	1 200
1964*										
Feb.	64	35	41	15	75	66	13	15	68	174
March	15	15	27	11	66	68	14	13	65	168
April	26	42	38	15	81	64	16	16	79	197
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	14	14	75	180
March	26	22	37	15	92	82	15	10	81	209
April	31	41	41	16	78	91	16	16	101	225
May	109	63	40	11	68	100	15	12	80	194
June	79	91	39	14	74	94	19	13	93	203



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan. - June			Whole year		Jan. - June		
	1963	1964	1964	1965*		1963	1964	1964	1965*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	15.8	15.3	15.2	15.3	405.3	23.6	25.3	24.8	23.0	475.7
United Kingdom .....	15.3	14.8	14.8	14.8	392.4	21.5	23.0	22.5	20.9	430.5
<b>Other OECD countries</b>										
<b>in Europe</b> .....	53.0	52.7	51.3	55.8	1 476.5	43.9	45.9	44.5	44.5	917.6
Austria .....	0.7	0.7	0.7	0.8	20.0	0.3	0.4	0.3	0.3	5.2
Belgium-Luxembourg ....	2.2	2.0	1.8	2.3	60.5	3.3	3.5	3.2	3.0	61.0
Denmark .....	3.3	3.0	3.0	3.1	80.5	3.5	3.7	3.4	3.7	77.6
France .....	4.3	5.5	4.5	4.4	116.9	5.0	5.8	5.5	4.6	94.4
Western Germany .....	18.0	17.3	17.2	19.6	518.2	12.0	11.6	11.2	11.3	234.1
Italy .....	2.0	1.8	1.9	1.9	51.0	3.2	3.0	3.2	3.3	67.8
Netherlands .....	4.7	4.0	3.7	4.1	109.4	6.3	6.8	6.2	5.7	118.5
Norway .....	1.6	1.5	1.7	1.7	46.2	0.8	0.9	0.8	1.1	21.7
Portugal .....	0.2	0.2	0.2	0.2	6.2	0.1	0.1	0.1	0.2	4.4
Spain .....	0.4	0.5	0.6	0.6	16.0	0.9	0.9	0.8	1.0	19.7
Sweden .....	11.9	12.7	12.6	13.7	362.5	5.7	6.4	7.2	7.2	149.5
Switzerland .....	2.9	2.8	2.8	2.7	70.5	0.7	0.8	0.7	0.7	14.7
<b>Eastern Bloc</b> .....	21.7	22.4	22.8	18.7	493.2	20.8	17.5	18.0	20.3	418.6
China .....	0.2	0.4	0.5	0.4	10.0	0.5	0.5	0.5	0.4	9.2
Czechoslovakia .....	0.7	0.6	0.7	0.7	19.5	0.9	0.4	0.6	0.6	12.0
Eastern Germany .....	1.1	1.0	1.0	0.9	23.1	1.0	1.0	1.0	0.8	15.6
Poland .....	2.0	2.0	1.7	1.5	38.6	1.7	2.0	2.2	3.0	61.1
Soviet Union .....	16.9	17.6	18.0	14.7	387.5	16.0	12.1	12.1	14.5	299.5
<b>U.S. and Canada</b> .....	5.3	5.0	5.6	5.4	141.7	5.4	5.9	6.8	7.0	144.8
United States .....	4.9	4.8	5.3	5.2	138.0	5.2	5.7	6.6	6.8	139.5
<b>Latin America</b> .....	2.9	3.0	3.3	2.3	60.9	2.9	2.7	2.9	3.0	61.6
Argentina .....	0.5	0.3	0.5	0.5	12.8	0.6	0.8	0.7	0.9	18.5
Brazil .....	1.6	1.6	1.7	1.1	28.1	0.7	0.5	0.5	0.3	6.9
<b>Other</b> .....	1.3	1.6	1.8	2.5	66.4	3.4	2.7	3.0	2.2	45.6
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	2 644.0	100.0	100.0	100.0	100.0	2 063.9
of which										
<b>EFTA countries</b> .....	36.0	35.8	35.7	37.0	978.3	32.6	35.4	35.1	34.1	703.5
<b>EEC countries</b> .....	31.2	30.5	29.1	32.4	856.0	29.8	30.6	29.2	27.9	575.8



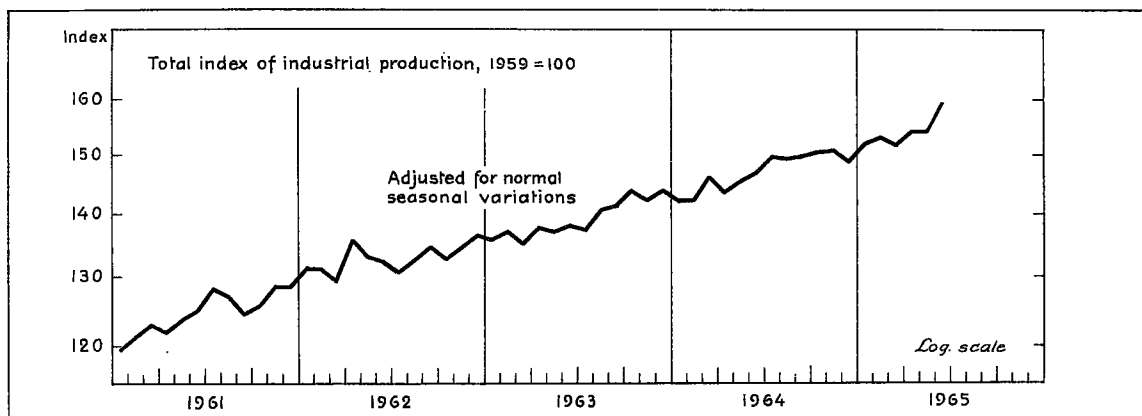
## PRICE INDEXES

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												
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	236	242	216	240	222	235	266	229	223	157	125	207
April	236	242	213	240	222	234	268	222	222	158	125	210
May	236	242	213	242	223	231	268	229	222	159	125	212
June	236	242	213	242	223	231	266	229	222	159	125	212
July	237	243	213	242	224	233	269	228	223	159	125	209

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												
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
April	177	194	373	115	108	171	139	142	138	111	135	140
May	177	195	373	114	108	172	139	143	138	111	135	140
June	178	197	373	114	109	172	140	145	138	111	135	140
July	179	199	375	115	109	173	141	146	139	111	135	141

## 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	47 499	160
1963	138	144	141	131	121	155	140	133	139	47 780	169
1964*	148	149	154	135	128	170	148	142	147	53 200	156
1963											
Oct.	161	170	166	148	136	183	164	155	144	3 189	181
Nov.	150	153	155	137	113	171	150	145	142	3 915	173
Dec.	132	134	138	119	121	149	131	124	144	4 534	201
1964*											
Jan.	147	155	152	132	121	164	153	136	142	5 552	114
Feb.	146	153	150	133	132	164	151	135	142	6 031	143
March	144	147	150	131	125	163	147	136	146	6 500	142
April	156	159	159	147	155	171	158	151	144	5 469	161
May	142	141	147	133	131	165	139	136	146	11 353	154
June	142	149	144	135	141	144	145	140	147	1 863	150
July	115	81	127	100	122	169	85	108	150	1 327	145
Aug.	149	142	152	144	103	175	140	152	149	1 846	170
Sept.	161	167	166	147	125	183	167	154	150	2 335	173
Oct.	165	163	173	147	129	192	165	158	150	2 926	169
Nov.	161	166	170	142	125	184	164	155	151	3 462	164
Dec.	149	162	157	129	127	162	160	138	149	4 536	183
1965*											
Jan.	150	155	159	129	127	176	154	136	152	4 822	120
Feb.	152	163	158	134	136	174	161	139	153	6 095	147
March	168	177	176	149	157	197	174	156	152	6 342	168
April	152	155	157	140	144	168	154	145	154	5 674	188
May	158	156	166	143	147	186	158	148	154	11 698	181
June	148	159	149	140	133	150	158	144	159	2 162	164

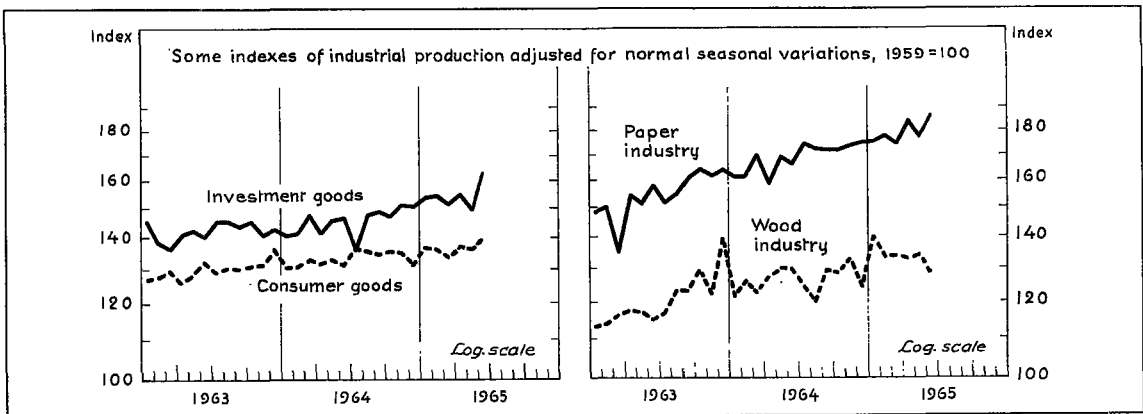


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

## 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	172	162
1964										
Jan. - Mar.	4.41	2.30	0.23	1.36	0.40	25.39	158	148	166	156
Apr. - June	4.93	1.83	0.31	1.91	0.66	29.45	164	154	177	162
July-Sept.	6.57	2.47	0.85	1.74	1.05	30.77	165	149	180	163
Oct.-Dec.	8.68	3.97	1.04	2.60	0.69	28.55	169	165	164	167
1965*										
Jan.-Mar.	4.56	1.93	0.23	1.77	0.50	28.08	176	176	180	174

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	
	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	1 860	2.3	1.6
March	122	144	535	679	389	493	1 839	1 839	1.8	1.7
April	138	138	588	721	487	601	1 882	1 884	1.5	1.7
May	125	132	755	969	709	772	1 920	1 940	1.1	1.1
June	128	129	995	1 188	963	1 109	1 906	1 955	1.2	1.0
July	128	134	1 165	1 387	1 253	1 313	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 according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. 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 felling* 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 independent 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 130 for 1964 (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 (July 31, 1965): Steamers 150 (254 681 gross reg. tons), motor vessels 384 (727 979 gross reg. tons), sailing vessels with auxiliary engines 34 (4 312 gross reg. tons). Total 568 (986 972 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 (1964): Kilometres flown 12.0 million, passengers carried 639 700, passenger kilometres 311.2 million, and ton kilometres of freight and mail 5.4 million.

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). 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 1963 expenditure amounted to 2 776 mill. marks. Total revenue was 2 775 million, of which income from taxation 1 393 million. The municipal income tax (non-progressive) averaged 11.91 % 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 Pension Institute and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1964). Bank of Finland discount rates 6—7 1/2 %. 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 %.

# INSURANCE IN FINLAND, 1963

BY

A. JUNNILA, Ph. D.

DIRECTOR OF THE SUOMI INSURANCE COMPANY

The main purpose of insurance is to act as an equalizer of losses, and to provide financial relief in case of loss. Its significance to the economy can be measured, for example, on the basis of the flow of money which it collects in the form of insurance premiums or pays out in the form of claims every year, and by the part it plays in the investment of capital.

The following review will give a general idea of the scale of insurance in Finland in 1963: development trends will remain rather in the background in this article. The benefits to the private individual policy holder by the various types of insurance are also almost entirely left out of consideration. The aim has been to distinguish between a) statutory, generally compulsory insurance and b) private, generally voluntary insurance. Compulsory motor third party insurance is, however, also included in the latter. The former is partly handled by the National Pensions Institute, and partly entrusted to private insurance companies. It is also handled by funds and foundations. The latter is handled mainly by insurance companies and to some extent by local insurance associations.

## PREMIUM REVENUES

### *Statutory insurance*

Old age and disability pension insurance covering the whole nation is controlled by

the National Pensions Institute and is based on the National Pensions Act of 1937, revised in 1956. The insurance premium is 1.5 per cent of the insured's income, but the pension is basically the same for everyone through poorer persons get a graded increase in their pension according to their income. The insurance premium is thus similar to a tax and the expression "insurance premium" is in fact misleading since the premium does not correspond to the benefit. The National Pensions Institute also handles general compulsory sickness insurance which came into force in 1964.

Those employed get an individually worked out employment pension in addition to their national pension. This is made up of old age and disability pension. It is based on the Employees' Pension Acts of 1961 and 1962 (see Bulletin No. 11, 1964): 1963 was the first full calendar year that this employment insurance was in force. The system is handled by employment pension funds, private insurance companies, pension funds and foundations. Pensions granted under the Employees' Pension Act may be supplemented with voluntary additional benefits, but this has so far been of little significance.

Uniform legislation on pensions for people employed by the State or the Church is at present in preparation. The Municipal Pension Act was issued in 1964.

Statutory employees' accident insurance, the oldest form of social insurance in Finland (dating from 1895) is entrusted to private insurance companies.

The income from social insurance premiums in 1963 amounted to a total of 604 million marks, composed as follows:

	Mill. mk	Per cent
National insurance premiums ..	274	45.4
Employment pension premiums ..	260	43.0
Accident insurance premiums ..	70	11.6
Total	604	100.0

A total of 73 million marks was finally collected in 1964 in premiums for sickness insurance.

#### *Private insurance*

The insurance companies' income in 1963 from premiums for the various types of insurance was as follows:

	Mill. mk	Per cent
Life insurance .....	114	30.6
Motor third party insurance ..	84	22.5
Fire insurance .....	65	17.4
Transport insurance .....	43	11.5
Motor insurance .....	27	7.2
Other types of insurance .....	40	10.8
Total	373	100.0

The insurance premium revenues mentioned above rose in all to a total of 977 million marks in 1963. The following table describes the collection and disposal of these premiums according to the various insurance institutions.

	Ins. premiums		Claims and business expenditure		Balance	
	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent
National pension insurance	274	28.0	252	36.9	22	7.5
Funds and foundations	129	13.2	52	7.6	77	26.3
Life and pension ins. companies	245	25.1	94	13.7	151	51.5
Non-life insurance companies and associations	329	33.7	286	41.8	43	14.7
Total	977	100.0	684	100.0	293	100.0

Thanks to the income from interest, however, the increase in funds from insurance activities in 1963 was considerably greater than the balance remaining from the insurance premiums.

The companies paid out some of their income from insurance premiums in the form of re-insurance, some to Finnish and some to foreign companies. In 1963, 56 million marks went abroad in re-insurance premiums, while 74 million marks came to Finland. Re-insurance business is not examined in this survey, as also direct insurance by foreign firms in Finland, from which they received only 5 million marks in revenues.

#### CLAIMS

Insurance claims were paid out as follows in 1963:

	Mill. mk	Per cent
Old age and disability pensions	237	45.1
Employment pensions .....	3	0.6
Employees' accident insurance ..	50	9.5
Claims from assistance funds of various kinds .....	44	8.4
Social insurance total	334	63.6
Fire insurance .....	50	9.5
Life insurance .....	46	8.8
Motor third party insurance ..	33	6.3
Transport insurance .....	33	6.3
Motor insurance .....	16	3.0
Other types of insurance .....	13	2.5
Private insurance total	191	36.4
Total claims	525	100.0

The proportion of social insurance in the total sum paid out in claims thus rose to almost two thirds.

#### FUNDS AND INVESTMENTS

Because of the considerable risk involved, insurance institutions must have reserve funds for years when claims paid are more than the average amount estimated in advance, thus exceeding the income from premiums.

Funds are also accumulated because with certain risks the rate of claim increases with time. If an insurance premium is levelled out to remain the same from year to year, there is an excess in the early years which is then put aside for use in future years. This is the procedure with life insurance in particular: the value of the insurance and the insurance premium generally remain the same from year to year, but the probability of death increases with age. There is, however, a type of life insurance in Finland in which the amount of the insurance decreases with age in such a way that it corresponds to the insurance premium which remains the same: this means that the insurance premiums for each year cover the payments made for cases of death in that year. However, the main method of accumulating funds in the field of life insurance is, through the savings activities associated with insurance. The most usual form of insurance is still, in fact, the traditional kind of insurance under which the amount of the insurance is paid out at a certain age to the insured himself, unless, in the case of death, when it is paid out earlier. An extremely effective savings accumulator in this connection is pension insurance.

If the claim is not paid in its entirety as soon as an accident occurs or a certain age is reached, but, for example, in the form of a pension over a number of years, two different methods are available: the funding and the allotment method. Under the former, the capital value of the liability is set aside in the funds; under the latter they are covered by the insurance firm's annual flow of premium revenues and the payers of the insurance premiums are each year charged premiums big enough to cover this. The allotment method is possible in compulsory social insurance. Private insurance uses the funding method, as quite often does social insurance.

The funds have grown in the course of the year 1963 by 561 million marks, which is equivalent to more than 10 per cent of the net capital formation.

On 31. 12. 1963 the funds were distributed between social and private insurance broadly as follows:

	Mill. mk	Per cent
<i>Social insurance</i> .....	2 193	61.1
National Pensions Institute Funds .....	1 302	36.3
Employment pension insurance funds in insurance companies .....	204	5.7
Funds and foundations ....	136	3.8
Funds in other assistance funds .....	385	10.7
Accident insurance funds in insurance companies .....	166	4.6
<i>Private insurance</i> .....	1 398	38.9
Life insurance .....	810	22.6
Fire insurance .....	180	5.0
Motor third party insurance .....	170	4.7
Transport insurance .....	54	1.5
Motor insurance .....	26	0.7
Other types of insurance and unclassified funds .....	158	4.4
<b>Total</b>	<b>3 591</b>	<b>100.0</b>

To make a comparison we might mention that the funds rose to almost half the banking institutions' total borrowing for the same period.

The importance of social insurance in fund formation will grow considerably in the next few years, thanks to employment pension insurance. With regard to life insurance, the formation of funds is still to come to the insurance business in operation at present, as life insurance is on the whole fairly recent, and has tended to build up after periods of inflation.

The aim has been to invest funds mainly to earn income. The investments of the National Pensions Institute were distributed on 31. 12. 1963 as follows:

	Mill. mk	Per cent
Power stations .....	738	59.9
Industry .....	284	23.0
Communes .....	98	7.9
State .....	54	4.4
Trade and communication ....	29	2.4
Electrification of rural districts	18	1.5
Miscellaneous objects .....	11	0.9
Total	1 232	100.0

These investments consisted of 88 per cent loans, 6 per cent shares, 5 per cent bonds and 1 per cent other forms.

The following table shows the distribution of the insurance companies' investments on 31. 12. 1963.

In investments in the insurance field, the main emphasis is on loans; the National Pensions Institute grants these mainly to power stations and the insurance companies for building. There is usually a 50 per cent index clause attached to the loans.

In the light of the figures given above it is clear that insurance is one important channel through which the capital flow of society is directed, particularly into investments.

In addition to fund investments, claims paid out play their part in facilitating supporting the formation of capital. Several of these claims — for example, pensions and

	Life and pension insurance companies		Non-life insurance companies	
	Mill. mk	Per cent	Mill. mk	Per cent
Bank deposits ....	11.4	1.2	73.7	10.6
State and municipal bonds .....	46.0	4.9	17.5	2.5
Other bonds .....	13.1	1.4	10.3	1.5
Loans to the State	1.8	0.2	0.0	0.0
Loans to municipalities and communities .....	44.4	4.7	37.5	5.3
Loans guaranteed by the State, municipalities and communities ....	37.5	4.0	20.1	2.9
Loans on mortgage	395.5	42.3	341.0	48.9
Loans by pension insurance companies to policy holders .....	205.4	22.0	—	—
Loans on other security .....	88.8	9.5	101.8	14.6
Shares .....	15.5	1.7	32.1	4.6
Property .....	75.3	8.1	63.7	9.1
Total	934.7	100.0	697.7	100.0

sickness benefits — are, of course, intended primarily for consumer expenditure, but on the other hand money paid in claims is often used for the replacement or renovation of capital equipment.

In 1963 a total of 97 million marks was paid in wages and salaries in the insurance field, a good 1 per cent of the country's total wages and salaries. Employment was equivalent to about 9 000 working years.

## ITEMS

**Finnish-Soviet technical exchange.** On August 13, an agreement between Finland and the Soviet Union concerning scientific and technical co-operation for the forthcoming year was signed in Moscow.

In accordance with the agreement Finnish scientists and experts will study up-to-date methods of crushing, deironizing and enriching iron ores, and the planning and building of hydroelectric power stations. Problems of sanitation, history, philology, archaeology and other subjects will also be discussed.

Soviet scientists are to visit Finland to study methods of installing and maintaining equipment for the cellulose and paper industries. Techniques of embanking, and the use of railways and highways built on weak foundations, as well as questions connected with constructional problems, technical schooling and allied topics will be discussed.

\*

**M/S FORSVIK.** On August 19, M/S FORSVIK, the 17 000-dwt cargo ship was launched at the Crichton-Vulcan shipyard at Turku. It is the largest ship ever built in Finland, with a speed of 14.5 knots, an overall length of 158 m., a breadth of 21.6 m., a depth of 13 m., and a draft of 9.5 m. Amongst its special features is a bale capacity of 25 000 cu.m. The ship is equipped with a Wärtsilä-Sulzer main engine which is heavy oil driven with an output of 7 200 b.h.p.

The ship is to be delivered to its Swedish owner, Broström Company, in November.

\*

**Ferry service between Naantali and Stockholm.** On December 1, a car-ferry service

to operate along the route Naantali—Långnäs—Stockholm will be inaugurated. Three trips, in either direction, will be made each week. The crossing will take approximately 11 hours.

\*

**Domestic bond issues.** In August the Government decided on the following three bond issues:

Second 1965 issue of 6 1/2 per cent bonds to be subscribed by the banking institutions. The amount of the loan is 21 million marks, and the bonds, dated September 1, 1965 will run for a period of 10 years. Amortization and interest are tied to the cost of living index to the extent of 50 per cent.

Second 1965 issue of 8 per cent bonds to be subscribed by the banking institutions. The bonds total 21 million marks and are dated August 16, 1965. The loan has a currency period of 5 years.

Fourth 1965 issue of bonds at a variable rate of interest, amounting to 30 million marks. The bonds are dated September 1, 1965 and will mature in 5 years. The rate of interest is 2 1/2 percentage points above the general rate for six-month deposits in the two largest commercial banks. The loan is tied to the cost of living index to the extent of 50 per cent.

All three loans are issued at par.

In July the Government authorized Keskusosuusliike Hankkija (Central Organization of the Agricultural Co-operative Societies) to make a private bond issue of 10 million marks. The bonds are dated September 15, 1965 and bear an interest of 7 1/4 per cent. They will run for a period of ten years. Amortization and interest are tied to the cost of living index to the extent of 50 per cent.

# 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

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*