



BANK OF FINLAND

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OCTOBER

1968

THE BALANCE OF PAYMENTS

During the first half of 1968 the Finnish economy experienced a striking improvement in its external position. This was apparent on both the current and capital accounts of the balance of payments. The deficit on current account was only one sixth of the corresponding deficit for January—June 1967, and the country's foreign exchange reserves more than doubled during the period January—June 1968. There was a considerable improvement, not only in the merchandise accounts, but also in certain other sectors such as transportation and travel.

Total receipts on current account increased by 38 per cent and total expenditure by 24 per cent in comparison with the corresponding figures for the previous year. Consequently the current account deficit was cut by 311 million marks to 59 million marks, (see table page 9). This was mainly the result of encouraging developments in the trade balance. Expressing the figures for January-June 1967 in terms of the new parity — devaluation was effected in October 1967 — shows that current account receipts increased by 5 per cent and expenditure decreased by 6 per cent.

Rising export demands in Finland's most important markets, in conjunction with the change in the exchange rate were reflected in

the increasing rate of growth of export value, which was pronounced in the first quarter of 1968, especially in highly processed export categories such as metal and engineering products and consumer goods. The seasonally adjusted value of imports declined by 15 per cent from the last quarter of 1967 to the first quarter of 1968, but it increased by a similar amount during the second quarter. Almost the whole trade balance deficit of 116 million marks (388 million in January—June 1967) in the first half of 1968 arose during the first quarter, the second quarter showing an almost balanced trade account.

The contribution of net service income to the improvement on current account was 182 million marks in the first half of 1968 against 115 million marks in the corresponding period of the previous year. The impact of devaluation on services was most noticeable on travel account, the deficit on which was only half the corresponding figure for 1967. Calculated at the new parity, travel income increased by 34 per cent and travel expenditure decreased by 15 per cent. Owing to the increase in foreign debt the net deficit on investment

***On page 18, National Income of Finland,
1965—1967***

income increased somewhat. The half year current account deficit consisted of a 93 million marks deficit in the first quarter and a 34 million surplus in the second.

Net imports of long-term foreign capital totalled 170 million marks in comparison with 402 million marks in January—June 1967. This exceeded the current account deficit by 110 million marks, which is the surplus in the basic balance. Drawings on long-term loans were 610 million marks compared with 507 million marks in the first half of 1967. Three bond issues totalling 124 million marks were included in the drawings, but the major part were medium-term financial credits. As the amortization of long-term loans were three times greater than in January—June 1967 and net capital exports through long-term export credit considerably increased, the net capital import remained less than half the corresponding figure for 1967.

In the first half of 1968 the main net capital inflow amounting to 373 million marks occurred in the form of short-term

capital, the greater part of which was the increase in net import credits. This increase was mainly due to the abolition of the advance payment requirement for imports. The net import of other short-term capital (incl. errors and omissions) was only 16 million marks. Consequently, the over-all balance showed a 484 million marks surplus, which is reflected in the similar increase in total foreign exchange reserves. The reserves of authorized foreign exchange dealers fell by 150 million marks and those of the Bank of Finland increased by 634 million marks, of which 528 million marks was in gold and convertible currencies and 106 million marks in non-convertible currencies. At the end of June 1968 the net reserves of the Bank of Finland were 1260 million marks. Hence as a result of the small deficit on current account and the considerable inflow of foreign capital, especially of a short-term character, the net reserves of the Bank of Finland were doubled between January—June 1968.

October 2, 1968

BANK OF FINLAND

Mill. mk

	1967		1968			
	Dec. 30	Aug. 31	Aug. 30	Sept. 6	Sept. 13	Sept. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	798.8	813.6	1 454.5	1 433.9	1 447.5	1 461.9
Gold	188.8	149.8	190.1	190.1	190.1	190.1
Foreign exchange	512.3	587.1	1 146.9	1 123.8	1 137.6	1 150.7
Foreign bills	72.5	56.4	71.4	73.9	73.7	75.0
Foreign bonds	25.2	20.3	46.1	46.1	46.1	46.1
<i>Supplementary note cover</i>	1 130.7	903.1	786.9	778.4	762.1	830.3
Inland bills discounted						
In foreign currency	122.5	45.4	31.8	31.8	31.8	31.8
In Finnish currency	140.7	85.1	135.9	135.0	141.9	141.7
Rediscounted bills	867.5	772.6	619.2	611.6	588.4	656.8
<i>Other assets</i>	707.7	454.3	480.7	456.7	459.4	369.4
Finnish bonds	370.5	259.3	238.9	214.9	213.9	122.0
Cheque accounts	4.0	3.6	2.0	1.0	1.2	1.2
Finnish coin	12.3	15.3	17.1	17.0	17.4	17.4
Other claims	320.9	176.1	222.7	223.8	226.9	228.8
Total	2 637.2	2 171.0	2 722.1	2 669.0	2 669.0	2 661.6
Liabilities						
<i>Notes in circulation</i>	1 052.1	1 000.9	1 054.0	1 028.7	1 026.9	1 012.5
<i>Liabilities payable on demand</i>	139.6	145.1	135.8	109.5	106.4	96.8
Foreign exchange accounts	74.7	49.1	72.7	73.3	74.2	62.8
Mark accounts of holders abroad	14.1	13.8	13.6	13.5	13.4	13.3
Cheque accounts						
Treasury	4.4	23.6	0.1	0.2	0.2	0.8
Post Office Savings Bank	17.2	36.9	0.3	0.6	1.6	2.6
Private banks	9.8	1.6	36.9	8.9	4.3	4.0
Other	1.8	1.6	1.3	2.1	1.9	2.0
Other sight liabilities	17.6	18.5	10.9	10.9	10.8	11.3
<i>Term liabilities</i>	553.1	350.0	669.5	665.1	667.0	673.2
Foreign	339.5	204.0	159.5	159.5	159.5	159.5
Finnish	213.6	146.0	510.0	505.6	507.5	513.7
<i>Equalization accounts</i>	422.0	223.4	383.9	385.5	387.4	396.8
<i>Bank's own funds</i>	470.4	451.6	478.9	480.2	481.3	482.3
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	129.5	129.5	150.0	150.0	150.0	150.0
Earnings less expenses	40.9	22.1	28.9	30.2	31.3	32.3
Total	2 637.2	2 171.0	2 722.1	2 669.0	2 669.0	2 661.6
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	798.8	813.6	1 454.5	1 433.9	1 447.5	1 461.9
Supplementary cover (Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	700.0	700.0	700.0	700.0	700.0
Total	1 498.8	1 513.6	2 154.5	2 133.9	2 147.5	2 161.9
Note issue						
Notes in circulation	1 052.1	1 000.9	1 054.0	1 028.7	1 026.9	1 012.5
Liabilities payable on demand	139.6	145.1	135.8	109.5	106.4	96.8
Undrawn on cheque credits	3.1	3.5	5.5	6.5	6.3	6.3
Unused right of note issue	304.0	364.1	959.2	989.2	1 007.9	1 046.3
Total	1 498.8	1 513.6	2 154.5	2 133.9	2 147.5	2 161.9

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

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1967										
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	1.1	4.9	2.3
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	1.1	23.6	— 16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	1.1	1.0	6.2
Oct. ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	1.3	10.6	— 3.6
Nov.	878.6	71.9	806.7	106.8	357.4	556.1	8.3	2.3	18.4	— 12.4
Dec.	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1968										
Jan.	811.2	67.8	743.4	98.6	350.5	491.5	4.1	63.6	0.3	— 59.8
Feb.	996.4	66.1	930.3	98.5	349.3	679.5	4.1	118.2	2.7	— 116.8
March	1 095.4	67.9	1 027.5	101.4	349.5	779.4	4.1	164.4	5.0	— 165.3
April	1 193.6	73.4	1 120.2	127.3	347.2	900.3	4.1	201.4	3.0	— 200.3
May	1 235.0	81.5	1 153.5	127.2	346.3	934.4	4.1	249.7	0.7	— 246.3
June	1 346.4	86.1	1 260.3	124.5	303.5	1 081.3	6.7	276.9	0.0	— 270.2
July	1 361.9	69.9	1 292.0	120.5	172.9	1 239.6	6.7	277.1	2.6	— 273.0
Aug.	1 337.0	72.7	1 264.3	117.5	173.1	1 208.7	6.7	297.2	0.1	— 290.6

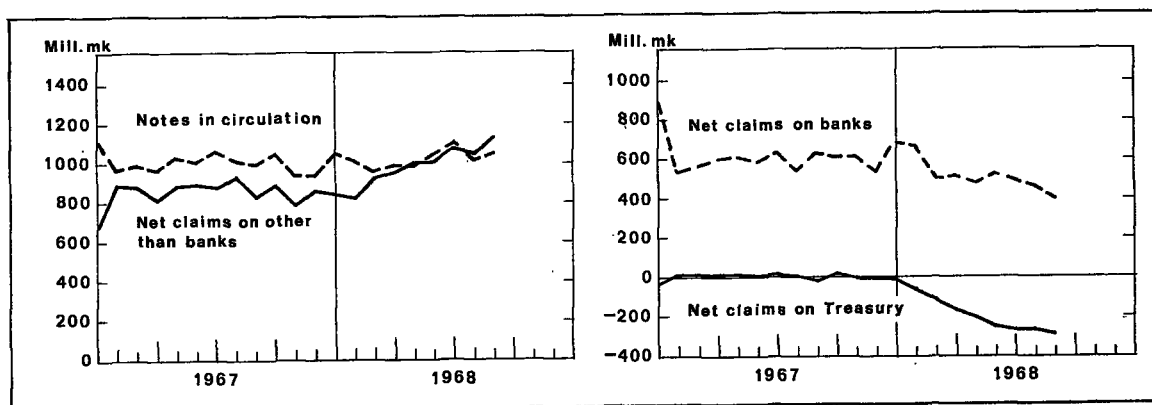
	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 30, 1967			Net holdings Aug. 31, 1968			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
	Gold	189	—	189	190	—	190	— 1	+ 1
Convertible currencies	458	—295	163	988	—400	588	— 8	+425
Other currencies	— 21	—1	— 22	86	6	92	— 31	+114
Total	626	—296	330	1 264	—394	870	— 40	+ 540

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

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1961	294.6	44.7	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	- 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	- 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1967										
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	1 019.8
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6
Nov.	780.2	170.9	69.1	0.2	540.0	113.9	295.5	51.8	357.6	937.9
Dec.	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968										
Jan.	833.9	153.9	19.5	0.1	660.4	149.3	362.3	49.8	461.8	1 010.3
Feb.	682.9	163.8	18.4	0.1	500.6	136.5	283.6	49.1	371.0	956.6
March	697.0	167.4	21.2	0.2	508.2	137.3	258.5	48.6	347.2	979.1
April	653.4	156.3	19.6	+ 0.0	477.5	141.0	229.0	49.9	320.1	990.1
May	701.7	160.8	17.4	0.3	523.2	131.8	228.3	50.9	309.2	1 035.7
June	694.8	180.5	20.3	0.1	493.9	133.5	223.7	44.9	312.3	1 101.5
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	+ 0.0	399.3	135.9	249.8	42.3	343.4	1 054.0

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

DEPOSITS BY THE PUBLIC—FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1967										
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9
Nov.	663.0	850.5	310.9	3 879.2	3 543.0	2 354.7	912.2	398.5	11 087.8	12 249.2
Dec.	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968*										
Jan.	622.3	788.2	444.8	4 049.8	3 645.9	2 432.7	954.9	422.7	11 506.3	12 739.3
Feb.	672.5	841.1	407.1	4 148.5	3 704.1	2 475.8	967.4	421.8	11 717.9	12 966.1
March	664.0	837.9	353.5	4 167.7	3 736.9	2 498.4	978.0	421.1	11 802.3	12 993.7
April	674.9	852.2	454.4	4 209.9	3 750.5	2 525.0	979.0	420.9	11 885.5	13 192.1
May	697.3	890.9	403.6	4 212.2	3 758.5	2 520.6	972.0	417.5	11 881.0	13 175.5
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6

End of month	100 % Index-tied deposits	High- interest depos- its
1967		
Oct.	3 529.1	680.0
Nov.	3 745.1	645.1
Dec.	3 997.2	610.5
1968*		
Jan.	4 272.0	561.9
Feb.	4 409.0	525.3
March	4 458.0	545.4
April	4 294.1	695.3
May	3 909.7	973.8
June	3 612.1	1 244.9
July	3 349.7	1 489.8
Aug.	3 159.1	1 659.9

Selling rates for foreign exchange			
Oct. 2, 1968			
		mk	mk
New York	1 \$	4.1870	Zurich 100 Fr 97.35
Montreal	1 \$	3.9040	Paris 100 FF 84.21
London	1 £	10.0050	Rome 100 Lit 0.6735
Stockholm ..	100 Kr	81.10	Vienna 100 S 16.21
Oslo	100 Kr	58.63	Lisbon 100 Esc 14.60
Copenhagen ..	100 Kr	55.80	Reykjavik 100 Kr 7.35
Frankfurt o. M.	100 DM	105.20	Madrid 100 Pta 6.02
Amsterdam ..	100 Fl	115.21	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.3250	Clearing dollars ²⁾ 1 Cl \$ 4.212

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

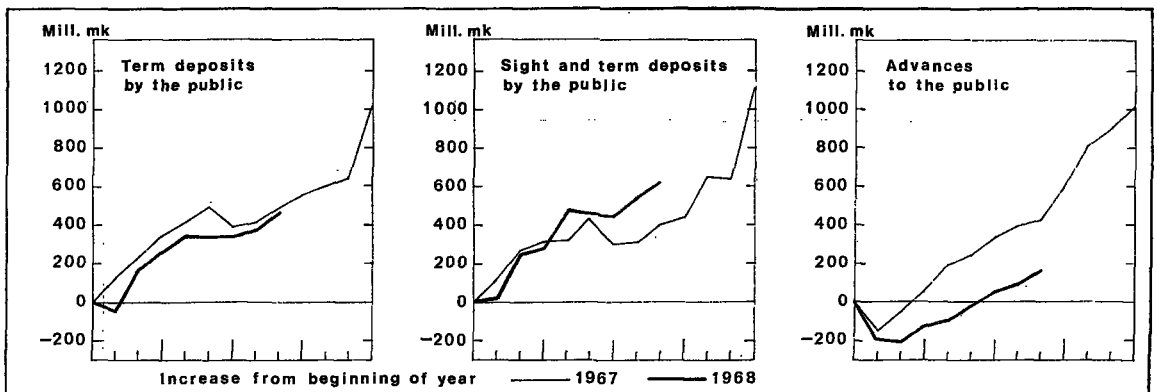
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1967									
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. ¹⁾	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6
Nov.	5 114.3	3 238.7	861.0	2 764.8	1 033.6	12 504.5	507.9	13 012.4	2 059.7
Dec.	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968*									
Jan.	5 140.2	3 242.5	876.0	2 648.7 ²⁾	1 026.1	12 437.6	495.9	12 933.5	2 202.9
Feb.	5 130.9	3 242.3	890.8	2 632.7	1 019.0	12 413.6	502.1	12 915.7	2 174.9
March	5 201.6	3 241.8	903.8	2 629.7	1 017.3	12 441.3	552.9	12 994.2	2 151.4
April	5 198.9	3 261.1	914.8	2 645.4	1 006.3	12 528.7	497.8	13 026.5	2 275.6
May	5 235.3	3 287.3	915.5	2 661.0	1 004.5	12 610.5	493.1	13 103.6	2 268.2
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4

¹⁾ See footnote on page 4.

²⁾ New series.



STATE FINANCES

Mill. mk

Revenue	1967	1968	Expenditure	1967	1968
		Jan. - July			Jan. - July
Income and property tax (net)	1 685	1 374	Wages, salaries, pensions etc.	1 266	798
Gross receipts	(4 965)	(3 062)	Repair and maintenance	239	142
Refunds & local authorities	(-3 280)	(-1 688)	Other consumption expenditure ..	563	366
Other taxes on income and property	40	16	<i>Total consumption expenditure</i>	2 068	1 306
Employers' child allowance payments	486	295	State aid to local authorities	1 015	698
Sales tax	1 908	1 149	State aid to industries	866	506
Revenue from Alcohol Monopoly ..	465	295	of which: agric. price subsidies	(645)	(390)
Customs duties & import charges	466	226	Child allowances	309	162
Export levy	14	327	Share in nat. pensions & health		
Excise duty on tobacco	404	217	insurance	351	233
» » on liquid fuel	477	247	Other transfer expenditure	678	467
Other excise duties	113	60	<i>Total consumption expenditure</i>	3 219	2 066
Tax on autom. and motor cycles	167	78	Machinery & equipment	225	163
Stamp duties	179	104	House construction	283	170
Special diesel etc. vehicles tax	74	26	Land and waterway construction	741	480
Other taxes and similar revenue	47	25	<i>Total transfer expenditure</i>	1 249	813
Total taxes	6 525	4 439	Interest on State debt	218	140
Miscellaneous revenue	387	241	Index compensations	18	22
Interest, dividends etc.	151	82	Net deficit of State enterprises ..	41	59
Sales and depreciation of property ..	62	39	Other expenditure	2	1
Redemptions of loans granted	157	98	<i>Total other expenditure</i>	279	222
Total revenue	7 282	4 899	<i>Increase in inventories</i>	38	2
Foreign borrowing	157	149	<i>Lending</i>	406	285
Domestic borrowing	446	337	<i>Other financial investments</i>	131	119
Total borrowing	603	486	Total expenditure	7 390	4 813
Deficit (+) or surplus (-)	+82	-171	Redemption of foreign loans	71	58
Total	7 967	5 214	Redemption of domestic loans ..	506	343
			Total redemptions	577	401
			Total	7 967	5 214

Debt	1966	1967	1968					
	Dec.	Dec.	March	April	May	June	July	August
Foreign debt	1 340	1 844	1 819	1 819	1 828	1 946	1 940	1 942
Loans	2 075	2 013	1 959	1 926	2 017	2 035	2 008	1 914
Compensatory stock etc.	96	5	5	5	5	5	5	5
Short-term credit	101	167	186	173	167	121	205	228
Cash debt (net)	-85	-12	-9	113	18	-76	-304	..
Domestic debt	2 187	2 173	2 141	2 217	2 207	2 085	1 914	..
Total debt	3 527	4 017	3 960	4 036	4 035	4 031	3 854	..
Total debt, mill. \$	1 094	955	945	963	964	963	921	..

BALANCE OF PAYMENTS

Mill. mk

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

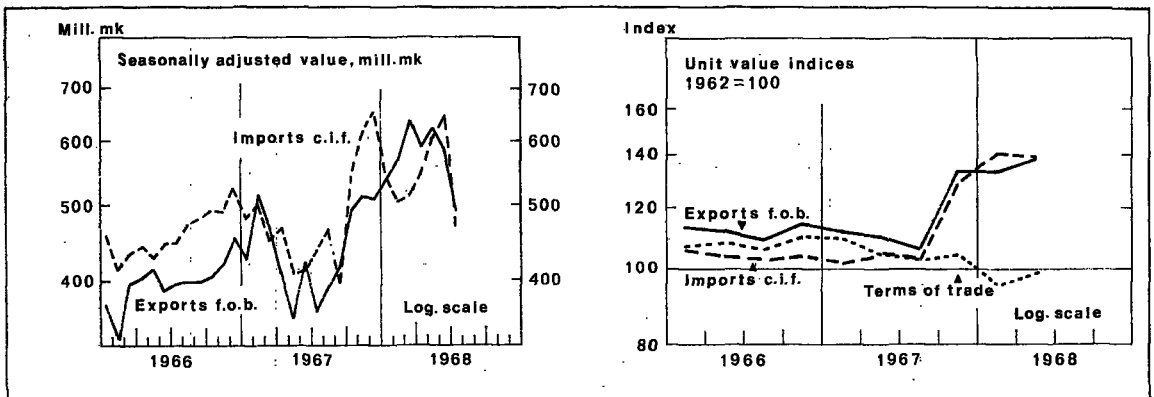
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items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

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

¹⁾ Including Direct investment net.

FOREIGN TRADE

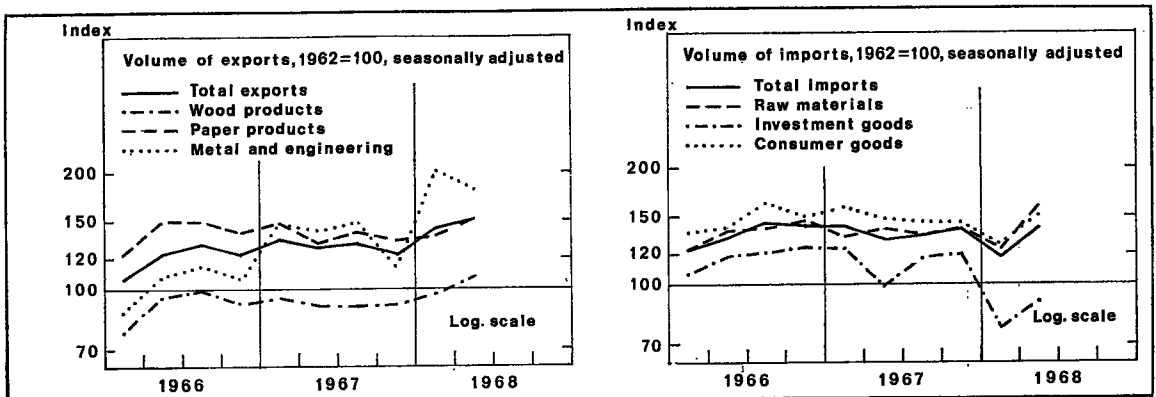
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967*	5 230.3	5 794.4	-564.1	115	114	124	111	117	110	105
Jan.-July										
1966	2 530.7	3 044.9	-514.2							
1967*	2 719.4	3 136.6	-417.2							
1968*	3 732.9	3 777.4	-44.5							
1967*										
July	372.8	400.7	- 27.9	106	108	118	105	94	103	103
Aug.	411.3	430.7	- 19.4							
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1							
Nov.	529.9	615.8	- 85.9							
Dec.	542.3	649.3	-107.0	133	133	140	127	141	128	104
1968*										
Jan.	465.0	534.3	- 69.3	133	137	138	130	132	140	95
Feb.	399.0	465.4	- 66.4							
March	536.7	510.0	+ 26.7							
April	556.7	556.3	+ 0.4							
May	660.4	655.6	+ 4.8							
June	597.1	609.2	- 12.1							
July	518.0	446.6	+ 71.4								138	114	143	131	157	139	99



FOREIGN TRADE BY MAIN GROUPS

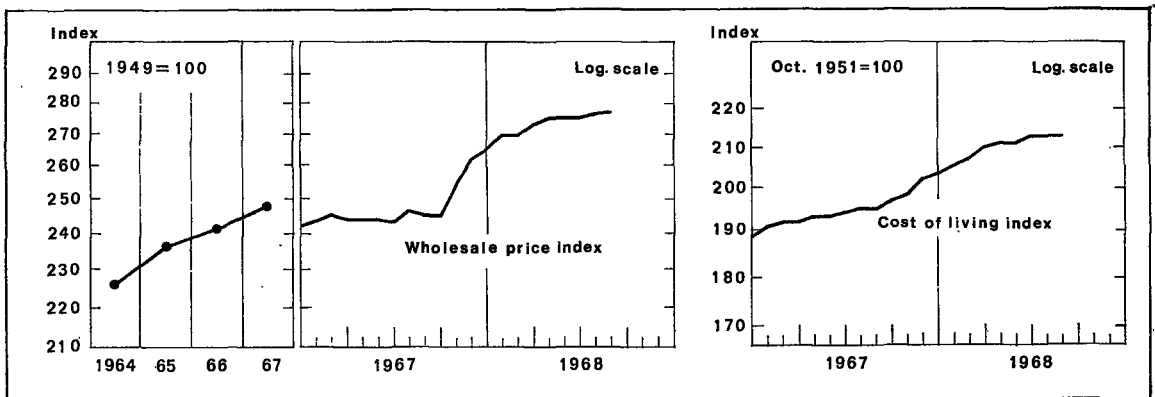
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967*	261.4	54.3	865.7	2 384.5	1 079.7	584.7	2 545.9	668.2	1 462.8	1 117.5
Jan.- July										
1966	157.5	28.5	439.9	1 269.2	416.5	219.1	1 313.8	286.0	863.6	581.5
1967*	140.3	28.8	434.3	1 298.8	542.2	275.0	1 338.1	339.9	854.5	604.1
1968*	191.3	28.2	584.3	1 676.0	860.6	392.5	1 690.3	491.1	854.7	741.3
1967*										
June	24.6	5.0	85.6	175.7	118.5	48.1	184.6	46.3	120.6	70.3
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.8	85.2
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3
Nov.	19.5	4.1	96.3	231.1	120.2	58.7	289.0	86.1	119.0	121.7
Dec.	42.0	3.1	79.0	243.0	108.9	66.3	268.3	75.9	186.8	118.3
1968*										
Jan.	35.1	4.0	66.2	205.4	105.7	48.6	236.1	96.0	103.4	98.8
Feb.	13.5	1.1	41.7	201.7	91.4	49.6	205.2	54.3	100.4	105.5
March	48.6	2.6	55.9	251.5	113.6	64.5	220.4	61.3	118.6	109.7
April	18.3	3.7	91.3	271.3	118.9	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	156.7	70.7	294.1	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.0	62.6	282.6	74.5	145.1	106.0
July	19.8	5.3	115.1	246.2	88.3	43.3	205.5	51.0	101.3	88.8



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan.-July			Whole year		Jan.-July		
	1966	1967*	1967*	1968*		1966	1967*	1967*	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.6	22.8	22.6	22.7	846.4	16.6	15.8	16.9	15.4	582.4
United Kingdom	20.5	20.9	20.6	20.6	767.8	16.1	15.2	16.1	14.8	560.5
Other OECD countries										
in Europe	46.7	44.0	43.0	44.7	1 669.5	53.8	53.9	54.4	53.6	2 025.7
Austria	0.4	0.5	0.4	0.4	14.8	0.9	1.0	1.0	1.0	38.9
Belgium-Luxembourg	3.1	2.6	2.4	2.3	87.7	1.9	2.0	2.0	2.2	83.9
Denmark	3.5	3.8	3.5	3.4	125.5	3.5	3.3	3.2	3.6	134.2
France	4.5	4.3	4.4	3.9	143.9	4.3	3.7	4.2	3.2	121.4
Western Germany	11.0	8.6	8.5	9.6	358.8	17.0	16.2	16.9	15.8	598.1
Italy	3.0	3.1	3.3	3.0	114.2	2.0	2.0	2.1	2.3	85.6
Netherlands	5.8	5.1	5.2	4.6	171.7	3.6	3.8	3.5	3.3	123.7
Norway	1.9	2.4	2.0	3.0	112.7	2.1	2.3	2.1	2.2	84.6
Portugal	0.4	0.2	0.2	0.2	8.6	0.3	0.4	0.5	0.5	19.4
Spain	1.2	1.0	1.2	0.8	30.5	0.4	0.4	0.5	0.4	16.7
Sweden	8.8	9.7	8.8	10.0	371.9	14.1	15.4	15.0	15.5	585.0
Switzerland	0.9	1.0	1.0	1.4	51.1	3.1	3.0	3.0	3.2	120.8
Eastern Bloc	18.7	21.2	22.2	20.5	765.5	19.8	20.4	18.3	21.5	812.9
China	0.6	0.8	0.8	0.8	30.1	0.5	0.6	0.7	0.5	20.1
Czechoslovakia	0.8	0.5	0.4	0.4	15.5	0.6	0.6	0.6	0.8	30.1
Eastern Germany	1.0	0.7	0.7	0.7	24.7	0.9	0.9	0.8	0.9	32.1
Poland	1.4	1.3	1.6	0.9	33.1	1.6	1.5	1.4	1.5	55.9
Soviet Union	14.1	17.1	17.9	17.1	639.6	15.5	16.1	14.2	17.3	653.8
U.S. and Canada	6.6	6.0	6.2	6.7	249.2	4.9	4.2	4.5	3.8	142.6
United States	6.4	5.8	6.0	6.5	240.5	4.5	3.9	4.2	3.6	136.7
Latin America	2.9	2.9	3.0	3.1	114.4	2.7	2.7	2.7	2.9	109.4
Argentina	1.0	1.0	1.0	0.9	34.7	0.3	0.2	0.3	0.3	9.9
Brazil	0.4	0.7	0.9	0.7	25.4	1.2	1.1	1.0	1.0	39.0
Colombia	0.6	0.3	0.3	0.3	12.4	0.7	0.8	0.7	0.8	31.8
Other	2.5	3.1	3.0	2.3	87.9	2.2	3.0	3.2	2.8	104.4
Grand total	100.0	100.0	100.0	100.0	3 732.9	100.0	100.0	100.0	100.0	3 777.4
of which										
EFTA countries	36.4	38.5	36.6	38.9	1 452.4	40.0	40.6	40.9	40.9	1 543.5
EEC countries	27.5	23.5	23.8	23.5	876.3	28.8	27.7	28.8	26.8	1 012.8



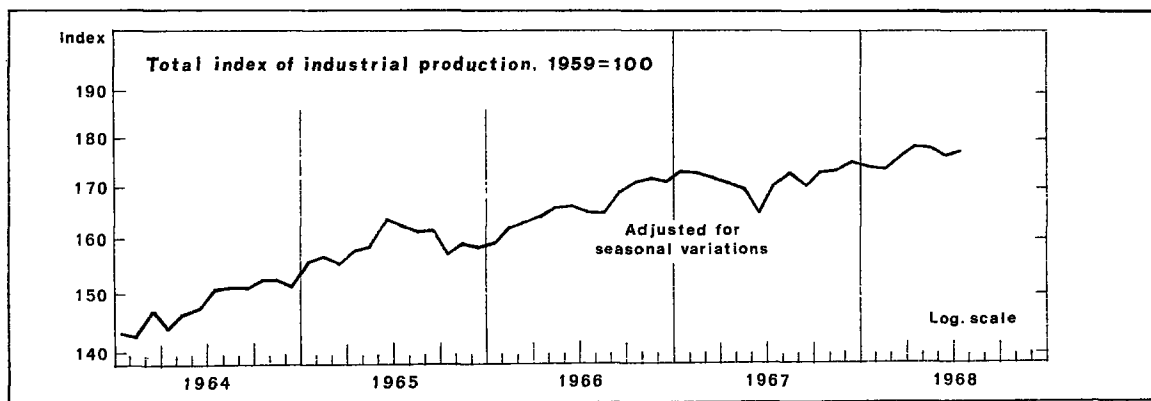
PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1967	248	254	225	246	241	253	276	236	240	114	121	107
1967												
Aug.	245	253	216	241	235	254	277	230	236	114	123	106
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109
Nov.	262	264	256	260	262	265	285	252	255	119	123	111
Dec.	264	265	258	262	266	266	285	254	258	120	123	112
1968												
Jan.	269	272	258	265	273	273	294	257	262	124	130	113
Feb.	269	273	257	265	273	274	290	257	265	124	130	113
March	273	277	256	267	276	279	295	262	266	125	130	114
April	275	279	259	270	277	281	296	265	269	125	130	114
May	275	279	260	270	277	282	297	264	269	125	130	114
June	275	279	260	269	277	283	298	265	269	127	135	115
July	276	281	258	270	277	285	302	264	269	127	135	115
Aug.	277	282	258	271	277	285	303	263	270	127	135	115

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1965	178	140	..	..	..	..	..	..	..	..	..	..
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1967												
Aug.	195	153	100	100	100	100	100	100	100	98	99	100
Sept.	197	154	101	102	100	101	100	101	101	99	100	101
Oct.	198	156	101	102	100	101	103	101	101	100	101	101
Nov.	202	159	104	105	103	101	104	105	102	107	103	103
Dec.	203	159	105	105	106	102	105	106	102	107	105	103
1968												
Jan.	205	161	106	105	109	102	106	108	106	110	107	106
Feb.	207	162	107	105	110	103	107	109	108	110	107	107
March	210	165	108	109	110	105	107	108	108	110	108	108
April	211	166	109	111	110	107	106	108	109	110	108	108
May	211	166	109	111	110	107	106	108	109	110	108	109
June	213	167	110	112	110	107	107	108	109	110	108	110
July	213	167	110	113	110	107	108	107	109	109	108	110
Aug.	213	168	110	113	110	107	108	107	110	109	108	110

PRODUCTION—INTERNAL TRADE

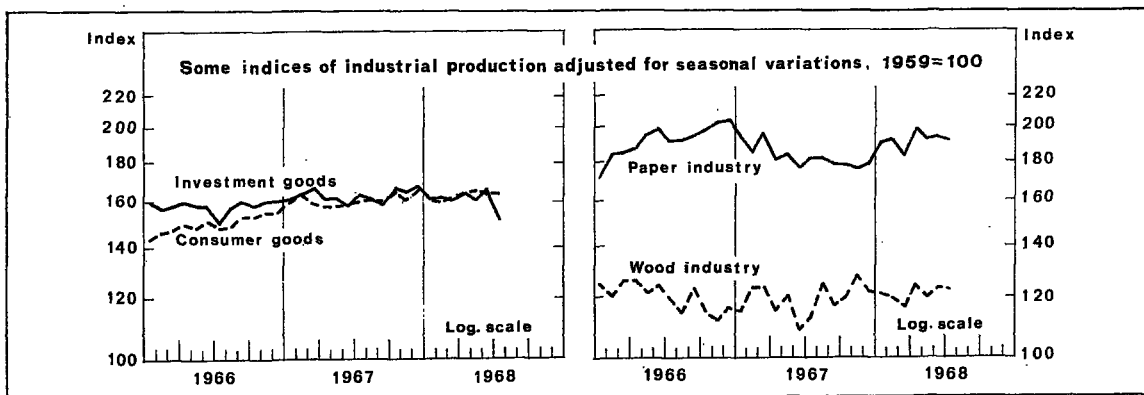
Period	Index of industrial production 1959=100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood in.dustry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



BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	36.34	192	197	200	190
1967*	..	..	..	..	..	..	207	215	217	207
1966										
Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967*										
Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	201	207	196	201
Apr.-June	..	..	..	..	..	..	207	216	230	206
July-Sept.	..	..	..	..	..	..	209	213	229	210
Oct.-Dec.	..	..	..	..	..	..	210	222	232	210
1968*										
Jan.-Mar.	..	..	..	..	..	..	221	230	239	223

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1967	1968*	1967*	1968*	1967*	1968*	1967*	1968*	1967*	1968*
Jan.	123	114	840	885	692	772	1 856	1 792	3.1	5.8
Feb.	125	115	615	723	502	603	1 846	1 772	3.1	5.3
March	133	129	756	777	627	687	1 834	1 767	2.6	5.0
April	140	128	834	995	676	767	1 853	1 763	2.5	4.8
May	129	125	1 119	1 233	972	1 109	1 918	1 814	2.1	3.5
June	124	103	1 386	1 466	1 240	1 263	1 883	1 774	2.1	3.6
July	116	123	1 511	1 703	1 390	1 540	1 654	1 547	2.2	3.7
Aug.	130	124	1 436		1 371		1 791		2.4	
Sept.	126		1 240		1 063		1 880		2.6	
Oct.	136		1 169		936		1 906		3.3	
Nov.	127		1 090		897		1 889		3.9	
Dec.	105		1 039		870		1 835		4.3	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

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

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

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

BALANCE OF PAYMENTS

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

FOREIGN TRADE

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

PRICE INDICES

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

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

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

LAND

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

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

POPULATION

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

DENSITY OF POPULATION (1967): In South Finland 26 0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

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

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

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

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

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

TRADE AND TRANSPORT

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

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 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 100 for 1967 (1964 = 100). Measure of self-sufficiency in bread cereals 79 % in the crop year 1966/67.

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

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

MERCHANT FLEET (Aug. 31, 1968): Steamers 83 (126 811 gross reg. tons), motor vessels 408 (912 236 gross reg. tons), sailing vessels with auxiliary engines 15 (1 869 gross reg. tons). Total 506 (1 040 916 gross reg. tons)

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

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

FINANCE AND BANKING

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

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

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

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

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

NATIONAL INCOME OF FINLAND, 1965—1967

BY

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This article reviews developments in the major components of national income during the period 1965—1967 and the first half of 1968. Corresponding articles have been published in this Bulletin annually since 1957. The figures for 1967 and the first two quarters of 1968 are provisional. The 1965 and 1966 figures have been revised and therefore they differ slightly from those given in last year's article. ¹

The fairly rapid rate of economic growth in Finland, at an annual rate of 4—7 per cent, which prevailed from spring 1963, ceased towards the end of 1965. Quarterly changes from the previous year in the volume of gross domestic product since 1965 and in the output of some of the more important industries are displayed in the following table.

	1965				1966				1967				1968	
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Agriculture .	-8	-19	+3	+12	+4	+3	+1	+4	-4	-5	+3	+0	+4	+4
Forestry ...	-3	+16	+3	-7	-26	-13	-12	+6	+9	+4	-4	-12	-5	-3
Manufacturing	+9	+7	+6	+3	+5	+5	+3	+8	+4	+4	+2	+1	+4	+1
House construction ..	-0	+19	+11	+16	+10	-12	-4	+11	+27	+19	-4	-28	-24	-23
Transport and communication	+6	+7	+6	+1	+1	+5	+2	+6	+4	-1	-0	-2	-3	+4
Wholesale and retail trade	+9	+8	+6	+6	+3	+2	+2	+3	+0	+3	+3	+2	-3	-2
Domestic product ..	+5	+5	+4	+4	+0	+2	+1	+6	+5	+4	+2	-2	+0	+0

One of the major features in the deceleration in the rate of growth of national product during winter 1965—66 was that the fellings of timber were remarkably low in comparison with earlier years. In the second and third quarters of 1966 there was, in addition, a decline in house construction as compared with the corresponding periods for 1965. During the cutting season 1966—67,

fellings again exceeded those of the previous year, but were, however, still less than 1964—65. As house construction was also proceeding very briskly from autumn 1966 to the following spring, the rate of growth of national product was quite high during this period. This increase in the growth rate was, however, short-lived, not only for forestry and house construction but in many

¹) See No. 10, 1967.

other industries as well. The annual changes in the volumes of production of the different industries are shown in Table 3 of the Statistical Annex.

Table 1 of the Annex gives annual changes in the volumes of the main components of demand and supply. No estimates are made of changes in stocks as the necessary statistics are not available.

On the demand side exports increased at a more than average rate in 1966 and 1967 and in the first half of the current year. In 1967 they grew during the first half of the year only coming to a halt towards the end. The devaluation of the Finnmark in October 1967 does not seem to have affected the volume of exports until 1968. The volume of this component was almost 10 per cent greater in the first half of 1968 than in the corresponding period for the previous year.

The distribution of exports of goods among different commodity groups during 1965—1967 and the first half of 1968, was as follows:

	1965	1966	1967	1968 1st half
	Per cent			
Wood and paper industry products	68	66	62	59
Metal and engineering industry products	18	18	21	24
Other manufacturing products	7	9	11	11
Other goods	7	7	6	6
Total exports of goods ..	100	100	100	100

As the figures indicate the share of Finland's traditionally most important exports, wood and paper industry products, declined sharply during this period, while there was a considerable increase in the exports of metal and engineering industry products and other manufacturing products.

Annual changes in the volume of fixed capital formation are indicated in Table 5 of the Statistical Annex. Fixed capital formation has undergone considerable fluctua-

tions in Finland throughout the 1960's. The highest annual rates of growth were recorded in 1960, 1961 and 1965 (17, 10 and 11 per cent respectively), whereas in 1963 and 1967 fixed capital formation decreased. After the boom year of 1965, investment activity in 1966 remained comparatively lively in other groups excluding the category "Other house construction". In 1967 the only increase recorded over the previous year, was in residential building while all other investment decreased. In the first half of 1968 fixed capital formation was noticeably smaller than in the corresponding period for 1967.

The composition of private consumption expenditure is presented in Table 4. The figures below illustrate the annual changes in the volume of consumption expenditure according to a durability criterion.

	1965	1966	1967p
	Per cent		
Major durables	+19	-14	-6
Semidurables and minor durables	+1	+8	+2
Non-durables	+4	+3	+2
Services	+7	+4	+4
Private consumption expenditure	+5	+3	+2

Consumption expenditure on the major durables is a category which displays rather sharp fluctuations. Consumer expenditure on passenger cars and television sets and other household machinery increased so much between 1959 and 1965 that its volume in 1965 was more than three times that of 1958. During the last two years this rising trend has been reversed and the share of major durables in private consumption expenditure declined from 9 per cent in 1965 to 7 per cent in 1967. Changes in the category "Semidurables and minor durables" reflect a decline in volume of consumption expenditure on "Clothing and other personal effects" by about 5 per cent from 1964 to 1965 and an increase by roughly 8 per cent from 1965 to 1966.

In 1965 the volume of imports increased substantially more rapidly than that of both exports and domestic production. Around the turn of the year 1965—1966 there was a standstill for about half a year, but during the last quarter of 1966 and the first quarter of 1967 vigorous growth, considerably exceeding 10 per cent, was again recorded. Since spring 1967 the volume of imports has, however, been on the decrease, which has certainly been at least partly a result of the devaluation. In the first part of the current year the volume of imports was approximately 3 per cent smaller than in the corresponding period in 1967.

In 1965 there was a substantial increase in all the main categories of imports: raw materials, consumer goods, investment goods and services. In 1966, however, there was no further growth in the imports of investment goods while the growth rate of imports of consumer goods slightly exceeded that of total imports. In 1967 imports of raw materials were roughly the same as in the previous year; imports of other categories declined, the sharpest decrease taking place in investment goods. In the first half of 1968 a slight increase was recorded in the imports of raw materials on the corresponding period for 1967 whereas imports of consumer and investment goods declined markedly.

	1965	1966	1967 ^p
		1000 man-years	
Workers	918.5	929.6	917.3
Other employees	518.2	530.3	540.1
Private entrepreneurs and assistant family members	544.2	538.2	507.0
Total employment ..	1980.9	1998.1	1964.4

Employment by industrial status is illustrated in the table above. Although the time

period covered is only three years the trend of the change taking place in the structure of employment is clearly noticeable: the category "other employees" (salaried employees and the like) is on the increase while the share of private entrepreneurs and assistant family members are decreasing. The sluggish economic activity resulted in a decline in employment during 1967 and the employment situation deteriorated still further in the first half of 1968. Table 1 in the Annex shows the annual changes in the volume of domestic product per unit of employment. The change was 4 per cent in 1967, but no more than 2 per cent if agriculture is excluded, where employment declined substantially during the year.

The following table gives the annual percentage changes in prices:

	1965	1966	1967
Consumption goods	+4	+4	+6
Private consumption expenditure	+4	+3	+6
Investment goods	+5	+4	+5
Total	+4	+4	+6
Imports	+1	+1	+7
Exports	+5	-1	+4
Wages	+9	+7	+9

The price increase in 1967 was already affected by the devaluation, and the same applies to the comparison between 1968 and 1967, too. If increases in wages and prices of consumer goods are compared it will be seen that real wages rose by about 5 per cent in 1965, 3—4 per cent in 1966 and 3 per cent in 1967.¹

Table 6 illustrates the distribution of national income. According to this table the share of national income going to employees has risen from 62 per cent in 1965 to 65 per cent in 1967.

1. The effect of changes in the labour force structure has been eliminated as far as possible in estimating these figures of the wage level. Real wages per head of wage and salary earners could also be calculated as follows:

	1965	1966	1967
National wage bill	+11	+10	+9
National wage bill, constant prices	+7	+6	+3
Real wages per head	+5	+5	+3

General Government disposable income as given in Table 7 increased by 13 per cent in 1966 and 12 per cent in 1967. As can be calculated from Table 8, total disposable income grew by no more than 8 and 8 per cent, while the growth in private disposable incomes was 6 and 7 per cent in the corresponding years. As a result, the share of general government disposable income in total disposable income grew from 25 per cent in 1965 to 27 per cent in 1967. The distribution of general government disposable income between consumption and saving was roughly the same throughout

the period reviewed, the share of consumption expenditure being approximately 65 per cent. Of the disposable income of households about 88 per cent was devoted to consumption expenditure in all the years concerned. The share of general government in total saving increased during the period under review; in 1965 it was 44 per cent, but in 1967 about 48 per cent.

Table 9 provides information on the breakdown by type of gross national expenditure at current prices. The corresponding changes in volume are shown in Table 1 and the changes in prices in the table in the text.

STATISTICAL ANNEX

p = preliminary

1. ANNUAL CHANGES, PER CENT

	1965	1966	1967 p
Volume of domestic product	+ 5	+2	+2
Volume of employment	+ 1	+1	—2
Volume of domestic product per capita	+ 4	+2	+1
Volume of domestic product per unit of employment	+ 4	+1	+4
Volume of consumption expenditure	+ 5	+3	+2
— private consumption expenditure	+ 5	+3	+2
— general government consumption expenditure	+ 5	+5	+3
Volume of gross domestic fixed capital formation	+11	+3	—5
Volume of imports of goods and services	+ 9	+5	—1
Volume of exports of goods and services	+ 5	+7	+4

2. GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRIAL ORIGIN, MILL. MK

	1965	1966	1967 p
Agriculture	2 041	2 166	2 295
Hunting and fishing	87	90	93
Forestry	2 002	1 758	1 705
Manufacturing	6 706	7 235	7 907
Construction	2 230	2 418	2 544
House construction	1 467	1 554	1 620
Other construction	763	864	924
Transport and communication	1 672	1 790	1 920
Wholesale and retail trade	2 459	2 650	2 761
Banking and insurance	577	648	746
Public administration and defence	944	1 087	1 221
Other services	4 428	4 904	5 494
Gross domestic product at factor cost	23 146	24 746	26 686
Indirect taxes less subsidies	2 682	3 031	3 422
Gross domestic product at market prices	25 828	27 777	30 108

3. ANNUAL CHANGES IN THE VOLUME OF PRODUCTION, PER CENT

	1965	1966	1967 p
Agriculture	— 6	+ 2	—0
Hunting and fishing	+ 8	+ 0	+3
Forestry	+ 2	—14	+1
Manufacturing	+ 6	+ 5	+3
Construction	+ 9	+ 1	—1
House construction	+12	+ 1	—1
Other construction	+ 3	+ 3	—0
Transport and communication	+ 5	+ 4	+0
Wholesale and retail trade	+ 7	+ 2	+2
Banking and insurance	+ 6	+ 4	+5
Public administration and defence	+ 4	+ 6	+3
Other services	+ 5	+ 4	+4
Domestic product	+ 5	+ 2	+2

4. COMPOSITION OF PRIVATE CONSUMPTION EXPENDITURE, MILL. MK

	1965	1966	1967 p
Food	4 828	5 031	5 255
Beverages	749	846	934
Tobacco	515	551	639
Clothing and other personal effects	1 442	1 587	1 658
Rent, rates and water charges	1 779	1 919	2 090
Fuel and light	660	692	763
Furniture, furnishing and household equipment	908	918	1 025
Household operation	315	340	382
Personal care and health expenses	596	649	734
Transport and communication	2 309	2 336	2 486
Recreation and entertainment	1 044	1 145	1 235
Miscellaneous services	1 029	1 128	1 280
Expenditure of residents abroad	239	245	263
Less expenditure of non-residents in the country	131	149	175
Gifts in kind from abroad (net)	3	3	3
Private consumption expenditure ¹⁾	16 285	17 241	18 572

¹⁾ Includes also some goods and services bought by general government and by enterprises for production. These goods and services could not be separated from those forming part of private consumption expenditure proper. The estimates for private consumption expenditure shown here therefore differ from those shown in tables 8 and 9.

5. ANNUAL CHANGES IN THE VOLUME OF FIXED CAPITAL FORMATION, PER CENT

	1965	1966	1967 p
House construction	+14	+1	-2
Dwelling	+ 9	+5	+4
Other	+19	-3	-9
Other construction	+ 8	+3	-2
Machinery and equipment	+ 9	+5	-9
Volume of fixed capital formation	+11	+3	-5

6. DISTRIBUTION OF THE NATIONAL INCOME, MILL. MK

	1965	1966	1967 p
Compensation of employees	12 724	13 972	15 358
Income from unincorporated enterprises	3 613	3 526	3 604
Income from property to households	2 534	2 736	2 911
Income from property and entrepreneurship to general government	810	883	954
Corporate saving	435	456	491
Direct taxes on corporations	725	771	788
Less interest on the public debt	238	261	321
Less interest on consumers' debt	43	54	68
National income	20 560	22 029	23 717
Net factor income abroad	131	150	209
Net domestic product at factor cost	20 691	22 179	23 926

7. GENERAL GOVERNMENT DISPOSABLE INCOME, MILL. MK

	1965	1966	1967 p
Income from property and entrepreneurship	810	883	953
Direct taxes	4 149	4 702	5 449
Indirect taxes	3 527	3 905	4 309
Other transfers received	178	208	215
Current revenue	8 664	9 698	10 926
Less interest on the public debt	238	261	321
Less current transfers to other sectors	2 665	2 932	3 305
Disposable income	5 761	6 505	7 300

8. DISPOSABLE INCOME, CONSUMPTION AND SAVING, MILL. MK

	1965	1966	1967 p
Households:			
Disposable income	17 033	18 107	19 344
Consumption	14 982	15 861	17 086
Saving	2 081	2 246	2 258
Corporations:			
Disposable income (= saving)	435	456	491
General government:			
Disposable income	5 761	6 505	7 300
Consumption	3 759	4 235	4 741
Saving	2 002	2 270	2 559
Total:			
Disposable income	23 259	25 068	27 135
Consumption	18 741	20 096	21 827
Saving	4 518	4 972	5 308

9. EXPENDITURE ON GROSS NATIONAL PRODUCT, MILL. MK

	1965	1966	1967
Private consumption expenditure	14 983	15 861	17 086
General government consumption expenditure	3 759	4 235	4 741
Gross private capital formation	5 235	5 635	5 563
Gross general government capital formation	1 470	1 507	1 606
Increase in stocks and statistical error	874	1 027	1 389
Exports of goods and services	5 496	5 824	6 358
Less imports of goods and services	5 989	6 312	6 635
Expenditure on gross domestic product	25 828	27 777	30 108
Net factor income from abroad	— 131	— 150	— 209
Expenditure on gross national product	25 697	27 627	29 899

ITEMS

Reduction in the export levy by an average of one third. Paragraph 3 of the Export Levy Act, in force since October 21 1967, states that the percentage of the levy shall be reduced gradually when this is in accord with the maintenance of monetary equilibrium in the economy, the course of export prices and the profit position of export industries in general. In accordance with this paragraph, the maximum rate of the levy was reduced by decree from 12 to 8 per cent, the reduction coming into force on August 30, 1968. Lower rates, applying to specific commodity groups and ranging from full exemption to 3—10 per cent, were correspondingly reduced by an average of one third.

The export levy is now 8 instead of 12 per cent of the export price of paper and paperboard. For pulp, sawn goods and plywood the rate went down from 10 to 6 per cent and for chemicals, leather goods and fibre board from 9 to 6 per cent. The levy was lowered from 8 to 5 per cent on mink furs and from 6 to 4 per cent for some food industry products, clothes, furniture and other consumer and investment goods. A reduction from 3 to 2 per cent was applied to textiles and certain machines. The rates applying to exports manufactured in the Northern and North-eastern regions are, as previously, one half of the corresponding national rates. The average export levy is estimated to be about 6 per cent.

Concerning the Export Levy see Items in Bulletin Nos. 11, 1967, 1, 1968 and 3, 1968.

The recommended prices for pulpwood. On September 10th an agreement was reached between Maataloustuottajain Keskusliiton Metsävaltuuskunta (The Central Union of Agricultural Producers' Forestry Council) and Teollisuuden Paperipuu-yhdistys (The Pulpwood Association of the Industry) on pulpwood prices. This settlement covers not only the ordinary list prices of pulpwood but also two other agreements. The first of these is the so called basic agreement, which it is intended should be continuous. It outlines the essential principles and manner of procedure to be followed in negotiations and in the event of a disagreement. The second agreement is the skeleton agreement for the timber trade, between Osuuskunta Metsäliitto (The Commercial Co-operation of Private Forest Owners) and The Pulpwood Association of the Industry. According to the agreement, the interested partners conclude mutual timber trade agreements, the fulfilment of which is their responsibility.

The agreement on price recommendations covers the next two-years of pulpwood prices throughout the whole country. The starting point for the pricing of a single lot of pulpwood is the so called basic price. The basic price of conifer pulpwood (all prices are per cu-m piled measure) is the price on delivery of 2-meter, unbarked spruce pulpwood with a minimum top diameter of 6 cm. The prices for pulpwood of other lengths and other degrees of barking and also the price of pine pulpwood are derived from the basic price. The price on delivery includes the costs of logging and

hauling to the long-distance transport route (e.g. truck road) or to the passage for floating. When the logging and hauling costs, calculated and agreed by the representatives of the forest owners and the industry, are deducted from the price on delivery stumpage price is obtained. The logging and hauling costs for 2-m unbarked spruce pulpwood vary between 10,25—13,00 mk/cu-m and for pine 9,00—11,50 mk/cu-m, depending on the size and quality of the stand marked for cutting. The price lists include both stumpage prices and prices on delivery.

As a result of the price agreement the level of prices during the first cutting season (July 1968—June 1969) increased by about 2,75 mk/cu-m for conifer pulpwood on delivery compared with the last cutting season. This rise in prices includes technical changes in pricing made since last season. The increase in stumpage prices is different from that in spruce and pine pulpwood. On average, the level of stumpage prices is somewhat higher than during the cutting season 1966/67, but over 2 mk/cu-m lower than during the cutting season 1964/65, when the prices were at their highest this decade. The corresponding increase in the price of birch pulpwood on delivery is 1,25—2,00 mk/cu-m.

For the second cutting season 1969/70 the increase in prices is the same all over the country, that is, 0,50 mk/cu-m for conifer pulpwood and 0,25 mk/cu-m for birch pulpwood. The agreement for the second cutting season includes a provision allowing for price adjustment in case there are notable changes in the export market or any noteworthy deviation from the stabilization programme.

*

Investment inquiry May 1968. In May 1968, the Bank of Finland Institute for Economic Research conducted its half

yearly investigation into fixed investment in Finnish industry. Questionnaires were sent to nearly 600 randomly selected undertakings and 80 per cent were returned.

For the first time, the answers were analysed by the Bank of Finland's computer. The following table indicates the estimates — calculated on the basis of the inquiry — of fixed investment in industry in 1967 compared with the corresponding estimates for 1966.

	Fixed investment Mill. mk		Percentage change 1967/66
	1966	1967	
<i>Manufacturing</i>			
Machinery, equipment ¹	1 045	892	—15
Building	400	414	+ 4
Other construction ...	79	87	+10
Total	1 524	1 393	— 9
<i>Total industry</i>			
Machinery, equipment ¹	1 175	1 042	—11
Building	439	452	+ 3
Other construction ...	188	181	— 4
Total	1 802	1 675	— 7

1. Including motor cars and other means of transportation.

The results of the inquiry reveal that investments in manufacturing in 1967 were considerably smaller than in 1966. This is mainly a result of the fact that investments in the wood and paper industry declined considerably. On the other hand investments in the metal industry and other manufacturing remained at the same level as in the previous year.

Since the price level of investments has risen by 5 per cent in 1967, it can be estimated on the basis of the results obtained that the volume of investments in the whole of industry decreased by over 11 per cent in 1967 in comparison with 1966.

*

Outokumpu Oy borrows DM 40 000 000. Outokumpu Oy (Mining and metal industries) has issued external loan bonds for DM 40 000 000. The offer has been

underwritten by a consortium headed by Berliner Handels-Gesellschaft.

The loan is current for a period of 10 years, and bears interest at a rate of 7 per cent. The price of issue is 99 1/2 per cent. The bonds are dated September 1, 1968 and will be redeemed annually during the period September 1, 1972—September 1, 1978. The loan is guaranteed as regards both principal and interest by the Bank of Finland. The bonds are quoted on the Frankfurt on Main Stock Exchange.

The proceeds of the loan will be used for the construction of a zinc factory with an annual capacity of 90 000 tons.

*

Domestic bond issue. The Government has announced the 1968 issue of 8 per cent bonds amounting to 120 million marks, for public subscription. The bonds are dated October 7 and will mature in three years. The loan is issued at par.

*

Car factory. On September 12, 1968 a contract was signed in Helsinki between Valmet Oy (Finnish mechanical engineering works) and Saab Aktiebolag (Swedish car factory) to establish a car manufacturing firm, Oy Saab-Valmet Ab. The share stock of the firm is owned on a fifty-fifty basis by the two founder firms. The car factory will be situated in Uusikaupunki on the west coast of Finland. According to the plan, the assembling of the Finnish Saab 99 passenger cars will start towards the end of 1969. At first the annual output will be 15 000—20 000 passenger cars, mainly for export. The output could eventually be raised to 30 000 cars annually.

*

Appointment of a Director at the Bank. On September 24, 1968 the Bank Supervisors of the Diet appointed Mr Jorma Aranko, B. Sc. (Econ.), Secretary of the Bank of Finland, Director of the Bank of Finland from November 1, 1968. Mr Aranko has served as alternate to the Scandinavian representative on the Executive Board of the International Monetary Fund since November 1, 1966.

BANK OF FINLAND

BOARD OF MANAGEMENT

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Governor (Absent as Prime Minister)

REINO ROSSI, <i>Acting Governor</i>	ESKO K. LEINONEN
A. SIMONEN <i>(Absent as a member of Government)</i>	AHTI KARJALAINEN <i>(Absent as a member of Government)</i>
HEIKKI VALVANNE	JOUKO J. VOUTILAINEN <i>ad int.</i>

DIRECTORS

JOUKO J. VOUTILAINEN	TIMO HELBLÄ
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SECRETARIES

PERTTI TAMMIVUORI	K. IGNATIUS
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PAULI KANERVA

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Cash

INSTITUTE FOR ECONOMIC RESEARCH

LAURI KORPELAINEN, <i>Acting Director</i>	HENRI J. VARTIAINEN, <i>Head of department</i>
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