



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 41 No. 3

MARCH

1967

GOVERNMENT POLICY ON FOREIGN DIRECT INVESTMENTS

The Government of Finland has recently issued a policy statement which reaffirms its attitude towards foreign direct investments in Finland. At the same time, the Government has appointed a Commission the purpose of which is to aid foreign investors by providing information and advice and by assisting in the processing of investment applications within the administration.

The text of this policy statement, which was recorded in the Minutes of the Council of State on January 19, 1967, contains the following.

1. It is estimated that the natural increase in the labour force and the movement of labour from agriculture to other sectors of the economy in Finland will over the next few years average about 30 000 persons annually. Taking into consideration the creation of new employment opportunities and also economic growth and foreign exchange policies, the Council of State thinks it desirable that foreign capital should be attracted also in the form of direct investments to contribute to the establishment of new industry in Finland. In this respect, Government wishes to draw the attention of foreign investors to the following.

2. Finnish legislation on foreign investments does not contain provisions which would discriminate unreasonably against foreign investors. The effect of these legal

provisions is essentially dependent on their administrative application, on which, as a rule, decisions are reached before the respective investments are made. The Government and the authority entrusted with the control of foreign exchange, the Bank of Finland, will apply these provisions very liberally.

3. The fiscal and other incentives at present in force for the promotion of investments apply equally to foreign and domestic entrepreneurs. In order to maintain this equitable treatment the Government does not regard it as justifiable to grant special incentives to foreign investors.

4. A complete reform of Finland's tax system is being prepared at the moment. In this connection it is intended to abolish or ease those fiscal provisions which in some cases have allegedly tended to operate to the disadvantage of foreign investors. Certain legislative amendments to this effect have already been made.

5. As Finland's natural resources of raw materials are rather limited, the Government does not, however, deem it advisable that direct foreign investments in the forest and mining industries be accepted.

6. The Government has appointed a Commission to deal with matters pertaining to

On page 18, Structural Changes in the Finnish Economy, 1948—1965

foreign investments. This Commission, which is subordinated to the Ministry of Commerce and Industry, shall

- provide foreign entrepreneurs with the necessary information and advice on opportunities for making direct investments in Finland,
- forward such applications, together with the Commission's views, to the relevant authorities,
- disseminate general information regarding foreign investment in Finland.

The following persons were appointed by the Council of state to be members of the Commission; the personal deputy of each appointee is indicated in parentheses:

Mr. Olavi Salonen, Minister of Commerce and Industry, as Chairman;

Dr. Reino Rossi, Member of the Board of Management, Bank of Finland, as Vice Chairman; (Mr. Jouko J. Voutilainen, Director, Bank of Finland);

Mr. Reino Honkaranta, Director of the Commercial Department of the Ministry for Foreign Affairs; (Mr. Tankmar Horn, Deputy Director of the Department)

Mr. Pekka Rekola, Director of Industry Division, Ministry of Commerce and Industry; (Mr. Timo Alhos, Chief of Bureau of Industry of the Division)

Mr. Heikki Tuominen, Director of the Budget Department, Ministry of Finance; (Mr. Erik Törnqvist, Director of the Economic Department, Ministry of Finance)

* * *

The address of the Commission is

Commission for Foreign Investments
(Ulkomaisten investointien neuvottelukunta)
Ministry of Commerce and Industry
Aleksanterinkatu 3 D
Helsinki 17, Finland

February 24, 1967

BANK OF FINLAND

Mill. mk

	1966		1967			
	Dec. 31	Jan. 31	Jan. 31	Feb. 8	Feb. 15	Feb. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	637.2	944.1	685.2	686.5	674.9	702.3
Gold	143.9	267.5	143.9	143.9	143.9	144.0
IMF gold tranche	100.0	45.6	100.0	100.0	100.0	100.0
Foreign exchange	312.0	548.4	358.8	363.5	351.8	379.1
Foreign bills	56.4	53.5	57.6	54.2	54.3	54.3
Foreign bonds	24.9	29.1	24.9	24.9	24.9	24.9
<i>Supplementary note cover</i>	1 063.7	640.0	757.4	762.6	770.3	825.2
Inland bills discounted						
In foreign currency	36.3	45.5	39.5	39.5	39.5	39.5
In Finnish currency	112.2	24.8	106.8	105.5	104.6	101.0
Rediscounted bills	915.2	569.7	611.1	617.6	626.2	684.7
<i>Other assets</i>	424.6	151.3	509.4	437.7	502.2	451.0
Finnish bonds	284.8	51.6	368.2	296.3	363.3	312.5
Cheque accounts	2.1	1.4	1.3	2.2	2.4	3.8
Finnish coin	11.7	8.7	15.4	15.4	15.9	15.7
Other claims	126.0	89.6	124.5	123.8	120.6	119.0
Total	2 125.5	1 735.4	1 952.0	1 886.8	1 947.4	1 978.5
Liabilities						
<i>Notes in circulation</i>	1 106.2	943.1	968.7	944.3	948.1	964.5
<i>Liabilities payable on demand</i>	179.6	92.6	161.8	106.1	99.9	137.8
Foreign exchange accounts	61.2	42.3	46.1	47.1	47.2	47.7
Mark accounts of holders abroad	16.2	10.7	13.2	13.6	13.5	13.5
Cheque accounts						
Treasury	39.8	1.6	1.1	0.8	1.0	8.9
Post Office Savings Bank	17.3	3.9	5.3	1.1	0.1	7.3
Private banks	13.8	12.1	73.4	21.2	16.3	39.5
Other	2.8	1.4	1.9	3.1	1.7	1.6
Other sight liabilities	28.5	20.6	20.8	19.2	20.1	19.3
<i>Term liabilities</i>	126.3	85.3	119.5	133.5	194.8	194.8
Foreign	84.6	45.6	84.6	84.6	84.6	84.6
Finnish	41.7	39.7	34.9	48.9	110.2	110.2
<i>Equalization accounts</i>	266.9	184.9	252.5	252.6	253.9	230.0
<i>Bank's own funds</i>	446.5	429.5	449.5	450.3	450.7	451.4
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	112.6	112.6	129.5	129.5	129.5	129.5
Profits undisposed	—	14.7	16.9	16.9	16.9	16.9
Earnings less expenses	33.9	2.2	3.1	3.9	4.3	5.0
Total	2 125.5	1 735.4	1 952.0	1 886.8	1 947.4	1 978.5
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	637.2	944.1	685.2	686.5	674.9	702.3
<i>Supplementary cover</i>						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	500.0	700.0	700.0	700.0	700.0
Total	1 337.2	1 444.1	1 385.2	1 386.5	1 374.9	1 402.3
Note issue						
<i>Notes in circulation</i>	1 106.2	943.1	968.7	944.3	948.1	964.5
<i>Liabilities payable on demand</i>	179.6	92.6	161.8	106.1	99.9	137.8
Undrawn on cheque credits	4.9	5.6	5.8	4.9	4.6	3.2
Unused right of note issue	46.5	402.8	248.9	331.2	322.3	296.8
Total	1 337.2	1 444.1	1 385.2	1 386.5	1 374.9	1 402.3

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

BANK OF FINLAND

Mill. mk

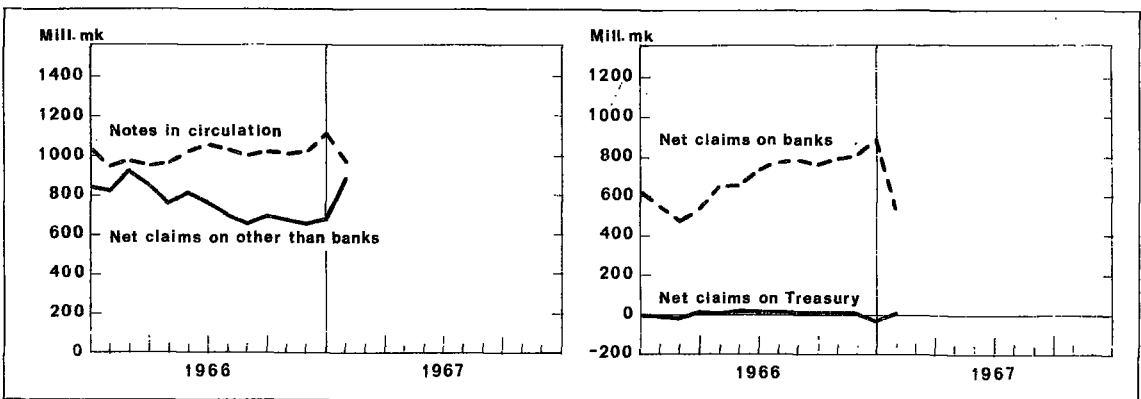
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
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
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
1966										
Jan.	861.5	42.3	819.2	82.6	56.3	845.5	—	— 1.1	1.6	— 2.7
Feb.	914.2	39.8	874.4	81.8	52.8	903.4	—	— 1.1	2.5	— 3.6
March	819.9	41.4	778.5	83.7	70.6	791.6	16.5	— 1.1	0.5	14.9
April	767.5	39.0	728.5	89.2	68.4	749.3	16.5	— 1.1	6.6	8.8
May	760.6	40.6	720.0	86.5	65.3	741.2	16.5	— 1.1	0.7	14.7
June	698.0	41.4	656.6	87.7	58.4	685.9	16.5	— 1.1	0.2	15.2
July	703.9	43.1	660.8	85.8	58.4	688.2	11.5	— 1.1	0.9	9.5
Aug.	657.9	38.6	619.3	84.4	58.2	645.5	11.5	— 1.1	3.1	7.3
Sept.	649.4	37.4	612.0	87.4	57.4	642.0	11.5	— 1.1	3.0	7.4
Oct.	617.5	35.7	581.8	87.8	55.1	614.5	11.5	— 1.1	3.5	6.9
Nov.	560.7	43.3	517.4	88.3	55.4	550.3	11.5	— 1.1	4.3	6.1
Dec.	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	— 1.1	1.1	6.1

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1966			Net holdings, Jan. 31, 1967			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	January 1967	January 1966
Gold	144	—	144	144	—	144	—	—
Convertible currencies	274	—189	85	252	—204	48	—37	+ 7
Other currencies	— 23	1	— 22	61	4	65	+87	+24
IMF gold tranche	100	—	100	100	—	100	—	—
Total	495	—188	307	557	—200	357	+50	+31

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
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 ¹⁾	4.4 ¹⁾	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
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
1966										
Jan.	569.7	12.1	3.9	1.2	552.5	24.8	136.5	59.4	101.9	943.1
Feb.	484.6	7.7	3.2	1.5	472.2	41.6	131.3	61.4	111.5	968.4
March	554.6	21.5	1.1	1.2	530.8	40.9	137.1	56.9	121.1	946.8
April	640.1	—12.6	5.2	2.7	644.8	44.3	122.4	55.2	111.5	962.4
May	664.8	10.8	0.9	1.8	651.3	43.3	116.7	53.1	106.9	1 019.1
June	766.3	29.5	4.7	2.3	729.8	41.2	156.5	52.7	145.0	1 046.7
July	781.7	10.6	1.5	2.4	767.2	42.2	146.7	52.4	136.5	1 031.8
Aug.	811.5	29.4	4.2	0.8	777.1	40.1	143.1	52.0	131.2	1 005.2
Sept.	781.5	10.4	8.4	0.8	761.9	53.7	164.0	52.7	165.0	1 017.2
Oct.	807.5	— 1.0	21.5	0.5	786.5	61.9	169.2	47.6	183.5	1 011.7
Nov.	848.7	— 0.5	44.4	0.3	804.5	62.0	175.1	44.6	192.5	1 016.5
Dec.	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967										
Jan.	611.1	73.4	5.3	— 1.2	533.6	106.8	157.0	57.7	206.1	968.7

¹⁾ Including cash reserve accounts

DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	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	
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	1 768.6	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	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1
1965										
Nov.	674.2	852.0	266.6	3 017.2	2 858.6	1 887.2	743.4	351.3	8 857.8	9 976.4
Dec.	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*										
Jan.	652.2	813.8	305.1	3 181.5	2 990.0	1 989.7	787.7	360.2	9 309.3	10 428.2
Feb.	642.8	800.9	356.6	3 144.3	3 039.3	2 038.7	798.4	364.8	9 485.7	10 643.2
March	597.5	765.1	271.1	3 273.5	3 073.2	2 067.9	808.1	368.3	9 591.1	10 627.3
April	584.7	745.3	285.2	3 264.2	3 068.7	2 066.8	799.3	368.0	9 567.2	10 597.7
May	650.9	826.8	303.4	3 307.3	3 099.8	2 089.1	799.4	368.4	9 664.2	10 794.4
June	624.8	800.8	291.4	3 325.0	3 075.9	2 063.0	801.0	362.6	9 627.7	10 719.9
July	610.3	780.3	272.3	3 351.9	3 090.3	2 065.7	807.0	361.7	9 676.7	10 729.3
Aug.	628.6	818.0	268.2	3 373.5	3 122.8	2 085.9	813.3	360.8	9 756.5	10 842.7
Sept.	609.0	803.2	252.6	3 408.1	3 149.5	2 106.9	820.4	366.8	9 852.0	10 907.8
Oct.	558.5	737.1	280.0	3 428.0	3 179.6	2 109.0	831.3	370.7	9 918.7	10 935.8
Nov.	594.0	796.4	279.1	3 458.3	3 219.4	2 141.7	835.2	373.5	10 028.3	11 103.8
Dec.	625.5	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1966*			
Jan.	1 648.9	68.5	729.8
Feb.	1 677.7	69.8	755.9
March	1 696.3	67.0	785.2
April	1 725.8	65.5	793.2
May	1 732.7	63.7	820.1
June	1 785.1	60.8	824.6
July	1 833.3	59.0	828.7
Aug.	1 884.2	57.1	831.4
Sept.	1 930.6	54.7	832.9
Oct.	2 000.1	44.8	831.4
Nov.	2 060.4	41.1	838.6
Dec.	2 184.4	31.9	836.7

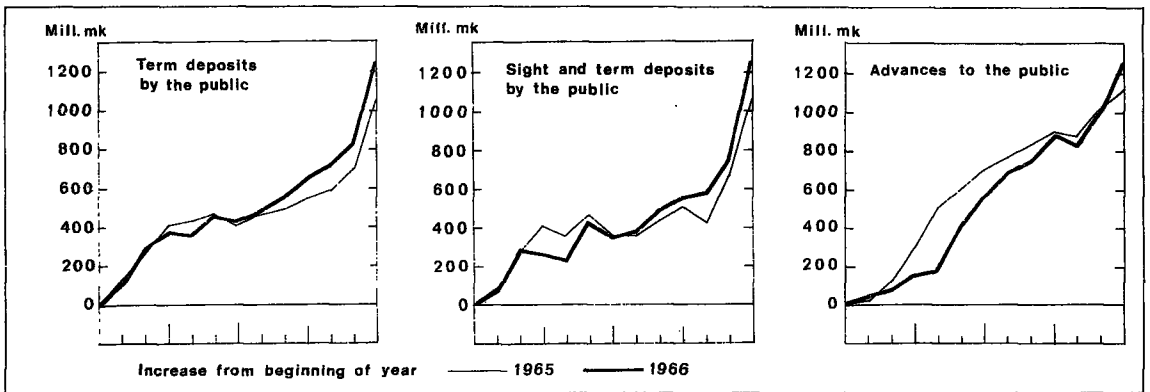
Selling rates for foreign exchange				
Feb. 24, 1966				
		mk	mk	
New York	1 \$	3.224	Zurich 100 Fr	74.38
Montreal	1 \$	2.984	Paris 100 FF	65.20
London	1 £	9.000	Rome 100 Lit	0.5156
Stockholm	100 Kr	62.46	Vienna 100 S	12.47
Oslo	100 Kr	45.10	Lisbon 100 Esc	11.23
Copenhagen	100 Kr	46.54	Reykjavik 100 Kr	7.50
Frankfurt o. M.	100 DM	81.15	Madrid 100 Pta	5.40
Amsterdam	100 Fl	89.32	Moscow, clear. ¹⁾ 1 Rbl	3.5667
Brussels	100 Fr	6.480	Clearing dollars ²⁾ 1 Cl \$	3.21

¹⁾ Bucharest, Peking.²⁾ 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
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	2 318.0	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	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7
1965									
Nov.	4 215.5	2 608.6	714.0	2 304.1	913.3	10 334.0	421.5	10 755.5	2 043.8
Dec.	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*									
Jan.	4 293.6	2 613.2	715.3	2 361.7	903.3	10 462.9	424.2	10 887.1	2 003.1
Feb.	4 310.7	2 630.2	721.9	2 376.4	900.3	10 486.8	452.7	10 939.5	2 079.8
March	4 345.7	2 643.8	731.0	2 389.9	897.5	10 541.0	466.9	11 007.9	1 935.4
April	4 373.1	2 666.5	737.6	2 363.8	892.9	10 539.0	494.9	11 033.9	1 949.9
May	4 490.5	2 699.3	735.7	2 441.5	899.1	10 781.9	484.2	11 266.1	2 102.4
June	4 575.7	2 716.4	751.5	2 473.9	905.2	10 924.2	498.5	11 422.7	2 074.4
July	4 641.9	2 745.9	756.3	2 486.0	908.6	11 033.0	505.7	11 538.7	2 067.6
Aug.	4 625.4	2 783.5	771.0	2 508.2	910.8	11 123.3	475.6	11 598.9	2 054.1
Sept.	4 683.7	2 831.3	781.1	2 521.5	914.8	11 247.7	484.7	11 732.4	2 030.8
Oct.	4 604.8	2 880.6	786.0	2 502.1	918.8	11 207.9	484.4	11 692.3	1 973.3
Nov.	4 745.0	2 919.3	787.0	2 554.6	918.7	11 448.4	476.2	11 924.6	2 047.2
Dec.	4 867.7	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7

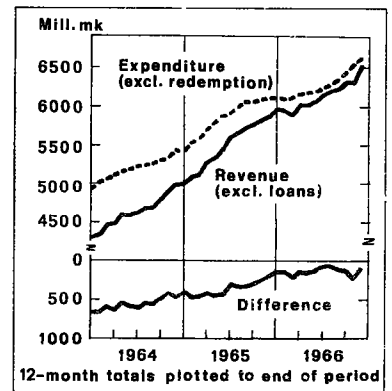


STATE FINANCES

Mill. mk

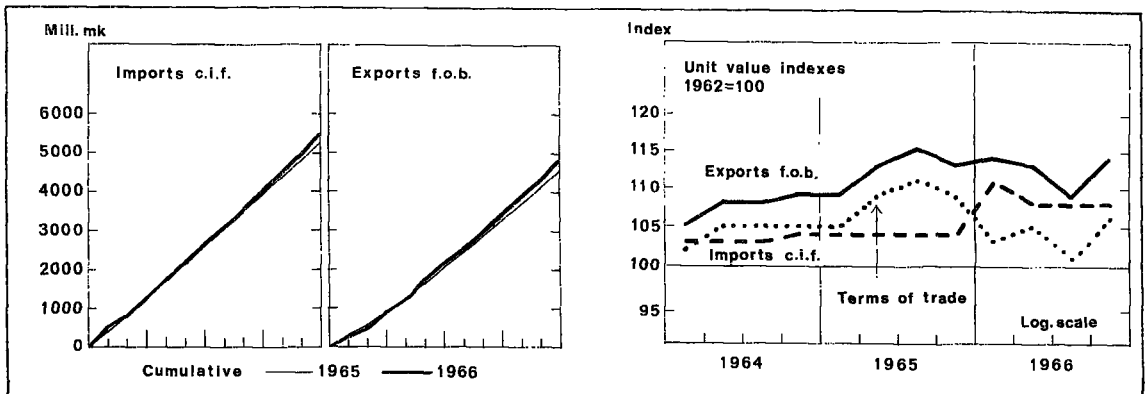
Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1965	1966		1965	1966
Income and property tax (net)	1 386	1 632	Interest on State debt	141	161
Gross receipts	(3 262)	(3 812)	Child allowances	302	299
Refunds and communal income tax	(-1 876)	(-2 180)	The State's share in national pensions	228	251
Other direct taxes	22	31	The State's share in national health insurance .....	..	57
Sales tax	1 257	1 278	Compensations to war-disabled	124	135
Import duties	477	466	Subsidies	553	546
Revenue from Alcohol Monopoly ..	394	434	Net payments of price equalization	0	54
Excise duty on tobacco	284	339	State aid to agriculture	62	53
Excise duty on liquid fuel	313	407	State aid to communal and private schools	458	499
Other excise duties	78	96	Net loss of State enterprises	35	67
Tax on automobiles and motor cycles	160	157	Maintenance of roads	145	154
Tax on motor vehicles	39	47	Other current expenditure	2 001	2 153
Stamp duties	151	156	Current expenditure	4 049	4 429
Employers' payments for child allowances	372	402	Real investments	1 076	1 117
Net receipts of price equalization by extra-budgetary funds	—	—	Other capital expenditure	453	536
Other revenue similar to taxes	73	81	Capital expenditure	1 529	1 653
Total taxes	5 006	5 526	Total expenditure	5 578	6 082
Interest and dividends	85	90	Redemption of external loans	84	81
Other current revenue	196	242	Redemption of internal loans	273	287
Current revenue	5 287	5 858	Redemption of indemnity bonds etc.	4	1
Capital revenue proper	142	144	Index premiums	22	15
Decrease in inventories	44	39	Redemptions	383	384
Capital revenue	186	183	Total	5 961	6 466
Total revenue	5 473	6 041			
External loans	70	70			
Internal loans	377	607			
Loans	447	677			
Short-term credit (increase +) ..	— 10	—314			
Deficit (+) or surplus (—)	+ 51	+ 62			
Total	5 961	6 466			

Debt	1963	1964	1965	1966		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.*
External debt	963	1 184	1 175	1 335	1 344	1 328
Ordinary loans	1 109	1 205	1 431	1 731	1 727	1 750
Indemnity bonds etc.	11	7	203	123	113	102
Short-term credit ..	160	325	393	70	59	80
Cash debt (net)	78	23	—101	—32	—27	—29
Internal debt	1 358	1 560	1 926	1 892	1 872	1 903
Total debt	2 321	2 744	3 101	3 227	3 216	3 231
Total debt, mill. \$	720.8	852.8	961.8	1000.8	997.5	1002.3



FOREIGN TRADE

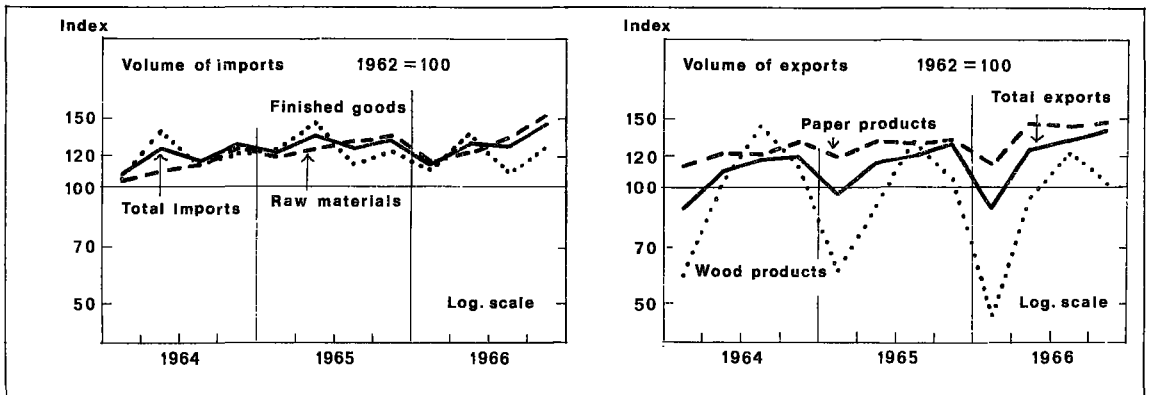
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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	4 816.5	4 131.9	-684.6	108	109	111	104	113	103	105
1965	5 266.1	4 566.0	-700.1	113	115	123	106	119	104	109
1966*	5 524.3	4 816.9	-707.4	113	111	122	105	124	107	106
1965										
July	428.7	398.2	- 30.5	115	120	126	107	123	104	111
Aug.	387.2	386.8	- 0.4							
Sept.	463.7	425.3	- 38.4							
Oct.	428.8	432.4	+ 3.6							
Nov.	446.9	387.5	- 59.4	113	113	124	107	120	104	109
Dec.	467.8	471.7	+ 3.9							
1966*										
Jan.	429.2	308.4	-120.8	114	127	126	105	118	111	103
Feb.	368.0	230.3	-137.7							
March	446.4	340.2	-106.2							
April	441.9	372.8	- 69.1							
May	487.8	450.2	- 37.6	113	103	122	104	127	108	105
June	459.9	424.3	- 35.6							
July	411.6	404.8	- 6.8	109	112	122	105	105	108	101
Aug.	437.5	419.8	- 17.7							
Sept.	504.9	450.9	- 54.0							
Oct.	489.0	460.6	- 28.4							
Nov.	491.2	437.5	- 53.7	114	116	121	105	131	108	106
Dec.	556.9	517.1	- 39.8							



FOREIGN TRADE BY MAIN GROUPS

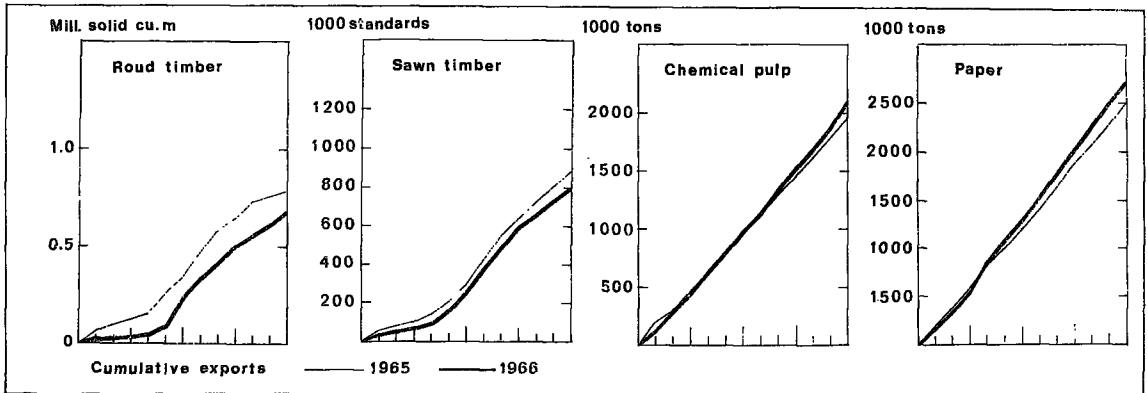
Mill. mk

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						
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	1 396.2	801.2	230.4	89.8	895.8	2 019.5	610.3	286.1
1965	2 362.4	514.7	1 511.4	877.6	251.8	60.3	919.8	2 165.6	800.3	368.2
1966*	2 450.3	589.8	1 448.5	1 035.7	264.0	59.0	863.5	2 297.1	877.5	455.8
1965										
July	203.8	35.2	128.4	61.3	16.0	9.4	116.5	170.6	58.6	27.1
Aug.	179.6	51.3	96.9	59.4	14.4	7.9	104.3	182.7	46.5	31.0
Sept.	223.2	47.6	112.8	80.1	21.5	6.2	96.3	195.8	67.0	38.5
Oct.	205.2	42.7	112.4	68.5	18.1	6.4	96.9	187.8	79.6	43.6
Nov.	200.0	44.3	124.8	77.8	13.8	3.4	75.3	181.0	76.8	37.2
Dec.	212.5	52.1	120.5	82.7	39.6	3.8	77.9	191.9	122.0	36.5
1966*										
Jan.	204.0	41.1	103.8	80.3	34.2	3.6	57.5	152.6	35.0	25.5
Feb.	158.1	38.7	100.7	70.5	16.1	1.0	27.8	133.7	31.8	19.9
March	181.9	37.5	129.2	97.8	33.4	0.6	29.4	189.6	55.4	31.8
April	188.5	38.2	128.3	86.9	14.7	2.5	45.8	217.2	63.0	29.6
May	203.9	40.2	150.7	93.0	26.0	5.0	84.9	192.5	107.4	34.4
June	177.6	54.1	151.0	77.2	19.1	9.0	91.9	197.5	61.1	45.7
July	199.6	36.2	99.9	75.9	14.0	6.8	102.6	186.1	63.0	32.3
Aug.	213.2	62.0	90.0	72.3	17.9	6.9	96.3	207.3	49.8	41.6
Sept.	221.8	67.9	120.8	94.4	20.0	7.9	88.8	205.1	80.5	48.6
Oct.	229.6	60.0	108.3	91.1	17.6	5.3	85.1	203.1	99.8	49.7
Nov.	225.8	54.6	112.3	98.5	17.5	5.1	73.8	196.2	93.2	51.7
Dec.	246.3	59.3	153.5	97.8	33.5	5.3	79.6	216.2	137.5	45.0



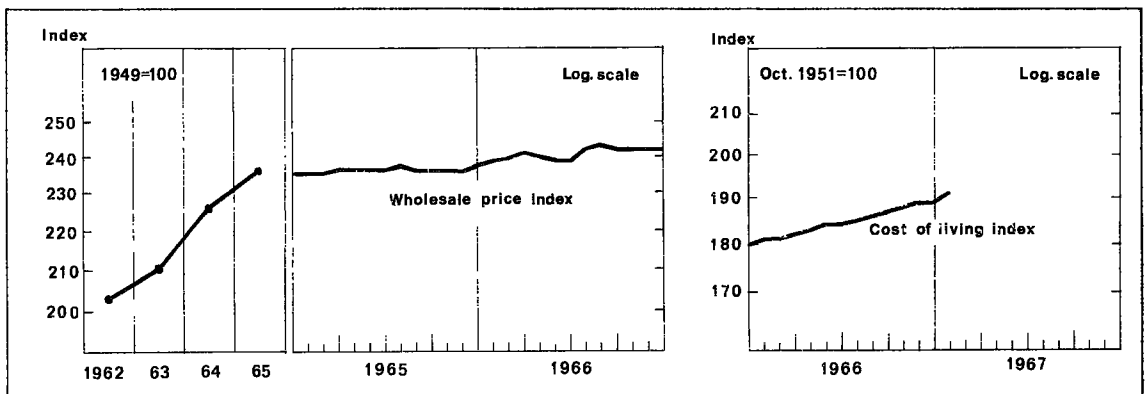
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
1963	2 108	977	384	172	861	893	171	161	882	2 126
1964	1 320	990	440	175	971	980	194	165	989	2 309
1965	781	870	461	149	931	1 037	174	144	1 101	2 500
1966*	675	799	460	130	909	1 179	190	131	1 192	2 712
1965										
July	131	137	24	9	75	81	14	8	79	193
Aug.	102	114	32	11	77	90	14	11	94	213
Sept.	77	94	42	11	80	79	17	8	104	231
Oct.	78	94	43	11	79	85	14	16	100	215
Nov.	29	72	37	11	74	88	11	12	107	204
Dec.	22	65	45	12	83	98	17	10	104	230
1966*										
Jan.	18	44	42	9	76	76	12	11	78	182
Feb.	8	15	28	11	69	47	11	7	63	147
March	3	6	40	13	73	102	18	9	85	211
April	23	21	50	18	73	103	18	15	143	282
May	42	75	51	10	73	92	15	14	100	236
June	146	92	41	11	83	112	17	13	106	225
July	88	120	26	10	72	86	16	9	103	232
Aug.	83	106	36	10	79	112	18	9	107	244
Sept.	91	88	39	11	79	105	17	12	110	241
Oct.	59	87	31	10	78	104	16	12	96	239
Nov.	50	78	25	9	71	108	15	9	89	227
Dec.	64	67	51	8	83	132	17	11	112	246



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year					Whole year				
	1963	1964	1965	1966*		1963	1964	1965	1966*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	15.2	15.8	16.6	916.8	23.6	25.3	22.8	22.6	1 086.4
United Kingdom	15.3	14.8	15.3	16.1	886.9	21.5	23.0	20.7	20.5	989.3
Other OECD countries in Europe	53.0	52.7	55.5	53.7	2 968.0	43.9	45.9	44.8	46.7	2 248.8
Austria	0.7	0.7	0.8	0.9	47.2	0.3	0.4	0.3	0.4	20.8
Belgium-Luxembourg	2.2	2.0	2.2	1.9	104.2	3.3	3.5	3.3	3.1	148.8
Denmark	3.3	3.0	3.1	3.5	191.1	3.5	3.7	3.9	3.5	168.0
France	4.3	5.5	4.2	4.3	235.9	5.0	5.8	4.4	4.5	218.9
Western Germany	18.0	17.3	18.9	17.0	941.8	12.0	11.5	11.2	11.1	533.9
Italy	2.0	1.9	1.9	2.0	110.4	3.2	3.0	3.0	3.0	144.5
Netherlands	4.7	4.0	4.2	3.6	197.3	6.3	6.8	6.0	5.8	278.8
Norway	1.6	1.5	1.9	2.1	114.4	0.8	0.9	1.1	1.8	89.7
Portugal	0.2	0.2	0.2	0.3	19.3	0.1	0.1	0.2	0.4	17.6
Spain	0.4	0.5	0.5	0.4	21.9	0.9	0.9	1.1	1.2	57.1
Sweden	11.9	12.7	14.0	14.1	781.2	5.7	5.5	7.5	8.8	422.9
Switzerland	2.9	2.8	2.9	3.1	171.3	0.7	0.8	0.7	0.9	43.1
Eastern Bloc	21.7	22.5	18.9	19.8	1 093.0	20.8	17.4	21.0	18.7	903.0
China	0.2	0.4	0.3	0.5	26.6	0.5	0.5	0.6	0.6	32.2
Czechoslovakia	0.7	0.7	0.7	0.6	34.1	0.9	0.4	0.6	0.8	37.9
Eastern Germany	1.1	1.0	0.9	0.9	47.4	1.0	1.0	0.8	1.0	46.8
Poland	2.0	2.0	1.9	1.6	89.7	1.7	2.0	2.3	1.4	66.5
Soviet Union	16.9	17.6	14.4	15.5	856.5	16.0	12.0	15.8	14.2	682.9
U.S. and Canada	5.3	5.0	5.2	4.9	271.6	5.4	6.0	6.2	6.6	315.8
United States	4.9	4.8	5.0	4.6	251.7	5.2	5.8	6.0	6.4	307.7
Latin America	2.9	3.0	1.6	2.8	151.7	2.9	2.7	3.8	2.9	141.2
Argentina	0.5	0.3	0.3	0.3	14.8	0.6	0.8	0.9	1.0	50.2
Brazil	1.6	1.6	0.3	1.3	69.6	0.7	0.5	1.4	0.4	18.3
Colombia	0.5	0.6	0.6	0.7	37.9	0.6	0.5	0.7	0.6	28.3
Other	1.3	1.6	3.0	2.2	123.2	3.4	2.7	1.4	2.5	121.7
Grand total	100.0	100.0	100.0	100.0	5 524.3	100.0	100.0	100.0	100.0	4 816.9
of which										
EFTA countries	36.0	35.8	38.2	40.0	2 211.4	32.6	35.4	34.3	36.4	1 751.4
EEC countries	31.2	30.5	31.4	28.8	1 589.7	29.8	30.6	28.0	27.5	1 324.8



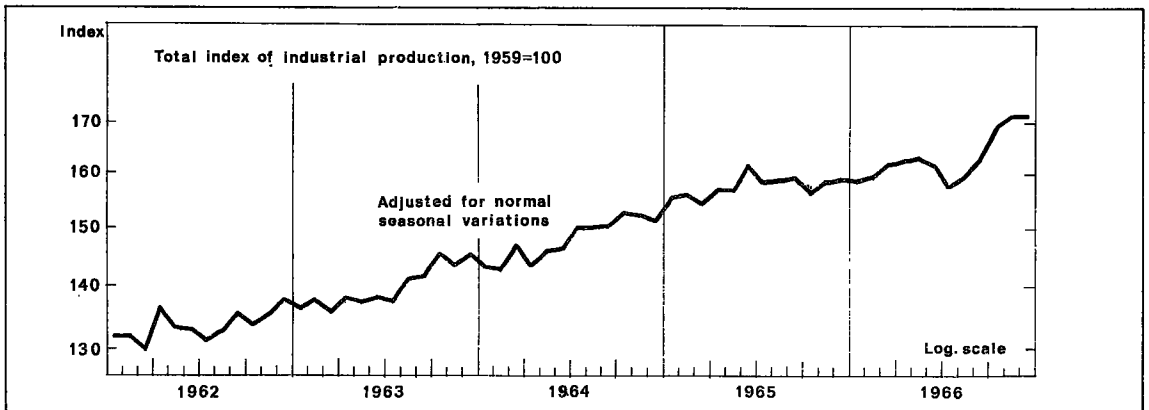
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domestic goods	Imported goods	Producer goods	Machinery & transport equipm.	Consumer goods	Raw materials and commodities	Simply processed goods	More elaborately processed goods			
1964	226	231	210	228	214	227	250	218	218	100	100	100
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	..	..	..	..	..	..	..	..	..	108	112	104
1966												
Jan.	238	244	213	243	227	234	269	230	224	105	107	103
Feb.	240	246	214	245	227	235	273	232	224	105	107	103
March	241	248	215	246	228	237	276	232	225	105	107	103
April	240	247	216	247	229	235	272	233	225	105	107	103
May	239	245	216	246	228	233	268	233	226	109	115	104
June	239	245	216	245	229	233	266	233	226	109	115	104
July	242	249	217	247	229	240	270	235	231	109	115	104
Aug.	243	250	218	246	229	243	274	234	231	109	115	104
Sept.	242	248	217	244	228	242	270	233	230	109	115	104
Oct.	242	248	215	244	229	242	270	233	230	109	115	104
Nov.	242	249	216	244	229	243	272	232	231	109	115	104
Dec.	242	249	216	244	229	243	273	232	231	109	115	104
1967												
Jan.	..	..	..	..	..	..	..	..	..	112	119	105

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
1964	170	184	364	114	107	164	133	135	135	110	132	134
1965	178	195	377	115	109	173	140	144	140	111	135	141
1966	185	202	392	119	111	182	145	149	145	116	138	148
1966												
Jan.	181	197	387	115	110	177	142	145	143	112	136	145
Feb.	181	198	387	117	110	178	142	145	143	113	136	145
March	182	199	387	117	110	178	143	146	143	114	136	145
April	183	200	388	117	110	179	144	147	144	114	137	146
May	184	204	388	117	110	179	145	150	144	114	137	146
June	184	204	388	118	110	180	145	150	144	114	137	146
July	185	204	392	118	111	181	145	150	145	115	137	148
Aug.	186	204	392	118	112	183	146	150	145	114	139	149
Sept.	187	204	392	120	113	185	147	150	145	117	140	151
Oct.	188	203	401	124	113	186	147	149	149	120	140	152
Nov.	189	204	401	125	113	187	148	150	149	122	140	153
Dec.	189	205	401	126	113	189	149	150	149	122	140	154
1967												
Jan.	191	205	403	127	114	193	150	151	149	123	141	157

PRODUCTION — INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1964	148	149	154	136	129	170	148	143	148	53 200	156
1965*	157	161	164	143	130	180	161	150	158	51 905	170
1966*	164	157	170	153	120	188	159	163	163	46 507	..
1965*											
May	161	161	168	146	145	188	163	152	157	11 698	181
June	150	164	151	143	131	151	162	148	161	2 162	164
July	121	98	132	105	116	176	98	113	159	1 400	155
Aug.	159	144	165	151	112	189	148	158	159	2 082	173
Sept.	171	178	176	156	128	196	177	164	159	2 844	186
Oct.	170	181	176	152	131	195	181	164	157	2 856	184
Nov.	168	173	174	153	119	182	172	166	159	3 317	181
Dec.	156	167	160	142	120	160	169	148	159	3 842	196
1966*											
Jan.	155	162	162	141	116	170	165	145	159	4 219	131
Feb.	157	162	163	144	125	175	166	149	160	4 742	148
March	179	184	186	164	151	204	185	171	162	4 198	175
April	160	157	162	155	139	170	157	161	163	3 177	174
May	166	161	172	156	136	188	161	165	163	12 681	180
June	157	155	157	156	125	171	154	161	162	2 305	174
July	119	73	131	106	98	184	79	117	157	910	157
Aug.	165	147	168	163	102	194	146	173	160	1 793	178
Sept.	176	171	180	167	124	203	172	175	163	2 630	199
Oct.	184	174	193	170	114	213	178	188	169	3 116	188
Nov.	181	174	188	167	106	205	178	185	171	3 048	188
Dec.	166	166	173	152	109	183	166	167	171	3 688	200

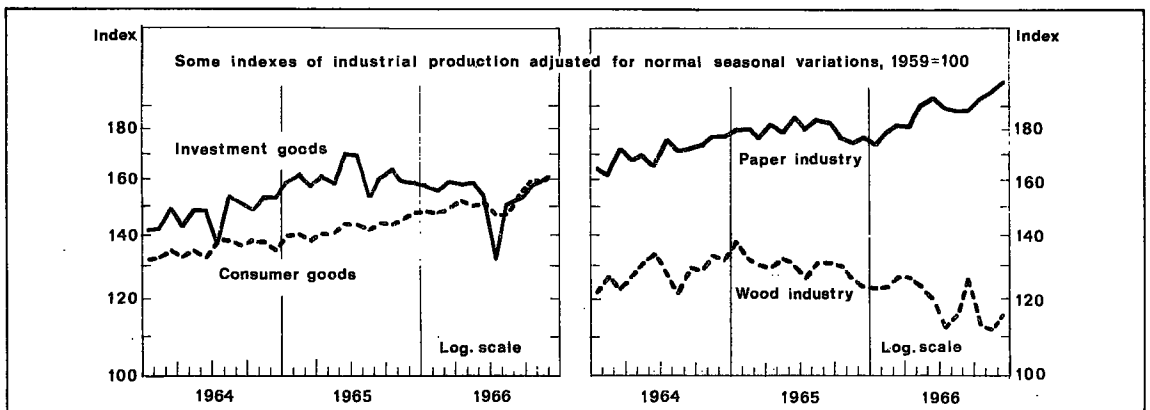


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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
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	28.75	164	156	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	179	177	188	176
1965										
Apr.-June	5.57	2.03	0.40	1.72	1.18	32.68	179	173	189	176
July-Sept.	7.15	2.57	0.97	2.27	0.87	35.65	180	177	195	176
Oct.-Dec.	9.76	4.43	0.98	3.44	0.57	31.31	180	180	180	177
1966*										
Jan.-Mar.	4.92	2.30	0.24	1.85	0.42	29.60	184	187	184	181
Apr.-June	4.55	1.99	0.41	1.34	0.55	35.78	188	200	187	188
July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	194	196	193	195

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000		Vessels departed net reg. tons		1 000 man-months		% of total labour force	
	1965	1966*	1965	1966*	1965	1966*	1965	1966*	1965	1966*
Jan.	118	118	689	724	548	560	1 877	1 896	2.0	2.2
Feb.	124	118	549	434	452	270	1 860	1 869	1.6	2.4
March	144	140	678	519	494	344	1 839	1 877	1.7	2.1
April	138	134	721	624	601	557	1 884	1 905	1.7	2.0
May	132	136	969	1 092	773	884	1 940	1 953	1.1	1.3
June	129	131	1 192	1 364	1 111	1 217	1 960	1 905	1.0	1.0
July	134	121	1 388	1 587	1 312	1 400	1 797	1 728	1.2	0.9
Aug.	138	138	1 351	1 366	1 251	1 287	1 893	1 833	1.2	1.1
Sept.	143	139	1 123	1 214	956	1 079	1 948	1 969	0.9	1.0
Oct.	139	140	1 090	1 091	868	867	1 946	1 955	1.2	1.2
Nov.	131	133	1 021	1 084	855	837	1 933	1 955	1.4	1.2
Dec.	115	120	905	995	769	815	1 888	1 912	2.1	1.5



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 + 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 fellings* calculated by the Ministry of Communications and Public Works. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *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 . 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 1966 were as follows: Social Democrats 55, Centre Party 49, People's Democrats 41, Conservatives 26, Swedish Party 12, Liberal Party 9, Social Democratic League 7 and Finnish Farmers' Party 1. After a change of parties by one member, the Centre Party now holds 50 seats and the Liberal Party 8 seats.

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 (1965): 4.6 million. Sweden 7.7, Switzerland 5.9, Denmark 4.8 and Norway 3.7 million.

DENSITY OF POPULATION (1965): In South Finland 25.7, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1965): 56 % of the population inhabit the rural areas, 44 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 900 inhabitants, Tampere (Tammerfors) 142 000, Turku (Åbo) 140 400.

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 (1965): 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 (1965): births 16.9 ‰, deaths 9.6 ‰, increase 6.1 ‰. Deaths in France 11.1 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1965, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 174 (9 %), forestry and fishing 2 087 (9 %), manufacturing 6 709 (29 %), construction 2 259 (10 %), transport and communication 1 672 (7 %), commerce, banking and insurance 3 036 (13 %), public administration 946 (4 %), other services 4 396 (19 %), total 23 279. Index of real domestic product 168 (1954 = 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 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1964): Gross value of industrial production 17 450 mill. marks, number of workers 349 000, salaried employees 76 400, motive power (1964) 4.6 mill. HP. Index of industrial production 148 for 1964 (1959 = 100).

RAILWAYS (Jan. 1, 1967): Length 5 556 km, of which 5 545 km are State and 11 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (Jan. 31, 1967): Steamers 120 (205 863 gross reg. tons), motor vessels 394 (805 677 gross reg. tons), sailing vessels with auxiliary engines 25 (3 113 gross reg. tons). Total 539 (1 014 653 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1965): Passenger cars 454 300, lorries and vans 81 100, buses 7 000, others 3 600. Total 546 000.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1966): Kilometres flown 14.5 million, passengers carried 768 757, passenger kilometres 409.7 million, and ton kilometres of freight and mail 7.9 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 1964 expenditure amounted to 3 179 mill. marks. Total revenue was 3 165 million, of which income from taxation 1 575 million. The municipal income tax (non-progressive) averaged 12.00 % 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, 1966). There are two big and four small commercial banks with in all 783 offices, 356 savings banks, 483 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-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 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

STRUCTURAL CHANGES IN THE FINNISH ECONOMY, 1948—1965

BY

PAAVO GRÖNLUND, Mag. Pol.

CHIEF AD INT. OF DIVISION, CENTRAL STATISTICAL OFFICE

This article gives a brief description of the structural changes in the Finnish economy after the second World War. The reason for this review is that completely revised estimates on national product and its various components for the years 1948—65 are now available.¹⁾ The review is based on these national income statistics.

The course of economic development in Finland after the second World War has varied considerably. The period as a whole has been quite favourable both as compared with the corresponding development abroad as well as with domestic progress before the war. Immediately after the war, the economic outlook was not very promising. The country had suffered serious material damages during the war and the losses of population and of territory had been considerable. Against a background of economic instability then prevailing, Finland had to pay heavy war reparations and resettle the displaced population of the ceded areas.

Despite all this, the volume of domestic product per capita in 1948 was already about 4 per cent higher than immediately before the war in 1938. The full effect of this rise was not, however, reflected in the standard of living, as a considerable part of it was taken by war reparations to the U.S.S.R.; these were paid out in 1952.

The period under review began with a considerable upswing in 1948—51 caused by the increasing export demand which was partly due to the Korean war. This upswing, during which the annual growth in the volume of domestic product averaged 6.5 per cent, was followed first by a slackening in economic activity for two years and then by a vigorous expansion of production in 1954—55. In these two years the average yearly growth rate was 8 per cent. In 1956 a period began during which the expansion levelled off, and 1958 was the weakest year in the Finnish post-war economic development with an increase of less than 1 per cent in the volume of production. In 1959—65 the rate of growth has varied from 3 to 9 per cent, so there has been no marked recession for 7 years.

In 1965, at the end of the period, the volume of domestic product was 129 per cent higher than in 1948. The average growth rate in 1948—65 was 5 per cent and the rate per capita was 4 per cent.

During and immediately after the war there was a large rise in prices. The price index of domestic product in 1948 was ten times as high as in 1938. In 1948—65 prices continued to rise and in 1965 were about 180 per cent above the 1948 level. The inflation reached its peak in 1950—51 after which the rise in prices has been slower at an annual rate of 4.5 per cent.

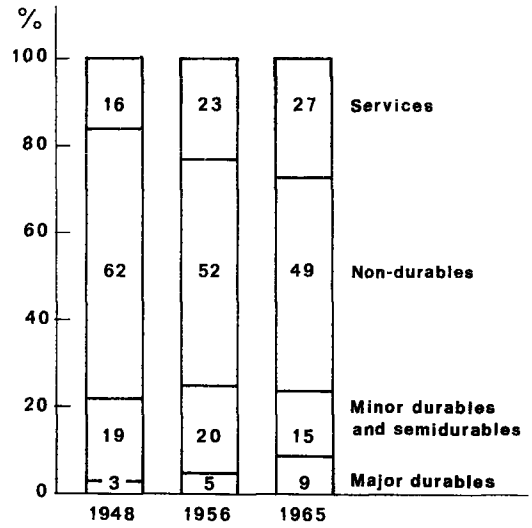
¹⁾ National Accounting in Finland 1948—1964, Statistical Information published by the Central Statistical Office. In print.

The rapid recovery after the war followed by a strong expansion have caused considerable structural changes in the Finnish economy.

The following table illustrates the relative shares of the different components in total demand in certain years and their average growth rates in 1948—65.

	1948	1956	1965	Average growth rate
	Per cent			
Private consumption expenditure	55	51	47	5.1
Government consumption expenditure	8	10	12	5.0
Gross domestic fixed capital formation	19	22	21	6.3
Increase in stocks	1	1	3	—
Exports of goods and services . . .	17	16	17	7.2
Total demand	100	100	100	5.6

Figure 1. The percentage share of different commodity categories in private consumption, 1948, 1956 and 1965



	1948	1956	1965
	Per cent		
Food	43	34	30
Beverages	6	5	5
Tobacco	3	3	3
Clothing	15	15	9
Rent, fuel and light	8	14	15
Furniture etc.	4	5	5
Transport	5	8	14
Recreation	6	6	6
Other	10	10	13
Total private consumption expenditure	100	100	100

The most significant changes can be observed in private and government consumption. The share of the former has decreased and that of the latter has increased so that their relative share in total consumption has decreased from 63 to 59 per cent. The share of exports in total demand has remained almost unchanged and there was a slight increase in gross capital formation.

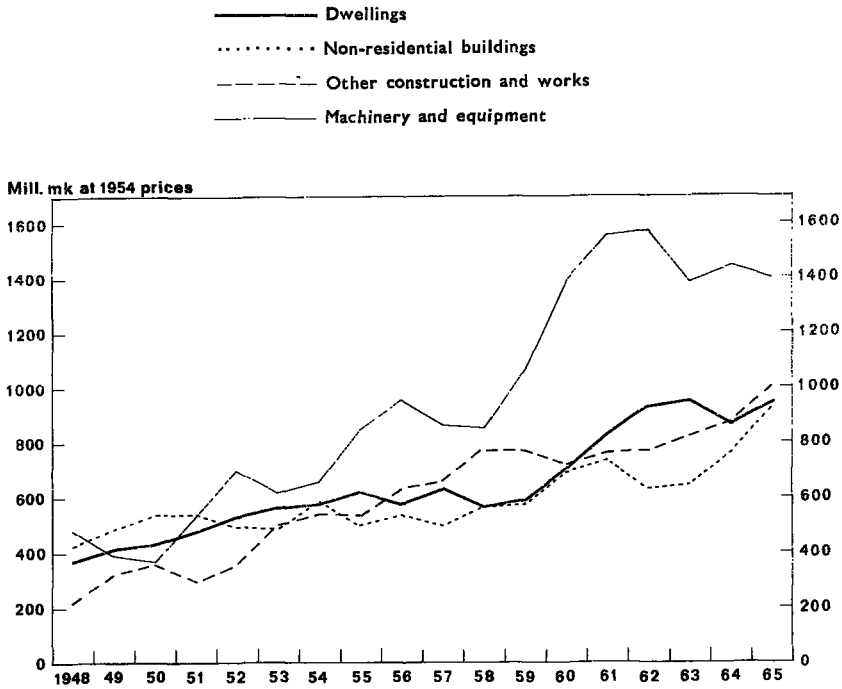
When considering the volume changes — the last column of the table — the picture is somewhat different. The average yearly rate of growth in exports has been as high as 7.2 per cent. This means that domestic prices have risen much faster than export prices.

The allocation of private consumption expenditure between different groups of commodities has also changed. This can be seen from Figure 1, which considers the main categories only, and also more clearly when shares of smaller commodity groups in total private consumption are analyzed, as in the following table.

Although the structural changes in private consumption reflect the effects of rationing and scarcity of goods after the war, they also show permanent alterations due to the rising standard of living.

From Figure 1 it can be seen that the share of major durables has increased and that of non-durables has decreased. This is also the case with constant prices. Another clear structural change is the increase in the share of services from 16 to 27 per cent of total private consumption. However, this is mainly caused by the rise in the price of services which has been faster than that of consumer goods. The share of expenditure

Figure 2. Gross domestic fixed capital formation by types of capital goods at constant 1954 prices in 1948—1965



on food has shown a large decrease and those of expenditure on housing and transport have become increasingly important; taken together, their share in 1965 is as great as that of food.

Certain important changes have occurred also in the structure of government consumption. In the period under review the share of expenditure on general administration has decreased from 32 to 22 per cent, the share of education has increased from 23 to 31 per cent and the share of public health services from 14 to 19 per cent. The share of other civil expenditure as well as that of defence have remained unchanged.

The stock of fixed capital in Finland doubled from 1948 to 1965. The growth of gross fixed capital formation was rather stable and strong in this period with only two setbacks in 1957 and in 1962—63. However, there are large variations if the devel-

opment is analyzed by types of capital goods. cf. Figure 2.

The largest increase has been in other construction and works mainly because of their low level in 1948. At current prices the share of investments in machinery has varied between 22 and 41 per cent of total fixed capital formation.

The data on changes in stocks are not very reliable in Finnish national accounts. Therefore these changes are not analyzed here.

The last aggregate component of total demand, exports of goods and services, has shown the largest growth. Measured at constant prices exports in 1965 were over three times as great as in 1948. The share of the products of the metal and machine industry has markedly increased whereas the share of forestry products has decreased. The latter share was 10 per cent

in 1948 and 2 per cent in 1965 of the total value of goods exported. Exports to the Eastern Bloc, which immediately after the war reparation period in 1953 accounted for almost one third of all exports of goods are now about 20 per cent of the total.

The changes in the demand components described above have been accompanied by structural changes in total supply. The most significant of these have occurred in the pattern of production but the share of imports has also changed as can be seen from the following table.

	1948	1956	1965	Average growth rate
	Per cent			
Gross domestic product	85	83	81	5.0
Imports of goods and services	15	17	19	8.4
Total supply	100	100	100	5.6

The changes in the import structure are not very marked. The country pattern of imports has changed in a similar way to that of exports.

The following table illustrates the changes in the structure of production. The figures indicate the percentage shares of the different industries in the gross domestic product at current factor prices.

	1948	1956	1965
	Per cent		
Agriculture, forestry, hunting and fishing	33	22	18
Manufacturing, mining, electricity	30	29	29
Construction	8	10	10
Transport and communications	6	8	7
Wholesale and retail trade	8	11	11
Banking and insurance	2	2	2
Public administration and defence	4	4	4
Other services	9	14	19
Gross domestic product	100	100	100

It can be seen from the table that the most significant changes have been the de-

crease of the share of agriculture and forestry and the increase in that of services from 29 per cent in 1948 to 43 per cent in 1965. Within the group of service industries the biggest increase is that in housing services from 2 to 7 per cent of gross domestic product.

The structural changes in production analyzed above have led to considerable changes in labour input. From the following table the increase in employment measured in man-years was in 1948—65 some 21 per cent. At the same time the labour input of private entrepreneurs has decreased by 8 per cent whereas the employment of wage and salary earners increased by 39 per cent. There have also been important internal changes in the employment of wage and salary earners. The share of salaried employees in the total labour input was about 26 per cent in 1965 as compared with only 17 per cent in 1948. This is a result of the effects of industrial structural changes but also of the growing importance of education and skill in economic growth.

	1 000 man-years		
	1948	1956	1965
Wage-earners	743	818	898
Other employees	274	377	514
Private entrepreneurs	602	599	551
Total labour input	1 619	1 793	1 963

The changes in the distribution of national income are not as obvious as the other changes discussed above. The following table shows the percentage shares of the main types of income in national income.

	1948	1956	1965
	Per cent		
Wages and salaries	53	53	54
Employers' contributions to social security	3	5	8
Income from unincorporated enterprises	28	20	18
Other income	16	22	20
National income	100	100	100

The share of wages and salaries has not changed but the social security payments have increased. As a consequence of this development the share of compensation to employees in national income has increased from 56 to 62 per cent. The effect of the decrease of the number of entrepreneurs can be seen in the decreasing share of entrepreneurial income.

Only the major structural changes in the Finnish economy have been discussed in this

article. It is evident that transition from the rationing and reconstruction period after the war to a period of strong economic growth has been accompanied by fundamental changes in all parts of the economy. There have been other significant changes, such as those in the structure of saving and of the money market and the increasing importance of the government sector, which could not be analyzed in this article.

ITEMS

Trade agreement. On February 17, 1967, an agreement was signed between Finland and *Roumania* regulating the exchange of goods for four years, beginning January 1, 1967. The Finnish export list includes machinery, equipment and spare parts for the pulp, paper and wood industries, machines for the electrical industry, steam boilers, electrostatic precipitators, handling, lifting and conveying equipment and forestry tractors, various papers and boards and their products, cellulose, staple fibres, textiles and footwear, chemical products, manufactures of non-ferrous metals and electric wires and cables. The import list covers fuel oil, gas oil, petroleum products, chemical products, various fruits, vegetables and their products, vegetable oils and fats, wines, various vehicles for transport, machine tools, road and building machinery, pumps, electric motors and weighing machines and various textiles.

*

Domestic bond issues. In January the Government made the 1967 issue of 8 per cent bonds and the 1967 issue of 6 ½ per cent bonds for subscription by the banking

institutions. The amount of both loans is 25 million marks. The bonds are dated February 1, 1967 and will mature in 5 and 10 years respectively. The 6 ½ per cent loan carries a 50 per cent index clause. The loans are issued at par.

In February the Government authorized the Real Estate Bank in Finland Ltd and *Osuustukkukauppa* (Co-operative Wholesale Association) to make private bond issues.

There are two issues of the Real Estate Bank in Finland Ltd, both of 5 million marks. The bonds of one issue are dated March 1, 1967 and will run for a period of 10 years at a rate which is 2 percentage points above the general rate of six month deposits in savings banks (at present 4 ½ per cent). The bonds of the other issue are dated March 15, 1967 and will mature in ten years. The rate of interest is 2 ½ percentage points above the general rate of six month deposits in savings banks. Both loans are tied to the cost of living index to the extent of 50 per cent. The loans are issued at par.

The loan of the Co-operative Wholesale Association amounts to 2 million marks. The loan is current for a period of 25 years

starting from April 1, 1967, and the interest rate is 8 per cent. The capital of the loan is tied to the cost of living index.

*

Publications of the Bank of Finland. The following publications issued by the Bank of Finland Institute for Economic Research have appeared:

In Series B: No. 26, Lauri Korpelainen, Tutkimus kestokulutushyödykkeiden kysynnästä Suomessa vuosina 1948—1964 (The Demand for Household Furniture and Equipment in Finland, 1948—1964). Doctoral thesis, published in Finnish with a summary in English. Helsinki 1967, 139 pp.

In Series D — Mimeographed Studies: No. 17, Timo Helelä and J. J. Paunio, Memorandum on Incomes Policy.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

*(Absent as a member of
Government)*

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

REINO ROSSI

HEIKKI VALVANNE
ad int.

DIRECTORS

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

K. IGNATIUS

JORMA ARANKO
(On leave of absence)

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Personnel

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(trade)*

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

A. NENONEN,
Foreign correspondence

K. EIROLA,
Accounts

EINO SUOMELA,
Office

STIG TÖRNROTH,
Cash

INSTITUTE FOR ECONOMIC RESEARCH

TIMO HELELÄ,
Director