



BANK OF FINLAND

MONTHLY BULLETIN

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1967

PRICES, WAGES AND INCOMES POLICY

The increase in the nominal income of different income groups has in general been faster during the last years than the increase in real incomes. In these circumstances it has proved necessary to reformulate the incomes policy in Finland. The following covers the recent development of prices and wages in Finland and the present stage of the incomes policy.

The following table illustrates the movement of incomes and wages.

| | Percentage rise on the previous year | | |
|--|---|---------|---------|
| | 1964/63 | 1965/64 | 1966/65 |
| 1. Nominal wages and salaries | 13.2 | 9.1 | 6.4 |
| 2. Productivity | 5.2 | 4.6 | 1.8 |
| 3. Wage costs per unit of output (1:2) | 7.6 | 4.3 | 4.5 |
| 4. Price index of GNP .. | 7.7 | 4.8 | 3.8 |
| 5. Consumer price index .. | 10.4 | 4.8 | 3.9 |
| 6. Real earnings (1:5) .. | 2.5 | 4.1 | 2.4 |

As far as changes in wages and salaries are concerned, these years include two wage agreement periods. The first agreement was in force during 1964—1965. At the beginning of 1966 the central labour market organizations arrived at a recommendation for a three-year agreement which was generally accepted. These two wage agreements differed from each other in many respects; in particular the easing in the index-linkage in the latter agreement are reflected in the table by the slowing down in the increase

in prices and wages from the year 1964 to the year 1966.

The lack of a comprehensive incomes policy may have facilitated the exceptionally rapid rise in prices in the year 1964. In a situation where the cyclical development created a favourable background for a strong increase in prices and incomes, the growth of nominal incomes and prices was accelerated by the various linkages between them. At the beginning of the year 1964 the sales tax system was reformed. It led to a rise of some three per cent in consumer prices and set the index mechanism in motion. Accordingly the subsequent wage-price spiral in 1964 resulted in a rise of 13 per cent in wage-earnings and in one of 8 per cent in the implicit price index of national product. The consumer price index rose even more or by over 10 per cent. In this situation, not even the increase in productivity by 5 per cent could check the rise in costs.

The effects of the index-linkages were also felt during the following year when the increase in wages and salaries was about 9 per cent. As the growth in productivity continued to be high the increase in wage costs per unit of output was about 4 per cent and the rise in prices 5 per cent.

On page 18, Finland's Balance of Payments in 1966

In the agreements made at the beginning of 1966 the index-linkage was loosened and a more flexible procedure was introduced (see Bulletin 3/1966). The average rise in wage earnings in 1966 was 6 per cent; this was, however, clearly more than the rise in productivity which due to the downswing in economic activity was only 2 per cent. At the same time because of the slackening rate of growth of demand the rise in prices was less than the corresponding growth of wage unit costs.

Taking into consideration the prevailing economic situation, the existing wage agreements and the legally based income arrangements, it can be expected that the average rise in wage earnings will be almost the same as during the previous year. As the growth in productivity seems to be as large as in 1966 prices will increase by no more than during the previous year.

Most of the existing wage agreements and the civil service salaries act expire at the end of 1967. In order to ensure that the new agreements will be compatible with the economic growth and will not endanger the country's competitive position on foreign markets, the Economic Council has given urgent consideration to the matter of an incomes policy. To assist in formulating the guidelines and procedure needed, it has set up a research group with the aim of providing various decision makers with the relevant information. A decision model is also being prepared, which should serve as a framework for estimating the effects of various income solutions on production, employment, income distribution, prices and the development of the international competitive position of Finland.

July 3, 1967

BANK OF FINLAND

Mill. mk

| | 1966 | | 1967 | | | |
|---|---------|---------|---------|---------|---------|---------|
| | Dec. 31 | May 31 | May 31 | June 8 | June 15 | June 22 |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| <i>Ordinary note cover</i> | 637.2 | 847.1 | 774.6 | 753.5 | 731.5 | 717.5 |
| Gold | 143.9 | 177.3 | 152.1 | 152.1 | 152.1 | 152.1 |
| IMF gold tranche | 100.0 | 100.0 | — | — | — | — |
| Foreign exchange | 312.0 | 483.3 | 547.2 | 527.8 | 505.8 | 490.5 |
| Foreign bills | 56.4 | 58.6 | 55.0 | 53.3 | 53.3 | 54.6 |
| Foreign bonds | 24.9 | 27.9 | 20.3 | 20.3 | 20.3 | 20.3 |
| <i>Supplementary note cover</i> | 1 063.7 | 751.8 | 907.7 | 858.8 | 878.0 | 923.6 |
| Inland bills discounted | | | | | | |
| In foreign currency | 36.3 | 43.7 | 37.7 | 34.7 | 34.7 | 34.7 |
| In Finnish currency | 112.2 | 43.3 | 95.8 | 91.5 | 84.7 | 88.2 |
| Rediscounted bills | 915.2 | 664.8 | 774.2 | 732.6 | 758.6 | 800.7 |
| <i>Other assets</i> | 424.6 | 215.7 | 520.0 | 530.5 | 542.7 | 574.3 |
| Finnish bonds | 284.8 | 116.7 | 362.3 | 334.0 | 344.6 | 380.6 |
| Cheque accounts | 2.1 | 2.1 | 4.6 | 4.7 | 6.0 | 2.1 |
| Finnish coin | 11.7 | 9.5 | 15.3 | 15.2 | 15.8 | 14.7 |
| Other claims | 126.0 | 87.4 | 137.8 | 176.6 | 176.3 | 176.9 |
| Total | 2 125.5 | 1 814.6 | 2 202.3 | 2 142.8 | 2 152.2 | 2 215.4 |
| Liabilities | | | | | | |
| <i>Notes in circulation</i> | 1 106.2 | 1 019.1 | 1 010.6 | 1 000.4 | 1 007.7 | 1 082.3 |
| <i>Liabilities payable on demand</i> | 179.6 | 99.6 | 166.9 | 122.2 | 123.2 | 126.1 |
| Foreign exchange accounts | 61.2 | 40.6 | 60.7 | 57.7 | 57.2 | 55.5 |
| Mark accounts of holders abroad | 16.2 | 23.7 | 13.0 | 13.1 | 13.2 | 13.1 |
| Cheque accounts | | | | | | |
| Treasury | 39.8 | 0.7 | 4.9 | 1.6 | 4.6 | 29.7 |
| Post Office Savings Bank | 17.3 | 0.9 | 49.7 | 4.1 | 26.7 | 0.9 |
| Private banks | 13.8 | 10.8 | 16.3 | 24.1 | — | 6.4 |
| Other | 2.8 | 1.8 | 1.3 | 1.4 | 1.1 | 1.1 |
| Other sight liabilities | 28.5 | 21.1 | 21.0 | 20.2 | 20.4 | 19.4 |
| <i>Term liabilities</i> | 126.3 | 74.7 | 328.8 | 325.9 | 332.2 | 331.3 |
| Foreign | 84.6 | 41.6 | 158.9 | 156.0 | 156.0 | 156.0 |
| Finnish | 41.7 | 33.1 | 169.9 | 169.9 | 176.2 | 175.3 |
| <i>Equalization accounts</i> | 266.9 | 180.2 | 237.3 | 234.9 | 229.2 | 231.9 |
| <i>Bank's own funds</i> | 446.5 | 441.0 | 458.7 | 459.4 | 459.9 | 443.8 |
| 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 | — |
| Earnings less expenses | 33.9 | 13.7 | 12.3 | 13.0 | 13.5 | 14.3 |
| Total | 2 125.5 | 1 814.6 | 2 202.3 | 2 142.8 | 2 152.2 | 2 215.4 |
| STATEMENT OF NOTE ISSUE | | | | | | |
| Right of note issue | | | | | | |
| Ordinary cover | 637.2 | 847.1 | 774.6 | 753.5 | 731.5 | 717.5 |
| Supplementary cover | | | | | | |
| (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 | 1 347.1 | 1 474.6 | 1 453.5 | 1 431.5 | 1 417.5 |
| Note issue | | | | | | |
| Notes in circulation | 1 106.2 | 1 019.1 | 1 010.6 | 1 000.4 | 1 007.7 | 1 082.3 |
| Liabilities payable on demand | 179.6 | 99.6 | 166.9 | 122.2 | 123.2 | 126.1 |
| Undrawn on cheque credits | 4.9 | 4.9 | 2.4 | 2.3 | 3.5 | 4.9 |
| Unused right of note issue | 46.5 | 223.5 | 294.7 | 328.6 | 297.1 | 204.2 |
| Total | 1 337.2 | 1 347.1 | 1 474.6 | 1 453.5 | 1 431.5 | 1 417.5 |

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

BANK OF FINLAND

Mill. mk

| End of year and month | Gold and foreign accounts | | | | | | Treasury | | | |
|-----------------------|---------------------------|--|--------------------------------|----------------------|---------------------------|----------------------------|-----------------|-------------------|-----------------------------|------------------------------------|
| | Gold and foreign exchange | Liabilities on foreign exchange accounts | Foreign exchange reserve (1-2) | Other foreign assets | Other foreign liabilities | Net foreign assets (3+4-5) | Bills and bonds | Other claims, net | Liabilities, Cheque account | Net claims on the Treasury (7+8-9) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 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 | | | | | | | | | | |
| 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 |
| Feb. | 619.5 | 47.2 | 572.3 | 78.6 | 98.0 | 552.9 | 8.3 | 1.1 | 0.3 | 6.9 |
| March | 595.3 | 49.9 | 545.4 | 77.4 | 97.8 | 525.0 | 8.3 | 1.1 | 2.4 | 4.8 |
| April | 714.6 | 60.8 | 653.8 | 79.5 | 171.9 | 561.4 | 8.3 | 1.1 | 1.3 | 5.9 |
| May | 699.3 | 60.7 | 638.6 | 75.3 | 171.9 | 542.0 | 8.3 | 1.1 | 4.9 | 2.3 |

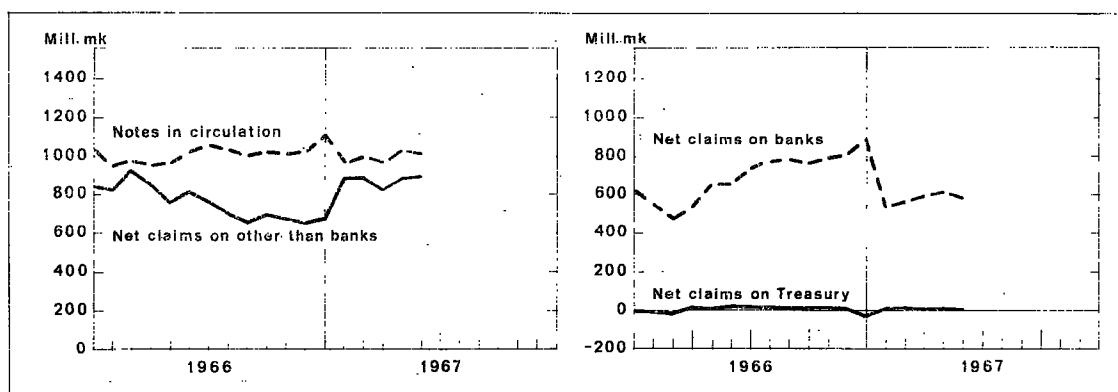
| | Foreign exchange situation, mill. mk | | | | | | | |
|------------------------------|--------------------------------------|-------|-------|----------------------------|-------|-------|-----------|----------|
| | Net holdings, Dec. 31, 1966 | | | Net holdings, May 31, 1967 | | | Change in | |
| | Bank of Finland | Other | Total | Bank of Finland | Other | Total | May | Jan.—May |
| | | | | | | | | |
| Gold | 144 | — | 144 | 152 | — | 152 | — | + 8 |
| Convertible currencies | 274 | —189 | 85 | 340 | —265 | 75 | —13 | — 10 |
| Other currencies | — 23 | 1 | — 22 | 147 | 3 | 150 | + 4 | + 172 |
| IMF gold tranche | 100 | — | 100 | — | — | — | — | —100 |
| Total | 495 | —188 | 307 | 639 | —262 | 377 | — 9 | + 70 |

BANK OF FINLAND

Mill. mk

| End of year and month | Finnish credit institutions | | | | | Other | | | | Notes in circulation |
|-----------------------|-----------------------------|------------------------------|--|-----------------------------|-----------------------------------|----------------------------------|----------------|-------------|---|----------------------|
| | Redis-counted bills | Liabilities, Cheque accounts | | | Net claims on the banks (1-2-3-4) | Inland bills in Finnish currency | Other advances | Liabilities | Net claims on the rest of economy (6+7-8) | |
| | | Private banks ¹⁾ | Post Office Savings Bank ¹⁾ | 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 | 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 |
| 1966 | | | | | | | | | | |
| 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 |
| Feb. | 637.9 | 64.5 | 14.7 | — 0.7 | 559.4 | 88.0 | 152.5 | 55.4 | 185.1 | 991.7 |
| March | 728.5 | 101.4 | 29.7 | — 1.0 | 598.4 | 98.2 | 158.1 | 59.9 | 196.4 | 964.9 |
| April | 753.2 | 115.6 | 28.8 | — 1.3 | 610.1 | 107.9 | 155.7 | 60.0 | 203.6 | 1 033.5 |
| May | 774.2 | 120.7 | 75.6 | — 5.0 | 582.9 | 95.8 | 166.8 | 60.8 | 201.8 | 1 010.6 |

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 | Commercial banks | Savings banks | Co-op. credit societies & their central bank | Post Office Savings Bank | Savings departments of co-op. stores | All credit institutions | |
| | Commercial banks | All credit institutions | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 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 |
| 1966* | | | | | | | | | | |
| 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 |
| 1967* | | | | | | | | | | |
| Jan. | 655.4 | 832.5 | 325.4 | 3 671.0 | 3 372.9 | 2 250.3 | 883.8 | 384.8 | 10 563.1 | 11 721.0 |
| Feb. | 649.8 | 823.8 | 381.9 | 3 700.9 | 3 413.2 | 2 275.9 | 897.9 | 389.1 | 10 677.2 | 11 882.9 |
| March | 616.5 | 801.3 | 340.1 | 3 723.5 | 3 448.5 | 2 312.3 | 906.8 | 399.1 | 10 783.2 | 11 924.6 |
| April | 559.8 | 731.8 | 351.6 | 3 758.3 | 3 466.1 | 2 323.7 | 908.0 | 394.2 | 10 850.5 | 11 933.9 |
| May | 596.1 | 777.8 | 337.6 | 3 782.6 | 3 596.1 | 2 348.4 | 908.3 | 392.1 | 10 928.7 | 12 044.1 |

| End of month | Index-tied deposits | | High-interest deposits |
|--------------|---------------------|-------------|------------------------|
| | 100 % clause | 50 % clause | |
| 1966* | | | |
| 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 |
| 1967* | | | |
| Jan. | 2 340.9 | 25.9 | 834.5 |
| Feb. | 2 426.3 | 19.0 | 816.1 |
| March | 2 543.1 | 13.9 | 796.8 |
| April | 2 636.1 | 8.6 | 780.0 |
| May | 2 748.4 | 1.1 | 748.5 |

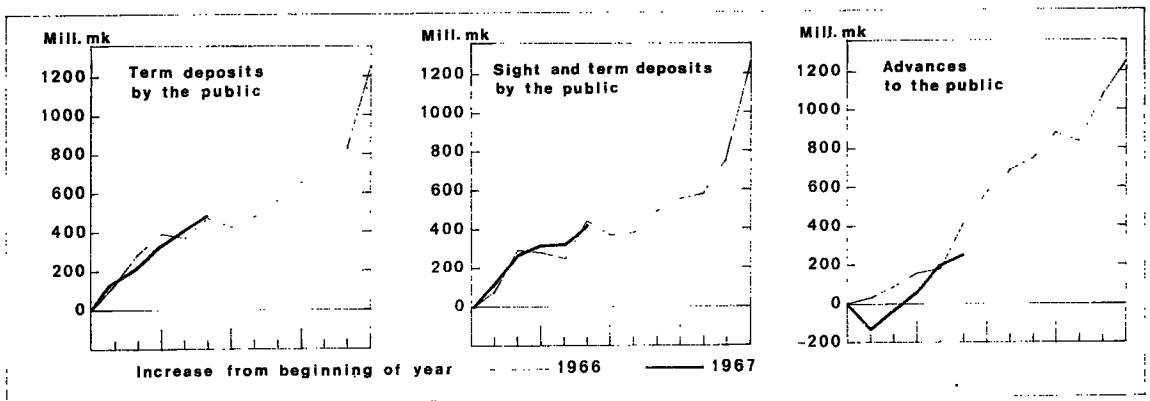
| Selling rates for foreign exchange | | | |
|------------------------------------|--------|-------|---|
| July 3, 1967 | | | |
| | | mk | mk |
| New York | 1 \$ | 3.224 | Zurich 100 Fr 74.70 |
| Montreal | 1 \$ | 2.988 | Paris 100 FF 65.74 |
| London | 1 £ | 8.995 | Rome 100 Lit 0.5165 |
| Stockholm | 100 Kr | 62.50 | Vienna 100 S 12.49 |
| Oslo | 100 Kr | 45.14 | Lisbon 100 Esc 11.22 |
| Copenhagen | 100 Kr | 46.55 | Reykjavik 100 Kr 7.50 |
| Frankfurt o. M. | 100 DM | 80.84 | Madrid 100 Pta 5.38 |
| Amsterdam | 100 Fl | 89.53 | Moscow, clear. ¹⁾ 1 Rbl 3.5667 |
| Brussels | 100 Fr | 6.495 | Clearing dollars ²⁾ 1 Cl \$ 3.21 |

¹⁾ Bucharest.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 |
| 1966* | | | | | | | | | |
| 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 |
| 1967* | | | | | | | | | |
| Jan. | 4 716.4 | 2 955.7 | 793.9 | 2 593.2 | 905.6 | 11 494.2 | 470.6 | 11 964.8 | 2 050.2 |
| Feb. | 4 793.3 | 2 969.8 | 804.6 | 2 590.2 | 901.2 | 11 570.9 | 488.2 | 12 059.1 | 2 113.0 |
| March | 4 857.3 | 2 978.6 | 819.1 | 2 600.9 | 901.0 | 11 632.5 | 524.4 | 12 156.9 | 2 042.7 |
| April | 4 912.3 | 3 011.0 | 830.0 | 2 616.2 | 926.2 | 11 766.6 | 529.1 | 12 295.7 | 2 084.7 |
| May | 4 920.4 | 3 044.2 | 825.7 | 2 633.5 | 928.7 | 11 846.7 | 505.8 | 12 352.5 | 2 080.8 |

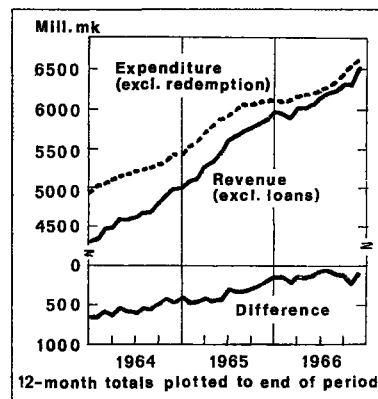


STATE FINANCES

Mill. mk

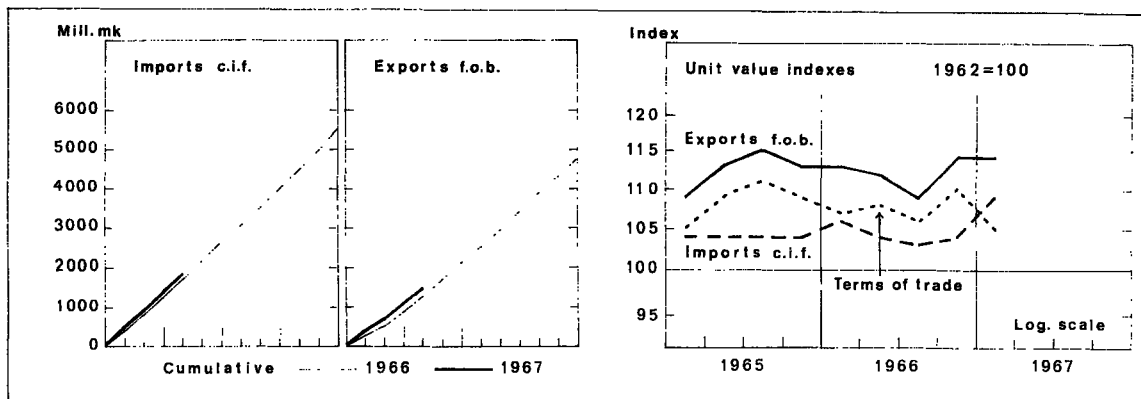
| Revenue | Jan.—March | | Expenditure | Jan.—March | |
|--|------------|-------|--|------------|-------|
| | 1966 | 1967 | | 1966 | 1967 |
| Income and property tax (net) | 439 | 532 | Interest on State debt | 66 | 62 |
| Gross receipts | 1 061 | 1 286 | Child allowances | 75 | 78 |
| Refunds and communal income tax | —622 | —754 | The State's share in national pensions | 65 | 72 |
| Other direct taxes | 6 | 6 | The State's share in national health insurance | 10 | 15 |
| Sales tax | 310 | 356 | Compensations to war-disabled | 34 | 38 |
| Import duties | 116 | 106 | Subsidies | 163 | 160 |
| Revenue from Alcohol Monopoly .. | 101 | 115 | Net payments of price equalization | 18 | 23 |
| Excise duty on tobacco | 80 | 99 | State aid to agriculture | 10 | 10 |
| Excise duty on liquid fuel | 83 | 110 | State aid to communal and private schools | 139 | 166 |
| Other excise duties | 21 | 27 | Net loss of State enterprises | 35 | 60 |
| Tax on automobiles and motor cycles | 36 | 57 | Maintenance of roads | 31 | 34 |
| Tax on motor vehicles | 1 | 1 | Other current expenditure | 566 | .. |
| Stamp duties | 43 | 44 | Current expenditure | 12 12 | .. |
| Employers' payments for child allowances | 99 | 111 | Real investments | 311 | .. |
| Other revenue similar to taxes | 14 | 19 | Other capital expenditure | 103 | .. |
| Total taxes | 1 349 | 1 583 | Capital expenditure | 414 | .. |
| Interest and dividends | 21 | 22 | Total expenditure | 1 626 | 1 847 |
| Other current revenue | 49 | 50 | Redemption of external loans | 27 | 14 |
| Current revenue | 1 419 | 1 655 | Redemption of internal loans | 139 | 159 |
| Capital revenue proper | 35 | 50 | Redemption of indemnity bonds etc. | 0 | 0 |
| Decrease in inventories | 37 | 30 | Index premiums | 8 | 8 |
| Capital revenue | 72 | 80 | Redemptions | 174 | 181 |
| Total revenue | 1 491 | 1 735 | Total | 1 800 | 2 028 |
| External loans | 21 | 60 | | | |
| Internal loans | 161 | 170 | | | |
| Loans | 182 | 230 | | | |
| Short-term credit (increase +) .. | — 42 | — 15 | | | |
| Deficit (+) or surplus (—) | +169 | + 78 | | | |
| Total | 1 800 | 2 028 | | | |

| Debt | 1964 | 1965 | 1966 | 1967 | | |
|---------------------------|-------|-------|---------|---------|---------|-------|
| | Dec. | Dec. | Dec.* | March | April | May* |
| External debt | 1 184 | 1 175 | 1 340 | 1 387 | 1 385 | 1 383 |
| Ordinary loans | 1 205 | 1 431 | 2 079 | 1 989 | 1 978 | 1 939 |
| Indemnity bonds etc. | 7 | 203 | 92 | 62 | 52 | 42 |
| Short-term credit .. | 325 | 393 | 92 | 79 | 108 | 149 |
| Cash debt (net) | 23 | —101 | —153 | —40 | —14 | .. |
| Internal debt | 1 560 | 1 926 | 2 110 | 2 090 | 2 124 | .. |
| Total debt | 2 744 | 3 101 | 3 450 | 3 477 | 3 509 | .. |
| Total debt, mill. \$ | 852.8 | 961.8 | 1 070.1 | 1 078.5 | 1 088.4 | .. |



FOREIGN TRADE

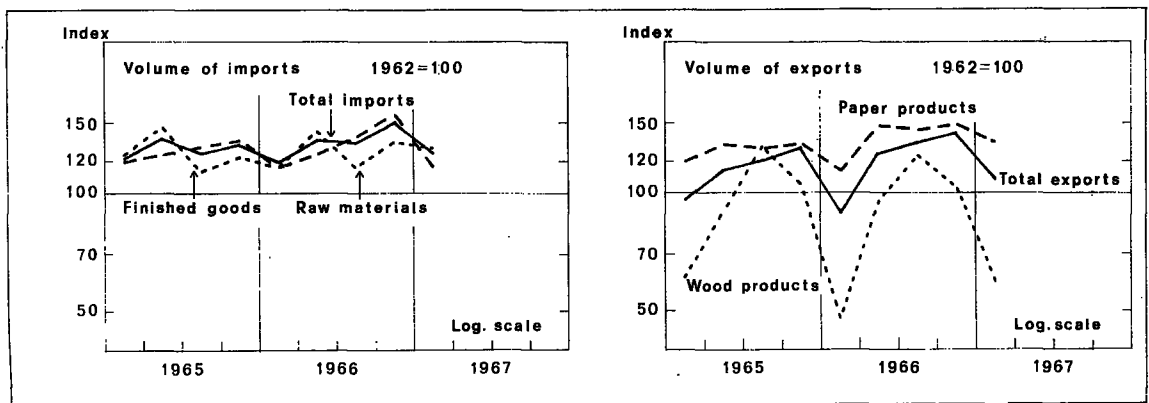
| Period | Value mill. mk | | | Unit value indexes 1962 = 100 | | | | | | |
|------------|---------------------|---------------------|--|-------------------------------|-----------------------------|------------------------------|-------------------------------|---|-----------------------------------|----------------------|
| | 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 | 4 818.5 | -705.8 | 112 | 112 | 122 | 105 | 119 | 104 | 108 |
| Jan.-April | | | | | | | | | | |
| 1965 | 1 679.0 | 1 263.9 | -415.1 | | | | | | | |
| 1966* | 1 685.6 | 1 251.7 | -433.9 | | | | | | | |
| 1967* | 1 832.4 | 1 485.5 | -346.9 | | | | | | | |
| 1966* | | | | | | | | | | |
| April | 441.9 | 372.8 | - 69.1 | 112 | 101 | 121 | 104 | 126 | 104 | 108 |
| May | 487.8 | 450.2 | - 37.6 | | | | | | | |
| June | 459.9 | 424.3 | - 35.6 | | | | | | | |
| July | 411.6 | 404.8 | - 6.8 | | | | | | | |
| Aug. | 437.5 | 419.8 | - 17.7 | 109 | 110 | 121 | 105 | 104 | 103 | 106 |
| Sept. | 504.9 | 450.9 | - 54.0 | | | | | | | |
| Oct. | 489.0 | 460.6 | - 28.4 | | | | | | | |
| Nov. | 491.2 | 437.5 | - 53.7 | | | | | | | |
| Dec. | 556.9 | 518.7 | - 38.2 | 114 | 112 | 120 | 105 | 130 | 104 | 110 |
| 1967* | | | | | | | | | | |
| Jan. | 467.7 | 365.5 | -102.2 | | | | | | | |
| Feb. | 443.4 | 343.9 | - 99.5 | | | | | | | |
| March | 434.0 | 378.5 | - 55.5 | 114 | 108 | 119 | 106 | 130 | 109 | 105 |
| April | 487.3 | 397.6 | - 89.7 | | | | | | | |



FOREIGN TRADE BY MAIN GROUPS

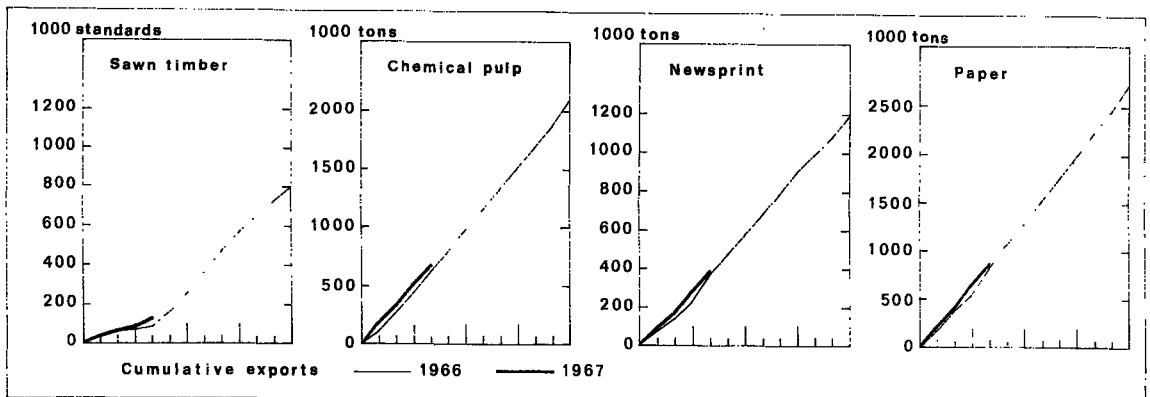
Mill. mk

| 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* | 2 450.4 | 589.8 | 1 448.5 | 1 035.6 | 264.0 | 59.0 | 863.5 | 2 297.0 | 877.5 | 457.5 |
| Jan.-April | | | | | | | | | | |
| 1965 | 733.8 | 158.4 | 503.6 | 283.2 | 80.8 | 10.9 | 193.6 | 697.4 | 192.2 | 89.0 |
| 1966* | 732.6 | 155.5 | 462.0 | 335.5 | 98.4 | 7.7 | 160.5 | 693.1 | 185.0 | 107.0 |
| 1967* | 759.8 | 196.9 | 499.0 | 376.7 | 88.8 | 13.4 | 191.9 | 755.2 | 284.2 | 152.0 |
| 1966* | | | | | | | | | | |
| 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. | 246.4 | 59.3 | 153.5 | 97.7 | 33.5 | 5.3 | 79.6 | 216.1 | 137.5 | 46.7 |
| 1967* | | | | | | | | | | |
| Jan. | 203.0 | 62.4 | 114.5 | 87.8 | 30.5 | 2.2 | 52.5 | 188.6 | 58.7 | 33.0 |
| Feb. | 176.9 | 38.5 | 134.0 | 94.0 | 11.6 | 2.2 | 41.0 | 180.5 | 74.4 | 34.2 |
| March | 176.8 | 41.4 | 121.8 | 94.0 | 15.6 | 3.2 | 41.5 | 199.0 | 79.0 | 40.2 |
| April | 203.1 | 54.6 | 128.7 | 100.9 | 31.1 | 5.8 | 56.9 | 187.1 | 72.1 | 44.6 |



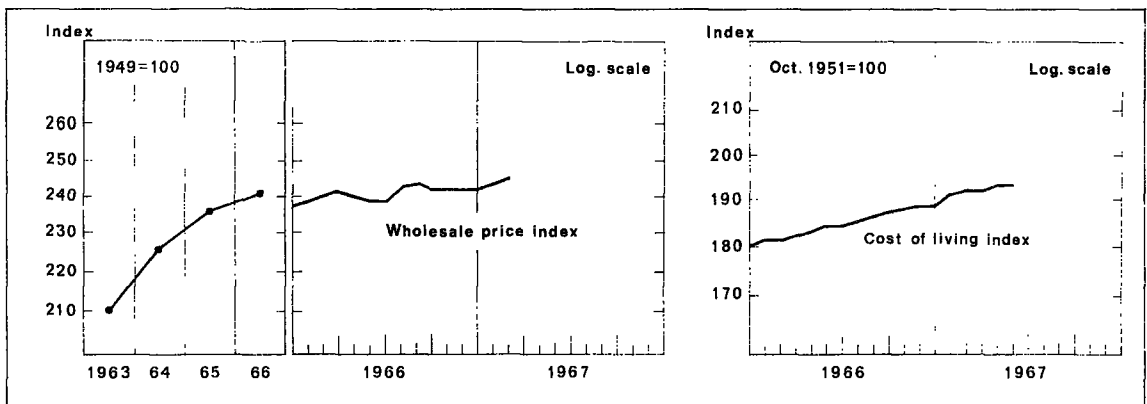
EXPORTS OF SOME IMPORTANT ARTICLES

| Period | Round timber | Sawn timber | Veneers and plywood | Mechanical pulp | Sulphite pulp | Sulphate pulp | Board | Fibre building board | Newsprint | Paper, all kinds |
|------------|-------------------|-------------|---------------------|-----------------|---------------|---------------|------------|----------------------|------------|------------------|
| | 1 000 solid cu. m | 1 000 stds | 1 000 cu. m | 1 000 tons | 1 000 tons | 1 000 tons | 1 000 tons | 1 000 tons | 1 000 tons | 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 |
| Jan.-April | | | | | | | | | | |
| 1965 | 154 | 140 | 159 | 59 | 321 | 322 | 56 | 54 | 340 | 815 |
| 1966* | 52 | 86 | 160 | 51 | 291 | 328 | 59 | 42 | 369 | 822 |
| 1967* | 128 | 126 | 163 | 35 | 296 | 372 | 66 | 44 | 378 | 872 |
| 1966* | | | | | | | | | | |
| 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 |
| 1967* | | | | | | | | | | |
| Jan. | 21 | 39 | 40 | 8 | 74 | 104 | 15 | 12 | 90 | 219 |
| Feb. | 14 | 26 | 33 | 10 | 79 | 77 | 16 | 9 | 84 | 202 |
| March | 15 | 18 | 46 | 8 | 74 | 102 | 18 | 12 | 110 | 229 |
| April | 78 | 43 | 44 | 9 | 69 | 89 | 17 | 11 | 94 | 222 |



FOREIGN TRADE BY COUNTRIES

| Area and country | Imports, c.i.f. | | | | | Exports, f.o.b. | | | | |
|------------------------------|-----------------|-------|------------|-------|----------|-----------------|-------|------------|-------|----------|
| | Whole year | | Jan.—April | | | Whole year | | Jan.—April | | |
| | 1965 | 1966* | 1966* | 1967* | | 1965 | 1966* | 1966* | 1967* | |
| | % | % | % | % | Mill. mk | % | % | % | % | Mill. mk |
| Sterling area | 15.8 | 16.6 | 17.1 | 16.5 | 302.9 | 22.8 | 22.6 | 22.9 | 21.7 | 322.6 |
| United Kingdom | 15.3 | 16.1 | 16.6 | 15.9 | 291.8 | 20.7 | 20.5 | 21.3 | 19.6 | 291.8 |
| Other OECD countries | | | | | | | | | | |
| in Europe | 55.5 | 53.7 | 54.6 | 55.5 | 1 017.7 | 44.8 | 46.7 | 46.6 | 44.4 | 660.1 |
| Austria | 0.8 | 0.9 | 0.8 | 1.0 | 17.6 | 0.3 | 0.4 | 0.5 | 0.5 | 7.1 |
| Belgium-Luxembourg | 2.2 | 1.9 | 2.0 | 1.8 | 33.5 | 3.3 | 3.1 | 2.6 | 2.2 | 32.8 |
| Denmark | 3.1 | 3.5 | 3.3 | 3.2 | 58.4 | 3.9 | 3.5 | 3.5 | 3.7 | 55.5 |
| France | 4.2 | 4.3 | 4.9 | 4.6 | 84.5 | 4.4 | 4.5 | 4.8 | 4.6 | 67.7 |
| Western Germany | 18.9 | 17.0 | 18.1 | 17.2 | 314.6 | 11.2 | 11.1 | 11.3 | 8.9 | 132.2 |
| Italy | 1.9 | 2.0 | 2.4 | 2.3 | 43.0 | 3.0 | 3.0 | 3.7 | 3.3 | 49.6 |
| Netherlands | 4.2 | 3.6 | 3.6 | 3.6 | 66.4 | 6.0 | 5.8 | 5.4 | 5.2 | 76.9 |
| Norway | 1.9 | 2.1 | 1.9 | 2.0 | 37.1 | 1.1 | 1.8 | 2.1 | 1.9 | 28.4 |
| Portugal | 0.2 | 0.3 | 0.4 | 0.5 | 8.7 | 0.2 | 0.4 | 0.4 | 0.3 | 3.8 |
| Spain | 0.5 | 0.4 | 0.5 | 0.6 | 10.7 | 1.1 | 1.2 | 0.9 | 1.2 | 18.2 |
| Sweden | 14.0 | 14.1 | 13.0 | 15.2 | 278.7 | 7.5 | 8.8 | 8.6 | 9.6 | 142.3 |
| Switzerland | 2.9 | 3.1 | 3.0 | 3.1 | 57.4 | 0.7 | 0.9 | 1.2 | 1.1 | 17.0 |
| Eastern Bloc | 18.9 | 19.8 | 17.3 | 18.6 | 340.0 | 21.0 | 18.7 | 16.5 | 21.6 | 320.2 |
| China | 0.3 | 0.5 | 0.6 | 0.7 | 13.3 | 0.6 | 0.6 | 0.4 | 0.3 | 3.6 |
| Czechoslovakia | 0.7 | 0.6 | 0.5 | 0.7 | 12.4 | 0.6 | 0.8 | 0.6 | 0.4 | 6.3 |
| Eastern Germany | 0.9 | 0.9 | 0.6 | 0.7 | 13.0 | 0.8 | 1.0 | 0.8 | 0.7 | 10.0 |
| Poland | 1.9 | 1.6 | 1.1 | 1.1 | 20.1 | 2.3 | 1.4 | 1.4 | 1.2 | 18.4 |
| Soviet Union | 14.4 | 15.5 | 13.8 | 14.8 | 270.3 | 15.8 | 14.2 | 12.0 | 18.1 | 268.0 |
| U.S. and Canada | 5.2 | 4.9 | 5.7 | 4.7 | 85.5 | 6.2 | 6.6 | 8.0 | 6.3 | 93.5 |
| United States | 5.0 | 4.6 | 5.4 | 4.3 | 78.5 | 6.0 | 6.4 | 7.8 | 6.1 | 91.0 |
| Latin America | 1.6 | 2.8 | 2.5 | 2.1 | 37.7 | 3.8 | 2.9 | 3.1 | 3.1 | 46.7 |
| Argentina | 0.3 | 0.3 | 0.2 | 0.2 | 3.0 | 0.9 | 1.0 | 1.3 | 1.1 | 16.2 |
| Brazil | 0.3 | 1.3 | 1.2 | 0.9 | 15.8 | 1.4 | 0.4 | 0.3 | 0.9 | 13.7 |
| Colombia | 0.6 | 0.7 | 0.8 | 0.6 | 10.9 | 0.7 | 0.6 | 0.7 | 0.3 | 4.4 |
| Other | 3.0 | 2.2 | 2.8 | 2.6 | 48.6 | 1.4 | 2.5 | 2.9 | 2.9 | 42.4 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 1 832.4 | 100.0 | 100.0 | 100.0 | 100.0 | 1 485.5 |
| of which | | | | | | | | | | |
| EFTA countries | 38.2 | 40.0 | 39.0 | 40.9 | 749.7 | 34.3 | 36.4 | 37.5 | 36.7 | 545.8 |
| EEC countries | 31.4 | 28.8 | 31.1 | 29.6 | 542.0 | 28.0 | 27.5 | 27.9 | 24.2 | 359.2 |



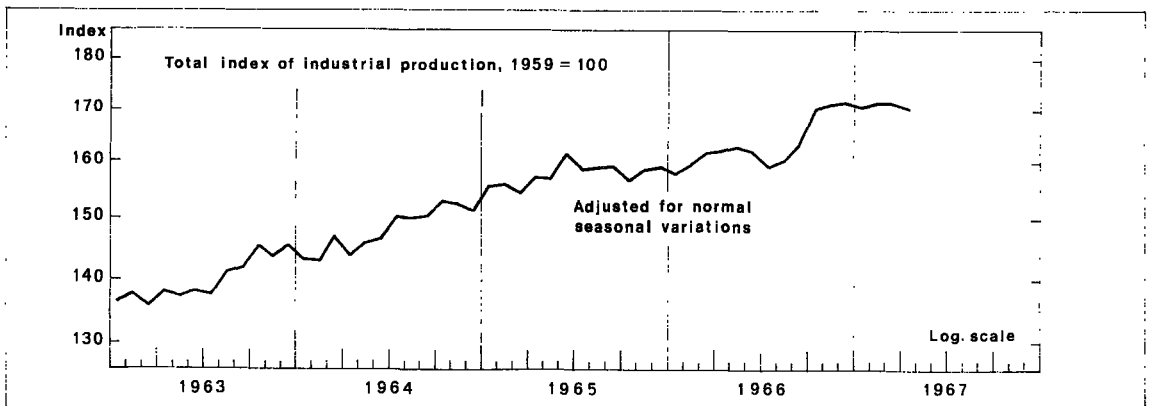
PRICE INDEXES

| 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 | | | |
| 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 | 241 | 247 | 216 | 245 | 228 | 238 | 271 | 233 | 228 | 108 | 112 | 104 |
| 1966 | | | | | | | | | | | | |
| 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. | 243 | 250 | 216 | 244 | 232 | 245 | 271 | 232 | 234 | 112 | 119 | 105 |
| Feb. | 245 | 253 | 216 | 243 | 233 | 251 | 276 | 232 | 235 | 112 | 119 | 106 |
| March | .. | .. | .. | .. | .. | .. | .. | .. | .. | 112 | 119 | 106 |
| April | .. | .. | .. | .. | .. | .. | .. | .. | .. | 112 | 119 | 105 |
| May | .. | .. | .. | .. | .. | .. | .. | .. | .. | 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 | | | | | | | | | | | | |
| 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 |
| Feb. | 192 | 206 | 403 | 128 | 114 | 193 | 151 | 151 | 149 | 124 | 142 | 158 |
| March | 192 | 206 | 403 | 128 | 115 | 194 | 151 | 152 | 149 | 125 | 143 | 158 |
| April | 193 | 207 | 403 | 129 | 115 | 194 | 151 | 152 | 149 | 125 | 143 | 158 |
| May | 193 | 209 | 403 | 129 | 115 | 195 | 152 | 153 | 149 | 125 | 143 | 159 |

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 | 174 |
| 1965* | | | | | | | | | | | |
| 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 | 158 | 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 | 162 | 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 | 159 | 910 | 157 |
| Aug. | 165 | 147 | 168 | 163 | 102 | 194 | 146 | 173 | 160 | 1 793 | 178 |
| Sept. | 176 | 171 | 180 | 167 | 124 | 203 | 172 | 175 | 164 | 2 630 | 199 |
| Oct. | 184 | 174 | 193 | 170 | 114 | 213 | 178 | 188 | 170 | 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 |
| 1967* | | | | | | | | | | | |
| Jan. | 175 | 170 | 182 | 161 | 113 | 201 | 170 | 172 | 172 | 3 835 | 140 |
| Feb. | 169 | 173 | 173 | 159 | 132 | 185 | 171 | 167 | 171 | 5 079 | 161 |
| March | 173 | 178 | 177 | 163 | 137 | 194 | 173 | 168 | 171 | 5 029 | .. |
| April | 180 | 175 | 185 | 171 | 142 | 202 | 171 | 183 | 170 | 4 492 | .. |

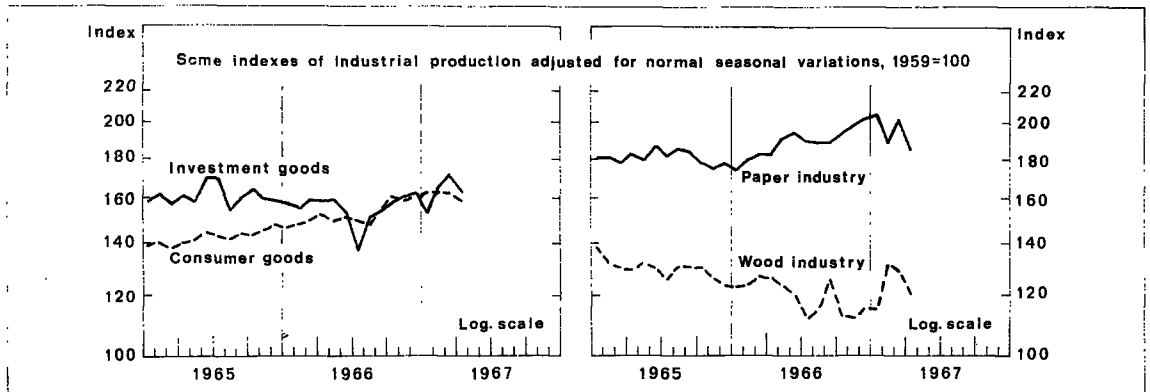


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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 |
| 1964 | 24.59 | 10.57 | 2.43 | 7.61 | 2.80 | 28.75 | 164 | 154 | 172 | 162 |
| 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 | 35.40 | 191 | 196 | 190 | 190 |
| 1965 | | | | | | | | | | |
| 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 |
| Oct.-Dec. | 9.92 | 4.61 | 1.16 | 2.91 | 0.83 | 35.40 | 194 | 196 | 193 | 195 |

| 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 | |
| | 1966* | 1967* | 1966* | 1967* | 1966* | 1967* | 1966 | 1967* | 1966 | 1967* |
| Jan. | 118 | 123 | 724 | 840 | 560 | 692 | 1 896 | 1 846 | 2.2 | 3.1 |
| Feb. | 118 | 125 | 434 | 615 | 270 | 502 | 1 869 | 1 836 | 2.4 | 3.1 |
| March | 140 | 133 | 519 | 756 | 344 | 627 | 1 877 | 1 824 | 2.1 | 2.6 |
| April | 134 | 140 | 624 | 834 | 557 | 676 | 1 905 | 1 848 | 2.0 | 2.5 |
| May | 136 | 129 | 1 092 | | 884 | | 1 953 | | 1.3 | |
| June | 131 | | 1 364 | | 1 217 | | 1 905 | | 1.0 | |
| July | 121 | | 1 587 | | 1 400 | | 1 728 | | 0.9 | |
| Aug. | 138 | | 1 366 | | 1 287 | | 1 833 | | 1.1 | |
| Sept. | 139 | | 1 214 | | 1 079 | | 1 969 | | 1.0 | |
| Oct. | 140 | | 1 091 | | 867 | | 1 955 | | 1.2 | |
| Nov. | 133 | | 1 084 | | 837 | | 1 955 | | 1.2 | |
| Dec. | 120 | | 995 | | 815 | | 1 912 | | 1.7 | |



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. 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. — Cash reserve accounts. — *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, 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 (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 (May 31, 1967): Steamers 116 (200 544 gross reg. tons), motor vessels 398 (816 944 gross reg. tons), sailing vessels with auxiliary engines 23 (2 987 gross reg. tons). Total 537 (1 020 475 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1966): Passenger cars 505 900, lorries and vans 85 200, buses 7 200, others 3 800. Total 602 100.

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 1965 expenditure amounted to 3 628 mill. marks. Total revenue was 3 684 million, of which income from taxation 1 880 million. The municipal income tax (non-progressive) averaged 12.20 % 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 %.

FINLAND'S BALANCE OF PAYMENTS IN 1966

BY

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RECENT DEVELOPMENTS

In Finland the last decade has brought with it problems of disequilibrium in the balance of payments. These have occurred mainly in multilateral trade rather than in trade through bilateral agreements with Eastern Europe, and have typically been more pronounced in periods of cyclical upswing. On the other hand, Finland seems to have become more dependent on foreign trade over the last decade as the shares of exports and imports in GNP have risen somewhat recently.

Since 1958 there has clearly been a worsening trend in the current account and

after 1960 the account has been in deficit. In 1961—63 the deficit was slightly less than 200 million marks on average, but in 1964—66 it was over 600 million marks on average, so the trend has even deteriorated since 1963 (see chart 1). During the 1960's the cumulative current account deficit amounted to over 2 500 million marks, which reflected the fact that foreign exchange expenditure on imports of goods and services has increased on average 1.5 percentage units faster than the foreign exchange income from exports of goods and services.

In 1961—63 on average the current account deficit was financed almost exclusively

Chart 1. Current Account Balance in 1962—66, seasonally adjusted quarterly figures, million marks

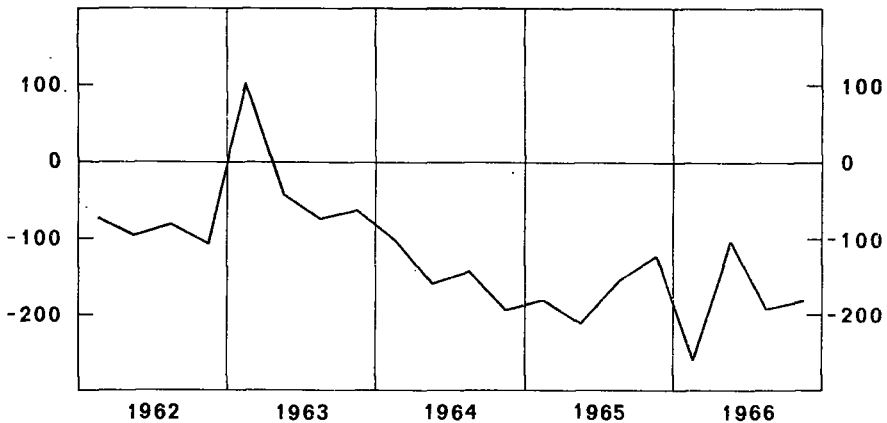


TABLE 1. BALANCE OF PAYMENTS SUMMARY 1) 1962—1966, MILLION MARKS

| | 1962 | 1963 | 1964 | 1965 | 1966* |
|---|--------|--------|--------|--------|--------|
| Exports 2) f.o.b. | +3 536 | +3 681 | +4 133 | +4 542 | +4 784 |
| Imports 3) c.i.f. | -3 948 | -3 878 | -4 831 | -5 287 | -5 542 |
| Trade balance | -412 | -197 | -698 | -745 | -758 |
| Services: receipts | + 748 | + 808 | + 879 | + 993 | +1 073 |
| Services: payments | - 635 | - 683 | - 750 | - 870 | - 951 |
| Invisible balance 4) | + 113 | + 125 | + 129 | + 123 | + 122 |
| Transfer payments, net | + 5 | + 6 | + 6 | + 15 | + 3 |
| A. BALANCE OF CURRENT TRANSACTIONS | - 294 | - 66 | - 563 | - 607 | - 633 |
| B. BALANCE OF LONG-TERM CAPITAL 5) | + 128 | + 326 | + 492 | + 99 | + 153 |
| BASIC BALANCE (A+B) | - 166 | + 260 | - 71 | - 508 | - 480 |
| Private short-term capital, net | - 98 | - 127 | + 173 | + 187 | - 16 |
| Errors and omissions | + 4 | - 27 | + 51 | + 58 | + 73 |
| Authorized Exchange Dealers' foreign assets, net .. | + 140 | - 26 | - 37 | + 56 | + 66 |
| Official short-term capital | - | + 17 | + 18 | + 25 | - 0 |
| C. BALANCE OF SHORT-TERM CAPITAL | + 46 | - 163 | + 205 | + 326 | + 123 |
| OVER-ALL BALANCE (A+B+C) | - 120 | + 97 | + 134 | - 182 | - 357 |
| D. OFFICIAL MONETARY MOVEMENTS, NET (incr. →) .. | + 120 | - 97 | - 134 | + 182 | + 357 |

1) Plus sign indicates credit; minus sign indicates debit.

2) Exports include stevedoring expenses n.i.e. and grants in kind.

3) Imports include seamen's duty free imports, non-monetary gold and grants in kind; in addition adjustment is made to allow for smuggling.

4) Including factor income.

5) Including loans drawn by banks n.i.e.

by net imports of long-term capital and the official monetary reserves even increased slightly, but the large deficit in 1964—66 had to be financed by both long-term and short-term capital and also by the official monetary reserves. In the 1960's the share of long-term capital imports in the financing of the current account deficit was 1 460 million marks (60 per cent), that of short-term capital imports was 740 million marks (30 per cent) and the decrease in the official monetary reserves was 320 million marks (10 per cent).

As in 1966 the trade deficit increased slightly and net income from invisibles remained on the previous year's level, the current account deficit rose to 633 million marks or 26 million marks larger than in 1965. Over one half of the current account deficit had to be financed from the foreign exchange reserve of the Bank of Finland, while the remainder was met from long-term capital imports and by increasing the net liabilities of the authorized foreign exchange dealers.

CURRENT TRANSACTIONS

The downswing in economic activity in Finland starting in the middle of 1965 continued during 1966; and this together with the restrictive economic policy checked the growth of imports. As a result of the exceptional factors at the end of the year the total value of imports, however, increased by 4.9 per cent, of which the growth rate of multilateral imports was 3.7 per cent and that of bilateral imports was 9.5 per cent. On the other hand the rather high level of economic growth in Finland's most important export countries continued during the year 1966, although the growth rate slackened somewhat towards the end of the year. The total value of exports grew by 5.5 per cent, of which multilateral exports increased by 8.6 per cent and bilateral exports fell by 5.9 per cent. The trade deficit of 706 million marks was about the same as in the previous year; of this the multilateral trade deficit accounted for 548 million marks and the bilateral trade deficit for 158 million marks. The growth of the trade deficit was

also partly influenced by a deterioration in the terms of trade. As import prices remained unchanged and export prices fell by one per cent, the terms of trade deteriorated by one per cent during 1966. If the foreign trade adjustment items (e.g. estimate for smuggling, seamen's taxfree imports and grants in kind) and non-monetary gold movements are included, the total trade deficit in 1966 was 758 million marks. (For a detailed analysis of foreign trade in 1966 see Bulletin 5/1967.)

The weakening balance of trade has compelled the Finnish authorities to carry out a series of measures in order to damp down the growth rate of total demand, to change the structure of domestic demand and especially of import demand, to substitute domestic production for imports and to allocate more resources to exports. Although a tight monetary policy has been the principal means to improve the balance of trade, fiscal policy measures have also been implemented especially by increasing direct as well as indirect taxation and by making considerable efforts to retard the growth in Government expenditure.

Despite the trade balance problems in recent years, Finland has continued the liberalization of its foreign trade and payments system. The group of import commodities subject to global quotas has been

diminished, most of the remaining global quotas were further enlarged and licence-free treatment has been expanded. In the first half of 1966, however, temporary restrictions were placed on imports of passenger cars, but a system of de facto free licencing was reverted to in the latter part of the year. Last year there was also a further reduction in customs tariffs according to the timetable of the Finland-EFTA Agreement.

Foreign exchange income from exports of services has increased more rapidly than exports of goods and also faster than imports of services on which foreign exchange expenditure, on the other hand, has again grown more quickly than the value of imports of goods. Consequently the balance of invisibles has in recent years shown an increasing surplus, which has to some extent offset the growing trade deficit. However, in 1965 this tendency was reversed and in 1966 the surplus was 122 million marks.

The largest net figure in services, although somewhat biased because of the cif valuation of imports, has been transportation which showed a net income of 356 million marks in 1966. During the last year Finland's merchant fleet reached one million gross tonnage, but its growth rate has been rather slow. The share of Finnish vessels

TABLE 2. GOODS AND SERVICES, AND TRANSFER PAYMENTS, MILLION MARKS

| | 1965 | | | 1966* | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Receipts | Payments | Net receipts | Receipts | Payments | Net receipts |
| Merchandise | 4 542 | 5 286 | -744 | 4 784 | 5 541 | -757 |
| Non-monetary Gold | — | 1 | - 1 | — | 1 | - 1 |
| Transport | 510 | 168 | +342 | 547 | 191 | +356 |
| Travel | 131 | 239 | -108 | 149 | 245 | - 96 |
| Investment income | 38 | 170 | -132 | 34 | 184 | -150 |
| Government | 28 | 29 | - 1 | 35 | 32 | + 3 |
| Non-merchandise insurance | 118 | 130 | - 12 | 139 | 140 | - 1 |
| Other services | 168 | 134 | + 34 | 169 | 159 | + 10 |
| <i>Total goods and services</i> | <i>5 535</i> | <i>6 157</i> | <i>-622</i> | <i>5 857</i> | <i>6 493</i> | <i>-636</i> |
| Transfer payments | 28 | 13 | + 15 | 28 | 25 | + 3 |
| <i>Total current transactions</i> | <i>5 563</i> | <i>6 170</i> | <i>-607</i> | <i>5 885</i> | <i>6 518</i> | <i>-633</i> |
| Errors and omissions | | | + 58 | | | + 73 |
| <i>Total</i> | | | <i>-549</i> | | | <i>-560</i> |

in foreign trade transportation grew until 1964, but since then the share has decreased slightly. In 1966 57.9 per cent of tons imported and 44.4 per cent of tons exported were carried by Finnish vessels. As far as freight rates are concerned freight quotations on the free market have as a rule been much lower than in 1965. As a result of these tendencies net income from transportation items increased only slightly, although the volume of foreign trade grew considerably from the previous year.

The travel account has traditionally shown a deficit, although recently a declining one. The Bank of Finland and the Government have established moderate regulations covering dutyfree purchases abroad and the maximum amount of Finnish currency that a traveller may take out of the country. In 1966 travel expenditure increased by only 2.5 per cent compared with the previous year. As travel income grew by 13.7 per cent, the travel account improved slightly and the deficit was 96 million marks.

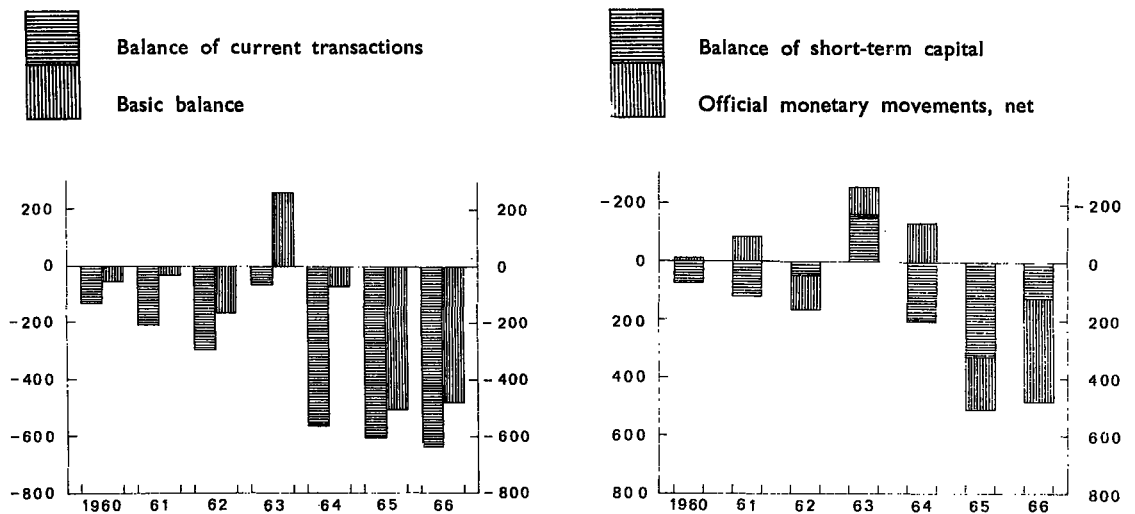
Owing to the expansion of borrowing abroad interest payments have grown fairly

rapidly. On the other hand, because of diminishing foreign exchange reserves, interest income has shown a steady decrease in the last few years. In 1966 net interest payments were 150 million marks or 18 million marks more than in 1965. The other items on current account yielded a net income of 12 million marks. As total income on current account rose by 5.6 per cent and total expenditure by the same amount, the current account deficit increased from 607 million marks to 633 million marks in 1966.

BASIC BALANCE

In 1964 Finland issued abroad 10 bond loans amounting to 344 million marks, but in 1965 the state of the international capital markets enabled Finland to issue only 3 bond loans amounting to 116 million marks. In 1966 the situation on the capital markets from Finland's point of view continued to be even less favourable; this was reflected in the rising interest rates and also in a general shortening of loan periods. Finland was able to issue only one small ten year bond loan of 4.5 million Swiss francs or 3.2 million marks. The rate of interest was

Chart 2. Finland's Balance of Payments in 1960—66, million marks



5.5 per cent and the price at issue 96.5 per cent. In contrast to the previous year, long-term net borrowing did not occur through the issue of bond loans; rather it was the loans from international organisations and the various financial credits and private placements which provided the main sources.

In 1966 Finland received its thirteenth loan from the World Bank, but only 3 million dollars of the amount of 20 million dollars (64 million marks) was drawn by the end of the year. As the drawings of previously granted loans from the IBRD are included, long-term borrowing from the IBRD rose to 78 million marks. The drawings on financial credits in 1966 increased by 271 million marks, and thus trebled compared with the previous year. Amortizations were only 64 million marks.

Long-term export credits granted by Finland and their amortizations have become a fairly considerable capital item in Finland's balance of payments. The net export of capital through long-term export credits was 61 million marks in 1966. The Export Credit Company Ltd financed 55 export

purchases, totalling 452 million marks, of which the share of the company was nearly half. Among these purchases Finland delivers 19 ships and 32 large machines for various industries.

Until recently, direct investment has been a small item in Finland's balance of payments. However, the Government 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 (cf. Bulletin 3/1967). Direct investments in Finland including increases in capital stock were only 18 million marks in 1966. Mainly in connection with the development and promotion of exports, Finnish direct investments abroad amounted to 13 million marks.

As Finland is a net importer of long-term capital, it is more reasonable to analyse the basic balance rather than the current account balance, since the former includes, in addition to the drawings, also the annual amortizations of long-term capital which strain the balance of payments. As net imports of long-term capital in 1966 were 153

TABLE 8. MOVEMENTS OF CAPITAL AND MONETARY GOLD, MILLION MARKS

| | 1965 | | | 1966* | | |
|---|------------------------------------|---|--|------------------------------------|---|--|
| | Assets increase — decrease + | Liabilities increase — decrease + | Net assets increase — decrease + | Assets increase — decrease + | Liabilities increase — decrease + | Net assets increase — decrease + |
| NON-MONETARY SECTOR | | | | | | |
| <i>Private</i> | -129 | +397 | +268 | -264 | +374 | +110 |
| Long-term capital | -39 | +120 | +81 | -68 | +194 | +126 |
| Loans drawn | — | +308 | +308 | — | +376 | +376 |
| Loans repaid | — | -184 | -184 | — | -178 | -178 |
| Other | -39 | -4 | -43 | -68 | -4 | -72 |
| Short-term capital | -90 | +277 | +187 | -196 | +180 | -16 |
| <i>Public (central and local governments)</i> | -2 | +24 | +22 | -23 | +0 | -23 |
| Loans drawn | — | +119 | +119 | — | +91 | +91 |
| Loans repaid | — | -77 | -77 | — | -91 | -91 |
| Other | -2 | -18 | -20 | -23 | — | -23 |
| MONETARY SECTOR | | | | | | |
| <i>Banks (including the Bank of Finland)</i> | +175 | +84 | +259 | +180 | +293 | +473 |
| Loans drawn | — | +7 | +7 | — | +51 | +51 |
| Loans repaid | — | -12 | -12 | — | -2 | -2 |
| Other | +175 | +89 | +264 | +180 | +244 | +424 |
| <i>Total</i> | +44 | +505 | +549 | -107 | +667 | +560 |

million marks or somewhat more than in the previous year and as the current account deficit increased only slightly, the basic balance showed a deficit of 480 million marks. Consequently, as the deficit decreased by only 28 million marks compared with 1965, the balance of payments difficulties did not abate in any great degree during last year.

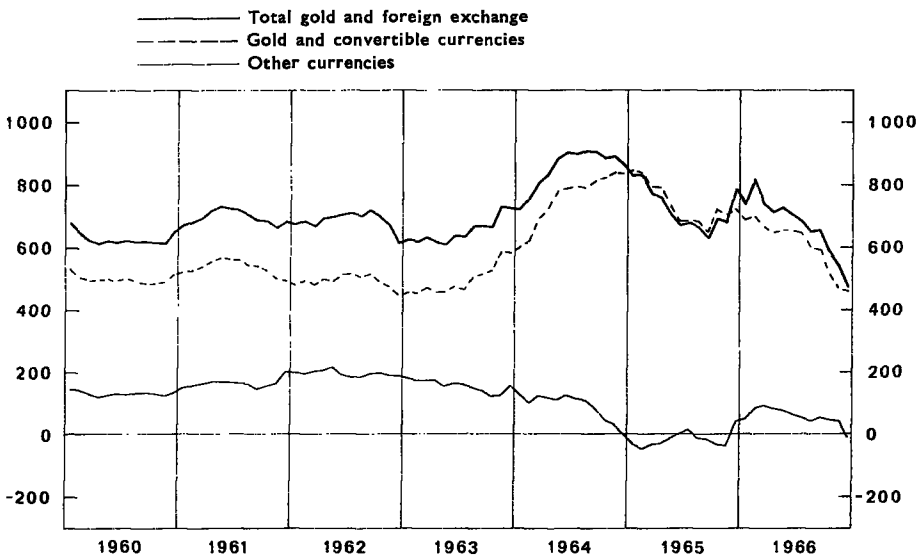
OVER-ALL BALANCE

The balance of short-term capital including errors and omissions has shown a net inflow since 1958 (except during 1963). Last year net imports of short-term capital totalled 123 million marks, which was only one third of the net inflow in 1965. The structural change in the balance of short-term capital was substantial, as various private trade credits and deposits represented capital exports of 16 million marks compared with capital imports of 187 million in 1965. This was principally due to the restrictions on import credits, since the Bank of Finland has introduced regulations regarding payments for

durable goods. Prepayments for exports grew by 104 million marks, because the Soviet Union paid in advance for large ship and machinery deliveries. Foreign short-term liabilities mainly through euro-currency deposits with the authorized foreign exchange dealers grew by 66 million marks net. The Government short-term account showed a small outflow of capital. Errors and omissions, which in Finland's balance of payments can mainly be interpreted as being short-term capital movements, were 73 million marks.

As the short-term assets and liabilities of the private, public and banking sectors and also errors and omissions financing the basic balance deficit are included, the deficit in the over-all balance became 357 million marks, which is nearly twice the figure for 1965. Consequently, the main burden of financing the current account deficit was borne by the Bank of Finland, whose foreign exchange reserve declined by 321 million marks. Gold and convertible currencies decreased by 278 million marks and non-convertible currencies by 43 million marks.

Chart 3. Bank of Finland Foreign Exchange Reserve in 1960—66, seasonally adjusted monthly figures, million marks



At the end of 1966 the foreign exchange reserve of the Bank of Finland was 495 million marks, of which gold and the gold tranche in the IMF together were 244 million marks, convertible currencies 274 million marks and net liabilities in other currencies 23 million marks.

Although Finland has balance of payments problems both in the long-run and of the short-term liquidity type, there are several positive factors which have emerged from the development of foreign trade in recent years. The balance of Finland's multilateral trade has improved substantially during

1966. Other important elements have been a greater industrial diversification in the commodity structure of exports and a higher degree of processing among the traditional forestry exports. Even though these tendencies will also be felt in the capital account of the balance of payments in the near future, there is still a considerable need for foreign capital imports in the Finnish economy, so that the fundamental domestic structural changes could be carried out which would give the necessary international margin in Finland's balance of payments an integrating Europe.

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