



# BANK OF FINLAND

## MONTHLY BULLETIN

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### INVESTMENT ACTIVITY

Recent economic developments in Finland have been characterized by a noticeable slackening in private investment. This is largely due to the cooling off of productive activity and the unfavourable international economic outlook which have negatively influenced the willingness to invest.

The recent slowdown in the rate of growth of investments at a noticeably faster rate than that of national product is as such a typical cyclical phenomenon. While the volume of total production grew by over 5 per cent in 1965 and by over 2 per cent in 1966, the growth rate of the volume of private investments fell from 9 per cent in 1965 to as low as 1 per cent in 1966. There was a clear deceleration also in the rate of growth of public investment, which was only 3 per cent; the increase in the volume of total investments thus was slightly less than 2 per cent in 1966.

The falling off of investment activity occurred in building investments as well as in those in machinery and equipment. From mid-1965 to mid-1966 the volume of house building fell steadily at an annual rate of 10 per cent. This decline took place both in residential and other buildings. This was partly attributable to the exceptionally cold weather in the first part of 1966. The recovery of house building in the latter part of last year can at least in some degree be

regarded as a reaction to the previous abrupt downswing. As a result of this upswing the volume of investments in house building was on average 1 per cent higher in 1966 than in 1965. The development in the number of building licenses granted and in the production of building materials, however, indicate that during 1967 some fall can again be expected in building investments.

The changes in investments in machinery and equipment have followed the pattern of building investments rather closely. Since mid-1965 the imports and production of investment goods showed a decline, the length of which was one year and the magnitude of which was roughly the same as that in building investments. In the latter part of 1966 both these indicators pointed to a new recovery in the investments in machinery and equipment. In view of the outlook for house building in the near future, this recovery should not be regarded as a continuing tendency.

As to the development of private investment in different sectors, the cyclical change was most pronounced in manufacturing. The estimates based on the investment inquiry made by the Bank of Finland Institute for Economic Research suggest that

*On page 18, Public Finance in 1966*

against the 14 per cent increase in the volume of industrial investments in 1965 a decrease by a couple of per cent was recorded in 1966. The preliminary figures reveal a vigorous growth in the metal industry, due to the implementation of certain extensive investment projects; in the wood-processing industry and in other manufacturing industries, however, a pronounced downward trend in investment activity has prevailed. The slackening in investments in dwellings has been less significant than in other sectors. In 1966 in fact the volume of these investments is estimated to have grown by as much as 5 per cent,

which is clearly above the growth rate of private investments. Also during this year the share of dwelling investments in total investments is expected to increase while that of industrial investments is expected to decrease; the decline in investments in manufacturing may be even greater than in the previous year. The growth in dwelling investments will probably continue mainly due to the housing policy measures taken. The volume of total investments is not likely to increase significantly from the level of 1966, especially since only a slight growth is forecast in the volume of public investments.

*July 24, 1967*

## BANK OF FINLAND

Mill. mk

	1966		1967			
	Dec. 31	June 30	June 30	July 7	July 14	July 21
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	637.2	785.7	775.8	774.6	796.1	800.5
Gold .....	143.9	177.3	149.8	149.8	149.8	149.8
IMF gold tranche .....	100.0	100.0	—	—	—	—
Foreign exchange .....	312.0	420.7	550.8	549.6	570.4	574.5
Foreign bills .....	56.4	59.8	54.9	54.9	55.6	55.9
Foreign bonds .....	24.9	27.9	20.3	20.3	20.3	29.3
<i>Supplementary note cover</i> .....	1 063.7	848.4	892.1	895.3	832.2	864.1
Inland bills discounted						
In foreign currency .....	36.3	40.9	34.7	34.7	34.7	34.7
In Finnish currency .....	112.2	41.2	82.3	79.6	81.4	82.1
Rediscounted bills .....	915.2	766.3	775.1	781.0	716.1	747.3
<i>Other assets</i> .....	424.6	242.5	556.6	564.2	572.8	587.3
Finnish bonds .....	284.8	101.2	362.4	371.9	380.0	394.3
Cheque accounts .....	2.1	3.3	4.8	4.1	3.9	4.0
Finnish coin .....	11.7	9.2	15.1	14.8	14.9	14.7
Other claims .....	126.0	128.8	174.3	173.4	174.0	174.3
Total	2 125.5	1 876.6	2 224.5	2 234.1	2 201.1	2 251.9
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	1 106.2	1 046.7	1 062.1	1 066.0	1 043.9	1 031.9
<i>Liabilities payable on demand</i> .....	179.6	116.2	99.0	100.5	92.5	187.1
Foreign exchange accounts .....	61.2	41.4	50.8	54.0	51.1	52.0
Mark accounts of holders abroad .....	16.2	17.4	13.5	13.5	13.6	13.4
Cheque accounts						
Treasury .....	39.8	0.2	2.3	0.9	0.3	52.9
Post Office Savings Bank .....	17.3	4.7	5.4	3.2	1.9	48.1
Private banks .....	13.8	29.5	6.1	8.9	5.3	0.9
Other .....	2.8	1.2	1.3	1.3	1.6	1.3
Other sight liabilities .....	28.5	21.8	19.6	18.7	18.7	18.5
<i>Term liabilities</i> .....	126.3	74.1	379.3	379.3	379.3	349.3
Foreign .....	84.6	41.1	204.9	204.0	204.0	204.0
Finnish .....	41.7	33.1	175.3	175.3	175.3	145.3
<i>Equalization accounts</i> .....	266.9	196.2	239.8	242.9	239.3	236.5
<i>Bank's own funds</i> .....	446.5	443.4	444.3	445.4	446.1	447.1
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	—	—	—	—
Earnings less expenses .....	33.9	16.1	14.8	13.0	16.6	17.6
Total	2 125.5	1 876.6	2 224.5	2 234.1	2 201.1	2 251.9
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	637.2	785.7	775.8	774.6	796.1	800.5
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	1 285.7	1 475.8	1 474.6	1 496.1	1 500.5
<b>Note issue</b>						
Notes in circulation .....	1 106.2	1 046.7	1 062.1	1 066.0	1 043.9	1 031.9
Liabilities payable on demand .....	179.6	116.2	99.0	100.5	92.5	187.1
Undrawn on cheque credits .....	4.9	3.8	2.6	2.9	3.1	3.0
Unused right of note issue .....	46.5	119.0	312.1	305.2	356.6	278.5
Total	1 337.2	1 285.7	1 475.8	1 474.6	1 496.1	1 500.5

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

## BANK OF FINLAND

Mill. mk

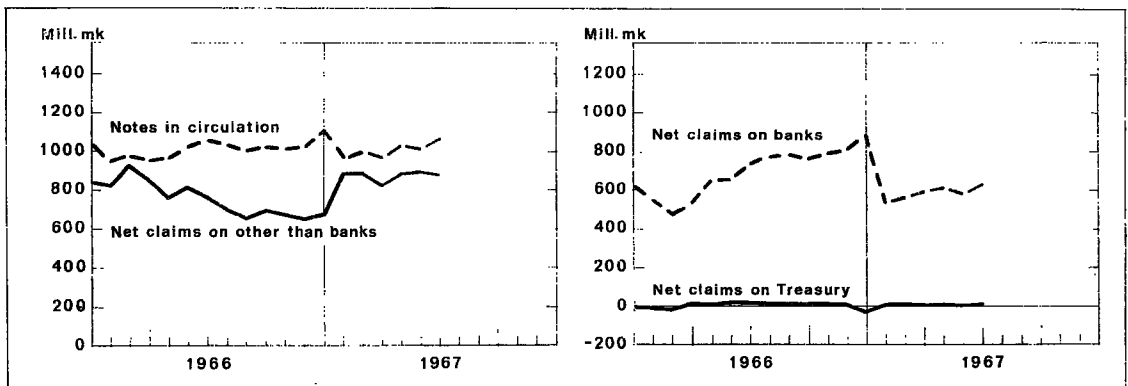
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net 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
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	— 1.1	2.3	4.9

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1966			Net holdings, June 30, 1967			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.-June
	Gold .....	144	—	144	150	—	150	— 2
Convertible currencies .....	274	—189	85	355	—256	99	+24	+ 14
Other currencies .....	— 23	1	— 22	145	2	147	— 3	+169
IMF gold tranche .....	100	—	100	—	—	—	—	—100
Total .....	495	—188	307	650	—254	396	+19	+ 89

## BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Rediscounted 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 <sup>1)</sup>	Post Office Savings Bank <sup>1)</sup>	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
June	775.1	125.4	22.7	— 1.3	628.3	82.3	203.8	58.5	227.6	1 062.1

<sup>1)</sup> Including cash reserve accounts in 1961 and from February 1967.

## DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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*										
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
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1966*			
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
June	2 810.1	0.2	731.5

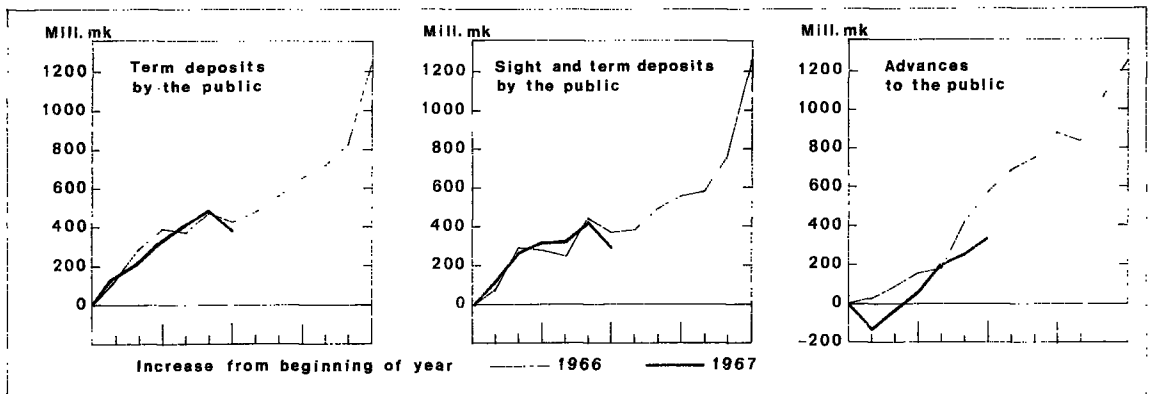
Selling rates for foreign exchange			
July 24, 1967			
		mk	mk
New York ....	1 \$	3.224	Zurich ..... 100 Fr 74.70
Montreal ....	1 \$	2.992	Paris ..... 100 FF 65.80
London .....	1 £	8.985	Rome ..... 100 Lit 0.5169
Stockholm ..	100 Kr	62.58	Vienna ..... 100 S 12.50
Oslo .....	100 Kr	45.10	Lisbon ..... 100 Esc 11.21
Copenhagen ..	100 Kr	46.50	Reykjavik .... 100 Kr 7.50
Frankfurt o. M.	100 DM	80.70	Madrid ..... 100 Pta 5.38
Amsterdam ..	100 Fl	89.60	Moscow, clear. <sup>1)</sup> 1 Rbl 3.5667
Brussels .....	100 Fr	6.495	Clearing dollars <sup>2)</sup> 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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*									
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
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	..



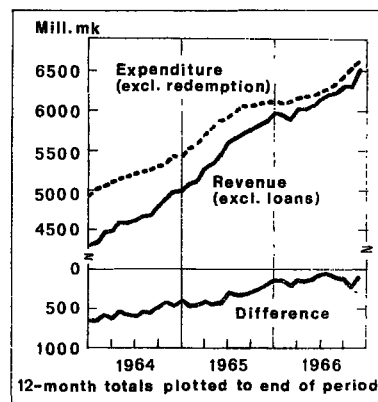
## STATE FINANCES

Mill. mk

Revenue	Jan.—May		Expenditure	Jan.—May	
	1966	1967		1966	1967
Income and property tax (net) . . . . .	729	836	Interest on State debt . . . . .	99	88
Gross receipts . . . . .	1 740	2 035	Child allowances . . . . .	148	155
Refunds and communal income tax	-1 011	-1 199	The State's share in national pensions	110	123
Other direct taxes . . . . .	10	10	The State's share in national health insurance . . . . .	17	22
Sales tax . . . . .	533	619	Compensations to war-disabled . . . . .	58	66
Import duties . . . . .	202	182	Subsidies . . . . .	242	242
Revenue from Alcohol Monopoly . .	181	205	Net payments of price equalization	26	34
Excise duty on tobacco . . . . .	128	163	State aid to agriculture . . . . .	19	17
Excise duty on liquid fuel . . . . .	139	190	State aid to communal and private schools . . . . .	218	260
Other excise duties . . . . .	39	55	Net loss of State enterprises . . . . .	33	44
Tax on automobiles and motor cycles	73	100	Maintenance of roads . . . . .	57	60
Tax on motor vehicles . . . . .	26	29	Other current expenditure . . . . .	933	..
Stamp duties . . . . .	70	77	<b>Current expenditure</b> . . . . .	1 960	..
Employers' payments for child allowances . . . . .	169	190	Real investments <sup>1)</sup> . . . . .	504	484
Other revenue similar to taxes . . . .	30	35	Other capital expenditure . . . . .	247	..
<b>Total taxes</b> . . . . .	2 329	2 691	<b>Capital expenditure</b> . . . . .	751	..
Interest and dividends . . . . .	38	40	<b>Total expenditure</b> . . . . .	2 711	3 065
Other current revenue . . . . .	81	87	Redemption of external loans . . . . .	34	24
<b>Current revenue</b> . . . . .	2 448	2 818	Redemption of internal loans . . . . .	172	257
Capital revenue proper . . . . .	55	72	Redemption of indemnity bonds etc.	0	0
Decrease in inventories . . . . .	42	34	Index premiums . . . . .	10	10
<b>Capital revenue</b> . . . . .	97	106	<b>Redemptions</b> . . . . .	216	291
<b>Total revenue</b> . . . . .	2 545	2 924	<b>Total</b> . . . . .	2 927	3 356
External loans . . . . .	31	66			
Internal loans . . . . .	433	219			
Loans . . . . .	464	285			
Short-term credit (increase +) . .	-259	+ 54			
<b>Deficit (+) or surplus (-)</b> . . . . .	+177	+ 93			
<b>Total</b> . . . . .	2 927	3 356			

<sup>1)</sup> According to the calculations by the Economic Department of the Ministry of Finance.

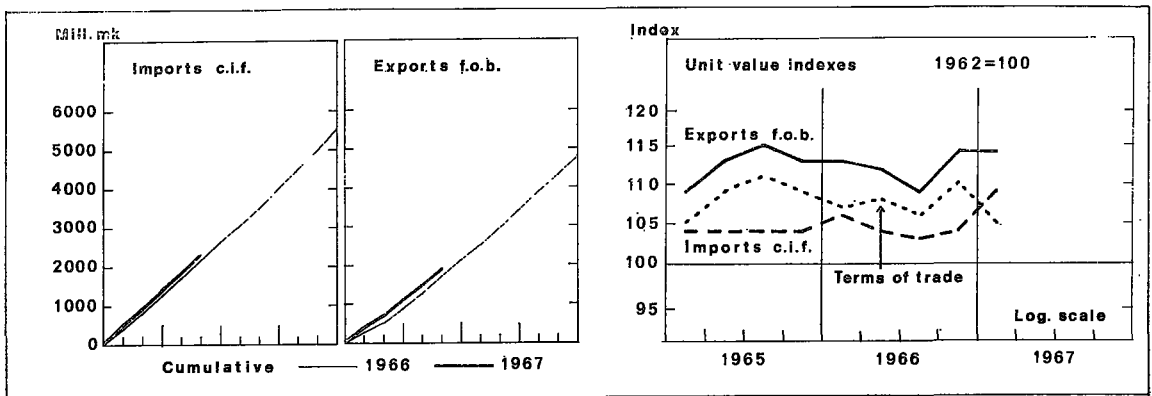
Debt	1964	1965	1966	1967		
	Dec.	Dec.	Dec.	April	May	June*
<b>External debt</b> . . . . .	1 184	1 175	1 337	1 385	1 383	1 380
Ordinary loans . . . . .	1 205	1 431	1 980	1 978	1 939	1 998
Indemnity bonds etc.	7	203	92	52	43	33
Short-term credit . .	325	393	95	108	149	102
Cash debt (net) . . . .	23	-101	-119	-14	-26	..
<b>Internal debt</b> . . . . .	1 560	1 926	2 048	2 124	2 105	..
<b>Total debt</b> . . . . .	2 744	3 101	3 385	3 509	3 488	..
Total debt, mill. \$	852.8	961.8	1 050	1 088.4	1 081.8	..





FOREIGN TRADE

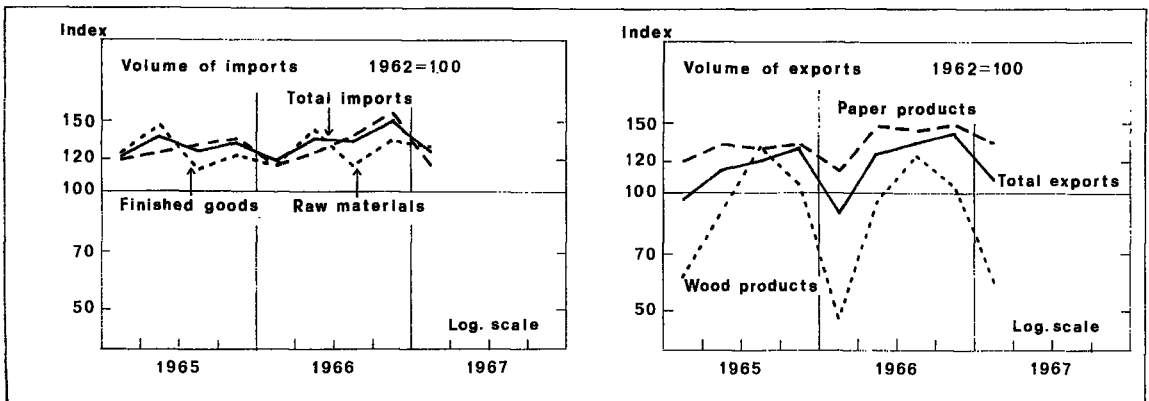
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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.-May										
1965	2 209.0	1 659.1	-549.9							
1966*	2 173.4	1 701.9	-471.5							
1967*	2 314.2	1 889.9	-424.3							
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	109	110	121	105	104	103	106
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							
Dec.	556.9	518.7	- 38.2	114	112	120	105	130	104	110
1967*										
Jan.	467.7	365.5	-102.2	114	108	119	106	130	109	105
Feb.	443.4	343.9	- 99.5							
March	434.0	378.5	- 55.5							
April	487.3	397.6	- 89.7							
May	481.8	404.4	- 77.4							



## FOREIGN TRADE BY MAIN GROUPS

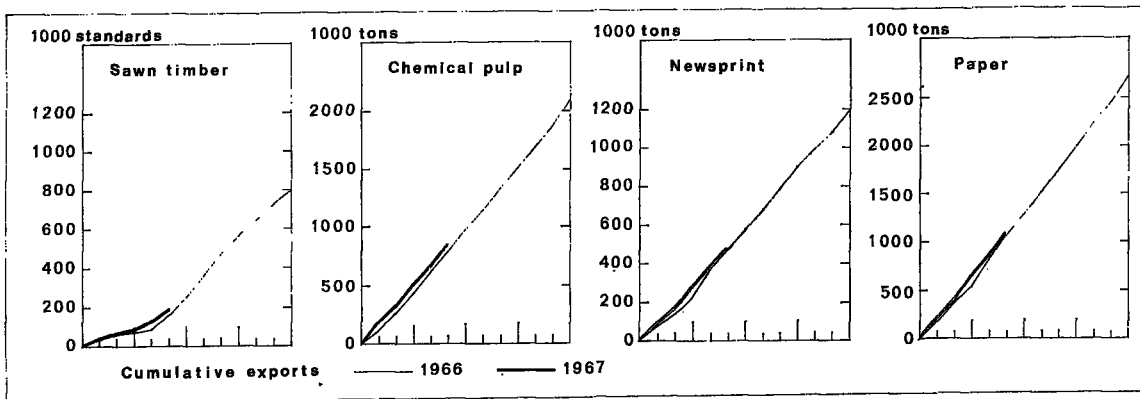
Mill. mk

Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Investment goods	Consumer goods						
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.-May										
1965	942.9	192.8	691.8	381.5	110.0	17.1	263.4	870.8	276.7	121.1
1966*	936.6	195.7	612.7	428.4	124.4	12.7	245.4	885.6	292.4	141.4
1967*	971.9	245.9	628.7	467.7	103.8	18.6	263.5	945.2	362.3	196.5
1966*										
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
May	212.1	49.0	129.7	91.0	15.0	5.2	71.6	190.0	78.1	44.5



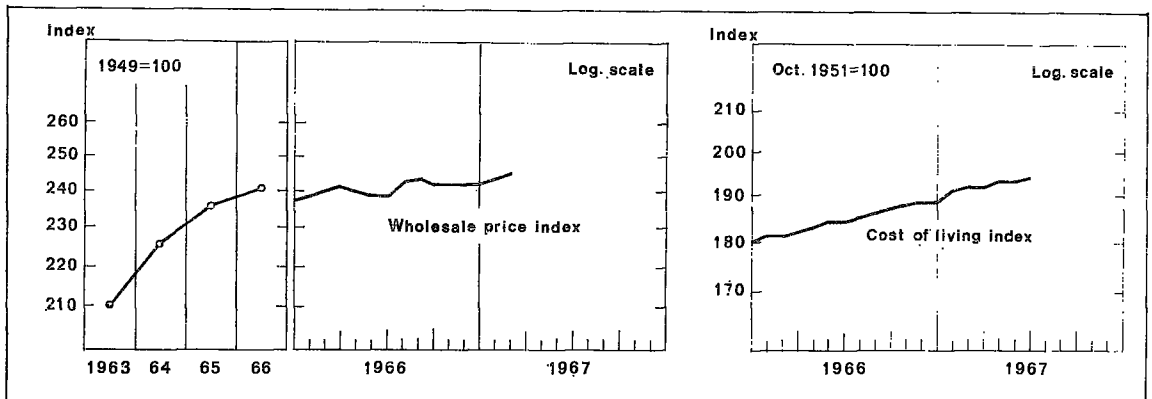
EXPORTS OF SOME IMPORTANT ARTICLES

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.-May										
1965	263	203	199	70	389	422	69	66	420	1 009
1966*	94	161	211	61	364	420	74	56	469	1 058
1967*	245	188	205	44	367	483	81	58	471	1 075
1966*										
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	16	11	91	217
May	117	62	42	9	71	111	16	14	96	208



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan.—May			Whole year		Jan.—May		
	1965	1966*	1966*	1967*		1965	1966*	1966*	1967*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	15.8	16.6	17.5	16.8	389.7	22.8	22.6	23.2	21.9	414.5
United Kingdom .....	15.3	16.1	17.0	16.2	374.5	20.7	20.5	21.0	19.7	373.0
<b>Other OECD countries</b>										
<b>in Europe</b> .....	55.5	53.7	54.7	54.5	1 260.8	44.8	46.7	47.2	44.0	831.3
Austria .....	0.8	0.9	0.8	0.9	22.1	0.3	0.4	0.5	0.5	8.6
Belgium-Luxembourg ....	2.2	1.9	2.0	1.9	44.1	3.3	3.1	2.6	2.3	43.6
Denmark .....	3.1	3.5	3.5	3.2	74.2	3.9	3.5	3.3	3.6	68.5
France .....	4.2	4.3	4.9	4.4	101.3	4.4	4.5	4.8	4.6	86.4
Western Germany .....	18.9	17.0	18.0	16.7	386.7	11.2	11.1	11.2	8.4	158.8
Italy .....	1.9	2.0	2.3	2.3	52.3	3.0	3.0	3.3	3.4	64.4
Netherlands .....	4.2	3.6	3.5	3.5	80.7	6.0	5.8	5.3	5.3	99.8
Norway .....	1.9	2.1	2.0	2.0	47.2	1.1	1.8	2.1	2.0	37.8
Portugal .....	0.2	0.3	0.3	0.5	11.3	0.2	0.4	0.5	0.2	4.1
Spain .....	0.5	0.4	0.4	0.6	13.1	1.1	1.2	0.9	1.2	23.5
Sweden .....	14.0	14.1	13.5	15.0	346.6	7.5	8.8	9.4	9.6	180.6
Switzerland .....	2.9	3.1	2.9	3.1	72.1	0.7	0.9	1.1	1.0	19.7
<b>Eastern Bloc</b> .....	18.9	19.8	16.9	18.3	423.1	21.0	18.7	16.3	21.5	407.0
China .....	0.3	0.5	0.6	0.7	15.6	0.6	0.6	0.3	0.5	9.0
Czechoslovakia .....	0.7	0.6	0.6	0.6	14.7	0.6	0.8	0.7	0.4	7.6
Eastern Germany .....	0.9	0.9	0.7	0.7	15.7	0.8	1.0	0.8	0.6	11.4
Poland .....	1.9	1.6	1.1	1.2	28.5	2.3	1.4	1.4	1.2	23.9
Soviet Union .....	14.4	15.5	13.3	14.5	335.3	15.8	14.2	11.9	17.9	337.7
<b>U.S. and Canada</b> .....	5.2	4.9	5.4	4.6	107.4	6.2	6.6	7.6	6.5	123.1
United States .....	5.0	4.6	5.2	4.3	99.9	6.0	6.4	7.3	6.3	119.8
<b>Latin America</b> .....	1.6	2.8	2.6	2.4	54.6	3.8	2.9	3.0	3.1	58.5
Argentina .....	0.3	0.3	0.3	0.3	6.4	0.9	1.0	1.2	1.0	19.2
Brazil .....	0.3	1.3	1.2	0.9	20.6	1.4	0.4	0.4	0.9	15.9
Colombia .....	0.6	0.7	0.7	0.6	15.0	0.7	0.6	0.7	0.3	5.8
<b>Other</b> .....	3.0	2.2	2.9	3.4	78.6	1.4	2.5	2.7	3.0	55.5
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	2 314.2	100.0	100.0	100.0	100.0	1 889.9
of which										
<b>EFTA countries</b> .....	38.2	40.0	39.9	41.0	948.1	34.3	36.4	38.0	36.6	692.4
<b>EEC countries</b> .....	31.4	28.8	30.8	28.7	665.0	28.0	27.5	27.1	24.0	453.0



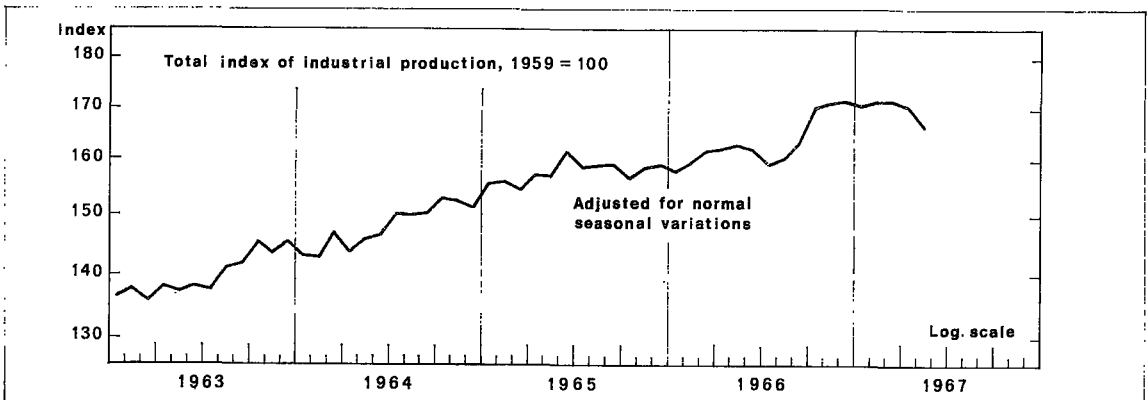
PRICE INDEXES

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	Mach- inery & 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												
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	244	251	216	243	233	248	273	232	235	112	119	106
April	244	251	216	242	236	248	271	231	235	112	119	105
May	244	251	216	242	236	248	273	230	235	112	119	105
June	..	..	..	..	..	..	..	..	..	114	123	106

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												
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
June	194	210	403	129	115	194	152	154	149	125	143	158

## 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*											
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	..
May	169	166	172	165	138	184	165	170	166	9 435	..

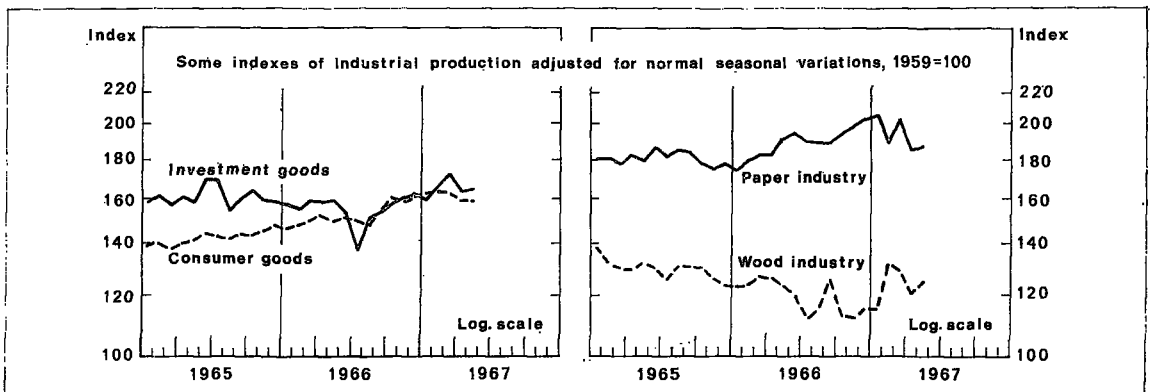


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

**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	1 119	884	972	1 953		1.3	1.9
June	131	124	1 364	1 386	1 217	1 240	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 (June 30, 1967): Steamers 114 (197 005 gross reg. tons), motor vessels 398 (811 543 gross reg. tons), sailing vessels with auxiliary engines 20 (2 707 gross reg. tons). Total 532 (1 011 255 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 %.

## PUBLIC FINANCE IN 1966

BY

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### BUDGET FOR 1966

The budget proposal for 1966 totalled 6 960 million marks, 17 per cent higher than the sum total of the ordinary budget for the previous year. However, later it could be seen that this figure was over 2 per cent smaller than the total budgeted expenditure for 1965.

One of the presumptions when preparing the budget proposal was a 4 per cent real growth in the GNP or one per cent unit smaller than in the previous year. By the time the parliamentary discussion on the budget was terminated it had become clear that a slight deterioration of the economic outlook had occurred towards the end of 1965. The price level was expected to stay rather stable; therefore the increase in expenditure was generally limited to match the rise in costs that had already occurred. However, neither of these basic presumptions held good, for the volume of the GNP increased by only 2 per cent while the value grew by 6 per cent.

In 1966 the increases in civil service salaries were for the first time based on the Civil Service Salaries Act of 1964. The amount earmarked for various salary arrangements was 80 million marks in the ordinary budget and an additional 10 million marks

in the second supplementary budget. The growth of the wage and salary expenditure on the previous year was estimated to be 9 per cent. However, the total increase in consumption expenditure was expected to remain at 5 per cent and that in transfer expenditure at 7 per cent. But later these estimates proved to be very cautious, for the rise in wages and salaries reached 12 per cent, that in total consumption expenditure 8 per cent and in transfer expenditure 11 per cent.

The number of people for whom employment had to be found in public works was expected to be roughly the same as in 1965. In spite of this, the allotment entered for real investment expenditure at this stage was smaller than the contemporary estimates for 1965. Since the number of those to be employed turned out to be 6 per cent more on average than was expected, the appropriations for public works accounted for a considerable part of the expenditure of the later supplementary budgets.

The appropriations for loans-in-aid approximately equalled those of the previous year. The drawings on the previously granted loans account partly for the high cash figure for "Loans granted" in Table 1; e.g. the use of ARAVA loans in fact grew by about a third.

In the Government's view the budget proposal implied fairly tight policy lines; expenditure was not allowed to extend beyond what was strictly necessary. On the other hand as the revenue from taxation entered was relatively high, there seemed to be no need to increase any tax rates. The collection of certain excise duties was, however, gradually accelerated during the first half of the year; this measure was estimated to yield an additional revenue of 60 million marks. To balance the budget, it was still necessary to enter 650 million marks as new loans. In these circumstances, hardly any room was left for Parliament to increase expenditure without simultaneously raising taxes — just before the election. Consequently, the proposal was approved practically unchanged.

#### DEVELOPMENTS DURING 1966

By the end of March the deficit in state finances had grown to 182 million marks. It was financed through the deduction of cash reserves and a substantial increase in the cash debt to the Post Office Savings Bank. In the first quarter revenue (excluding borrowing) increased by 7 per cent and expenditure (excluding redemption) by 5 per cent on the corresponding period of the previous year. In revenue the greatest growth occurred in some excise duties, whilst on the expenditure side the growth was concentrated primarily on subsidies: the amount of postponed subsidies from 1965 to the following year was considerably larger than in the previous years. In January—March the Treasury issued five bond loans; one of them was meant for the holders of the obligations issued in place of 1964 sales tax refunds and one for the holders of the 1964 tax payment certificates. In addition, an amount of 25 million marks

was obtained from the Post Office Savings Bank. Redemption exceeded borrowing by 38 million marks in the first quarter.

In spring two supplementary budgets were passed — the first, granting 2 million marks for the Finnish U.N. troops (in 1966 altogether 9 million marks); the second, whose total expenditure was 175 million marks, i.a. granting 30 million marks for maintaining employment and 15 million marks for increasing the share capitals of state-owned companies.

At the end of June a surplus of 37 million marks was recorded; it was reflected in a decline of short-term credit, in the form of Treasury bills etc. On the revenue side the most vigorous growth in the first half of 1965 occurred in the yield from the excise duty on liquid fuel (35 per cent) and on tobacco (27 per cent); in contrast, the yield increase from income and property tax was only 6 per cent. Total revenue was 7 per cent and total expenditure 4 per cent greater than in the corresponding period in 1965. In the second quarter the Treasury again issued 5 loans for public subscription; of these, one loan consisted of tax payment certificates and two were made for the conversion of the tax payment certificates of 1965. Also, the Treasury once again obtained 20 million marks from the Post Office Savings Bank. Since new loans amounted to 492 million and redemptions to 461 million marks in January — June, net borrowing totalled 31 million marks in the first half of the year. This — as well as the above surplus — can be essentially ascribed to the heavy demand for new tax payment certificates issued at the interest rate of 9 per cent.

In spite of the surplus, some payments had to be postponed from month to month in order to maintain the liquidity position of the Treasury. In addition, an obvious decline took place in the demand for loans intended for public subscription. Of these the Bank

Table 1. STATE REVENUE AND EXPENDITURE  
(Adjusted figures)

Revenue	1965 1966		Expenditure	1965 1966	
	Million marks			Million marks	
Income and Property taxes (net)	1 341	1 544	Interest on State debt .....	156	180
Gross receipts .....	(3 867)	(4408)	Child allowances .....	303	300
Refunds and Municipal in-			The State's share in national		
come tax .....	(-2 526)	(-2 864)	pensions .....	249	274
Other direct taxes .....	26	36	The State's share in national		
Sales tax .....	1 434	1 462	health insurance .....	54	34
Import duties .....	517	508	Net loss of State enterprises ..	18	54
Revenue from Alcohol Monopoly	456	505	Compensation to war-disabled	133	145
Excise duty on tobacco .....	309	359	Net payments of price equali-		
Excise duty on sweetstuffs....	35	44	zation .....	50	59
Excise duty on beer .....	16	21	Subsidies .....	595	623
Excise duty on liquid fuel ..	345	445	State aid to agriculture ....	75	72
Tax on automobiles and motor			State aid to communal and pri-		
cycles .....	168	167	vate schools .....	496	534
Tax on motor vehicles .....	41	47	Military expenditure .....	357	337
Other excise duties .....	36	43	Maintenance of roads .....	165	177
Stamp duties .....	170	176	Pensions of State employees ..	169	193
Employers' payments for child			Other current expenditure ....	1 717	1 998
allowances .....	417	451	<b>Current Expenditure</b>	<b>4 537</b>	<b>4 980</b>
Other revenue similar to taxes	77	99	Investments in State enter-		
Total taxes	<b>5 388</b>	<b>5 907</b>	prises, forests, and landed		
Interest and dividends .....	111	117	property .....	320	314
Other current revenue .....	217	226	Purchase of machinery and ap-		
<b>Current Revenue</b> .....	<b>5 716</b>	<b>6 250</b>	paratus .....	57	101
Provision for depreciation by			House building .....	250	267
State enterprises .....	49	55	Roads, bridges, and hydro-un-		
Sales of State property and			dertakings .....	536	562
other capital revenue .....	57	3	Real investments	1 163	1 244
Repayments of loans.....	104	116	Loans granted .....	316	357
Decrease in inventories of State			Purchases of shares .....	60	55
enterprises .....	21	29	Purchases of shares of the in-		
<b>Capital Revenue</b> .....	<b>231</b>	<b>203</b>	ternational monetary institu-	2	24
<b>Total Revenue</b> .....	<b>5 947</b>	<b>6 453</b>	tions .....		
External loans .....	83	90	Increase in inventories of extra-		
Internal loans .....	737	853	budgetary funds etc.....	1	19
of which: Tax payment			<b>Capital Expenditure</b> .....	<b>1 542</b>	<b>1 699</b>
certificates ..	(181)	(120)	<b>Total Expenditure</b> .....	<b>6 079</b>	<b>6 679</b>
<b>Loans</b> .....	<b>820</b>	<b>943</b>	Redemption of external loans	92	90
Total	<b>6 767</b>	<b>7 396</b>	Redemption of internal loans	428	534
			of which: Tax payment		
			certificates ..	(98)	(230)
			Redemption of Indemnity Bonds		
			etc. ....	4	1
			Index premiums .....	28	15
			<b>Redemption</b> .....	<b>552</b>	<b>640</b>
			<b>Surplus</b> .....	<b>136</b>	<b>77</b>
			<b>Total</b>	<b>6 767</b>	<b>7 396</b>

Table 2. CHANGES IN STATE REVENUE AND EXPENDITURE

Revenue	Change on previous year, per cent		Expenditure	Change on previous year, per cent	
	1965	1966		1965	1966
	Income and Property taxes .....	+ 8		+15	Child allowances .....
Sales tax .....	+34	+ 2	National pensions .....	+ 6	+10
Import duties .....	+ 7	-- 2	Subsidies .....	+ 2	+ 5
Alcohol Monopoly .....	+12	+11	Aid to schools .....	+10	+ 8
Excise and stamp duties .....	+15	+16	Military expenditure .....	+ 3	-- 6
<b>Current Revenue</b> .....	<b>+17</b>	<b>+ 9</b>	Maintenance of roads .....	+11	+ 7
			<b>Current Expenditure</b> .....	<b>+10</b>	<b>+10</b>
			Real investments .....	+18	+ 7
<b>Capital Revenue</b> .....	<b>+65</b>	<b>--12</b>	<b>Capital Expenditure</b> .....	<b>+18</b>	<b>+10</b>
<b>Total Revenue (excl. loans)</b> .....	<b>+18</b>	<b>+ 9</b>	<b>Total Expenditure (excl. redemption)</b> .....	<b>+12</b>	<b>+10</b>

of Finland had subscribed an amount of 25 million marks in the first half of the year. In the prevailing circumstances new proposals for tax increases seemed unavoidable. The increase in the excise duty on liquid fuel at the beginning of July caused a rise of 3.5—5 pennies per litre for fuels. At the same time, the tax on automobiles and motor cycles was raised by 50 per cent, a measure which also was motivated by concern with balance of payments difficulties. An average rise of 5 per cent took place in the prices of alcoholic beverages. Further, the Cabinet made a decision to raise the excise duty on tobacco from 10th July onwards.

In the third quarter of the year the rate of growth of both revenue and expenditure accelerated, so that between January—September revenue was 8 per cent and expenditure 7 per cent greater than a year earlier. The yield from the income and property tax was 11 per cent higher than in the previous year, and, once again the Post Office Savings Bank granted a loan of 25 million marks in September. By this time net borrowing had increased to 66 million marks and the surplus had declined to 34 million. An effort had again been made to cut the amount of short-term Treasury bill and similar credit. This

was partly done of necessity because the money market had remained stringent. A slight decline could also be recorded towards the end of the year in the cash debt to the Post Office Savings Bank.

The two last supplementary budgets for 1966 were passed by Parliament in October and December, the total of appropriations granted in them being 282 million marks. Of this, 74 million marks went for employment and 39 million marks for the wage and salary increases in State enterprises, which had been excluded in the ordinary budget.

The most important item on the revenue side of the fourth supplementary budget was the 300 million mark loan granted by the Bank of Finland to the Treasury. Since the tax increases effected in summer seemed to help the liquidity position of the Treasury only slightly, and since the last months' sales of the bonds to the public were rather modest, the Treasury's cash difficulties were of such magnitude that a loan of this kind had to be resorted to; the exceptional and once-for-all character of the loan was emphasized by the lender. In connection with granting the credit, a cash reserve agreement was concluded between the Bank of Finland, on one hand, and the commercial banks, the savings banks and their central bank, the co-operative

credit societies and their central bank and the Post Office Savings Bank on the other (see Bulletin 1/1967).

#### FINANCE ACCOUNTS

The final figures for State revenue and expenditure are given in Table 1. The corresponding figures for the first five months of 1966 and 1967 are given on page 8 in this Bulletin. Some percentage changes relating to Table 1 are given in Table 2. It may be pointed out that all tax payment certificates sold in 1963—1966 have been included in long-term loans in the following.

In 1961—1963 the rate of growth of expenditure (excluding redemption) was considerably faster than that of revenue (excluding borrowing). In 1964 and 1965 taxation policy measures were the most important weapon used in the attempt to close the resulting gap between expenditure and revenue — a gap which could only partly be covered by long-term net borrowing. These measures were successful, and, consequently, the excess of expenditure over revenue was reduced from 630 million marks in 1963 to only 132 million in 1965. This development, however, did not continue during the year under review, for in 1966 the growth in expenditure was one per cent unit higher than that in revenue, and thus the gap between expenditure and revenue grew to 226 million marks. On the other hand, since the Treasury has succeeded — although with rather exceptional measures at times — in obtaining new loans up to a net amount of 300—400 million marks annually since 1963, a cash surplus has been possible in 1965 and 1966 — the excess of expenditure over revenue having become small enough to allow for this.

The slackening in the rate of growth of revenue in 1966 was primarily due to the

fact that the yield from the sales tax was almost the same as in the previous year. The reason for this was that 110 million marks was used for redeeming the tax refunds obligations mentioned above; this amount has been deducted from the gross yield of the tax, which grew by as much as 10 per cent. Also the increasing effect of the FIN-EFTA agreement was reflected in the decreased proceeds from import duties. As far as yields from excise duties are concerned, that on fuels increased the most — that is by 29 per cent. The rise in the yield from other excise duties was quite reasonable, and there was even a slight decrease in the tax on automobiles. The capital revenue shows a decline because the 1965 figure included a sale by the Treasury of 46 million marks worth of gold to the Bank of Finland — an amount equivalent to the former Finnish gold tranche in the International Monetary Fund.

The rate of growth in current expenditure remained the same as in the previous year. A growth rate over the average, i.e. 15 per cent, took place e.g. in interest expenses. The net loss of the State enterprises became three-fold on the previous year; the loss of the State Railways increased by 20 million marks, whilst the surplus of the General Direction of Posts and Telegraphs and the net proceeds from the State forestry administration declined. The reasonable increase in subsidies is due to the fact that those postponed to 1967 roughly equalled the postponements of the previous year. The actual decrease in the military expenditure was not so much due to the savings programme establishing a temporary shortening of the period of national service as to a decline in the purchases of material and equipment. The 16 per cent increase in "Other current expenditure" — against that of 12 per cent in the previous year — reflects the accelerating rate of growth of wage and

salary expenditure as well as of other administrative and transfer expenditure.

The deceleration in the growth of capital expenditure was above all ascribable to the relatively slight increase in real investments. Expenditure on State enterprises declined slightly, as less employment funds than hitherto were used for investments in railways. A slight decrease was likewise recorded in investments in the rate of growth of house building, while the growth rate in other construction was only 5 per cent against 26 per cent in the previous year. The amount used for road construction was slightly less than in 1965; the expenditure on the Saimaa canal on the other hand was 70 million marks, i.e. 19 million marks more than in the previous year. The greater part of the increase in the purchases of machinery was intended for land and water construction. An increase of 13 per cent took place in the amount of new loans granted by the Treasury, as referred to above.

New long-term loans in 1966 totalled 943 million marks (820 million marks in the previous year). They were distributed by source as follows:

	1965	1966
	Million marks	
Bank of Finland .....	9	231
Post Office Savings Bank .....	197	97
Other banks .....	170	16
National Pension Institute .....	20	5
Insurance companies .....	57	47
Public and other sources .....	284	457
of which: Tax payment certificates .....	(181)	(120)
Domestic borrowing .....	737	853
Foreign creditors .....	83	90
<b>Total borrowing</b> .....	<b>820</b>	<b>943</b>

Considerable changes thus took place in the structure of the borrowing of the Treasury on 1965. An amount of 205 million marks

Table 3. SHORT-TERM FINANCING

	1965	1966
	Million marks	
Private funds (decr. +) .....	+14	+1
Net debt to Bank of Finland (decr. +) .....	-3	+28
Short-term debt to Post Office Savings Bank (incr. -) .....	+77	-56
Other short-term debt (decr. +) .....	+13	+68
Cash holdings (incr. +) .....	+35	+36
<b>Surplus (+) .....</b>	<b>+136</b>	<b>+77</b>

was drawn on the 300 million mark loan granted by the Bank of Finland. The share of the other banks again declined significantly. Under the prevailing stringency on the money market, the private banks did not consider it possible to grant loans to the Treasury. As far as the Post Office Savings Bank is concerned it may be stated that in 1965 over a third of the 197 million marks obtained corresponded to a reduction of the short-term debt of the Treasury to this bank. A record number of 15 loans were obtained from "Public and other sources" in 1966. Of these, 12 were loans for public subscription, and 3 were obtained from some cities.

As to the foreign loans, the Treasury drew 52 million marks on the Highway loans granted by the IBRD in 1964 and 1966, and 38 million marks on the commodity credit granted by the Soviet Union. In addition, a half (i.e. 16 million marks) of the dollar loan of 1963 granted at variable rate of interest could be renewed for two years at the interest rate of 7 per cent.

The composition of surplus is clear from Table 3. When the long-term credits granted by the Bank of Finland are taken into consideration it may be stated that the position of the Treasury in relation to the central bank weakened by 203 million marks. The reduction in the long-term credit from the Post Office Savings Bank was, to a con-

siderable extent, compensated, through a net credit in the form of Treasury bills etc., on increase in the cash debt to the Post Office the contrary, declined to 95 million marks Savings Bank. The amount of short-term against 163 million at the end of 1965.

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## ITEMS

**Trade agreement.** On June 29, a trade agreement was signed between Finland and *India*. The purpose of the agreement is to consolidate the economic and commercial relations between the two countries.

The agreement guarantees most-favoured-nation treatment to both countries and it also contains indicative lists for the various export and import goods.

The agreement will be applied temporarily from the date of signing.

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**Domestic bond issues.** The Government has recently announced the following two bond issues.

The 1967 issue of bonds at a variable rate of interest for subscription by Labour Pensions Funds. The loan amounts to 12 million marks, and the bonds, dated July 3, 1967, will run for a period of ten years. The rate of interest is 2 3/4 percentage points above the general rate of six-month deposits in the two largest commercial banks. The loan is tied to the cost of living index to the extent of 50 per cent and it was issued at par.

The issue of the 1967 Forest Improvement Loan of 20 million marks. The bonds are dated August 1, 1967 and will mature in sixteen years. The rate of interest is 2 1/2 percentage points above the general rate of six-month deposits in the two largest commercial banks. The loan is tied to the cost of living index to the extent of 50 per cent and is issued at par. The proceeds of

the loan will be used for increasing wood production as recommended in the MERA programme.

Moreover, the Government has given authorization for the following bond issues.

On May 25, Kemijoki Oy (power plant) was authorized to make a private bond issue of 10 million marks. The bonds are dated May 31, 1967 and will run for a period of twenty years at a rate of 7 per cent. The loan is tied to the cost of living index to the extent of 50 per cent and it was issued at par.

On July 5, the Industrial Mortgage Bank of Finland Ltd was authorized to make a private bond issue of 20 million marks. The bonds are dated August 1, 1967 and will run for a period of twelve years. The rate of interest is 2 3/4 percentage points above the general rate of six-month deposits in the three largest commercial banks. The loan is tied to the wholesale price index to the extent of 50 per cent and it is issued at par. The proceeds of the loan will be used for financing the long-term investment projects of industrial customers of the bank.

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**Economic Indicators for Finland.** The Bank of Finland Institute for Economic Research has begun to issue a new publication "Economic Indicators for Finland" containing charts of economic time series data. This will appear quarterly and consists

of over a hundred monthly and quarterly series, in the form of charts for the last ten years and in the form of tables for the last 3—4 years.

Economic trends and business cycles can be illustrated by means of charts. The adjustment of time series for calendar and seasonal fluctuations gives a better picture of cyclical fluctuations in particular. The publication is primarily intended to be used

to observe economic developments and in the formulation of economic policy.

\*

**Correction to Bulletin No. 7.** On page 2, first sentence of the last paragraph must run as follows: Most of the existing wage agreements and the civil service salaries act expire at the end of 1968.

# BANK OF FINLAND

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