



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 39 No. 2

FEBRUARY

1965

RECENT DEVELOPMENTS

PRICES AND WAGES

During 1964 the development of prices and wages was considerably affected by the sales tax reform effected at the beginning of the year. On January 1 wages were raised by 6 per cent as provided in the collective agreements. In March the rise in the cost of living index, mainly caused by the sales tax revision, necessitated a compensatory wage increase of 3.2 per cent. During the second half of the year the rate at which the index was rising declined, though not sufficiently to preclude a third wage increase, of 3.1 per cent, in October. In total, the wage level went up by about 12 per cent last year, while the increase in employment and a slight wage drift brought the total rise in the wage bill up to some 14 or 15 per cent.

The following figures show the changes in some variables which influence prices.

| | Percentage increase | |
|---|---------------------|----------|
| | 1963/62 | 1964/63* |
| Wage bill | 9.0 | 14.5 |
| Labour input | 0.0 | 1.0 |
| Total production | 3.6 | 5.2 |
| Wage bill/Labour input | 8.9 | 12.5 |
| Production/Labour input (= productivity) | 3.6 | 3.4 |
| Wage costs/Unit of output | 5.2 | 8.8 |
| Import prices | 0.0 | 4.5 |
| Total cost pressure | 4.2 | 7.9 |
| Price index of net domestic product | 5.3 | 8.0 |

* Provisional figures

As will be seen from the table the cost pressure originating in wages increased considerably in 1964. Moreover, import prices no longer had the same stabilizing effect as in 1963. Another characteristic of last year was the uniformity between price and wage rises. This was a direct consequence of the working of the index automate, that is to say the linking of wages to the cost of living index.

The cost of living index increased by 10.1 per cent during 1964. The rise was most marked during the first five months, 7.6 per cent. Subsequently the influence of the sales tax reform and the rise in wages was reduced. Of the subgroups of the index clothing increased most (15 per cent) followed by foodstuffs (11 per cent). The movements in the cost of living index are shown in the table on p. 13.

The wholesale price index rose less than the cost of living index. This can be mainly attributed to the fact that the wholesale price index includes proportionately more items which had already carried a sales tax before the reform and therefore this index was less affected by it.

*On page 18, The Outlook for Growth
in the Next Few Years*

The Government's price policy of recent years has been directed at checking the rise in the price level. Retail prices of farm products have been held down to some extent by means of subsidies. Price control has also been exercised. Simultaneously with the sales tax revision an extensive price freeze was imposed covering some 40 domestic and 20 imported commodities and a number of service charges. All these were quite heavily weighted in the cost of living index.

The main purpose of the price freeze was to prevent prices rising more than was warranted by the change in sales tax. The relevant Government decision provided for price increases corresponding to the total rise in the tax, but also for some price reductions. The majority of foodstuffs were affected by the freeze, similarly textiles and some other consumer goods.

During the course of spring many commodities were freed from control, up to June more than 20 groups of commodities. Nonetheless the freeze was renewed from July to September for 14 domestic commodities and 8 imported commodities or groups of commodities including some important items in the cost of living index, mainly basic foodstuffs. In recent years these food prices have formed what might be termed a price control constant, since they have generally

been fixed by the Government or the Ministry for Social Affairs, even at times when other prices have been free.

In September it was decided that this partial price control should be retained to the end of the year, although on a further reduced scale. Thus some goods of special importance in the cost of living index were controlled during the whole of 1964.

A wage increase of 3.8 per cent, secured by collective agreements, came into effect at the beginning of the current year, but otherwise wages show signs of greater stability. The next compensatory wage increase, one of 4.1 per cent, is due when the cost of living index has risen to 182. The December index was 174, thus, if the price rise slows down as expected there will be no further need to raise wages during the current year.

The expectation of more stable prices and wages is based on the fact that there is now no exceptional price-raising factor at work, such as the sales tax reform, and that the pressure of cost factors is expected to ease. At the turn of the year the Ministry for Social Affairs decided to renew the price freeze until the end of March. At the same time a number of commodities were freed, thus at the moment only a few prices and service charges are still controlled.

January 26, 1965

BANK OF FINLAND

Mill. mk

| | 1962 | 1963 | 1964 | 1965 | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. 31 | Dec. 31 | Dec. 31 | Jan. 8 | Jan. 15 | Jan. 23 |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| Ordinary note cover | 705.4 | 817.8 | 1 049.7 | 1 050.7 | 1 046.6 | 1 049.4 |
| Gold | 135.2 | 134.5 | 189.6 | 189.6 | 189.6 | 189.7 |
| Foreign exchange | 502.5 | 617.7 | 783.8 | 784.9 | 781.0 | 783.6 |
| Foreign bills | 17.7 | 26.2 | 29.7 | 29.6 | 29.4 | 29.5 |
| Foreign bonds | 50.0 | 39.4 | 46.6 | 46.6 | 46.6 | 46.6 |
| Supplementary note cover | 516.5 | 451.2 | 570.7 | 470.9 | 444.4 | 462.9 |
| Inland bills discounted | | | | | | |
| In foreign currency | 81.8 | 68.7 | 55.2 | 55.2 | 55.2 | 55.2 |
| In Finnish currency | 33.5 | 57.2 | 67.1 | 63.1 | 62.8 | 50.6 |
| Rediscounted bills | 401.2 | 325.3 | 448.4 | 352.6 | 326.4 | 357.1 |
| Other assets | 88.0 | 138.8 | 97.4 | 73.0 | 74.2 | 93.2 |
| Finnish bonds | 34.7 | 89.5 | 35.8 | 7.8 | 8.7 | 15.3 |
| Cheque accounts | 3.6 | 1.7 | 2.5 | 2.3 | 2.1 | 1.8 |
| Finnish coin | 5.5 | 3.6 | 3.8 | 3.9 | 4.6 | 5.1 |
| Other claims | 44.2 | 44.0 | 55.3 | 59.0 | 58.8 | 71.0 |
| Total | 1 309.9 | 1 407.8 | 1 717.8 | 1 594.6 | 1 565.2 | 1 605.5 |
| Liabilities | | | | | | |
| Notes in circulation | 774.4 | 943.7 | 1 002.7 | 943.2 | 917.8 | 909.1 |
| Liabilities payable on demand | 112.6 | 59.2 | 186.8 | 137.9 | 140.7 | 141.8 |
| Foreign exchange accounts | 17.1 | 18.2 | 84.7 | 60.6 | 77.0 | 88.6 |
| Mark accounts of holders abroad | 35.8 | 33.6 | 28.5 | 28.3 | 28.1 | 27.5 |
| Cheque accounts | | | | | | |
| Treasury | 5.5 | 0.2 | 5.4 | 0.6 | 0.4 | 1.7 |
| Post Office Savings Bank | 53.3 | 3.0 | 49.6 | 21.2 | 6.3 | 21.2 |
| Private banks | —4.0 | 1.3 | 16.4 | 24.3 | 26.1 | — |
| Other | 0.8 | 0.4 | 0.7 | 0.9 | 1.1 | 0.9 |
| Other sight liabilities | 4.1 | 2.5 | 1.5 | 2.0 | 1.7 | 1.9 |
| Term liabilities | 80.2 | 68.0 | 55.4 | 55.4 | 55.4 | 63.4 |
| Foreign | 79.1 | 66.9 | 54.3 | 54.3 | 54.3 | 54.3 |
| Finnish | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 9.1 |
| Equalization accounts | 157.5 | 141.0 | 261.8 | 246.6 | 239.4 | 278.7 |
| Bank's own funds | 185.2 | 195.9 | 211.1 | 211.5 | 211.9 | 212.5 |
| Capital | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Reserve fund | 62.0 | 73.6 | 84.8 | 97.9 | 97.9 | 97.9 |
| Profits undisposed | — | — | — | 13.2 | 13.1 | 13.1 |
| Earnings less expenses | 23.2 | 22.3 | 26.3 | 0.4 | 0.9 | 1.5 |
| Total | 1 309.9 | 1 407.8 | 1 717.8 | 1 594.6 | 1 565.2 | 1 605.5 |
| STATEMENT OF NOTE ISSUE | | | | | | |
| Right of note issue | | | | | | |
| Ordinary cover | 705.4 | 817.8 | 1 049.7 | 1 050.7 | 1 046.6 | 1 049.4 |
| Supplementary cover | | | | | | |
| (Upper limit 500 mill. mk) | 500.0 | 451.2 | 500.0 | 470.9 | 444.4 | 462.9 |
| Total | 1 205.4 | 1 269.0 | 1 549.7 | 1 521.6 | 1 491.0 | 1 512.3 |
| Note issue | | | | | | |
| Notes in circulation | 774.4 | 943.7 | 1 002.7 | 943.2 | 917.8 | 909.1 |
| Liabilities payable on demand | 112.6 | 59.2 | 186.8 | 137.9 | 140.7 | 141.8 |
| Undrawn on cheque credits | 4.3 | 5.8 | 5.0 | 4.7 | 4.9 | 5.3 |
| Unused right of note issue | 314.1 | 260.3 | 355.2 | 435.8 | 427.6 | 456.1 |
| Total | 1 205.4 | 1 269.0 | 1 549.7 | 1 521.6 | 1 491.0 | 1 512.3 |

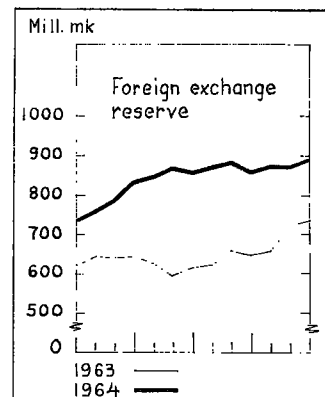
Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

| End of year and month | Gold and foreign accounts | | | | | | Treasury | | | |
|-----------------------|---------------------------|--|--------------------------------|----------------------|---------------------------|----------------------------|-----------------|-------------------|-----------------------------|------------------------------------|
| | Gold and foreign exchange | Liabilities on foreign exchange accounts | Foreign exchange reserve (1-2) | Other foreign assets | Other foreign liabilities | Net foreign assets (3+4-5) | Bills and bonds | Other claims, net | Liabilities, Cheque account | Net claims on the Treasury (7+8-9) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1957 | 384.3 | 45.7 | 338.6 | 176.5 | 201.9 | 313.2 | 160.2 | — 39.7 | 51.4 | 69.1 |
| 1958 | 575.6 | 21.8 | 553.8 | 126.2 | 160.1 | 519.9 | 90.3 | — 51.6 | 71.5 | — 32.8 |
| 1959 | 730.7 | 21.2 | 709.5 | 92.5 | 158.4 | 643.6 | 103.3 | 37.6 | 64.2 | 76.7 |
| 1960 | 686.0 | 40.6 | 645.4 | 67.0 | 142.7 | 569.7 | 37.5 | 32.4 | 61.9 | 8.0 |
| 1961 | 691.5 | 13.4 | 678.1 | 87.5 | 128.4 | 637.2 | 27.7 | 5.9 | 1.1 | 32.5 |
| 1962 | 637.7 | 17.1 | 620.6 | 67.7 | 114.9 | 573.4 | — | 28.9 | 5.5 | 23.4 |
| 1963 | 752.2 | 18.2 | 734.0 | 65.6 | 100.5 | 699.1 | — | 18.9 | 0.2 | 18.7 |
| 1964 | 973.4 | 84.7 | 888.7 | 76.3 | 82.8 | 882.2 | — | 8.9 | 5.4 | 3.5 |
| 1963 | | | | | | | | | | |
| Nov. | 741.1 | 18.3 | 722.8 | 59.8 | 103.3 | 679.3 | — | 18.9 | 0.8 | 18.1 |
| Dec. | 752.2 | 18.2 | 734.0 | 65.6 | 100.5 | 699.1 | — | 18.9 | 0.2 | 18.7 |
| 1964 | | | | | | | | | | |
| Jan. | 780.6 | 20.2 | 760.4 | 65.7 | 97.1 | 729.0 | — | 18.9 | 0.1 | 18.8 |
| Feb. | 807.6 | 21.0 | 786.6 | 59.8 | 94.5 | 751.9 | — | 18.9 | 0.1 | 18.8 |
| March | 852.5 | 18.4 | 834.1 | 63.6 | 93.4 | 804.3 | — | 18.9 | 5.3 | 13.6 |
| April | 864.9 | 17.6 | 847.3 | 68.1 | 91.2 | 824.2 | — | 18.9 | 12.3 | 6.6 |
| May | 885.5 | 17.5 | 868.0 | 68.0 | 90.7 | 845.3 | — | 18.9 | 0.0 | 18.9 |
| June | 875.9 | 17.0 | 858.9 | 64.7 | 88.6 | 835.0 | — | 18.9 | 4.6 | 14.3 |
| July | 889.9 | 18.9 | 871.0 | 64.2 | 89.1 | 846.1 | — | 18.9 | 1.0 | 17.9 |
| Aug. | 901.0 | 19.0 | 882.0 | 64.3 | 86.3 | 860.0 | — | 18.9 | 3.3 | 15.6 |
| Sept. | 879.1 | 19.2 | 859.9 | 66.9 | 85.5 | 841.3 | — | 18.9 | 4.3 | 14.6 |
| Oct. | 894.4 | 20.8 | 873.6 | 71.8 | 82.8 | 862.6 | — | 18.9 | 7.7 | 11.2 |
| Nov. | 913.0 | 40.1 | 872.9 | 77.6 | 85.7 | 864.8 | — | 8.9 | 4.7 | 4.2 |
| Dec. | 973.4 | 84.7 | 888.7 | 76.3 | 82.8 | 882.2 | — | 8.9 | 5.4 | 3.5 |

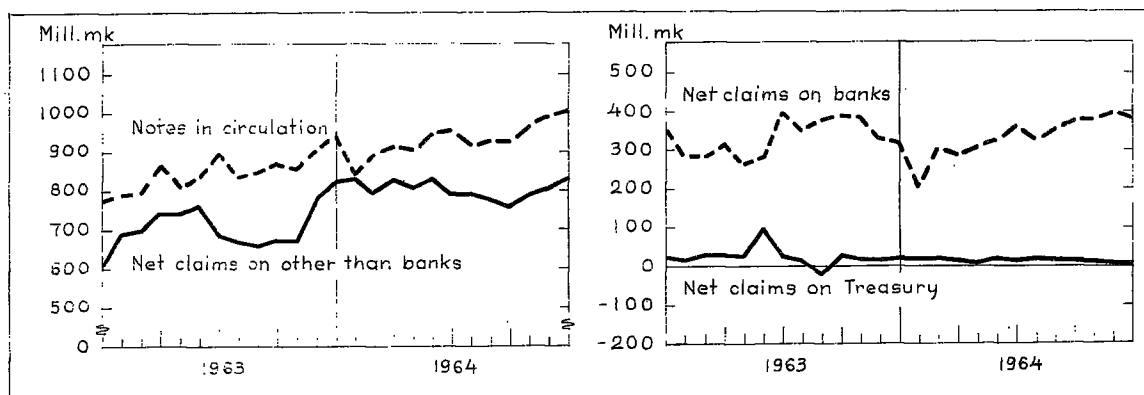
| Category of currency | Foreign exchange reserve (col. 3 above) Mill. mk | | | | |
|----------------------|--|---------|---------|---------|---------|
| | 1962 | 1963 | 1964 | | |
| | Dec. 31 | Dec. 31 | Oct. 31 | Nov. 30 | Dec. 31 |
| Gold | 135 | 135 | 143 | 143 | 190 |
| Convertible | 330 | 478 | 667 | 687 | 708 |
| Other | 156 | 121 | 64 | 43 | —9 |
| Total | 621 | 734 | 874 | 873 | 889 |



BANK OF FINLAND

Mill. mk

| End of year and month | Finnish credit institutions | | | | | Other | | | | Notes in circulation |
|-----------------------|-----------------------------|------------------------------|--------------------------|-----------------------------|-----------------------------------|----------------------------------|----------------|-------------|---|----------------------|
| | Redis-counted bills | Liabilities, Cheque accounts | | | Net claims on the banks (1-2-3-4) | Inland bills in Finnish currency | Other advances | Liabilities | Net claims on the rest of economy (6+7-8) | |
| | | Private banks | Post Office Savings Bank | Mortgage Bank of Finland Oy | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1957 | 249.1 | 24.1 | — | —0.4 | 225.4 | 129.1 | 144.2 | 5.6 | 267.7 | 606.4 |
| 1958 | 187.1 | 14.7 | — | 20.8 | 151.6 | 88.2 | 143.0 | 5.3 | 225.9 | 650.8 |
| 1959 | 47.2 | 38.6 | — | 2.5 | 6.1 | 38.9 | 105.0 | 3.9 | 140.0 | 694.4 |
| 1960 | 205.1 | 16.8 | — | 1.6 | 186.7 | 72.3 | 109.5 | 3.5 | 178.3 | 727.4 |
| 1961 | 294.6 | 44.7 ¹⁾ | 4.4 ¹⁾ | 12.5 | 233.0 | 70.8 | 107.3 | 2.9 | 175.2 | 837.1 |
| 1962 | 401.2 | — 4.0 | 53.3 | 0.8 | 351.1 | 33.5 | 99.6 | 4.1 | 129.0 | 774.4 |
| 1963 | 325.3 | 1.3 | 3.0 | 1.2 | 319.8 | 57.2 | 94.4 | 1.7 | 149.9 | 943.7 |
| 1964 | 448.4 | 16.4 | 49.6 | 0.6 | 381.8 | 67.1 | 103.0 | 1.6 | 168.5 | 1 002.7 |
| 1963 | | | | | | | | | | |
| Nov. | 334.9 | — 3.9 | 8.3 | 1.7 | 328.8 | 31.9 | 97.9 | 2.4 | 127.4 | 904.8 |
| Dec. | 325.3 | 1.3 | 3.0 | 1.2 | 319.8 | 57.2 | 94.4 | 1.7 | 149.9 | 943.7 |
| 1964 | | | | | | | | | | |
| Jan. | 241.2 | 8.7 | 27.4 | 2.1 | 203.0 | 52.1 | 89.4 | 1.1 | 140.4 | 835.0 |
| Feb. | 329.0 | 7.0 | 18.1 | 2.4 | 301.5 | 28.9 | 98.3 | 1.0 | 126.2 | 893.4 |
| March | 316.0 | —13.2 | 38.2 | 2.2 | 288.8 | 23.3 | 111.3 | 0.7 | 133.9 | 911.2 |
| April | 349.0 | 0.7 | 41.8 | 1.7 | 304.8 | 20.9 | 113.2 | 0.6 | 133.5 | 905.5 |
| May | 329.5 | 5.2 | 0.2 | 1.7 | 322.4 | 20.4 | 119.7 | 1.3 | 138.8 | 945.4 |
| June | 403.2 | 2.7 | 34.6 | 2.9 | 363.0 | 19.1 | 104.3 | 2.5 | 120.9 | 954.9 |
| July | 357.8 | 4.1 | 23.0 | 3.7 | 327.0 | 19.0 | 110.1 | 1.8 | 127.3 | 918.1 |
| Aug. | 389.7 | 3.7 | 30.8 | 1.6 | 353.6 | 17.9 | 104.7 | 1.3 | 121.3 | 928.2 |
| Sept. | 388.2 | —1.6 | 14.2 | 1.3 | 374.3 | 24.3 | 103.9 | 3.4 | 124.8 | 927.3 |
| Oct. | 407.7 | —7.1 | 33.5 | 0.9 | 380.4 | 41.6 | 105.8 | 0.9 | 146.5 | 964.0 |
| Nov. | 394.2 | —6.8 | 5.4 | 1.0 | 394.6 | 55.6 | 111.2 | 3.1 | 163.7 | 989.9 |
| Dec. | 448.4 | 16.4 | 49.6 | 0.6 | 381.8 | 67.1 | 103.0 | 1.6 | 168.5 | 1 002.7 |

¹⁾ Including cash reserve accounts.

DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

| End of year and month | Sight deposits | | | Term deposits | | | | | | Total (2+3+9) |
|-----------------------|-----------------------|----------------------------|----------------------|-----------------------|------------------|--|-----------------------------------|--|----------------------------|----------------------|
| | Cheque accounts | | Postal giro accounts | Commer- cial banks | Savings banks | Co-op. credit societies & their cen- tral bank | Post Office Savings Bank | Savings depart- ments of co-op. stores | All credit institutions | |
| | Commer- cial banks | All credit institutions | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1953 | 321.1 | 379.1 | 98.9 | 704.6 | 767.1 | 425.4 | 270.7 | 119.5 | 2 287.6 | 2 765.6 |
| 1954 | 349.1 | 421.1 | 132.2 | 834.4 | 921.7 | 520.5 | 300.8 | 134.2 | 2 712.0 | 3 265.3 |
| 1955 | 365.9 | 442.8 | 118.5 | 977.9 | 1 085.4 | 611.4 | 330.7 | 152.6 | 3 158.4 | 3 719.7 |
| 1956 | 386.1 | 459.6 | 138.4 | 968.1 | 1 124.0 | 635.3 | 341.6 | 160.1 | 3 229.5 | 3 827.5 |
| 1957 | 377.1 | 461.4 | 139.3 | 1 032.2 | 1 178.6 | 671.1 | 339.6 | 168.2 | 3 390.1 | 3 990.8 |
| 1958 | 395.7 | 495.8 | 167.7 | 1 222.6 | 1 312.6 | 742.7 | 381.7 | 191.9 | 3 851.8 | 4 515.3 |
| 1959 | 557.5 | 678.1 | 140.9 | 1 505.5 | 1 525.5 | 860.3 | 431.2 | 219.1 | 4 541.9 | 5 360.9 |
| 1960 | 550.8 | 680.7 | 135.9 | 1 813.6 | 1 798.6 | 1 052.5 | 485.2 | 254.3 | 5 404.5 | 6 221.1 |
| 1961 | 577.9 | 720.8 | 143.8 | 2 105.9 | 2 079.6 | 1 241.0 | 558.2 | 285.3 | 6 270.3 | 7 134.9 |
| 1962 | 649.0 | 800.8 | 168.5 | 2 270.4 | 2 210.8 | 1 325.5 | 606.6 | 293.2 | 6 706.7 | 7 676.0 |
| 1963 | 715.3 | 876.0 | 250.3 | 2 441.0 | 2 336.6 | 1 448.0 | 648.5 | 310.7 | 7 185.0 | 8 311.3 |
| 1963 | | | | | | | | | | |
| Sept. | 668.7 | 831.0 | 199.3 | 2 301.6 | 2 237.8 | 1 363.5 | 621.8 | 300.5 | 6 825.4 | 7 855.7 |
| Oct. | 678.8 | 838.8 | 181.5 | 2 307.7 | 2 242.9 | 1 369.7 | 623.7 | 304.5 | 6 848.6 | 7 868.9 |
| Nov. | 696.4 | 860.6 | 209.6 | 2 322.2 | 2 265.8 | 1 388.0 | 624.6 | 308.3 | 6 909.1 | 7 979.3 |
| Dec. | 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* | | | | | | | | | | |
| Jan. | 707.3 | 844.6 | 229.1 | 2 452.5 | 2 361.4 | 1 447.8 | 655.4 | 311.9 | 7 249.2 | 8 322.9 |
| Feb. | 620.8 | 754.1 | 244.0 | 2 485.9 | 2 388.2 | 1 505.7 | 664.8 | 316.3 | 7 361.1 | 8 359.2 |
| March | 615.3 | 755.9 | 292.6 | 2 521.6 | 2 404.5 | 1 533.2 | 666.0 | 318.8 | 7 444.3 | 8 492.8 |
| April | 641.5 | 777.7 | 220.5 | 2 541.5 | 2 416.7 | 1 551.7 | 661.7 | 319.6 | 7 491.3 | 8 489.5 |
| May | 645.2 | 797.4 | 256.6 | 2 577.8 | 2 444.7 | 1 576.5 | 660.0 | 318.0 | 7 577.1 | 8 631.1 |
| June | 640.0 | 789.1 | 260.7 | 2 569.4 | 2 418.0 | 1 551.4 | 659.2 | 314.3 | 7 512.4 | 8 562.2 |
| July | 671.3 | 833.6 | 224.9 | 2 579.9 | 2 430.4 | 1 557.6 | 660.0 | 313.1 | 7 541.0 | 8 599.5 |
| Aug. | 665.6 | 837.3 | 229.0 | 2 592.6 | 2 447.7 | 1 569.0 | 663.9 | 312.2 | 7 585.4 | 8 651.7 |
| Sept. | 667.5 | 826.8 | 281.0 | 2 610.9 | 2 469.8 | 1 583.8 | 667.8 | 316.1 | 7 648.5 | 8 756.3 |
| Oct. | 643.6 | 791.4 | 256.2 | 2 630.2 | 2 483.0 | 1 591.5 | 673.1 | 320.5 | 7 698.5 | 8 746.1 |
| Nov. | 668.8 | 833.3 | 284.8 | 2 662.7 | 2 515.4 | 1 621.2 | 676.7 | 323.4 | 7 800.0 | 8 918.1 |

| End of month | Index-tied deposits | | High-interest deposits |
|--------------|----------------------------|-----------------------|------------------------|
| | 100 % clause ¹⁾ | 50 % clause, tax-free | |
| 1963 Dec. | 52.1 | 229.2 | 668.2 |
| 1964* | | | |
| March | 142.9 | 262.6 | 752.5 |
| April | 170.9 | 259.9 | 767.5 |
| May | 556.2 | 159.4 | 675.5 |
| June | 674.0 | 146.2 | 650.5 |
| July | 745.5 | 134.0 | 639.2 |
| Aug. | 817.6 | 129.0 | 628.7 |
| Sept. | 916.6 | 120.5 | 621.4 |
| Oct. | 987.1 | 119.2 | 603.7 |
| Nov. | 1 072.9 | 119.6 | 593.9 |

¹⁾ Tax-free since May 1, 1964.

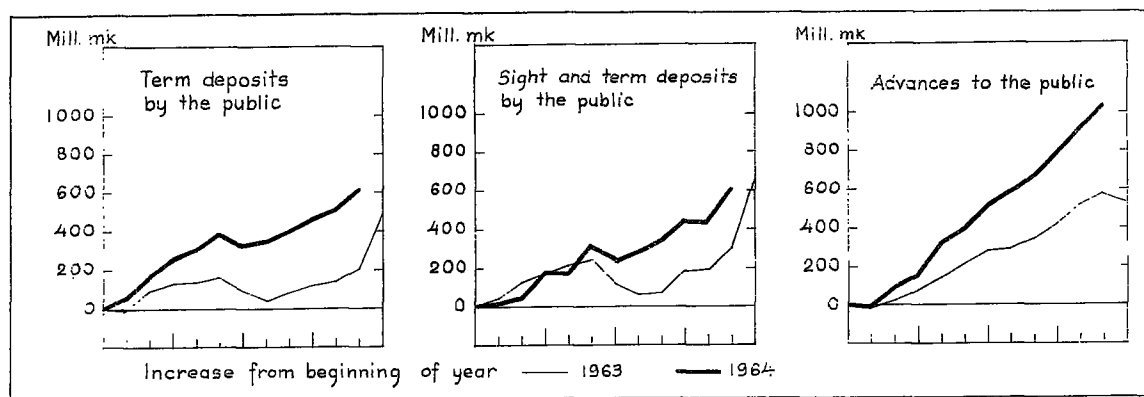
| Selling rates for foreign exchange | | | |
|------------------------------------|-------|--|--------|
| Jan. 26, 1965 | | | |
| | mk | | mk |
| New York ... 1 \$ | 3.216 | Zurich 100 Fr | 74.40 |
| Montreal 1 \$ | 2.996 | Paris 100 FF | 65.65 |
| London 1 £ | 8.980 | Rome 100 Lit | 0.5147 |
| Stockholm ... 100 Kr | 62.65 | Vienna 100 S | 12.45 |
| Oslo 100 Kr | 44.98 | Lisbon 100 Esc | 11.20 |
| Copenhagen .. 100 Kr | 46.50 | Reykjavik 100 Kr | 7.50 |
| Frankfurt o.M. 100 DM | 80.86 | Madrid 100 Pta | 5.42 |
| Amsterdam ... 100 Fl | 89.54 | Prague, clear... 100 Kč | 44.58 |
| Brussels 100 Fr | 6.485 | Moscow, clear. ¹⁾ 1 Rbl | 3.5667 |
| | | Clearing dollars ²⁾ 1 Cl \$ | 3.21 |

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens, Berlin, Bogota, Budapest, 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 |
| 1953 | 1 056.6 | 705.1 | 187.8 | 567.7 | 98.5 | 2 452.8 | 162.9 | 2 615.7 | 921.2 |
| 1954 | 1 289.6 | 824.5 | 221.2 | 647.0 | 127.7 | 2 915.1 | 194.9 | 3 110.0 | 995.6 |
| 1955 | 1 554.4 | 964.5 | 248.7 | 728.7 | 136.0 | 3 398.0 | 234.3 | 3 632.3 | 1 043.0 |
| 1956 | 1 626.6 | 1 028.3 | 262.3 | 767.6 | 146.9 | 3 578.0 | 253.7 | 3 831.7 | 1 160.0 |
| 1957 | 1 603.8 | 1 066.4 | 260.5 | 780.6 | 157.2 | 3 630.0 | 238.5 | 3 868.5 | 1 170.7 |
| 1958 | 1 745.4 | 1 154.8 | 290.3 | 835.1 | 219.3 | 4 011.5 | 233.4 | 4 244.9 | 1 302.3 |
| 1959 | 2 096.9 | 1 327.2 | 331.4 | 967.3 | 325.8 | 4 772.7 | 275.9 | 5 048.6 | 1 448.4 |
| 1960 | 2 604.6 | 1 549.3 | 395.0 | 1 176.0 | 452.2 | 5 861.9 | 315.2 | 6 177.1 | 1 494.6 |
| 1961 | 3 048.0 | 1 817.6 | 436.8 | 1 462.7 | 515.2 | 6 928.2 | 352.1 | 7 280.3 | 1 646.1 |
| 1962 | 3 299.9 | 2 018.5 | 508.7 | 1 600.6 | 614.7 | 7 680.8 | 361.6 | 8 042.4 | 1 722.5 |
| 1963 | 3 472.5 | 2 134.5 | 544.0 | 1 757.7 | 664.3 | 8 226.2 | 346.8 | 8 573.0 | 1 986.5 |
| 1963 | | | | | | | | | |
| Sept. | 3 437.9 | 2 111.7 | 550.2 | 1 710.9 | 647.5 | 8 087.2 | 371.0 | 8 458.2 | 1 827.7 |
| Oct. | 3 469.7 | 2 133.4 | 573.8 | 1 727.2 | 654.1 | 8 171.6 | 386.6 | 8 558.2 | 1 804.9 |
| Nov. | 3 481.7 | 2 144.3 | 577.0 | 1 746.4 | 659.2 | 8 235.2 | 373.4 | 8 608.6 | 1 892.9 |
| Dec. | 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* | | | | | | | | | |
| Jan. | 3 446.1 | 2 139.6 | 547.1 | 1 763.6 | 672.7 | 8 201.5 | 367.6 | 8 569.1 | 1 826.8 |
| Feb. | 3 509.5 | 2 148.7 | 554.2 | 1 769.8 | 683.9 | 8 266.6 | 399.5 | 8 666.1 | 1 798.0 |
| March | 3 547.4 | 2 150.3 | 559.5 | 1 783.0 | 687.5 | 8 329.6 | 398.1 | 8 727.7 | 1 849.7 |
| April | 3 635.3 | 2 170.0 | 563.1 | 1 806.8 | 706.6 | 8 473.4 | 408.4 | 8 881.8 | 1 826.2 |
| May | 3 628.6 | 2 190.4 | 570.0 | 1 827.9 | 751.1 | 8 599.4 | 368.6 | 8 968.0 | 1 914.1 |
| June | 3 689.8 | 2 200.9 | 575.3 | 1 859.8 | 768.2 | 8 688.9 | 405.1 | 9 094.0 | 1 901.4 |
| July | 3 706.0 | 2 219.7 | 583.0 | 1 876.1 | 777.1 | 8 771.9 | 390.0 | 9 161.9 | 1 889.4 |
| Aug. | 3 720.7 | 2 239.4 | 592.4 | 1 903.8 | 782.4 | 8 845.8 | 392.9 | 9 238.7 | 1 903.2 |
| Sept. | 3 761.2 | 2 268.8 | 601.3 | 1 949.4 | 787.2 | 8 967.3 | 400.6 | 9 367.9 | 1 946.3 |
| Oct. | 3 791.0 | 2 296.0 | 611.6 | 1 983.7 | 810.2 | 9 067.4 | 425.1 | 9 492.5 | 1 933.0 |
| Nov. | 3 819.3 | 2 322.2 | 607.8 | 2 028.0 | 824.7 | 9 203.3 | 398.7 | 9 602.0 | 2 012.0 |

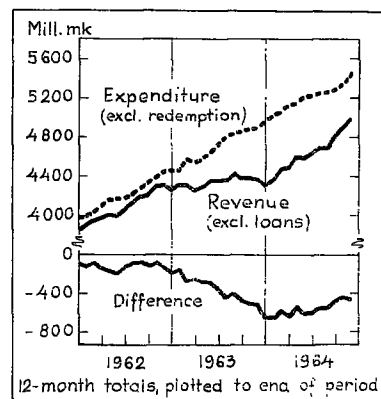


STATE FINANCES

Mill. mk

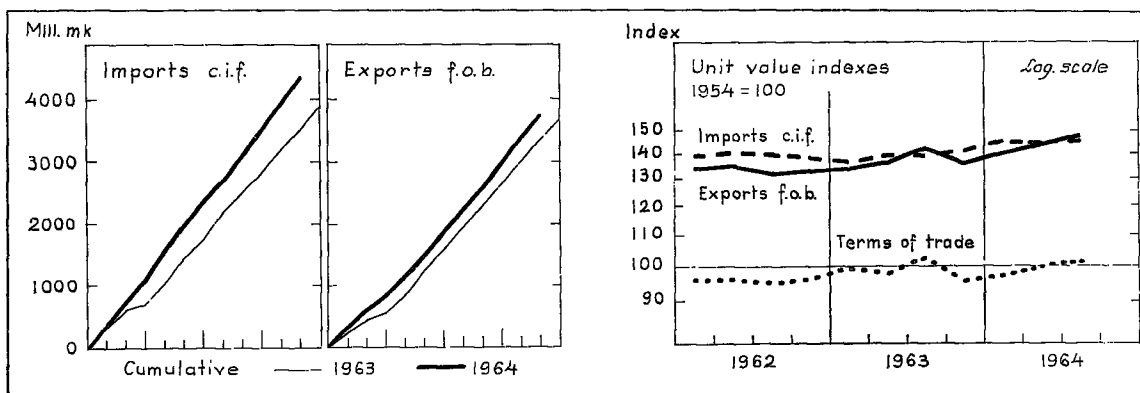
| Revenue | Jan. - Nov. | | Expenditure | Jan. - Nov. | |
|--|--------------|--------------|--|--------------|--------------|
| | 1963 | 1964 | | 1963 | 1964 |
| Income and property tax (net) | 894 | 1 276 | Interest on State debt | 76 | 109 |
| Gross receipts | (2 320) | (2 858) | Child allowances | 294 | 304 |
| Refunds and communal income tax | (-1 426) | (-1 582) | The State's share in national pensions | 187 | 211 |
| Other direct taxes | 18 | 22 | Compensations to war-disabled | 111 | 120 |
| Sales tax | 921 | 913 | Subsidies | 565 | 543 |
| Import duties | 431 | 448 | Net payments on price equalization by extra-budgetary funds | 11 | 16 |
| Revenue from Alcohol Monopoly ... | 312 | 350 | State aid to agriculture | 60 | 62 |
| Excise duty on tobacco | 250 | 266 | State aid to communal and private schools | 340 | 405 |
| Excise duty on liquid fuel | 163 | 189 | Net loss of State enterprises | 8 | 23 |
| Other excise duties | 73 | 87 | Maintenance of roads | 123 | 128 |
| Tax on automobiles and motor cycles | 81 | 131 | Other current expenditure | 1 469 | 1 706 |
| Stamp duties | 194 | 224 | Current expenditure | 3 244 | 3 627 |
| Employers' payments for child allow- ances | 279 | 321 | Real investments | 850 | 943 |
| Net receipts of price equalization by extra-budgetary funds | — | — | Other capital expenditure | 411 | 419 |
| Other revenue similar to taxes | 54 | 60 | Capital expenditure | 1 261 | 1 362 |
| Total taxes | 3 670 | 4 287 | Total expenditure | 4 505 | 4 989 |
| Interest and dividends | 68 | 73 | Redemption of external loans | 32 | 40 |
| Other current revenue | 123 | 153 | Redemption of internal loans | 172 | 188 |
| Current revenue | 3 861 | 4 513 | Redemption of indemnity bonds etc. | 7 | 4 |
| Capital revenue proper | 99 | 114 | Index premiums | 8 | 13 |
| Decrease in inventories | 39 | 56 | Redemptions | 219 | 245 |
| Capital revenue | 138 | 170 | Total | 4 724 | 5 234 |
| Total revenue | 3 999 | 4 683 | | | |
| External loans | 185 | 183 | | | |
| Internal loans | 328 | 237 | | | |
| Loans | 513 | 420 | | | |
| Short-term credit (increase +) .. | + 79 | +111 | | | |
| Deficit (+) or surplus (—) | +133 | + 20 | | | |
| Total | 4 724 | 5 234 | | | |

| Debt | 1961 | 1962 | 1963 | 1964 | | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Dec. | Dec. | Dec. | Sept. | Oct. | Nov. |
| External debt ... | 791 | 803 | 963 | 1 125 | 1 122 | 1 109 |
| Ordinary loans | 757 | 936 | 1 109 | 1 166 | 1 171 | 1 158 |
| Indemnity bonds etc. | 26 | 18 | 11 | 8 | 8 | 7 |
| Short-term credit .. | 24 | 61 | 160 | 192 | 204 | 271 |
| Cash debt (net) ... | -98 | -125 | 78 | 59 | -44 | 108 |
| Internal debt | 709 | 890 | 1 358 | 1 425 | 1 339 | 1 544 |
| Total debt | 1 500 | 1 693 | 2 321 | 2 550 | 2 461 | 2 653 |
| Total debt, mill. \$ | 465.9 | 525.4 | 720.8 | 791.4 | 765.1 | 825.0 |



FOREIGN TRADE

| Period | Value mill. mk | | | Unit value indexes 1954 = 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 | | |
| 1955 | 1 769.6 | 1 812.6 | + 43.0 | 106 | 110 | 105 | 105 | 115 | 100 | 106 |
| 1956 | 2 035.6 | 1 779.9 | -255.7 | 106 | 110 | 104 | 109 | 106 | 105 | 101 |
| 1957 | 2 279.3 | 2 123.9 | -155.4 | 116 | 118 | 113 | 119 | 120 | 122 | 95 |
| 1958 | 2 333.0 | 2 479.3 | +146.3 | 138 | 139 | 133 | 139 | 153 | 140 | 99 |
| 1959 | 2 673.0 | 2 673.2 | + 0.2 | 130 | 120 | 121 | 131 | 152 | 133 | 98 |
| 1960 | 3 403.0 | 3 164.7 | -238.3 | 133 | 123 | 131 | 132 | 147 | 136 | 98 |
| 1961 | 3 690.2 | 3 374.0 | -316.2 | 135 | 145 | 134 | 134 | 140 | 137 | 99 |
| 1962 | 3 928.7 | 3 533.1 | -395.6 | 134 | 146 | 132 | 128 | 150 | 139 | 96 |
| 1963 | 3 866.9 | 3 678.0 | -188.9 | 137 | 145 | 142 | 129 | 147 | 139 | 99 |
| Jan. - Nov. | | | | | | | | | | |
| 1962 | 3 619.2 | 3 189.7 | -429.5 | | | | | | | |
| 1963* | 3 498.3 | 3 338.6 | -159.7 | | | | | | | |
| 1964* | 4 367.6 | 3 748.1 | -619.5 | | | | | | | |
| 1964* | | | | | | | | | | |
| Jan. | 363.0 | 281.3 | - 81.7 | 140 | 148 | 152 | 131 | 133 | 144 | 97 |
| Feb. | 349.4 | 299.9 | - 49.5 | | | | | | | |
| March | 368.0 | 231.4 | -136.6 | | | | | | | |
| April | 448.8 | 339.5 | -109.3 | | | | | | | |
| May | 398.7 | 335.3 | - 63.4 | 144 | 164 | 148 | 132 | 158 | 144 | 100 |
| June | 412.3 | 366.4 | - 45.9 | | | | | | | |
| July | 362.9 | 368.6 | + 5.7 | 147 | 161 | 155 | 134 | 164 | 146 | 101 |
| Aug. | 390.2 | 349.3 | - 40.9 | | | | | | | |
| Sept. | 422.3 | 408.4 | - 13.9 | | | | | | | |
| Oct. | 418.8 | 400.8 | - 18.0 | | | | | | | |
| Nov. | 433.2 | 367.2 | - 66.0 | | | | | | | |

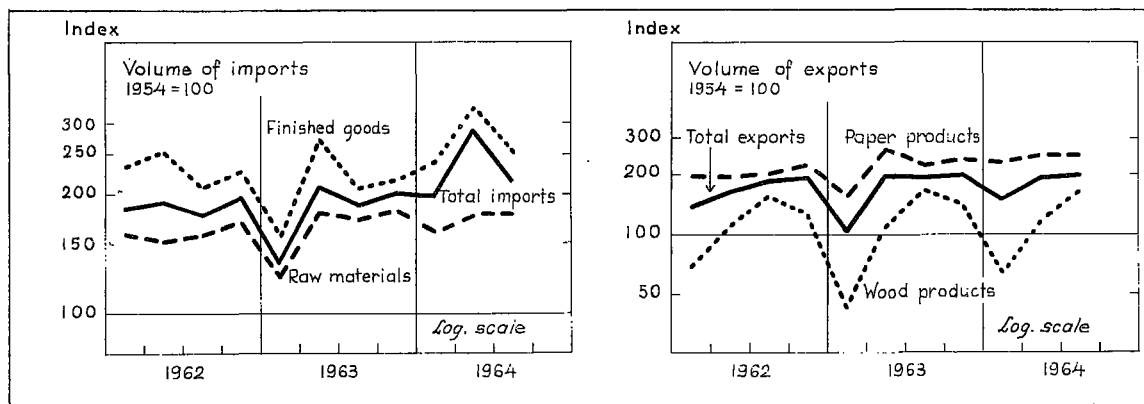


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

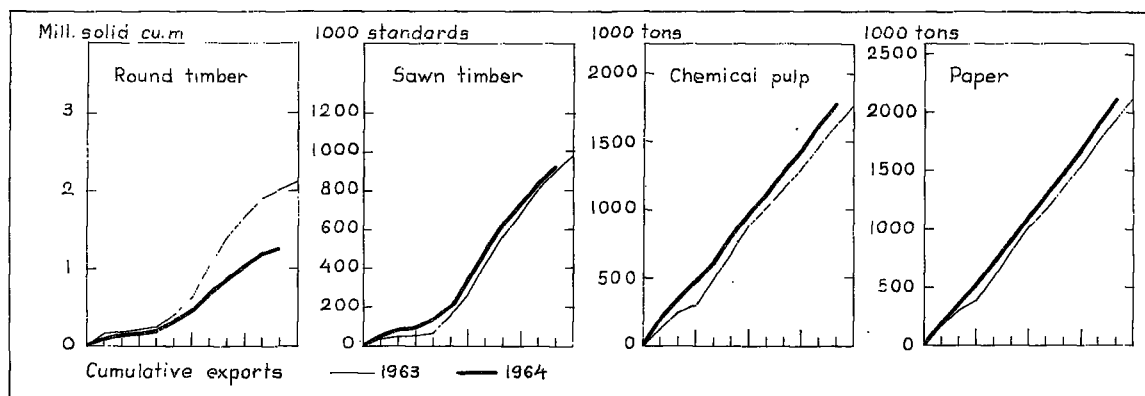
| Period | Imports, c. i. f. | | | | Exports, f. o. b. | | | | | |
|-------------|----------------------------------|----------------------|------------------|----------------|-----------------------|-----------------------|------------------------|-------------------------|--------------------------------------|-------------|
| | 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 | | | | | | |
| 1954 | 864.2 | 173.4 | 288.0 | 195.8 | 51.5 | 135.8 | 497.3 | 616.6 | 209.9 | 55.1 |
| 1955 | 949.2 | 215.4 | 342.2 | 262.8 | 38.8 | 199.1 | 513.2 | 757.9 | 248.0 | 55.6 |
| 1956 | 1 042.8 | 274.6 | 433.6 | 284.6 | 62.1 | 172.4 | 404.9 | 817.8 | 251.2 | 71.5 |
| 1957 | 1 174.3 | 402.4 | 413.5 | 289.1 | 101.7 | 171.0 | 482.9 | 976.4 | 304.3 | 87.6 |
| 1958 | 1 195.0 | 326.6 | 488.0 | 323.4 | 106.5 | 193.5 | 578.2 | 1 151.7 | 340.3 | 109.1 |
| 1959 | 1 338.2 | 281.2 | 675.4 | 378.2 | 148.6 | 162.9 | 636.6 | 1 170.0 | 441.5 | 113.6 |
| 1960 | 1 662.6 | 330.5 | 933.4 | 476.5 | 160.3 | 205.6 | 840.8 | 1 337.2 | 473.6 | 147.2 |
| 1961 | 1 711.2 | 329.9 | 1 034.4 | 614.7 | 153.5 | 295.8 | 840.8 | 1 539.1 | 386.3 | 158.5 |
| 1962 | 1 762.6 | 371.2 | 1 144.9 | 650.0 | 144.5 | 189.5 | 770.3 | 1 588.8 | 662.6 | 177.4 |
| 1963 | 1 827.5 | 373.3 | 1 004.3 | 661.8 | 164.8 | 112.8 | 811.8 | 1 752.2 | 613.8 | 222.6 |
| Jan. - Nov. | | | | | | | | | | |
| 1962 | 1 625.5 | 332.3 | 1 067.1 | 594.3 | 129.5 | 183.0 | 711.4 | 1 446.8 | 558.6 | 160.4 |
| 1963 | 1 659.8 | 339.5 | 898.4 | 600.6 | 140.3 | 107.1 | 730.9 | 1 604.8 | 555.3 | 200.2 |
| 1964* | 1 906.8 | 456.9 | 1 274.9 | 729.0 | 201.8 | 84.9 | 820.6 | 1 839.4 | 544.3 | 257.1 |
| 1963 | | | | | | | | | | |
| Dec. | 167.7 | 33.8 | 105.9 | 61.2 | 24.5 | 5.8 | 80.9 | 147.4 | 58.5 | 22.2 |
| 1964* | | | | | | | | | | |
| Jan. | 171.9 | 42.1 | 91.1 | 57.9 | 14.0 | 4.3 | 50.3 | 169.3 | 25.6 | 17.8 |
| Feb. | 155.6 | 36.5 | 100.1 | 57.2 | 23.8 | 5.5 | 44.6 | 148.1 | 60.4 | 17.5 |
| March | 149.6 | 47.7 | 107.9 | 62.8 | 12.1 | 1.8 | 26.4 | 145.3 | 28.9 | 16.9 |
| April | 162.3 | 34.1 | 148.5 | 103.9 | 27.9 | 2.3 | 49.5 | 165.1 | 75.6 | 19.1 |
| May | 167.7 | 50.6 | 114.9 | 65.5 | 23.1 | 7.1 | 67.5 | 173.7 | 37.2 | 26.7 |
| June | 182.9 | 31.0 | 126.7 | 71.7 | 17.5 | 8.4 | 97.1 | 163.0 | 55.0 | 25.4 |
| July | 164.7 | 31.4 | 114.7 | 52.1 | 18.1 | 13.3 | 116.9 | 156.6 | 40.9 | 22.8 |
| Aug. | 182.4 | 48.0 | 109.6 | 50.2 | 19.9 | 14.9 | 95.7 | 166.8 | 28.1 | 23.9 |
| Sept. | 187.8 | 44.4 | 123.4 | 66.7 | 17.2 | 11.6 | 97.4 | 186.1 | 68.2 | 27.9 |
| Oct. | 179.1 | 36.4 | 131.7 | 71.6 | 16.6 | 9.0 | 89.0 | 192.1 | 67.5 | 26.6 |
| Nov. | 202.8 | 54.7 | 106.3 | 69.4 | 11.6 | 6.7 | 86.2 | 173.3 | 56.9 | 32.5 |



March 1963 figures are affected by strikes.

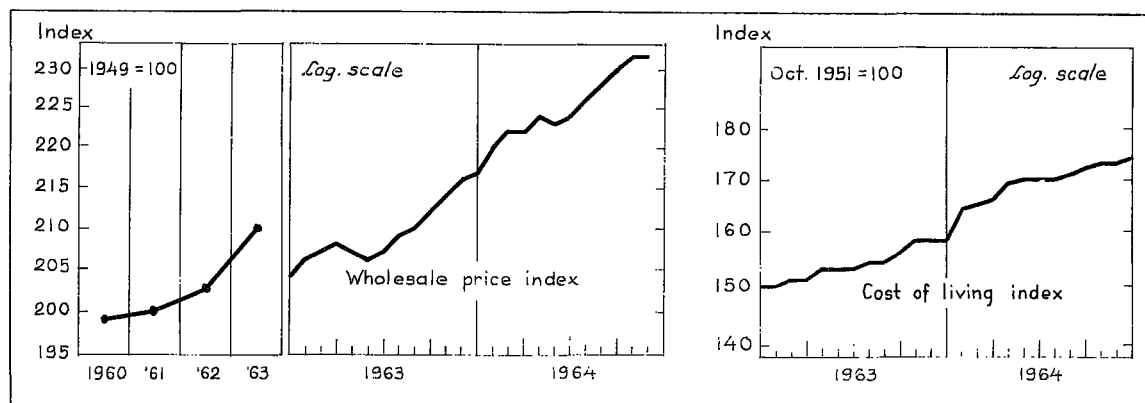
EXPORTS OF SOME IMPORTANT ARTICLES

| Period | Round timber 1 000 solid cu. m | Sawn timber 1 000 stds | Veneers and plywood 1 000 cu. m | Mechanical pulp 1 000 tons | Sulphite pulp 1 000 tons | Sulphate pulp 1 000 tons | Board 1 000 tons | Fibre building board 1 000 tons | Newsprint 1 000 tons | Paper, all kinds 1 000 tons |
|--------------|---|---------------------------------|---|-------------------------------------|-----------------------------------|-----------------------------------|------------------------|---|----------------------------|--------------------------------------|
| 1954 | 3 620 | 733 | 298 | 193 | 580 | 375 | 101 | 59 | 392 | 751 |
| 1955 | 4 977 | 786 | 321 | 183 | 682 | 447 | 110 | 61 | 470 | 905 |
| 1956 | 4 424 | 648 | 230 | 186 | 679 | 452 | 106 | 49 | 537 | 997 |
| 1957 | 4 063 | 719 | 260 | 165 | 697 | 474 | 134 | 60 | 551 | 1 108 |
| 1958 | 3 861 | 762 | 239 | 143 | 725 | 476 | 145 | 83 | 585 | 1 147 |
| 1959 | 3 812 | 950 | 296 | 139 | 770 | 549 | 142 | 110 | 576 | 1 244 |
| 1960 | 4 756 | 1 137 | 358 | 176 | 919 | 500 | 150 | 128 | 691 | 1 460 |
| 1961 | 5 955 | 1 106 | 329 | 160 | 872 | 569 | 154 | 146 | 846 | 1 806 |
| 1962 | 3 681 | 1 010 | 357 | 150 | 828 | 731 | 153 | 152 | 870 | 1 980 |
| 1963 | 2 108 | 977 | 384 | 173 | 861 | 893 | 171 | 161 | 882 | 2 126 |
| Jan. - Nov. | | | | | | | | | | |
| 1962 | 3 570 | 937 | 325 | 136 | 758 | 649 | 141 | 142 | 788 | 1 798 |
| 1963 | 2 025 | 900 | 352 | 160 | 789 | 830 | 159 | 147 | 808 | 1 942 |
| 1964* | 1 261 | 917 | 396 | 158 | 892 | 886 | 166 | 150 | 896 | 2 117 |
| 1963 Dec. | 83 | 77 | 32 | 13 | 72 | 63 | 12 | 14 | 74 | 184 |
| 1964* | | | | | | | | | | |
| Jan. | 86 | 47 | 37 | 17 | 97 | 104 | 14 | 16 | 75 | 179 |
| Feb. | 64 | 35 | 41 | 15 | 75 | 66 | 13 | 15 | 68 | 174 |
| March | 15 | 15 | 27 | 11 | 66 | 68 | 14 | 13 | 65 | 168 |
| April | 26 | 42 | 38 | 15 | 81 | 64 | 16 | 16 | 79 | 197 |
| May | 122 | 69 | 43 | 13 | 82 | 97 | 14 | 15 | 81 | 195 |
| June | 143 | 122 | 31 | 20 | 87 | 84 | 15 | 12 | 83 | 182 |
| July | 218 | 156 | 31 | 11 | 69 | 67 | 13 | 10 | 76 | 195 |
| Aug. | 202 | 125 | 27 | 12 | 90 | 75 | 15 | 10 | 76 | 188 |
| Sept. | 169 | 116 | 39 | 14 | 82 | 91 | 15 | 13 | 96 | 201 |
| Oct. | 140 | 97 | 41 | 17 | 86 | 97 | 17 | 15 | 100 | 219 |
| Nov. | 76 | 93 | 41 | 13 | 77 | 73 | 20 | 15 | 97 | 219 |



FOREIGN TRADE BY COUNTRIES

| Area and country | Imports, c.i.f. | | | | | Exports, f.o.b. | | | | |
|------------------------------|-----------------|-------|-------------|-------|----------|-----------------|-------|-------------|-------|----------|
| | Whole year | | Jan. — Nov. | | | Whole year | | Jan. — Nov. | | |
| | 1962 | 1963 | 1963 | 1964* | | 1962 | 1963 | 1963 | 1964* | |
| | % | % | % | % | Mill. mk | % | % | % | % | Mill. mk |
| Sterling area | 15.7 | 15.8 | 16.0 | 15.3 | 666.0 | 22.2 | 23.6 | 23.8 | 25.5 | 954.3 |
| United Kingdom | 15.2 | 15.3 | 15.4 | 14.8 | 645.2 | 20.2 | 21.5 | 21.7 | 23.1 | 866.4 |
| Other OECD countries | | | | | | | | | | |
| in Europe | 55.6 | 53.0 | 53.5 | 52.4 | 2289.3 | 43.0 | 43.9 | 44.1 | 45.8 | 1 718.0 |
| Austria | 0.7 | 0.7 | 0.7 | 0.7 | 30.8 | 0.3 | 0.3 | 0.3 | 0.4 | 13.4 |
| Belgium-Luxembourg | 2.4 | 2.2 | 2.3 | 2.0 | 85.4 | 3.4 | 3.3 | 3.3 | 3.5 | 130.4 |
| Denmark | 3.1 | 3.3 | 3.3 | 3.0 | 130.3 | 3.7 | 3.5 | 3.6 | 3.7 | 140.8 |
| France | 5.2 | 4.3 | 4.4 | 5.6 | 245.0 | 4.5 | 5.0 | 5.0 | 5.9 | 219.4 |
| Western Germany | 20.2 | 18.0 | 18.2 | 17.3 | 753.4 | 11.9 | 12.0 | 12.1 | 11.5 | 432.4 |
| Italy | 2.1 | 2.0 | 2.0 | 1.8 | 79.5 | 2.8 | 3.2 | 3.2 | 2.9 | 110.2 |
| Netherlands | 4.4 | 4.7 | 4.8 | 3.9 | 168.8 | 6.1 | 6.3 | 6.3 | 6.8 | 255.3 |
| Norway | 1.5 | 1.6 | 1.7 | 1.5 | 67.6 | 1.2 | 0.8 | 0.8 | 0.9 | 33.6 |
| Portugal | 0.2 | 0.2 | 0.2 | 0.2 | 10.8 | 0.1 | 0.1 | 0.1 | 0.1 | 5.1 |
| Spain | 0.4 | 0.4 | 0.4 | 0.5 | 21.5 | 0.7 | 0.9 | 0.8 | 0.9 | 32.8 |
| Sweden | 12.1 | 11.9 | 11.9 | 12.6 | 549.3 | 5.7 | 5.7 | 5.8 | 6.4 | 241.2 |
| Switzerland | 2.6 | 2.9 | 2.9 | 2.7 | 120.0 | 0.6 | 0.7 | 0.7 | 0.8 | 30.3 |
| Eastern Bloc | 19.2 | 21.7 | 21.0 | 22.5 | 984.8 | 22.5 | 20.8 | 20.8 | 17.2 | 646.5 |
| China | 0.2 | 0.2 | 0.2 | 0.4 | 20.4 | 0.4 | 0.5 | 0.5 | 0.5 | 18.9 |
| Czechoslovakia | 1.0 | 0.7 | 0.8 | 0.7 | 29.6 | 0.9 | 0.9 | 0.9 | 0.4 | 17.3 |
| Eastern Germany | 1.4 | 1.1 | 1.1 | 1.0 | 44.5 | 1.1 | 1.0 | 1.0 | 1.0 | 36.7 |
| Poland | 2.2 | 2.0 | 2.0 | 2.0 | 86.7 | 1.7 | 1.7 | 1.7 | 1.9 | 72.4 |
| Soviet Union | 13.7 | 16.9 | 16.2 | 17.6 | 768.9 | 17.8 | 16.0 | 16.0 | 11.9 | 445.9 |
| U.S. and Canada | 5.6 | 5.3 | 5.2 | 5.0 | 219.3 | 5.5 | 5.4 | 5.4 | 6.1 | 226.9 |
| United States | 5.1 | 4.9 | 4.8 | 4.8 | 209.8 | 5.4 | 5.2 | 5.2 | 5.9 | 220.3 |
| Latin America | 2.7 | 2.9 | 3.0 | 3.2 | 139.6 | 3.4 | 2.7 | 2.6 | 2.6 | 99.1 |
| Argentina | 0.4 | 0.5 | 0.5 | 0.4 | 15.9 | 0.8 | 0.6 | 0.6 | 0.7 | 28.7 |
| Brazil | 1.5 | 1.6 | 1.6 | 1.7 | 73.7 | 1.5 | 0.7 | 0.7 | 0.5 | 17.7 |
| Others | 1.2 | 1.3 | 1.3 | 1.6 | 68.6 | 3.4 | 3.6 | 3.3 | 2.8 | 103.3 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 4 367.6 | 100.0 | 100.0 | 100.0 | 100.0 | 3 748.1 |
| of which | | | | | | | | | | |
| EFTA countries | 35.4 | 35.9 | 36.2 | 35.6 | 1 554.1 | 31.9 | 32.7 | 32.9 | 35.5 | 1 330.9 |
| EEC countries | 34.7 | 31.5 | 31.6 | 30.5 | 1 332.5 | 29.4 | 30.1 | 30.0 | 30.6 | 1 147.1 |



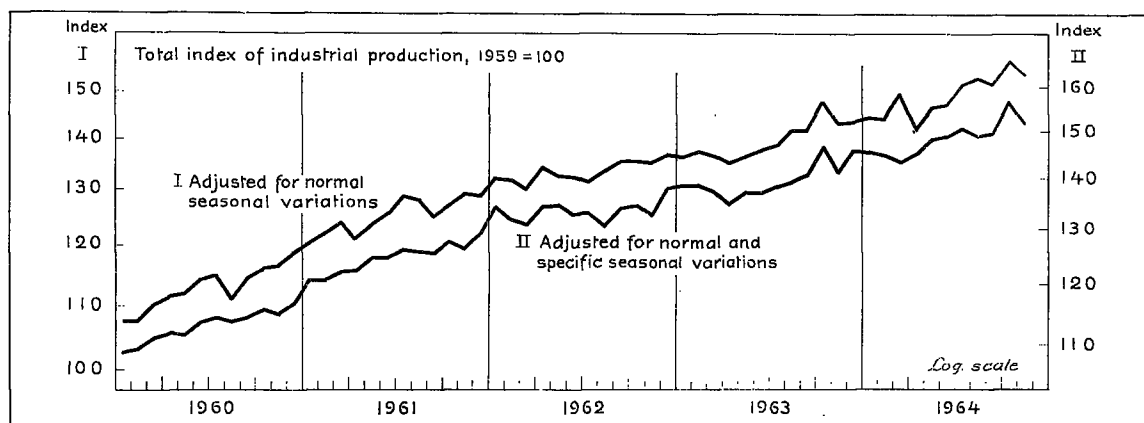
PRICE INDEXES

| Period | Wholesale prices 1949 = 100 | | | | | | | | | Building costs 1951 = 100 | | |
|--------------|-----------------------------|------------------------|------------------------|------------------------|--|------------------------|--|------------------------------|--|---------------------------|-------------------|----------------------------------|
| | Total index | Origin | | Purpose | | | Stage of processing | | | Total | Building material | Workers' average hourly earnings |
| | | Domes- tic goods | Im- ported goods | Pro- ducer goods | Mach- inery & transport equipm. | Con- sumer goods | Raw materials and com- modities | Simply processed goods | More elab- orately processed goods | | | |
| 1962 | 203 | 205 | 196 | 209 | 203 | 197 | 217 | 200 | 198 | 132 | 114 | 156 |
| 1963 | 210 | 212 | 201 | 214 | 211 | 205 | 226 | 203 | 205 | 140 | 118 | 171 |
| 1964 | .. | .. | .. | .. | .. | .. | .. | .. | .. | 150 | 120 | 192 |
| 1963 Dec. | 217 | 220 | 205 | 222 | 214 | 212 | 236 | 209 | 212 | 145 | 123 | 182 |
| 1964 Jan. | 220 | 224 | 204 | 219 | 211 | 222 | 240 | 209 | 214 | 142 | 117 | 179 |
| Feb. | 222 | 226 | 207 | 222 | 210 | 226 | 243 | 213 | 216 | 144 | 118 | 180 |
| March | 222 | 226 | 208 | 223 | 211 | 224 | 242 | 214 | 216 | 146 | 118 | 186 |
| April | 224 | 228 | 209 | 224 | 211 | 227 | 246 | 215 | 217 | 148 | 119 | 188 |
| May | 223 | 226 | 209 | 225 | 211 | 223 | 241 | 217 | 216 | 150 | 119 | 194 |
| June | 224 | 228 | 211 | 227 | 211 | 224 | 246 | 217 | 216 | 150 | 120 | 195 |
| July | 226 | 230 | 210 | 227 | 212 | 227 | 252 | 215 | 216 | 150 | 120 | 194 |
| Aug. | 228 | 232 | 211 | 229 | 216 | 228 | 255 | 217 | 218 | 152 | 121 | 197 |
| Sept. | 230 | 235 | 213 | 233 | 217 | 230 | 256 | 222 | 220 | 152 | 121 | 198 |
| Oct. | 232 | 237 | 212 | 236 | 217 | 230 | 260 | 223 | 221 | 153 | 122 | 200 |
| Nov. | 232 | 238 | 212 | 237 | 217 | 230 | 260 | 225 | 221 | 153 | 123 | 198 |
| Dec. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 154 | 123 | 199 |

| Period | Cost of living Oct. 1951 = 100 | | | | | | Consumer prices Oct.—Dec. 1957 = 100 | | | | | |
|--------------|--------------------------------|-----------------|------|----------------------------|----------|-------|--------------------------------------|-----------------|------|----------------------------|----------|-------|
| | Total | Food- stuffs | Rent | Heating and lighting | Clothing | Other | Total | Food- stuffs | Rent | Heating and lighting | Clothing | Other |
| 1962 | 147 | 156 | 327 | 103 | 90 | 143 | 115 | 115 | 121 | 100 | 112 | 117 |
| 1963 | 154 | 164 | 346 | 108 | 93 | 151 | 121 | 120 | 128 | 105 | 115 | 123 |
| 1964 | 170 | 184 | 364 | 114 | 107 | 164 | 133 | 135 | 135 | 110 | 132 | 134 |
| 1963 Nov. | 158 | 169 | 356 | 109 | 94 | 155 | 124 | 124 | 132 | 106 | 117 | 126 |
| Dec. | 158 | 169 | 356 | 109 | 94 | 155 | 124 | 124 | 132 | 106 | 117 | 127 |
| 1964 Feb. | 165 | 177 | 361 | 113 | 105 | 160 | 130 | 130 | 134 | 110 | 130 | 130 |
| March | 167 | 180 | 361 | 114 | 106 | 162 | 131 | 132 | 134 | 110 | 132 | 132 |
| April | 169 | 182 | 361 | 114 | 106 | 163 | 132 | 134 | 134 | 111 | 132 | 133 |
| May | 170 | 185 | 361 | 114 | 106 | 164 | 133 | 136 | 134 | 111 | 132 | 134 |
| June | 170 | 185 | 361 | 114 | 107 | 165 | 134 | 136 | 134 | 110 | 132 | 135 |
| July | 170 | 185 | 361 | 114 | 107 | 165 | 134 | 136 | 134 | 110 | 132 | 135 |
| Aug. | 171 | 185 | 361 | 114 | 107 | 166 | 134 | 136 | 134 | 110 | 133 | 135 |
| Sept. | 172 | 188 | 361 | 114 | 108 | 167 | 135 | 138 | 134 | 111 | 134 | 136 |
| Oct. | 173 | 187 | 372 | 114 | 108 | 167 | 135 | 137 | 138 | 111 | 134 | 136 |
| Nov. | 173 | 188 | 372 | 114 | 108 | 167 | 136 | 138 | 138 | 111 | 134 | 136 |
| Dec. | 174 | 189 | 372 | 114 | 109 | 168 | 136 | 139 | 138 | 111 | 135 | 137 |

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 | | | |
| 1961 | 125 | 132 | 127 | 120 | 122 | 136 | 131 | 119 | 125 | 49 004 | 150 |
| 1962 | 133 | 151 | 133 | 127 | 114 | 141 | 144 | 126 | 133 | 47 264 | 160 |
| 1963* | 139 | 136 | 142 | 135 | 117 | 154 | 141 | 134 | 140 | 47 784 | 169 |
| 1963* | | | | | | | | | | | |
| March | 139 | 139 | 141 | 136 | 123 | 150 | 146 | 130 | 137 | 5 409 | 156 |
| April | 136 | 133 | 137 | 133 | 126 | 140 | 139 | 132 | 135 | 4 036 | 171 |
| May | 147 | 149 | 147 | 146 | 131 | 158 | 152 | 142 | 137 | 10 095 | 191 |
| June | 130 | 128 | 128 | 134 | 109 | 126 | 134 | 131 | 138 | 1 941 | 167 |
| July | 106 | 83 | 114 | 96 | 112 | 146 | 83 | 100 | 139 | 1 299 | 153 |
| Aug. | 143 | 137 | 142 | 147 | 108 | 157 | 137 | 146 | 142 | 1 936 | 183 |
| Sept. | 148 | 146 | 151 | 141 | 111 | 169 | 151 | 141 | 142 | 2 192 | 176 |
| Oct. | 162 | 160 | 167 | 152 | 132 | 182 | 166 | 156 | 148 | 3 189 | 181 |
| Nov. | 151 | 145 | 157 | 141 | 110 | 169 | 152 | 146 | 143 | 3 915 | 173 |
| Dec. | 133 | 127 | 139 | 123 | 118 | 148 | 132 | 124 | 144 | 4 534 | 201 |
| 1964* | | | | | | | | | | | |
| Jan. | 148 | 146 | 154 | 137 | 117 | 163 | 153 | 137 | 145 | 5 552 | 114 |
| Feb. | 147 | 144 | 152 | 138 | 127 | 162 | 152 | 137 | 144 | 6 031 | 143 |
| March | 146 | 139 | 152 | 136 | 121 | 162 | 147 | 137 | 149 | 6 500 | 142 |
| April | 157 | 150 | 161 | 152 | 150 | 169 | 158 | 152 | 142 | 5 469 | 161 |
| May | 144 | 133 | 149 | 137 | 127 | 164 | 139 | 137 | 146 | 9 985 | 154 |
| June | 143 | 141 | 146 | 139 | 137 | 142 | 145 | 141 | 147 | 1 863 | 150 |
| July | 116 | 77 | 128 | 102 | 118 | 168 | 85 | 107 | 152 | 1 327 | 145 |
| Aug. | 150 | 134 | 154 | 149 | 100 | 173 | 140 | 153 | 153 | 1 846 | 170 |
| Sept. | 162 | 157 | 168 | 152 | 121 | 182 | 167 | 155 | 152 | 2 335 | 173 |
| Oct. | 167 | 154 | 176 | 153 | 125 | 190 | 165 | 160 | 157 | 2 926 | 169 |
| Nov. | 164 | 156 | 172 | 148 | 121 | 182 | 164 | 157 | 154 | 3 462 | .. |

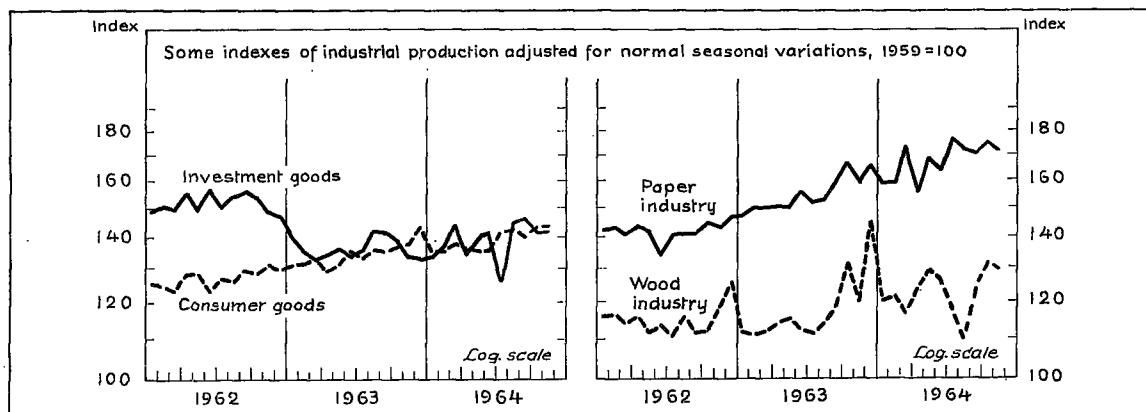


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING - WAGES - TRANSPORT - EMPLOYMENT

| Period | Buildings completed, mill. cu. m | | | | | Buildings under construction at end of period mill. cu. m | Index of salary and wage earners' earnings 1957 = 100 | | | |
|-------------|----------------------------------|-----------------|----------------|------------------------------------|--------------------|---|--|-----------------|----------|---------------|
| | Total | Dwelling houses | Farm buildings | Commercial and industrial premises | Official buildings | | All salary and wage earners | Wage earners in | | |
| | | | | | | | | Agriculture | Forestry | Manufacturing |
| 1962 | 23.18 | 10.61 | 2.15 | 7.11 | 2.31 | 25.53 | 132 | 120 | 128 | 134 |
| 1963* | 24.77 | 12.57 | 2.21 | 6.60 | 2.43 | 25.16 | 145 | 136 | 144 | 143 |
| 1963* | | | | | | | | | | |
| Jan. - Mar. | 4.34 | 2.51 | 0.21 | 1.16 | 0.34 | 25.50 | 138 | 130 | 143 | 137 |
| Apr. - June | 4.71 | 2.36 | 0.28 | 1.41 | 0.49 | 28.73 | 145 | 137 | 143 | 145 |
| July- Sept. | 6.87 | 2.63 | 0.72 | 2.05 | 1.10 | 28.58 | 148 | 137 | 141 | 145 |
| Oct.- Dec. | 8.85 | 5.07 | 1.00 | 1.98 | 0.50 | 25.16 | 149 | 138 | 150 | 146 |
| 1964* | | | | | | | | | | |
| Jan. - Mar. | 4.41 | 2.30 | 0.23 | 1.36 | 0.40 | 25.39 | 158 | 148 | 162 | 156 |
| Apr. - June | 4.93 | 1.83 | 0.31 | 1.91 | 0.66 | 29.45 | 164 | 154 | 163 | 162 |
| July- Sept. | 6.57 | 2.47 | 0.85 | 1.74 | 1.05 | 30.68 | 164 | 154 | 164 | 163 |

| Period | Railways | | Foreign shipping | | | | Labour input | | Unemployment | |
|--------|-------------------------------|------|----------------------------|-------|--------------------------------------|-------|------------------|-------|-------------------------|-------|
| | Goods trucks loaded Thousands | | Vessels arrived with cargo | | Vessels departed 1 000 net reg. tons | | 1 000 man-months | | % of total labour force | |
| | 1963 | 1964 | 1963 | 1964* | 1963 | 1964* | 1963* | 1964* | 1963* | 1964* |
| Jan. | 132 | 125 | 485 | 576 | 458 | 527 | 1 830 | 1 854 | 2.3 | 2.7 |
| Feb. | 125 | 124 | 293 | 538 | 281 | 451 | .. | 1 851 | 2.3 | 2.3 |
| March | 13 | 122 | 293 | 535 | 171 | 389 | 1 819 | 1 839 | 2.1 | 1.8 |
| April | 145 | 138 | 510 | 588 | 438 | 487 | 1 841 | 1 882 | 1.6 | 1.5 |
| May | 156 | 125 | 751 | 755 | 688 | 709 | 1 905 | 1 920 | 0.8 | 1.1 |
| June | 128 | 128 | 830 | 995 | 870 | 963 | 1 895 | 1 906 | 0.8 | 1.2 |
| July | 133 | 128 | 977 | 1 165 | 1 134 | 1 253 | 1 737 | 1 772 | 1.0 | 1.1 |
| Aug. | 139 | 132 | 919 | 1 072 | 1 033 | 1 111 | 1 851 | 1 862 | 1.0 | 1.0 |
| Sept. | 139 | 138 | 745 | 861 | 842 | 873 | 1 922 | 1 924 | 1.1 | 1.0 |
| Oct. | 148 | 140 | 697 | 842 | 752 | 760 | 1 910 | 1 928 | 1.3 | 1.3 |
| Nov. | 132 | 135 | 661 | 909 | 658 | 683 | 1 895 | 1 905 | 1.6 | 1.6 |
| Dec. | 110 | 116 | 657 | 827 | 614 | 679 | 1 871 | | 2.0 | |



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities.

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 sight liabilities + Other cheque accounts + Deposits against import licences (in 1956) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings (net) of State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Thus the series above and below the line are not fully comparable. 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 sellings* calculated by the Ministry of Communications and Public Works. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50% of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1962 are as follows: Agrarians 53, People's Democrats 47, Social Democrats 38, Conservatives 32, Swedish Party 14, Finnish People's Party 13, Social Democratic League 2 and Liberal League 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1963): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1963): In South Finland 25.4, in North Finland 4.2 and in the whole country an average of 14.9 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1963): 58 % of the population inhabit the rural areas, 42 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 488 300 inhabitants, Tampere (Tammerfors) 136 200, Turku (Åbo) 135 000.

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

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

EDUCATION (1963): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1963): births 18.1 ‰, deaths 9.2 ‰, increase 8.6 ‰. Deaths in France 11.7 ‰, and Great Britain 12.2 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1963, in million marks) Gross domestic product at market prices 18 667 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 592 (10 %), forestry and fishing 1 462 (10 %), manufacturing 4 683 (31 %), construction 1 540 (10 %), transport and communications 1 178 (8 %), commerce, banking and insurance 2 017 (13 %), general government 1 900 (12 %), other services 907 (6 %), total 15 279. Index of real domestic product 133 (1957 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 48 %, 15 to 50 ha 30 % and more than 50 ha 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 127 for 1963 (1954 = 100). Measure of self-sufficiency in bread cereals 69 % in the crop year 1963/64.

INDUSTRY (1962): Gross value of industrial production 14 500 mill. marks, number of workers 352 000, salaried employees 71 100, motive power (1962) 5.0 mill. HP. Index of industrial production 133 for 1962 (1959 = 100).

RAILWAYS (Jan. 1, 1965): Length 5 463 km, of which 5 389 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (Dec. 31, 1964): Steamers 157 (267 686 gross reg. tons), motor vessels 370 (690 033 gross reg. tons), sailing vessels with auxiliary engines 38 (4 847 gross reg. tons). Total 565 (962 566 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1963): Private cars 294 400, lorries and delivery vans 78 800, buses 6 800, others 13 900. Total 393 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1963): Kilometres flown 12.6 million, passengers carried 696 000, passenger kilometres 312.6 million, and ton kilometres of freight and mail 5.0 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, 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 1962 expenditure amounted to 2 504 mill. marks. Total revenue was 2 481 million, of which income from taxation 1 217 million. The municipal income tax (non-progressive) averaged 11.83 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1964). There are two big and four small commercial banks with in all 722 offices, 378 savings banks, 493 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pensions Institution and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1964). Bank of Finland discount rates 6—7 1/2 %. Other credit institutions: term deposits 4 1/2 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 1/2 %, 50 per cent index-tied deposits 4 %; highest lending rate 8 %.

THE OUTLOOK FOR GROWTH IN THE NEXT FEW YEARS

BY

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INTRODUCTION

On June 7, 1962, the Council of State established the Economic Council, to which representatives of 15 different State authorities and organisations were appointed. A Secretariat and Research Unit worked under the Council. In 1962 the Economic Council began work on a report on growth policies for the next few years. This report, the completion of which was delayed mainly because of the extensive statistical work that had to be done since some basic statistics were lacking, was finished at the end of December 1964. The main points of the report are summarised below.

FORECAST

In order to obtain basis for proposals for growth policies, a forecast in real terms was drawn up for 1962—67 covering total supply, total demand, employment, savings and investment.

Exports and most investments were taken as being exogenous variables in the input-output model used. It was also assumed that certain factors, such as Finland's external and internal liquidity, will not hinder the realisation of the totals forecast. In drawing up the forecast, economic policy was assumed to be neutral in character. In other words the forecast does not make allowance for new measures taken by public authorities which may, in fact, turn out to

be essential to check imbalance and speed up expansion. By means of this forecast the Council aimed — on the assumptions already mentioned — to provide an overall and quantitative picture of the trend of development in real terms. The estimates of total demand and supply and their components are given in table 1.

TABLE 1. TOTAL DEMAND AND TOTAL SUPPLY
IN 1962 AND A FORECAST FOR 1967; FIGURES
IN MILLIONS OF MARKS AT 1962 PRICES

| | 1962 | 1967 | Growth rates Increase per cent per annum | |
|------------------------------|--------|--------|--|-------------|
| | | | 1954 —62 | 1962 —67 |
| Gross national product | 17 106 | 20 700 | + 4.3 | + 3.9 |
| Imports | 4 510 | 5 520 | + 8.0 | + 4.1 |
| Total supply | 21 616 | 26 220 | + 5.0 | + 3.9 |
| Exports | 4 258 | 5 300 | + 7.1 | + 4.5 |
| Investment | 5 154 | 6 060 | + 6.4 | + 3.3 |
| Enterprises | 4 321 | 4 910 | + 6.9 | + 2.6 |
| General | | | | |
| government .. | 833 | 1 150 | + 4.3 | + 6.7 |
| Consumption | 12 204 | 14 860 | + 3.7 | + 4.0 |
| Private | 9 792 | 11 660 | + 3.4 | + 3.7 |
| General | | | | |
| government .. | 2 472 | 3 200 | + 5.2 | + 5.3 |
| Total demand | 21 616 | 26 220 | + 5.0 | + 3.9 |

According to the forecast, which presupposes a neutral economic policy, the average growth rate during 1962—64 will be less than that of the earlier period 1954—62.

Although exports will still be a factor supporting expansion, the decline in their average rate of growth from 7.1 per cent to 4.5 per cent explains the slow-down in the rate of growth of total production. Pulp and

paper exports will expand at a slightly lower rate. It has been estimated that the rate of growth of exports of metal industry products and agricultural products will fall considerably. Exports of sawn goods and raw timber will show a clear drop.

The large decline in the average rate of growth of private investment from 6.9 per cent in 1954—62 to less than 3 per cent in 1962—67 will be the main factor slowing down the expansion of total demand, exports apart. The very high level of private investment in 1960—62, particularly in the wood-working industry, was a contributing factor in the build up of considerable capacity. Investments in power stations, too, were made with a view to the longer-term need for energy. The high level of investment in 1960—62 is reflected in the average growth rate of private investment for 1954—62. In fact the capacity which has been attained in recent years makes an extra increase in production possible, even if the average growth rate of private investment during 1962—67 should remain lower than that of the national product.

It has been estimated that the average growth rate of public investment will rise from 4.3 per cent in 1954—62 to just below 7 per cent in 1962—67. This is based on the expectation that investments will follow, in the main, the trend set in 1951—61. A second factor was the building of the Saimaa Canal which will increase the average rate of growth of public investment by almost one unit of per cent. According to the forecast the rate of growth of private consumption expenditure will increase slightly. It has been assumed that households' propensity to consume between 1962 and 1967 will remain approximately the same as it was in the 1950s. It should be noted that the share of the national income at the disposal of households between 1957 and 1959 dropped considerably. This had the further effect

that the rate of growth of personal consumption during 1954—62 remained low in relation to the growth of national income. When making the forecast it was assumed that the distribution of income would exhibit no tendency to change.

It was estimated that the average rate of growth of general government consumption expenditure will remain approximately the same as before. The proportion of people in the older age-groups will increase, and thus so will the demand for social services. The average rate of growth of education and medical services will remain approximately unchanged. On the other hand defence expenditure will expand somewhat more slowly than previously.

It was estimated that the average growth rate of imports will drop in 1962—67 to 4 per cent, almost half that observed in 1954—62. This is largely the result of the sluggish expansion of private investment. It should be pointed out, too, that the high average growth rate of imports between 1954 and 1962 can be attributed mainly to large-scale liberalisation of trade which took place in the middle of the period. — The rise in production by industries is shown in table 2.

TABLE 2. ACTUAL RISE IN PRODUCTION IN 1954—62 AND FORECAST FOR 1962—67

| | Average increase per cent per annum | |
|---------------------------------------|-------------------------------------|---------|
| | 1954—62 | 1962—67 |
| Agriculture | + 2.4 | + 1.9 |
| Hunting and fishing | + 1.5 | + 1.5 |
| Forestry | + 2.6 | + 1.9 |
| Woodworking industry | + 6.7 | + 5.8 |
| Metal and mining industry .. | + 6.6 | + 4.0 |
| Other manufacturing industry .. | + 4.1 | + 3.6 |
| Electricity, gas, water, etc. .. | + 7.6 | + 6.4 |
| House construction | + 4.8 | + 3.0 |
| Other construction | + 1.6 | + 3.7 |
| Commerce, banking and insurance | + 5.4 | + 4.4 |
| Transport and communication .. | + 4.3 | + 4.2 |
| General government | + 4.3 | + 4.3 |
| Other services | + 3.2 | + 3.0 |
| Gross national product | + 4.2 | + 3.9 |

Forecasts for employment and productivity are given in table 3.

TABLE 3. EMPLOYMENT AND PRODUCTIVITY

| | Employment 1 000's | | Annual rate of growth, per cent | | | |
|------------------------------------|-----------------------|-------|---------------------------------|---------|--------------|---------|
| | 1962 | 1967 | Employment | | Productivity | |
| | | | 1954—62 | 1962—67 | 1954—62 | 1962—67 |
| Agriculture | 578 | 534 | — 1.6 | — 1.6 | + 4.0 | + 3.5 |
| Forestry | 119 | 103 | — 0.8 | — 2.8 | + 3.4 | + 4.8 |
| Woodworking industry | 107 | 113 | + 2.4 | + 1.1 | + 4.3 | + 4.6 |
| Mining and metal industry | 153 | 166 | + 3.3 | + 1.6 | + 3.2 | + 2.4 |
| Other manufacturing industry | 224 | 236 | + 1.3 | + 1.0 | + 2.8 | + 2.6 |
| Electricity, gas, water, etc. | 18 | 22 | + 3.7 | + 3.5 | + 3.8 | + 3.0 |
| Construction | 201 | 220 | + 2.6 | + 1.8 | + 0.9 | + 1.4 |
| Commerce, banking and insurance | 267 | 306 | + 3.0 | + 2.8 | + 2.3 | + 1.6 |
| Transport and communication .. | 138 | 154 | + 2.8 | + 2.4 | + 1.5 | + 1.8 |
| Other | 334 | 383 | + 2.9 | + 2.7 | + 0.9 | + 0.9 |
| Total | 2 139 | 2 237 | + 1.3 | + 0.9 | + 2.9 | + 2.9 |

The demand for labour has been calculated by industry. The total demand for labour will increase by 98 000 between 1962 and 1967. During the same period the supply of labour will increase by 124 000. This will mean a rise in unemployment of 26 000, giving an unemployment rate of 2.3 per cent. As the seasonal fluctuations in the demand for labour are rather great, this average figure would signify quite large-scale unemployment in the winter. According to the forecast the rise in total production would not therefore be sufficient to provide employment for the whole increase in the labour force. Should net annual emigration be as large as it was in the 1950s, the labour supply in 1967 would be about 20 000 less than the figure given, in which case the rate of unemployment would be 1.5 per cent.

RECOMMENDATIONS

The Economic Council considers that various measures should be adopted in order that Finnish industry can compete effectively in world markets. In particular, the Economic Council has proposed that the structure of industry should be rationalised and that greater emphasis should be placed on product planning and marketing, as well as on scientific and technical research and that there should be a considerable increase in the funds available for such research. As regards

the labour market, attention has been directed to such questions as the development of training facilities for skilled trades and the encouragement of deployment of labour to those industries undergoing expansion. As regards the capital market, several recommendations have been made concerning, for example, an examination of taxation on credit operations, measures by which the continuation of external long-term financing on a large scale can be secured, and ways of increasing direct external investments in this country. Further, it is recommended that the total of funds available for export credits should be raised substantially from its present level. It is also suggested that an advisory body on incomes and prices policy be set up.

Of the various fields of industry, specific proposals have been put forward for agriculture, forestry and housing. The long-term target set for agriculture is the adjustment of the production of certain agricultural products in order that home demand is just met, so eliminating the need for regular exports or imports of those products. In order to develop the forest resources, the Economic Council considers it essential that the reforestation, drainage work, etc. proposed in the MERA programme (see Bulletin No. 10, 1964) be implemented in its entirety. In order to achieve these aims it has been sug-

gested, for example, that forestry taxation be reformed in order to provide an incentive for owners to improve their forests. To increase house-building it has been proposed that the public authorities ensure that sufficient capital is channelled into that sector.

In the present period of flux in the economy, the establishment of new competitive industries is an underlying development problem. On the basis of the examination of industries carried out in the forecast, one can conclude that the metal and chemical industries provide examples of two such industries. Indeed, in that part of the report containing recommendations, particular attention was paid to the development needs of these industries. At the same time certain proposals were also put forward on the development of transport, commerce, and tourism.

In order to improve the organisation of overall economic planning, it was proposed that the Council of State should appoint one of its members to be responsible for

long-term planning work, and to act at the same time as Chairman of the Economic Council. The Secretariat of the Economic Council should be made into a permanent body to undertake the preparatory work and draw up the reports needed for planning, and to organise and co-ordinate the research work connected with it.

It is characteristic of the present structure of the Finnish economy that as production rises, a considerable proportion of the increased demand will be directed to imported goods. Although it was not possible to estimate the quantitative effect of all the measures proposed, it seems that balance of payments problems will require more and more attention in the next few years. The Economic Council therefore considers it essential that economic policy measures to secure sustained growth should be directed, above all, to diversify and expand exports, as well as strengthen the competitive position of industry.

ITEMS

Agreements between Tunisia and Finland.

On January 15, 1965, a trade agreement and an agreement on economic and technical co-operation between Tunisia and Finland were signed. The new trade agreement is an adjustment of the former agreement concluded in March, 1960 and it was made specifically with a view to expanding the exchange of goods. The term of validity is from January 1, 1965 to December 31, 1965 and payments are to be made in convertible currencies.

According to the second agreement Tunisia and Finland will co-operate in economic and technical fields especially in agriculture and industry e.g. training staff. An engineer specialized in the techniques of the cellulose industry and an expert in forestry will be sent from Finland to Tunisia. The task of the latter is to draw up plans for Tunisian forestry and to investigate in what ways Finland can assist the realisation of these plans. Persons will be sent from Tunisia to Finland to receive training in forestry techniques.

*

Enso-Gutzeit Osakeyhtiö's pound sterling issue. On January 14, 1965, the Finnish Government authorized Enso-Gutzeit Osakeyhtiö to make an external bond issue of £4 million. The bonds have a currency period of 15 years and will be redeemable by annual instalments: £100 000 during 1966—70, £300 000 during 1971—75 and £400 000 during 1976—80. The redemptions are to be paid in pounds sterling or DM on February 1

of the respective years. Interest at a rate of 6 ½ per cent per annum is payable half-yearly. The price of issue is 97 ¾ per cent. The issue is guaranteed as regards both principal and interest by Kansallis-Osake-Pankki.

The bonds are quoted on the Stock Exchanges of London and Luxembourg, and the following four banks have acted as intermediaries: S.G. Warburg & Co., Commerzbank A.G., Credit Lyonnais and Svenska Handelsbanken.

*

Domestic bond issues. On January 14, 1965, the Government decided to make the following two issues to be subscribed by the banking institutions.

One at 6 ½ per cent amounting to 21 million marks. The bonds are dated January 2, 1965, and will run for 10 years. They are tied to the cost of living index to the extent of 50 per cent.

A second at 8 per cent to the same amount of 21 million marks. These bonds are dated January 15, 1965, and they will mature in 5 years.

Both issues are made at par.

On January 14, 1965, Neste Oy was authorized to make a private bond issue of 8 million marks. The bonds are dated December 1, 1964. Interest at a rate of 7 per cent per annum will be payable half-yearly. The loan has a currency period of 10 years and will be redeemed in five equal instalments during 1970—74. The bonds are tied to the wholesale price index to the extent of 50 per cent. It is issued at par.

BANK OF FINLAND

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Governor

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