



BANK OF FINLAND

MONTHLY BULLETIN

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APRIL

1962

RECENT DEVELOPMENTS

HOUSE-BUILDING IN 1961

House-building has been very lively in Finland for nearly three years as a concomitant of the current expansion being primarily of the nature of an investment boom. According to the national income statistics, in 1961 the volume of house-building exceeded that for 1960 by 12 per cent.

The volume of building permits issued in 1961 (in terms of cu.m) was 15 per cent above the figure for the previous year. The increase related to all types of building. Relatively speaking, the licences for farm buildings increased most, by 32 per cent. For dwelling-houses, the increase was fairly even throughout the year, averaging 17 per cent. For industrial buildings, the advance on 1960 was only 4 per cent; however, these particular licences increased far more during the latter half of the year, which may be taken as an indication of the optimism still prevalent among entrepreneurs with regard to future development. With respect to commercial buildings, a change occurred in the opposite direction, in that the volume of licences granted was much larger during the first half-year than during the second; the whole-year increase was 24 per cent. Among the licences for official buildings, those for

the construction of hospitals increased by as much as 54 per cent on 1960.

As regards buildings under construction, the total of farm buildings was only one per cent more, and that for hospital buildings 61 per cent less than in 1960. Other types of building showed a marked increase: the volume of uncompleted dwelling houses increased by 8 per cent, that of industrial buildings by 4 per cent, and that of commercial buildings by 18 per cent on the end-1960 figures.

Among the buildings completed, the volume (in cu.m) of industrial buildings showed the largest proportional rise on 1960, 50 per cent. This exceptionally heavy increase was principally the result of the concentration into 1961 of the extensions in the wood-processing industry. For dwelling houses, the increase was 17 per cent, against only 5 per cent in 1960, which was also a boom year. The comparatively large increase in the volume of dwelling houses completed in 1961 is partly explained by the prevailing uncertainty concerning legislation on tax

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On page 22, Post-War Elections in Finland

relief for residential building; the validity of the present act expires at the end of the current year. To judge by the increased issue of licences, it seems that the construction of dwellings will continue briskly throughout the current year.

FOREST WORK IN 1961

Foreign demand for the products of the Finnish wood-processing industry changed in structure during last year: the demand for sawn goods fell off, while that for paper industry products continued to grow at the same rate as that prevailing since 1959 — about 13 per cent. This was reflected in commercial timber fellings. The quantity of saw logs cut during the felling season June 1960 to May 1961 was 3 per cent less, and that of pulpwood 15 per cent more, than in 1959/60. During the current felling season, the structural change has been further accentuated. From June 1961 to February 1962, the fellings of saw logs was 16 per cent less than during the corresponding nine months of the preceding season. However, this may in part be due to the unfavourable weather conditions of the past winter, as in part these fellings had to be postponed to an unusually late date. Nevertheless, they will show a falling-off which is above that foreseen at the beginning of the season.

The pulpwood cut has decelerated, partly in consequence of the retardation in foreign demand for paper industry products, which although expected to be of a temporary nature, has actually become more marked in the last few months. By the end of February, the cumulative fellings of pulpwood were still 10 per cent in excess of those for the corresponding months of 1960/61.

The increase in the total of fellings during the current season of 1961/62 is largely accounted for by quantities of firewood having risen by about one third on the figures for the previous felling season. By the end of February, total fellings amounted to 5 per cent more than one year before. It thus seems that the overall target set for the whole of the season of 1961/62, that is to say an increase by 3 per cent, will be hit. The table below gives the quantities of different kinds of wood cut during the first nine months of the current and the previous felling seasons, and the changes that have occurred over one year.

	1. 6. 1960— 28. 2. 1961	1. 6. 1961— 28. 2. 1962	Change per cent
	1 000 piled cu.m		
Softwood logs	7 279	6 079	— 16
Hardwood "	1 628	1 485	— 9
Spruce pulpwood ..	8 114	9 043	+ 11
Pine " ..	4 404	4 566	+ 4
Birch " ..	930	1 286	+ 38
Pitprops	465	460	— 1
Firewood	2 905	3 813	+ 31
Other timber	323	664	+106
	<hr/>	<hr/>	
Total	26 048	27 396	+ 5

March 25, 1962.

BANK OF FINLAND

Mill. mk

	1961	1962				
	Dec. 30	Feb. 15	Feb. 23	Feb. 28	March 8	March 15
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	77 893	79 833	80 383	80 542	79 372	80 832
Gold	10 417	10 322	10 322	10 329	10 329	10 337
Foreign exchange	58 730	60 411	60 985	61 137	59 998	61 268
Foreign bills	996	1 538	1 514	1 514	1 483	1 665
Foreign bonds	7 750	7 562	7 562	7 562	7 562	7 562
<i>Supplementary note cover</i>	47 225	40 539	45 126	45 333	48 963	47 765
Inland bills discounted						
In foreign currency	9 432	9 246	9 246	9 246	9 246	9 246
In Finnish currency	7 083	6 264	5 780	5 789	4 870	4 315
Rediscounted bills	29 460	23 779	28 850	29 048	33 597	32 954
Treasury bond loan	1 250	1 250	1 250	1 250	1 250	1 250
<i>Other assets</i>	6 236	4 510	4 273	5 300	3 243	3 432
Finnish bonds	1 968	1 664	1 389	2 417	401	398
Cheque accounts	608	368	409	408	347	483
Finnish coin	755	998	1 007	1 013	1 033	1 061
Other claims	2 905	1 480	1 468	1 462	1 462	1 490
Total	131 354	124 882	129 782	131 175	131 578	132 029
Liabilities						
<i>Notes in circulation</i>	83 706	75 356	76 322	77 821	75 228	74 938
<i>Short-term liabilities</i>	7 321	9 295	12 771	12 636	15 177	16 216
Foreign exchange accounts	1 339	1 177	1 272	1 257	1 288	1 380
Mark accounts of holders abroad	3 768	3 438	3 417	3 408	3 409	3 440
Cheque account of the Treasury	108	2 307	6 191	5 898	8 877	9 679
Cheque accounts of banks	566	985	348	549	232	931
Other cheque accounts	184	180	227	187	193	201
Other short-term liabilities	1 356	1 208	1 316	1 337	1 178	585
<i>Long-term liabilities</i>	13 586	13 355	13 817	13 817	13 817	13 817
Foreign	9 069	8 880	8 880	8 880	8 880	8 880
Finnish	4 517	4 475	4 937	4 937	4 937	4 937
<i>Equalisation accounts</i>	9 522	9 429	9 390	9 352	9 743	9 394
<i>Bank's own funds</i>	17 219	17 447	17 482	17 549	17 613	17 664
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	5 176	6 198	6 198	6 198	6 198	6 198
Profits undisposed	—	1 022	1 022	1 022	1 022	1 022
Earnings less expenses	2 043	227	262	329	393	444
Total	131 354	124 882	129 782	131 175	131 578	132 029
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	77 893	79 833	80 383	80 542	79 372	80 832
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk)	47 225	40 539	45 126	45 333	48 963	47 765
Total	125 118	120 372	125 509	125 875	128 335	128 597
Note issue						
Notes in circulation	83 706	75 356	76 322	77 821	75 228	74 938
Short-term liabilities	7 321	9 295	12 771	12 636	15 177	16 216
Undrawn on cheque credits	885	665	625	420	481	346
Unused right of note issue	33 206	35 056	35 791	34 998	37 449	37 097
Total	125 118	120 372	125 509	125 875	128 335	128 597

Rediscount rate since April 1, 1959, 6, 75 per cent.

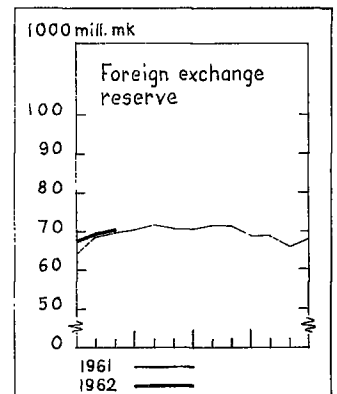
BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	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)	Rediscounted bills	Liabilities		Net claims on the banks (7-8-9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 ¹⁾	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 ²⁾	1 249	23 302
1961										
Jan.	71 597	3 306	68 291	6 627	14 571	60 347	10 701	572	351	9 778
Feb.	72 452	2 688	69 764	7 516	14 124	63 156	11 636	— 55	510	11 181
March	72 443	2 115	70 328	8 417	14 108	64 637	14 317	313	745	13 259
April	74 016	2 446	71 570	8 401	13 968	66 003	18 441	642	865	16 934
May	72 972	2 305	70 667	8 736	13 804	65 599	17 099	702	813	15 584
June	72 440	1 856	70 584	8 475	13 564	65 495	18 277	1 528 ²⁾	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563 ²⁾	885	16 187
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120 ²⁾	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531 ²⁾	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187 ²⁾	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557 ²⁾	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 ²⁾	1 249	23 302
1962										
Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478 ²⁾	1 261	21 152
Feb.	71 466	1 257	70 209	9 076	12 288	66 997	29 048	5 312 ²⁾	1 314	22 422

¹⁾ Including cash reserve accounts 6 677. ²⁾ Including cash reserve accounts.

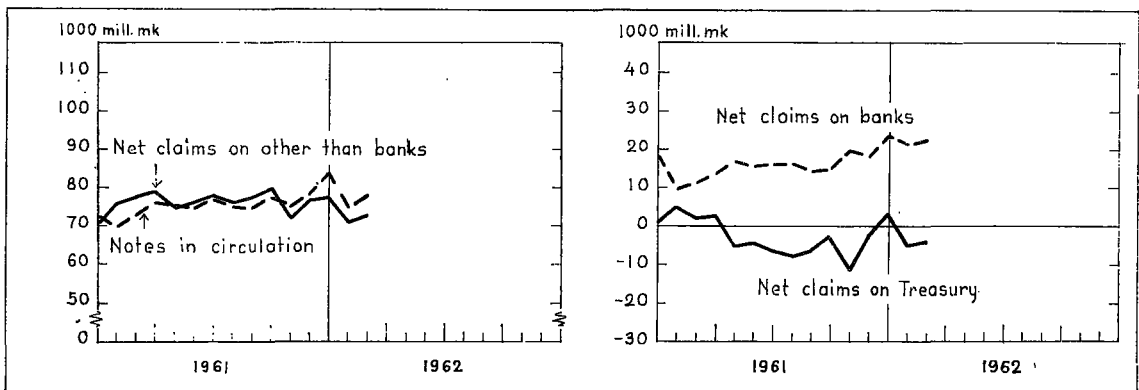
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1959	1960	1961	1962	
	Dec. 31	Dec. 31	Dec. 30	Jan. 31	Feb. 28
Gold	8.4	9.1	10.4	10.4	10.3
Convertible	49.7	44.2	40.3	41.1	41.9
Non-transferable EMA ..	4.7	3.2	1.4	1.5	1.4
Eastern Bloc	4.4	1.7	9.2	9.8	10.5
Other	3.7	6.3	6.5	6.2	6.1
Total	70.9	64.5	67.8	69.0	70.2



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End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1961										
Jan.	3 750	3 593	2 239	331	4 773	7 012	10 843	1 056	16 799	69 588
Feb.	5 270	3 593	6 495	331	2 037	7 403	11 063	403	18 063	72 673
March	2 500	3 593	3 170	316	2 607	8 424	10 868	298	18 994	75 994
April	2 500	3 607	11 092	271	— 5 256	8 660	11 168	307	19 521	75 252
May	2 500	607	7 423	271	— 4 587	9 592	11 312	464	20 440	74 836
June	2 500	607	9 738	271	— 6 902	11 386	11 295	464	22 217	76 991
July	2 500	607	11 014	171	— 8 078	11 628	11 139	279	22 488	75 098
Aug.	2 500	670	9 345	171	— 6 346	11 130	11 028	407	21 751	74 629
Sept.	1 250	700	4 912	171	— 3 133	10 743	10 808	331	21 220	77 363
Oct.	1 250	700	13 173	171	— 11 394	10 200	10 686	410	20 476	75 121
Nov.	1 250	700	4 022	142	— 2 214	9 298	11 396	644	20 050	78 119
Dec.	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1962										
Jan.	1 250	700	7 028	114	— 5 192	6 566	10 714	226	17 054	74 716
Feb.	1 250	700	5 898	114	— 4 062	5 789	10 416	210	15 995	77 821



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
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960	55 083	68 072	15 060	181 355	179 859	105 250	48 524	25 434	540 453	623 585
1961*	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1961*										
Feb.	55 937	67 937	16 150	187 051	185 155	109 651	50 430	26 392	558 708	642 795
March	55 107	67 648	15 264	188 948	188 411	112 293	51 107	26 726	567 515	650 427
April	50 428	63 898	13 259	190 960	190 130	113 823	51 395	26 802	573 141	650 298
May	53 232	66 641	14 377	193 505	191 939	114 856	51 519	26 750	578 600	659 618
June	54 622	67 048	12 721	194 172	191 401	114 125	51 594	26 514	577 828	657 597
July	54 078	67 056	13 475	195 154	192 526	114 687	52 188	26 580	581 156	661 687
Aug.	55 300	69 178	13 440	196 578	194 204	115 946	52 674	26 616	586 039	668 657
Sept.	56 880	71 144	14 432	197 276	196 064	116 790	52 922	27 108	590 188	675 764
Oct.	58 295	72 396	13 805	198 558	197 797	117 742	53 277	27 559	594 967	681 168
Nov.	61 373	75 329	14 842	200 520	200 071	119 287	53 578	27 769	601 259	691 430
Dec.	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1962*										
Jan.	57 954	71 239	16 026	211 911	208 998	125 177	56 976	28 827	631 919	719 184
Feb.	58 280	70 807	19 668	213 987	212 064	127 448	58 030	29 211	640 763	731 238

End of month	Index- ted de- pos- its	High- interest depos- its	Tax- conces- sion accounts
1961*			
June	7 927	45 018	14 280
July	7 391	45 595	14 276
Aug.	7 018	46 277	14 274
Sept.	6 061	47 519	14 272
Oct.	4 949	49 097	14 265
Nov.	4 385	51 239	14 261
Dec.	3 726	52 892	14 880
1962*			
Jan.	3 448	53 200	14 856
Feb.	3 321	53 651	14 849

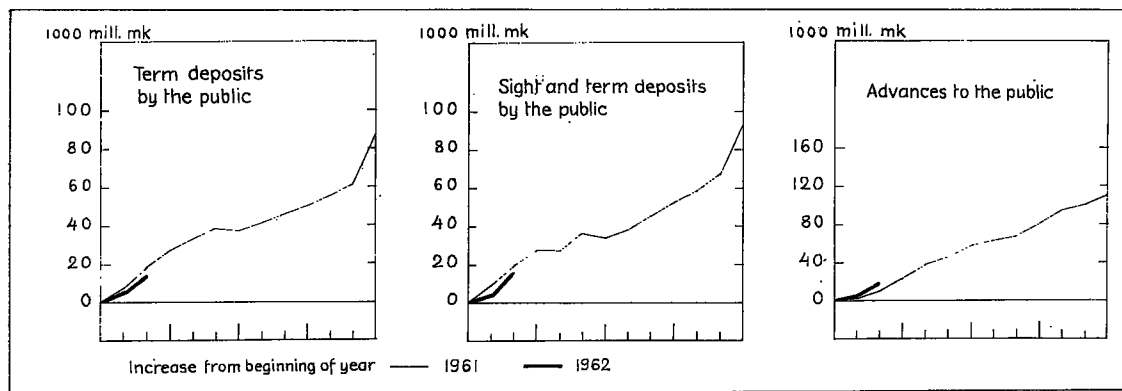
Selling rates for foreign exchange			
Feb. 27, 1962			
		mk	mk
New York ...	1 \$	321: 70	Zurich 100 Fr 7 422: —
Montreal	1 \$	307: —	Paris 100 NF 6 568: —
London	1 £	905: 50	Rome 100 Lit 51: 84
Stockholm ...	100 Kr	6 240: —	Vienna 100 S 1 246: —
Oslo	100 Kr	4 516: —	Lisbon 100 Esc 1 129: —
Copenhagen ..	100 Kr	4 672: —	Reykjavik 100 Kr 749: —
Frankfurt o.M.	100DM	8 040: —	Madrid 100 Pta 542: —
Amsterdam ...	100 Fl	8 895: —	Prague, clear... 100 Kč 4 458: —
Brussels	100 Fr	646: 50	Moscow, clear. ¹⁾ 1 Rbl 356: 67
			Clearing dollars ²⁾ 1 Cl \$ 321: —

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens, Belgrade, Berlin, Bogotá, 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
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960	260 460	154 935	39 495	117 601	45 216	586 187	31 520	617 707	149 461
1961*	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1961*									
Feb.	262 153	157 905	40 912	120 124	46 990	595 436	32 648	628 084	149 335
March	269 453	160 357	41 704	122 553	47 122	607 239	33 950	641 189	153 498
April	275 988	163 607	41 573	127 376	47 481	620 354	35 671	656 025	147 165
May	277 495	166 024	42 692	129 738	47 410	629 938	33 421	663 359	150 860
June	283 751	168 145	44 054	130 671	48 214	639 955	34 880	674 835	149 836
July	284 060	170 452	43 638	133 639	48 438	644 770	35 457	680 227	149 842
Aug.	284 452	173 104	44 196	135 609	48 636	652 046	33 951	685 997	151 305
Sept.	287 252	176 701	45 551	138 513	49 443	663 829	33 631	697 460	157 802
Oct.	293 898	179 294	46 044	142 129	50 285	675 545	36 105	711 650	155 353
Nov.	296 617	181 352	45 955	142 347	52 198	685 091	33 378	718 469	161 753
Dec.	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1962*									
Jan.	306 496	182 187	45 001	146 504	52 139	696 434	35 893	732 327	156 476
Feb.	313 721	184 461	46 966	147 634	53 334	707 266	38 850	746 116	161 057

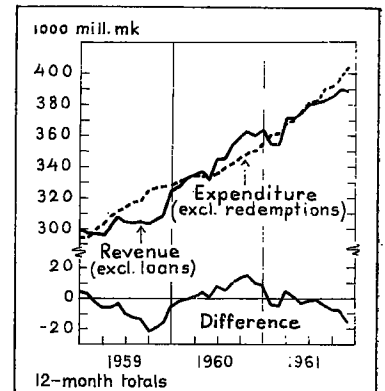


STATE FINANCES

1000 mill. mk

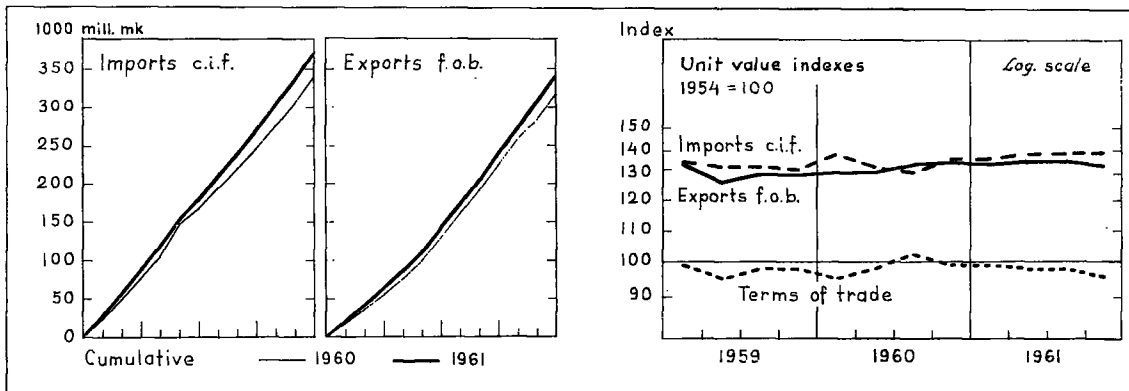
Revenue	Jan. — Nov.		Expenditure	Jan. — Nov.	
	1960	1961		1960	1961
Income and property tax (net)	66.6	69.2	Interest on State debt	5.4	5.5
Gross receipts	(164.5)	(190.2)	Child allowances	20.6	24.7
Refunds and communal income tax	(-97.9)	(-121.0)	The State's share in national pensions	7.7	13.7
Other direct taxes	1.5	1.4	Compensations to war-disabled	6.9	11.5
Purchase tax	78.9	87.7	Transfer of employers' payments for national pensions to the National Pensions Institution	6.8	8.6
Import duties	41.7	42.5	Subsidies	33.4	35.0
Revenue from Alcohol Monopoly	22.3	24.3	Net payments on price equalisation by extra-budgetary funds	2.2	1.0
Excise duty on tobacco	18.4	18.7	State aid to agriculture	5.2	5.6
Excise duty on liquid fuel	12.0	13.4	State aid to communal and private schools	22.9	27.0
Other excise duties	4.9	5.1	Net loss of State enterprises	—	—
Tax on automobiles and motor cycles	1.8	2.0	Maintenance of roads	8.7	9.6
Stamp duties	15.1	16.8	Other current expenditure	100.3	109.9
Employers' payments for child allowances and national pensions	26.7	29.4	Current expenditure	220.1	252.1
Net receipts of price equalisation by extra-budgetary funds	—	—	Real investments	60.4	68.1
Other revenue similar to taxes	4.3	4.7	Other capital expenditure	30.5	38.1
Total taxes	294.2	315.2	Capital expenditure	90.9	106.2
Interest and dividends	5.1	5.7	Total expenditure	311.0	358.3
Net profit of State enterprises	6.2	5.5	Redemption of external loans	3.2	2.5
Other current revenue	9.1	11.3	Redemption of internal loans	12.8	12.7
Current revenue	314.6	337.7	Redemption of indemnity bonds etc.	2.1	1.6
Capital revenue proper	7.1	7.7	Index premiums	0.7	0.7
Decrease in inventories	2.7	—	Redemptions	18.8	17.5
Capital revenue	9.8	7.7			
Total revenue	324.4	345.4			
External loans	—	6.9			
Internal loans	14.9	16.3			
Loans	14.9	23.2			
Short-term credit (increase +) ..	- 2.1	- 1.1			
Deficit (+) or surplus (-)	- 7.4	+ 8.3			
Total	329.8	375.8			
			Total	329.8	375.8

Debt:	1958	1959	1960	1961		1962	
	Dec.	Dec.	Dec.	Nov.	Dec.*	Jan.*	Feb.*
External debt ...	79.0	76.6	74.4	79.3	79.4	79.3	79.6
Ordinary loans	61.5	72.2	74.4	78.1	75.7	81.4	82.4
Indemnity bonds etc.	7.3	6.5	4.4	2.8	2.6	2.5	2.5
Short-term credit ..	1.2	4.1	3.0	1.9	2.4	2.8	2.5
Cash debt (net) ...	-1.7	-5.8	-14.3	-7.9	..	..	..
Internal debt	68.3	77.0	67.5	74.9	..	..	..
Total debt	147.3	153.6	141.9	154.2	..	..	..
Total debt, mill. \$	459.8	479.7	442.9	479.4	..	..	..



FOREIGN TRADE

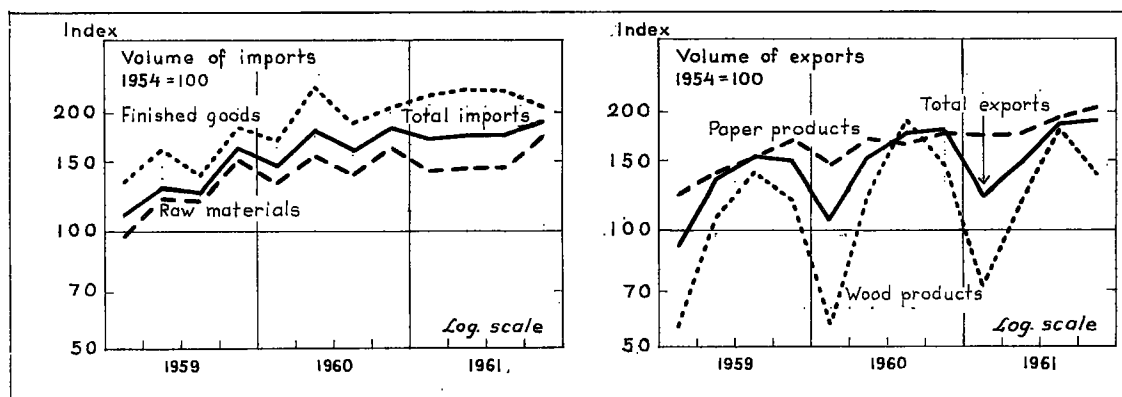
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960	340 300	316 473	-23 827	133	123	131	132	147	136	98
1961*	368 255	337 404	-30 851	135	146	135	134	134	135	100
1961*										
Jan.	27 841	20 625	- 7 216	134	147	134	134	133	136	99
Feb.	27 461	20 874	- 6 587							
March	33 073	22 294	-10 779							
April	29 570	21 570	- 8 000							
May	33 808	25 604	- 8 204	135	144	134	135	134	138	98
June	27 358	30 517	+ 3 159							
July	29 438	31 058	+ 1 620							
Aug.	29 705	32 951	+ 3 246							
Sept.	31 541	33 417	+ 1 876	135	150	135	134	139	138	98
Oct.	31 284	32 393	+ 1 109							
Nov.	33 354	34 845	+ 1 491							
Dec.	33 822	31 256	- 2 566							
1962*				133	144	133	133	131	139	96
1962*										
Jan.	32 179	24 012	- 8 167							



FOREIGN TRADE BY MAIN GROUPS

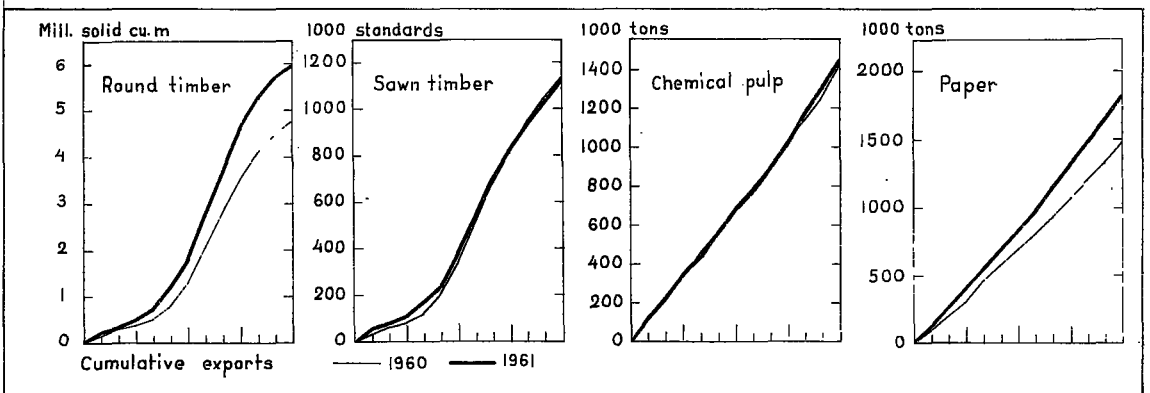
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960	166 264	33 052	93 337	47 647	16 034	20 564	84 078	133 714	47 361	14 722
1961*	169 908	32 960	103 919	61 468	15 349	29 585	84 079	153 910	38 627	15 854
1960										
Nov.	15 589	3 183	7 444	4 271	1 039	1 637	8 182	11 087	2 974	1 620
Dec.	16 826	3 598	9 087	5 300	1 677	1 200	7 469	13 305	6 477	1 256
1961*										
Jan.	13 149	2 673	7 901	4 118	1 159	923	5 043	10 639	1 956	905
Feb.	12 692	2 246	6 967	5 556	1 715	775	3 266	11 694	2 548	876
March	14 079	3 853	9 639	5 502	792	788	3 719	13 345	2 645	1 005
April	13 149	1 768	9 061	5 592	1 058	1 203	4 902	11 233	2 307	867
May	15 357	2 183	9 863	6 405	1 203	2 206	5 612	12 529	2 709	1 345
June	12 577	2 619	7 794	4 368	1 472	3 082	9 050	12 569	2 845	1 499
July	12 975	1 989	9 723	4 751	797	5 093	10 726	11 445	1 372	1 625
Aug.	13 584	2 567	9 243	4 311	1 207	4 552	10 323	14 051	1 563	1 255
Sept.	14 611	2 778	9 475	4 677	1 621	4 448	8 996	14 360	2 329	1 663
Oct.	15 157	2 916	8 473	4 738	1 216	3 301	8 030	14 315	3 747	1 784
Nov.	17 377	2 465	7 948	5 564	910	1 929	8 084	13 820	8 613	1 489
Dec.	15 201	4 903	7 832	5 886	2 199	1 285	6 328	13 910	5 993	1 541
1962*										
Jan.	16 411	2 144	8 319	5 305	807	903	4 784	12 912	3 571	1 035



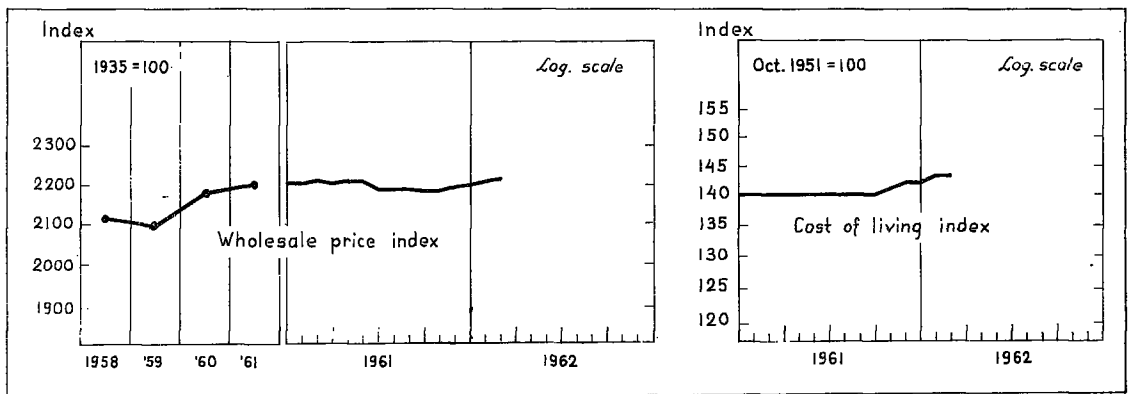
EXPORTS OF SOME IMPORTANT ARTICLES

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
1953	2 388	688	216	204	464	323	76	45	402	677
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
1960										
Nov.	358	105	40	13	65	49	11	13	53	119
Dec.	264	92	36	15	111	54	14	11	62	142
1961*										
Jan.	207	55	32	13	70	36	11	12	56	118
Feb.	133	26	31	11	66	38	13	11	60	139
March	160	31	30	12	82	43	15	13	69	154
April	234	57	26	11	60	45	12	11	56	129
May	466	67	26	20	74	44	13	15	68	142
June	623	133	19	16	74	47	11	11	66	140
July	970	162	20	10	61	37	12	8	70	143
Aug.	952	151	27	14	73	49	12	12	77	176
Sept.	882	127	26	14	80	45	14	13	86	172
Oct.	689	106	34	16	81	66	17	13	81	165
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	323	52	33	10	71	54	15	14	84	128



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		January			Whole year		January		
	1960	1961*	1961*	1962*		1960	1961*	1961*	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	16.2	15.7	16.9	15.2	4 890	26.7	24.5	32.1	23.9	5 745
United Kingdom	15.8	15.3	16.7	14.9	4 779	24.5	22.2	29.1	21.6	5 187
Other OECD countries in Europe	53.6	55.4	55.2	57.5	18 489	41.0	46.4	41.8	42.7	10 265
Austria	0.7	0.7	0.7	0.6	204	0.2	0.4	0.3	0.3	69
Belgium-Luxembourg	3.1	2.6	1.6	2.5	790	3.7	3.9	2.7	3.5	832
Denmark	2.6	3.2	3.8	3.4	1 106	3.5	3.5	3.2	2.8	684
France	5.8	5.0	3.4	4.9	1 593	4.7	5.2	5.5	4.9	1 175
Western Germany	19.4	21.3	21.5	21.0	6 743	11.6	12.9	12.1	12.4	2 969
Italy	1.7	1.9	2.1	2.4	770	2.1	2.7	3.5	3.2	760
Netherlands	4.6	4.0	4.3	4.6	1 487	6.1	6.3	5.8	6.2	1 492
Norway	1.6	1.5	3.4	1.6	515	1.3	1.9	1.1	1.6	379
Portugal	0.2	0.1	0.3	0.2	63	0.1	0.1	0.1	0.0	8
Spain	0.7	0.5	0.6	0.5	147	0.2	0.5	0.9	0.5	122
Sweden	10.4	11.5	10.3	12.5	4 010	4.9	5.7	4.4	4.5	1 081
Switzerland	2.2	2.4	2.4	2.6	822	0.6	1.0	0.8	0.5	125
Eastern Bloc	20.6	19.2	17.0	16.1	5 176	19.5	18.0	13.3	17.5	4 200
China	0.2	0.1	0.2	0.1	38	0.7	0.6	0.3	0.4	80
Czechoslovakia	1.1	1.0	0.8	0.9	264	0.9	1.1	0.8	0.8	181
Eastern Germany	1.4	1.5	1.1	1.5	497	1.3	1.4	1.8	0.9	231
Poland	2.5	2.4	2.5	2.0	636	1.8	2.2	1.9	2.1	503
Soviet Union	14.7	13.3	11.6	10.7	3 437	14.2	12.1	7.5	13.1	3 149
U.S. and Canada	6.0	6.1	8.2	7.8	2 515	5.1	4.5	4.2	7.0	1 682
United States	5.7	5.7	8.1	6.3	2 041	5.0	4.4	4.1	6.9	1 670
Latin America	2.7	2.7	1.5	2.4	771	5.1	3.9	6.2	3.8	905
Argentina	0.5	0.4	0.1	0.1	38	1.1	1.3	0.9	1.7	411
Brazil	1.8	1.6	1.0	1.7	537	2.9	1.5	4.4	0.9	204
Others	0.9	1.0	1.2	1.0	338	2.6	2.7	2.4	5.1	1 215
Grand total	100.0	100.0	100.0	100.0	32 177	100.0	100.0	100.0	100.0	24 012
of which										
EFTA countries	33.5	34.7	37.5	35.7	11 500	34.9	34.7	38.9	32.2	7 733
EEC countries	34.5	34.8	33.0	35.4	11 383	28.1	31.0	29.6	30.1	7 229



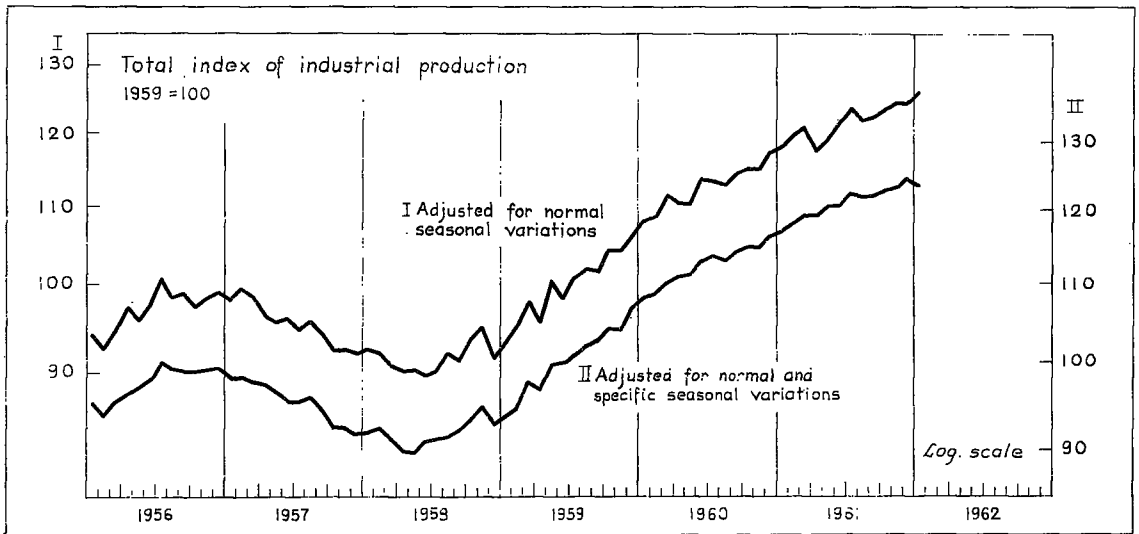
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 307	2 290	3 561	1 888	1 960	128	114	148
1961									
Feb.	2 210	2 304	2 320	3 529	1 885	2 011	126	114	143
March	2 202	2 294	2 275	3 529	1 883	2 006	127	115	144
April	2 206	2 299	2 260	3 564	1 884	2 009	127	114	145
May	2 210	2 303	2 266	3 563	1 890	2 011	128	114	147
June	2 188	2 296	2 223	3 565	1 890	1 958	128	114	148
July	2 186	2 309	2 294	3 566	1 890	1 922	129	114	154
Aug.	2 189	2 314	2 309	3 566	1 892	1 924	128	114	150
Sept.	2 181	2 305	2 265	3 566	1 893	1 917	129	114	151
Oct.	2 182	2 310	2 268	3 596	1 889	1 910	129	114	151
Nov.	2 195	2 323	2 333	3 597	1 890	1 923	129	114	152
Dec.	2 199	2 328	2 357	3 600	1 889	1 923	129	114	152
1962									
Jan.	2 207	2 339	2 412	3 597	1 891	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154

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
1959	134	141	280	98	85	134	105	103	104	95	105	109
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1961												
Feb.	140	151	306	100	87	135	110	111	113	97	108	110
March	140	150	306	99	87	135	110	110	113	97	108	110
April	140	150	306	99	87	136	110	111	113	97	108	111
May	140	151	306	100	87	136	110	111	113	97	108	111
June	140	149	306	99	87	136	110	109	113	97	108	111
July	140	150	306	100	87	136	110	110	114	97	108	111
Aug.	140	149	306	100	88	136	110	110	114	97	109	111
Sept.	140	149	306	100	88	138	110	109	114	97	109	112
Oct.	141	148	322	100	88	138	111	109	119	97	109	112
Nov.	142	150	322	100	88	138	111	110	119	98	109	112
Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962												
Jan.	143	152	322	101	88	139	112	112	119	98	110	113
Feb.	143	152	322	102	89	139	112	112	119	99	110	113

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
I954 = 100											
1959	123	118	125	122	98	144	120	120	123	38 100	121
1960*	140	140	143	134	122	167	140	132	139	44 593	136
1961*	150	150	154	143	116	192	149	139	150	49 004	150
I959 = 100											
1961*	121	127	122	117	119	133	124	116	121		
1961*											
Jan.	117	126	118	109	120	128	125	107	118	4 847	113
Feb.	117	127	117	112	124	123	125	110	120	5 144	129
March	129	139	130	123	144	138	137	122	121	4 349	149
April	119	123	119	117	126	121	122	115	117	2 874	147
May	123	130	122	123	125	130	127	120	119	14 516	153
June	117	123	115	119	126	117	121	117	121	1 299	148
July	93	75	104	81	123	134	74	80	123	981	138
Aug.	127	120	126	132	113	142	117	129	122	1 981	164
Sept.	128	135	127	126	112	140	130	123	122	2 320	170
Oct.	133	141	135	126	116	148	136	129	123	3 026	163
Nov.	134	146	137	123	105	148	140	129	124	3 615	162
Dec.	118	133	119	108	93	125	130	109	124	4 052	167
I962*											
Jan.	127	140	128	117	111	141	138	115	126	4 522	125

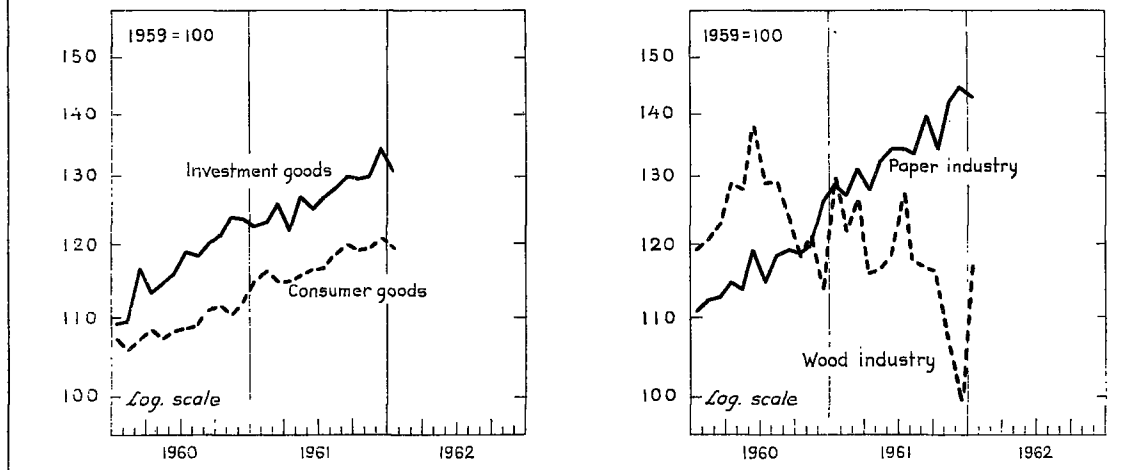


BUILDING – WAGES – TRANSPORT – EMPLOYMENT

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
1960*	22.28	8.80	3.02	6.68	2.76	22.39	116	111	108	117
1961*	24.95	10.62	2.29	8.72	2.56	23.63	125	117	120	126
1961*										
Jan. - Mar.	4.88	2.09	0.29	2.06	0.32	21.17	122	117	114	124
Apr. - June	4.11	1.65	0.24	1.51	0.53	27.67	124	115	121	126
July - Sept.	6.34	2.41	0.68	1.71	1.07	27.34	126	116	123	127
Oct. - Dec.	9.62	4.11	1.08	3.44	0.64	23.63	127	120	124	127

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 persons		% of total labour force	
	1961	1962	1961*	1962*	1961*	1962*	1960	1961*	1960	1961*
Jan.	134	136	450	509	412	475	1 751	1 803	2.6	1.8
Feb.	128	125	321	398	332	366	1 781	1 812	2.5	1.5
March	143		386		434		1 777	1 805	2.1	1.5
April	139		422		402		1 778	1 840	1.8	1.4
May	150		591		629		1 834	1 872	1.3	0.9
June	149		729		912		1 803	1 872	1.1	1.0
July	146		752		1060		1 698	1 777	0.9	0.9
Aug.	160		779		1023		1 769	1 864	0.9	0.8
Sept.	158		594		832		1 859	1 914	1.0	0.7
Oct.	160		583		714		1 851	1 906	0.9	0.9
Nov.	155		572		630		1 835	1 886	1.4	1.0
Dec.	125		559		533		1 812	1 869	1.5	1.3

Some indexes of industrial production adjusted for normal seasonal variations



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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 + Long-term foreign liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, 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 short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — 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 public + Finnish bonds + Finnish coin — Equalisation 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, high-interest deposits and tax - concession accounts* 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. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

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; 1954=100 for 1959—1961, and 1959=100 from 1961. 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 see Bulletin No. 8, 1961, p. 18. 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. *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. *Employment 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. Employment 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 the Diet 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.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet 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 (1959), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6 %, are covered by forests.

OWNERSHIP OF LAND (1959): The total land area was distributed among different classes of owners approximately as follows: private 56.2 %, State 34.4 %, joint stock companies etc. 8.2 %, communes 1.2 %.

POPULATION

NUMBER OF INHABITANTS (1960): 4.5 million. Sweden 7.5, Switzerland 5.3, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1960): In South Finland 25.0, in North Finland 4.1 and in the whole country an average of 14.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1960): 62 % of the population inhabit the rural areas, 38 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 453 000 inhabitants, Tampere (Tammerfors) 127 000, Turku (Åbo) 124 000.

OCCUPATIONS (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communications 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1961): 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 (1960): births 18.4 ‰, deaths 8.9 ‰, increase 9.1 ‰. Deaths in France 11.4 ‰ and Great Britain 11.5 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1960, in thousand million marks): Gross domestic product at market prices 1 437 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 134 (12 %), forestry and fishing 112 (9 %), manufacturing 361 (31 %), construction 116 (10 %), transport and communications 90 (8 %), commerce, banking and insurance 141 (12 %), general government 134 (12 %), other services 71 (6 %), total 1 159. Index of real domestic product 116 (1957 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft.)

AGRICULTURE (1959): 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 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52 %, animal products 120 %.

INDUSTRY (1959): Gross value of industrial production 1 068 000 mill. marks, number of workers 303 000, administrative employees 59 000, motive power (1959) 3.0 mill. HP. Index of industrial production 123 for 1959 (1954 = 100).

RAILWAYS (Jan. 1, 1962): Length 5 387 km, of which 5 313 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (Jan. 31, 1962): Steamers 202 (298 638 gross reg. tons), motor vessels 255 (524 544 gross reg. tons), sailing vessels with auxiliary engines 83 (8 280 gross reg. tons). Total 540 (831 462 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1961): Private cars 208 700, lorries and delivery vans 73 800, buses 6 200, others 12 900. Total 301 600.

AIR TRAFFIC: (Dec. 31, 1961) Number of aircraft in scheduled traffic 23, other aircraft 107. In 1961, 543 000 passengers were carried by the two Finnish companies; over 240 million passenger kilometres and 4.1 million ton kilometres of freight and mail were transported.

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. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1958 expenditure amounted to 173 143 mill. marks. Total revenue was 168 199 million, of which income from taxation 86 041 million. The municipal income tax (non-progressive) averaged 11.64 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 13 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1961). There are two big and three small commercial banks with in all 630 offices, 382 savings banks, 527 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 (Jan. 1, 1961). Bank of Finland discount rates 6—7 1/2 %. Other credit institutions: term deposits 4 1/8 % (12 months' deposits 5 %, index-tied deposits 3 1/2—4 %) and sight deposits in savings banks and cooperative credit societies 1/8 %; highest lending rate 8 %.

THE MONETARY REFORM OF 1963

BY

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Since 1860, when Finland obtained its own monetary system, the markka has been the monetary unit of the country. During the past century, the value of the markka has deteriorated considerably, and especially so under the exceptional conditions of the two World Wars and the subsequent periods of reconstruction. Thus it can now be estimated that the domestic purchasing power of the markka is only one two hundred and fiftieth part of its original value.

Owing to the various forms of inconvenience which arise from the use of a very small monetary unit, the Bank of Finland has for a long time had under consideration the introduction of a larger unit. An earlier Board of Management proposal, which included the adoption of the name „riksi” for the new monetary unit, was last dealt with by the Bank Supervisors in 1952, but was rejected at that time. Since this, the matter has continuously been under review in the Bank, account being taken of the experience gained in many other countries where similar reforms had been effected. In the spring of 1961, the plans were finally crystallised, and the Bank of Finland was also of opinion that in other respects the prerequisites for a realisation of the reform were in existence. In September, the Bank submitted to the Government its proposal

for a new Currency Act, and on the basis of this, in December 1961 the Government submitted to the Diet a proposal for a new Currency Act and an Act on the Enforcement of the Currency Act. The Diet passed the proposals with a few amendments, and both acts were promulgated on March 30, 1962, to be effective from January 1, 1963.

The monetary reform to be introduced is twofold. First of all, it involves the adoption of a larger monetary unit. As this entails renewal of the monetary legislation, it was considered appropriate in this connection to revise the stipulations concerning the gold value of the currency.

THE TRANSITION TO A NEW MONETARY UNIT

The new monetary unit

In accordance with the new Currency Act, on January 1, 1963 Finland will adopt a new monetary unit with a value one hundred times that of the present unit. The traditional name „markka” will be retained for the unit, and the name „penni” for the hundredth part of the unit. One new markka will be equivalent to one hundred present markkas, and one new penni equivalent to one present markka. Thus, even after the

reform the domestic purchasing power of the markka will amount to only two fifths of its original value of 1860, which means that the Finnish currency is restored to approximately the 1916 value. Nonetheless, the international value of the new markka will be comparatively high.

Bank notes and coins

From the beginning of 1963, bank notes and coins will be issued in the new denominations. As the names „markka” and „penni” will be officially in use also during the period of transition when both new and old money will simultaneously be in circulation, these names will be the only designations applied to the new notes and coins. In order to avoid confusion, the new notes and coins will as far as possible be kept similar in design, colour, size and other external characteristics to the present denominations of corresponding purchasing power.

The monetary reform does not entail a compulsory exchange of old money for new. Such money as is legal tender when the new Currency Act comes into force, will retain its validity as legal tender, but its value measured in terms of the new monetary unit will be one hundredth part of the face value. This money will be withdrawn from circulation as it is returned by the public to the monetary institutions, and thence to the Bank of Finland.

„Old markka” and „new markka”

Although the name of the new monetary unit is just „markka”, there should exist a simple and appropriate term for distinguishing the new unit from the old one. This is particularly important during the transition period, when both kinds of money will be in circulation simultaneously, and when, no doubt, people will express money values alternately in new and old units. The

use of a distinguishing epithet will also preclude the possibility of fraud. Therefore, the Act on the Enforcement of the Currency Act provides that, if for reasons of clarity it is necessary to indicate which one of the monetary units is meant, the epithet „old markka”, in Finnish „vanha markka”, abbr. „vmk”, shall be used for the present unit, and „new markka”, „nykymarkka”, abbr. „nmk”, for the new unit. When the old money in circulation has been replaced by the new one, and the use of the new unit has been firmly established for the expression of money values, the name „nykymarkka” will become unnecessary. Nevertheless, „vanha markka” will obviously always be needed also in the future for the expression of amounts and values in terms of the old unit.

Provisions concerning documents

The transition to the new monetary unit for the expression of monetary values in documents will be realised in accordance with the Act on the Enforcement of the Currency Act. By virtue of this act, and without further measures, all amounts expressed in terms of the old unit, which are contained in acts, statutes, stipulations and other official documents, and in all documents pertaining to Civil Law, will be transformed into values according to the new Currency Act, so that one hundred markkas of the old unit is equivalent to one markka of the new unit.

From the beginning of 1963, the new monetary unit must be used in all official documents. This obligation is not equally unconditional as regards documents pertaining to Civil Law, although they will, of course, generally be rendered in the new monetary unit. For agreements and documents pertaining to Civil Law, it is expressly laid down that, unless by use of the designations „nykymarkka” and „vanha markka”,

or in some other way, it is made clear which one of the monetary units is meant, the dating of the document shall determine which unit is intended.

It is also provided that the new monetary unit shall be used in book-keeping and accountancy from the beginning of 1963. Similarly, postage and other stamps will be renewed; insofar as new stamps are not issued at the beginning of 1963, the present stamps will remain valid at one hundredth part of the value expressed on the face.

THE RELATION OF THE MARKKA TO GOLD

Transition to the gold exchange standard

Finland's currency legislation has been provisional since 1931, when the gold standard was suspended. From November 6, 1931, the Bank of Finland has been authorised by temporary statutes to disregard the duty to redeem its notes in gold, as provided for in its Regulations. The relevant provisions in the present Currency Act have not been amended, but in reality these statutes have nullified the provision of § 1, which reads: „The monetary system of Finland is based on gold as the sole measure of value”. Furthermore, the gold coin provided for in the Currency Act has no longer been issued, so that in practice all the characteristics of the gold standard have been abolished.

This formal independence in the determination of the foreign value of the markka lasted until Finland became a member of the International Monetary Fund in 1948; with the concurrence of the Fund, the initial par value of the markka in terms of gold was established in 1951. The undertaking to observe the Articles of Agreement of the International Monetary Fund meant in effect a formal transition to the so-termed gold exchange standard.

At the end of the current year, when the present Currency Act expires, the old gold standard will also be formally abandoned. The new Currency Act provides for no fixed gold value of the markka, but only lays down that a par value expressed in gold shall be determined for the markka.

Determination of the par value of the markka

When in 1931 the Bank of Finland was released from its obligation to redeem its notes in gold, with the Bank Regulations remaining otherwise unchanged, this meant complete independence for the Board of Management of the Bank in the fixing of the rates of exchange. This state of affairs was altered when Finland became a member of the International Monetary Fund, and subsequent to the establishment of the initial par value of the markka. According to the Articles of the Fund, a change in the par value of a currency may be made only on the proposal of the member concerned, and only following consultation with and concurrence of the Fund.

In its proposal for a monetary reform submitted to the Bank Supervisors of the Diet, the Board of Management of the Bank of Finland suggested that the determination of the par value of the markka should not be the responsibility of the Board of Management alone: the measure should first be approved by the Bank Supervisors, and ultimately by the Government, which bears the onus of responsibility for Finland's economic policy as a whole. To the Board of Management is accorded the responsibility for judgement, when such a fundamental disequilibrium has arisen in the foreign payments relations that a change in the par value is called for, and similarly the estimation of the magnitude of the change. For this reason, the Bank considered it appropriate that the Government should only be

called upon to approve without amendment the Bank's proposal concerning a change in the par value, or to retain the current par value.

These proposals of the Bank of Finland were approved, and detailed stipulations were included in the new Currency Act concerning the procedure of determining the par value of the markka. The provisions, contained in § 2 of the new Currency Act, are in full as follows:

„The par value of the markka, to be expressed in terms of gold, shall be decided on by the Government on the proposal by the Bank of Finland.

In this matter the Bank Supervisors shall take a resolution on the basis of the proposal submitted by the Board of Management of the Bank of Finland. It shall be dealt with by the Government as a matter of urgency as provided by statute, and either be approved without amendment or rejected. The matter shall be kept secret until the Government has decided on it.”

PRACTICAL MEASURES

It was considered necessary to institute the legislation concerning the monetary reform at this early stage, with a view to providing ample time for the authorities, together with private business concerns and the public, to effect practical preparations for the changes involved.

During the planning stage of the reform, the basic idea, supported by the experience gained in other countries, was that the sooner the old notes and coins were replaced by new ones, the sooner people would get accustomed also to expressing monetary values in the new unit. In order to speed the process of exchange, the Bank of Finland

is having new notes manufactured before implementation of the reform in quantities sufficient to cover those now in circulation. Similarly, the Mint will strike in advance the necessary quantities of new coins. Exchange of the money will be further promoted by the institutional circumstance that in Finland the major part of the money circulation goes through private monetary institutions, the Post Office Savings Bank, post offices and the Bank of Finland offices. As it is intended that by means of special arrangements there will be a speeding up of the exchange of the cash of these institutions, it may be expected that the bulk of the present stock of money will be replaced within a few months.

The transition to the new monetary unit entails that from the beginning of 1963 all prices and wages will be converted into new money in the ratio of one hundred to one. Current price control is concerned with only about a dozen items, and for these alone will the authorities issue special instructions. Naturally, both the Government and the economic organisations will see to it that the conversion into new money is not exploited by raising prices and wages.

It seems that the greatest difficulty in connection with the change-over to the new monetary unit will be that of convincing the public that the reform is purely technical, and involves neither gain nor loss for anybody. This difficulty finds its origin in the special features of the reform — the retention of the name „markka”, and that all present values will need to be divided by one hundred. The Government, the Bank of Finland and the monetary institutions are preparing for a large-scale information campaign aimed at clarifying the significance of the reform, and correcting misconceptions.

POST-WAR ELECTIONS IN FINLAND

BY

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TWO IMPORTANT EVENTS

Within less than one month, Finland this year had two unusually important elections. On 15 and 16 January, the voters went to the polls to elect the 300 members of the electoral college who, one month later, met to decide on the President of the Republic for the next six years. The result was an overwhelming victory for the supporters of the re-election of President Urho Kekkonen. In the electoral college, a group of 154 electors were pledged from the very beginning to vote for Dr. Kekkonen; apart from these, several unpledged electors were known to be inclined to cast their votes for him. In fact, the President was re-elected with 199 votes out of 300. Three presidential candidates belonging to various Leftist groups received 101 electoral votes. The President's principal opponent, Mr. Olavi Honka, who had been backed by the Social Democrats and some Rightist elements, had withdrawn at the time of the negotiations in Novosibirsk, on it becoming apparent that the Soviet government regarded his candidature as a threat to the good relations between Finland and the Soviet Union. The verdict of the voters in favour of President Kekkonen was definitely the result of many different factors; but it should above all be interpreted as a conscious demonstration in favour of the continuation of the post-war foreign policy, inaugurated by J. K. Paasi-

kivi and later developed by President Kekkonen into a delicately balanced neutrality. In some quarters, it was feared that the lack of serious rivalry might lower the electoral participation. However, this supposition proved to be ill-founded. On the contrary, the total vote — 81.5 per cent — was the highest figure ever recorded in a presidential election in Finland. As a point of interest, it may be mentioned that the corresponding figure for the first regular presidential election in 1925 was as low as 39.7 per cent.

The second important event was the election of a new Parliament, which took place on 4 and 5 February following the dissolution of Parliament in November last year. While I shall confine myself to the few brief remarks made above concerning the presidential election, the results of the parliamentary election are further analyzed below against the background of the five earlier elections since the end of the war. For this purpose, some words about the institutional framework of the election may be necessary.

THE FRAMEWORK OF THE ELECTION: ELECTORAL SYSTEM AND POLITICAL PARTIES

Universal suffrage was introduced in Finland in 1906. As a rule, every citizen 21 years or over is now entitled to vote. The Finnish Parliament consists of a unicameral

body of 200 members; these are elected in multi-member constituencies, and the parties are allowed to nominate as many candidates as there are seats to be filled. The distribution of seats is made in accordance with the d'Hondt rule. However, the Finnish proportional system has some original features. The core of this system is that each list is allowed to contain only one name; the voter accordingly votes for just one candidate. These lists are grouped according to party preferences into „electoral coalitions”. While the number of seats allotted to each coalition (party) is roughly proportional to the number of votes accorded on all lists belonging to that coalition, the order of preference of the candidates *inside* the coalition is determined by the success attained by each individual list. This arrangement gives the Finnish system a tinge of individualism unknown in most continental systems of proportional representation.

It is known that the d'Hondt rule, in combination with the division of the country into several constituencies, operates slightly in favour of large parties, or of parties which possess an advantageous distribution of their votes. The destructive effects this system may have on parties which have an unhappy geographical distribution of their adherents was clearly demonstrated in the 1962 election, when the Social Democratic Opposition, with about 100 000 votes, received only 2 seats, while the Swedish Party, concentrated in a few constituencies, took 14 seats with a total vote of 148 000.

The Finnish party system has been fairly stable during the forty-three years of the present Constitution. During the post-war years, the parliamentary representation has been roughly equally divided between the socialist and non-socialist, „bourgeois” parties; the socialist parties have held a majority from 1958 to 1962. This division of political opinions is a traditional one, and

in most matters of economic and social legislation it is still important. However, both the socialist and the bourgeois parties are split among themselves. The rift between People's Democrats and Social Democrats is especially wide. Nor is there any unity in the bourgeois camp. The liberal wing of the non-socialist parties, with the Agrarians as the leading force, co-operated willingly with the Social Democrats over many years, leaving Conservatives and People's Democrats outside their coalition.

The most important phenomenon of the post-war political picture, as compared with pre-war years, is the emergence of a powerful Communist movement. In the twenties, the Communists took part in the elections, gaining from 18 to 27 seats. In 1930, as a result of extraparliamentary pressure, the party was banned and went underground. When, after the armistice of 1944, it reappeared on the scene, it immediately attained much more substantial support: in the post-war years, its parliamentary strength has oscillated between 38 and 50.¹⁾ These gains have been made mainly at the cost of the Social Democrats. In the last pre-war election, the Social Democratic Party won 85 seats; but with the reappearance of the Communists, this number shrank to some 50. In 1957, finally, a split occurred in the party. An opposition wing, supported by part of the trade unions, came out as an independent group in the 1958 election.²⁾ This group won 3 seats in Parliament; later, however, no less than 11 Social Democratic deputies joined it, and thus gave a voting strength of 14. Ideologically, the opposition

¹⁾ The Communists, together with some Left Socialist elements, form „The Democratic League of the Finnish People”. The Communist party label, therefore, is not officially used in Parliament.

²⁾ The official name of this group is „The Social Democratic League of Workers and Smallholders”. In the text, I have used the unofficial form „Social Democratic Opposition”.

group should be classified as more radical than the very moderate mother party.

The main bourgeois parties are the Agrarian Party, the Coalition Party, the Swedish People's Party and the Finnish People's Party. They all have deep roots in the past. The Agrarian Party has been the biggest non-socialist group since 1919. Its main strength is definitely located in the provinces, where it has gained the support of the bulk of the non-industrial rural people. As a „centre” group with fairly radical ideas and being very strongly organized, it has maintained something of a key position in Finnish parliamentary life. This position has been accentuated in the post-war years, during which with some short intervals the Agrarians have played a leading role in the Cabinet. The Coalition Party represents the conservative elements of the nation; despite the difficulties encountered by the party in the first post-war years, it has been able to retain considerable parliamentary strength. The Swedish People's Party can count on the support of the bulk of the Swedish-speaking minority. Being a linguistic party, it does not properly belong to any of the usual categories of the left-right dimension; once the linguistic strife

had begun to subside, the party was in a position to make coalitions with most Finnish parties. The Finnish People's Party was founded in 1951 as a kind of heir to the one-time important Progressive Party. It represents urban middle-class liberalism, with a strong emphasis on the interests of white-collar workers.

SOURCES OF STRENGTH AND CAUSES OF WEAKNESS IN FINNISH PARTY LIFE

The table shows the number of seats gained by different groups in the last pre-war election, that of 1939, and in the six post-war elections. It also indicates percentages of the total vote accorded each party. While we reserve comment on the figures from the last election until a later paragraph, a short analysis of the general trend of post-war politics, as shown by the election results, is given below.

A glance at the table will soon show that the ups and downs of election figures have not as a rule been very sensational. The Finnish party system is characterized by a rather stable distribution of strength. The most spectacular changes have been apparent on the left wing. At least three generalizations

TABLE SHOWING THE DISTRIBUTION OF SEATS IN THE FINNISH PARLIAMENT, 1939—1962, AND THE PERCENTAGE OF THE NATIONAL VOTE GAINED BY THE MAIN PARTIES

Election year	People's Democrats (Democratic League of the Finnish People)		Social Democratic Opposition		Social Democrats		Agrarian Union		Progressive Party/Finnish People's Party		Swedish People's Party		Coalition Party	
	Seats	%	Seats	%	Seats	%	Seats	%	Seats	%	Seats	%	Seats	%
1939	.	.	.	.	85	39.8	56	22.9	6	4.8	18	9.6	25	13.6
1945	49	23.5	.	.	50	25.1	49	21.3	9	5.2	14	7.9	28	15.0
1948	38	20.0	.	.	54	26.3	56	24.2	5	3.9	14	7.7	33	17.1
1951	43	21.6	.	.	53	26.5	51	23.2	10	5.7	15	7.6	28	14.6
1954	43	21.6	.	.	54	26.2	53	24.1	13	7.9	13	7.0	24	12.8
1958	50	23.2	3 ¹⁾	1.7	48 ¹⁾	23.2	48	23.1	8	5.9	14	6.7	29	15.3
1962 ²⁾	47	22.0	2	4.4	38	19.5	53	23.0	13	6.2	14	6.4	33	15.1

1) The table does not account for cases where deputies have changed their party allegiance between the elections. The most important case occurred in 1958, when 11 Social Democratic members moved to the Social Democratic Opposition group.

2) The 1962 figures, which are in part preliminary, are based on information given by the Central Statistical Office. The Smallholders' Party received 2.2 per cent of the total vote. One deputy was elected by the „Liberal League”; in the table, he is included in the Coalition Party group.

may be made. First, considered as a whole, the socialist sector of public opinion is considerably stronger than before the war. Whereas in 1939 the Social Democrats polled less than 40 per cent of the total, the leftist parties have since 1945 regularly received more than 45 per cent of the votes (the figure has fluctuated between 45.9 and 48.6). Secondly, the gain from this leftist expansion has gone to the People's Democrats. It is very probable that a considerable part of the supporters of the Extreme Left simply abstained from voting before 1945; an indication is given by the fact that electoral participation rose from 66.6 per cent in 1939 to 74.9 per cent in 1945. But the People's Democrats have also made real headway at the expense of the Social Democrats, who for their part have been moving ideologically towards the right. Thirdly, the Social Democratic Party has been exposed to internal difficulties. During the first post-war years, the party leadership was able to master the situation, and even to regain some of the lost ground. But after the party congress of 1957, the exodus of the opposition minority, which for various reasons did not accept the leadership of Dr. Väinö Tanner, has badly shaken the party structure. This is also evidenced by an appreciable loss of parliamentary strength (cf. page 24).

Among the bourgeois parties, the case of the Agrarian Party is perhaps the most interesting. A remarkable feature in the party's post-war development is that it has been able to keep its position and even to improve it in spite of the rapid process of urbanization. From 1940 to 1960, the share of the rural population (inhabitants of rural communes) was reduced from 73.2 to 61.9 per cent. From 1940 to 1950 the agricultural population shrank from 54.5 to 41.5 per cent. Nevertheless, no reduction in the Agrarian vote occurred. Organizational strength, combined with shrewd leadership, certainly

counts for a part of this defensive success. But a very important contributory factor to the tenacity of the party may have been the political activation of the backward parts of Northern and Northeastern Finland. In 1939, the electoral participation in the two northernmost provinces, Oulu and Lapland, was considerably lower than the figure for the whole country (62.7 and 62.3 against 66.6 per cent). In the last election, the province of Oulu achieved a poll of 88.2 and Lapland one of 87.3 per cent. These figures were the highest in the entire country, and clearly exceeded the national figure for the electoral participation, 84.9 per cent (a new election record). A radical reform programme has made it possible for the Agrarians to compete with the People's Democrats for the support of certain marginal groups, above all the smallholders and forest-workers of the timber country.

The three remaining parties, the Coalition party and both People's parties, the Finnish and the Swedish, have had a combined voting strength which has been fairly constant during the whole period. At its highest point, it has been 28.7 per cent of the electorate, and at its lowest 27.7 per cent. *Inside* this sector of public opinion, voters have often moved from the Conservatives to the Liberals, and in the opposite direction; in the Swedish Party, this movement of opinion has been reflected in the changing strength of different shades within the party itself.

A more detailed survey of the election results would be necessary in order to give an exact picture of the elements of strength and weakness in different parties. In this context, I shall confine myself to a few hints about the social and geographical bases of the most important political movements. Without presenting figures, the following generalizations can be made:

1. People's Democrats and Social Democrats tend to exclude each other in many

regions; in the strongholds of the People's Democrats, Social Democrats tend to be weak, and *vice versa*. Of five provinces where the Social Democrats are normally exceptionally strong, three belong to the weakest constituencies of the People's Democrats; and of the five provinces regarded as strongholds of the People's Democrats, three show an exceptionally weak Social Democratic vote.

2. The People's Democrats are more evenly distributed between rural and urban districts than are the Social Democrats, and, of course, the entirely rural Agrarians. This can be taken as a possible source of their strength. In fact, it is common to speak of „industrial Communism” and „forest Communism”. The main strongholds of the Communist movement are of two types: they are either industrial centres or remote forest regions. This seems to reflect a fundamental dualism in the international Communist movement as a whole.

3. There are at least three main types of political „climate” in Finland. In many parts of urbanized Southern Finland, Social Democrats (sometimes competing with the People's Democrats) and Conservatives are strong, while the Agrarians are comparatively weak. In some predominantly agricultural, well-to-do regions, such as Southern Ostrobothnia, the Agrarians and bourgeois parties in general are influential, while the Left is weak. Lastly, wide regions in Northern and Northeastern Finland are almost entirely dominated by the Agrarians and the People's Democrats. These are „underdeveloped” areas, where, however, rapid advance has occurred in the post-war decades.

THE 1962 ELECTION

If we examine the historical context of which the 1962 election forms a part we can discern several exceptional factors, of which the most important is the close connection

which existed between the presidential and the parliamentary elections. It might be presumed that the vote of confidence given to President Kekkonen would create a tendency to support parties or persons who had identified themselves with the President's political views. The fact that Parliament had been dissolved, at least in part, in order to get a working majority for the continuation of the present foreign policy, could be assumed to work in the same direction.

This expectation did at least partially materialize. The Agrarian Party, formerly led by the President himself, and which, especially in questions of foreign and general policy, tended to follow the views he expressed, defended its position successfully; even if the party's relative share in the total vote did not increase, it was able to win some additional seats. A splinter movement, „the Smallholders' Party”, was not accorded sufficient support for a single seat. The Finnish People's Party, which may also be considered as a „centrist” party, had its share of the victory; to some extent, this depended on a system of coalition with other parties, which enabled avoidance of the disastrous effects on small parties of the electoral system.

The second important factor was the cleavage in the Social Democratic Party. When the result of the election was that a „bourgeois” majority was returned of 113, against 87 members of the leftist parties, this exceptional event found its origin above all in the existence of two competing Social Democratic groups. The total leftist vote dropped by 2.2 percentage units; but the effect was much greater, since most of the more than 100 000 votes cast for the Social Democratic Opposition were in fact wasted. For the Social Democratic Party, the result was a heavy blow. The party had been the spearhead of the opposition not only to the Cabinet, but to the re-election of the Pres-

ident as well, and it had clearly lost both elections. The combined vote of both Social Democratic groups, however, had dropped by only one percentage unit as compared with the 1958 results. It is remarkable that the People's Democrats did not gain anything from the Social Democratic defeat. Their vote also declined; but the *tertius gaudens* was the Agrarian Party, which made considerable progress at the expense of the People's Democrats in the far North.

The new composition of the Parliament, with a heavy non-socialist majority, will probably have marked consequences in matters of economic and financial policy. It is not, however, certain that this will mean a bourgeois-dominated government for the whole period. The centrist groups, above all the Agrarians, who hold the key to the present situation, may be inclined to re-open co-operation with the Social Democrats, if and when a solution of the internal and external troubles of that party can be found.

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