

BANK OF FINLAND

MONTHLY BULLETIN

Vol. 39 No. 8

AUGUST

1965

RECENT DEVELOPMENTS

INDUSTRIAL PRODUCTION

The volume of industrial production has increased at an average rate of 8 per cent per annum since mid-1958, although the annual increases have fluctuated considerably. The sharpest rise, averaging 15 per cent, was experienced from the beginning of 1959 to the middle of 1961. During the subsequent period, until May 1965, growth was less than half this rate, or 6 per cent per annum. From mid-1962 to mid-1963 there was scarcely any rise at all. Nevertheless the average growth for 1962 was 6.3 per cent while that for 1963 was 5.3 per cent. In 1964 the rate of increase remained more or less unchanged, the volume of industrial production being about 7 per cent greater than in 1963. In the current year some slow-down has been evident, the seasonally adjusted volume for January—May showing an increase of less than 4 per cent at an annual rate. During this period the volume of industrial production was 6.1 per cent greater than in the corresponding period of 1964 and almost 4 per cent greater than the average for the whole of that year. The individual groups of industry showed varying courses of development.

Prior to 1965 the highest peak ever in the investment goods industry was that attained in 1962. The following year the volume of production fell by nearly 5 per cent, but

in 1964 it increased again, by more than 3 per cent compared with the previous year. The 1964 upsurge was caused by a marked rise in domestic machinery investment and growing exports of metal industry products to Western countries, though these were offset to some extent by the reduction of exports to East-European countries. The growth in the volume of production which began in 1964 has continued at approximately the same rate during the current year. For January—May the volume of production of the investment goods industry exceeded the corresponding figure for 1964 by 6.6 per cent, while the seasonally adjusted index exceeded the average for the whole of 1964 by almost 4 per cent and was somewhat higher than the average for 1962. In particular growing domestic investment in machinery has increased the demand for metal industry products during these months.

In the consumer goods industry the volume of production increased by more than 3 per cent during 1964. This is the lowest growth rate recorded in this group during the 1960's. For the first five months of the current year the seasonally adjusted index showed that the volume of production was

On page 18, Public Finance in 1964

only slightly more than 1 per cent above the whole year average for 1964, and 3.0 per cent above the average for January—May of that year. The volume of consumption increased more than the output of the consumer goods industry, which implies that demand was to a large extent directed towards imported goods.

In the paper industry the 1964 volume of production was nearly 10 per cent in excess of that for the previous year. For the wood industry the corresponding figure was 5.8 per cent. Growing exports accounted for the continuous increase in the output of the paper industry, whereas in the wood industry the increase was mainly caused by more intensive domestic building. During the first five months of the current year the seasonally adjusted volume of production of the paper industry was 4.7 per cent higher than during the whole of last year, and 9.1 per cent higher than in January—May 1964. The corresponding figures for the wood industry were 6.0 per cent and 6.8 per cent.

In addition to the groups mentioned there is the group of "other producer goods", which covers 42 per cent of total industry. This group has advanced very much in recent years. In 1964 its production volume

grew by nearly 9 per cent on the previous year, but during the current year its growth rate seems to have declined slightly. In the first five months the volume of production was 7.6 per cent greater than that for January—May 1964, or 6.5 per cent greater if calculated per working day. The chemical industry is one of the sub-groups showing the strongest increase. Last year its volume of production grew by 16.7 per cent on the 1963 figure, and during the first five months of the current year it rose 9.3 per cent above the corresponding figure for 1964. There was a sharp rise in the output of pig iron last year, which caused the volume of production of the basic metal industry to increase by as much as 22 per cent. During the first five months of the current year the rise in production of the basic metal industry was still very high, 18 per cent compared with the corresponding period of 1964. The livelier building activity occasioned an increase in the output of the clay, glass and stone industry. Last year this grew by 14 per cent on the 1963 figure, and during January—May it exceeded the corresponding figure for 1964 by 19 per cent, and the 1964 average by 12 per cent.

July 29, 1965

BANK OF FINLAND

Mill. mk

	1964		1965			
	Dec. 31	June 30	June 30	July 8	July 15	July 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	1 049.7	940.6	775.8	799.0	771.9	772.8
Gold	189.6	144.9	187.9	187.9	187.9	187.9
Foreign exchange	783.8	731.0	501.0	526.5	499.8	501.5
Foreign bills	29.7	24.7	43.6	44.0	43.6	42.8
Foreign bonds	46.6	40.0	43.3	40.6	40.6	40.6
<i>Supplementary note cover</i>	570.7	484.8	834.3	752.1	743.4	737.9
Inland bills discounted						
In foreign currency	55.2	62.5	49.9	49.9	49.9	49.9
In Finnish currency	67.1	19.1	7.6	6.5	8.9	8.9
Rediscounted bills	448.4	403.2	776.8	695.7	684.6	679.1
<i>Other assets</i>	97.4	103.1	147.5	122.0	121.4	135.5
Finnish bonds	35.8	34.4	46.7	17.1	18.0	31.0
Cheque accounts	2.5	3.9	5.3	5.1	3.0	3.2
Finnish coin	3.8	6.9	6.1	6.1	6.2	5.9
Other claims	55.3	57.9	89.4	93.7	94.2	95.4
Total	1 717.8	1 528.5	1 757.6	1 673.1	1 636.7	1 646.2
Liabilities						
<i>Notes in circulation</i>	1 002.7	954.9	1 010.3	986.2	968.6	961.7
<i>Liabilities payable on demand</i>	186.8	92.2	174.8	111.9	90.6	103.8
Foreign exchange accounts	84.7	17.0	55.8	36.8	38.8	36.8
Mark accounts of holders abroad	28.5	27.9	14.3	14.6	14.3	14.1
Cheque accounts						
Treasury	5.4	4.6	28.9	0.9	5.9	3.4
Post Office Savings Bank	49.6	34.6	41.6	3.7	6.5	19.6
Private banks	16.4	2.7	10.0	32.0	1.1	6.0
Other	0.7	1.4	1.2	1.4	1.3	1.4
Other sight liabilities	1.5	4.0	23.0	22.5	22.7	22.5
<i>Term liabilities</i>	55.4	61.8	61.6	61.6	61.6	61.6
Foreign	54.3	60.7	50.0	50.0	50.0	50.0
Finnish	1.1	1.1	11.6	11.6	11.6	11.6
<i>Equalization accounts</i>	261.8	222.0	298.8	300.3	302.2	304.5
<i>Bank's own funds</i>	211.1	197.6	212.1	213.1	213.7	214.6
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	84.8	84.8	97.9	97.9	97.9	97.9
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	26.3	12.8	14.2	15.2	15.8	16.7
Total	1 717.8	1 528.5	1 757.6	1 673.1	1 636.7	1 646.2
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	1 049.7	940.6	775.8	799.0	771.9	772.8
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	500.0	484.8	500.0	500.0	500.0	500.0
Total	1 549.7	1 425.4	1 275.8	1 299.0	1 271.9	1 272.8
Note issue						
<i>Notes in circulation</i>	1 002.7	954.9	1 010.3	986.2	968.6	961.7
<i>Liabilities payable on demand</i>	186.8	92.2	174.8	111.9	90.6	103.8
<i>Undrawn on cheque credits</i>	5.0	3.6	1.7	1.9	4.0	3.8
<i>Unused right of note issue</i>	355.2	374.7	89.0	199.0	208.7	203.5
Total	1 549.7	1 425.4	1 275.8	1 299.0	1 271.9	1 272.8

Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

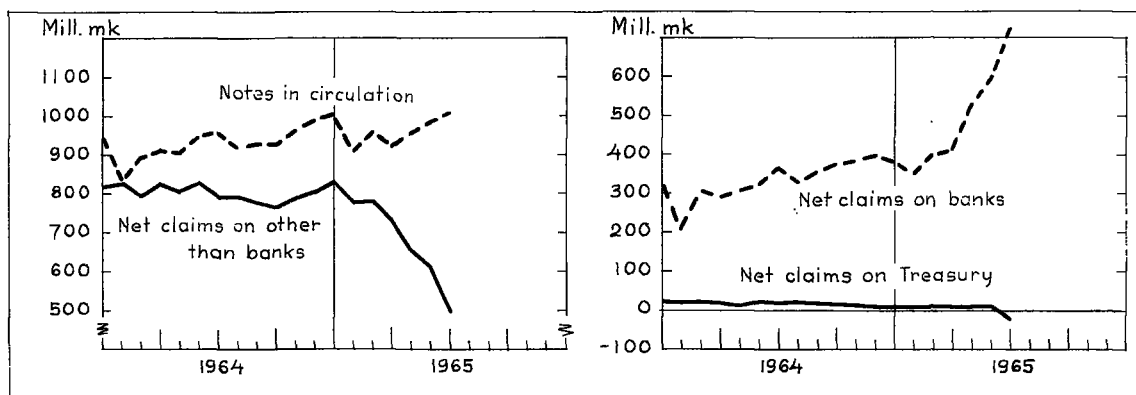
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net 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
1964										
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
1965										
Jan.	991.6	94.7	896.9	75.1	70.8	901.2	—	8.9	2.5	6.4
Feb.	982.2	104.3	877.9	74.3	70.6	881.6	—	8.9	1.4	7.5
March	904.8	102.0	802.8	69.0	70.0	801.8	—	8.9	—	8.9
April	866.8	94.6	772.2	70.6	67.9	774.9	—	8.9	1.6	7.3
May	776.5	74.4	702.1	67.5	65.9	703.7	—	8.9	—	8.9
June	688.9	55.8	633.1	86.9	64.3	655.7	—	8.9	28.9	— 20.0

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1964			Net holdings, June 30, 1965			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.-June
Gold	+273	—	+273	+271	—	+271	—2	—2
Convertible currencies	+708	—74	+634	+443	—22	+421	—51	—213
Other currencies	—9	+1	—8	+2	+1	+3	+16	+11
Gold and foreign exchange	+972	—73	+899	+716	—21	+695	—37	—204
Gold tranche position in IMF ..			+46			+46	—	—
Total			+945			+741	—37	—204

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
1964										
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
1965										
Jan.	357.3	5.9	2.5	1.2	347.7	48.3	118.8	32.9	134.2	910.2
Feb.	416.6	18.1	1.6	1.1	395.8	48.4	114.1	34.2	128.3	959.2
March	431.7	19.5	0.6	2.0	409.6	40.0	134.2	32.3	141.9	921.3
April	548.5	0.8	19.3	1.4	527.0	23.6	125.0	31.9	116.7	958.1
May	596.8	-0.8	0.8	1.1	595.7	11.8	141.6	32.2	121.2	983.7
June	776.8	10.0	41.6	2.1	723.1	7.6	134.6	32.6	109.6	1 010.3

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
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	292.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964*	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1964*										
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
Dec.	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9
1965*										
Jan.	669.9	822.1	285.0	2 849.8	2 666.0	1 711.1	723.5	334.6	8 285.2	9 392.3
Feb.	632.2	775.8	367.3	2 885.6	2 715.3	1 760.2	734.6	339.9	8 435.8	9 578.9
March	680.4	837.5	320.1	2 917.3	2 756.0	1 800.1	744.5	344.9	8 562.9	9 720.5
April	629.5	783.0	294.8	2 936.0	2 760.1	1 815.0	739.6	343.5	8 594.4	9 672.2
May	678.6	853.8	296.0	2 959.6	2 765.6	1 831.7	732.2	341.9	8 631.2	9 781.0
June	661.7	823.9	279.2	2 954.1	2 733.2	1 811.8	726.4	339.1	8 564.8	9 667.9

End of month	Index-tied deposits		High-interest deposits
	100 % clause ¹⁾	50 % clause, tax-free	
1964*			
Sept.	916.6	120.5	621.4
Oct.	987.1	119.2	603.7
Nov.	1 072.9	119.6	593.9
Dec.	1 166.4	120.3	592.3
1965*			
Jan.	1 312.9	113.3	592.5
Feb.	1 386.5	99.1	591.0
March	1 462.8	82.4	603.3
April	1 506.3	75.3	611.6
May	1 484.1	73.5	628.8
June	1 454.9	73.8	654.4

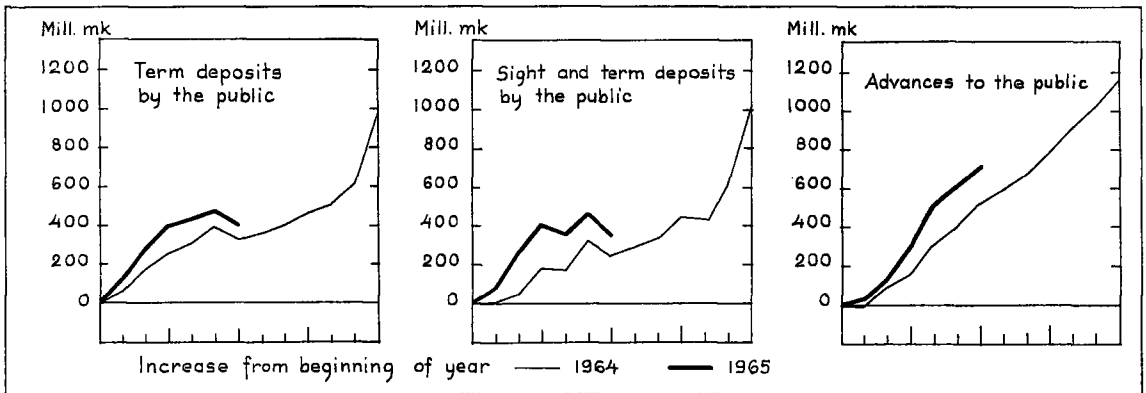
Selling rates for foreign exchange			
July 30, 1965			
		mk	mk
New York ...	1 \$	3.224	Zurich 100 Fr 74 70
Montreal	1 \$	2.980	Paris 100 FF 65.80
London	1 £	9.005	Rome 100 Lit 0.5163
Stockholm ...	100 Kr	62.43	Vienna 100 S 12.50
Oslo	100 Kr	45.10	Lisbon 100 Esc 11.23
Copenhagen ..	100 Kr	46.54	Reykjavik 100 Kr 7.50
Frankfurt o.M.	100DM	80.41	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.51	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 Fr	6.497	Clearing dollars ²⁾ 1 Cl \$ 3.21

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens, Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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
1964*	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1964*									
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	2 012.2
Dec.	3 916.4	2 316.6	607.7	2 057.5	829.4	9 320.4	407.2	9 727.6	2 046.0
1965*									
Jan.	3 900.7	2 337.6	614.6	2 078.1	827.5	9 342.4	416.1	9 758.5	1 940.9
Feb.	3 944.4	2 357.1	623.6	2 100.4	830.1	9 437.5	418.1	9 855.6	2 010.4
March	4 049.1	2 379.6	633.0	2 128.6	838.0	9 594.4	433.9	10 028.3	1 997.7
April	4 187.6	2 396.9	637.0	2 170.2	843.0	9 786.3	448.4	10 234.7	1 949.0
May	4 196.4	2 433.6	647.6	2 208.7	850.4	9 917.8	418.9	10 336.7	2 040.2
June	4 234.0	2 448.2	655.5	2 240.9	862.8	9 994.7	446.7	10 441.4	2 025.0



1964*											
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	
Dec.	683.4	857.0	296.5	2 816.7	2 621.0	1 680.4	713.8	331.3	8 163.4	9 316.9	
1965*											
Jan.	669.9	822.1	285.0	2 849.8	2 666.0	1 711.1	723.5	334.6	8 285.2	9 392.3	
Feb.	632.2	775.8	367.3	2 885.6	2 715.3	1 760.2	734.6	339.9	8 435.8	9 578.9	
March	680.4	837.5	320.1	2 917.3	2 756.0	1 800.1	744.5	344.9	8 562.9	9 720.5	
April	629.5	783.0	294.8	2 936.0	2 760.1	1 815.0	739.6	343.5	8 594.4	9 672.2	
May	678.6	853.8	296.0	2 959.6	2 765.6	1 831.7	732.2	341.9	8 631.2	9 781.0	
June	661.7	823.9	279.2	2 954.1	2 733.2	1 811.8	726.4	339.1	8 564.8	9 667.9	

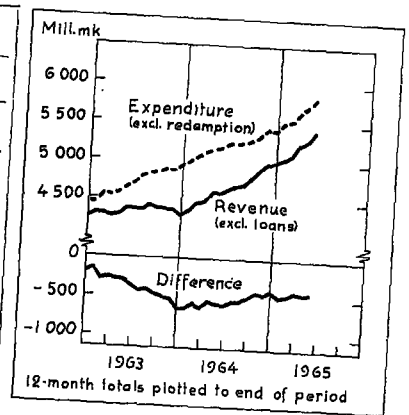
End of month	Index-tied deposits		High-interest deposits
	100 % clause ¹⁾	50 % clause, tax-free	
1964*			
Sept.	916.6	120.5	621.4
Oct.	987.1	119.2	603.7
Nov.	1 072.9	119.6	593.9
Dec.	1 166.4	120.3	592.3
1965*			
Jan.	1 312.9	113.3	592.5
Feb.	1 386.5	99.1	591.0
March	1 462.8	82.4	603.3
April	1 506.3	75.3	611.6
May	1 484.1	73.5	628.8
June	1 454.9	73.8	654.4

Selling rates for foreign exchange				
July 30, 1965				
		mk	mk	
New York ...	1 \$	3.224	Zurich 100 Fr	74 70
Montreal	1 \$	2.980	Paris 100 FF	65.80
London	1 £	9.005	Rome 100 Lit	0.5163
Stockholm ...	100 Kr	62.43	Vienna 100 S	12.50
Oslo	100 Kr	45.10	Lisbon 100 Esc	11.23
Copenhagen ..	100 Kr	46.54	Reykjavik 100 Kr	7.50
Frankfurt o.M.	100 DM	80.41	Madrid 100 Pta	5.42
Amsterdam ...	100 Fl	89.51	Moscow, clear. ¹⁾ 1 Rbl	3.5667
Brussels	100 Fr	6.497	Clearing dollars ²⁾ 1 Cl \$	3.21

¹⁾ Bucharest, Peking.

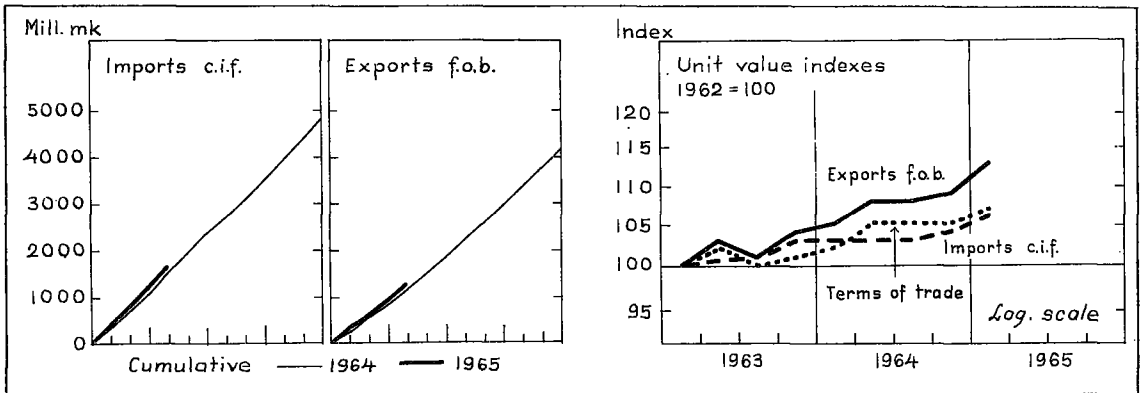
²⁾ Ankara, Athens, Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

Debt	1962	1963	1964	1965			
	Dec.	Dec.	Dec.	March	April	May*	June*
External debt ...	803	963	1 184	1 188	1 184	1 180	1 154
Ordinary loans	936	1 109	1 205	1 192	1 196	1 206	1 238
Indemnity bonds etc.	18	11	7	5	204	204	204
Short-term credit ..	61	160	325	301	361	377	..
Cash debt (net) ...	-125	78	23	231	110	195	..
Internal debt	890	1 358	1 560	1 729	1 871	1 982	..
Total debt	1 693	2 321	2 744	2 917	3 055	3 162	..
Total debt, mill. \$	525.4	720.8	852.8	904.8	947.6	980.7	..



FOREIGN TRADE

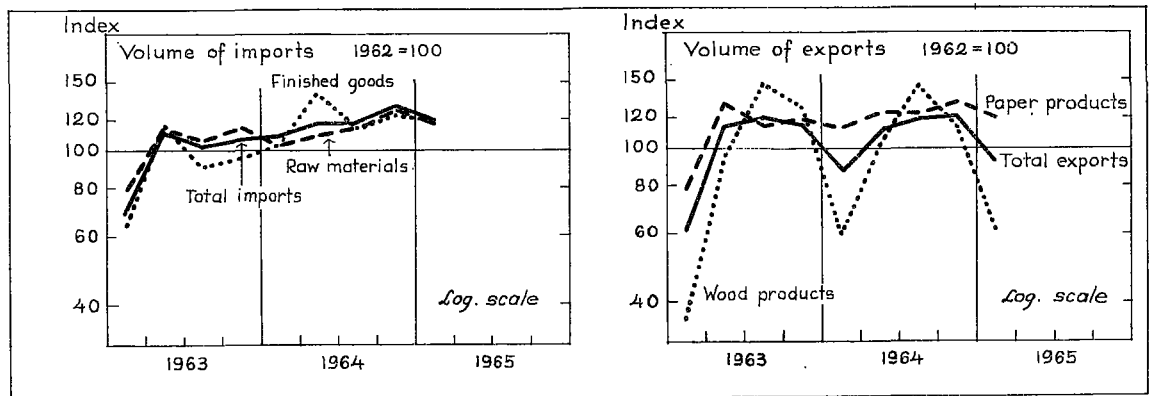
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1961	3 690.2	3 374.0	-316.2	102	99	103	104	100	99	103
1962	3 928.7	3 533.1	-395.6	100	100	100	100	100	100	100
1963	3 866.9	3 678.0	-188.9	102	96	104	100	105	101	101
1964	4 816.1	4 132.0	-684.1	108	109	111	104	113	103	105
Jan.-May										
1963	1 426.4	1 211.7	-214.7							
1964	1 927.9	1 487.4	-440.5							
1965*	2 209.0	1 659.1	-549.9							
1964										
Jan.	363.0	281.3	- 81.7	105	99	107	103	112	103	102
Feb.	349.4	299.9	- 49.5							
March	368.0	231.4	-136.6							
April	448.8	339.5	-109.3	108	109	110	104	115	103	105
May	398.7	335.3	- 63.4							
June	412.4	366.4	- 46.0							
July	362.9	368.6	+ 5.7	108	111	112	105	113	103	105
Aug.	390.2	349.3	- 40.9							
Sept.	422.3	408.4	- 13.9							
Oct.	418.8	400.8	- 18.0	109	116	115	105	112	104	105
Nov.	432.8	367.2	- 65.6							
Dec.	448.8	383.9	- 64.9							
1965*				113	114	118	105	126	106	107
Jan.	383.9	317.3	- 66.6							
Feb.	405.2	267.8	-137.4							
March	455.1	337.5	-117.6							
April	434.8	341.3	- 93.5							
May	530.0	395.2	-134.8							



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

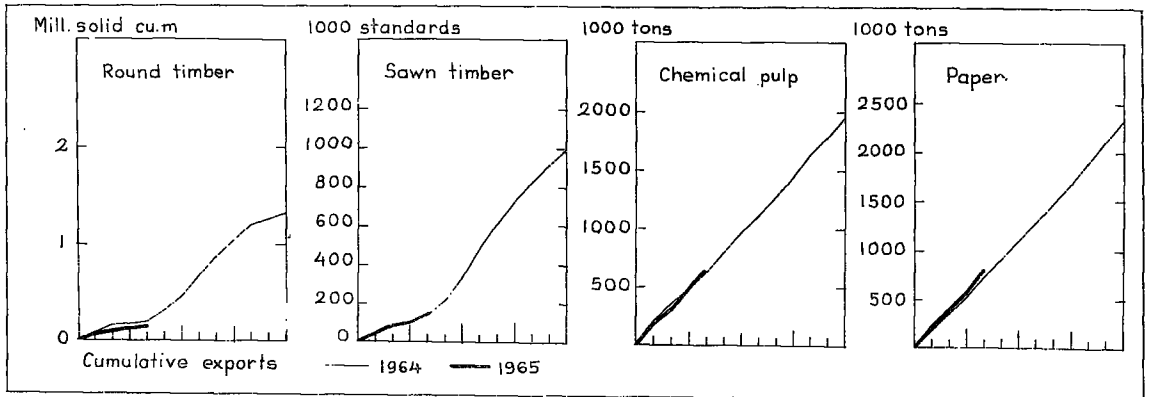
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Investment goods	Consumer goods						
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
1964	2 110.7	508.4	1 395.8	801.2	230.4	89.8	895.8	2 019.5	610.5	286.0
Jan.-May										
1963	677.4	116.9	370.7	261.4	58.7	21.6	178.9	676.4	210.6	65.5
1964	807.1	211.2	562.4	347.2	100.9	21.0	238.3	801.5	227.7	98.0
1965*	943.0	192.8	691.5	381.7	110.0	17.1	263.4	870.8	276.7	121.1
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	71.8	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	16.7	9.0	89.0	192.1	67.5	26.5
Nov.	202.8	54.7	105.9	69.4	11.7	6.7	86.2	173.3	56.9	32.4
Dec.	203.9	51.5	121.3	72.1	28.4	4.9	75.2	180.1	66.2	29.1
1965*										
Jan.	184.9	33.2	110.4	55.4	24.3	3.7	60.3	169.0	39.9	20.1
Feb.	172.2	31.4	128.1	73.5	13.7	2.6	40.4	143.9	45.2	22.0
March	199.2	46.0	126.7	83.2	25.6	2.2	37.6	188.7	60.7	22.7
April	177.6	47.8	138.2	71.2	17.2	2.4	55.2	195.8	46.4	24.3
May	209.1	34.4	188.1	98.4	29.2	6.2	69.9	173.4	84.5	32.0



March 1963 figures are affected by strikes.

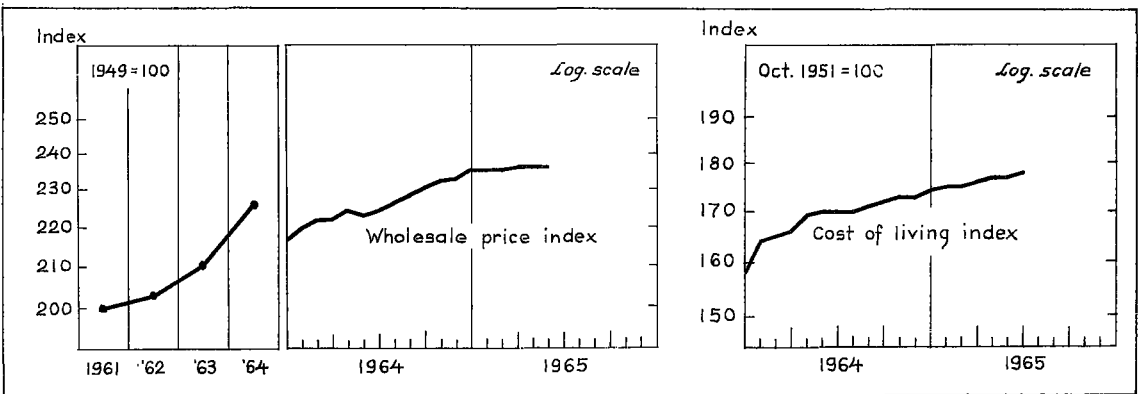
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
1964	1 319	990	440	175	971	979	194	165	989	2 309
Jan.-May										
1963	403	147	163	69	339	348	75	65	329	802
1964	313	208	186	71	401	399	71	75	368	913
1965*	263	203	199	70	389	422	69	66	420	1 009
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
Dec.	58	73	44	17	79	93	28	15	93	192
1965*										
Jan.	62	52	44	13	91	95	13	14	83	189
Feb.	35	25	37	15	60	54	12	14	75	180
March	26	22	37	15	92	82	15	10	81	209
April	31	41	41	16	78	91	16	16	101	237
May	109	63	40	11	68	100	13	12	80	194



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. - May			Whole year		Jan. - May		
	1963	1964*	1964*	1965*		1963	1964*	1964*	1965*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	15.3	15.1	15.5	342.8	23.6	25.3	24.8	23.2	384.3
United Kingdom	15.3	14.8	14.8	15.1	333.4	21.5	23.0	22.4	20.9	346.8
Other OECD countries in Europe	53.0	52.7	52.2	56.3	1 244.2	43.9	45.9	44.9	44.5	738.3
Austria	0.7	0.7	0.7	0.8	16.9	0.3	0.4	0.3	0.3	4.2
Belgium-Luxembourg	2.2	2.0	1.8	2.2	49.1	3.3	3.5	3.3	3.0	48.9
Denmark	3.3	3.0	3.2	3.0	66.5	3.5	3.7	3.3	3.6	60.0
France	4.3	5.5	4.5	4.4	98.1	5.0	5.8	5.4	4.5	75.3
Western Germany	18.0	17.3	17.5	19.9	438.4	12.0	11.6	11.4	11.6	192.3
Italy	2.0	1.8	2.0	2.0	44.9	3.2	3.0	3.4	3.3	54.6
Netherlands	4.7	4.0	3.7	4.2	91.4	6.3	6.8	5.7	5.5	91.6
Norway	1.6	1.5	1.6	1.7	37.9	0.8	0.9	0.8	1.1	18.3
Portugal	0.2	0.2	0.2	0.2	5.0	0.1	0.1	0.1	0.2	3.5
Spain	0.4	0.5	0.7	0.6	13.6	0.9	0.9	0.8	1.0	16.7
Sweden	11.9	12.7	12.9	13.9	306.6	5.7	6.4	7.7	7.3	120.7
Switzerland	2.9	2.8	2.8	2.7	59.6	0.7	0.8	0.7	0.7	12.1
Eastern Bloc	21.7	22.4	22.2	18.2	400.9	20.8	17.5	17.1	19.9	330.9
China	0.2	0.4	0.5	0.4	9.4	0.5	0.5	0.1	0.3	5.0
Czechoslovakia	0.7	0.6	0.7	0.8	16.6	0.9	0.4	0.6	0.6	10.1
Eastern Germany	1.1	1.0	1.0	0.9	20.1	1.0	1.0	1.1	0.7	12.4
Poland	2.0	2.0	1.7	1.4	31.3	1.7	2.0	2.2	2.5	42.3
Soviet Union	16.9	17.6	17.4	14.1	311.1	16.0	12.1	11.6	14.8	244.8
U.S. and Canada	5.3	5.0	5.5	5.1	113.1	5.4	5.9	7.1	7.1	117.4
United States	4.9	4.8	5.4	5.0	110.2	5.2	5.7	6.9	6.9	114.3
Latin America	2.9	3.0	3.2	2.2	48.8	2.9	2.7	3.1	2.8	46.6
Argentina	0.5	0.3	0.4	0.4	9.8	0.6	0.8	0.7	0.9	15.2
Brazil	1.6	1.6	1.7	1.1	24.2	0.7	0.5	0.6	0.4	6.1
Other	1.3	1.6	1.8	2.7	59.1	3.4	2.7	3.0	2.5	41.6
Grand total	100.0	100.0	100.0	100.0	2 208.9	100.0	100.0	100.0	100.0	1 659.1
of which										
EFTA countries	36.0	35.8	36.2	37.4	826.0	32.6	35.4	35.3	34.1	565.6
EEC countries	31.2	30.5	29.5	32.7	722.0	29.8	30.6	29.2	27.9	462.7



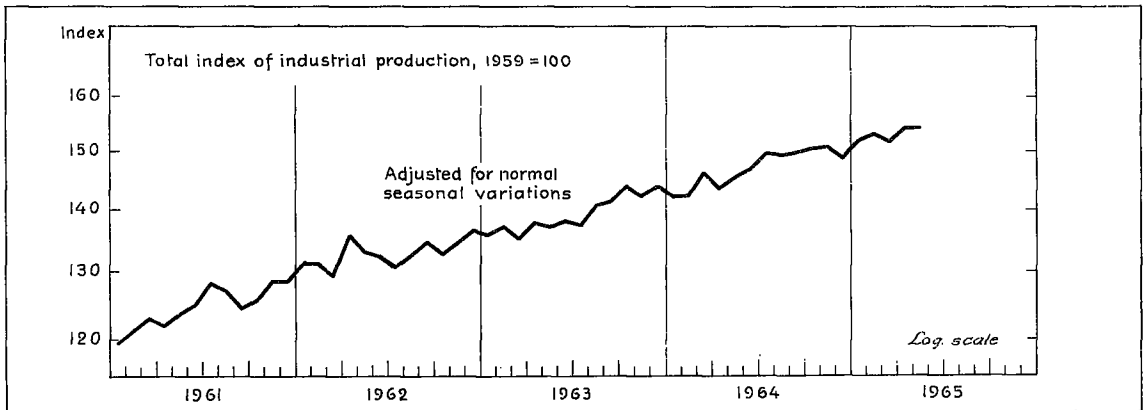
PRICE INDEXES

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	226	231	210	228	214	227	250	218	218	150	120	192
1964												
June	224	228	210	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	212	233	217	230	256	222	220	152	121	198
Oct.	232	237	212	236	217	230	260	223	220	153	122	200
Nov.	233	238	213	238	220	230	260	225	222	153	123	198
Dec.	235	240	213	238	222	233	263	225	224	154	123	199
1965												
Jan.	235	240	216	240	222	231	264	228	222	156	123	202
Feb.	235	240	216	240	222	232	264	228	222	156	123	204
March	236	242	216	240	222	235	266	229	223	157	125	207
April	236	242	213	240	222	234	268	222	222	158	125	210
May	236	242	213	242	223	231	268	229	222	159	125	212
June	..	..	..	..	..	..	..	..	..	159	125	212

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
1964												
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
1965												
Jan.	175	189	372	114	109	170	137	139	138	111	135	139
Feb.	175	190	372	114	109	170	137	140	138	111	136	139
March	176	194	372	114	108	171	138	142	138	111	135	139
April	177	194	373	115	108	171	139	142	138	111	135	140
May	177	195	373	114	108	172	139	143	138	111	135	140
June	178	197	373	114	109	172	140	145	138	111	135	140

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commer- cial 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			
1962	133	151	133	127	114	141	144	126	133	47 499	160
1963	138	144	141	131	121	155	140	133	139	47 780	169
1964*	148	149	154	135	128	170	148	142	147	53 200	156
1963											
Sept.	146	154	150	137	114	170	149	140	141	2 192	176
Oct.	161	170	166	148	136	183	164	155	144	3 189	181
Nov.	150	153	155	137	113	171	150	145	142	3 915	173
Dec.	132	134	138	119	121	149	131	124	144	4 534	201
1964*											
Jan.	147	155	152	132	121	164	153	136	142	5 552	114
Feb.	146	153	150	133	132	164	151	135	142	6 031	143
March	144	147	150	131	125	163	147	136	146	6 500	142
April	156	159	159	147	155	171	158	151	144	5 469	161
May	142	141	147	133	131	165	139	136	146	11 353	154
June	142	149	144	135	141	144	145	140	147	1 863	150
July	115	81	127	100	122	169	85	108	150	1 327	145
Aug.	149	142	152	144	103	175	140	152	149	1 846	170
Sept.	161	167	166	147	125	183	167	154	150	2 335	173
Oct.	165	163	173	147	129	192	165	158	150	2 926	169
Nov.	161	166	170	142	125	184	164	155	151	3 462	164
Dec.	149	162	157	129	127	162	160	138	149	4 536	183
1965*											
Jan.	150	155	159	129	127	176	154	136	152	4 822	120
Feb.	152	163	158	134	136	174	161	139	153	6 095	147
March	168	177	176	149	157	197	174	156	152	6 342	168
April	152	155	157	139	144	168	154	145	154	5 674	188
May	158	156	166	142	147	186	158	148	144	11 698	..

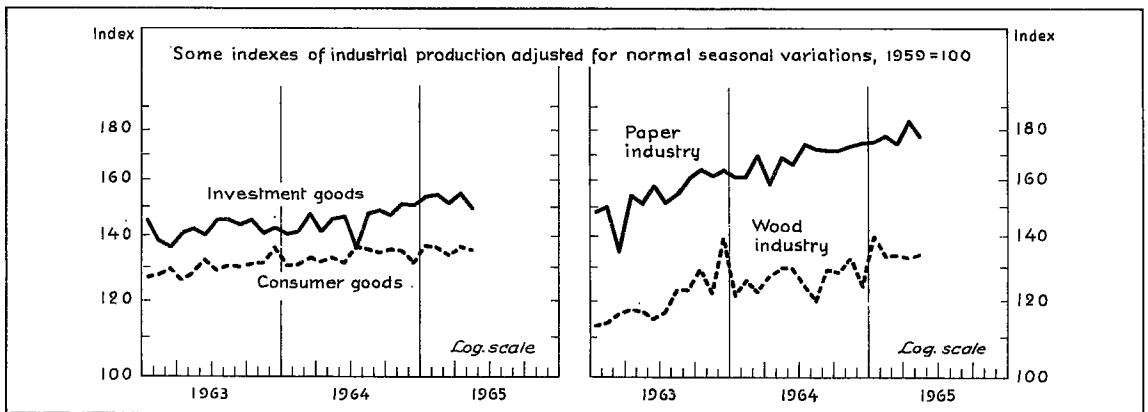


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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	25.16	12.81	2.29	6.62	2.44	26.28	145	136	144	143
1964	24.59	10.57	2.43	7.61	2.80	28.55	164	156	170	162
1964										
Jan. - Mar.	4.41	2.30	0.23	1.36	0.40	25.39	158	148	161	156
Apr. - June	4.93	1.83	0.31	1.91	0.66	29.45	164	154	172	162
July - Sept.	6.57	2.47	0.85	1.74	1.05	30.77	165	149	175	163
Oct. - Dec.	8.68	3.97	1.04	2.60	0.69	28.55	169	165	175	167
1965*										
Jan. - Mar.	4.56	1.93	0.23	1.77	0.50	28.08	..	..	..	..

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	
	1964	1965	1964*	1965*	1964*	1965*	1964	1965*	1964	1965*
Jan.	125	118	576	690	527	549	1 854	1 877	2.7	2.0
Feb.	124	124	538	549	451	451	1 851	1 860	2.3	1.6
March	122	144	535	679	389	493	1 839	1 839	1.8	1.7
April	138	138	588	721	487	601	1 882	1 884	1.5	1.7
May	125	132	755	969	709	772	1 920	1 936	1.1	1.1
June	128	129	995	1 188	963	1 109	1 906		1.2	
July	128		1 165		1 253		1 772		1.1	
Aug.	132		1 072		1 111		1 862		1.0	
Sept.	138		861		873		1 924		1.0	
Oct.	140		842		760		1 928		1.3	
Nov.	135		909		683		1 905		1.5	
Dec.	116		827		679		1 866		1.7	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in the base year. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation of series adjusted for normal and specific seasonal variations see Bulletin No. 8, 1961, p. 18. Other seasonally adjusted series are calculated according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *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 (June 30, 1965): Steamers 152 (257 655 gross reg. tons), motor vessels 383 (725 161 gross reg. tons), sailing vessels with auxiliary engines 34 (4 294 gross reg. tons). Total 569 (987 110 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1964): Private cars 364 800, lorries and delivery vans 78 600, buses 6 900, others 14 000, Total 464 300.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1964): Kilometres flown 12.0 million, passengers carried 639 700, passenger kilometres 311.2 million, and ton kilometres of freight and mail 5.4 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 1963 expenditure amounted to 2 776 mill. marks. Total revenue was 2 775 million, of which income from taxation 1 393 million. The municipal income tax (non-progressive) averaged 11.91 % 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 721 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 Pension Institute and sixty-five private insurance companies also grant credits.

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

PUBLIC FINANCE IN 1964

BY

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The budget which the Government presented for 1964 was based on a number of proposals aimed at securing equilibrium between revenue and expenditure. As the Parliament did not accept most of these, the budget had to be balanced by a new surtax on personal income, estimated to yield 120 million marks. In addition, corporate tax rates were increased from the beginning of the year. New borrowing was entered at 371 million marks, about the same amount as in the year before. Total expenditure exceeded that in the ordinary budget for 1963 by 15 per cent.

As in previous years it soon became evident that this budget could not be adhered to. The sales tax reform in the beginning of the year had an inflationary effect by raising consumer prices. Two wage increases, one of 6 per cent in January and a compensatory increase of 3.2 per cent in March were made. In the first supplementary budget, which was passed in June, 178 million marks had to be appropriated for agreed rises in the wages and salaries of civil servants. It also contained 76 million marks for employment grants for public works and construction. In all, additional expenditure in the first supplementary budget amounted to 409 million marks, while additional revenue totalled 374 million. The largest rev-

sions of 100 and 120 million marks were made in the yields of income and property taxes and the sales tax.

By the end of the first quarter, revenue (excluding loans) was 20 per cent, and expenditure (excluding redemption) 15 per cent above the corresponding levels for 1963. The deficit amounted to 38 million marks, a little less than the year before, in spite of the fact that net borrowing was 17 million less than in the first quarter of 1963. This rather favourable result can be attributed mainly to the rapid rise in the yields from the income and property taxes and some indirect taxes.

The cash position of the Treasury during the first half of the year was not so strained as in 1963, thanks to the increased tax revenue. Under the revised sales tax legislation retailers also became liable to this taxation, the overall tax rate being fixed at 10 per cent of the value of sales. Tax is paid on all domestic sales and imports, with certain exceptions. The new sales tax was estimated to bring in some 1 200 million marks during the whole of 1964.

The 1964 surtax on personal income had the character of a loan, inasmuch as it contained the provision that the surtax (with appropriate bonus) will be deductible from the 1967 and 1968 tax liability. Its yield

was estimated at 120 million marks. In April, the Treasury also issued short-term tax payment certificates totalling 60 million marks.

By the end of the first six months, the accounts showed a deficit of 10 million marks, against a deficit of 57 million marks the year before. Although net borrowing remained at the 1963 level, the deficit was thus reduced. Revenue was 16 per cent and expenditure 12 per cent higher than in January—June 1963. The net yield of the income and property tax rose by nearly one third. Revenue from the new sales tax increased very slowly. The yield from the excise duties increased by almost one sixth, and that from the tax on motor vehicles by some 60 per cent, due to the fast rise in car imports.

In the first half year domestic long-term borrowing was 32 million marks less than in 1963, while foreign borrowing increased by 47 million marks. Thus total long-term borrowing exceeded the level of the first half of 1963 by 15 million, net borrowing being slightly less than in 1963. Short-term debt was 190 million marks (incl. tax payment certificates) by the end of June, compared with 160 million marks at the beginning of the year.

On the expenditure side, the most notable increase was in real investments during the first half of the year. Real investments by the State rose by 22 per cent, the fastest increase occurring in the employment projects for public works and construction.

In September, the Government presented its second supplementary budget. The most significant item was a transfer to the Agricultural Marketing Fund, accounting for 105 million marks of the additional expenditure. Further, the supplementary budget provided 61 million marks of a loan from the IBRD for road investments.

The third supplementary budget for 1964 was passed by Parliament in December.

Thus total supplementary budgeting in 1964 reached 811 million marks, bringing total budgeted expenditure up to 5 988 million marks, revenue falling short of this level by 146 million marks. The main expenditure items of the third budget were 80 million marks for employment, 47 million in State grants for education and 30 million for interest and redemption of State issues. During the year, a total of 16 million marks was granted for the Finnish contingent of the UN forces in Cyprus. The expenditure of the third supplementary budget was partly covered by new State loans.

By the end of the third quarter, the cash position of the Treasury proved rather satisfactory. The cash deficit was only 4 million marks, compared with 168 million a year before. The fast rise in the yield of the income and property taxes had accelerated further, whereas the yield of the sales tax was considerably lower than expected, and less than in 1963. The growth rate of revenue was still higher than that of expenditure; income increased by 15 per cent from January to September, while expenditure grew by 9 per cent.

In retrospect, it can be said that 1964 was a year of stabilization for the public economy when compared with 1963. The high growth in nominal incomes and the rise in the consumers' propensity to spend automatically increased revenue from both direct and indirect taxes. During every month of the year, the ratio of revenue to expenditure was thus more favourable than in the corresponding month of 1963.

FINANCE ACCOUNTS

The final figures for State revenue and expenditure are given in Table 1. The figures correspond to those given on page 8 in this Bulletin. Some percentage changes on the previous year are given in Table 2.

Table 1. STATE REVENUE AND EXPENDITURE
(Adjusted figures)

Revenue	1968		1964		Expenditure	1968		1964	
	Million marks					Million marks			
Income and Property taxes (net)	833	1 225			Interest on State debt	87	128		
Gross receipts	(2 761)	(3 432)			Child allowances	295	305		
Refunds and Municipal income tax	(-1 928)	(-2 207)			The State's share in national pensions	206	234		
Other direct taxes	21	26			Net loss of State enterprises ..	—	1		
Sales tax	1 021	1 070			Compensation to war-disabled	118	128		
Import duties	465	482			Subsidies	612	582		
Revenue from Alcohol Monopoly	363	406			State aid to agriculture	67	80		
Excise duty on tobacco	274	291			State aid to communal and private schools	378	450		
Excise duty on sweetstuffs	23	12			Military expenditure	312	348		
Excise duty on beer	12	13			Maintenance of roads	139	149		
Excise duty on liquid fuel	179	209			Pensions of State employees ..	130	152		
Tax on automobiles and motor cycles	86	138			Other current expenditure	1 330	1 519		
Other excise duties	45	43			Current Expenditure	3 674	4 076		
Stamp duties	206	239			Investments in State enterprises, forests and landed property	306	285		
Employers' payments for child allowances	315	361			Purchases of machinery and apparatus	70	51		
Net receipts of price equalization by extra-budgetary funds	11	1			House building	201	229		
Other revenue similar to taxes	59	73			Roads, bridges and hydro-undertakings	326	424		
Total taxes	3 913	4 589			Real investments	903	989		
Interest and dividends	93	99			Loans granted	286	282		
Net profit of State enterprises	10	—			Purchases of shares	40	27		
Other current revenue	154	165			Finland's quota in IDA	2	2		
Current Revenue	4 170	4 853			Increase in inventories of extra-budgetary funds	7	—		
Provision for depreciation by State enterprises	43	41			Increase in stand-by stocks and inventories of State enterprises	14	24		
Sales of State property	5	5			Capital Expenditure	1 252	1 324		
Repayments of loans	78	91			Total Expenditure	4 926	5 400		
Decrease in inventories of extra-budgetary funds	—	18			Redemption of external loans ..	38	48		
Capital Revenue	126	155			Redemption of internal loans ..	178	195		
Total Revenue	4 296	5 008			Redemption of Indemnity Bonds etc.	7	4		
External loans	198	267			Index premiums	9	14		
Internal loans	352	290			Redemption	232	261		
Loans	550	557			Total	5 158	5 661		
Deficit	312	96							
Total	5 158	5 661							

As can be seen from Table 1, the position in 1964 was considerably more favourable than in 1963. The deficit amounted to 96 million marks or 216 million less than the year before, although total long-term net borrowing decreased by 22 million marks

from 1963. The proceeds of the tax payment certificates (50 million marks) are not included in internal loans. They appear in Table 3 in the short-term debt, and consequently in the figure for the deficit.

Table 2. CHANGES IN STATE REVENUE AND EXPENDITURE

Revenue	Change on previous year, per cent		Expenditure	Change on previous year, per cent	
	1963	1964		1963	1964
	Income and Property taxes (incl. surtax in 1964)	- 7		+47	Child allowances .....	+ 3	+ 3
Sales tax	- 4	+ 5	National pensions	+ 8	+13
Import duties	+ 2	+ 4	Subsidies	+53	- 5
Alcohol Monopoly	+16	+12	Aid to schools	+12	+19
Stamp duties	+ 3	+16	Military expenditure	+31	+11
Excise duties	+18	+14	Maintenance of roads	+ 1	+ 7
Current Revenue	+ 1	+16	Current Expenditure	+14	+11
Capital Revenue	+10	+23	Real investments	+11	+10
Total Revenue (excl. loans)	+ 1	+17	Capital Expenditure	+ 4	+ 6
			Total Expenditure (excl. redemption)	+11	+10

The better result was due to the positive ratio between the growth of revenue and expenditure. Current revenue increased by 16 per cent (1 per cent in 1963) and current expenditure by 11 (14) per cent. Total revenue (excl. loans) grew by 17 per cent and expenditure (excl. redemption) by only 10 per cent.

Among the different items on the revenue side, the yield from income and property taxes increased by almost a half; the surtax alone brought in 115 million marks. The yield of most indirect taxes also rose sharply. At the end of the year, some smaller excise duties were abolished, e.g. those on matches and car tires. The new sales tax did not bring in as much as was expected at the beginning of the year; thus its yield increased by only 5 per cent, partly owing to some allowances being granted early in the year.

On the expenditure side, wage and salary disbursements grew by some 17 per cent, and transfer expenditure by some 10 per cent. The fast rise in the wage bill was occasioned by the three compensatory wage increases during the year. The decrease in subsidies by 5 per cent was due to the fact that compensation payments in 1963 were at an exceptionally high level because of the poor crops in the year before. The

accelerated rise in school aid during 1964 is also noteworthy. State consumption expenditure grew by some 13 per cent.

Real investments increased slightly slower than in 1963, as a result of decreased investments in State enterprises, equipment and landed property. On the other hand, the employment situation forced the authorities to increase public works in house building, roads and waterworks. The total of loans extended was approximately the same as in 1963, and amounted to 282 million marks. As a whole capital expenditure rose considerably slower than current expenditure.

The following table illustrates the distribution of new loans by source. They totalled 557 million marks, with only a very slight increase from 1963. The proceeds of the tax payment certificates have been added to the totals.

	1963	1964
	Million marks	
Bank of Finland	35	—
Post Office Savings Bank	80	80
Other banks	—	—
National Pension Institute	10	21
Insurance companies	20	50
Public and other sources	207	139
Domestic borrowing	352	290
Foreign creditors	198	267
Total	550	557
Tax payment certificates	99	50
Total borrowing	649	607

The Post Office Savings Bank bought bonds totalling 80 million marks, the same amount as in the year before. However, the commercial banks did not participate at all as long-term creditors to the State, because again no agreement could be reached as to the terms of borrowing. State borrowing from the public and other sources decreased by 33 per cent, thus bringing domestic loans down by 62 million marks from the level of 1963.

However, if we deduct simultaneous redemptions, it appears that net borrowing from the Bank of Finland and the banking institutions became net redemptions of respectively 11 and 7 million marks. The net amount of loans from the non-bank sector (incl. tax payment certificates) stood at 163 (in 1963 271) million. Thus net domestic long-term borrowing, as in the previous year, was concentrated entirely in the non-bank sector.

New foreign loans acquired include one 32 million marks (DM 40 million) bond issue made in Western Germany in March, followed by another of 40 million marks (DM 50 million) in July. In addition, two sinking-fund bond issues of each 48 million marks (\$15 million) were presented in the U.S.A. in May and December for public subscription. The total of State long-term borrowing from foreign creditors increased by 35 per cent during the year. The fall in the amount of tax payment certificates and domestic bor-

rowing, however, brought down the level of total borrowing by 6 per cent, compared with 1963.

The gap between State expenditure and revenue (excl. loan transactions), which amounted to 630 million marks in 1963, was reduced to 392 million marks in 1964. Even though foreign net borrowing increased considerably, the overall effect of public finance in 1964 on purchasing power and general liquidity thus tended to be less expansionary than the year before.

Table 3. SHORT-TERM FINANCING
(Adjusted figures)

	1963	1964
	Million marks	
Private funds (decr. +)	+ 1	+ 27
Net debt to Bank of Finland (decr. +)	- 8	+ 8
Short-term debt to Post Office Savings Bank (decr. +)	-188	+ 34
Other short-term debt (incr. —)	- 99	-165
Cash holdings (decr. —)	- 18	- 0
Deficit (—)	-312	- 96

Short-term financing is analysed in Table 3, which provides a breakdown of the deficit. As can be seen, the debt to the Post Office Savings Bank and the holdings of private funds decreased. The deficit and these reductions were financed by increasing other short-term debt, the increase consisting of domestic bills for 47 million, debentures for 53 million, tax payment certificates for 50 million and credits from the local authorities for 15 million marks.

ITEMS

Domestic bond issue. On July 15, the Government authorized the Real Estate Bank in Finland Ltd to make a private bond issue of 5 million marks. The bonds will run for a period of 10 years starting September 1, 1965. The rate of interest is 2½ per cent above the general deposit rate (currently 4½ per cent) of savings banks. Interest and amortization are tied to the cost of living index (Oct. 1951 = 100) to the extent of 50 per cent. The proceeds of the loan will be used for granting long-term amortization loans to local government authorities and parishes and for loans against mortgage on real estate to agriculture for productive purposes. The loan is issued at par.

*

Direct airline between Poland and Finland. On July 3, the Polish airline company LOT inaugurated a new airline service between Helsinki and Warsaw. The 56 seater Viscount turbine plane makes an intermediate landing in Stockholm on its four hour journey. Previously, the flight between Helsinki and Warsaw took about two hours longer, because the passengers had to change plane either in Copenhagen or Stockholm. Initially there will be one flight a week.

*

New transport link between England and Finland. Road haulier Eino Mikkola of Mäntsälä is the first non-Englishman to obtain a so-called A-licence for his lorries to transport all kinds of goods throughout England. Previously only English lorries, which have fetched the foreign trailers from the Continent, have been allowed to undertake such transports. The new arrangement will reduce both the cost and time of transportation considerably.

Licence has been obtained for four lorries and the exchange of goods will take place twice a week.

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New dry cargo ship. On July 26, "Wihuri", the biggest and fastest dry cargo ship in the Finnish merchant fleet, arrived in Helsinki from the west coast of the United States on completion of her maiden voyage. The ship was built by Rauma-Repola Oy for the owners, Suomen Tankkilaiva Oy. The length of the ship is 151.87 m., the breadth 21 m. and the depth to the upper deck 12.4 m. It has an open deadweight of 11 450 tons and a closed one of 14 073 metric tons and the speed is 18 knots when fully loaded. The ship has been built to Det Norske Veritas' Ice Class + A1 Is C + MV + KMC, which means that it is fully equipped for winter conditions. The total space is 659 000 cu.ft., of which 43 000 cu.ft. is refrigerated space. The main engine is a 7-cylinder ship diesel, manufactured by Götaverken, with an output of 9 800 a.h.p. In addition there are four auxiliary engines.

"Wihuri" has been built specially for carrying of mixed cargoes from Finland and Europe to the west coast of the United States and to Hawaii and can be used for the concurrent transportation of widely different kinds of goods. Special features are the swimming pool and two saunas for the crew.

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Narcotics agreement ratified. Finland has recently ratified the international agreement on narcotics, and is the 48th state to do so. The agreement, which came into force in December last year, includes stipulations about stocks of narcotics intended for medical purposes and about precautions against unlawful production of and trade in narcotics.

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