



BANK OF FINLAND

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AUGUST

1966

RECENT DEVELOPMENTS

THE SUPPLEMENTARY REPORT OF THE FORESTRY FINANCING COMMITTEE

Two years ago, in the spring of 1964, a committee of voluntary members representing the State Board of Forestry, the Central Association of Finnish Woodworking Industries, the Central Forestry Association Tapio, and the Forestry Council of the Central Union of Agricultural Producers, under the chairmanship of the Governor of the Bank of Finland, submitted a report, the MERA report, to the Government, recommending measures designed to increase wood production in the country. This is necessary to satisfy the growing need of the forest industry for wood and to intensify in general the utilization of land.

The Forestry Financing Committee was of the opinion that the afforestation of poor productive areas and the drainage of swampy forest lands should be stepped up without delay. The new programme meant that the forest cultivation area should be increased gradually from its level at that time of 125 000 hectares a year to about 300 000 hectares and the forest drainage area from 155 000 hectares to about 250 000 hectares a year. These targets had to be reached in stages by 1970.

The carrying out of the forest improvement programme for 1965—1970 presupposed a considerable increase in forest improvement

loans and grants for private forests. The loan sum set aside for the period in question was 143 million marks and the total of grants from public funds 90 million marks. The finance plan arranged that the forest industry companies would be responsible for their own share of the work and that the funds needed for the State forests should be included in the budget.

The committee recommended that the financing should be primarily in the form of long-term bond issues from the capital market. The State should issue in the period 1965—1970 forest improvement bonds to a total of at least 210 million marks, i. e. at least 20 million marks per year (which is double the sum of forest improvement loans granted in 1963). The Bank of Finland would be the underwriter, forming with certain financial institutions and insurance companies a consortium which would contract to subscribe yearly to these bonds.

The MERA plan was accorded general acceptance and the support of the authorities. The proposals of the committee were incorporated in toto in the budget for the year 1965.

The results of the first MERA programme of 1965 are promising. The drainages of swamps increased by about 29 per cent, the

***On page 18, Reduction of Working Hours
in Finland***

building of forest truck roads by about 21 per cent and forest cultivations by about 5 per cent (this figure is so small because of the shortage of forest cultivation material, mainly seed and saplings). The targets of the MERA programme for the year 1965 have been reached (except for the production of cultivation material) and some of them even exceeded.

To confirm the favourable development of the forest improvement programme and to take new points into consideration, among other things the employment question, the MERA committee drew up a supplementary report, the MERA report II, and submitted it to the Government on June 21, 1966.

The findings of the committee, drawn up in the supplementary report, are as follows.

The forest cultivation programme needs in the coming years no actual amendment, except that, in the northern part of the country, because of the dearth of pine seed which seems to continue, emphasis will be placed on plantings in the cultivating of forests. The production of saplings must and can be accelerated, and the seed service needs special cultivation plots. The committee suggests that a special programme for the cultivation of forest trees should be added to the objectives financed by the MERA funds.

The committee also recommends, particularly for the northern part of the country, increasing the draining of swampy forest lands and building of forest truck roads. It is proposed that the fertilization of forest soil be greatly increased, particularly to accelerate the growth of the almost mature forests as well as to help the afforestation of the peat soil.

The additional programme for the period 1966—1970 means an increase of about 38 per cent for drainage work, about 47 per

cent for road buildings and a great increase in fertilization work in comparison with the original MERA plan.

The committee has calculated that the additional finance needed for the remaining period 1966—1970 is 208 million marks of which sum 125 million marks will come from public funds. The entire MERA finance programme, initially 530 million marks, would rise to 738 million marks. The additional finance needed for drainage work is 44.7 million marks, for the road buildings 26.7 million, for the fertilizations 126.9 million and for the cultivation of forest trees 9.5 million marks. The additional finance needed for drainage and road building in private forests is divided into 72 per cent for loans and 28 per cent for grants. This means a decrease in the relative share of the grants.

In its supplementary report the committee also has some other recommendations concerning, among other things, the necessity to change the land utilisation policy: an attempt should be made to increase the wood production and decrease the agricultural overproduction and to secure ownership of land for those who have performed soil-improvement work. These issues need legislation.

Furthermore the committee recommends the increasing of the amount of skilled and competent manpower in the field. The forest research work also needs additional funds to be able to perform the new tasks assigned to it. Concerning the employment question, the committee recommends that 9.7—11.6 million marks per year during the period 1966—1970 should be transferred from the appropriations in the budget reserved for maintenance of employment, to the loans and grants for drainage and road building purposes.

August 1, 1966

BANK OF FINLAND

Mill. mk

	1965		1966			
	Dec. 31	June 30	June 30	July 8	July 15	July 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	944.7	775.8	785.7	796.8	798.1	791.1
Gold	267.5	187.9	177.3	177.3	177.3	177.3
IMF gold tranche	45.6	—	100.0	100.0	100.0	100.0
Foreign exchange	547.8	501.0	420.7	433.6	433.8	426.9
Foreign bills	54.7	43.6	59.8	58.0	59.1	59.0
Foreign bonds	29.1	43.3	27.9	27.9	27.9	27.9
<i>Supplementary note cover</i>	712.1	834.3	848.4	893.5	814.5	918.8
Inland bills discounted						
In foreign currency	45.5	49.9	40.9	40.9	40.9	40.9
In Finnish currency	26.0	7.6	41.2	39.4	37.8	39.5
Rediscounted bills	640.6	776.8	766.3	813.2	735.8	838.4
<i>Other assets</i>	119.5	147.5	242.5	192.9	227.8	183.8
Finnish bonds	36.9	46.7	101.2	47.6	95.7	50.7
Cheque accounts	1.9	5.3	3.3	3.6	2.7	3.3
Finnish coin	6.2	6.1	9.2	10.0	10.1	9.7
Other claims	74.5	89.4	128.8	131.7	119.3	120.1
Total	1 776.3	1 757.6	1 876.6	1 883.2	1 840.4	1 893.7
Liabilities						
<i>Notes in circulation</i>	1 028.5	1 010.3	1 046.7	1 040.0	1 018.8	1 028.1
<i>Liabilities payable on demand</i>	98.3	174.8	116.2	100.7	93.2	133.3
Foreign exchange accounts	44.8	55.8	41.4	41.4	44.6	44.2
Mark accounts of holders abroad	10.9	14.3	17.4	17.8	17.7	17.6
Cheque accounts						
Treasury	1.1	28.9	0.2	1.6	0.6	16.6
Post Office Savings Bank	8.3	41.6	4.7	0.6	2.8	6.6
Private banks	11.9	10.0	29.5	16.5	4.9	25.3
Other	1.2	1.2	1.2	1.1	1.2	1.5
Other sight liabilities	20.1	23.0	21.8	21.7	21.4	21.5
<i>Term liabilities</i>	57.2	61.6	74.1	74.1	74.1	74.1
Foreign	45.6	50.0	41.0	41.0	41.0	41.0
Finnish	11.6	11.6	33.1	33.1	33.1	33.1
<i>Equalization accounts</i>	165.1	298.8	196.2	224.1	224.1	227.5
<i>Bank's own funds</i>	427.2	212.1	443.4	444.3	430.2	430.7
Capital	300.0	100.0	300.0	300.0	300.0	300.0
Reserve fund	97.9	97.9	112.6	112.6	112.6	112.6
Profits undisposed	—	—	14.7	14.7	—	—
Earnings less expenses	29.3	14.2	16.1	17.0	17.6	18.1
Total	1 776.3	1 757.6	1 876.6	1 883.2	1 840.4	1 893.7
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	944.7	775.8	785.7	796.8	798.1	791.1
Supplementary cover						
(Upper limit 500 mill. mk)	500.0	500.0	500.0	500.0	500.0	500.0
Total	1 444.7	1 275.8	1 285.7	1 296.8	1 298.1	1 291.1
Note issue						
Notes in circulation	1 028.5	1 010.3	1 046.7	1 040.0	1 018.8	1 028.1
Liabilities payable on demand	98.3	174.8	116.2	100.7	93.2	133.3
Undrawn on cheque credits	5.1	1.7	3.8	3.5	4.3	3.7
Unused right of note issue	312.8	89.0	119.0	152.6	181.8	126.0
Total	1 444.7	1 275.8	1 285.7	1 296.8	1 298.1	1 291.1

Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

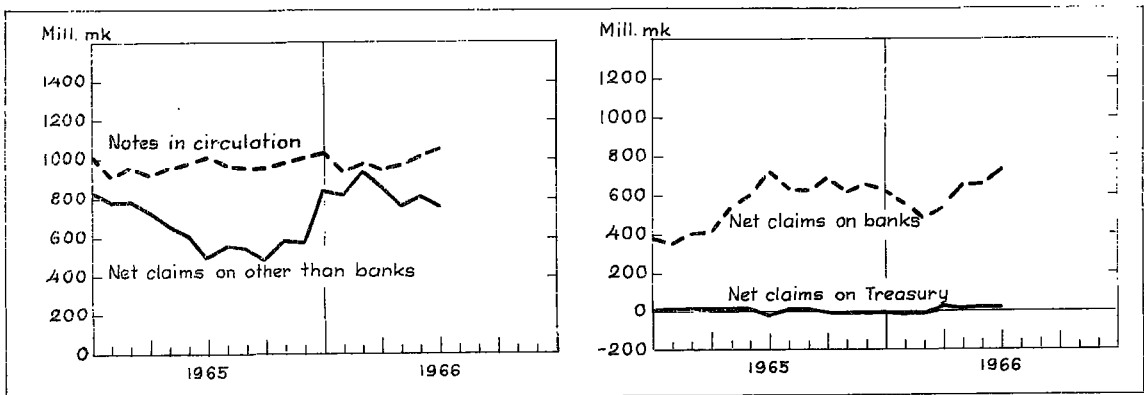
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
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
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	— 1.1	1.1	— 2.2
1965										
June	688.9	55.8	633.1	86.9	64.3	655.7	—	8.9	28.9	— 20.0
July	697.3	39.1	658.2	83.4	64.7	676.9	—	8.9	1.4	7.5
Aug.	710.2	70.9	639.3	82.2	64.0	657.5	—	8.9	6.1	2.8
Sept.	663.8	69.6	594.2	78.9	61.6	611.5	—	8.9	15.1	— 6.2
Oct.	770.9	85.5	685.4	78.6	60.8	703.2	—	8.9	11.6	— 2.7
Nov.	756.4	97.2	659.2	78.3	60.1	677.4	—	— 1.1	1.2	— 2.3
Dec.	860.9	44.8	816.1	83.8	56.5	843.4	—	— 1.1	1.1	— 2.2
1966										
Jan.	861.5	42.3	819.2	82.6	56.3	845.5	—	— 1.1	1.6	— 2.7
Feb.	914.2	39.8	874.4	81.8	52.8	903.4	—	— 1.1	2.5	— 3.6
March	819.9	41.4	778.5	83.7	70.6	791.6	16.5	— 1.1	0.5	14.9
April	767.5	39.0	728.5	89.2	68.4	749.3	16.5	— 1.1	6.6	8.8
May	760.6	40.6	720.0	86.5	65.3	741.2	16.5	— 1.1	0.7	14.7
June	698.0	41.4	656.6	87.7	58.4	685.9	16.5	— 1.1	0.2	15.2

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1965			Net holdings, June 30, 1966			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.—June
Gold	267	—	267	177	—	177	—	— 90
Convertible currencies	483	—155	328	316	—141	175	—39	—153
Other currencies	20	1	21	64	—1	63	—23	+ 42
IMF gold tranche	46	—	46	100	—	100	—	+ 54
Total	816	—154	662	657	—142	515	—62	—147

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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
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
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1965										
June	776.8	10.0	41.6	2.1	723.1	7.6	134.6	32.6	109.6	1 010.3
July	646.1	4.4	10.7	2.2	628.8	9.5	138.5	32.6	115.4	965.5
Aug.	644.7	1.2	7.0	2.7	633.8	7.0	137.3	31.5	112.8	957.5
Sept.	700.7	0.2	8.3	2.1	690.1	16.6	137.0	34.0	119.6	962.9
Oct.	641.2	2.0	21.8	0.1	617.3	29.8	119.4	32.2	117.0	980.2
Nov.	657.7	3.6	5.9	0.0	648.2	34.5	135.3	32.5	137.3	1 001.8
Dec.	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966										
Jan.	569.7	12.1	3.9	1.2	552.5	24.8	136.5	59.4	101.9	943.1
Feb.	484.6	7.7	3.2	1.5	472.2	41.6	131.3	61.4	111.5	968.4
March	554.6	21.5	1.1	1.2	530.8	40.9	137.1	56.9	121.1	946.8
April	640.1	—12.6	5.2	2.7	644.8	44.3	122.4	55.2	111.5	962.4
May	664.8	10.8	0.9	1.8	651.3	43.3	116.7	53.1	105.9	1 019.1
June	766.3	29.5	4.7	2.3	729.8	41.2	156.5	52.7	145.0	1 046.7

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
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965*	665.7	849.5	309.4	3 160.1	2 959.0	1 953.6	773.2	357.2	9 203.3	10 362.2
1965*										
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
July	646.7	803.4	247.5	2 979.8	2 750.6	1 803.2	731.1	338.5	8 620.9	9 671.8
Aug.	695.1	866.7	239.6	2 980.9	2 767.5	1 832.6	728.5	337.9	8 647.4	9 753.7
Sept.	688.3	866.7	248.9	2 987.9	2 790.6	1 852.5	732.7	343.4	8 707.2	9 822.8
Oct.	598.7	766.8	232.8	2 992.2	2 809.2	1 860.0	735.4	347.7	8 744.5	9 744.1
Nov.	674.2	852.0	266.6	3 017.2	2 858.6	1 887.2	743.4	351.3	8 857.8	9 976.4
Dec.	665.7	849.5	309.4	3 160.1	2 959.0	1 953.6	773.2	357.2	9 203.3	10 362.2
1966*										
Jan.	652.2	813.8	305.1	3 181.5	2 990.0	1 989.7	787.7	360.2	9 309.3	10 428.2
Feb.	642.8	800.9	356.6	3 144.3	3 039.3	2 038.7	798.4	364.8	9 485.7	10 643.2
March	597.5	765.1	271.1	3 273.5	3 073.2	2 067.9	808.1	368.3	9 591.1	10 627.3
April	584.7	745.3	285.2	3 264.2	3 068.7	2 066.8	799.3	368.0	9 567.2	10 597.7
May	650.9	826.8	303.4	3 307.3	3 099.8	2 089.1	799.4	368.4	9 664.2	10 794.4
June	624.8	800.8	288.2	3 325.0	3 075.9	2 063.0	801.0	362.6	9 627.7	10 716.7

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1965*			
Sept.	1 489.1	77.9	690.2
Oct.	1 506.4	78.5	700.8
Nov.	1 535.1	78.4	703.1
Dec.	1 594.7	75.7	708.0
1966*			
Jan.	1 648.9	68.5	729.8
Feb.	1 677.7	69.3	755.9
March	1 696.3	67.0	785.2
April	1 725.8	65.5	793.2
May	1 732.7	63.7	820.1
June	1 785.1	60.8	824.6

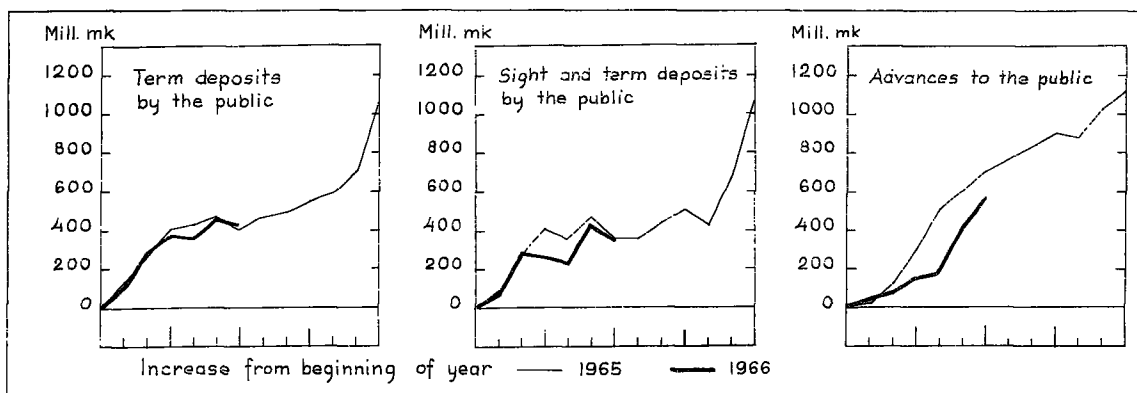
Selling rates for foreign exchange			
August 2, 1966			
		mk	mk
New York ...	1 \$	3.224	Zurich 100 Fr 74.68
Montreal	1 \$	3.002	Paris 100 FF 65.80
London	1 £	8.995	Rome 100 Lit 0.5171
Stockholm ...	100 Kr	62.45	Vienna 100 S 12.50
Oslo	100 Kr	45.06	Lisbon 100 Esc 11.22
Copenhagen ..	100 Kr	46.57	Reykjavik 100 Kr 7.50
Frankfurt o.M.	100 DM	80.85	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.37	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 80	6.497	Clearing dollars ²⁾ 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965*	4 279.6	2 607.4	716.5	2 347.1	899.4	10 437.4	412.6	10 850.0	2 087.4
1965*									
June	4 234.0	2 448.2	655.5	2 240.9	862.8	9 994.7	446.7	10 441.4	2 023.9
July	4 202.3	2 473.6	681.0	2 270.7	868.0	10 066.1	429.5	10 495.6	1 946.9
Aug.	4 210.8	2 492.5	689.2	2 302.2	871.7	10 120.3	446.1	10 566.4	1 990.0
Sept.	4 184.9	2 547.9	697.3	2 323.4	876.2	10 186.7	443.0	10 629.7	1 999.5
Oct.	4 160.1	2 584.3	713.8	2 261.7	893.2	10 140.8	472.3	10 613.1	1 909.0
Nov.	4 215.5	2 608.6	714.0	2 304.1	913.3	10 334.0	421.5	10 755.5	2 043.8
Dec.	4 279.6	2 607.4	716.5	2 347.1	899.4	10 437.4	412.6	10 850.0	2 087.4
1966*									
Jan.	4 293.6	2 613.2	715.3	2 361.7	903.3	10 462.9	424.2	10 887.1	2 002.6
Feb.	4 310.7	2 630.2	721.9	2 376.4	900.3	10 486.8	452.7	10 939.5	2 079.3
March	4 345.7	2 643.8	731.0	2 389.9	897.5	10 541.0	466.9	11 007.9	1 934.9
April	4 373.1	2 666.5	737.6	2 363.8	892.9	10 539.0	494.9	11 033.9	1 949.4
May	4 490.5	2 699.3	735.7	2 441.5	899.1	10 781.9	484.2	11 266.1	2 101.9
June	4 575.7	2 716.4	751.5	2 473.9	905.2	10 924.2	498.5	11 422.7	2 073.9

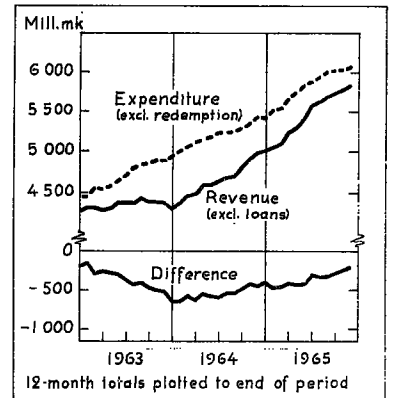


STATE FINANCES

Mill. mk

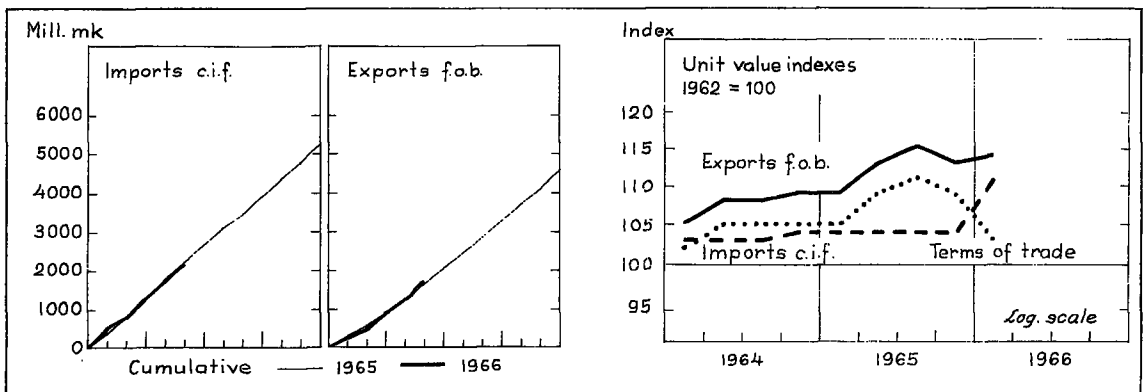
Revenue	Jan.—May		Expenditure	Jan.—May	
	1965	1966		1965	1966
Income and property tax (net)	686	774	Interest on State debt	81	99
Gross receipts	(1 487)	(1 740)	Child allowances	152	148
Refunds and communal income tax	(-801)	(-966)	The State's share in national pensions	103	110
Other direct taxes	7	10	The State's share in national health insurance .....	..	17
Sales tax	524	533	Compensations to war-disabled	59	58
Import duties	224	202	Subsidies	210	242
Revenue from Alcohol Monopoly	164	181	Net payments on price equalization by extra-budgetary funds	—	3
Excise duty on tobacco	119	128	State aid to agriculture	21	20
Excise duty on liquid fuel	116	139	State aid to communal and private schools	221	218
Other excise duties	34	38	Net loss of State enterprises	44	33
Tax on automobiles and motor cycles	104	73	Maintenance of roads	52	57
Purchase tax on motor vehicles	14	26	Other current expenditure	889	955
Stamp duties	71	70	Current expenditure	1 832	1 960
Employers' payments for child allowances	160	170	Real investments	528	553
Net receipts of price equalization by extra-budgetary funds	4	—	Other capital expenditure	274	243
Other revenue similar to taxes	25	30	Capital expenditure	802	796
Total taxes	2 252	2 374	Total expenditure	2 634	2 756
Interest and dividends	36	38	Redemption of external loans	20	34
Other current revenue	74	81	Redemption of internal loans	133	172
Current revenue	2 362	2 493	Redemption of indemnity bonds etc	3	0
Capital revenue proper	53	55	Index premiums	11	10
Decrease in inventories	25	42	Redemptions	167	216
Capital revenue	78	97	Total	2 801	2 972
Total revenue	2 440	2 590			
External loans	13	31			
Internal loans	134	433			
Loans*	147	464			
Short-term credit (increase +)	+52	-259			
Deficit (+) or surplus (—)	+162	+177			
Total	2 801	2 972			

Debt	1963	1964	1965	1966		
	Dec.	Dec.	Dec.*	April	May	June*
External debt ...	963	1 184	1 175	1 332	1 336	1 332
Ordinary loans	1 109	1 205	1 431	1 539	1 691	1 701
Indemnity bonds etc.	11	7	203	173	163	153
Short-term credit ..	160	325	393	257	134	112
Cash debt (net) ...	78	23	-101	25	86	..
Internal debt	1 358	1 560	1 926	1 994	2 074	..
Total debt	2 321	2 744	3 101	3 326	3 410	..
Total debt, mill. \$	720.8	852.8	961.8	1 031.6	1 057.8	..



FOREIGN TRADE

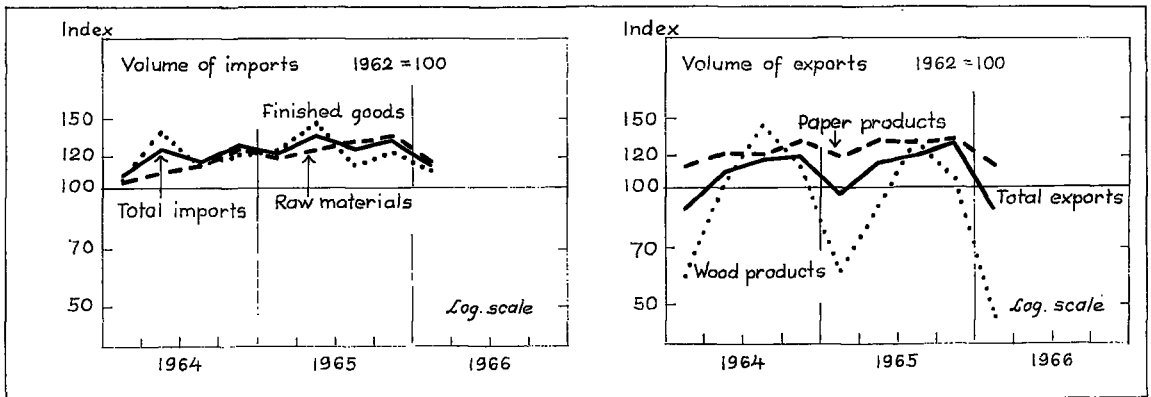
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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	4 816.5	4 131.9	-684.6	108	109	111	104	113	103	105
1965*	5 266.1	4 565.8	-700.3	113	115	123	106	119	104	109
Jan.-May										
1964	1 927.9	1 487.4	-440.5							
1965*	2 209.0	1 659.1	-549.9							
1966*	2 173.4	1 701.9	-471.5							
1965*										
April	434.8	341.3	- 93.5	113	117	123	106	124	104	109
May	530.0	395.2	-134.8							
June	434.0	404.8	- 29.2							
July	428.7	398.2	- 30.5	115	120	126	107	123	104	111
Aug.	387.2	386.8	- 0.4							
Sept.	463.7	425.3	- 38.4							
Oct.	428.8	432.4	+ 3.6	113	113	124	107	120	104	109
Nov.	446.9	387.5	- 59.4							
Dec.	467.8	471.7	+ 3.9							
1966*										
Jan.	429.2	308.4	-120.8	114	127	126	105	118	111	103
Feb.	368.0	230.3	-137.7							
March	446.5	340.2	-106.3							
April	441.9	372.8	- 69.1							
May	487.8	450.2	- 37.6							



FOREIGN TRADE BY MAIN GROUPS

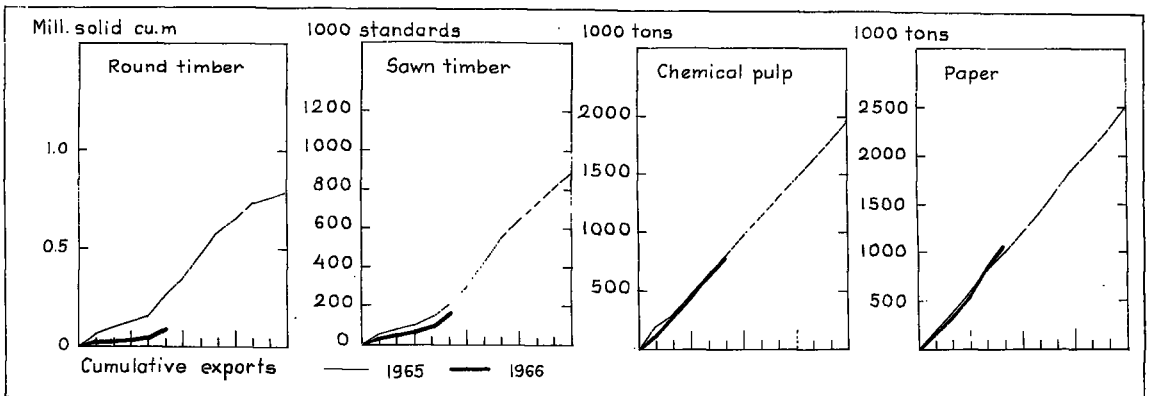
Mill. mk

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	1 396.2	801.2	230.4	89.8	895.8	2 019.5	610.3	286.1
1965*	2 362.4	514.7	1 511.4	877.6	251.8	60.3	919.8	2 165.6	800.3	368.0
Jan.-May										
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	691.7	381.5	110.0	17.1	263.4	870.8	276.7	121.1
1966*	936.5	195.7	612.7	428.5	124.4	12.7	245.4	885.6	292.6	141.2
1965*										
May	209.1	34.4	188.1	98.4	29.2	6.2	69.9	173.4	84.5	32.0
June	195.1	48.7	124.1	66.1	18.4	6.1	89.2	185.0	73.1	33.0
July	203.8	35.2	128.4	61.3	16.0	9.4	116.5	170.6	58.6	27.1
Aug.	179.6	51.3	96.9	59.4	14.4	7.9	104.3	182.7	46.5	31.0
Sept.	223.2	47.6	112.8	80.1	21.5	6.2	96.3	195.8	67.0	38.5
Oct.	205.2	42.7	112.4	68.5	18.1	6.4	96.9	187.8	79.6	43.6
Nov.	200.0	44.3	124.8	77.8	13.8	3.4	75.3	181.0	76.8	37.2
Dec.	212.5	52.1	120.5	82.7	39.6	3.8	77.9	191.9	122.0	36.5
1966*										
Jan.	204.0	41.1	103.8	80.3	34.2	3.6	57.5	152.6	35.0	25.5
Feb.	158.1	38.7	100.7	70.5	16.1	1.0	27.8	133.7	31.8	19.9
March	182.0	37.5	129.2	97.8	33.4	0.6	29.4	189.6	55.4	31.8
April	188.5	38.2	128.3	86.9	14.7	2.5	45.8	217.2	63.0	29.6
May	203.9	40.2	150.7	93.0	26.0	5.0	84.9	192.5	107.4	34.4



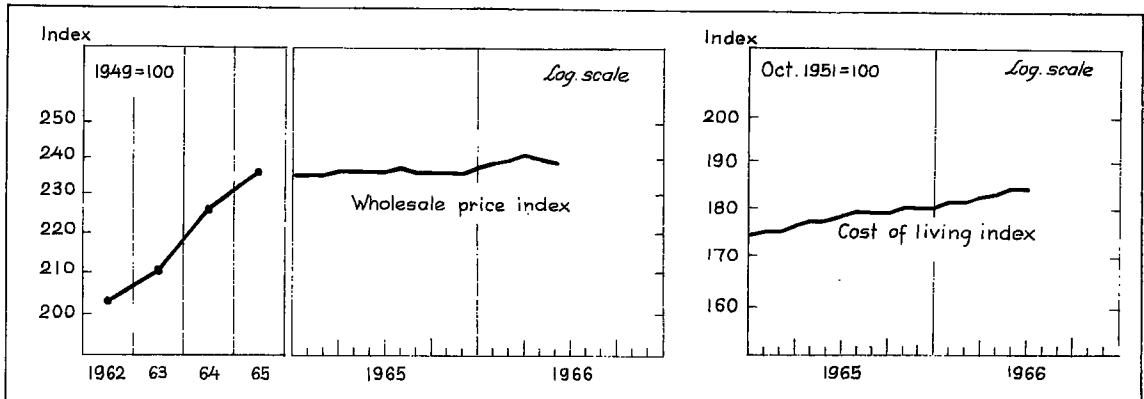
EXPORTS OF SOME IMPORTANT ARTICLES

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	172	861	893	171	161	882	2 126
1964	1 320	990	440	175	971	980	194	165	989	2 309
1965*	781	870	461	149	931	1 037	174	144	1 101	2 500
Jan.-May										
1964	303	208	186	71	401	399	71	75	368	913
1965*	263	203	199	70	389	422	69	66	420	1 009
1966*	94	161	211	61	364	420	74	56	469	1 058
1965*										
May	109	63	40	11	68	100	15	12	80	198
June	79	91	39	14	74	94	14	13	93	203
July	131	137	24	9	75	81	14	8	79	193
Aug.	102	114	32	11	77	90	14	11	94	213
Sept.	77	94	42	11	80	79	17	8	104	231
Oct.	78	94	43	11	79	85	14	16	100	215
Nov.	29	72	37	11	74	88	11	12	107	204
Dec.	22	65	45	12	83	98	17	10	104	230
1966*										
Jan.	18	44	42	9	76	76	12	11	78	182
Feb.	8	15	28	11	69	47	11	7	63	147
March	3	6	40	13	73	102	18	9	85	211
April	23	21	50	18	73	103	18	15	143	282
May	42	75	51	10	73	92	15	14	100	236



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.-May			Whole year		Jan.-May		
	1964	1965*	1965*	1966*		1964	1965*	1965*	1966*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.2	15.8	15.5	17.5	379.2	25.3	22.8	23.2	23.3	396.2
United Kingdom	14.8	15.3	15.1	17.0	368.3	23.0	20.7	20.9	21.0	357.6
Other OECD countries										
in Europe	52.7	55.5	56.4	54.7	1 189.4	45.9	44.8	44.5	47.1	802.7
Austria	0.7	0.8	0.8	0.8	18.4	0.4	0.2	0.3	0.5	7.8
Belgium-Luxembourg	2.0	2.2	2.2	2.0	43.7	3.5	3.3	2.9	2.6	44.4
Denmark	3.0	3.1	3.0	3.5	75.0	3.7	3.9	3.6	3.3	56.3
France	5.5	4.2	4.5	4.9	107.2	5.8	4.5	4.6	4.8	81.0
Western Germany	17.3	18.9	19.9	18.0	391.5	11.5	11.2	11.6	11.2	189.8
Italy	1.9	1.9	2.0	2.3	50.0	3.0	3.0	3.3	3.2	55.2
Netherlands	4.0	4.2	4.2	3.5	76.3	6.8	6.0	5.5	5.3	91.0
Norway	1.5	1.9	1.7	2.0	42.3	0.9	1.1	1.1	2.1	36.3
Portugal	0.2	0.2	0.2	0.3	7.3	0.1	0.2	0.2	0.5	9.0
Spain	0.5	0.5	0.6	0.4	9.7	0.9	1.1	1.0	0.9	15.8
Sweden	12.7	14.0	13.9	13.5	293.3	5.5	7.5	7.3	9.4	160.1
Switzerland	2.8	2.9	2.7	2.9	62.1	0.8	0.7	0.7	1.1	18.8
Eastern Bloc	22.5	18.9	18.1	16.9	367.9	17.4	21.0	19.9	16.3	276.8
China	0.4	0.3	0.4	0.6	14.0	0.5	0.6	0.3	0.4	5.9
Czechoslovakia	0.7	0.7	0.8	0.6	12.7	0.4	0.5	0.6	0.7	10.9
Eastern Germany	1.0	0.9	0.9	0.7	14.7	1.0	0.8	0.7	0.8	14.1
Poland	2.0	1.9	1.4	1.1	24.6	2.0	2.3	2.5	1.4	24.4
Soviet Union	17.6	14.4	14.0	13.3	288.0	12.0	15.9	14.8	11.8	201.6
U.S. and Canada	5.0	5.2	5.1	5.4	118.2	6.0	6.2	7.1	7.6	128.7
United States	4.8	5.0	5.0	5.2	112.9	5.8	6.0	6.9	7.3	124.8
Latin America	3.0	2.9	2.2	2.6	57.1	2.7	2.9	2.8	3.0	51.3
Argentina	0.3	0.3	0.4	0.3	6.6	0.8	0.9	0.9	1.2	20.4
Brazil	1.6	1.2	1.1	1.2	25.4	0.5	0.3	0.4	0.4	6.6
Colombia	0.6	0.6	0.3	0.7	15.9	0.5	0.7	0.8	0.7	11.5
Other	1.6	1.7	2.7	2.9	61.6	2.7	2.3	2.5	2.7	46.2
Grand total	100.0	100.0	100.0	100.0	2 173.4	100.0	100.0	100.0	100.0	1 701.9
of which										
EFTA countries	35.8	38.2	37.4	39.9	866.9	35.4	34.3	34.1	38.0	646.0
EEC countries	30.5	31.4	32.8	30.8	668.5	30.6	28.0	27.9	27.1	461.4



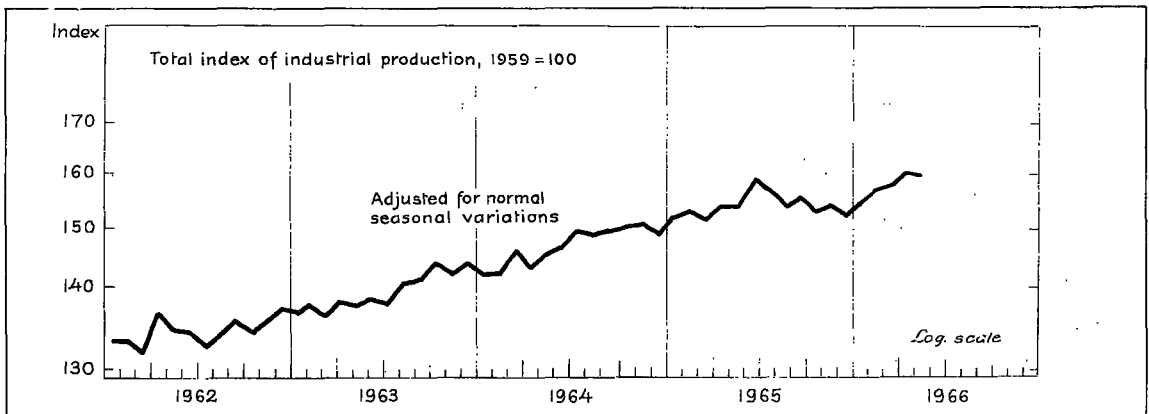
PRICE INDEXES

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	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elaborately processed goods			
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
1965	236	242	214	241	224	232	266	228	223	158	125	208
1965												
June	236	242	213	242	223	231	266	229	222	159	125	212
July	237	243	213	242	224	233	269	228	223	159	125	209
Aug.	236	242	214	242	224	232	267	228	223	159	125	212
Sept.	236	241	213	241	224	231	265	228	223	159	125	209
Oct.	236	242	213	242	224	231	266	228	223	159	125	210
Nov.	236	242	213	242	224	231	266	228	223	158	125	206
Dec.	237	243	213	242	227	231	266	229	224	158	125	206
1966												
Jan.	238	244	213	243	227	234	269	230	224	159	125	207
Feb.	240	246	214	245	227	235	273	232	224	160	126	210
March	241	248	215	246	228	237	276	232	225	159	126	206
April	240	247	216	247	229	235	272	233	225	161	127	208
May	239	245	216	246	228	233	268	233	226	164	127	216
June	..	..	..	..	..	..	..	..	..	166	129	222

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
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
1965	178	195	377	115	109	173	140	144	140	111	135	141
1965												
June	178	197	373	114	109	172	140	145	138	111	135	140
July	179	199	375	115	109	173	141	146	139	111	135	141
Aug.	179	199	375	115	109	173	141	146	139	111	135	141
Sept.	179	197	375	115	110	174	140	145	139	111	136	142
Oct.	180	198	387	115	110	174	142	146	143	111	136	142
Nov.	180	197	387	115	110	176	142	145	143	112	136	144
Dec.	180	197	387	115	110	176	142	145	143	112	136	144
1966												
Jan.	181	197	387	115	110	177	142	145	143	112	136	145
Feb.	181	198	387	117	110	178	142	145	143	113	136	145
March	182	199	387	117	110	178	143	146	143	114	136	145
April	183	200	388	117	110	179	144	147	144	114	137	146
May	184	204	388	117	110	179	145	150	144	114	137	146
June	184	204	388	118	110	180	145	150	144	114	137	146

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
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
1965*	155	157	161	139	132	178	156	146	154	51 905	170
1964*											
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	128	127	176	154	136	152	4 822	120
Feb.	152	163	158	134	136	174	161	138	153	6 095	147
March	168	177	177	148	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	154	11 698	181
June	148	159	149	139	133	150	158	144	159	2 162	164
July	119	95	131	103	118	174	95	110	157	1 400	155
Aug.	155	140	161	147	112	187	144	154	154	2 082	173
Sept.	167	173	173	152	130	193	172	159	156	2 844	186
Oct.	169	176	177	150	133	193	176	160	153	2 856	184
Nov.	165	168	172	150	121	180	167	161	154	3 317	181
Dec.	152	162	158	139	122	158	164	145	152	3 842	196
1966*											
Jan.	154	159	160	139	114	166	161	144	154	4 219	131
Feb.	155	158	161	141	123	171	161	145	157	4 742	148
March	176	178	183	161	149	200	179	167	158	4 198	175
April	157	150	162	151	137	175	150	157	161	3 177	174
May	163	156	169	153	134	185	156	161	160	12 307	180

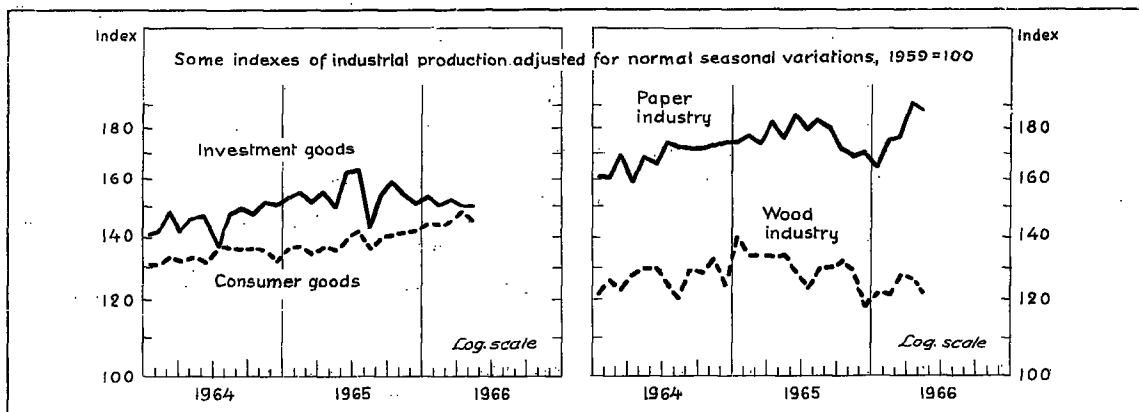


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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
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	28.75	164	156	172	162
1965*	27.04	10.96	2.58	9.20	3.12	31.31	178	177	187	178
1965*										
Jan.-Mar.	4.56	1.93	0.23	1.77	0.50	28.31	176	176	188	175
Apr.-June	5.57	2.03	0.40	1.72	1.18	32.67	179	173	189	178
July-Sept.	7.15	2.57	0.97	2.27	0.87	35.65	179	177	194	179
Oct.-Dec.	9.76	4.43	0.98	3.44	0.57	31.31	179	180	181	179
1966*										
Jan.-Mar.	4.92	2.30	0.24	1.85	0.42	29.60	..	..	..	..

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1965	1966*	1965	1966*	1965	1966*	1965	1966*	1965	1966*
Jan.	118	118	689	724	548	560	1 877	1 896	2.0	2.2
Feb.	124	118	549	434	452	270	1 860	1 869	1.6	2.4
March	144	140	678	519	494	344	1 839	1 877	1.7	2.1
April	138	134	721	624	601	557	1 884	1 905	1.7	2.0
May	132	136	969	1 092	773	884	1 940	1 953	1.1	1.3
June	129	131	1 192	1 364	1 111	1 217	1 960		1.0	
July	134		1 388		1 312		1 797		1.2	
Aug.	138		1 351		1 251		1 893		1.2	
Sept.	143		1 123		956		1 948		0.9	
Oct.	139		1 090		868		1 946		1.2	
Nov.	131		1 021		855		1 933		1.4	
Dec.	115		905		769		1 888		2.1	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — *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 act 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 Fisher index formula corresponds to the annual level of the Fisher index formula. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in the base year. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation of series adjusted for normal and specific seasonal variations see Bulletin No. 8, 1961, p. 18. Other seasonally adjusted series are calculated according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 are as follows: Social Democrats 55, Centre Party 49, People's Democrats 41, Conservatives 26, Swedish Party 12, Liberal Party 9, Social Democratic League 7 and Finnish Small Farmers' Party 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1964): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1964): In South Finland 25.6, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1964): 57 % of the population inhabit the rural areas, 43 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 497 000 inhabitants, Tampere (Tammerfors) 139 200, Turku (Åbo) 138 300.

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

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

EDUCATION (1964): 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 (1964): births 17.6 ‰, deaths 9.3 ‰, increase 7.8 ‰. Deaths in France 10.7 ‰ and Great Britain 11.3 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1964, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 051 (10 %), forestry and fishing 1 953 (9 %), manufacturing 6 160 (29 %), construction 1 969 (9 %), transportation and communication 1 477 (7 %), commerce, banking and insurance 2 739 (13 %), public administration 2 336 (11 %), other services 2 453 (12 %), total 21 138. Index of real domestic product 143 (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 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1963): Gross value of industrial production 15 500 mill. marks, number of workers 347 000, salaried employees 73 200, motive power (1963) 4.4 mill. HP. Index of industrial production 138 for 1963 (1959 = 100).

RAILWAYS (Jan. 1, 1966): Length 5 532 km, of which 5 458 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (June 30, 1966): Steamers 131 (223 048 gross reg. tons), motor vessels 395 (779 826 gross reg. tons), sailing vessels with auxiliary engines 28 (3 808 gross reg. tons). Total 554 (1 006 682 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1965): Passenger cars 454 300, lorries and vans 81 100, buses 7 000, others 3 600. Total 546 000.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1965): Kilometres flown 13.0 million, passengers carried 721 451, passenger kilometres 370.5 million, and ton kilometres of freight and mail 7.0 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1964 expenditure amounted to 3 179 mill. marks. Total revenue was 3 165 million, of which income from taxation 1 575 million. The municipal income tax (non-progressive) averaged 12.00 % 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, 1965) There are two big and four small commercial banks with in all 747 offices, 366 savings banks, 489 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, 1965). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 ½ %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

REDUCTION OF WORKING HOURS IN FINLAND

BY

TAUNO RANTA, M. Pol. Sc.

MANAGER IN THE FINNISH EMPLOYERS' CONFEDERATION

MEASURES ALREADY IMPLEMENTED

During the current year the 40-hour week is for the first time extensively applied in Finland. The collective agreements concluded early in 1966 provided for gradual introduction of reduced working hours, first for a period of 13 weeks in the summer of this year, in subsequent years for longer periods, until from 1970 the 40-hour week will be adopted throughout the year.

The question of a reduction in working hours has been under consideration for some time. A committee investigating the problem in 1954—1957 came to the conclusion that a reduction to less than 45 hours a week was not appropriate in the prevailing economic conditions, especially since the working hours in Finland were not longer than in the majority of other countries. The committee further expressed the opinion that the labour market organisations should jointly consider when and to what extent such a reform should be carried out.

In 1962 the question was again brought to the forefront in Finland as elsewhere when the International Labour Conference recommended a reduction of working time with the 40-hour week as a target. The change-over should be made by degrees, taking into account "the level of economic development attained and the extent to which the country is in a position to bring about a reduction in hours of work without reducing total production or productivity, endangering its eco-

nomie growth, the development of new industries or its competitive position in international trade, and without creating inflationary pressures which would ultimately reduce the real income of the workers".

During the course of negotiations on collective agreements for 1964—1965 trade unions presented demands for a gradual shortening of the working week. As the state arbitrator of labour disputes included this item in his mediation proposal, many of the agreements made included a clause stating that the parties had agreed in principle that the normal working week should be reduced in such a way that the collective agreements for 1970, at the latest, should be based on average on the 40-hour week.

On June 30, 1965 the central labour market organisations reached agreements according to which a gradual reduction of the normal working week was to begin as soon as the necessary amendments to the act on working hours had been made; relevant provisions should be included in the collective agreements, the ultimate aim being a 40-hour working week from the beginning of 1970.

The necessary revision of the Working Hours Act was approved at the end of December 1965 and took effect from January, 1, 1966. From that date to the end of 1969 the amended act will, however, be applicable only in those cases where, on the basis of the agreements reached, the 40-hour week would be put into effect, either for

the whole or for part of the year. In other cases the previous legislation will be valid to the end of 1969. In this way the change can be effected by degrees so that reduced working hours are adopted for a longer period each year. The new legislation also makes it possible to rearrange the working week so as to enable effective production to continue. The agreement in the summer of 1965 also included some provisions concerning efficient use of working time.

Previously, the working time in Finland was by law a maximum 8 hours a day and 47 hours a week. The weekly maximum for continuous three-shift work was, however, 48 hours. For all other categories the working time on Saturday was a maximum of 7 hours. As early as the 1950's it was agreed to adopt a 45-hour week except for continuous three-shift work where the working week was 42 hours. Elsewhere the 45-hour week has been adopted in the other Scandi-

navian countries, either by law or by agreement. Among European countries France, England and Western Germany have a shorter working week, but it is only in the last mentioned country that the effective working time is considerably shorter.

COMPARISON WITH OTHER COUNTRIES

An international comparison of working hours should take account of the effect of annual vacations and various holidays as well as overtime work. Thus the number of working hours per annum should be taken as a basis. The table below illustrates the conditions prevailing in the Scandinavian countries in 1964.

Of the Scandinavian countries Finland appears to have had the shortest working time in 1964, the greatest deduction being due to the length of annual vacations and

WORKING HOURS OF INDUSTRIAL WORKERS IN THE SCANDINAVIAN COUNTRIES IN 1964

	Denmark	Finland Hours per worker	Norway	Sweden
A. Average working weeks according to agreements				
Men	44.7	44.6	44.7	44.7
Women	44.7	44.9	45.0	45.0
B. Calculated maximum working hours per annum (A × 52)				
Men	2 324	2 320	2 323	2 324
Women	2 324	2 335	2 340	2 340
C. Annual vacations and other holidays per annum				
Men	205	262	207	250
Women	205	263	212	256
D. Possible normal working hours (B—C)				
Per annum: men	2 119	2 058	2 116	2 074
women	2 119	2 072	2 128	2 084
Per week: men	40.8	39.6	40.7	39.9
women	40.8	39.8	40.9	40.1
E. Overtime per annum				
Men	90	68	69	71
Women	25	35	23	20
F. Average working hours ¹ (D + E)				
Per annum: men	2 209	2 126	2 185	2 145
women	2 144	2 107	2 151	2 104
Per week: men	42.5	40.9	42.0	41.2
women	41.2	40.5	41.4	40.5

¹ Absenteeism is excluded from these figures.

the number of public holidays. In 1965 Sweden introduced generally annual vacations of 4 weeks instead of the previous 3 weeks. Between 1961 and 1964 working time calculated as above was reduced by 1.2 per cent in Finland, 2.4 per cent in Sweden, 1.2 per cent in Norway and 0.5 per cent in Denmark.

Calculation would show that the reduction from 45 hours to 40 hours per week would lead to a reduction of working time of about 11 per cent. In fact, however, procedure adopted in Finland results in a reduction of not more than 5.9 per cent of the annual working hours excluding overtime. This is primarily explained by the fact that — apart from Christmas Eve, New Year's Eve and Midsummer's Eve — whenever a public holiday falls on a working day, the following Saturday is not free or even a half day as before, but a full working day. Another factor is the abolition of washing breaks. Moreover, continuous three-shift work is affected little by the reduction in working hours.

The above calculation is concerned with industrial workers only. For other workers and for clerical employees with equally long working hours the reduction is approximately the same, although in some cases it is realised in a different way. For the majority of clerical staff, whose average working week has been considerably less than 40 hours, there is no reduction at all, but rather a lengthening of working time in consequence of the change in respect of public holidays. Self-employed people are not directly bound by the act on working hours, but obviously many of them will feel the impact of the reform. By 1970 the reduction in working hours can be estimated roughly to be about 4 per cent per employed person, or an annual rate of 0.7—1.0 per cent, assuming that the reduction is carried

out as is scheduled in the collective agreements:

1966	13 weeks ¹
1967	21 "
1968	30 "
1969	39 "
1970	52 "

¹ Includes annual vacations of 3½ weeks on an average.

EFFECT ON TOTAL OUTPUT

Will the reduction in working hours be accompanied by an equal reduction in total output? To answer this question we will consider the effects on employment and labour input and on productivity, which in this context is taken to mean output per hour of work. The direct effect of the new system will be to increase employment. This will occur mainly in those cases in which the 40-hour week comes into force immediately, as will be done in continuous three-shift work, in for example the chemical woodprocessing industry; if factories are to be kept running, without interruption, additional labour will be needed. However, legally, it is also possible in other sectors to allow the other rest day apart from Sunday to be changed so that work can continue throughout the week. For one-shift work production could thus proceed for 48 hours instead of 40 hours. This also calls for additional manpower.

Under the amended Working Hours Act an employee may work overtime 200 hours a year as daily overtime, plus 120 hours a year as weekly overtime. As well, the Labour Council (a body within the Ministry of Social Affairs dealing with questions regarding labour protection) can, when necessary permit a maximum 50 per cent increase in overtime work. Formerly the annual maximum was 200 hours in all plus 150 hours by permission of the Labour Council. In addition to the above, up to

three hours a week overtime is now permitted in certain cases for preparation and completion of work in order that production time should not be curtailed.

For daily overtime the salary, will, as before, be increased by 50 per cent for the first 2 hours, and by 100 per cent for all subsequent hours. For weekly overtime, usually on a Saturday if a five-day week is in force, the pay is increased by 50 per cent for the first eight hours, thereafter by 100 per cent.

Indirectly, the longer weekends will obviously affect employment and labour input by increasing the demand for services. Part of this effect will not of course be statistically ascertainable. The same applies to the work that many people will do in their own homes and summer villas etc.

The extent to which the factors mentioned will modify the effect of shorter working time on total output cannot easily be expressed in figures, either now or later. In any case, they will facilitate the solution of employment problems and, indirectly, help to raise productivity in the economy, since labour will be attracted to spheres where the growth rate of productivity is high. At the same time the seasonal need for relief-works will be reduced. All this would seem to bring nearer the time the demand for labour exceeds supply, a state of affairs which it has been forecast, will set in at the beginning of the 1970's.

This estimate of the influence of the reform of working hours on productivity is largely based on the assumption adopted by both parties that the shorter working time will actually be used as effectively as possible and that every effort is made to raise productivity. One example of this is the abolition of washing breaks. In addition, numerous other breaks permitted for various

purposes though not specified in the collective agreements, have been discontinued, and also the practice of having meals during working hours, which used to be allowed in two-shift work.

It seems probable that the increase in time for physical rest and hobbies will help raise the efficiency of the workers, at least in some degree. Similarly absenteeism and the frequency of labour accidents are likely to fall off.

A further factor tending to increase productivity is that there will only be an 8-hour day after the reform has been completed. It has been found in many spheres that output has been comparatively low during the 5-hour Saturday.

The fact that employers and employees have agreed to co-operate in a positive spirit tends to ensure the favourable outcome of productivity-raising investments and reorganisation of administration and work. In this connection the significance of the three-year collective agreements concluded in the current year should be emphasised. They facilitate long-term planning and rationalization as well as adaptation to the shorter working week.

Therefore, in total, the favourable effects of the reform upon labour input and productivity can probably be said to offset substantially the average 4 per cent reduction in working hours. The possible detrimental effect remaining should be considered in relation to developments in other countries.

The reduction of working hours is current in all Scandinavian countries. In Sweden, in connection with a three-year agreement, it was decided that the working week should be reduced from 45 to 42.5 hours by 1969. In Denmark a reduction from 45 to 44 hours was effected in March 1966. Similar revi-

sions are being made in other countries too, for example Belgium and Italy. Western Germany and England are now changing over to the 40-hour week. This illustrates the general idea that, at a certain level of prosperity, free time can be regarded as a commodity interchangeable with manufactured commodities. The solution reached in Finland will scarcely prove less favourable than those of other countries. Therefore Finland's competitive position is not likely to deteriorate due to this reform. Spare time will also be a competitive factor wherever free competition for manpower prevails,

as for instance in the common Scandinavian labour market.

The shortening of the working week to 40 hours is the result of collaboration between the Finnish labour market organisations and forms a link in the chain of social reforms previously brought about through similar co-operation. Thus, while the relation between working time and leisure develops to the satisfaction of workers and in accord with the general international trend, there is now scope for a more flexible organisation of work, so that the fall in output can be restricted to a minimum.

ITEMS

Supplementary budgets. The first supplementary budget for 1966, the only expenditure item of which was 2.5 million marks for the upkeep of the Finnish U.N. forces in Cyprus, was approved by Parliament in March. The only item of revenue was a compensation from the U.N. which amounted to 1.6 million marks.

The second supplementary budget was approved in June. The total amount of expenditure was 175 million marks while the revenue side remained at 92 millions. It had been planned to cover part of this deficit by savings in expenditure from the ordinary budget. More appropriations were needed to meet the employment situation, than were included in the ordinary budget, and these additional allowances amounted to 30 million marks. The appropriation to the unemployment funds was increased by 7 millions. For compensations for expropriations of public road areas 25 million marks were set aside. The rise in civil service salaries will lead to considerable additional expense, but this time only 10 million marks were included for this purpose. For raising the capital-stock of two state-owned companies 15 million marks were granted. Because Finland has decided to become a member of the Asian Development Bank 1.6 million marks were included as the first part of the share of membership.

Half of the revenue or 46 million marks was composed of loans from the IBRD for building and paving of public roads. An amount of 17 million marks was entered as a loan, forming part of the commodity credit granted by the Soviet Union.

These supplementary budgets brought the total budgeted expenditure for 1966 so far, up to 7 141 million marks and the revenue up to 7 057 million marks.

Domestic bond issues. On July 14, the Government decided on the issue of the 1966 Forest Improvement Loan of 20 million marks. The bonds are dated August 1 and will mature in 16 years. The rate of interest is 2½ percentage points above the general rate of six month deposits in the two largest commercial banks. The loan is tied to the cost of living index to the extent of 50 per cent and is issued at par. The proceeds of the loan will be used for increasing wood production as recommended in the MERA programme.

On July 14, the Government authorized the city of Helsinki to make a private bond issue of 5 million marks. The bonds are dated December 1, 1966 with a maturity of 25 years. The rate of interest is 7½ per cent and amortization and interest are tied to the cost of living index to the extent of 50 per cent. The loan is issued at par.

*

Seagoing Echo Sounding Ship "MS SÄRKKÄ". For the purpose of checking depths of navigable water-ways in the lake system of Saimaa, the Finnish Board of Navigation has commissioned a special ship, "MS SÄRKKÄ" which now has been delivered by her builders Hollming Oy in Rauma. The main features of the ship are as follows: length over all 23.14 metres, breadth of hull 5.40 metres, draught 1.80 metres, gross tonnage 111.42 BRT, machinery output 400 SHP, speed travelling 10 knots, and speed measuring 1—5 knots.

When "MS SÄRKKÄ" has completed her task in the inland lake areas, the ship will sail down the Saimaa Canal to the sea in order to measure the water-ways of the Gulf of Finland and the Gulf of Bothnia.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN
*(Absent as a member of
Government)*

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

HEIKKI VALVANNE
ad int.

DIRECTORS

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

K. IGNATIUS

JORMA ARANKO

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Personnel

C. G. SUNDMAN,
*Foreign exchange
(trade)*

P. BLOMQUIST,
Central Accounting

P.-E. ÖSTERLUND,
*Foreign exchange
(services)*

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

A. NENONEN,
Foreign correspondence

K. EIROLA,
Accounts

EINO SUOMELA,
Office

STIG TÖRNROTH,
Cash

INSTITUTE FOR ECONOMIC RESEARCH

TIMO HELELÄ,
Director