



BANK OF FINLAND

MONTHLY BULLETIN

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FEBRUARY

1966

RECENT DEVELOPMENTS

EMPLOYMENT SITUATION

With the slackening of the growth of total output in the second half of 1965, the employment situation gradually weakened. In the first half of the year the seasonally adjusted unemployment percentage was fairly low, an average of 1.3, but during the third quarter it rose to 1.6. In the last quarter of 1965 unemployment remained at that level, according to the information supplied by the public employment exchanges. The following table gives the quarterly indicators of unemployment and public works.

	1964				1965			
	I	II	III	IV	I	II	III	IV
Unemployment percentage according to labour force sample survey ¹	1.4	1.6	1.6	1.5	1.2	1.6	1.6	..
Ratio of jobs wanted to vacancies at public employment exchanges ¹	1.5	1.5	1.6	1.6	1.4	1.6	1.7	1.6
State and municipal labour force hired with employment appropriations, 1 000 men ¹	95	92	92	98	97	96	91	97

¹ Seasonally adjusted.

Ignoring seasonal variations, full employment in the first part of the year turned into slight underemployment later in 1965. Even under conditions of full employment, however, the marked seasonal variations result in structural and regional unemployment during the winter months.

The present exceptionally hard winter has resulted in special difficulties in tackling

the employment situation. The onset of winter in November meant that the northern ports were forced to close several weeks earlier than usual. This in particular created inconveniences for the export industries of Northern Finland, where production in certain places had to be discontinued. The building industry has been similarly affected by the winter. On the other hand, the prolonged wage negotiations now under way have caused work stoppages with consequent adverse effects on production.

On the whole, this winter, from the point of view of public employment policy, has brought greater difficulties than the last

winter. By the middle of last year it had been possible to cut the number of men in public works, financed by employment appropriations, to a relatively low level; the seasonally adjusted figure in the third quarter was 91 000 men (See Table). In the

On page 18, A Review of the Transportation Survey

last quarter of 1965 the figure again rose to 97 000, thus almost reaching the level recorded at the turn of the year 1964/65.

TIMBER FELLINGS

In recent years timber fellings have reached a level of about 50 million solid cu.m., which is a little more than the annual growth of the Finnish forests. The increase in the supply of round wood, necessitated by the expansion in the export of paper industry products, was made possible by a reduction in the felling of other types of timber, especially fuelwood; in addition, a decrease in the export and an increase in the import of raw timber also contributed to a growth in the supply of round wood. In 1965 fuelwood fellings totalled only about one half of the 1962 and 1963 totals, while exports of raw timber fell one third of the 1962 and 1963 level. Imports of raw timber have exceeded exports of raw timber for the last two years. In the felling season

June 1964—May 1965, roundwood fellings were 18 per cent higher than in the previous felling season, thus slightly exceeding the growth in the export of paper industry products. Total fellings, however, decreased by 2 per cent.

Towards the end of last year the growth in the export of pulp and wood industry products slackened considerably. This was reflected in the rate of timber fellings, which in October—December decreased by 3 per cent of the level in the corresponding period of the previous year, whereas between July and September the increase had been over 10 per cent. Adjusted for seasonal variations, the decrease in October—December was as marked as 10 per cent. As a result of the weakening in the market for exports, the price of timber has fallen, and this has in turn rendered it harder to enter into timber transactions. During the winter months fellings are likely to remain at a level slightly more than that in the corresponding months last year.

January 28, 1966

BANK OF FINLAND

Mill. mk

	1963	1964	1965	1966		
	Dec. 31	Dec. 31	Dec. 31	Jan. 8	Jan. 15	Jan. 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	817.8	1 049.7	944.7	940.7	950.0	951.7
Gold	134.5	189.6	267.5	267.5	267.5	267.5
IMF gold tranche	—	—	45.6	45.6	45.6	45.6
Foreign exchange	617.7	783.8	547.8	544.1	553.4	555.0
Foreign bills	26.2	29.7	54.7	54.4	54.4	54.5
Foreign bonds	39.4	46.6	29.1	29.1	29.1	29.1
<i>Supplementary note cover</i>	451.2	570.7	712.1	647.4	609.2	698.5
Inland bills discounted						
In foreign currency	68.7	55.2	45.5	45.5	45.5	45.5
In Finnish currency	57.2	67.1	26.0	26.7	26.6	24.8
Rediscounted bills	325.3	448.4	640.6	575.2	537.1	628.2
<i>Other assets</i>	138.8	97.4	119.5	126.7	122.0	119.7
Finnish bonds	89.5	35.8	36.9	24.1	14.1	22.1
Cheque accounts	1.7	2.5	1.9	1.5	1.9	1.4
Finnish coin	3.6	3.8	6.2	6.5	7.3	8.1
Other claims	44.0	55.3	74.5	94.6	98.7	88.1
Total	1 407.8	1 717.8	1 776.3	1 714.8	1 681.2	1 769.9
Liabilities						
<i>Notes in circulation</i>	943.7	1 002.7	1 028.5	971.9	940.1	938.0
<i>Liabilities payable on demand</i>	59.2	186.8	98.3	96.3	95.2	146.7
Foreign exchange accounts	18.2	84.7	44.8	46.8	43.7	43.6
Mark accounts of holders abroad	33.6	28.5	10.9	11.2	11.1	10.9
Cheque accounts						
Treasury	0.2	5.4	1.1	0.2	0.2	27.8
Post Office Savings Bank	3.0	49.6	8.3	0.1	2.5	36.3
Private banks	1.3	16.4	11.9	14.8	15.8	6.3
Other	0.4	0.7	1.2	2.2	1.2	1.2
Other sight liabilities	2.5	1.5	20.1	21.0	20.7	20.6
<i>Term liabilities</i>	68.0	55.4	57.2	71.4	71.4	71.4
Foreign	66.9	54.3	45.6	45.6	45.6	45.6
Finnish	1.1	1.1	11.6	25.8	25.8	25.8
<i>Equalization accounts</i>	141.0	261.8	165.1	147.5	146.2	184.8
<i>Bank's own funds</i>	195.9	211.1	427.2	427.7	428.3	429.0
Capital	100.0	100.0	300.0	300.0	300.0	300.0
Reserve fund	73.6	84.8	97.9	112.6	112.6	112.6
Profits undisposed	—	—	—	14.7	14.7	14.7
Earnings less expenses	22.3	26.3	29.3	0.4	1.0	1.7
Total	1 407.8	1 717.8	1 776.3	1 714.8	1 681.2	1 769.9
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	817.8	1 049.7	944.7	940.7	950.0	951.7
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	451.2	500.0	500.0	500.0	500.0	500.0
Total	1 269.0	1 549.7	1 444.7	1 440.7	1 450.0	1 451.7
Note issue						
<i>Notes in circulation</i>	943.7	1 002.7	1 028.5	971.9	940.1	938.0
<i>Liabilities payable on demand</i>	59.2	186.8	98.3	96.3	95.2	146.7
<i>Undrawn on cheque credits</i>	5.8	5.0	5.1	5.5	5.1	5.6
<i>Unused right of note issue</i>	260.3	355.2	312.8	367.0	409.6	361.4
Total	1 269.0	1 549.7	1 444.7	1 440.7	1 450.0	1 451.7

Rediscount rate since April 28, 1962, 7 per cent

BANK OF FINLAND

Mill. mk

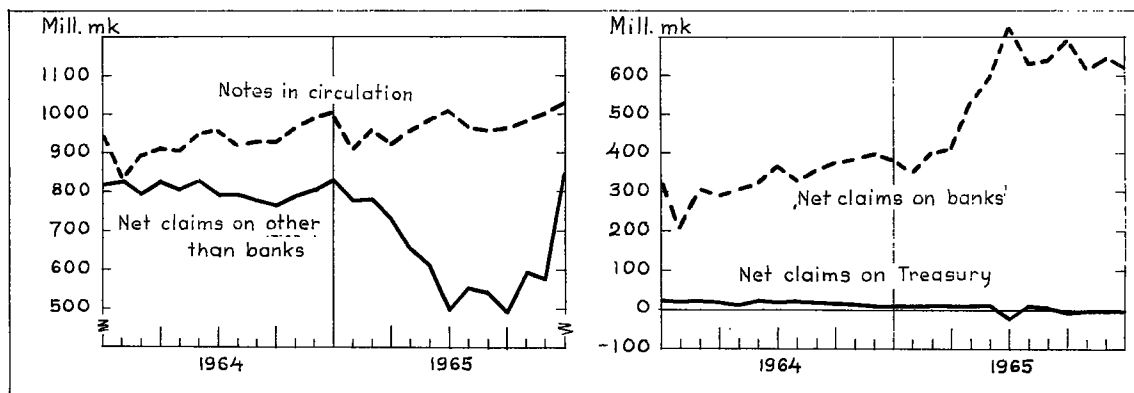
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net 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
1964										
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
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

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1964			Net holdings, Dec. 31, 1965			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	December	Jan.-Dec.
Gold	273	-	273	267	-	267	- 4	- 6
Convertible currencies	708	-74	634	483	-155	328	-21	-306
Other currencies	-9	1	-8	20	1	21	+49	+ 29
IMF gold tranche	-	46	46	46	-	46	-	-
Total	972	-27	945	816	-154	662	+24	-283

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation	
	Rediscounted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)		
		Private banks	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	
1964											
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	
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	

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	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
1964										
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.	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965*										
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
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

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
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
July	1 473.8	72.3	664.8
Aug.	1 492.4	70.1	674.5
Sept.	1 489.1	77.9	690.2
Oct.	1 506.4	78.5	700.8
Nov.	1 535.1	78.4	703.1

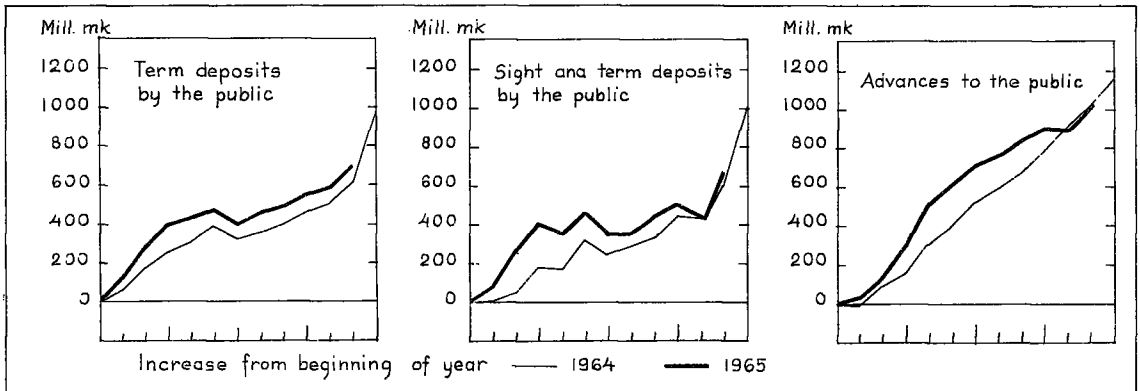
Selling rates for foreign exchange			
Jan. 28, 1966			
		mk	mk
New York ...	1 \$	3.224	Zurich 100 Fr 74.52
Montreal	1 \$	3.000	Paris 100 FF 65.80
London	1 £	9.045	Rome 100 Lit 0.5163
Stockholm ...	100 Kr	62.42	Vienna 100 S 12.48
Oslo	100 Kr	45.14	Lisbon 100 Esc 11.28
Copenhagen ..	100 Kr	46.83	Reykjavik 100 Kr 7.50
Frankfurt o.M.	100DM	80.42	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.21	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 Fr	6.482	Clearing dollars ²⁾ 1 Cl \$ 3.21

¹⁾ Bucharest, Peking.²⁾ 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
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1964 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
1964 Dec.	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*									
Jan.	3 900.7	2 337.6	614.6	2 078.1	827.5	9 342.4	416.1	9 758.5	1 939.8
Feb.	3 944.4	2 357.1	623.6	2 100.4	830.1	9 437.5	418.1	9 855.6	2 009.2
March	4 049.1	2 379.6	633.0	2 128.6	838.0	9 594.4	433.9	10 028.3	1 996.6
April	4 187.6	2 396.9	637.0	2 170.2	843.0	9 786.3	448.4	10 234.7	1 947.9
May	4 196.4	2 433.6	647.6	2 208.7	850.4	9 917.8	418.9	10 336.7	2 039.1
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

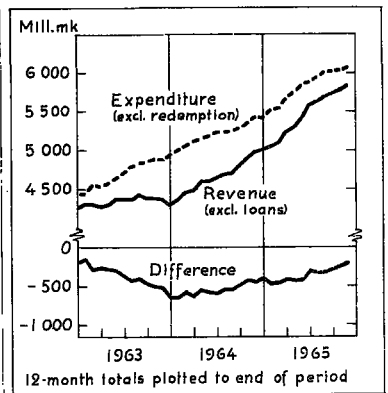


STATE FINANCES

Mill. mk

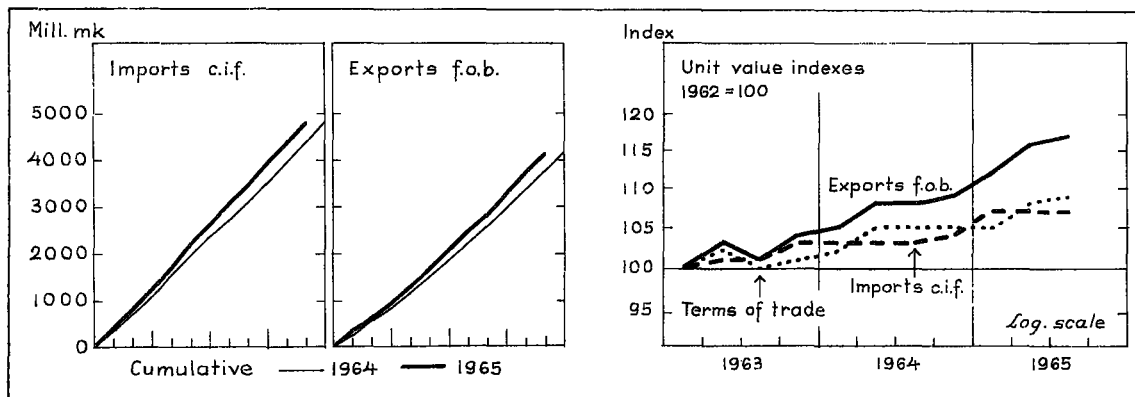
Revenue	Jan. - Nov.		Expenditure	Jan. - Nov.	
	1964	1965		1964	1965
Income and property tax (net)	1 276	1 421	Interest on State debt	109	141
Gross receipts	(2 858)	(3 261)	Child allowances	304	302
Refunds and communal income tax	(-1 582)	(-1 840)	The State's share in national pensions	211	228
Other direct taxes	22	22	Compensations to war-disabled	120	124
Sales tax	913	1 257	Subsidies	543	553
Import duties	448	477	Net payments on price equalization by extra-budgetary funds	16	0
Revenue from Alcohol Monopoly	350	394	State aid to agriculture	62	62
Excise duty on tobacco	266	284	State aid to communal and private schools	405	458
Excise duty on liquid fuel	189	313	Net loss of State enterprises	23	35
Other excise duties	87	78	Maintenance of roads	128	145
Tax on automobiles and motor cycles	131	160	Other current expenditure	1 706	2 001
Purchase tax on motor vehicles	—	39	Current expenditure	3 627	4 049
Stamp duties	224	151	Real investments	943	1 076
Employers' payments for child allow- ances	321	372	Other capital expenditure	419	488
Other revenue similar to taxes	60	73	Capital expenditure	1 362	1 564
Total taxes	4 287	5 041	Total expenditure	4 989	5 613
Interest and dividends	73	85	Redemption of external loans	40	84
Other current revenue	153	196	Redemption of internal loans	188	273
Current revenue	4 513	5 322	Redemption of indemnity bonds etc.	4	4
Capital revenue proper	114	142	Index premiums	13	22
Decrease in inventories	56	44	Redemptions	245	383
Capital revenue	170	186	Total	5 234	5 996
Total revenue	4 683	5 508			
External loans	183	70			
Internal loans	237	377			
Loans	420	447			
Short-term credit (increase +) ..	+111	-10			
Deficit (+) or surplus (-)	+ 20	+51			
Total	5 234	5 996			

Debt	1962	1963	1964	1965			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
External debt ...	803	963	1 184	1 130	1 122	1 168	1 172
Ordinary loans	936	1 109	1 205	1 261	1 292	1 323	1 310
Indemnity bonds etc.	18	11	7	204	203	203	203
Short-term credit ..	61	160	325	359	356	343	315
Cash debt (net) ...	-125	78	23	73	55	-119	83
Internal debt	890	1 358	1 560	1 897	1 906	1 750	1 911
Total debt	1 693	2 321	2 744	3 027	3 028	2 918	3 083
Total debt, mill. \$	525.4	720.8	852.8	938.8	939.0	905.2	956.2



FOREIGN TRADE

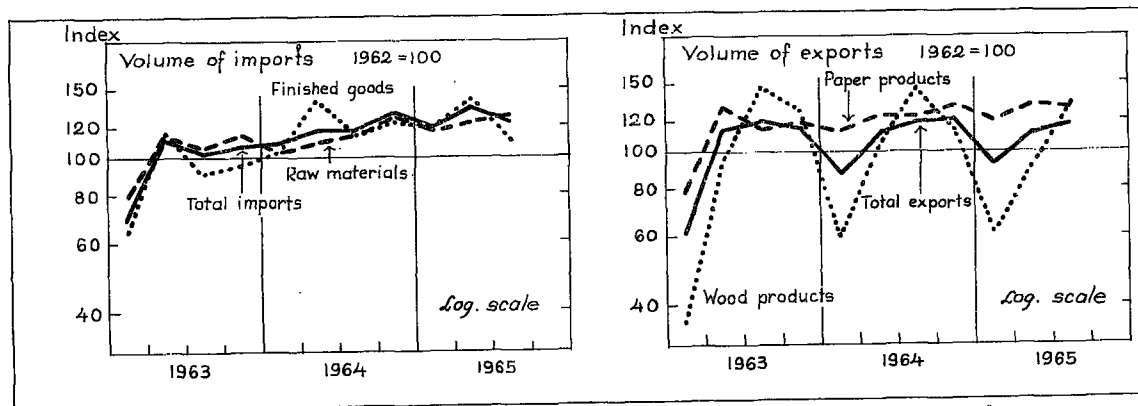
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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.-Nov.										
1963	3 498.3	3 338.6	-159.7							
1964	4 367.6	3 748.0	-619.6							
1965*	4 798.1	4 094.3	-703.8							
1964										
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*										
Jan.	383.9	317.3	- 66.6	112	114	118	105	119	107	105
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							
June	434.0	404.8	- 29.2							
July	428.7	398.2	- 30.5	116	119	123	106	136	107	108
Aug.	387.2	386.8	- 0.4							
Sept.	463.7	425.3	- 38.4							
Oct.	428.8	432.4	+ 3.6							
Nov.	446.7	387.7	- 59.0							



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

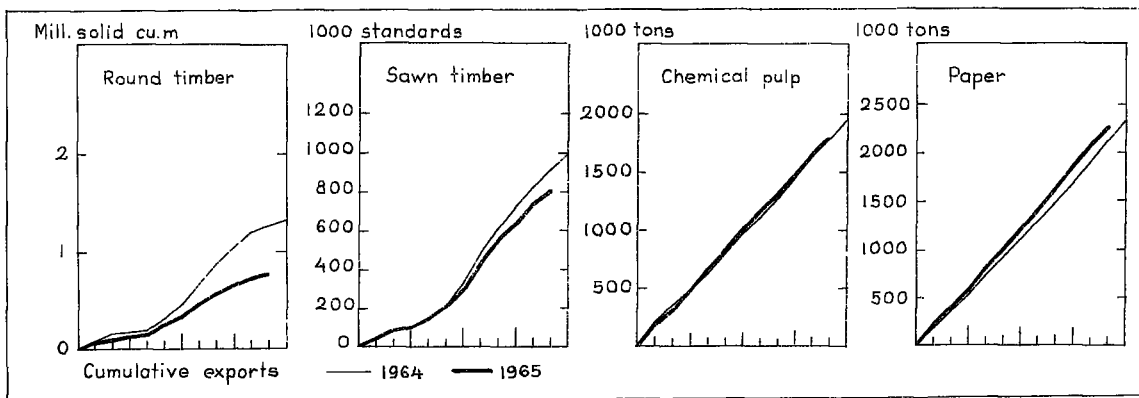
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Investment goods	Consumer goods						
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.-Nov.										
1963	1 659.8	339.5	898.4	600.6	140.3	107.1	730.9	1 604.8	555.3	200.2
1964	1 906.8	456.9	1 274.9	729.0	201.9	84.9	820.6	1 839.4	544.2	257.0
1965*	2 149.8	462.5	1 390.9	794.9	212.2	55.9	842.5	1 974.0	678.3	331.4
1964										
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
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.	199.9	44.2	124.8	77.8	13.8	2.8	75.9	181.3	76.8	37.1



March 1963 figures are affected by strikes.

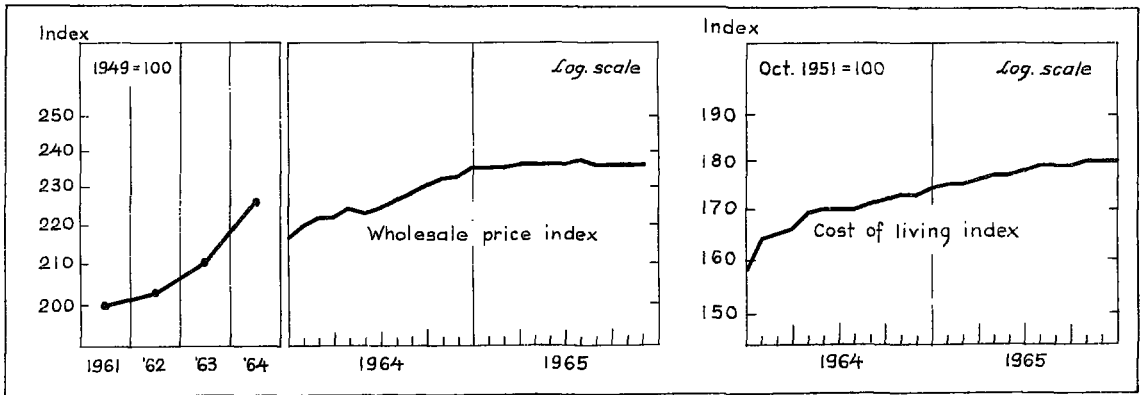
EXPORTS OF SOME IMPORTANT ARTICLES

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.-Nov. 1963	2 025	900	352	160	789	830	159	147	808	1 942
1964	1 261	917	396	158	892	886	166	150	897	2 117
1965*	759	805	416	137	848	939	157	133	997	2 270
1964										
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	14	14	75	190
March	26	22	37	15	92	82	15	10	81	209
April	31	41	41	16	78	91	16	16	101	225
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



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. - Nov.			Whole year		Jan. - Nov.		
	1963	1964	1964	1965*		1963	1964	1964	1965*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	15.3	15.2	15.6	749.6	23.6	25.3	25.5	23.2	950.6
United Kingdom	15.3	14.8	14.8	15.2	726.9	21.5	23.0	23.1	21.1	862.4
Other OECD countries										
in Europe	53.0	52.7	52.4	55.5	2 664.6	43.9	45.9	45.8	45.1	1 845.1
Austria	0.7	0.7	0.7	0.8	37.1	0.3	0.4	0.4	0.3	10.2
Belgium-Luxembourg	2.2	2.0	2.0	2.2	106.2	3.3	3.5	3.5	3.3	135.9
Denmark	3.3	3.0	3.0	3.0	143.3	3.5	3.7	3.8	4.0	161.6
France	4.3	5.5	5.6	4.3	205.5	5.0	5.8	5.9	4.5	182.2
Western Germany	18.0	17.3	17.3	19.3	924.3	12.0	11.6	11.5	11.2	457.0
Italy	2.0	1.8	1.8	1.9	90.3	3.2	3.0	2.9	3.0	123.8
Netherlands	4.7	4.0	3.9	4.3	206.8	6.3	6.8	6.8	6.0	247.7
Norway	1.6	1.5	1.5	1.8	87.0	0.8	0.9	0.9	1.1	47.0
Portugal	0.2	0.2	0.2	0.2	11.0	0.1	0.1	0.1	0.2	7.8
Spain	0.4	0.5	0.5	0.5	23.6	0.9	0.9	0.9	1.1	43.1
Sweden	11.9	12.7	12.6	13.7	659.2	5.7	6.4	6.4	7.6	312.2
Switzerland	2.9	2.8	2.7	2.8	136.4	0.7	0.8	0.8	0.6	26.0
Eastern Bloc	21.7	22.4	22.6	18.9	907.6	20.8	17.5	17.2	20.3	830.4
China	0.2	0.4	0.5	0.4	17.2	0.5	0.5	0.5	0.6	25.7
Czechoslovakia	0.7	0.6	0.7	0.7	32.9	0.9	0.4	0.5	0.6	22.9
Eastern Germany	1.1	1.0	1.0	0.9	44.9	1.0	1.0	1.0	0.8	34.3
Poland	2.0	2.0	2.0	1.9	90.9	1.7	2.0	1.9	2.4	96.5
Soviet Union	16.9	17.6	17.6	14.4	690.9	16.0	12.1	11.9	15.0	614.4
U.S. and Canada	5.3	5.0	5.0	5.3	252.2	5.4	5.9	6.1	6.2	254.2
United States	4.9	4.8	4.8	5.0	241.0	5.2	5.7	5.9	6.0	245.7
Latin America	2.9	3.0	3.2	2.6	122.6	2.9	2.7	2.6	2.8	114.8
Argentina	0.5	0.3	0.4	0.3	14.6	0.6	0.8	0.8	1.0	40.2
Brazil	1.6	1.6	1.7	1.2	59.9	0.7	0.5	0.5	0.3	12.8
Colombia	0.5	0.6	0.6	0.6	26.3	0.6	0.5	0.5	0.7	29.1
Other	1.3	1.6	1.6	2.1	101.5	3.4	2.7	2.8	2.4	99.2
Grand total	100.0	100.0	100.0	100.0	4 798.1	100.0	100.0	100.0	100.0	4 094.3
of which										
EFTA countries	36.0	35.8	35.6	37.5	1 800.9	32.6	35.4	35.5	34.9	1 427.1
EEC countries	31.2	30.5	30.5	32.0	1 533.1	29.8	30.6	30.6	28.0	1 146.5



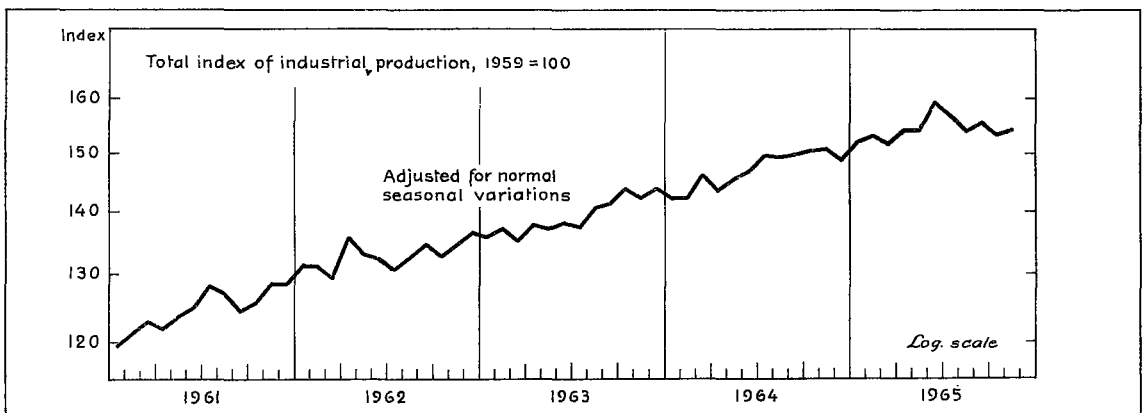
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Dome- stic 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			
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	..	..	..	..	..	..	..	..	..	158	125	2c8
1964 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	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

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
1964 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
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

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	Investment 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
1964*											
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	140	144	168	154	145	154	5 674	188
May	158	156	166	143	147	186	158	148	154	11 698	181
June	147	159	149	140	133	150	158	144	159	2 162	164
July	120	97	131	103	118	174	96	110	157	1 408	155
Aug.	155	140	161	147	112	187	144	154	154	2 154	173
Sept.	167	173	174	152	130	193	172	159	156	2 802	186
Oct.	169	176	177	149	133	193	176	159	153	2 993	184
Nov.	165	168	172	149	121	180	167	161	154	3 476	181

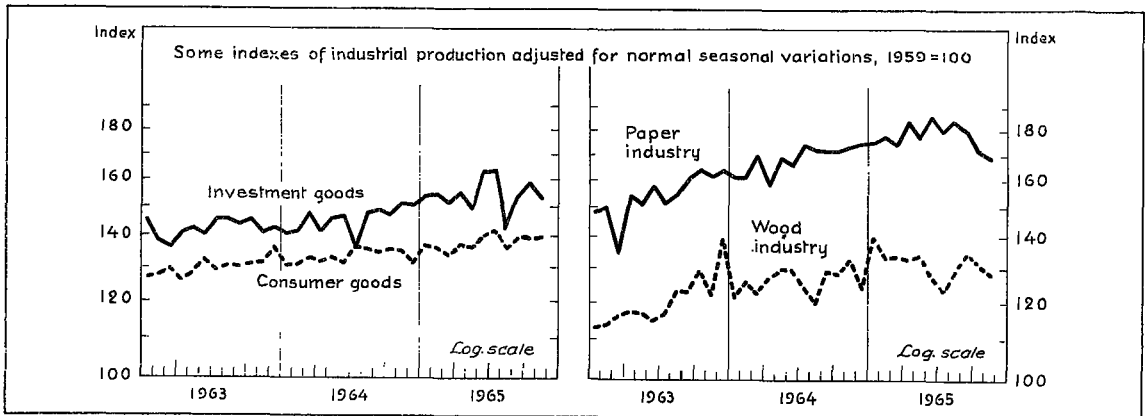


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects

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	172	162
1964										
Apr.- June	4.93	1.83	0.31	1.91	0.66	29.45	164	154	177	162
July-Sept.	6.57	2.47	0.85	1.74	1.05	30.74	165	149	180	163
Oct.-Dec.	8.68	3.97	1.04	2.60	0.69	28.55	169	165	164	167
1965*										
Jan.-Mar.	4.56	1.93	0.23	1.77	0.50	28.08	176	176	180	174
Apr.- June	5.57	2.03	0.40	1.72	1.18	32.67	178	173	181	177
July-Sept.	7.15	2.57	0.97	2.27	0.87	34.84	..	..	..	..

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	
	1964	1965	1964	1965*	1964	1965*	1964	1965*	1964	1965*
Jan.	125	118	576	690	526	549	1 854	1 877	2.7	2.0
Feb.	124	124	544	549	457	451	1 851	1 860	2.3	1.6
March	122	144	533	679	388	493	1 839	1 839	1.8	1.7
April	138	138	588	721	488	601	1 882	1 884	1.5	1.7
May	125	132	755	969	707	772	1 920	1 940	1.1	1.1
June	128	129	994	1 188	963	1 109	1 906	1 955	1.2	1.0
July	128	134	1 156	1 387	1 252	1 313	1 772	1 797	1.1	1.2
Aug.	132	138	1 072	1 357	1 109	1 255	1 862	1 893	1.0	1.2
Sept.	138	143	861	1 124	873	956	1 924	1 948	1.0	0.9
Oct.	140	139	843	1 090	760	867	1 928	1 946	1.3	1.2
Nov.	135	131	909	1 022	682	855	1 905		1.5	
Dec.	116	115	822	905	683	767	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. 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 fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures.

FOREIGN TRADE

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

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE

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

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 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 %, 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 1 492 (7 %), commerce, banking and insurance 2 739 (13 %), public administration 2 336 (11 %), other services 2 453 (12 %), total 21 153. Index of real domestic product 142 (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 130 for 1964 (1954 = 100). Measure of self-sufficiency in bread cereals 69 % in the crop year 1963/64.

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

MERCHANT FLEET (Dec. 31, 1965): Steamers 141 (241 522 gross reg. tons), motor vessels 390 (746 989 gross reg. tons), sailing vessels with auxiliary engines 31 (4 103 gross reg. tons). Total 562 (992 614 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1964): Cars 376 200, lorries and vans 83 000, buses 7 100, others 3 100. Total 469 400.

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, 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 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, 1965). Bank of Finland discount rates 6—7 1/4 %. 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 10 %.

A REVIEW OF THE TRANSPORTATION SURVEY

BY

JUKKA I. WALLENIUS, M. Sc.

In June 1964 the Finnish Government decided to undertake an extensive transportation survey, which commenced at the end of October 1964 and was completed in December 1965.¹⁾ The contract was awarded to a Dutch firm, Netherlands Engineering Consultants (NEDECO), which assigned six experts to the task. The Government also appointed a Finnish team of experts to assist the survey. This article gives a brief account of the essential findings and recommendations, including some of the underlying theoretical reasoning, of the NEDECO Mission.

GENERAL OBSERVATIONS

In comparison with many European countries, Finland utilizes a larger proportion of gross national product and aggregate investment for improving and developing the transport infrastructure. Nevertheless, if Finland is to successfully compete in the world market and achieve a reasonable standard of living, greater efficiency in the operation of existing transport facilities and improvements in technical design and construction are essential.

Although attempts have been made to formulate development policies for the different modes of transportation, no concerted effort has been made to co-ordinate these

policies. The formulation of a comprehensive transport policy is, however, imperative for a balanced development of the country's transportation network. This policy should be based on a quantitatively determined overall policy for social and economic development.

GENERAL ECONOMIC VIEWS

The Mission's analysis of the Finnish economy led to the following forecast. The increase in world demand for paper products will induce a further growth in the exports of the Finnish wood-working industries. The problems connected with the supply of raw wood can be solved. Gross national product may be expected to grow at an average annual rate of 4.6 per cent between 1965 and 1975. A continuing decline in agricultural employment and a corresponding increase in employment in commerce and the services in particular will induce a greater concentration of population in urban areas.

The Mission also reviewed the regional distribution of economic activities and the probable, or desirable, changes. In its view, southern Finland has the highest growth potential in the country and south-east Finland will obviously continue to develop rapidly as a consequence of the location of the wood-working industries in the area. Efforts to combat the social problems inherent in growing urbanization should also be concentrated on certain regions outside the

¹⁾ Report: "A Survey on Transportation in Finland", December 1965.

above-mentioned ones. The regions which have attained a certain level of industrial development and which have displayed a sustained rate of increase in industrial activity have been termed "development regions". On the basis of these criteria the following are the development regions: first in importance, the provinces of Lappi and Pohjois-Pohjanmaa; second in importance, the provinces of Keski-Suomi, Etelä-Pohjanmaa, Keski-Pohjanmaa and Pohjois-Savo. The Mission believes that development within these regions can only be achieved if efforts are mainly concentrated on those urban areas within these regions which are likely to show the fastest growth and which have a sufficiently diversified pattern of social and cultural services. The transportation development policy should principally be directed to an improvement and rationalization of the connections between the development centres and the centres in urbanized Finland.

FUTURE TRANSPORTATION DEMAND

Assuming that the social, economic and technical trends that prevailed during the period 1948 to 1963, persist into the future, the Mission envisaged the following growth trends.

Mode of transportation	Traffic volume in 1963		Traffic volume in 1975, per cent of traffic volume in 1963	
	Goods Mill. ton/km	Passenger Mill. pass./km	Goods	Passenger
Rail	4 938	1 953	143	102
Road: bus, truck, passenger cars	4 800	4 688	445	223
Air	2	127	..	1 630
Floating	1 910	.	105	.
Total	11 650	15 210	260	370

The Mission is fully aware that the likely structural changes will certainly call for considerable deviations from the projected estimates for certain modes of transportation. Other independent studies show, for example,

that the volume of passenger car traffic may be expected to grow by only about 200 per cent instead of by about 400 per cent as estimated above, and that the volume of air traffic in 1975 may not grow by more than a little over 100 per cent of the 1963 volume. Nevertheless, the projections do give a rough indication of the magnitude of the development problem.

THE SCOPE FOR THE VARIOUS MODES OF TRANSPORTATION

Goods Transport

In the Mission's opinion, inland water transport has not, and is unlikely in the future, to play an important role in internal goods transport, with the exception of timber floating. Further rationalization of transporting wood by road or by rail is essential for the Finnish wood-working industries. Of even greater importance is the improvement and extension of the "bundle floating" possibilities.

The State Railways transport most of the ores and other mineral products. It is of national importance that these goods be handled economically. The Mission believes still greater efforts towards this end should be made. As the distances between the largest centres in Finland are more than 100 kilometres, and outside South-West Finland even more than 200 kilometres, under optimum operating conditions, the railways should in general be capable of providing the most economic mode of goods transport between these centres. Certain factors have, however, distorted this normal pattern to a great extent, so that it is doubtful whether the total goods movement in the country is being achieved at a minimum of national economic cost.

The Mission does not advocate measures which would restrict the shipper's freedom to choose between different modes of trans-

portation. It is satisfied that under a system of rates based on national economic cost, handled by the operators on a commercial basis and under the general supervision of the Government, parallel road and rail connections between the main centres are justified, provided that the total volume of transport is sufficient to ensure profitable operation of both.

The recent efforts made to improve the road network have definitely reduced distances and permitted an increase in average vehicle speeds and axle loads. Although the increase in the efficiency of the road transport industry has adversely affected the volume of goods carried by rail, the benefits to the economy as a whole justify the continuation of the policy to improve the main roads. The feasibility of diverting goods traffic from the railways requires a careful study of the priorities between road improvement projects. It is essential to prepare a cost-benefit analysis for each major project.

The overall efficiency of Finnish road haulage is high. The same cannot be said of the goods service operated at present by the State Railways. The railway network includes circuitous routes between many centres of activity. Hence, on economic grounds, the Mission supports the improvement projects, such as the new lines already under construction. Even greater reductions in transport costs will result from reforms in the sphere of organization, train operation, including electrification and dieselisation, rate policy and commercial acquisition.

A specific problem in connection with parallel routes of transport is that posed by the freezing of the ports on the Gulf of Bothnia. The Mission considers it extremely doubtful whether the use of additional ice-breakers would result in a substantial decrease in the number of days that the northern-most ports are closed.

Passenger traffic

There is little doubt that in the long-run the passenger car will be the dominant means of transportation for short and medium distances, the bus and the train for medium distances and the aircraft for long distances. The State Railways should therefore discontinue providing short distance passenger services which are in the main of a local character and concentrate instead on offering fast and comfortable services for medium and long distance travel between the major urban centres. The Mission recommends adopting a policy to withdraw, over a period of about 10 years, most of the passenger services on feeder lines and to closedown most the smaller stations.

TARIFF POLICY

The survey endeavoured to obtain a rough idea of the present ratio of national economic costs to total revenue within each mode of transportation. Taking into account all possible sources of errors, the outcome of the exercise shows that at present none of the modes of transportation in Finland earns sufficient revenue to cover the national economic costs of the services provided. This becomes apparent from the following figures for 1963.

	Revenue	National economic cost	Ratio
	Mill. mk		Per cent
Road transport	2 360	2 547	108
Rail transport	354	583	165
Inland water transport	39	50	128
Domestic air transport	16	29	180
Port operations (incl. ice-break)	60	73	121
All transport	2 829	3 282	116

In the Mission's opinion, the primary aim of the Government transportation development policy should be to restore the balance between revenue received and national economic cost for each mode of transport.

RECOMMENDATIONS FOR THE DIFFERENT MODES OF TRANSPORTATION

A gradual reduction in the number of airports served regularly together with a reappraisal of the location of each airport would no doubt reduce costs. In addition to the rationalization measures, it would be necessary to increase fares by about 20 per cent if revenue is to gradually equal the costs of domestic air traffic. Thus, a sort of subsidy, diminishing in the future, seems to be justified on an infant industry argument.

The latest forecast on motor vehicles by the National Board of Public Roads and Waterways, which indicates that the number of vehicles in 1975 will exceed 1 500 000, seems to be realistic. It is essential that the existing highway improvement programme be adjusted to this forecast as quickly as possible. The implementation of the highway investment programme will result in an increase in road investment as a proportion of gross national product. This, however, is necessary if the road network is to meet the needs of a growing economy. At the same time, it may be expected that with the present tax rates, road users will more or less meet the costs of the services provided.

The greatest significance of inland water transport lies in timber floating. The users of the floating facilities should, in the Mission's opinion, be charged the entire national economic cost involved.

Port capacity will remain adequate for some time to come for Finland as a whole as well as for individual ports. With a view to promoting the concentration and co-ordination of port services in the long-run, the Mission recommends the creation of six Port Authorities to manage several adjacent ports. The cost of ice-breaker services should be recovered from ships using Finnish ports,

for example, through a general surcharge on port dues.

A thorough rationalization of the operational, administrative and commercial procedure of the railways is necessary if the railways are to play an effective role from a technical and economic point of view. The most important aspects of such rationalization would be the elimination of non-profitable services, the strengthening of tracks, electrification of the mainlines, and the introduction of automation on as extensive a scale as would be profitable. The legal status of the State Railways should be changed to be somewhat similar to the status of a State-owned limited liability company. Rationalization, on the lines suggested, would limit the rate adjustments, required to bring revenue in line with national economic costs, to within reasonable proportions. The Mission emphasizes that the measures recommended should be regarded as a comprehensive programme. Thus, the organizational and managerial improvements suggested are a necessary prerequisite to investment.

TOTAL PUBLIC INVESTMENT IN THE TRANSPORT INFRASTRUCTURE

The amount of public investment, recommended by the Mission, in the different modes of transportation during the 10-year period 1966 to 1975 can be summarized as follows.

	Mill. mk
Airports and air traffic	230
Roads	9 450
Inland water traffic (incl. Saimaa canal) ..	421
Ports	35
State Railways	2 310
	Total 12 446

The annual amount to be invested will increase from 912 million marks in 1966 to 1 555 million marks in 1975.

The investment programme endorsed by the Mission is in many respects closely re-

lated to the existing investment plans, most of which, however, have been based on fairly rough estimates with inaccurate, or no, traffic forecasts or studies attempting to justify the investment programme on economic grounds. The existing plans have been worked out almost independently of each other. Limited time and the available information have not facilitated a quantitative programming approach, having, for example, the minimization of the national economic cost of transportation over a certain period of time as an objective.

The recommended investment programme in any case implies an appraisal of the

existing plans and this in itself is of value. The Mission is fully aware of the numerous factors that may have caused a bias in the results, and on these grounds, it suggests the pursuit of further studies to improve the investment programme. On the other hand, it is convinced that the estimates presented do indicate the magnitude of the funds required for future development of the Finnish transportation system. In addition, the Mission stresses the importance of transport planning and co-ordination as a continuous activity within the public administration, so that plans are adjusted in response to changing conditions.

ITEMS

Imports of passenger cars. As a part of its balance of payments programme, on January 17 the Government, acting on the recommendation of the Bank of Finland, sent a directive to the Licensing Office limiting the issue of import licenses for passenger cars to 120 million marks during the first half of 1966.

Since July 1962, passenger car imports into Finland have been administratively liberalized, that is, licences have been issued automatically, although legally such imports are still on the global quota list. The global quota for 1965 was 96 million marks and, in conformity with Finland's undertakings to her EFTA partners, was raised to 115 million, for the whole of 1966. Actual licensing in 1965, however, amounted to 282 million marks. The issue of licences during the first six months of 1966 will slightly exceed the global quota announced for the entire year.

*

Investment inquiry in October 1965. Since autumn 1962 the Bank of Finland Institute

for Economic Research has conducted semi-annual investigations into fixed investment in Finnish industry. Questionnaires have been sent to nearly 700 undertakings, chosen by sample, and each time over 90 per cent of the questionnaires have been returned.

The following figures are based on the investment survey of October 1965. Total industry, besides manufacturing, includes mining, electricity production, gas-works and waterworks, etc. The figures for 1965 are estimates given by firms in October 1965.

	Fixed investment million marks		Percentage change 1965/64
	1964	1965	
<i>Manufacturing</i>			
Building	344	432	+26
Machinery, equipment 1)	780	903	+16
Other construction	108	105	-3
Other	29	44	+50
	<hr/>		
Total	1 261	1 484	+18
<i>Total industry</i>			
Building	386	474	+23
Machinery, equipment 1)	886	1 031	+17
Other construction	201	224	+11
Other	29	44	+50
	<hr/>		
Total	1 502	1 773	+18

1) Including motor cars and other means of transportation.

The results of the inquiry reveal that the acceleration in investment activity which started in 1964 continued during 1965. The percentage increase in investment in manufacturing in 1965 as a whole is likely to be the same as in the preceding year. In 1964 and 1965 the most substantial increases were recorded in the building group. In the machinery group, growth was also fairly marked.

As regards the different categories within manufacturing, during 1965 investment in machinery and buildings in the wood and paper industry fell 10 per cent from the 1964 figure. In the metal industry, the rise in total investment was about 20 per cent and in investment in building nearly 40 per cent. In other manufacturing branches, the acceleration in investment activity was most

marked: the increase in investment in machinery and buildings was more than 40 per cent.

The downward trend of investment in the wood and paper industry, prevailing since the beginning of the 1960's, continued during 1965. The latest survey reveals that the share of the wood and paper industry in total manufacturing in 1965 is likely to remain below 30 per cent in comparison with 50 per cent in 1961.

In mining, which is excluded from manufacturing, the growth in investment was two-thirds of the 1964 level. In the combined group of electricity, gas-works and water-works the percentage increase was slightly less substantial relative to the increase in total industry.

BANK OF FINLAND

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