



BANK OF FINLAND

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INDUSTRIAL PRODUCTION

The growth rate of the volume of industrial production which had progressed steadily in the 1960's changed in the summer of 1965. The growth in production came to an almost complete standstill for one year. It was not until the latter half of 1966 that productive activity again showed a considerable acceleration. Developments in the first half of 1966 were affected by the exceptionally cold winter, which checked the growth of production in the first quarter. In addition, the five-day week, which was applied for the first time in June—August 1966, accounted for a decline in the summer production figures; in the autumn an attempt was made to compensate for this fall. Consequently the seasonally adjusted volume of industrial production¹⁾ in the last quarter of 1966 was 6.0 per cent higher than in the first part of the year. The entire volume increase in industrial production in 1966 was 4.4 per cent on the previous year. In the opening months of 1967 the growth ceased again, and in May and June production was clearly below the level of the first quarter of the year; this can be partly attributed to the fact that the shorter working week is already applied for five months this year from the beginning of May.

¹⁾ All comparisons within the year are made on the basis of seasonally adjusted time series; yearly comparisons are made with original series. The shortening of the working week in summer has not been taken into consideration. Cp. Table and Charts on pp. 14—15.

The cessation in production also reflects an evident deceleration in the growth of both foreign and domestic demand.

WOOD AND PAPER INDUSTRY

The decline in production in the wood industry, which had begun in 1965, continued in the following year; in 1966 the decrease on the previous year was 11.3 per cent. Developments in the wood industry have been decisively affected by a slackening in demand on the part of the United Kingdom, the most important export country. The very end of 1966 saw a large increase in the demand for sawn goods and plywood in the United Kingdom. To this increase can partly be ascribed the growth of output in the early months of 1967, which, however, levelled off already in the second quarter.

Production in the paper industry grew rapidly in 1966. Because of the low starting level the total increase, however, was no more than 4.9 per cent. The growth of paper industry production is in part due to Finland's improved competitive position on the British market as a result of EFTA tariff reductions, where total demand otherwise was slackening. Towards the end of the year the removal of the import sur-

On page 18, Savings in Finland, 1948—1966

charge in the United Kingdom was also felt. During the first half of 1967, however, paper production started to decline. The interruption in growth is attributable i.a. to the speedy increase in stocks in the United Kingdom and in West Germany towards the end of 1966, which caused a slackening of export demand in the early part of this year.

INVESTMENT GOODS

Some decline took place in the production of investment goods since the latter part of 1965; only in the last quarter of 1966 was there the beginnings of a slight rising trend. Total output in 1966 remained about the same as in the previous year. In the first half of 1967 production started to grow again. This was to a great extent due to a marked increase in the exports to the Soviet Union in the framework of the five-year trade agreement, although at the same time there was a decrease in domestic investments in machinery.

CONSUMER GOODS

Developments in the consumer goods industry are not in line with the trends in the other manufacturing sectors. The steady growth of 1965 continued in 1966. Growth over the whole year was 8.5 per cent, of which the share of exports was 2—3 percentage points. In the first part of this year the rate of growth in the consumer goods industry was no longer the same as in the previous years, the increase being 2.6 per cent on the latter half of the previous year. This is due to the slackening growth of

domestic demand while the growth of exports of consumer goods has continued to be fairly strong.

OTHER INDUSTRIES

The volume of production of raw materials and semi-finished goods (excluding wood and paper industry products) grew by 6.0 per cent in 1966 on the previous year. This was followed by a slight fall in the first half of 1967, even though production was clearly above the level of the corresponding period in 1966 (+ 4.4 per cent). Among the individual industries the output of the chemical industry grew by 4.9 per cent in 1966. Most of the growth occurred in the latter part of the year. In the first part of 1967 no further increase was recorded in the chemical industry on the last quarter of the previous year. Production in the clay, glass and stone industry declined in the first part of 1966, primarily due to the hard winter, but increased sharply again towards the end of the year. Total growth was 6.5 per cent in 1966. A slight decrease took place in the first part of this year on the last quarter of 1966; on the first half of 1966, however, the increase was 8.9 per cent.

The production of mining and quarrying declined by 10.3 per cent in 1966. In the first half of 1967 production was again on the increase. The output of electricity, gas and water plants increased by 8.9 per cent in 1966. The growth rate slowed down to 6.1 per cent in the first part of this year, mainly owing to the deceleration in the growth rate of the paper industry, the biggest consumer of electricity.

August 24, 1967.

BANK OF FINLAND

Mill. mk

	1966		1967			
	Dec. 31	July 29	July 31	Aug. 8	Aug. 15	Aug. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	637.2	789.7	849.8	844.2	839.3	835.9
Gold	143.9	177.3	149.8	149.8	149.8	149.8
IMF gold tranche	100.0	100.0	—	—	—	—
Foreign exchange	312.0	426.6	622.2	617.7	614.0	610.0
Foreign bills	56.4	57.9	57.5	56.4	55.2	55.8
Foreign bonds	24.9	27.9	20.3	20.3	20.3	20.3
<i>Supplementary note cover</i>	1 063.7	864.8	892.3	854.0	846.4	909.2
Inland bills discounted						
In foreign currency	36.3	40.9	45.4	45.4	45.4	45.4
In Finnish currency	112.2	42.2	85.3	87.7	85.8	87.8
Rediscounted bills	915.2	781.7	761.6	720.9	715.2	776.0
<i>Other assets</i>	424.6	207.5	526.1	547.7	495.9	501.3
Finnish bonds	284.8	80.7	323.2	344.4	298.3	302.8
Cheque accounts	2.1	3.2	13.4	8.7	5.6	7.4
Finnish coin	11.7	9.5	14.9	14.5	14.8	14.9
Other claims	126.0	114.1	174.6	180.1	177.2	176.2
Total	2 125.5	1 862.0	2 268.2	2 245.9	2 181.6	2 246.4
Liabilities						
<i>Notes in circulation</i>	1 106.2	1 031.8	1 019.8	985.9	989.8	991.8
<i>Liabilities payable on demand</i>	179.6	96.3	215.3	245.2	181.5	233.3
Foreign exchange accounts	61.2	43.1	51.0	52.5	54.3	50.0
Mark accounts of holders abroad	16.2	17.4	13.4	14.1	14.0	14.0
Cheque accounts						
Treasury	39.8	0.9	4.9	109.2	55.0	99.8
Post Office Savings Bank	17.3	1.5	126.5	47.8	39.1	50.6
Private banks	13.8	10.6	—	—	—	—
Other	2.8	1.5	1.0	1.0	0.8	0.7
Other sight liabilities	28.5	21.3	18.5	20.6	18.3	18.2
<i>Term liabilities</i>	126.3	74.1	347.4	347.4	350.0	350.0
Foreign	84.6	41.0	204.0	204.0	204.0	204.0
Finnish	41.7	33.1	143.4	143.4	146.0	146.0
<i>Equalization accounts</i>	266.9	228.4	237.8	218.4	210.9	220.9
<i>Bank's own funds</i>	446.5	431.4	447.9	449.0	449.4	450.4
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	112.6	112.6	129.5	129.5	129.5	129.5
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	33.9	18.8	18.4	19.5	19.9	20.9
Total	2 125.5	1 862.0	2 268.2	2 245.9	2 181.6	2 246.4
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	637.2	789.7	849.8	844.2	839.3	835.9
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	500.0	700.0	700.0	700.0	700.0
Total	1 337.2	1 289.7	1 549.8	1 544.2	1 539.3	1 535.9
Note issue						
Notes in circulation	1 106.2	1 031.8	1 019.8	985.9	989.8	991.8
Liabilities payable on demand	179.6	96.3	215.3	245.2	181.5	233.3
Undrawn on cheque credits	4.9	3.9	3.8	3.8	4.7	4.9
Unused right of note issue	46.5	157.7	310.9	309.3	363.3	305.9
Total	1 337.2	1 289.7	1 549.8	1 544.2	1 539.3	1 535.9

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
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
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1966										
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
July	703.9	43.1	660.8	85.8	58.4	688.2	11.5	1.1	0.9	9.5
Aug.	657.9	38.6	619.3	84.4	58.2	645.5	11.5	1.1	3.1	7.3
Sept.	649.4	37.4	612.0	87.4	57.4	642.0	11.5	1.1	3.0	7.4
Oct.	617.5	35.7	581.8	87.8	55.1	614.5	11.5	1.1	3.5	6.9
Nov.	560.7	43.3	517.4	88.3	55.4	550.3	11.5	1.1	4.3	6.1
Dec.	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	1.1	1.1	6.1
Feb.	619.5	47.2	572.3	78.6	98.0	552.9	8.3	1.1	0.3	6.9
March	595.3	49.9	545.4	77.4	97.8	525.0	8.3	1.1	2.4	4.8
April	714.6	60.8	653.8	79.5	171.9	561.4	8.3	1.1	1.3	5.9
May	699.3	60.7	638.6	75.3	171.9	542.0	8.3	1.1	4.9	2.3
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	1.1	2.3	4.9
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	1.1	4.9	2.3

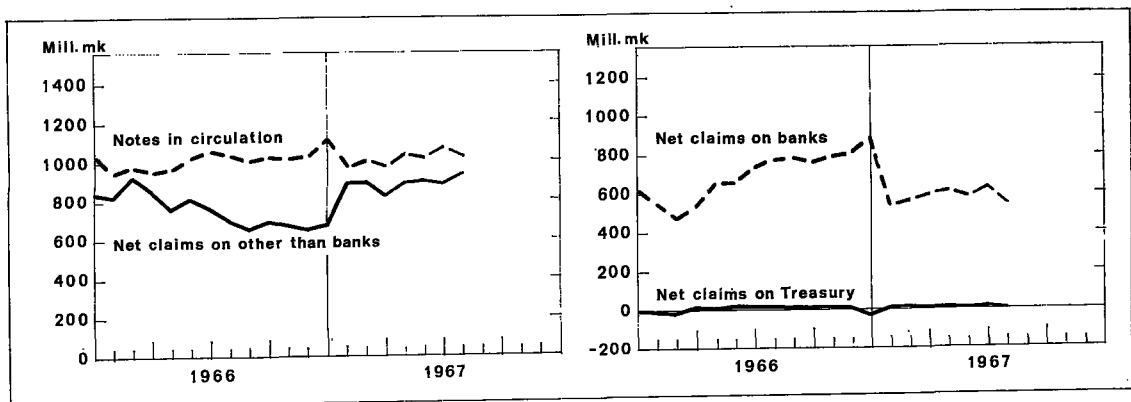
	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1966			Net holdings, July 31, 1967			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.-July
Gold	144	—	144	150	—	150	—	+ 6
Convertible currencies	274	-189	85	358	-239	119	+20	+ 34
Other currencies	— 23	1	— 22	213	3	216	+69	+238
IMF gold tranche	100	—	100	—	—	—	—	-100
Total	495	-188	307	721	-236	485	+89	+178

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
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	4.4	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	I 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	I 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	I 106.2
1966										
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	106.9	I 019.1
June	766.3	29.5	4.7	2.3	729.8	41.2	156.5	52.7	145.0	I 046.7
July	781.7	10.6	1.5	2.4	767.2	42.2	146.7	52.4	136.5	I 031.8
Aug.	811.5	29.4	4.2	0.8	777.1	40.1	143.1	52.0	131.2	I 005.2
Sept.	781.5	10.4	8.4	0.8	761.9	53.7	164.0	52.7	165.0	I 017.2
Oct.	807.5	— 1.0	21.5	0.5	786.5	61.9	169.2	47.6	183.5	I 011.7
Nov.	848.7	— 0.5	44.4	0.3	804.5	62.0	175.1	44.6	192.5	I 016.5
Dec.	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	I 106.2
1967										
Jan.	611.1	73.4	5.3	— 1.2	533.6	106.8	157.0	57.7	206.1	968.7
Feb.	637.9	64.5	14.7	— 0.7	559.4	88.0	152.5	55.4	185.1	991.7
March	728.5	101.4	29.7	— 1.0	598.4	98.2	158.1	59.9	196.4	964.9
April	753.2	115.6	28.8	— 1.3	610.1	107.9	155.7	60.0	203.6	I 033.5
May	774.2	120.7	75.6	— 5.0	582.9	95.8	166.8	60.8	201.8	I 010.6
June	775.1	125.4	22.7	— 1.3	628.3	82.3	203.8	58.5	227.6	I 062.1
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	I 019.8

¹⁾ Including cash reserve accounts in 1961 and from February 1967.



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
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	1 768.6	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	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966*	625.5	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1
1966*										
July	610.3	780.3	272.3	3 351.9	3 090.3	2 065.7	807.0	361.7	9 676.7	10 729.3
Aug.	628.6	818.0	268.2	3 373.5	3 122.8	2 085.9	813.3	360.8	9 756.5	10 842.7
Sept.	609.0	803.2	252.6	3 408.1	3 149.5	2 106.9	820.4	366.8	9 852.0	10 907.8
Oct.	558.5	737.1	280.0	3 428.0	3 179.6	2 109.0	831.3	370.7	9 918.7	10 935.8
Nov.	594.0	796.4	279.1	3 458.3	3 219.4	2 141.7	835.2	373.5	10 028.3	11 103.8
Dec.	625.5	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1
1967*										
Jan.	655.4	832.5	325.4	3 671.0	3 372.9	2 250.3	883.8	384.8	10 563.1	11 721.0
Feb.	649.8	823.8	381.9	3 700.9	3 413.2	2 275.9	897.9	389.1	10 677.2	11 882.9
March	616.5	801.3	340.1	3 723.5	3 448.5	2 312.3	906.8	399.1	10 783.2	11 924.6
April	559.8	731.8	351.6	3 758.3	3 466.1	2 323.7	908.0	394.2	10 850.5	11 933.9
May	596.1	777.8	337.6	3 782.6	3 596.1	2 348.4	908.3	392.1	10 928.7	12 044.1
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1966*			
Aug.	1 884.2	57.1	831.4
Sept.	1 930.6	54.7	832.9
Oct.	2 000.1	44.8	831.4
Nov.	2 060.4	41.1	838.6
Dec.	2 184.4	31.9	836.7
1967*			
Jan.	2 340.9	25.9	834.5
Feb.	2 426.3	19.0	816.1
March	2 543.1	13.9	796.8
April	2 636.1	8.6	780.0
May	2 748.4	1.1	748.5
June	2 810.1	0.2	731.5
July	2 891.9	0.2	711.1

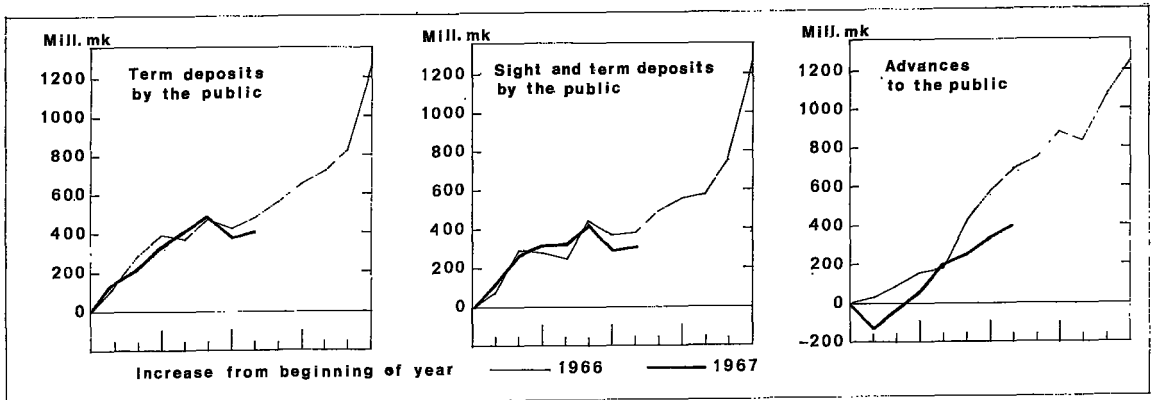
Selling rates for foreign exchange					
Aug. 24, 1967					
		mk	mk		
New York	1 \$	3.224	Zurich 100 Fr	74.33	
Montreal	1 \$	3.001	Paris 100 FF	65.75	
London	1 £	8.980	Rome 100 Lit	0.5173	
Stockholm ..	100 Kr	62.58	Vienna 100 S	12.50	
Oslo	100 Kr	45.10	Lisbon 100 Esc	11.20	
Copenhagen ..	100 Kr	46.45	Reykjavik 100 Kr	7.50	
Frankfurt o. M.	100 DM	80.67	Madrid 100 Pta	5.38	
Amsterdam ..	100 Fl	89.70	Moscow, clear. ¹⁾	1 Rbl	3.5667
Brussels	100 Fr	6.495	Clearing dollars ²⁾	1 Cl \$	3.21

¹⁾ Bucharest.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
	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
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	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966*	4 867.7	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7
1966*									
July	4 641.9	2 745.9	756.3	2 486.0	908.6	11 033.0	505.7	11 538.7	2 067.6
Aug.	4 625.4	2 783.5	771.0	2 508.2	910.8	11 123.3	475.6	11 598.9	2 054.1
Sept.	4 683.7	2 831.3	781.1	2 521.5	914.8	11 247.7	484.7	11 732.4	2 030.8
Oct.	4 604.8	2 880.6	786.0	2 502.1	918.8	11 207.9	484.4	11 692.3	1 973.3
Nov.	4 745.0	2 919.3	787.0	2 554.6	918.7	11 448.4	476.2	11 924.6	2 047.2
Dec.	4 867.7	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7
1967*									
Jan.	4 716.4	2 955.7	793.9	2 593.2	905.6	11 494.2	470.6	11 964.8	2 050.2
Feb.	4 793.3	2 969.8	804.6	2 590.2	901.2	11 570.9	488.2	12 059.1	2 112.8
March	4 857.3	2 978.6	819.1	2 600.9	901.0	11 632.5	524.4	12 156.9	2 042.7
April	4 912.3	3 011.0	830.0	2 616.2	926.2	11 766.6	529.1	12 295.7	2 084.7
May	4 920.4	3 044.2	825.7	2 633.5	928.7	11 846.7	505.8	12 352.5	2 080.8
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	2 105.1
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9



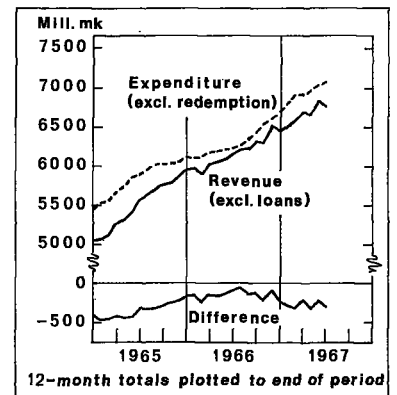
STATE FINANCES

Mill. mk

Revenue	Jan.—June		Expenditure	Jan.—June	
	1966	1967		1966	1967
Income and property tax (net)	898	985	Interest on State debt	114	107
Gross receipts	(2 108)	(2 433)	Child allowances	149	155
Refunds and communal income tax	(-1 210)	(-1 448)	The State's share in national pensions	133	148
Other direct taxes	13	13	The State's share in national health insurance	21	26
Sales tax	653	770	Compensations to war-disabled	68	77
Import duties	246	216	Subsidies	291	289
Revenue from Alcohol Monopoly ..	229	260	Net payments of price equalization	35	39
Excise duty on tobacco	184	192	State aid to agriculture	22	20
Excise duty on liquid fuel	200	234	State aid to communal and private schools	255	312
Other excise duties	50	67	Net loss of State enterprises	40	48
Tax on automobiles and motor cycles	105	121	Maintenance of roads	73	77
Tax on motor vehicles	28	38	Other current expenditure	1 126	..
Stamp duties	87	93	Current expenditure	2 327	..
Employers' payments for child allowances	211	235	Real investments ¹⁾	605	580
Other revenue similar to taxes	54	39	Other capital expenditure	285	..
Total taxes	2 958	3 263	Capital expenditure	890	..
Interest and dividends	51	69	Total expenditure	3 217	3 616
Other current revenue	103	103	Redemption of external loans	42	32
Current revenue	3 112	3 435	Redemption of internal loans	190	313
Capital revenue proper	80	90	Redemption of indemnity bonds etc.	0	0
Decrease in inventories	42	39	Index premiums	11	11
Capital revenue	122	129	Redemptions	243	356
Total revenue	3 234	3 564	Total	3 460	3 972
External loans	34	71			
Internal loans	458	334			
Loans	492	405			
Short-term credit (increase +) ..	-281	+ 7			
Deficit (+) or surplus (-)	+ 15	- 4			
Total	3 460	3 972			

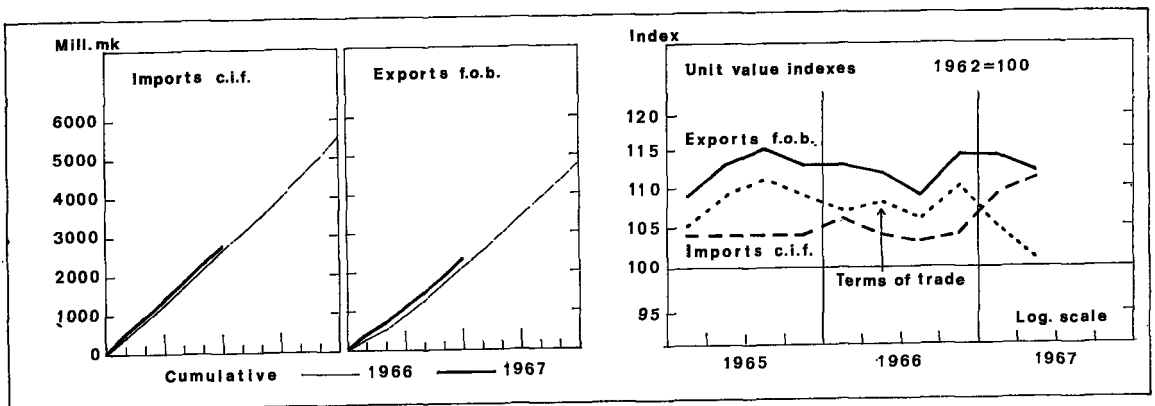
¹⁾ According to the calculations by the Economic Department of the Ministry of Finance.

Debt	1964	1965	1966	1967		
	Dec.	Dec.	Dec.	May	June	July*
External debt	1 184	1 175	1 337	1 383	1 380	1 379
Ordinary loans	1 353	1 661	1 980	1 939	1 998	1 994
Indemnity bonds etc.	7	203	93	43	33	22
Short-term credit ..	177	163	95	149	102	..
Cash debt (net)	23	-101	-119	-26	-123	..
Internal debt	1 560	1 926	2 049	2 105	2 010	..
Total debt	2 744	3 101	3 386	3 488	3 390	..
Total debt, mill. \$	852.8	961.8	1 050	1 081.8	1 051.3	..



FOREIGN TRADE

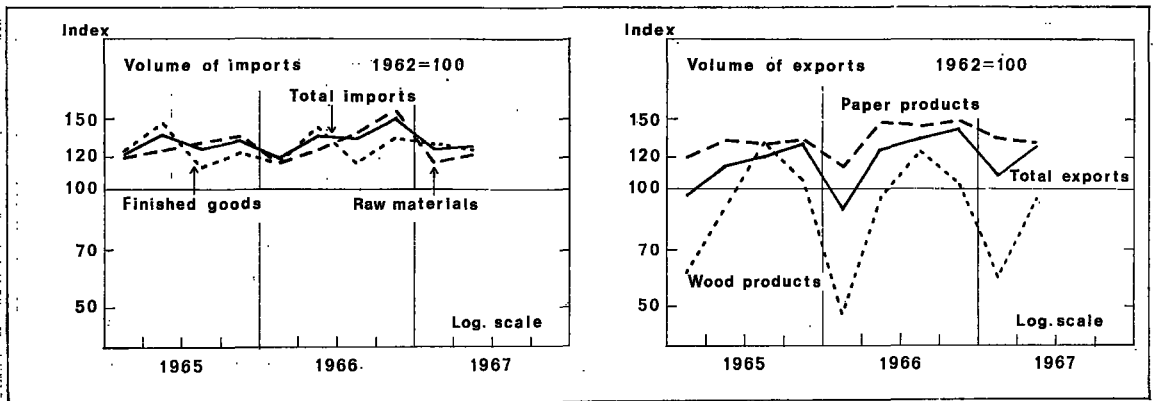
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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	4 566.0	-700.1	113	115	123	106	119	104	109
1966*	5 524.3	4 818.5	-705.8	112	112	122	105	119	104	108
Jan.-June										
1965	2 641.9	2 063.8	-578.1							
1966*	2 633.3	2 126.2	-507.1							
1967*	2 735.9	2 347.4	-388.5							
1966*										
July	411.6	404.8	- 6.8	109	110	121	105	104	103	106
Aug.	437.5	419.8	- 17.7							
Sept.	504.9	450.9	- 54.0							
Oct.	489.0	460.6	- 28.4	114	112	120	105	130	104	110
Nov.	491.2	437.5	- 53.7							
Dec.	556.9	518.7	- 38.2							
1967*										
Jan.	467.7	365.5	-102.2	114	108	119	106	130	109	105
Feb.	443.4	343.9	- 99.5							
March	434.0	378.5	- 55.5							
April	487.3	397.6	- 89.7	112	110	118	106	120	111	101
May	481.8	404.4	- 77.4							
June	421.7	457.5	+ 35.8							



FOREIGN TRADE BY MAIN GROUPS

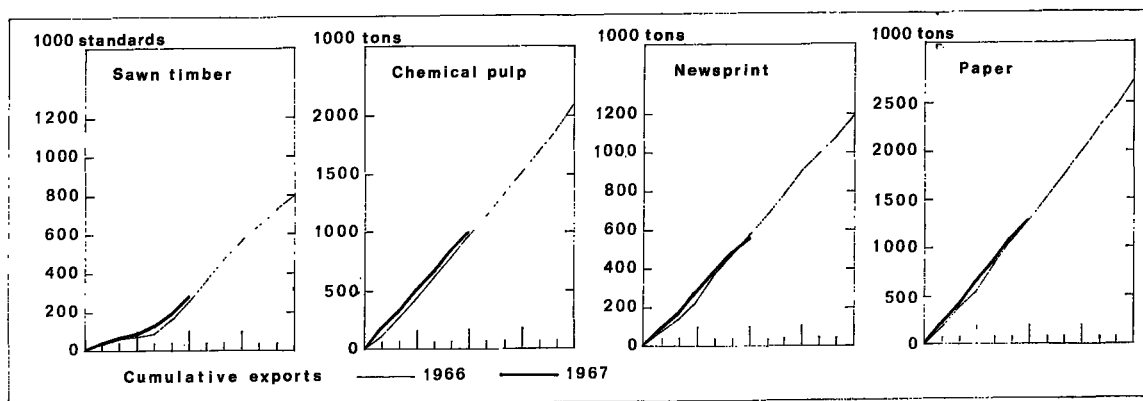
Mill. mk

Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Investment goods	Consumer goods						
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	368.2
1966*	2 450.4	589.8	1 448.5	1 035.6	264.0	59.0	863.5	2 297.0	877.5	457.5
Jan.-June										
1965	1 137.0	241.5	815.6	447.8	128.4	23.2	352.6	1 055.8	349.8	154.0
1966*	1 114.1	249.8	763.8	505.6	143.5	21.7	337.3	1 083.1	353.5	187.1
1967*	1 156.5	292.2	749.3	537.9	128.4	23.6	349.1	1 120.9	480.8	244.6
1966*										
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
June	177.6	54.1	151.0	77.2	19.1	9.0	91.9	197.5	61.1	45.7
July	199.6	36.2	99.9	75.9	14.0	6.8	102.6	186.1	63.0	32.3
Aug.	213.2	62.0	90.0	72.3	17.9	6.9	96.3	207.3	49.8	41.6
Sept.	221.8	67.9	120.8	94.4	20.0	7.9	88.8	205.1	80.5	48.6
Oct.	229.6	60.0	108.3	91.1	17.6	5.3	85.1	203.1	99.8	49.7
Nov.	225.8	54.6	112.3	98.5	17.5	5.1	73.8	196.2	93.2	51.7
Dec.	246.4	59.3	153.5	97.7	33.5	5.3	79.6	216.1	137.5	46.7
1967*										
Jan.	203.0	62.4	114.5	87.8	30.5	2.2	52.5	188.6	58.7	33.0
Feb.	176.9	38.5	134.0	94.0	11.6	2.2	41.0	180.5	74.4	34.2
March	176.8	41.4	121.8	94.0	15.6	3.2	41.5	199.0	79.0	40.2
April	203.1	54.6	128.7	100.9	31.1	5.8	56.9	187.1	72.1	44.6
May	212.1	49.0	129.7	91.0	15.0	5.2	71.6	190.0	78.1	44.5
June	184.6	46.3	120.6	70.2	24.6	5.0	85.6	175.7	118.5	48.1



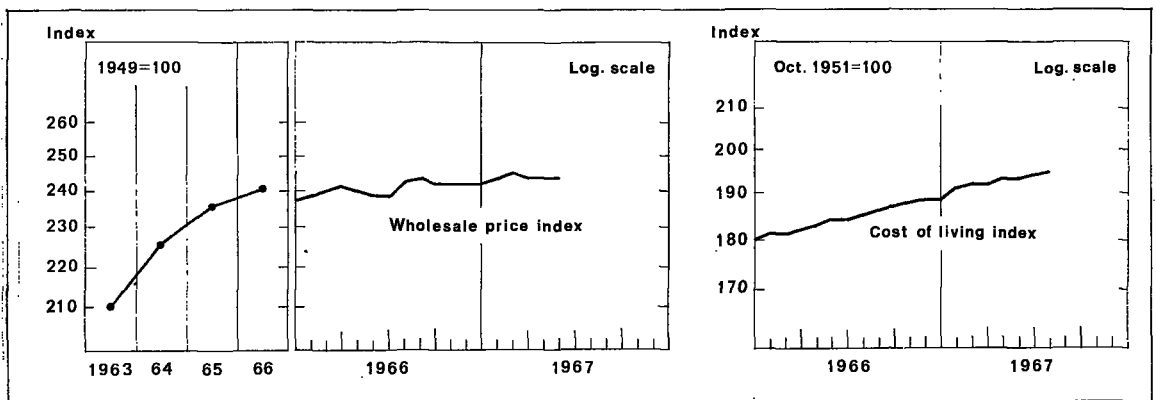
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
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
1966*	675	799	460	130	909	1 179	190	131	1 192	2 712
Jan.-June										
1965	344	294	238	84	468	516	92	79	513	1 200
1966*	240	253	252	72	447	532	91	69	575	1 283
1967*	310	278	244	54	427	576	95	69	563	1 280
1966*										
April	23	21	50	18	73	103	18	15	143	282
May	42	75	51	10	73	92	15	14	100	236
June	146	92	41	11	83	112	17	13	106	225
July	88	120	26	10	72	86	16	9	103	232
Aug.	83	106	36	10	79	112	18	9	107	244
Sept.	91	88	39	11	79	105	17	12	110	241
Oct.	59	87	31	10	78	104	16	12	96	239
Nov.	50	78	25	9	71	108	15	9	89	227
Dec.	64	67	51	8	83	132	17	11	112	246
1967*										
Jan.	21	39	40	8	74	104	15	12	90	219
Feb.	14	26	33	10	79	77	16	9	84	202
March	15	18	46	8	74	102	18	12	110	229
April	78	43	44	9	69	89	16	11	91	217
May	117	62	42	9	71	111	16	14	96	208
June	65	90	39	10	60	93	14	11	92	205



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.—June			Whole year		Jan.—June		
	1965	1966*	1966*	1967*		1965	1966*	1966*	1967*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	16.6	17.2	17.0	464.9	22.8	22.6	23.6	22.0	517.0
United Kingdom	15.3	16.1	16.6	16.3	444.4	20.7	20.5	21.4	20.0	468.4
Other OECD countries										
in Europe	55.5	53.7	54.8	54.2	1 484.3	44.8	46.7	47.5	43.4	1 018.5
Austria	0.8	0.9	0.8	0.9	26.1	0.3	0.4	0.4	0.4	10.2
Belgium-Luxembourg	2.2	1.9	2.0	1.1	53.3	3.3	3.1	2.9	2.4	56.9
Denmark	3.1	3.5	3.4	3.2	88.1	3.9	3.5	3.4	3.6	83.5
France	4.2	4.3	5.2	4.2	114.8	4.4	4.5	4.8	4.5	105.7
Western Germany	18.9	17.0	18.1	16.8	459.8	11.2	11.1	10.9	8.4	197.0
Italy	1.9	2.0	2.2	2.2	59.7	3.0	3.0	3.3	3.3	78.0
Netherlands	4.2	3.6	3.5	3.5	94.4	6.0	5.8	5.5	5.2	122.5
Norway	1.9	2.1	1.9	2.0	55.9	1.1	1.8	2.1	2.0	47.2
Portugal	0.2	0.3	0.4	0.5	12.8	0.2	0.4	0.5	0.3	5.7
Spain	0.5	0.4	0.4	0.5	14.4	1.1	1.2	1.0	1.2	28.2
Sweden	14.0	14.1	13.5	15.0	411.5	7.5	8.8	9.5	9.2	215.3
Switzerland	2.9	3.1	2.9	3.0	83.3	0.7	0.9	1.0	1.0	23.9
Eastern Bloc	18.9	19.8	17.1	18.2	497.6	21.0	18.7	16.1	22.6	531.6
China	0.3	0.5	0.6	0.7	18.3	0.6	0.6	0.5	0.7	15.4
Czechoslovakia	0.7	0.6	0.7	0.6	17.7	0.6	0.8	0.6	0.4	9.6
Eastern Germany	0.9	0.9	0.7	0.7	19.7	0.8	1.0	0.9	0.7	15.4
Poland	1.9	1.6	1.2	1.3	36.3	2.3	1.4	1.3	1.5	36.3
Soviet Union	14.4	15.5	13.3	14.3	390.3	15.8	14.2	11.7	18.5	434.9
U.S. and Canada	5.2	4.9	5.3	4.6	125.3	6.2	6.6	7.2	6.1	142.8
United States	5.0	4.6	5.1	4.3	117.0	6.0	6.4	7.0	5.9	138.6
Latin America	1.6	2.8	2.7	2.6	70.8	3.8	2.9	3.0	3.0	69.8
Argentina	0.3	0.3	0.4	0.3	9.3	0.9	1.0	1.2	1.0	23.2
Brazil	0.3	1.3	1.1	0.9	24.6	1.4	0.4	0.4	0.9	20.3
Colombia	0.6	0.7	0.7	0.7	17.8	0.7	0.6	0.7	0.3	6.0
Other	3.0	2.2	2.9	3.4	93.0	1.4	2.5	2.6	2.9	67.8
Grand total	100.0	100.0	100.0	100.0	2 735.9	100.0	100.0	100.0	100.0	2 347.5
of which										
EFTA countries	38.2	40.0	39.5	41.0	1 122.2	34.3	36.4	38.4	36.4	854.2
EEC countries	31.4	28.8	30.9	28.6	782.0	28.0	27.5	27.4	23.9	560.1



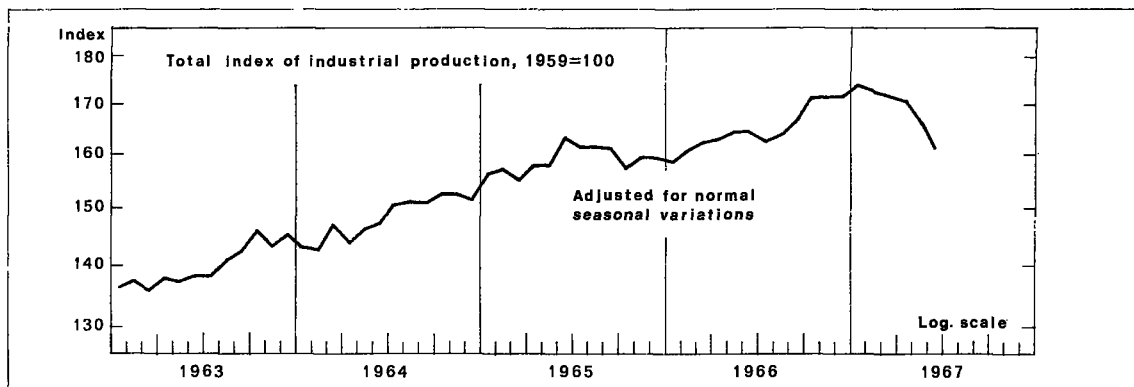
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Mach- inery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1964	226	231	210	228	214	227	250	218	218	100	100	100
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1966												
July	242	249	217	247	229	240	270	235	231	109	115	104
Aug.	243	250	218	246	229	243	274	234	231	109	115	104
Sept.	242	248	217	244	228	242	270	233	230	109	115	104
Oct.	242	248	215	244	229	242	270	233	230	109	115	104
Nov.	242	249	216	244	229	243	272	232	231	109	115	104
Dec.	242	249	216	244	229	243	273	232	231	109	115	104
1967												
Jan.	243	250	216	244	232	245	271	232	234	112	119	105
Feb.	245	253	216	243	233	251	276	232	235	112	119	106
March	244	251	216	243	233	248	273	232	235	112	119	106
April	244	251	216	242	236	248	271	231	235	112	119	105
May	244	251	216	242	236	248	273	230	235	112	119	105
June	243	250	217	242	236	247	271	231	234	114	123	106
July	246	254	216	241	235	254	279	230	236	114	123	106

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
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
1966	185	202	392	119	111	182	145	149	145	116	138	148
1966												
July	185	204	392	118	111	181	145	150	145	115	137	148
Aug.	186	204	392	118	112	183	146	150	145	114	139	149
Sept.	187	204	392	120	113	185	147	150	145	117	140	151
Oct.	188	203	401	124	113	186	147	149	149	120	140	152
Nov.	189	204	401	125	113	187	148	150	149	122	140	153
Dec.	189	205	401	126	113	189	149	150	149	122	140	154
1967												
Jan.	191	205	403	127	114	193	150	151	149	123	141	157
Feb.	192	206	403	128	114	193	151	151	149	124	142	158
March	192	206	403	128	115	194	151	152	149	125	143	158
April	193	207	403	129	115	194	151	152	149	125	143	158
May	193	209	403	129	115	195	152	153	149	125	143	159
June	194	210	403	129	115	194	152	154	149	125	143	158
July	195	212	407	129	115	195	153	156	151	126	143	159

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			
1964	148	149	154	136	129	170	148	143	148	53 200	156
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966*	166	159	173	154	118	191	162	165	165	46 507	174
1965											
Nov.	169	172	176	153	122	184	172	168	159	3 317	181
Dec.	157	166	162	142	123	162	169	150	159	3 842	196
1966*											
Jan.	157	164	164	142	113	172	169	147	159	4 219	131
Feb.	159	165	166	145	122	177	169	151	161	4 742	148
March	181	186	189	166	149	207	189	173	162	4 198	175
April	162	159	165	156	136	172	160	163	163	3 177	174
May	168	163	176	158	133	190	165	167	164	12 681	180
June	159	157	160	157	122	173	158	162	164	2 305	174
July	120	73	133	107	96	186	81	118	163	910	157
Aug.	167	149	171	165	100	196	149	175	164	1 793	178
Sept.	178	173	184	168	121	206	176	177	166	2 630	199
Oct.	186	176	196	169	111	215	181	189	172	3 116	188
Nov.	182	176	191	167	104	208	181	186	172	3 048	188
Dec.	168	168	176	151	107	186	169	168	172	3 688	200
1967*											
Jan.	177	173	185	162	111	203	174	174	174	3 835	140
Feb.	171	175	176	160	130	187	175	169	173	5 079	161
March	175	181	180	164	134	196	177	170	172	5 029	177
April	182	177	188	173	140	205	174	184	171	4 492	191
May	171	168	175	166	136	186	168	172	167	9 435	190
June	156	159	154	160	107	157	156	164	161	2 148	175

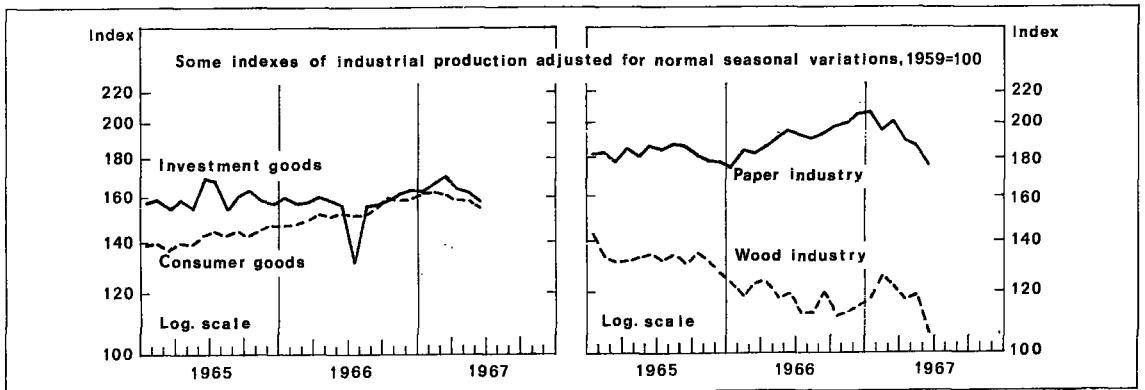


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	154	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	35.40	192	197	200	190
1966										
Jan.-Mar.	4.92	2.30	0.24	1.85	0.42	29.60	184	187	184	181
Apr.-June	4.55	1.99	0.41	1.34	0.55	35.78	191	200	212	188
July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	198	197	215	195
Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967*										
Jan.-Mar.	..	..	..	..	..	..	205	207	207	201

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	
	1966	1967*	1966	1967*	1966	1967*	1966	1967*	1966	1967*
Jan.	118	123	724	840	561	692	1 896	1 846	2.2	3.1
Feb.	118	125	434	615	268	502	1 869	1 836	2.4	3.1
March	140	133	518	756	347	627	1 877	1 824	2.1	2.6
April	134	140	621	834	561	676	1 905	1 848	2.0	2.5
May	136	129	1 091	1 119	876	972	1 953		1.3	2.1
June	131	124	1 353	1 386	1 211	1 240	1 905		1.0	2.1
July	121	116	1 586	1 511	1 395	1 390	1 728		0.9	2.2
Aug.	138		1 367		1 286		1 833		1.1	
Sept.	139		1 213		1 077		1 969		1.0	
Oct.	140		1 086		856		1 955		1.2	
Nov.	133		1 089		830		1 955		1.2	
Dec.	120		994		805		1 912		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. — Cash reserve accounts. — *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. *Index-tied 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 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6) and Finnish 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 (1965): 4.6 million. Sweden 7.7, Switzerland 5.9, Denmark 4.8 and Norway 3.7 million.

DENSITY OF POPULATION (1965): In South Finland 25.7, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1965): 56 % of the population inhabit the rural areas, 44 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 900 inhabitants, Tampere (Tammerfors) 142 000, Turku (Åbo) 140 400.

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 (1965): 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 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1965): births 16.9 ‰, deaths 9.6 ‰, increase 6.1 ‰. Deaths in France 11.1 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1965, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 174 (9 %), forestry and fishing 2 087 (9 %), manufacturing 6 709 (29 %), construction 2 259 (10 %), transport and communication 1 672 (7 %), commerce, banking and insurance 3 036 (13 %), public administration 946 (4 %), other services 4 396 (19 %), total 23 279. Index of real domestic product 168 (1954 = 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 (1964): Gross value of industrial production 17 450 mill. marks, number of workers 349 000, salaried employees 76 400, motive power (1964) 4.6 mill. HP. Index of industrial production 148 for 1964 (1959 = 100).

RAILWAYS (Jan. 1, 1967): Length 5 556 km, of which 5 545 km are State and 11 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (July 31, 1967): Steamers 111 (191 199 gross reg. tons), motor vessels 400 (818 065 gross reg. tons), sailing vessels with auxiliary engines 20 (2 707 gross reg. tons). Total 531 (1 011 971 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1966): Passenger cars 505 900, lorries and vans 85 200, buses 7 200, others 3 800. Total 602 100.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1966): Kilometres flown 14.5 million, passengers carried 768 757, passenger kilometres 409.7 million, and ton kilometres of freight and mail 7.9 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 1965 expenditure amounted to 3 628 mill. marks. Total revenue was 3 684 million, of which income from taxation 1 880 million. The municipal income tax (non-progressive) averaged 12.20 % 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, 1966). There are two big and four small commercial banks with in all 783 offices, 356 savings banks, 483 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-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). 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 3 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

SAVINGS IN FINLAND, 1948—1966

BY

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The vigorous growth of the Finnish economy in the last two decades has called for much investment, both in plant and machinery and infrastructure investments. The considerable increase in export demand has required large investments in the capital intensive export industries. The growth of domestic demand has also necessitated substantial investments in industries producing for the home market, which have also become more capital intensive. There have been extensive investments in housing, both to replace existing dwellings and to make net additions to stock. The infrastructure investments of the public sector, i.e. those in communications, education, health etc. showed an especially sharp increase in the first part of the period under review. Altogether, the rate of growth of investment has exceeded that of the national product. In 1948—1957 the

share of gross investment in the GNP was less than 25 per cent on average against nearly 29 per cent in 1958—1966. This rate of capital formation has been enabled by the high average propensity to save and to a minor degree by capital imports. In 1948—1957 gross saving exceeded gross investment; the share of gross saving in the GNP was on average more than 26 per cent. In 1958—1966 gross saving was on average less than 28 per cent of GNP and the remaining part of investment, more than 1 per cent of GNP, was financed through capital imports.

Charts 1 and 2 illustrate the shares of the public sector, corporate sector, and households¹ in the financing of gross domestic investment. Chart 1 shows the distribution of gross saving and Chart 2 that of net saving² among the three sectors. Immediately after the war general government sav-

1. The calculations are based on the adjusted series of national income statistics that will be published in a separate issue of National Accounting in Finland in 1948—1964 (Tilastollisia selvityksiä, nr. 43) by the Central Statistical Office in the near future. 1965 and 1966 figures will be published in the Bulletin of Statistics during this autumn.

The distribution into different sectors is according to the recommendation of the United Nations (A System of National Accounts and Supporting Tables, United Nations, Studies in Methods. Series F. No. 2, Rev. 2, New York 1960). Government enterprises are here included in the corporate sector.

2. General government net saving is obtained by deducting from disposable income (= revenue from property and Government enterprises (profits) plus net current transfers from the private sector and abroad minus interest on public debt) public consumption (= wages and salaries plus net purchases from companies and abroad plus depreciation). General government gross saving is obtained by adding depreciation to net saving. The amounts written off regard only buildings.

Household saving is obtained by deducting from disposable income (wages and salaries plus income from unincorporated enterprises and property minus net current transfers to the public sector and abroad minus interest on consumer credit) personal consumption.

Net corporate saving is the same as company disposable income or the undistributed profit. Gross corporate saving is obtained by adding to net saving a figure for depreciation. The depreciation of Government enterprises is also included in gross corporate saving.

Chart 1. Relative shares of different sectors in total gross saving

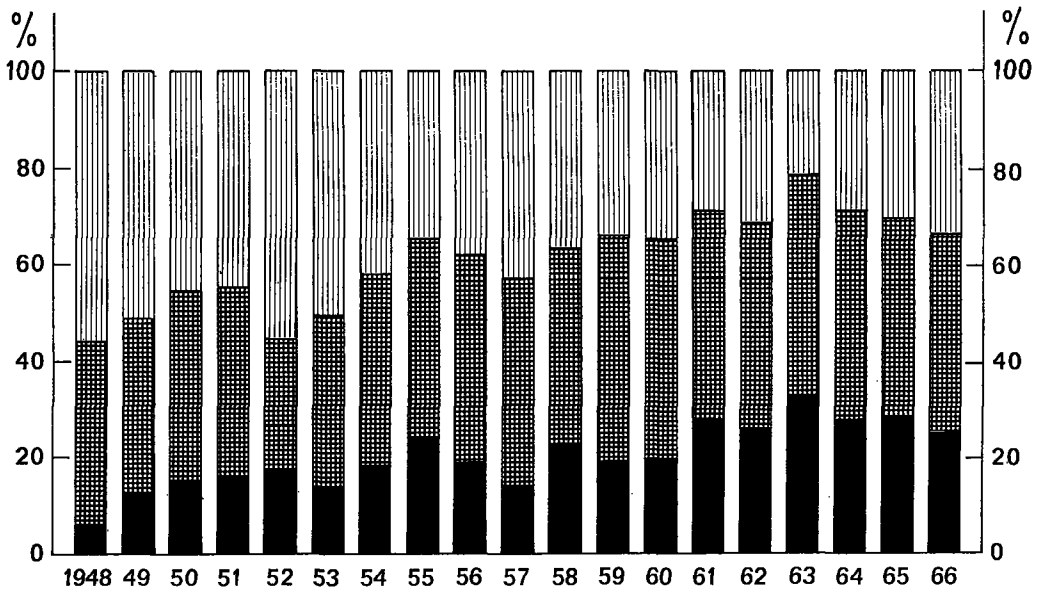
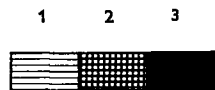
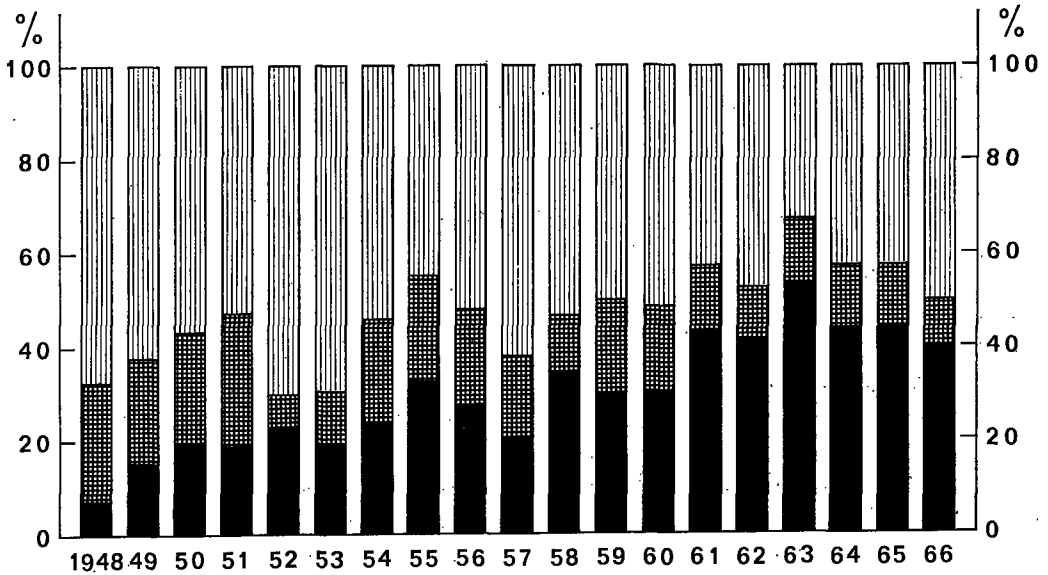


Chart 2. Relative shares of different sectors in total net saving



1 Public sector
 2 Corporate sector
 3 Household sector

ing was high; it accounted for about half the gross saving and over 60 per cent of net saving. The share of the household sector on the contrary was small, about 13 per cent of gross and less than 17 per cent of net saving. There has, however, been a sharp decrease in the share of the public sector, especially since 1954, while a corresponding increase has taken place in the share of households. The share of corporate saving in gross saving has grown slightly, while that in net saving has shown a slight fall. Apart from the long-term trend, the relative shares of the different sectors have also displayed short-term fluctuations; it can be seen especially that when the share of household saving has been increasing, there has been a decrease in the share of the public sector and vice versa.

When an attempt is made to explain these changes it may be stated that the distribution of disposable income among the public, corporate and household sectors has remained roughly the same throughout the period under review; there has been no noticeable clear trend. The average share of the public sector in total disposable income has been 25 per cent in 1948—1966 and that of households over 70 per cent while the share of companies has mostly been less than 5 per cent. Therefore the long-term development and to a great extent also the short-term variations in the relative shares of total saving can be attributed to the movements in the propensity to save of the different sectors. Chart 3 shows the propensity to save or the share of net saving in the disposable income of the public and household sectors. (As mentioned above, net saving of the corporate sector is the same as its disposable income.)

The downward trend in the propensity to save of the public sector after the war has been continuous and sharp. A high saving ratio, 0.55 immediately after the war was

necessary in the first part of the period, to enable the payment of war reparations until 1953, to carry out the infrastructure investments neglected during the war and, through financial investments, to stimulate basic productive investments as well as housing production in the private sector. Net investment of the public sector accounted for only 25 per cent of its net saving on average in 1948—1952: the share of war reparations was 19 per cent on average in the same period, and the rest or over one half was transferred in the form of loans partly to Government enterprises and public companies, partly directly to the private sector, mainly for house construction. Since the latter half of the 1950's the growth in consumption expenditure has exceeded that of revenue, primarily due to the development of the social security system, and, above all, due to sharply increased wage and salary expenditure. The investments of the public sector have taken most of its saving, which relatively has declined. In 1953—1962 the investments of the public sector were 51 per cent of its net saving and in 1964—1966 as much as 72 per cent. Net lending to the private sector has thus fallen markedly and has mainly been made to Government enterprises and public companies, which are here included in the private sector.

Short-term fluctuations in the propensity to save of the public sector are closely related to the variations in its disposable income (Cp. Charts 3 and 4). At the same time as there has been an acceleration in the rate of growth of revenue, the propensity to save has risen and vice versa; this is apparently a result of the fact that short-term fluctuations occur in revenue, depending i.a. on the cyclical movements while consumption expenditure mainly grows steadily.

In contrast to the developments in the public sector, the relative increase in depreciation has in the corporate sector been stronger

Chart 3. The share of net saving in disposable income of different sectors

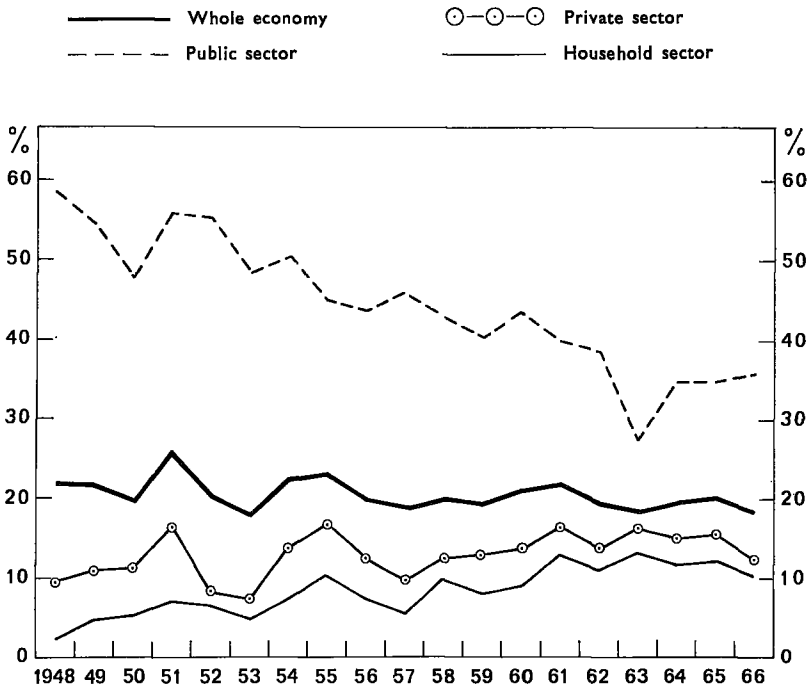
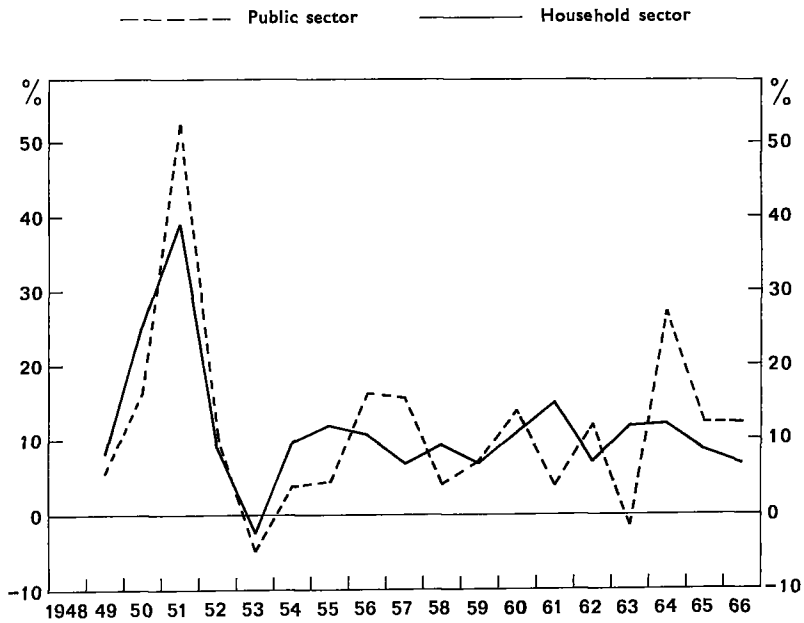


Chart 4. Percentage changes in disposable income of some sectors



than that of net saving. Thus the share of corporate saving in gross saving has increased, but that in net saving has been reduced. Depreciation, in both absolute and relative terms, has grown noticeably after the war. This is a direct consequence of greater capital stock, but also the increased depreciation allowances in taxation since 1956 have greatly contributed to the expansion of the depreciation item.

Fluctuations in the share of corporate saving follow closely those in the GNP, for changes in company profits generally are directly related to the rate of economic growth. An acceleration in the growth of GNP is associated with an increase in the profits of the company sector, including undistributed profits or net corporate saving. With a deceleration in the growth rate there is a corresponding decline in profits.

The increase in the share of households in total saving can also be attributed to the steady growth in the propensity to save of this sector throughout the period under review. There are obviously several reasons for the increased propensity to save, the most important being changes in the total and structure of consumption, different propensities to save among the various income groups, and various policy measures.

The release of consumption demand, pent up during the war led to an exceptionally high propensity to consume in the years immediately after the war. Opportunities for saving were small at that time due to the low postwar income level. The marked increases in income levels and consumption standards during the period surveyed have brought with them a greater need to save. As a result of the rise in the consumption level household purchases are concentrated to a greater extent on durables, and in particular on dwellings and summer houses. Saving for these objects has been one of the

factors which have raised the propensity to save.

It seems that the increase in the average propensity to save of households can also be ascribed to the growth in the propensity to save of households obtaining income from unincorporated enterprises and property during the period under review. This group has been compelled to increase its saving with the decline of Government net lending to the private sector and to enlarge its own share in the financing of enterprises.

The Government has attempted to promote household saving in various ways. Official measures implemented towards this end are the liberation of bank deposits from the income and property tax already in 1943, at first within certain limits and later for all personal savers, the introduction of indexed bonds in 1953, the introduction of deposits with an index clause in 1955, the introduction of high-interest deposits in 1959 and the application of tax concession accounts in 1959 and 1960. Different stipulations regarding the exemption from taxation of certain bonds have been made for the same purpose. The latest measure aiming at increasing bank deposits is the youth savings campaign started at the beginning of 1967; persons between the ages of 15 and 29 are allowed to deposit on special accounts and regular depositors are entitled to participate in an annual draw of prizes granted by the Government.

Besides the measures taken to increase the propensity to save, there have been efforts to reduce the propensity to consume directly and to limit the use of consumer credits. Of these may be mentioned the tightening of the hire purchase terms for automobiles in 1964 and in 1965, at which time the hire purchase terms of some other durables were affected as well. When bank lending was tightened generally both in 1965 and 1966

special emphasis has been placed on limiting consumer credits.

The short-term fluctuations in the propensity to save of households correspond to changes in their disposable income (Cp. Charts 3 and 4). When income accelerates at a rate which is greater than that of the trend, the change in the growth rate of consumption does not follow immediately, due to a rigidity in consumption habits and thus there will be an increase in the propensity to save. Similarly, a slackening in the rate of growth of income does not immediately produce a decline in the growth rate of consumption and there will be a decrease in the propensity to save. It can be seen from Chart 4 that since about 1954 the short-term variations in the series illustrating the movements of the disposable

incomes of the public sector and households have been in opposite directions; consequently the short-term fluctuations in the propensities to save show a similar development. This is a reason explaining the short-term variations in the shares of the public and household sectors in total saving.

The rise in the propensity to save of the private sector has almost fully compensated the decrease in that of the public sector so that the national average propensity to save has remained about the same during the period under review; it was 0.21 in 1948—1957 and 0.20 in 1958—1966. Although this figure is rather high, the resultant saving has not been sufficient to finance the vigorously expanding investments and it has been necessary to resort to an increasing extent to imported capital.

ITEMS

Committee report on the reform of bank legislation. The Committee, which was appointed in 1961 to reform and revise the legislation on commercial banks, savings banks, co-operative credit societies, mortgage banks and savings departments of co-operative stores, and the legislation on public supervision of these institutions, under the chairmanship of Dr. Reino Rossi, the Deputy Governor of the Bank of Finland, presented its report on September 12, 1967.

The unanimous report of the Committee contains proposals for new Acts on commercial banks, savings banks, co-operative banks, mortgage banks, the savings departments of co-operative stores and special credit companies granting mainly development credits, as well as for a new Bank Inspection Law.

The Committee's chief task has been to consolidate bank legislation, which has up to now been very incoherent, so that the rights and obligations of the different monetary and credit institutions would balance. The Committee has based its report on the premise that the primary purpose of bank legislation is to safeguard the claims of the public on the institutions governed by this legislation. At the same time it was thought important for economic growth that the legislation should provide no unnecessary impediments to the channelling of the funds of the monetary and credit institutions.

The Committee suggests that apart from the Bank of Finland and the Post Office Savings Bank, only the commercial banks, savings banks and the co-operative banks, at present co-operative credit societies, should be entitled to accept deposits from the public. In addition, co-operative stores should be allowed to continue their savings activities for their members. On the other hand, of all the institutions covered by the Committee's terms of reference only the mortgage banks and the credit companies would be allowed to raise funds through bond issues. Following the Committee's proposal, the Credit Company Act should govern the existing development credit institutions, which so far have not been covered by any special legislation.

The Committee also proposes that all the monetary and credit institutions included in the new legislation as well as the savings departments of co-operative stores should be supervised by a central public agency, a supreme bank inspectorate, which would be subordinate to the Ministry of Finance. The inspectorate should have the power to inspect directly all the institutions included in the Committee's term of reference. The supervision of the commercial banks and the mortgage banks would be transferred from the present bank inspectorate to the supreme inspectorate, which will also superintend the credit companies. The direct supervision of the savings banks, co-operative banks and

the savings departments of co-operative stores would be left to the bodies of inspectors appointed by the respective central organizations; these bodies would be under the guidance and supervision of the supreme bank inspectorate.

*

Finland raises \$15 000 000 in the U.S.A.

On September 7, 1967, the Republic of Finland signed an agreement concerning the bond issue of \$15 million, for public subscription in the United States through the principal intermediaries of Drexel Harriman Ripley Inc., Kuhn, Loeb & Co., Lazard Frères & Co., and Smith, Barney & Co. Inc. This is the Republic of Finland's fifth offer of bonds in the United States since 1960.

The loan is current for a period of 10 years, and bears interest at a rate of 7 per cent. The price of issue is 98 1/2 per cent. The bonds are dated September 15, 1967, and will be redeemed by annual sinking fund payments during the period September 15, 1968—September 15, 1977. The principal and the interest on the bonds will be payable in U.S. currency. Purchases of the bonds are not subject to the U.S. interest equalization tax.

*

Foreign long-term borrowing in the first half of 1967. According to the preliminary figures of the Bank of Finland, long-term loans for the first six months of 1967 were raised abroad to a gross amount of 507 million marks compared with only 205 million marks in 1966. This figure, however, includes drawings amounting to 224 million marks made under the stand-by credit arrangement with the International Monetary Fund. Repayments during the period totalled 128 million or 16 million more than

in the same period in 1966. The net increase in foreign long-term debt, including the drawings from the Fund, thus amounted to 379 million against 94 million in the first half of 1966.

These figures include two new foreign bond loans which were issued on the West European capital markets. In January the Government made a 12-year bond issue of 12 million dollars or 38.4 million marks and this was followed by a bond loan of the same amount issued by the Mortgage Bank of Finland in April. Other financial long-term credits increased during January—June by a net amount of 187 million marks compared with 78 million marks in the first half of 1966. On the other hand the long-term delivery credits increased by only a net amount of 3 million marks against 24 million marks a year ago. The disbursements of the loans granted by the World Bank brought the amount of long-term financing to 29 million marks and the net increase in the financing from this source was 14 million marks, which was somewhat lower than the corresponding amount for 1966.

*

Supplementary budgets. The first supplementary budget for 1967, the only expenditure item of which was 2 million marks for the upkeep of the Finnish U.N. forces in Cyprus, was approved by Parliament in March.

The total of the appropriations granted in the second supplementary budget, which was passed in June, was 68 million marks. This consisted i.a. of a grant of 13 million marks for various military and hospital buildings and 8 million for public works in general. Further, an additional 8 million marks was entered for loans under the export levy scheme and 11 million for the interest charges on the State debt.

Domestic bond issues. The Government has authorized the *Land and Industry Real Estate Bank Ltd.* to make two private bond issues.

The first issue is for 20 million marks and the bonds will mature in ten years. The second issue is for 10 million marks with a maturity of five years. The rate of interest of both the loans is $2\frac{3}{4}$ percentage points above the general rate of six month deposits in co-operative credit societies. The loans

are tied to the cost of living index to the extent of 50 per cent and they are issued at par.

The Government has authorized the city of *Lovüsa* to make a private bond issue of 2.5 million marks. The bonds will run for a period of 25 years. The rate of interest is $2\frac{1}{2}$ percentage points above the rate of six month deposits in the Central Bank of the Savings Banks. The loan carries a 50 per cent index clause and is issued at par.

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