



# BANK OF FINLAND

## MONTHLY BULLETIN

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1968

### EMPLOYMENT SITUATION

As a result of the cessation of growth in total production in the second quarter of 1965 which continued for about a year, employment which had been on the increase started to decline. However, the employment

situation remained rather satisfactory throughout the year. The following table illustrates the employment situation in 1965, 1966 and 1967 (all figures are seasonally adjusted):

|  | 1965  |       |       |       | 1966  |       |       |       | 1967  |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | I     | II    | III   | IV    | I     | II    | III   | IV    | I     | II    | III   | IV    |
| Total labour force, 1 000 persons <sup>1</sup> .....     | 2 191 | 2 202 | 2 210 | 2 202 | 2 205 | 2 215 | 2 217 | 2 221 | 2 205 | 2 209 | 2 203 | 2 209 |
| Percentage of total labour force unemployed <sup>1</sup> | 1.2   | 1.5   | 1.6   | 1.6   | 1.6   | 1.6   | 1.5   | 1.7   | 2.0   | 2.6   | 3.4   | 4.1   |
| Labour force in public works, 1 000 persons ..           | 97    | 96    | 92    | 96    | 98    | 98    | 100   | 98    | 94    | 96    | 97    | 97    |

<sup>1</sup>) According to labour force sample survey.

During the second quarter of 1966 productive activity again started to accelerate. Total output grew steadily in the second half of the year. The seasonally adjusted volume of production for the last quarter of 1966 was 5.6 per cent higher than in the first quarter. The share of unemployed in the total labour force or the unemployment percentage was on average 1.5 per cent in the third quarter and 1.7 per cent in the fourth quarter.

The slight increase in employment in the autumn of 1966 was caused by the expansion of house building as well as by the high growth rate in manufacturing in September and October. The number employed in these sectors in the second quarter of 1966 was

33 000 on average, i.e. 5.0 per cent more than in the corresponding period of the previous year. The labour force in public works also amounted to 5 per cent more than in the previous autumn.

In the beginning of 1967 the growth rate of total production slackened again and in the spring it started to decrease. The seasonally adjusted volume of total production in the second quarter was 2.5 per cent lower than in the first quarter. The decrease in the volume of house building was as much as 20 per cent. The decline in the volume of total industrial production was 3.7 per

*On page 18, Structural Changes in Finnish Industrial Production in 1954—1965*

cent while that in the consumer goods industries was 2.5 per cent and in the metal industry 2.9 per cent. In the first part of the year employment in Northern Finland was affected also by the fall in the number of those employed in forestry and log floating, mainly due to rationalization measures, of about 17 000 persons or 13 per cent on the previous winter. The seasonally adjusted unemployment percentage was 2.0 per cent in the first quarter of 1967 and 2.6 per cent in the second quarter. The deterioration in the employment situation was also reflected in the decline of the total labour force available in the opening months of 1967. According to the labour force sample survey, the number of unemployed in the first quarter was 63 000 on average against 49 000 in the first quarter of 1966 and 38 000 in the first quarter of 1965. It can be mentioned that the Government endeavoured to increase unemployment compensations instead of expanding public works. The number of those drawing these benefits was 8 000 in January and 6 000 on average in February—April. The labour force maintained in public works was about 3 500 less than in the corresponding period of the previous year. A five-day week was worked for five months in 1967 starting in May. In spite of this there was a continuous weakening in the employment situation; the seasonally adjusted share of unemployed in the total labour force reached an average of 3.1 in June—August. The average number of unemployed was 52 000 during this period.

Towards the end of the year the sharp decline in the volume of house building in comparison with the first part of the year had an adverse effect on the employment situation. The number of unemployed grew from 58 000 in September to 86 000 in November, as the demand for industrial labour

from September was substantially smaller than in the previous autumn and the employment position in forestry continued to be bad. The corresponding seasonally adjusted unemployment percentages were 3.7 and 4.1. The labour force in public works during autumn 1967 was approximately the same as one year earlier.

As before, unemployment was relatively much greater in Northern Finland than in the South. According to the estimate made by the Labour Research Bureau the unemployment percentage was at the beginning of November about 5 per cent in the two northern-most regions and only about 2 per cent in the southern regions. No accurate data are available on the distribution of the unemployed among different industries, but on the basis of the data from the employment exchanges rough estimates may be made of the situation in different industries at the beginning of November 1967. Unemployment was relatively highest in house building where the unemployment percentage considerably exceeded the 10 per cent level. The number of unemployed building workers was 15 000—20 000 men at that time. The share of unemployed in the total industrial labour force was 3—4 per cent or over 17 000 persons. In forestry the unemployment percentage was almost 10 while the absolute number of unemployed workers was 7 000—10 000 men.

The outlook for this winter is worsened by the prospect of considerable unemployment in the forestry and house building sectors. The situation in manufacturing will also remain rather weak. The expected acceleration in the growth rate of total production will probably increase the demand for labour during the second half of the year at the earliest.

*January 23, 1968*

## BANK OF FINLAND

Mill. mk

|   | 1965    | 1966    | 1967    | 1968    |         |         |
|---|---------|---------|---------|---------|---------|---------|
|   | Dec. 31 | Dec. 31 | Dec. 30 | Jan. 8  | Jan. 15 | Jan. 23 |
| <b>BALANCE SHEET</b>  |         |         |         |         |         |         |
| <b>Assets</b>   |         |         |         |         |         |         |
| <i>Ordinary note cover</i> .....                                    | 944.7   | 637.2   | 798.8   | 806.5   | 809.6   | 874.5   |
| Gold .....  | 267.5   | 143.9   | 188.8   | 188.8   | 188.8   | 188.8   |
| IMF gold tranche .....  | 45.6    | 100.0   | —       | —       | —       | —       |
| Foreign exchange .....  | 547.8   | 312.0   | 512.3   | 520.0   | 521.6   | 587.9   |
| Foreign bills .....   | 54.7    | 56.4    | 72.5    | 72.5    | 74.0    | 72.6    |
| Foreign bonds .....   | 29.1    | 24.9    | 25.2    | 25.2    | 25.2    | 25.2    |
| <i>Supplementary note cover</i> .....                               | 712.1   | 1 063.7 | 1 130.7 | 1 053.5 | 1 002.2 | 1 060.6 |
| Inland bills discounted   |         |         |         |         |         |         |
| In foreign currency .....   | 45.5    | 36.3    | 122.5   | 122.5   | 99.1    | 99.1    |
| In Finnish currency .....   | 26.0    | 112.2   | 140.7   | 143.9   | 145.1   | 146.7   |
| Rediscounted bills .....  | 640.6   | 915.2   | 867.5   | 787.1   | 758.0   | 814.8   |
| <i>Other assets</i> .....   | 119.5   | 424.6   | 707.7   | 682.6   | 701.3   | 626.4   |
| Finnish bonds .....   | 36.9    | 284.8   | 370.5   | 354.8   | 428.3   | 323.3   |
| Cheque accounts .....   | 1.9     | 2.1     | 4.0     | 3.3     | 2.8     | 3.0     |
| Finnish coin .....  | 6.2     | 11.7    | 12.3    | 13.7    | 16.0    | 17.4    |
| Other claims .....  | 74.5    | 126.0   | 320.9   | 310.8   | 254.2   | 282.7   |
| Total   | 1 776.3 | 2 125.5 | 2 637.2 | 2 542.6 | 2 513.1 | 2 561.5 |
| <b>Liabilities</b>  |         |         |         |         |         |         |
| <i>Notes in circulation</i> .....                                   | 1 028.5 | 1 106.2 | 1 052.1 | 983.3   | 951.4   | 931.7   |
| <i>Liabilities payable on demand</i> .....                          | 98.3    | 179.6   | 139.6   | 111.7   | 101.2   | 152.6   |
| Foreign exchange accounts .....                                     | 44.8    | 61.2    | 74.7    | 74.5    | 69.3    | 68.7    |
| Mark accounts of holders abroad .....                               | 10.9    | 16.2    | 14.1    | 11.2    | 11.2    | 10.5    |
| Cheque accounts   |         |         |         |         |         |         |
| Treasury .....  | 1.1     | 39.8    | 4.4     | 0.2     | 0.4     | 20.4    |
| Post Office Savings Bank .....                                      | 8.3     | 17.3    | 17.2    | 1.5     | 4.1     | 30.0    |
| Private banks .....   | 11.9    | 13.8    | 9.8     | 4.3     | 1.9     | 8.2     |
| Other .....   | 1.2     | 2.8     | 1.8     | 2.5     | 1.9     | 2.5     |
| Other sight liabilities .....                                       | 20.1    | 28.5    | 17.6    | 17.5    | 12.4    | 12.3    |
| <i>Term liabilities</i> .....                                       | 57.2    | 126.3   | 553.1   | 558.1   | 574.6   | 593.2   |
| Foreign .....   | 45.6    | 84.6    | 339.5   | 339.5   | 339.5   | 339.4   |
| Finnish .....   | 11.6    | 41.7    | 213.6   | 218.6   | 235.1   | 253.8   |
| <i>Equalization accounts</i> .....                                  | 165.1   | 266.9   | 422.0   | 418.2   | 414.4   | 411.0   |
| <i>Bank's own funds</i> .....                                       | 427.2   | 446.5   | 470.4   | 471.3   | 471.5   | 473.0   |
| Capital .....   | 300.0   | 300.0   | 300.0   | 300.0   | 300.0   | 300.0   |
| Reserve fund .....  | 97.9    | 112.6   | 129.5   | 150.0   | 150.0   | 150.0   |
| Profits undisposed .....  | —       | —       | —       | 20.4    | 20.4    | 20.4    |
| Earnings less expenses .....  | 29.3    | 33.9    | 40.9    | 0.9     | 1.1     | 2.6     |
| Total   | 1 776.3 | 2 125.5 | 2 637.2 | 2 542.6 | 2 513.1 | 2 561.5 |
| <b>STATEMENT OF NOTE ISSUE</b>                                      |         |         |         |         |         |         |
| <b>Right of note issue</b>  |         |         |         |         |         |         |
| Ordinary cover .....  | 944.7   | 637.2   | 798.8   | 806.5   | 809.6   | 874.5   |
| Supplementary cover   |         |         |         |         |         |         |
| (Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk) ..... | 500.0   | 700.0   | 700.0   | 700.0   | 700.0   | 700.0   |
| Total   | 1 444.7 | 1 337.2 | 1 498.8 | 1 506.5 | 1 509.6 | 1 574.5 |
| <b>Note issue</b>   |         |         |         |         |         |         |
| Notes in circulation .....  | 1 028.5 | 1 106.2 | 1 052.1 | 983.3   | 951.4   | 931.7   |
| Liabilities payable on demand .....                                 | 98.3    | 179.6   | 139.6   | 111.7   | 101.2   | 152.6   |
| Undrawn on cheque credits .....                                     | 5.1     | 4.9     | 3.1     | 3.7     | 4.2     | 4.0     |
| Unused right of note issue .....                                    | 312.8   | 46.5    | 304.0   | 407.8   | 452.8   | 486.2   |
| Total   | 1 444.7 | 1 337.2 | 1 498.8 | 1 506.5 | 1 509.6 | 1 574.5 |

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                                 |
| 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                             |
| 1967                  | 701.1                     | 74.7                                     | 626.4                          | 97.7                 | 353.6                     | 370.5                      | 8.3             | — 14.8            | 4.4                         | — 10.9                             |
| 1966                  |                           |  |                                |                      |                           |                            |                 |                   |                             |                                    |
| 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                                |
| Aug.                  | 736.9                     | 49.1                                     | 687.8                          | 76.7                 | 217.8                     | 546.7                      | 8.3             | — 1.1             | 23.6                        | — 16.4                             |
| Sept.                 | 780.6                     | 53.6                                     | 727.0                          | 77.9                 | 293.5                     | 511.4                      | 8.3             | — 1.1             | 1.0                         | 6.2                                |
| Oct. <sup>1)</sup>    | 984.0                     | 64.5                                     | 919.5                          | 106.3                | 377.3                     | 648.5                      | 8.3             | — 1.3             | 10.6                        | — 3.6                              |
| Nov.                  | 878.6                     | 71.9                                     | 806.7                          | 106.8                | 357.4                     | 556.1                      | 8.3             | — 2.3             | 18.4                        | — 12.4                             |
| Dec.                  | 701.1                     | 74.7                                     | 626.4                          | 97.7                 | 353.6                     | 370.5                      | 8.3             | — 14.8            | 4.4                         | — 10.9                             |

|                              | Foreign exchange situation, mill. mk |       |       |   |       |       |
|------------------------------|--------------------------------------|-------|-------|---|-------|-------|
|                              | Net holdings, Dec. 31, 1966          |       |       | Net holdings, Dec. 30, 1967 <sup>1)</sup> |       |       |
|                              | Bank of Finland                      | Other | Total | Bank of Finland                           | Other | Total |
| Gold .....                   | 144                                  | —     | 144   | 189                                       | —     | 189   |
| Convertible currencies ..... | 274                                  | —189  | 85    | 458                                       | —295  | 163   |
| Other currencies .....       | — 23                                 | 1     | — 22  | — 21                                      | — 1   | — 22  |
| IMF gold tranche .....       | 100                                  | —     | 100   | —   | —     | —     |
| Total .....                  | 495                                  | —188  | 307   | 626                                       | —296  | 330   |

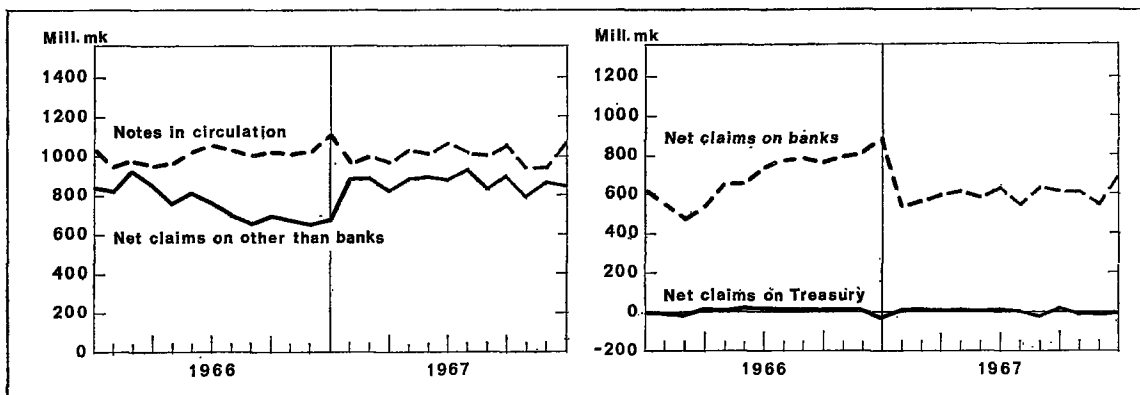
<sup>1)</sup> Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

## 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 <sup>1)</sup>  | Post Office Savings Bank <sup>1)</sup> | Mortgage Bank of Finland Oy |                                   |                                  |                |             |   |                      |
|                       | 1                           | 2                            | 3                                      | 4                           | 5                                 | 6                                | 7              | 8           | 9   | 10                   |
| 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                                     | 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              |
| 1966                  | 915.2                       | 13.8                         | 17.3                                   | — 1.3                       | 885.4                             | 112.2                            | 152.9          | 73.2        | 191.9                                     | 1 106.2              |
| 1967                  | 867.5                       | 154.7                        | 34.5                                   | + 0.0                       | 678.3                             | 140.7                            | 439.1          | 56.0        | 523.8                                     | 1 052.1              |
| 1966                  |                             |                              |  |                             |                                   |                                  |                |             |   |                      |
| Sept.                 | 781.5                       | 10.4                         | 8.4                                    | 0.8                         | 761.9                             | 53.7                             | 164.0          | 52.7        | 165.0                                     | 1 017.2              |
| Oct.                  | 807.5                       | — 1.0                        | 21.5                                   | 0.5                         | 786.5                             | 61.9                             | 169.2          | 47.6        | 183.5                                     | 1 011.7              |
| Nov.                  | 848.7                       | — 0.5                        | 44.4                                   | 0.3                         | 804.5                             | 62.0                             | 175.1          | 44.6        | 192.5                                     | 1 016.5              |
| Dec.                  | 915.2                       | 13.8                         | 17.3                                   | — 1.3                       | 885.4                             | 112.2                            | 152.9          | 73.2        | 191.9                                     | 1 106.2              |
| 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                                     | 1 033.5              |
| May                   | 774.2                       | 120.7                        | 75.6                                   | — 5.0                       | 582.9                             | 95.8                             | 166.8          | 60.8        | 201.8                                     | 1 010.6              |
| June                  | 775.1                       | 125.4                        | 22.7                                   | — 1.3                       | 628.3                             | 82.3                             | 203.8          | 58.5        | 227.6                                     | 1 062.1              |
| July                  | 761.6                       | 79.2                         | 143.8                                  | + 0.0                       | 538.6                             | 85.3                             | 214.9          | 55.1        | 245.1                                     | 1 019.8              |
| Aug.                  | 772.6                       | 93.7                         | 54.2                                   | 0.1                         | 624.6                             | 85.1                             | 216.8          | 55.5        | 246.4                                     | 1 000.9              |
| Sept.                 | 749.4                       | 116.4                        | 18.7                                   | + 0.0                       | 614.3                             | 97.6                             | 214.3          | 58.8        | 253.1                                     | 1 047.9              |
| Oct.                  | 750.0                       | 103.0                        | 33.0                                   | + 0.0                       | 614.0                             | 109.2                            | 226.8          | 57.5        | 278.5                                     | 938.6                |
| Nov.                  | 780.2                       | 170.9                        | 69.1                                   | 0.2                         | 540.0                             | 113.9                            | 295.5          | 51.8        | 357.6                                     | 937.9                |
| Dec.                  | 867.5                       | 154.7                        | 34.5                                   | + 0.0                       | 678.3                             | 140.7                            | 439.1          | 56.0        | 523.8                                     | 1 052.1              |

<sup>1)</sup> 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-<br>cial banks | Savings<br>banks | Co-op.<br>credit<br>societies &<br>their cen-<br>tral bank | Post<br>Office<br>Savings<br>Bank | Savings<br>depart-<br>ments of<br>co-op.<br>stores | All credit<br>institutions |               |
|                       | Commer-<br>cial banks | All credit<br>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                 | 849.4                      | 318.0                | 3 637.2               | 3 329.9          | 2 225.8  | 863.6                             | 380.7  | 10 437.3                   | 11 604.7      |
| 1966                  |                       |                            |                      |                       |                  |  |                                   |  |                            |               |
| 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                 | 849.4                      | 318.0                | 3 637.2               | 3 329.9          | 2 225.8  | 863.6                             | 380.7  | 10 437.3                   | 11 604.7      |
| 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      |
| Aug.                  | 601.9                 | 789.1                      | 295.9                | 3 808.2               | 3 491.9          | 2 328.2  | 910.3                             | 385.4  | 10 924.2                   | 12 009.2      |
| Sept.                 | 572.2                 | 763.1                      | 286.2                | 3 821.0               | 3 520.7          | 2 348.8  | 914.4                             | 393.2  | 10 998.2                   | 12 047.5      |
| Oct.                  | 708.3                 | 910.9                      | 312.4                | 3 857.1               | 3 522.3          | 2 350.2  | 909.9                             | 395.9  | 11 035.6                   | 12 258.9      |
| Nov.                  | 663.0                 | 850.5                      | 310.9                | 3 879.2               | 3 543.0          | 2 354.7  | 912.2                             | 398.5  | 11 087.8                   | 12 249.2      |

| End of month | Index-tied deposits |             | High-interest deposits |
|--------------|---------------------|-------------|------------------------|
|              | 100 % clause        | 50 % clause |                        |
| 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                  |
| Aug.         | 2 961.7             | —           | 699.2                  |
| Sept.        | 3 049.4             | —           | 687.2                  |
| Oct.         | 3 529.1             | —           | 680.0                  |
| Nov.         | 3 745.1             | —           | 645.1                  |

| Selling rates for foreign exchange |        |         |  |
|------------------------------------|--------|---------|--|
| Jan. 23, 1968                      |        |         |  |
|                                    |        | mk      | mk   |
| New York ....                      | 1 \$   | 4.2030  | Zurich ..... 100 Fr 96.67                    |
| Montreal ....                      | 1 \$   | 3.8760  | Paris ..... 100 FF 85.25                     |
| London .....                       | 1 £    | 10.1250 | Rome ..... 100 Lit 0.6727                    |
| Stockholm ..                       | 100 Kr | 81.45   | Vienna ..... 100 S 16.25                     |
| Oslo .....                         | 100 Kr | 58.84   | Lisbon ..... 100 Esc 14.85                   |
| Copenhagen ..                      | 100 Kr | 56.36   | Reykjavik .... 100 Kr 7.38                   |
| Frankfurt o. M.                    | 100 DM | 105.11  | Madrid ..... 100 Pta 6.05                    |
| Amsterdam ..                       | 100 Fl | 116.65  | Moscow, clear. <sup>1)</sup> 1 Rbl 4.6799    |
| Brussels .....                     | 100 Fr | 8.4600  | Clearing dollars <sup>2)</sup> 1 Cl \$ 4.212 |

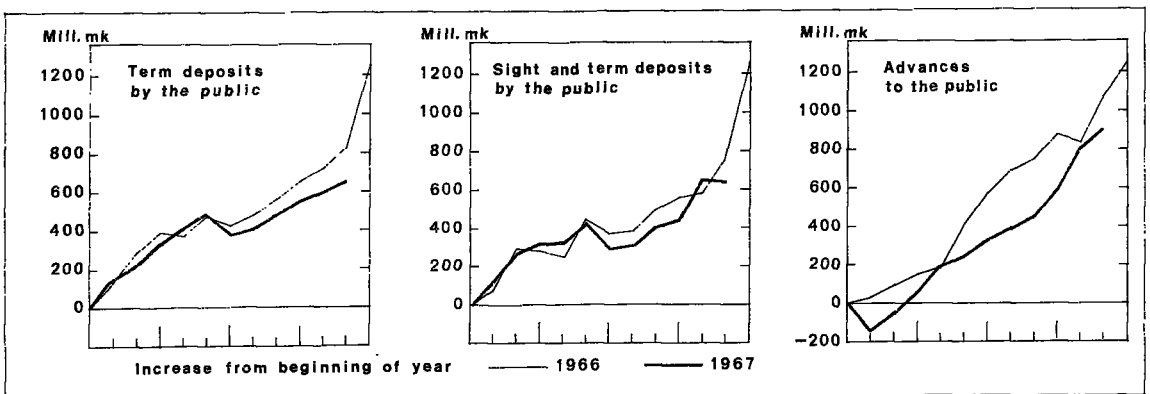
<sup>1)</sup> Bucharest.<sup>2)</sup> Berlin, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Mill. mk

| End of year and month | Granted by       |               |                          |  |                | Types of advances |                | Total<br>(1 to 5)<br>(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          | 2 951.4       | 783.9                    | 2 598.7                                      | 908.8          | 11 630.7          | 479.8          | 12 110.5                       | 2 213.7      |
| 1966                  |                  |               |                          |  |                |                   |                |                                |              |
| 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          | 2 951.4       | 783.9                    | 2 598.7                                      | 908.8          | 11 630.7          | 479.8          | 12 110.5                       | 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      |
| Aug.                  | 5 012.4          | 3 121.5       | 851.9                    | 2 636.4                                      | 921.0          | 12 031.8          | 511.4          | 12 543.2                       | 2 039.5      |
| Sept.                 | 5 083.9          | 3 163.3       | 860.6                    | 2 677.0                                      | 918.2          | 12 150.6          | 552.4          | 12 703.0                       | 2 016.1      |
| Oct. <sup>1)</sup>    | 5 073.5          | 3 206.2       | 859.6                    | 2 740.9                                      | 1 043.8        | 12 443.0          | 481.0          | 12 924.0                       | 2 075.6      |
| Nov.                  | 5 114.3          | 3 238.7       | 861.0                    | 2 764.8                                      | 1 033.6        | 12 504.5          | 507.9          | 13 012.4                       | 2 059.7      |

<sup>1)</sup> See footnote on page 4.



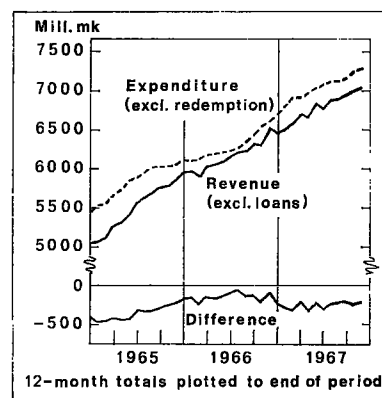
## STATE FINANCES

Mill. mk

| Revenue  | Jan.—Nov. |          | Expenditure  | Jan.—Nov. |       |
|--|-----------|----------|--|-----------|-------|
|  | 1966      | 1967     |  | 1966      | 1967  |
| Income and property tax (net) .....            | 1 632     | 1 817    | Interest on State debt .....                         | 161       | 195   |
| Gross receipts .....                           | (3 812)   | (4 374)  | Child allowances .....                               | 299       | 309   |
| Refunds and communal income tax .....          | (-2 180)  | (-2 557) | The State's share in national pensions .....         | 251       | 278   |
| Other direct taxes .....                       | 31        | 33       | The State's share in national health insurance ..... | 57        | 43    |
| Sales tax .....                                | 1 278     | 1 497    | Compensations to war-disabled ....                   | 135       | 148   |
| Import duties .....                            | 466       | 431      | Subsidies .....                                      | 546       | 556   |
| Revenue from Alcohol Monopoly ..               | 434       | 477      | Net payments of price equalization .....             | 54        | 70    |
| Excise duty on tobacco .....                   | 339       | 396      | State aid to agriculture .....                       | 53        | 40    |
| Excise duty on liquid fuel .....               | 407       | 438      | State aid to communal and private schools .....      | 499       | 574   |
| Other excise duties .....                      | 96        | 133      | Net loss of State enterprises .....                  | 67        | 74    |
| Tax on automobiles and motor cycles .....      | 157       | 165      | Maintenance of roads .....                           | 154       | 163   |
| Tax on motor vehicles .....                    | 47        | 54       | Other current expenditure .....                      | 2 153     | ..    |
| Stamp duties .....                             | 156       | 163      | <b>Current expenditure</b> .....                     | 4 429     | ..    |
| Employers' payments for child allowances ..... | 402       | 435      | Real investments <sup>1)</sup> .....                 | 1 036     | 1 003 |
| Other revenue similar to taxes .....           | 81        | 92       | Other capital expenditure .....                      | 617       | ..    |
| <b>Total taxes</b> .....                       | 5 526     | 6 131    | <b>Capital expenditure</b> .....                     | 1 653     | ..    |
| Interest and dividends .....                   | 90        | 105      | <b>Total expenditure</b> .....                       | 6 082     | 6 656 |
| Other current revenue .....                    | 242       | 230      | Redemption of external loans .....                   | 81        | 60    |
| <b>Current revenue</b> .....                   | 5 858     | 6 466    | Redemption of internal loans .....                   | 287       | 395   |
| Capital revenue proper .....                   | 144       | 152      | Redemption of indemnity bonds etc. ....              | 1         | 1     |
| Decrease in inventories .....                  | 39        | 11       | Index premiums .....                                 | 15        | 16    |
| <b>Capital revenue</b> .....                   | 183       | 163      | <b>Redemptions</b> .....                             | 384       | 472   |
| <b>Total revenue</b> .....                     | 6 041     | 6 629    | <b>Total</b> .....                                   | 6 466     | 7 128 |
| External loans .....                           | 70        | 149      |  |           |       |
| Internal loans .....                           | 607       | 425      |  |           |       |
| <b>Loans</b> .....                             | 677       | 574      |  |           |       |
| <b>Short-term credit</b> (increase +) ..       | -314      | -6       |  |           |       |
| <b>Deficit (+) or surplus (-)</b> .....        | + 62      | -69      |  |           |       |
| <b>Total</b> .....                             | 6 466     | 7 128    |  |           |       |

<sup>1)</sup> According to the calculations by the Economic Department of the Ministry of Finance.

| Debt                      | 1964  | 1965  | 1966  | 1967  |       |       |
|---------------------------|-------|-------|-------|-------|-------|-------|
|                           | Dec.  | Dec.  | Dec.  | Sept. | Oct.  | Nov.  |
| <b>External debt</b> .... | 1 184 | 1 175 | 1 337 | 1 422 | 1 780 | 1 869 |
| Ordinary loans ....       | 1 353 | 1 661 | 1 980 | 1 998 | 2 020 | 2 010 |
| Indemnity bonds etc.      | 7     | 203   | 93    | 3     | 2     | 2     |
| Short-term credit ..      | 177   | 163   | 95    | 84    | 112   | 109   |
| Cash debt (net) ....      | 23    | -101  | -119  | -213  | -221  | -187  |
| <b>Internal debt</b> .... | 1 560 | 1 926 | 2 049 | 1 872 | 1 913 | 1 934 |
| <b>Total debt</b> .....   | 2 744 | 3 101 | 3 386 | 3 294 | 3 693 | 3 803 |
| Total debt, mill. \$      | 853   | 962   | 1 050 | 1 021 | 882   | 905   |





## BALANCE OF PAYMENTS

Mill, mk

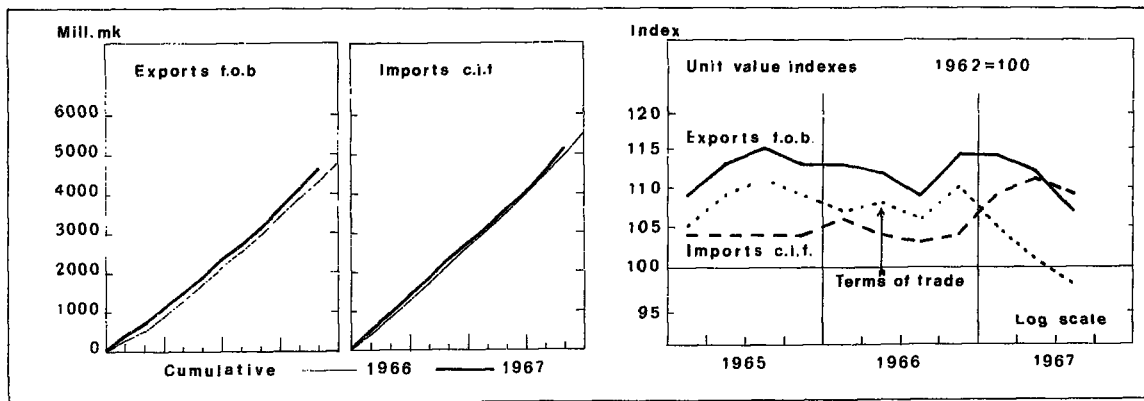
| Period     | Exports<br>f.o.b. | Imports<br>c.i.f. | Trade<br>balance | Transportation,<br>net | Travel,<br>net | Other<br>services,<br>net | Balance of<br>goods and<br>services | Investment<br>income,<br>net | Transfer<br>payments,<br>net | Balance of<br>current<br>transactions |
|------------|-------------------|-------------------|------------------|------------------------|----------------|---------------------------|-------------------------------------|------------------------------|------------------------------|---------------------------------------|
| 1960       | 3 144             | 3 415             | -271             | +204                   | - 73           | + 11                      | -129                                | - 17                         | + 9                          | -137                                  |
| 1961       | 3 350             | 3 701             | -351             | +231                   | - 95           | + 19                      | -196                                | - 30                         | + 7                          | -219                                  |
| 1962       | 3 515             | 3 948             | -433             | +222                   | -112           | + 71                      | -252                                | - 47                         | + 5                          | -294                                  |
| 1963       | 3 658             | 3 878             | -220             | +243                   | -100           | + 74                      | - 3                                 | - 70                         | + 6                          | - 67                                  |
| 1964       | 4 109             | 4 831             | -722             | +330                   | -115           | + 42                      | -465                                | -101                         | + 3                          | -563                                  |
| 1965       | 4 542             | 5 287             | -745             | +341                   | -108           | + 21                      | -491                                | -131                         | + 15                         | -607                                  |
| 1966       | 4 784             | 5 542             | -758             | +356                   | - 96           | + 12                      | -486                                | -150                         | + 3                          | -633                                  |
| Jan.-Mar.  |                   |                   |                  |                        |                |                           |                                     |                              |                              |                                       |
| 1965       | 924               | 1 246             | -322             | + 58                   | - 23           | + 15                      | -272                                | - 31                         | + 1                          | -302                                  |
| 1966       | 879               | 1 247             | -368             | + 66                   | - 23           | + 10                      | -315                                | - 38                         | + 0                          | -353                                  |
| 1967       | 1 088             | 1 347             | -259             | + 91                   | - 24           | - 2                       | -194                                | - 57                         | - 1                          | -252                                  |
| Apr.-June  |                   |                   |                  |                        |                |                           |                                     |                              |                              |                                       |
| 1965       | 1 141             | 1 406             | -265             | + 90                   | - 34           | + 12                      | -197                                | - 31                         | + 3                          | -225                                  |
| 1966       | 1 247             | 1 397             | -150             | +108                   | - 31           | - 8                       | - 81                                | - 36                         | - 2                          | -119                                  |
| 1967       | 1 242             | 1 398             | -156             | +105                   | - 34           | + 6                       | - 79                                | - 39                         | + 1                          | -117                                  |
| July-Sept. |                   |                   |                  |                        |                |                           |                                     |                              |                              |                                       |
| 1965       | 1 210             | 1 281             | - 71             | + 85                   | - 25           | + 13                      | + 2                                 | - 25                         | + 0                          | - 23                                  |
| 1966       | 1 275             | 1 359             | - 84             | + 67                   | - 17           | + 1                       | - 33                                | - 40                         | + 2                          | - 71                                  |
| 1967       | 1 241             | 1 256             | - 15             | +114                   | - 27           | - 3                       | + 69                                | - 63                         | + 3                          | + 9                                   |
| Oct.-Dec.  |                   |                   |                  |                        |                |                           |                                     |                              |                              |                                       |
| 1965       | 1 267             | 1 354             | - 87             | +108                   | - 26           | - 19                      | - 24                                | - 44                         | + 11                         | - 57                                  |
| 1966       | 1 383             | 1 539             | -156             | +115                   | - 25           | + 9                       | - 57                                | - 36                         | + 3                          | - 90                                  |

| Period     | Drawings<br>of<br>long-term<br>loans | Amortiza-<br>tions of<br>long-term<br>loans | Long-<br>term<br>export<br>credits,<br>net | Miscella-<br>neous<br>long-term<br>capital<br>items,<br>net <sup>1)</sup> | Basic<br>balance | Short-term<br>import<br>credits<br>and pre-<br>payments,<br>net | Short-term<br>export<br>credits<br>and pre-<br>payments,<br>net | Miscella-<br>neous<br>short-<br>term<br>capital<br>items incl.<br>errors and<br>omissions | Over-all<br>balance | Reserve movements  |   |
|------------|--------------------------------------|---|--|---|------------------|---|---|---|---------------------|--------------------|---|
|            |                                      |   |  |   |                  |   |   |   |                     | Bank of<br>Finland | Other<br>foreign<br>exchange<br>holders |
| 1960       | +200                                 | -116  | ..   | - 9   | - 62             | +140  | - 58  | - 82  | - 62                | + 62               | ..                                      |
| 1961       | +298                                 | -124  | ..   | + 5   | - 40             | + 2   | + 32  | + 45  | + 39                | - 39               | ..                                      |
| 1962       | +271                                 | -134  | ..   | - 9   | -166             | - 74  | - 43  | +240  | - 43                | + 43               | ..                                      |
| 1963       | +513                                 | -164  | ..   | - 23  | +259             | -109  | - 22  | - 16  | +112                | -112               | ..                                      |
| 1964       | +762                                 | -228  | - 31                                       | - 11  | - 71             | +112  | + 55  | + 83  | +179                | -179               | ..                                      |
| 1965       | +434                                 | -273  | - 66                                       | + 4   | -508             | +146  | + 35  | + 44  | -283                | +202               | + 81                                    |
| 1966       | +518                                 | -271  | - 61                                       | - 32  | -479             | + 53  | -114  | +185  | -355                | +321               | + 34                                    |
| Jan.-Mar.  |                                      |   |  |   |                  |   |   |   |                     |                    |   |
| 1965       | +121                                 | - 79  | - 2  | + 3   | -259             | + 51  | +137  | + 1   | - 70                | + 86               | - 16                                    |
| 1966       | + 89                                 | - 60  | + 2  | - 15  | -337             | + 43  | +243  | + 18  | - 33                | + 38               | - 5                                     |
| 1967       | +192                                 | - 66  | + 12                                       | + 5   | -109             | - 48  | + 85  | + 81  | + 9                 | - 50               | + 41                                    |
| Apr.-June  |                                      |   |  |   |                  |   |   |   |                     |                    |   |
| 1965       | + 84                                 | - 49  | - 16                                       | + 5   | -201             | +108  | - 48  | + 7   | -134                | +170               | - 36                                    |
| 1966       | +116                                 | - 52  | - 36                                       | + 3   | - 88             | + 19  | -114  | + 69  | -114                | +121               | - 7                                     |
| 1967       | +315                                 | - 62  | + 2  | + 4   | +142             | + 44  | + 71  | -177  | + 80                | -105               | + 25                                    |
| July-Sept. |                                      |   |  |   |                  |   |   |   |                     |                    |   |
| 1965       | + 55                                 | - 88  | + 2  | - 6   | - 60             | + 25  | - 70  | + 29  | - 76                | + 39               | + 37                                    |
| 1966       | +111                                 | - 67  | - 9  | + 20  | - 16             | - 3   | -121  | + 49  | - 91                | + 45               | + 46                                    |
| 1967       | +251                                 | - 92  | - 13                                       | + 4   | +159             | - 95  | - 53  | + 47  | + 58                | - 77               | + 19                                    |
| Oct.-Dec.  |                                      |   |  |   |                  |   |   |   |                     |                    |   |
| 1965       | +174                                 | - 57  | - 50                                       | + 1   | + 11             | - 38  | + 15  | + 9   | - 3                 | - 93               | + 96                                    |
| 1966       | +202                                 | - 92  | - 18                                       | - 40  | - 38             | - 6   | -122  | + 49  | -117                | +117               | ± 0                                     |

Assets: increase —, decrease +. Liabilities: increase +, decrease —.  
<sup>1)</sup> Including Direct investment net.

FOREIGN TRADE

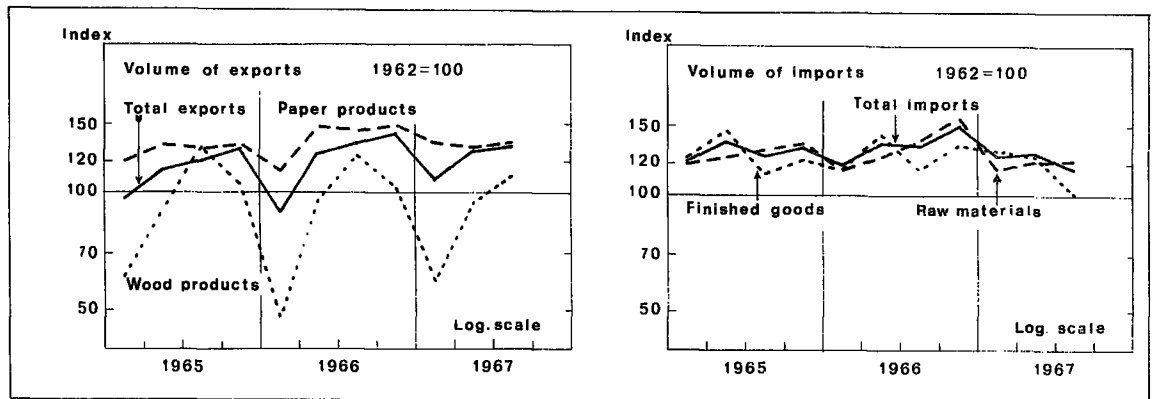
| Period         | Value mill. mk   |                  |                                       | Unit value indexes 1962 = 100 |                       |                        |                         |                                      |                             |                |
|----------------|------------------|------------------|---------------------------------------|-------------------------------|-----------------------|------------------------|-------------------------|--------------------------------------|-----------------------------|----------------|
|                | Exports f. o. b. | Imports c. i. f. | Surplus of exports (+) or imports (-) | 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, engineering industry products |                             |                |
| 1962           | 3 533.1          | 3 928.7          | -395.6                                | 100                           | 100                   | 100                    | 100                     | 100                                  | 100                         | 100            |
| 1963           | 3 678.0          | 3 866.9          | -188.9                                | 102                           | 96                    | 104                    | 100                     | 105                                  | 101                         | 101            |
| 1964           | 4 131.9          | 4 816.5          | -684.6                                | 108                           | 109                   | 111                    | 104                     | 113                                  | 103                         | 105            |
| 1965           | 4 566.0          | 5 266.1          | -700.1                                | 113                           | 115                   | 123                    | 106                     | 119                                  | 104                         | 109            |
| 1966*          | 4 818.5          | 5 524.3          | -705.8                                | 112                           | 112                   | 122                    | 105                     | 119                                  | 104                         | 108            |
| Jan.-Nov. 1965 | 4 094.1          | 4 797.3          | -703.2                                |                               |                       |                        |                         |                                      |                             |                |
| 1966*          | 4 298.8          | 4 967.5          | -668.7                                |                               |                       |                        |                         |                                      |                             |                |
| 1967*          | 4 688.6          | 5 145.1          | -456.5                                |                               |                       |                        |                         |                                      |                             |                |
| 1966*          |                  |                  |                                       |                               |                       |                        |                         |                                      |                             |                |
| Oct.           | 460.6            | 489.0            | - 28.4                                | 114                           | 112                   | 120                    | 105                     | 130                                  | 104                         | 110            |
| Nov.           | 437.5            | 491.2            | - 53.7                                |                               |                       |                        |                         |                                      |                             |                |
| Dec.           | 518.7            | 556.9            | - 38.2                                |                               |                       |                        |                         |                                      |                             |                |
| 1967*          |                  |                  |                                       |                               |                       |                        |                         |                                      |                             |                |
| Jan.           | 365.5            | 467.7            | -102.2                                | 114                           | 108                   | 119                    | 106                     | 130                                  | 109                         | 105            |
| Feb.           | 343.9            | 443.4            | - 99.5                                |                               |                       |                        |                         |                                      |                             |                |
| March          | 378.5            | 434.0            | - 55.5                                |                               |                       |                        |                         |                                      |                             |                |
| April          | 397.6            | 487.3            | - 89.7                                | 112                           | 110                   | 118                    | 106                     | 120                                  | 111                         | 101            |
| May            | 404.4            | 481.9            | - 77.5                                |                               |                       |                        |                         |                                      |                             |                |
| June           | 457.5            | 421.8            | + 35.7                                |                               |                       |                        |                         |                                      |                             |                |
| July           | 372.8            | 400.7            | - 27.9                                | 107                           | 109                   | 118                    | 106                     | 101                                  | 109                         | 98             |
| Aug.           | 411.3            | 430.7            | - 19.4                                |                               |                       |                        |                         |                                      |                             |                |
| Sept.          | 465.6            | 420.3            | + 45.3                                |                               |                       |                        |                         |                                      |                             |                |
| Oct.           | 561.6            | 541.5            | + 20.1                                |                               |                       |                        |                         |                                      |                             |                |
| Nov.           | 529.9            | 615.8            | - 85.9                                |                               |                       |                        |                         |                                      |                             |                |



FOREIGN TRADE BY MAIN GROUPS

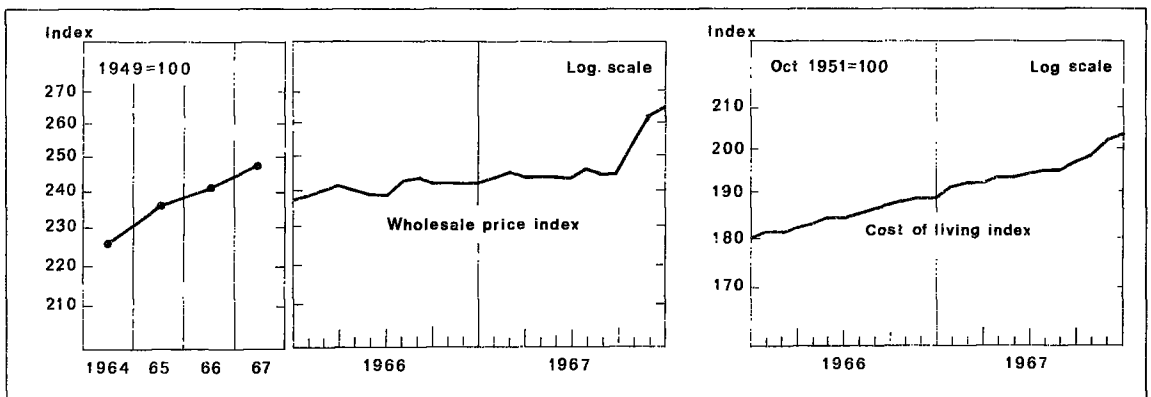
Mill. mk

| Period    | Exports, f.o.b.       |                       |                        |                         |                                      |             | Imports, c.i.f.                  |                      |                  |                |
|-----------|-----------------------|-----------------------|------------------------|-------------------------|--------------------------------------|-------------|----------------------------------|----------------------|------------------|----------------|
|           | Agricultural products | Round and hewn timber | Wood industry products | Paper industry products | Metal, engineering industry products | Other goods | Raw materials and producer goods | Fuels and lubricants | Finished goods   |                |
|           |                       |                       |                        |                         |                                      |             |                                  |                      | Investment goods | Consumer goods |
| 1962      | 144.5                 | 189.5                 | 770.3                  | 1 588.8                 | 662.6                                | 177.4       | 1 762.6                          | 371.2                | 1 144.9          | 650.0          |
| 1963      | 164.8                 | 112.8                 | 811.8                  | 1 752.2                 | 613.8                                | 222.6       | 1 827.5                          | 373.3                | 1 004.3          | 661.8          |
| 1964      | 230.4                 | 89.8                  | 895.8                  | 2 019.5                 | 610.3                                | 286.1       | 2 110.7                          | 508.4                | 1 396.2          | 801.2          |
| 1965      | 251.8                 | 60.3                  | 919.8                  | 2 165.6                 | 800.3                                | 368.2       | 2 362.4                          | 514.7                | 1 511.4          | 877.6          |
| 1966*     | 264.0                 | 59.0                  | 863.5                  | 2 297.0                 | 877.5                                | 457.5       | 2 450.4                          | 589.8                | 1 448.5          | 1 035.6        |
| Jan.-Nov. |                       |                       |                        |                         |                                      |             |                                  |                      |                  |                |
| 1965      | 212.2                 | 56.5                  | 841.9                  | 1 973.7                 | 678.3                                | 331.5       | 2 149.0                          | 462.5                | 1 390.9          | 794.9          |
| 1966*     | 230.5                 | 53.7                  | 783.9                  | 2 080.9                 | 739.7                                | 410.1       | 2 204.1                          | 530.5                | 1 295.1          | 937.8          |
| 1967*     | 220.0                 | 51.2                  | 786.7                  | 2 141.5                 | 970.8                                | 518.4       | 2 277.6                          | 592.3                | 1 275.8          | 999.4          |
| 1966*     |                       |                       |                        |                         |                                      |             |                                  |                      |                  |                |
| Nov.      | 17.5                  | 5.1                   | 73.8                   | 196.2                   | 93.2                                 | 51.7        | 225.8                            | 54.6                 | 112.3            | 98.5           |
| Dec.      | 33.5                  | 5.3                   | 79.6                   | 216.1                   | 137.5                                | 46.7        | 246.4                            | 59.3                 | 153.5            | 97.7           |
| 1967*     |                       |                       |                        |                         |                                      |             |                                  |                      |                  |                |
| Jan.      | 30.5                  | 2.2                   | 52.5                   | 188.6                   | 58.7                                 | 33.0        | 203.0                            | 62.4                 | 114.5            | 87.8           |
| Feb.      | 11.6                  | 2.2                   | 41.0                   | 180.5                   | 74.4                                 | 34.2        | 176.9                            | 38.5                 | 134.0            | 94.0           |
| March     | 15.6                  | 3.2                   | 41.5                   | 199.0                   | 79.0                                 | 40.2        | 176.8                            | 41.4                 | 121.8            | 94.0           |
| April     | 31.1                  | 5.8                   | 56.9                   | 187.1                   | 72.1                                 | 44.6        | 203.1                            | 54.6                 | 128.7            | 100.9          |
| May       | 15.0                  | 5.2                   | 71.6                   | 190.0                   | 78.1                                 | 44.5        | 212.2                            | 49.0                 | 129.7            | 91.0           |
| June      | 24.6                  | 5.0                   | 85.6                   | 175.7                   | 118.5                                | 48.1        | 184.6                            | 46.3                 | 120.6            | 70.3           |
| July      | 12.6                  | 5.2                   | 85.2                   | 177.9                   | 61.4                                 | 30.5        | 181.6                            | 47.8                 | 105.1            | 66.2           |
| Aug.      | 14.4                  | 7.9                   | 88.1                   | 189.1                   | 58.7                                 | 53.1        | 203.6                            | 53.1                 | 88.6             | 85.4           |
| Sept.     | 19.7                  | 4.9                   | 76.5                   | 194.5                   | 112.1                                | 57.9        | 194.1                            | 51.8                 | 94.6             | 79.8           |
| Oct.      | 25.4                  | 5.5                   | 91.5                   | 228.0                   | 137.6                                | 73.6        | 252.7                            | 61.3                 | 119.2            | 108.3          |
| Nov.      | 19.5                  | 4.1                   | 96.3                   | 231.1                   | 120.2                                | 58.7        | 289.0                            | 86.1                 | 119.0            | 121.7          |



## FOREIGN TRADE BY COUNTRIES

| Area and country             | Exports, f. o. b. |       |           |       |          | Imports, c. i. f. |       |           |       |          |
|------------------------------|-------------------|-------|-----------|-------|----------|-------------------|-------|-----------|-------|----------|
|                              | Whole year        |       | Jan.—Nov. |       |          | Whole year        |       | Jan.—Nov. |       |          |
|                              | 1965              | 1966* | 1966*     | 1967* |          | 1965              | 1966* | 1966*     | 1967* |          |
|                              | %                 | %     | %         | %     | Mill. mk | %                 | %     | %         | %     | Mill. mk |
| <b>Sterling area</b> .....   | 22.8              | 22.6  | 17.0      | 16.2  | 830.2    | 15.8              | 16.6  | 23.1      | 23.0  | 1 077.1  |
| United Kingdom .....         | 20.7              | 20.5  | 16.3      | 15.4  | 788.1    | 15.3              | 16.1  | 21.0      | 21.1  | 987.3    |
| <b>Other OECD countries</b>  |                   |       |           |       |          |                   |       |           |       |          |
| <b>in Europe</b> .....       | 44.8              | 46.7  | 53.8      | 54.2  | 2 788.9  | 55.5              | 53.7  | 46.9      | 43.9  | 2 059.7  |
| Austria .....                | 0.3               | 0.4   | 0.9       | 1.0   | 48.9     | 0.8               | 0.9   | 0.4       | 0.5   | 22.4     |
| Belgium-Luxembourg ...       | 3.3               | 3.1   | 1.9       | 2.0   | 105.7    | 2.2               | 1.9   | 3.1       | 2.6   | 119.6    |
| Denmark .....                | 3.9               | 3.5   | 3.4       | 3.3   | 167.7    | 3.1               | 3.5   | 3.6       | 3.8   | 180.3    |
| France .....                 | 4.4               | 4.5   | 4.4       | 3.9   | 198.2    | 4.2               | 4.3   | 4.6       | 4.2   | 198.7    |
| Western Germany .....        | 11.2              | 11.1  | 17.2      | 16.7  | 858.1    | 18.9              | 17.0  | 11.0      | 8.3   | 391.0    |
| Italy .....                  | 3.0               | 3.0   | 2.0       | 2.0   | 104.1    | 1.9               | 2.0   | 2.9       | 3.0   | 142.2    |
| Netherlands .....            | 6.0               | 5.8   | 3.6       | 3.8   | 193.6    | 4.2               | 3.6   | 5.9       | 5.2   | 241.5    |
| Norway .....                 | 1.1               | 1.8   | 2.1       | 2.1   | 111.0    | 1.9               | 2.1   | 1.9       | 2.5   | 115.5    |
| Portugal .....               | 0.2               | 0.4   | 0.4       | 0.4   | 22.1     | 0.2               | 0.3   | 0.4       | 0.2   | 10.8     |
| Spain .....                  | 1.1               | 1.2   | 0.4       | 0.4   | 21.8     | 0.5               | 0.4   | 1.1       | 1.1   | 49.9     |
| Sweden .....                 | 7.5               | 8.8   | 14.0      | 15.2  | 782.7    | 14.0              | 14.1  | 8.9       | 9.7   | 455.8    |
| Switzerland .....            | 0.7               | 0.9   | 3.0       | 3.0   | 155.8    | 2.9               | 3.1   | 0.9       | 1.0   | 46.9     |
| <b>Eastern Bloc</b> .....    | 21.0              | 18.7  | 19.1      | 19.9  | 1 025.5  | 18.9              | 19.8  | 18.0      | 21.3  | 995.9    |
| China .....                  | 0.6               | 0.6   | 0.5       | 0.5   | 29.8     | 0.3               | 0.5   | 0.6       | 0.6   | 29.5     |
| Czechoslovakia .....         | 0.6               | 0.8   | 0.6       | 0.6   | 33.2     | 0.7               | 0.6   | 0.8       | 0.4   | 20.5     |
| Eastern Germany .....        | 0.8               | 1.0   | 0.9       | 0.9   | 45.6     | 0.9               | 0.9   | 1.0       | 0.7   | 32.9     |
| Poland .....                 | 2.3               | 1.4   | 1.6       | 1.6   | 79.8     | 1.9               | 1.6   | 1.4       | 1.4   | 65.6     |
| Soviet Union .....           | 15.8              | 14.2  | 14.8      | 15.6  | 800.7    | 14.4              | 15.5  | 13.4      | 17.4  | 812.2    |
| <b>U.S. and Canada</b> ..... | 6.2               | 6.6   | 5.0       | 4.1   | 213.3    | 5.2               | 4.9   | 6.5       | 6.0   | 280.2    |
| United States .....          | 6.0               | 6.4   | 4.7       | 3.9   | 200.4    | 5.0               | 4.6   | 6.3       | 5.8   | 270.0    |
| <b>Latin America</b> .....   | 3.8               | 2.9   | 2.9       | 2.9   | 149.4    | 1.6               | 2.8   | 3.0       | 2.9   | 138.1    |
| Argentina .....              | 0.9               | 1.0   | 0.3       | 0.2   | 11.1     | 0.3               | 0.3   | 1.1       | 0.9   | 45.4     |
| Brazil .....                 | 1.4               | 0.4   | 1.3       | 1.2   | 64.2     | 0.3               | 1.3   | 0.4       | 0.8   | 37.7     |
| Colombia .....               | 0.7               | 0.6   | 0.7       | 0.8   | 40.0     | 0.6               | 0.7   | 0.6       | 0.3   | 14.1     |
| <b>Other</b> .....           | 1.4               | 2.5   | 2.2       | 2.7   | 137.8    | 3.0               | 2.2   | 2.5       | 2.9   | 137.6    |
| <b>Grand total</b> .....     | 100.0             | 100.0 | 100.0     | 100.0 | 5 145.1  | 100.0             | 100.0 | 100.0     | 100.0 | 4 688.6  |
| of which                     |                   |       |           |       |          |                   |       |           |       |          |
| <b>EFTA countries</b> .....  | 34.3              | 36.4  | 40.0      | 40.4  | 2 076.2  | 38.2              | 40.0  | 37.1      | 38.8  | 1 819.0  |
| <b>EEC countries</b> .....   | 28.0              | 27.5  | 29.1      | 28.4  | 1 459.8  | 31.4              | 28.8  | 27.5      | 23.3  | 1 093.0  |



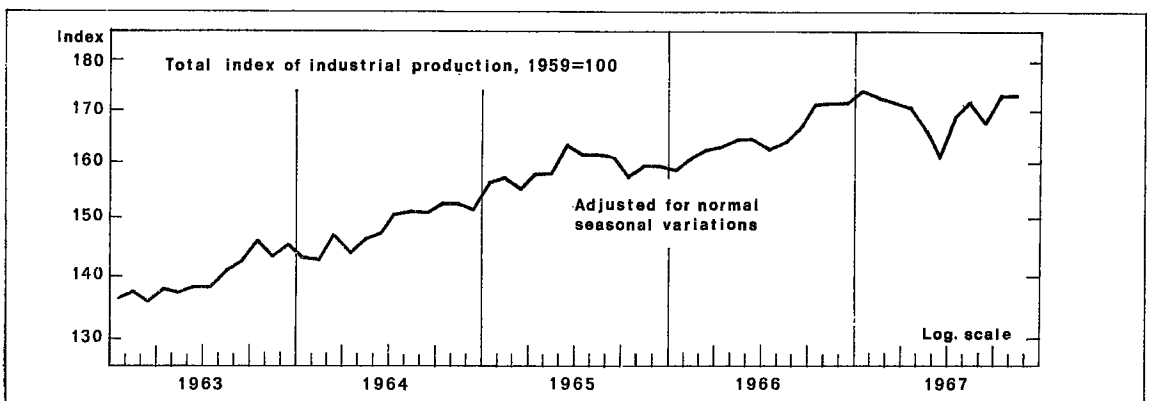
PRICE INDEXES

| Period       | Wholesale prices 1949 = 100 |                        |                        |                        |  |                        |  |                              |  | Building costs 1964 = 100 |                         |                    |
|--------------|-----------------------------|------------------------|------------------------|------------------------|--|------------------------|--|------------------------------|--|---------------------------|-------------------------|--------------------|
|              | Total                       | Origin                 |                        | Purpose                |  |                        | Stage of processing                      |                              |  | Total                     | Wages in building trade | Building materials |
|              |                             | Domes-<br>tic<br>goods | Im-<br>ported<br>goods | Pro-<br>ducer<br>goods | Machin-<br>ery &<br>transport<br>equipm. | Con-<br>sumer<br>goods | Raw<br>materials<br>and com-<br>modities | Simply<br>processed<br>goods | More<br>elab-<br>orately<br>processed<br>goods |                           |                         |                    |
| 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                |
| 1967         | 248                         | 254                    | 225                    | 246                    | 241                                      | 253                    | 276                                      | 236                          | 240  | 114                       | 121                     | 107                |
| 1966<br>Dec. | 242                         | 249                    | 216                    | 244                    | 229                                      | 243                    | 273                                      | 232                          | 231  | 109                       | 115                     | 104                |
| 1967<br>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                |
| Aug.         | 245                         | 253                    | 216                    | 241                    | 235                                      | 254                    | 277                                      | 230                          | 236  | 114                       | 123                     | 106                |
| Sept.        | 245                         | 252                    | 216                    | 241                    | 235                                      | 252                    | 272                                      | 234                          | 236  | 114                       | 123                     | 105                |
| Oct.         | 254                         | 257                    | 242                    | 251                    | 254                                      | 259                    | 282                                      | 242                          | 246  | 117                       | 123                     | 109                |
| Nov.         | 262                         | 264                    | 256                    | 260                    | 262                                      | 265                    | 285                                      | 252                          | 255  | 119                       | 123                     | 111                |
| Dec.         | 264                         | 265                    | 258                    | 262                    | 266                                      | 266                    | 285                                      | 254                          | 258  | 120                       | 123                     | 112                |

| Period       | Cost of living Oct. 1951 = 100 |                 |      |                            |          |       | Consumer prices Oct.—Dec. 1957 = 100 |                 |      |                            |          |       |
|--------------|--------------------------------|-----------------|------|----------------------------|----------|-------|--------------------------------------|-----------------|------|----------------------------|----------|-------|
|              | Total                          | Food-<br>stuffs | Rent | Heating<br>and<br>lighting | Clothing | Other | Total                                | Food-<br>stuffs | Rent | Heating<br>and<br>lighting | Clothing | Other |
| 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   |
| 1967         | 195                            | 212             | 408  | 130                        | 115      | 196   | 153                                  | 156             | 151  | 126                        | 143      | 160   |
| 1966<br>Dec. | 189                            | 205             | 401  | 126                        | 113      | 189   | 149                                  | 150             | 149  | 122                        | 140      | 154   |
| 1967<br>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   |
| Aug.         | 195                            | 212             | 407  | 130                        | 115      | 195   | 153                                  | 156             | 151  | 126                        | 143      | 159   |
| Sept.        | 197                            | 216             | 407  | 130                        | 116      | 196   | 154                                  | 159             | 151  | 126                        | 143      | 160   |
| Oct.         | 198                            | 217             | 419  | 130                        | 116      | 197   | 156                                  | 159             | 155  | 126                        | 144      | 161   |
| Nov.         | 202                            | 223             | 419  | 132                        | 117      | 202   | 159                                  | 164             | 155  | 128                        | 146      | 164   |
| Dec.         | 203                            | 222             | 419  | 140                        | 118      | 203   | 159                                  | 163             | 155  | 136                        | 147      | 165   |

## PRODUCTION — INTERNAL TRADE

| Period | Index of industrial production 1959 = 100 |                          |                            |                   |                                  |                   |                   |       |  | Commercial<br>timber<br>fellings<br>1 000<br>piled<br>cu. m | Wholesale<br>trade<br>volume<br>index<br>1954 = 100 |
|--------|---|--------------------------|----------------------------|-------------------|----------------------------------|-------------------|-------------------|-------|--|---|---|
|        | Total                                     | Invest-<br>ment<br>goods | Other<br>producer<br>goods | Consumer<br>goods | Special indexes of manufacturing |                   |                   |       | Total,<br>adjusted<br>for normal<br>seasonal<br>variations |   |   |
|        |   |                          |                            |                   | Wood<br>industry                 | Paper<br>industry | Metal<br>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   |
| 1966*  |   |                          |                            |                   |                                  |                   |                   |       |  |   |   |
| 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   |
| July   | 123                                       | 80                       | 135                        | 112               | 92                               | 185               | 76                | 124   | 169  | 955   | 159   |
| Aug.   | 174                                       | 154                      | 177                        | 176               | 113                              | 196               | 155               | 184   | 172  | 1 978   | 189   |
| Sept.  | 177                                       | 170                      | 181                        | 173               | 117                              | 197               | 168               | 181   | 167  | 2 488   | 197   |
| Oct.   | 189                                       | 191                      | 194                        | 181               | 120                              | 202               | 188               | 195   | 173  | 3 166   | 223   |
| Nov.   | 184                                       | 184                      | 192                        | 169               | 122                              | 188               | 183               | 189   | 173  | 2 969   | 184   |

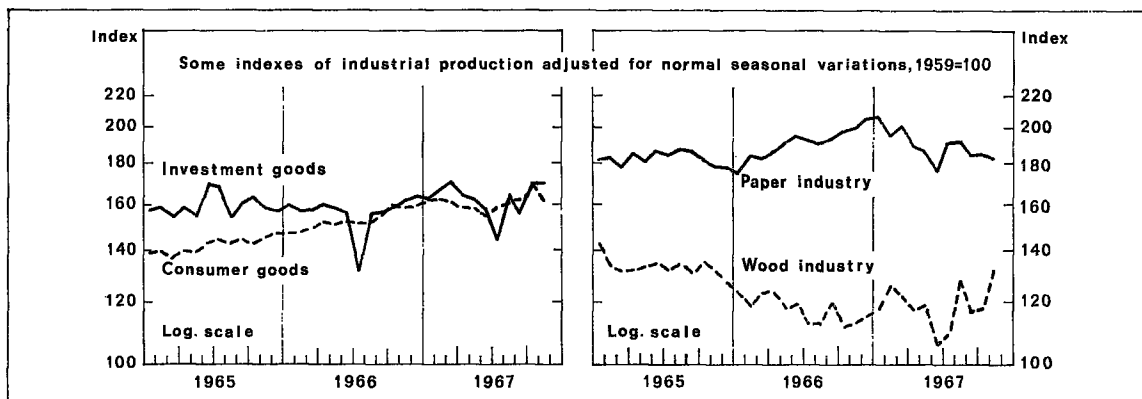


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

**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               | 36.34   | 192   | 197             | 200      | 190           |
| 1966       |                                  |                 |                |                                    |                    |   |   |                 |          |               |
| 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.  | 6.12                             | 2.47            | 0.31           | 2.66                               | 0.50               | 32.67   | 202   | 205             | 218      | 201           |
| Apr.-June  | ..                               | ..              | ..             | ..                                 | ..                 | ..  | 205   | 216             | 218      | 203           |
| July-Sept. | ..                               | ..              | ..             | ..                                 | ..                 | ..  | 209   | 213             | 230      | 209           |

| 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            | 1 918 | 1.3                     | 2.1   |
| June   | 131                           | 124   | 1 353  | 1 386 | 1 211            | 1 240 | 1 905            | 1 883 | 1.0                     | 2.1   |
| July   | 121                           | 116   | 1 586  | 1 511 | 1 395            | 1 390 | 1 728            | 1 656 | 0.9                     | 2.2   |
| Aug.   | 138                           | 130   | 1 367  | 1 436 | 1 286            | 1 371 | 1 833            | 1 791 | 1.1                     | 2.4   |
| Sept.  | 139                           | 126   | 1 213  | 1 240 | 1 077            | 1 063 | 1 969            | 1 880 | 1.0                     | 2.6   |
| Oct.   | 140                           | 136   | 1 086  | 1 169 | 856              | 936   | 1 955            | 1 906 | 1.4                     | 3.3   |
| Nov.   | 133                           | 127   | 1 089  | 1 090 | 830              | 897   | 1 955            |       | 1.5                     | 3.9   |
| Dec.   | 120                           | 105   | 994  | 1 039 | 805              | 870   | 1 912            |       | 2.0                     | 4.3   |



## 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. *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 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. *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.

### BALANCE OF PAYMENTS

Page 9. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stave-doring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

### FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 10): 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 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 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.

### 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 (1966, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 144 (9 %), forestry and fishing 1 843 (8 %), manufacturing 7 203 (29 %), construction 2 406 (10 %), transport and communication 1 798 (7 %), commerce, banking and insurance 3 263 (13 %), public administration 1 073 (4 %), other services 4 898 (20 %), total 24 628. Index of real domestic product 170 (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.

MERCHANT FLEET (Dec. 31, 1967): Steamers 101 (170 386 gross reg. tons), motor vessels 407 (925 034 gross reg. tons), sailing vessels with auxiliary engines 17 (2 448 gross reg. tons). Total 525 (1 097 868 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). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per 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 %.

# STRUCTURAL CHANGES IN FINNISH INDUSTRIAL PRODUCTION IN 1954—1965

BY

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This article reviews the development of the structure of industrial production<sup>1</sup> in Finland in 1954—1965 on the basis of changes in the value added shares<sup>2</sup> both at current and at fixed prices. Special attention is paid to the differences between the periods 1954—1957 (A), 1958—1961 (B) and 1962—1965 (C), since these three periods represent different stages in the development of the Finnish economy from a closed to an open one. In 1954—1957 domestic production was protected from foreign competition both by high tariff walls and the regulation of imports. The Finnmark was devaluated in September 1957; at the same time the process of abolishing the import quota system was started. At the beginning of July 1961 an agreement (EFA) between the EFTA and Finland on the Finnish associate membership of EFTA came into force. According to this Finland was obliged to make a gradual reduction in most import duties on the goods from the EFTA countries. In a later agreement it was decided to speed up the removal of tariffs so that they would be abolished by the end of 1967, with the exception of some industries (e.g. textiles), for which a delayed tariff-reduction schedule was accepted extending to the end of 1969. The tariffs

of this "décalage list" were, however, unilaterally reduced to the 0 level at the end of 1967.

The following table shows averages of the value added shares both at current and fixed prices during the different periods under review. The sectors taken are: mining industry (ISIC 1), wood and paper industry (ISIC 25 and 27), metal industry (ISIC 34, 35, 36, 37 and 38), other manufacturing (ISIC 20—24, 26, 28—33 and 39) and electricity, gas, water and sanitary services (ISIC 5).

|   | Value added share, per cent             |       |       | Value added share, per cent  |       |       |
|---|---|-------|-------|------------------------------|-------|-------|
|   | At current prices                       |       |       | At fixed prices <sup>1</sup> |       |       |
|   | A                                       | B     | C     | A                            | B     | C     |
| Mining industry                               | 1.9                                     | 2.2   | 2.2   | 1.8                          | 2.0   | 1.9   |
| Wood and paper industry                       | 17.8                                    | 20.8  | 18.5  | 18.3                         | 19.7  | 19.8  |
| Metal industry                                | 24.8                                    | 24.0  | 25.7  | 25.4                         | 25.3  | 25.7  |
| Other manufacturing                           | 46.1                                    | 42.8  | 43.6  | 45.1                         | 42.6  | 41.7  |
| Electricity, gas, water and sanitary services | 9.4                                     | 10.2  | 10.0  | 9.4                          | 10.4  | 10.9  |
| Total   | 100.0                                   | 100.0 | 100.0 | 100.0                        | 100.0 | 100.0 |
|   | Change on the previous period, per cent |       |       |                              |       |       |
| Mining industry                               |   | 16    | 0     |                              | 11    | —5    |
| Wood and paper industry                       |   | 17    | —11   |                              | 8     | 1     |
| Metal industry                                |   | —3    | 7     |                              | 0     | 2     |
| Other manufacturing                           |   | —7    | 2     |                              | —6    | —2    |
| Electricity, gas, water and sanitary services |   | 9     | —2    |                              | 11    | 5     |

1. Excluding construction.

2. The value added share of each industrial sector is the percentage added by it of the total value added by industrial production, source: SVT XVIII Industrial Statistics.

1. The value added shares at fixed prices are based on the volume indexes of industrial production, weighted (at current prices) by the 1954 shares in the years 1954—1959 and by the 1959 shares in the years 1960—1965.

The table indicates that in period B the increase in the value added share at current prices was greatest in the mining and wood and paper industries. In period C the share of the wood and paper industry showed the most marked decline while that of the mining industry remained unchanged; it was the value added share of the metal industry which grew most during this period.

The changes in the value added shares at fixed prices reveal that those in period B were similar to the changes at current prices; the shares of the mining and wood and paper industries increased most strongly while in the shares of the metal industry and other manufacturing a corresponding decline was recorded. In period C the changes in the value added shares at current and fixed prices no longer displayed the same trend. There was a slight increase in the share of the wood and paper industry at fixed prices but a sharp fall in the share at current prices. The mining industry's share remained unchanged at current prices, but declined noticeably at fixed prices. The growth in the share of the metal industry was considerably less at fixed prices than at current prices. Against an increase at current prices in the share of other manufacturing a decrease was recorded at fixed prices.

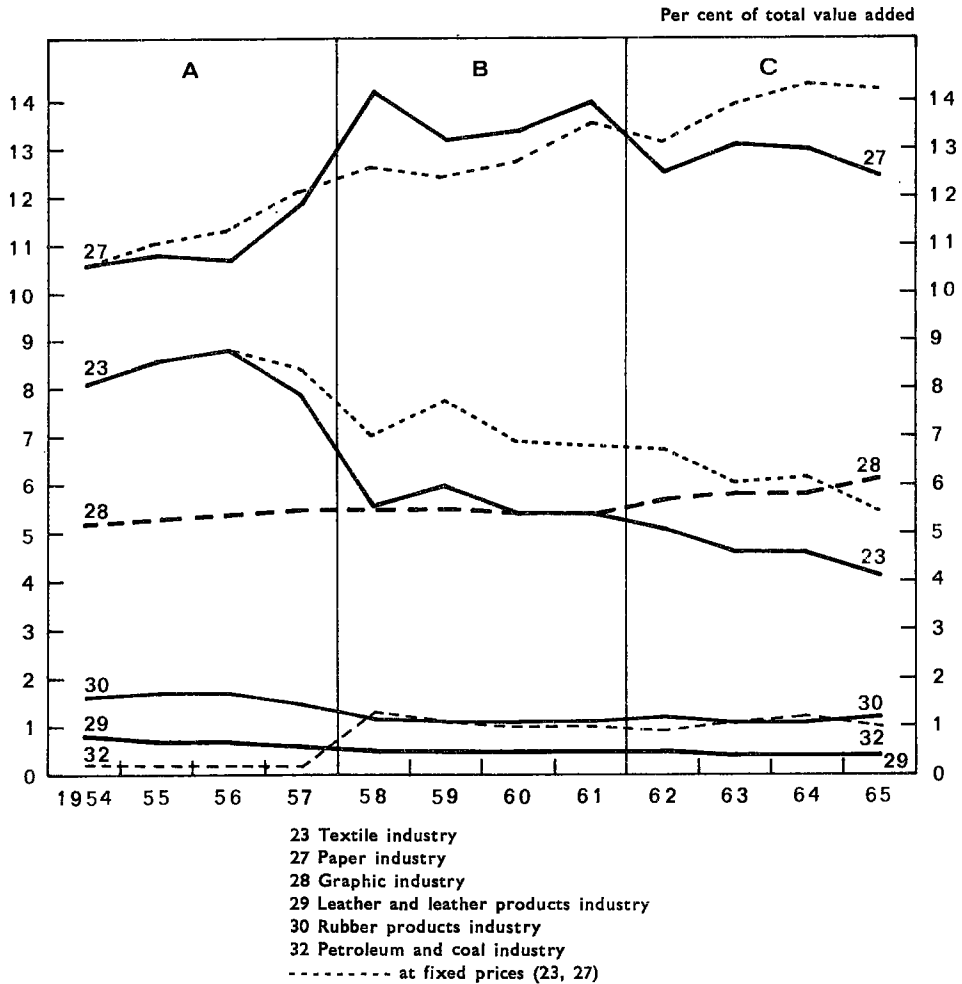
It may be stated on the basis of the above that in general the changes both at fixed and at current prices were greater in period B than in period C. In addition the changes for both price categories were in the same direction during period B while in most groups they diverged during period C. The devaluation had a decisive effect on the development of the shares at current prices in period B; also, the under-utilization of productive capacity immediately after the devaluation had some effect on the shares at fixed prices. The full-employment situation which prevailed during period C made it more difficult to reallocate resources.

It is impossible to say what the effect has been of the liberalization of foreign trade on the rather large changes shown by the value added shares in the different periods, because they have been greatly affected by other price factors, e.g. the devaluation and domestic inflation. This influence is most visible in the value added share of the wood and paper industry at current prices, which rose immediately after the devaluation and then declined again during period C due to the fact that the increase in export prices was slower than in that of raw material inputs and in the general cost level.

It may be mentioned that the average annual growth of the volume of total industrial production (excluding construction) in 1954—1965 was 6.3 per cent. Metal industry production showed an increase of 6.2 per cent and that in the wood and paper industry of 6.7 per cent; in the sectors included in other manufacturing there was an annual growth rate of 5.6 per cent.

In an attempt to separate the systematic changes in the value added shares in the different periods an analysis of variance has been used. In this method the changes between the periods are compared to the changes within each period which are assumed to have been caused by random factors. The annual changes are those in the two-figure ISIC categories (Cp. Table at end and Chart). There was a very significant difference (a level of 0.1 per cent) between the value added shares at current prices in the following categories: textile industry (ISIC 23), paper industry (ISIC 27), graphic industry (ISIC 28), leather and leather products industry (ISIC 29), rubber products industry (ISIC 30) and petroleum and coal industry (ISIC 32). The development of the value added shares of these industries is depicted in Chart 1. The growth of the share of the petroleum and coal industry is explained simply by the establishment of a Finnish oil refinery.

## Value added shares in industrial production at current prices in 1954—1965



Since most of the paper industry products are exported the sudden steep rise in the value added share of this industry is only a result of the increase in the export prices in terms of Finnish currency immediately after the devaluation. When calculated at fixed prices the growth of the share in 1958 is not at all as sharp as that calculated at current prices; the latter has, however, been declining almost every year since 1959. This is partly a result of the changes in export and stumpage prices and in the domestic cost level. I.a. the export prices of newsprint

deflated by the GNP price index have fallen by 4.2 per cent on average in 1957—1966. The deflated stumpage prices of pine pulpwood have, on the contrary, risen by 3.7 per cent on average.

The most marked decline during the period under review has occurred in the value added share of the textile industry; in 1956 it was 8.8 per cent at current prices while the corresponding share in 1965 was only 4.1 per cent. The biggest fall in the share of the textile industry occurred from 1957 to 1958, when it dropped from 7.9 per cent to

5.6 per cent. The decline in this sector is apparently independent of foreign trade, for the value of imports of textile and clothing industry products in Finnish currency remained almost unchanged during that period. Even though there was a simultaneous decline in the share of textile exports in total exports from 1.7 to 1.5 per cent this does not explain the decrease in the value added share of the textile industry; the value of total commodity exports increased by 17 per cent in the same period.

The value added share of the textile industry at fixed prices was 8.4 per cent in 1957 and 7.0 per cent in 1958. Thus a decline in demand in 1958 caused a more substantial decrease in the relative value than in the relative volume of the textile industry. The output of the textile industry was affected by the pent-up demand due to the war in period A which became satisfied in period B. During period C the expansion of imports of durables affected the development of the textile industry, since it transferred demand for textiles elsewhere. The impact of the liberalization of foreign trade on the textile industry was delayed by high Finnish tariffs together with the slower tariff-reduction schedule provided by the EFA agreement. In 1965 for example the average import duties for non-EFTA countries were nearly 30 per cent of the value of imports while those for EFTA countries were about 18 per cent.

The steady decline in the value added share both at fixed and current prices of the leather and leather products industry is partly due to the introduction of artificial materials and to the growth of imports. Imports have satisfied the greater part of the increase in demand for rubber products, especially during period B.

Besides the categories mentioned above, significant differences (at the 1 per cent level) are recorded in the beverage industry

(ISIC 21), furniture and fixtures industry (ISIC 26) and in the metal products industry (ISIC 35). In the first two groups both imports and exports have been rather insignificant with regard to production. Nor is there any clear trend in either of the groups. Likewise, there is no noticeable tendency in the metal products industry, as the value added shares were roughly on the same level in periods A and C but on a lower level during period B. The development has been much the same both at fixed and current prices. Output in period B was obviously affected by the timing of the exports to the Soviet Union within the framework of the five-year agreements.

It could be supposed that the liberalization of foreign trade would in the first place have an effect on the value added share at current prices and only then on the re-allocation of resources and thus on the value added share at fixed prices. The industrial sectors which are prone to imports and not very competitive could be expected to decline and, accordingly, export industries could be expected to expand. However, only in leather and rubber products did this study reveal an obvious decline in the value added shares both at current and at fixed prices which could be attributable to imports. The devaluation and domestic price development have made it difficult to chart the effects of the liberalization of foreign trade. In addition, possible structural changes have been delayed by the fact that the regulation of imports was far from terminated by the end of the period under review. On the other hand, however, the ratio between the revenue from import duties and total imports was 7.0 per cent in 1965 against 20.3 per cent in 1956. In 1965 the duties on goods imported from EFTA countries had been reduced by 70 per cent from the level of June 1, 1961, with the exception of the goods on the "déalage list".



## ITEMS

**Elections** for the Electoral College which chooses the President of the Republic were held on January 15th and 16th. Voting was not as lively as in the 1962 elections, with a 69 per cent poll as against 81 per cent in 1962. According to the figures of returns, the votes and seats were divided among the three candidates as follows.

| <i>Kekkonen's election association</i>  | Votes     | Per cent | Seats |
|---|-----------|----------|-------|
| of which                                |           |          |       |
| Centre Party .....                      | 421 178   | 20.6     | 66    |
| People's Democrats ..                   | 346 617   | 17.0     | 57    |
| Social Democrats ....                   | 315 092   | 15.5     | 54    |
| Liberal Party .....                     | 102 890   | 5.1      | 9     |
| Swedish Party <sup>1</sup> ....         | ..        | ..       | 9     |
| Social Democratic League .....          | 46 828    | 2.3      | 6     |
| <br>                                    |           |          |       |
| <i>Virkkunen's election association</i> |           |          |       |
| of which                                |           |          |       |
| Conservatives .....                     | 432 452   | 21.2     | 59    |
| Swedish Party <sup>1</sup> ....         | ..        | ..       | 6     |
| Others .....                            | 28 850    | 1.4      | 1     |
| <br>                                    |           |          |       |
| <i>Vennamo's election association</i>   |           |          |       |
| Finnish Farmers' Party .....            | 231 316   | 11.3     | 33    |
| Total                                   | 2 040 320 | 100.0    | 300   |

1. Swedish Party polled 115 097 votes or 5.6 per cent and gained 15 seats of which 9 were for Kekkonen and 6 for Virkkunen.

The Presidential election will take place on February 15th.

**Supplementary budgets.** The third supplementary budget for 1967 was approved by Parliament in October. Expenditure amounted to 83 million marks, the biggest share of which was taken by various appropriations for improving the serious employment situation. These appropriations were part of an additional programme intended to create 14 000 new jobs for the autumn period. Among others, 26 million marks were allocated for road-building, 16 million marks for private forestry, and 8 million marks as loans for the reclamation of land and the construction of power stations.

Expenditure in the fourth supplementary budget which was approved in December amounted to 272 million marks. Of this 108 million marks were set aside to increase the mark value of the promissory notes to international organizations because of the October devaluation. The devaluation also entailed additional foreign debt interest and redemption payments. Further, 68 million marks were earmarked for State aid, 32 million marks of which were for elementary education. The speeding up of the building of the Saimaa canal necessitated 10 million marks. The revenue was augmented by, among other things, many increases in the yields of taxes and duties. — Total budgeted expenditure for the year 1967 thus amounts to 8 241 million marks.

# BANK OF FINLAND

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REINO ROSSI,  
*Deputy Governor*

ESKO K. LEINONEN

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

AHTI KARJALAINEN  
*(Absent as a member of  
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HEIKKI VALVANNE  
*ad int.*

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