



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 38 No. 7

JULY

1964

### RECENT DEVELOPMENTS

#### FELLINGS AND EMPLOYMENT IN FORESTRY

The past felling season (June 1963 to May 1964) could be regarded as a record one. The decline which had begun in 1961 changed into a strong rise, so that by the end of May the commercial fellings amounted to 52.5 million piled cu.m, or approximately 17 per cent more than a year earlier. Of the total quantity, 27.2 million cu.m consisted of pulpwood, 13.6 million cu.m softwood logs and 2.2 million cu.m hardwood logs.

There are several reasons for this revival. The growth in both exports of wood-processing products and stocks of raw material held by the industry raised the need for raw wood; one year previously, stocks had been below normal. Favourable weather conditions during the felling period facilitated work, and mechanization was further extended. In addition, timber marking had proceeded well during the winter, and thus no delays occurred in cutting.

The composition of the 1963/64 cut differed considerably from that of the previous season. The cutting now shifted more to pulpwood, of which the fellings increased by 35 per cent on the previous year's result. For heavy timber, the simultaneous increase

was 5 per cent. In particular, there was a growth in the fellings of birch and pine pulpwood, in the latter from 6.2 to 8.7 million cu.m, mainly by reason of the increase in exports of sulphate pulp. Fellings of birch pulpwood grew by as much as 44 per cent, and those of firewood 11 per cent.

The increased demand for raw wood produced a rise in stumpage prices, which had been falling in 1962/63. The prices of pine pulpwood rose proportionately most, thus narrowing the wide gap between pine and spruce prices. The prices of saw logs increased, as they had done during 1962/63. On an average, the level of stumpage prices can be estimated to have risen by one-fifth over 1963/64.

Owing to continued rationalization, employment in forestry increased relatively less than did the quantities felled. At the end of May, there were altogether 63 500 persons engaged in felling and floating, a figure only slightly higher than one year before. The progress of rationalization is indicated by the increased use of motor-saws and tractors.

*On page 18, Employment Policy in Finland*

The table below shows the composition of commercial fellings.

	1. 6. 1962— 31. 5. 1963	1. 6. 1963— 31. 5. 1964	Change per cent
	1000 piled cu.m		
Softwood logs . . . . .	13 775	13 654	— 1
Hardwood logs . . . . .	2 135	2 241	+ 5
Spruce pulpwood . . . . .	10 902	14 266	+ 31
Pine pulpwood . . . . .	6 225	8 672	+ 39
Birch pulpwood . . . . .	2 944	4 237	+ 44
Pitprops . . . . .	486	335	— 31
Firewood . . . . .	7 067	7 835	+ 11
Other timber . . . . .	1 166	1 338	+ 15

#### AGRICULTURE

During the first four months of the current year milk production was on the rise, mainly as a result of an increase in the number of cows. This development was most obvious in northern Finland, where improved transport conditions also enabled an increase in milk deliveries to the dairies. In January—April, the quantity of milk received by dairies exceeded the corresponding figure for 1963 by 9 per cent. The production of butter and cheese increased to an even greater extent. This, in conjunction with a drop in domestic consumption owing to higher retail prices, has created a considerable need to export. For instance, of the annual butter output about one fifth or 20 million kilogrammes, will have to be sold abroad. During last winter, the surplus

butter could be placed in west European countries, where milk production was comparatively low. The current trade agreements seem to provide generally adequate opportunities for the export of farm produce until next spring. Cheese exports will probably encounter the greatest difficulties, partly because of the EEC tariff policy, partly because of the import restrictions introduced in Italy. England will buy 12 370 long tons of butter during one year beginning April 1, 1964, plus an additional 3.5 million kg outside the quota during April—June 1964. A supplementary trade agreement with the Soviet Union provides for Finnish exports of 3 million kg of butter, 3.5 million kg of eggs, and 11 million kg of milk powder before the end of March 1965. The exports to the Soviet Union valued at world market prices, will be covered by imports of defence materials.

Spring was somewhat late this year, and farming was started a couple of weeks later than in 1963. The autumn grains had wintered well, the seed supply was good, and sowing could be made under favourable weather conditions. Thus the growing season began satisfactorily, although drought slightly delayed germination and the growth on pastures.

*June 27, 1964*

## BANK OF FINLAND

Mill. mk

	1963		1964			
	Dec. 31	May 31	May 30	June 8	June 15	June 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	817.8	696.8	953.5	970.3	953.4	948.0
Gold .....	134.5	135.4	144.9	144.9	144.9	144.9
Foreign exchange .....	617.7	481.0	740.6	757.6	740.6	735.1
Foreign bills .....	26.2	32.1	27.8	27.8	27.9	28.0
Foreign bonds .....	39.4	48.3	40.2	40.0	40.0	40.0
<i>Supplementary note cover</i> .....	451.2	466.6	415.0	366.0	389.8	492.3
Inland bills discounted						
In foreign currency .....	68.7	77.6	65.1	62.5	62.5	62.5
In Finnish currency .....	57.2	52.1	20.4	20.0	20.0	20.0
Rediscounted bills .....	325.3	336.9	329.5	283.5	307.3	409.8
<i>Other assets</i> .....	138.8	211.7	115.9	111.7	113.5	108.5
Finnish bonds .....	89.5	77.6	34.7	35.1	36.8	36.9
Cheque accounts .....	1.7	3.4	2.8	2.7	2.5	7.6
Finnish coin .....	3.6	6.9	6.6	6.8	7.1	6.8
Other claims .....	44.0	123.8	71.8	67.1	67.1	57.2
<b>Total</b>	<b>1 407.8</b>	<b>1 375.1</b>	<b>1 484.4</b>	<b>1 448.0</b>	<b>1 456.7</b>	<b>1 548.8</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	943.7	846.5	945.4	917.3	921.4	953.9
<i>Liabilities payable on demand</i> .....	59.2	106.1	53.5	53.3	55.7	126.3
Foreign exchange accounts .....	18.2	18.1	17.5	18.1	19.0	20.0
Mark accounts of holders abroad .....	33.6	30.9	27.6	27.5	27.8	27.8
Cheque accounts						
Treasury .....	0.2	0.0	0.0	0.0	0.0	47.2
Post Office Savings Bank .....	3.0	41.1	0.2	0.6	0.0	24.7
Private banks .....	1.3	11.5	5.2	1.5	2.0	—
Other .....	0.4	0.9	0.8	1.9	1.9	2.7
Other sight liabilities .....	2.5	3.6	2.2	3.7	5.0	3.9
<i>Term liabilities</i> .....	68.0	76.7	64.2	61.8	61.8	61.8
Foreign .....	66.9	75.6	63.1	60.7	60.7	60.7
Finnish .....	1.1	1.1	1.1	1.1	1.1	1.1
<i>Equalization accounts</i> .....	141.0	150.6	214.9	208.6	210.0	209.6
<i>Bank's own funds</i> .....	195.9	195.2	206.4	207.0	207.8	197.2
Capital .....	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund .....	73.6	73.6	84.8	84.8	84.8	84.8
Profits undisposed .....	—	11.6	11.2	11.2	11.2	—
Earnings less expenses .....	22.3	10.0	10.4	11.0	11.8	12.4
<b>Total</b>	<b>1 407.8</b>	<b>1 375.1</b>	<b>1 484.4</b>	<b>1 448.0</b>	<b>1 456.7</b>	<b>1 548.8</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	817.8	696.8	953.5	970.3	953.4	948.0
<i>Supplementary cover</i> (Upper limit 500 mill. mk) .....	451.2	466.6	415.0	366.0	389.8	492.3
<b>Total</b>	<b>1 269.0</b>	<b>1 163.4</b>	<b>1 368.5</b>	<b>1 336.3</b>	<b>1 343.2</b>	<b>1 440.3</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	943.7	846.5	945.4	917.3	921.4	953.9
<i>Liabilities payable on demand</i> .....	59.2	106.1	53.5	53.3	55.7	126.3
<i>Undrawn on cheque credits</i> .....	5.8	4.6	4.7	4.8	5.0	4.6
<i>Unused right of note issue</i> .....	260.3	206.2	365.0	360.9	361.1	355.5
<b>Total</b>	<b>1 269.0</b>	<b>1 163.4</b>	<b>1 368.5</b>	<b>1 336.3</b>	<b>1 343.2</b>	<b>1 440.3</b>

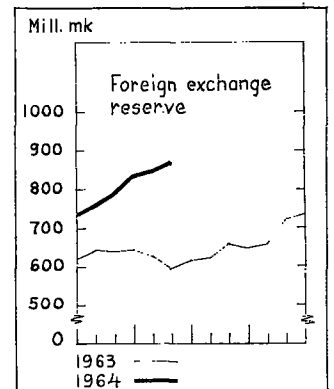
Rediscount rate since April 28, 1962, 7 per cent.

## 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
1956	294.1	46.0	248.1	112.7	153.4	207.4	191.6	— 23.1	105.5	63.0
1957	384.3	45.7	338.6	176.5	201.9	313.2	160.2	— 39.7	51.4	69.1
1958	575.6	21.8	553.8	126.2	160.1	519.9	90.3	— 51.6	71.5	— 32.8
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1963										
April	646.8	17.6	629.2	76.0	106.6	598.6	—	28.9	1.2	27.7
May	616.4	18.1	598.3	80.4	106.5	572.2	70.0	28.9	0.0	98.9
June	632.7	17.4	615.3	65.7	103.3	577.7	—	28.9	0.6	28.3
July	641.1	18.2	622.9	64.9	104.9	582.9	—	28.9	11.8	17.1
Aug.	677.7	18.4	659.3	62.7	103.6	618.4	—	28.9	47.0	— 18.1
Sept.	667.5	19.4	648.1	63.9	102.5	609.5	—	28.9	0.1	28.8
Oct.	675.2	18.6	656.6	62.3	100.8	618.1	—	18.9	0.5	18.4
Nov.	741.1	18.3	722.8	59.8	103.3	679.3	—	18.9	0.8	18.1
Dec.	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964										
Jan.	780.6	20.2	760.4	65.7	97.1	729.0	—	18.9	0.1	18.8
Feb.	807.6	21.0	786.6	59.8	94.5	751.9	—	18.9	0.1	18.8
March	852.5	18.4	834.1	63.6	93.4	804.3	—	18.9	5.3	13.6
April	864.9	17.6	847.3	68.1	91.2	824.2	—	18.9	12.3	6.6
May	885.5	17.5	868.0	68.0	90.7	845.3	—	18.9	0.0	18.9

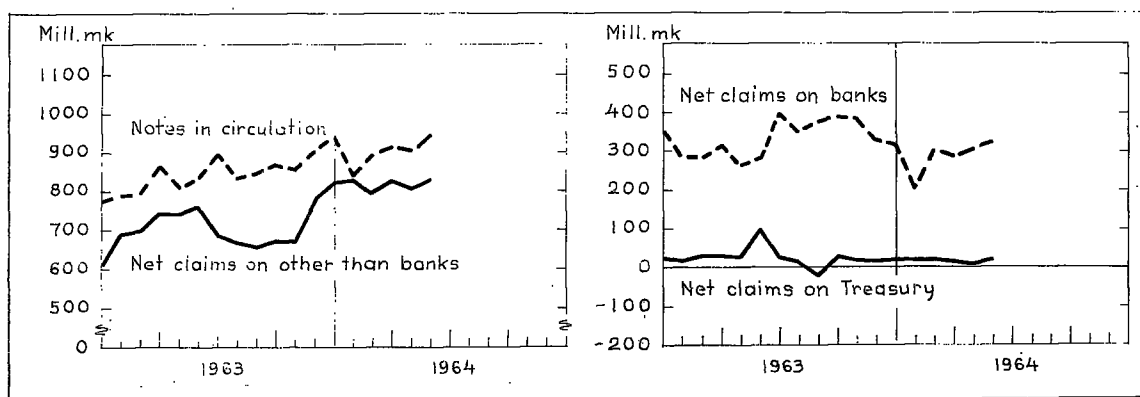
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1962		1963		1964
	Dec. 31	Dec. 31	March 31	April 30	May 30
Gold .....	135	135	146	145	145
Convertible .....	330	478	586	593	613
Eastern Bloc .....	101	66	49	56	59
Other .....	55	55	53	53	51
<b>Total</b>	<b>621</b>	<b>734</b>	<b>834</b>	<b>847</b>	<b>868</b>



## BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks	Post Office Savings Bank	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1956	336.7	11.7	—	2.8	322.2	149.2	105.5	52.1	202.6	607.4
1957	249.1	24.1	—	-0.4	225.4	129.1	144.2	5.6	267.7	606.4
1958	187.1	14.7	—	20.8	151.6	88.2	143.0	5.3	225.9	650.8
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 <sup>1)</sup>	4.4 <sup>1)</sup>	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
1963										
April	305.9	- 9.2	49.6	1.5	264.0	47.8	105.8	1.0	152.6	811.0
May	336.9	11.5	41.1	2.9	281.4	52.1	104.8	1.6	155.3	846.5
June	416.1	5.1	12.0	1.6	397.4	51.5	88.2	3.0	136.7	897.1
July	380.9	4.0	22.9	1.9	352.1	45.5	87.5	1.3	131.7	834.5
Aug.	406.5	6.3	21.6	2.5	376.1	31.8	84.8	1.1	115.5	847.8
Sept.	405.4	-15.3	29.8	2.8	388.1	21.5	87.1	2.0	106.6	869.2
Oct.	422.8	0.2	38.9	2.7	381.0	30.1	85.0	0.8	114.3	859.9
Nov.	334.9	- 3.9	8.3	1.7	328.8	31.9	97.9	2.4	127.4	904.8
Dec.	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964										
Jan.	241.2	8.7	27.4	2.1	203.0	52.1	89.4	1.1	140.4	835.0
Feb.	329.0	7.0	18.1	2.4	301.5	28.9	98.3	1.0	126.2	893.4
March	316.0	-13.2	38.2	2.2	288.8	23.3	111.3	0.7	133.9	911.2
April	349.0	0.7	41.8	1.7	304.8	20.9	113.2	0.6	133.5	905.5
May	329.5	5.2	0.2	1.7	322.4	20.4	119.7	1.3	138.8	945.4

<sup>1)</sup> Including cash reserve accounts.

## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1953	321.1	379.1	98.9	704.6	767.1	425.4	270.7	119.5	2 287.6	2 765.6
1954	349.1	421.1	132.2	834.4	921.7	520.5	300.8	134.2	2 712.0	3 265.3
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963*	715.3	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0
1963*										
April	692.7	838.2	202.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 881.1
May	707.1	862.8	191.0	2 327.0	2 244.7	1 373.8	617.4	300.1	6 863.3	7 917.1
June	668.3	811.9	184.6	2 314.1	2 221.2	1 350.8	615.1	297.5	6 798.9	7 795.4
July	685.5	824.4	166.4	2 288.2	2 211.0	1 346.1	616.2	285.8	6 747.5	7 738.3
Aug.	661.1	811.0	152.0	2 286.4	2 230.3	1 355.2	620.3	295.3	6 787.8	7 750.8
Sept.	668.7	831.0	199.3	2 301.6	2 237.8	1 363.5	621.8	300.5	6 825.4	7 855.7
Oct.	678.8	838.8	181.5	2 307.7	2 242.9	1 369.7	623.7	304.5	6 848.6	7 868.9
Nov.	696.4	860.6	209.6	2 322.2	2 265.8	1 388.0	624.6	308.3	6 909.1	7 979.3
Dec.	715.3	875.7	250.3	2 441.0	2 339.9	1 448.7	648.5	310.7	7 189.0	8 315.0
1964*										
Jan.	707.3	844.6	229.1	2 452.5	2 361.4	1 447.8	655.4	311.9	7 249.2	8 322.9
Feb.	620.8	754.1	244.0	2 485.9	2 388.2	1 505.7	664.8	316.3	7 361.1	8 359.2
March	615.3	755.9	292.6	2 521.6	2 404.5	1 533.2	666.0	318.8	7 444.3	8 492.8
April	641.5	777.7	220.5	2 541.5	2 416.7	1 551.7	661.7	319.6	7 491.3	8 489.5
May	645.2	797.4	256.6	2 577.8	2 444.7	1 576.5	660.0	318.0	7 577.1	8 631.1

End of month	Index-tied deposits		High-interest deposits
	100 % clause <sup>1)</sup>	50 % clause, tax-free	
1963*			
Oct.	36.2	218.6	622.4
Nov.	42.1	223.6	640.8
Dec.	52.1	229.4	669.9
1964*			
Jan.	67.7	234.6	718.0
Feb.	116.3	255.1	740.1
March	142.9	262.6	752.5
April	170.9	259.9	767.5
May	556.2	159.4	675.5

<sup>1)</sup> Tax-free since May 1, 1964.

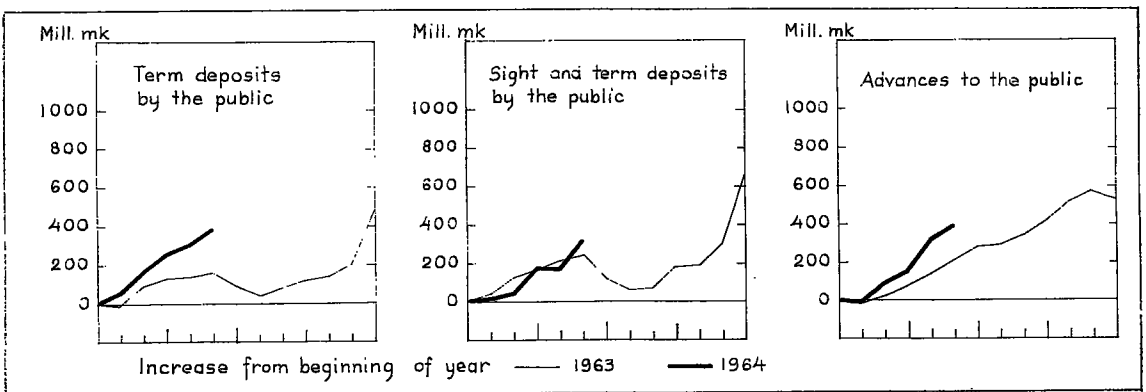
Selling rates for foreign exchange				
June 24, 1964				
		mk	mk	
New York ...	1 \$	3.223	Zurich ..... 100 Fr	74.70
Montreal ....	1 \$	2.980	Paris ..... 100 FF	65.75
London .....	1 £	9.005	Rome ..... 100 Lit	0.5156
Stockholm ...	100 Kr	62.75	Vienna ... .. 100 S	12.48
Oslo .....	100 Kr	45.05	Lisbon ..... 100 Esc	11.23
Copenhagen ..	100 Kr	46.64	Reykjavik .... 100 Kr	7.49
Frankfurt o.M.	100 DM	81.12	Madrid ..... 100 Pta	5.42
Amsterdam ...	100 Fl	89.05	Prague, clear... 100 Kč	44.58
Brussels .....	100 Fr	6.460	Moscow, clear. <sup>1)</sup> 1 Rbl	3.5667
			Clearing dollars <sup>2)</sup> 1 Cl \$	3.21

<sup>2)</sup> Bucharest, Peking.<sup>3)</sup> Ankara, Athens, Berlin, Bogota, Budapest, Sofia, Warsaw.

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963*	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5
1963*									
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	1 774.5
May	3 367.7	2 058.9	551.3	1 634.7	635.1	7 885.2	362.5	8 247.7	1 810.4
June	3 409.5	2 063.8	552.7	1 655.4	637.7	7 921.1	398.0	8 319.1	1 803.5
July	3 400.4	2 076.2	551.7	1 662.8	641.0	7 962.4	369.7	8 332.1	1 747.1
Aug.	3 418.2	2 091.2	550.1	1 681.4	641.7	8 006.6	376.0	8 382.6	1 740.3
Sept.	3 437.9	2 111.7	550.2	1 710.9	647.5	8 087.2	371.0	8 458.2	1 827.7
Oct.	3 469.7	2 133.4	573.8	1 727.2	654.1	8 171.6	386.6	8 558.2	1 804.9
Nov.	3 481.7	2 144.3	577.0	1 746.4	659.2	8 235.2	373.4	8 608.6	1 892.9
Dec.	3 472.5	2 133.7	544.0	1 760.2	664.3	8 228.8	345.9	8 574.7	1 987.5
1964*									
Jan.	3 446.1	2 139.6	547.1	1 763.6	672.7	8 201.5	367.6	8 569.1	1 827.1
Feb.	3 509.5	2 148.7	554.2	1 769.8	683.9	8 266.6	399.5	8 666.1	1 798.3
March	3 547.4	2 150.3	559.5	1 783.0	687.5	8 329.6	398.1	8 727.7	1 850.0
April	3 635.3	2 170.0	563.1	1 806.8	706.6	8 473.4	408.4	8 881.8	1 826.5
May	3 628.6	2 190.4	570.0	1 827.3	751.1	8 598.8	368.6	8 967.4	1 914.4

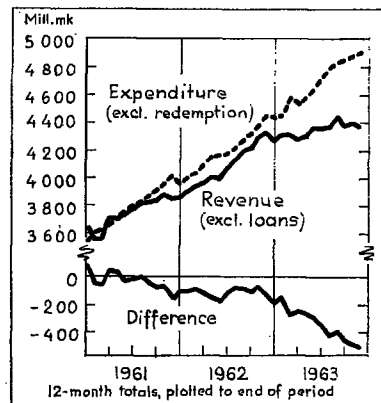


STATE FINANCES

Mill. mk

Revenue	Jan. - April		Expenditure	Jan. - April	
	1963	1964		1963	1964
Income and property tax (net) .....	361	534	Interest on State debt .....	36	52
Gross receipts .....	(865)	(1 065)	Child allowances .....	76	77
Refunds and communal income tax .....	(- 504)	(- 531)	The State's share in national pensions .....	64	74
Other direct taxes .....	4	6	Compensations to war-disabled .....	43	45
Purchase tax .....	262	266	Subsidies .....	154	153
Import duties .....	143	168	Net payments on price equalization by extra-budgetary funds .....	3	—
Revenue from Alcohol Monopoly .....	110	101	State aid to agriculture .....	15	14
Excise duty on tobacco .....	81	100	State aid to communal and private schools .....	124	142
Excise duty on liquid fuel .....	49	55	Net loss of State enterprises .....	45	29
Other excise duties .....	24	28	Maintenance of roads .....	29	32
Tax on automobiles and motor cycles .....	22	45	Other current expenditure .....	517	565
Stamp duties .....	75	85	<b>Current expenditure</b> .....	1 106	1 183
Employers' payments for child allow- ances .....	93	108	Real investments .....	301	393
Net receipts of price equalization by extra-budgetary funds .....	—	4	Other capital expenditure .....	127	162
Other revenue similar to taxes .....	17	19	<b>Capital expenditure</b> .....	428	555
<b>Total taxes</b> .....	1 241	1 519	<b>Total expenditure</b> .....	1 534	1 738
Interest and dividends .....	18	19	Redemption of external loans .....	9	14
Net profit of State enterprises .....	—	—	Redemption of internal loans .....	82	112
Other current revenue .....	39	48	Redemption of indemnity bonds etc. ....	3	3
<b>Current revenue</b> .....	1 298	1 586	Index premiums .....	6	8
Capital revenue proper .....	36	36	<b>Redemptions</b> .....	100	137
Decrease in inventories .....	36	54	<b>Total</b> .....	1 634	1 875
Capital revenue .....	72	90			
<b>Total revenue</b> .....	1 370	1 676			
External loans .....	51	63			
Internal loans .....	170	164			
Loans .....	221	227			
Short-term credit (increase +) ..	-34	+30			
<b>Deficit (+) or surplus (-)</b> .....	+77	-58			
<b>Total</b> .....	1 634	1 875			

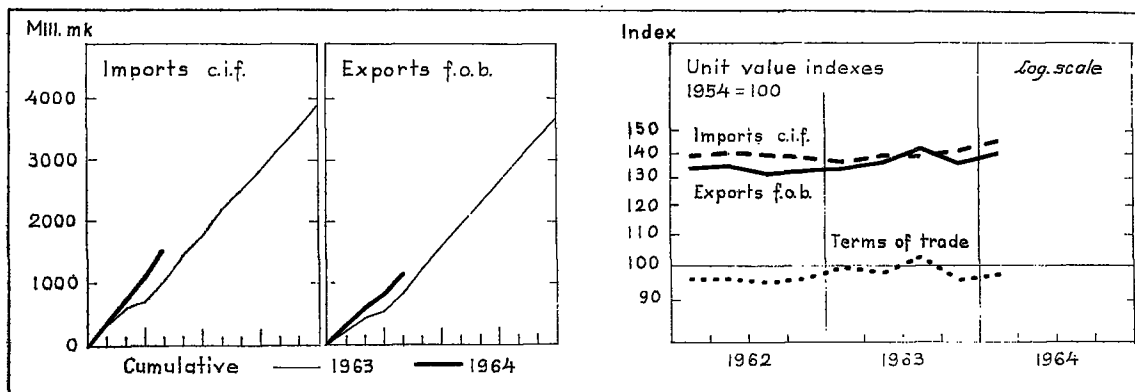
Debt	1961	1962	1963		1964	
	Dec.	Dec.	Nov.	Dec.*	April	May*
<b>External debt</b> ...	791	803	958	965	1 016	1 064
Ordinary loans ....	757	936	1 091	1 111	1 164	1 160
Indemnity bonds etc.	26	18	11	11	9	9
Short-term credit ..	24	61	130	140	190	192
Cash debt (net) ...	-98	-125	14	..	29	..
<b>Internal debt</b> ....	709	890	1 246	..	1 392	..
<b>Total debt</b> .....	1 500	1 693	2 204	..	2 408	..
<b>Total debt, mill. \$</b>	465.9	525.4	684.3	..	7 478	..





FOREIGN TRADE

Period	Value mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
1962	3 928.7	3 533.1	-395.6	134	146	132	128	150	139	96
1963*	3 866.9	3 678.0	-188.9	137	145	142	129	147	139	99
Jan.-April										
1962	1 273.4	950.0	-323.4							
1963*	1 014.5	822.9	-191.6							
1964*	1 532.0	1 152.1	-379.9							
1963*										
July	382.0	359.6	- 22.4	142	141	144	130	174	139	102
Aug.	290.4	343.4	+ 53.0							
Sept.	330.0	359.8	+ 29.8							
Oct.	371.3	377.7	+ 6.4							
Nov.	331.4	331.4	- 0.0	136	144	147	130	130	141	96
Dec.	368.6	339.3	- 29.3							
1964*										
Jan.	363.5	281.3	- 82.2	140	148	152	131	133	145	97
Feb.	350.1	299.9	- 50.2							
March	369.0	231.4	-137.6							
April	449.4	339.5	-109.9							

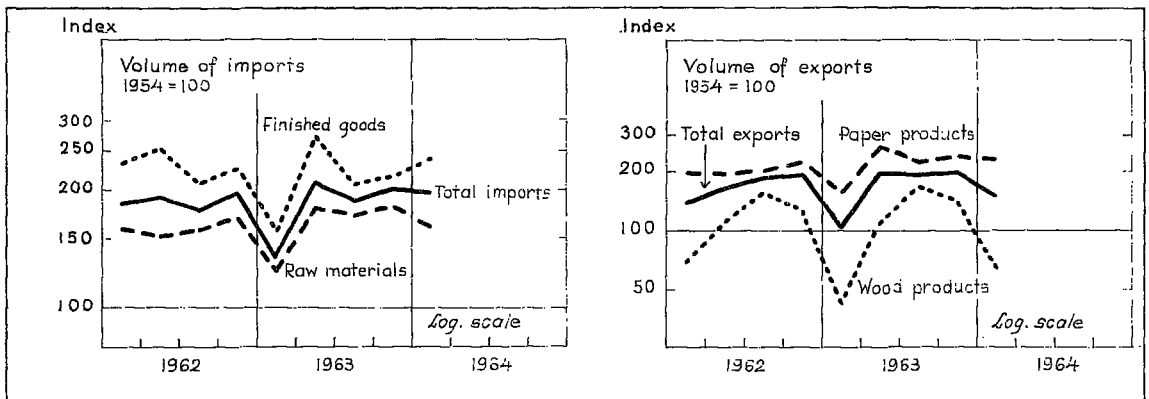


March 1963 figures are affected by strikes.

## FOREIGN TRADE BY MAIN GROUPS

Mill. mk

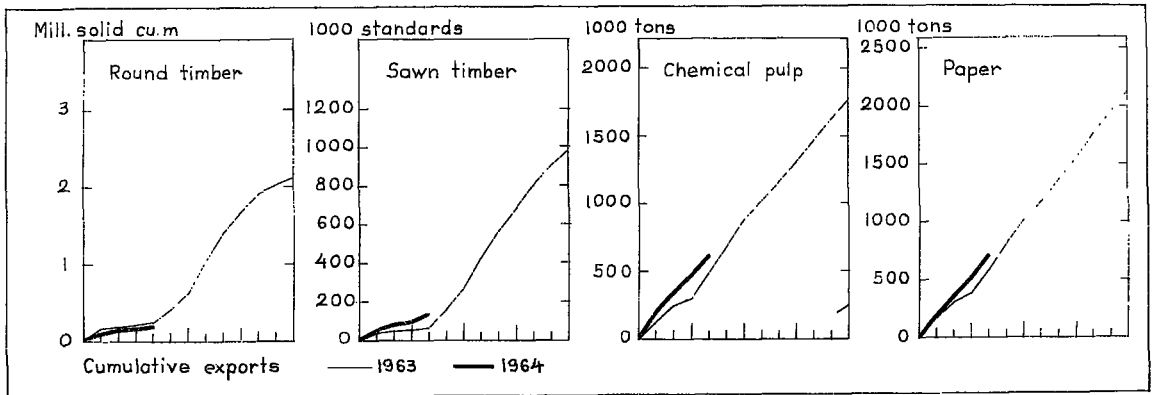
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Producer goods	Consumer goods						
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962	1 762.6	371.2	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963*	1 827.5	373.3	1 004.3	661.8	164.8	112.8	811.8	1 752.2	613.8	222.6
Jan.-April										
1962	569.9	109.2	380.2	214.1	46.0	29.3	144.7	513.3	172.0	44.7
1963*	482.8	90.4	254.2	187.1	43.9	13.4	103.1	479.2	136.7	46.6
1964*	639.8	162.9	447.5	281.8	77.8	13.9	170.8	627.8	190.5	71.3
1963*										
June	159.6	31.1	108.7	67.2	14.8	10.2	82.4	149.4	74.8	23.4
July	171.5	47.5	109.8	53.2	14.4	20.9	102.7	139.9	62.3	19.4
Aug.	152.4	17.3	71.6	49.1	14.4	18.3	99.2	156.6	36.0	18.9
Sept.	154.2	48.2	78.4	49.2	10.9	16.3	92.7	156.0	59.3	24.6
Oct.	184.2	45.3	82.0	59.8	15.9	11.9	91.7	173.0	60.3	24.9
Nov.	160.4	33.2	77.2	60.6	11.2	7.8	83.3	153.4	52.0	23.7
Dec.	167.7	33.8	105.9	61.2	24.5	5.8	80.9	147.4	58.5	22.2
1964*										
Jan.	172.2	42.3	91.1	57.9	14.0	4.3	50.3	169.3	25.6	17.8
Feb.	155.6	37.2	100.1	57.2	23.8	5.5	44.6	148.1	60.4	17.5
March	149.6	48.7	107.9	62.8	12.1	1.8	26.4	145.3	28.9	16.9
April	162.4	34.7	148.4	103.9	27.9	2.3	49.5	165.1	75.6	19.1



March 1963 figures are affected by strikes.

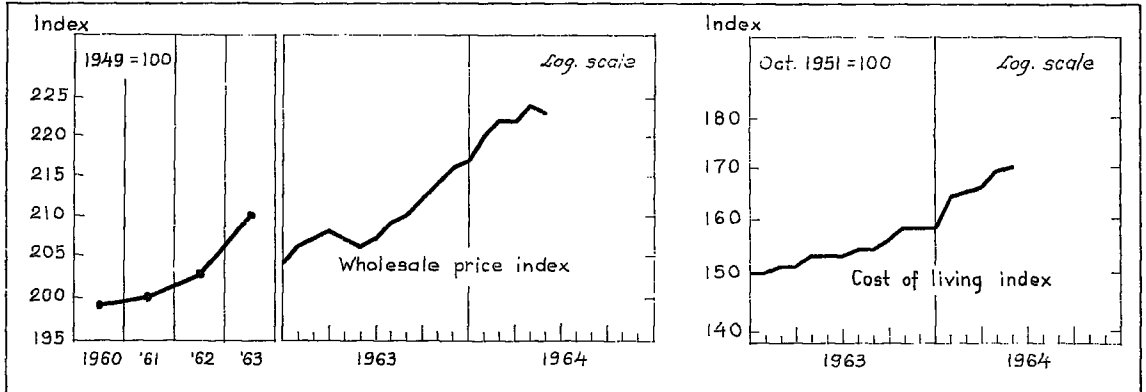
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
1963*	2 108	977	384	173	861	893	171	161	882	2 126
Jan.- April										
1962	544	133	122	45	286	199	54	53	298	608
1963*	239	59	121	48	236	239	55	44	227	573
1964*	191	139	143	58	319	302	57	60	287	718
1963*										
June	201	111	31	17	88	90	11	15	68	220
July	429	156	21	16	68	66	10	10	70	138
Aug.	346	143	30	11	68	84	15	10	80	191
Sept.	302	123	34	13	77	79	16	14	83	189
Oct.	224	117	40	18	74	90	18	16	94	215
Nov.	120	102	33	16	75	73	14	17	84	187
Dec.	83	77	32	13	72	63	12	14	74	184
1964*										
Jan.	86	47	37	17	97	104	14	16	75	179
Feb.	64	35	41	15	75	66	13	15	68	174
March	15	15	27	11	66	68	14	13	65	168
April	26	42	38	15	81	64	16	16	79	197



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan. — April			Whole year		Jan. — April		
	1962	1963*	1963*	1964*		1962	1963*	1963*	1964*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	15.7	15.8	16.7	15.3	234.4	22.2	23.6	21.4	24.2	279.2
United Kingdom .....	15.2	15.3	16.2	15.0	229.3	20.2	21.5	19.1	22.0	253.4
<b>Other OECD countries</b>										
<b>in Europe</b> .....	55.6	53.0	52.7	52.0	795.9	43.0	43.9	44.9	45.1	519.3
Austria .....	0.7	0.7	0.9	0.7	10.8	0.3	0.3	0.6	0.3	3.2
Belgium-Luxembourg .....	2.4	2.2	2.2	1.7	26.1	3.4	3.3	2.8	3.1	35.5
Denmark .....	3.1	3.3	3.5	3.3	50.5	3.7	3.5	3.1	3.2	36.9
France .....	5.2	4.3	4.1	4.4	66.8	4.5	5.0	5.1	5.3	60.6
Western Germany .....	20.2	18.0	17.9	17.0	260.3	11.9	12.0	13.5	11.3	130.3
Italy .....	2.1	2.0	2.3	2.0	31.7	2.8	3.2	4.1	3.7	42.5
Netherlands .....	4.4	4.7	4.7	3.7	56.4	6.1	6.3	5.0	5.8	66.5
Norway .....	1.5	1.6	1.4	1.7	25.2	1.2	0.8	0.9	0.8	9.9
Portugal .....	0.2	0.2	0.2	0.2	3.4	0.1	0.1	0.1	0.1	1.5
Spain .....	0.4	0.4	0.4	0.7	10.4	0.7	0.9	0.7	0.8	9.0
Sweden .....	12.1	11.9	11.6	13.2	202.8	5.7	5.7	6.4	7.9	91.7
Switzerland .....	2.6	2.9	2.5	2.8	42.6	0.6	0.7	0.5	0.8	8.8
<b>Eastern Bloc</b> .....	19.2	21.7	21.8	22.6	346.5	22.5	20.8	20.8	17.5	202.4
China .....	0.2	0.2	0.1	0.4	6.3	0.4	0.5	0.2	0.1	1.7
Czechoslovakia .....	1.0	0.7	0.8	0.7	10.1	0.9	0.9	0.9	0.6	6.9
Eastern Germany .....	1.4	1.1	0.8	1.0	14.6	1.1	1.0	1.2	0.9	10.8
Poland .....	2.2	2.0	1.3	1.7	26.0	1.7	1.7	1.5	2.4	27.6
Soviet Union .....	13.7	16.9	18.0	17.9	274.9	17.8	16.0	16.1	11.9	136.8
<b>U.S. and Canada</b> .....	5.6	5.3	4.7	5.7	87.7	5.5	5.4	6.9	7.0	80.2
United States .....	5.1	4.9	4.2	5.6	85.3	5.4	5.2	6.7	6.8	77.8
<b>Latin America</b> .....	2.7	2.9	2.3	2.6	40.5	3.4	2.7	2.7	3.2	36.7
Argentina .....	0.4	0.5	0.5	0.3	4.5	0.8	0.6	0.7	0.7	8.3
Brazil .....	1.5	1.6	1.2	1.6	24.2	1.5	0.7	1.1	0.6	6.7
<b>Others</b> .....	1.2	1.3	1.8	1.8	27.0	3.4	3.6	3.3	3.0	34.3
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	1 532.0	100.0	100.0	100.0	100.0	1 152.1
<b>of which</b>										
<b>EFTA countries</b> .....	35.4	35.9	36.3	36.9	564.7	31.9	32.6	30.6	35.2	405.3
<b>EEC countries</b> .....	34.7	31.5	31.3	28.8	440.7	29.4	30.6	30.6	29.1	335.5



March 1963 figures are affected by strikes.

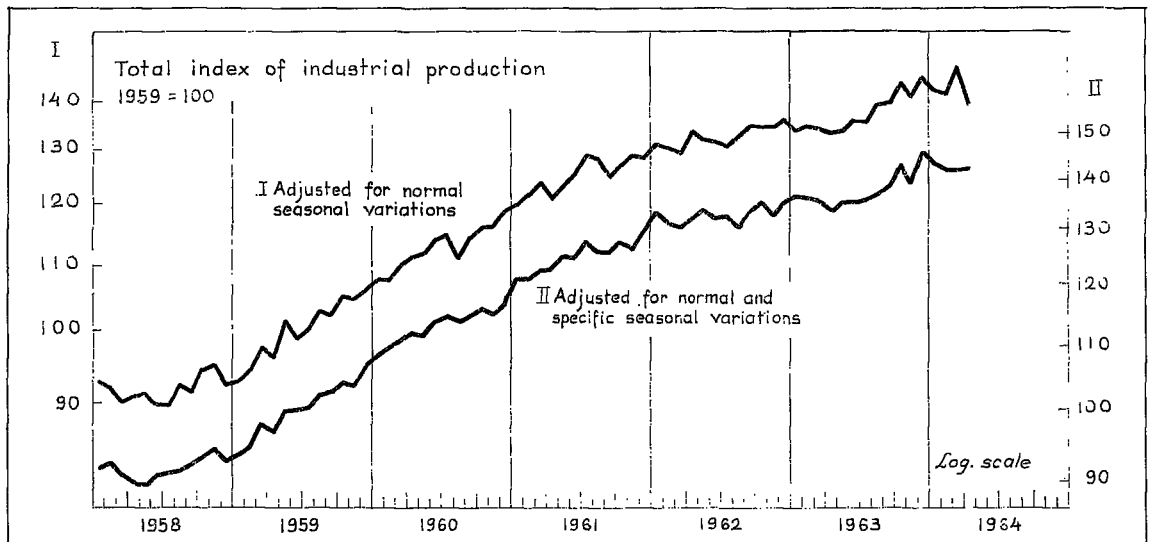
## PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1961	200	202	194	209	195	190	213	202	191	128	114	148
1962	203	205	196	209	203	197	217	200	198	132	114	156
1963	210	212	201	214	211	205	226	203	205	140	118	171
1963												
May	206	208	200	211	209	200	221	200	202	140	117	172
June	207	209	202	212	209	201	222	202	202	140	117	173
July	209	211	201	213	209	204	223	202	206	140	118	171
Aug.	210	212	202	213	212	206	226	202	206	141	118	175
Sept.	212	215	202	216	212	208	226	206	209	141	118	175
Oct.	214	217	203	216	214	211	230	205	210	143	118	180
Nov.	216	219	205	220	214	211	233	207	212	143	119	180
Dec.	217	220	205	222	214	212	236	209	212	145	123	182
1964												
Jan.	220	224	204	219	211	222	240	209	214	142	117	179
Feb.	222	226	207	222	210	226	243	213	216	144	118	180
March	222	226	208	223	211	224	242	214	216	146	118	186
April	224	228	209	224	211	227	246	215	217	148	119	188
May	223	226	209	225	211	223	241	217	216	150	119	194

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1963	154	164	346	108	93	151	121	120	128	105	115	123
1963												
May	153	163	343	108	92	149	120	120	127	105	115	121
June	153	164	343	108	92	149	120	121	127	105	115	121
July	154	163	343	108	92	151	120	120	127	105	115	123
Aug.	154	163	343	109	93	152	121	120	127	105	115	124
Sept.	156	167	343	109	93	154	122	123	127	105	115	125
Oct.	158	168	356	109	94	155	124	124	132	106	116	126
Nov.	158	169	356	109	94	155	124	124	132	106	117	126
Dec.	158	169	356	109	94	155	124	124	132	106	117	127
1964												
Jan.	164	175	361	113	104	159	129	129	134	110	129	129
Feb.	165	177	361	113	105	160	130	130	134	110	130	130
March	167	180	361	114	106	162	131	132	134	110	132	132
April	169	182	361	114	106	163	132	134	134	111	132	133
May	170	185	361	114	106	164	133	136	134	111	132	134

## PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1961	125	132	127	120	122	136	131	119	125	49 004	150
1962	132	144	133	128	114	143	143	126	133	47 264	160
1963*	137	133	140	133	119	157	137	132	137	47 784	169
1962*											
Dec.	122	132	126	111	101	152	133	112	136	3 604	175
1963*											
Jan.	141	155	142	135	115	153	157	129	134	4 245	132
Feb.	133	129	136	128	115	149	137	125	135	4 995	142
March	137	135	139	134	125	153	141	128	134	5 409	156
April	134	129	136	131	128	143	135	131	134	4 036	171
May	145	145	146	144	133	161	147	141	134	10 095	191
June	128	124	126	132	110	129	129	130	136	1 941	167
July	105	81	113	96	114	149	81	99	136	1 299	153
Aug.	141	133	140	145	110	160	133	145	139	1 936	183
Sept.	145	142	149	139	113	172	147	139	140	2 192	176
Oct.	160	156	165	150	134	185	161	154	144	3 189	181
Nov.	149	141	155	139	111	173	147	145	141	3 915	173
Dec.	131	124	137	121	119	151	128	123	145	4 534	201
1964*											
Jan.	146	142	152	135	119	166	149	136	142	5 553	114
Feb.	145	140	150	136	129	165	147	136	141	6 031	143
March	143	135	149	134	123	165	140	135	147	6 500	142
April	155	146	159	151	152	173	153	151	139	5 469	..

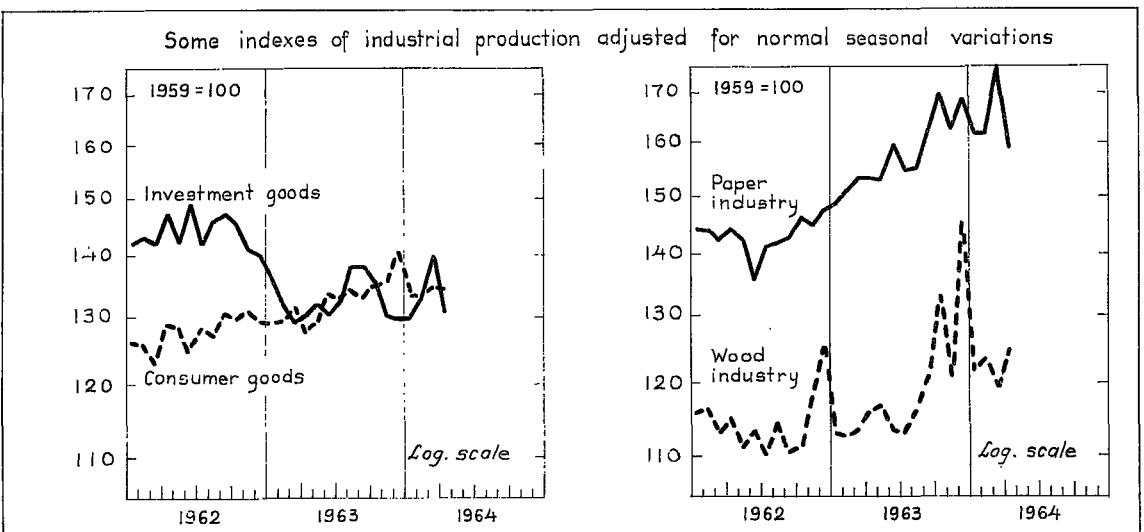


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

**BUILDING - WAGES - TRANSPORT - EMPLOYMENT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1962	23.18	10.61	2.15	7.11	2.31	25.53	132	120	128	134
1963*	24.77	12.57	2.21	6.60	2.43	25.16	145	136	144	143
1963*										
Jan. - Mar.	4.34	2.51	0.21	1.16	0.34	25.15	138	130	140	137
Apr. - June	4.71	2.36	0.28	1.41	0.49	26.57	145	137	148	145
July - Sept.	6.87	2.63	0.72	2.05	1.10	27.86	148	137	147	145
Oct. - Dec.	8.85	5.07	1.00	1.98	0.50	25.16	148	137	146	145
1964*										
Jan. - Mar.	4.41	2.30	0.23	1.36	0.40	24.48	..	..	..	..

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1963	1964	1963	1964*	1963	1964*	1963*	1964*	1963*	1964*
Jan.	132	125	485	576	458	527	1 830	1 854	2.3	2.7
Feb.	125	124	293	538	281	451	..	1 851	2.3	2.3
March	13	122	293	535	171	389	1 819	1 839	2.1	1.8
April	145	138	510	588	438	487	1 841	1 882	1.6	1.5
May	156	125	751	755	688	709	1 905		0.8	
June	128		830		870		1 895		0.8	
July	133		977		1 134		1 737		1.0	
Aug.	139		919		1 033		1 851		1.0	
Sept.	139		745		842		1 922		1.1	
Oct.	148		697		752		1 910		1.3	
Nov.	132		661		658		1 895		1.6	
Dec.	110		657		614		1 871		2.0	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

## BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other sight liabilities + Other cheque accounts + Deposits against import licences (in 1956) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

## DEPOSITS BY THE PUBLIC —

## ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

## STATE FINANCES

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

## FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Thus the series above and below the line are not fully comparable. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

## PRICE INDEXES

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

## PRODUCTION — INTERNAL TRADE

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

## BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

## SYMBOLS USED

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

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1962 are as follows: Agrarians 53, People's Democrats 47, Social Democrats 38, Conservatives 32, Swedish Party 14, Finnish People's Party 13, Social Democratic League 2 and Liberal League 1.

### LAND

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

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

### POPULATION

NUMBER OF INHABITANTS (1962): 4.5 million. Sweden 7.6, Switzerland 5.7, Denmark 4.7 and Norway 3.6 million.

DENSITY OF POPULATION (1962): In South Finland 25.2, in North Finland 4.2 and in the whole country an average of 14.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1962): 60 % of the population inhabit the rural areas, 40 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 476 400 inhabitants, Tampere (Tammerfors) 133 300, Turku (Åbo) 130 800.

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

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

EDUCATION (1962): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1962): births 18.1 ‰, deaths 9.5 ‰, increase 8.0 ‰. Deaths in France 11.5 ‰ and Great Britain 11.9 ‰.

### TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 17 070 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 421 (10 %), forestry and fishing 1 376 (10 %), manufacturing 4 257 (31 %), construction 1 393 (10 %), transport and communications 1064 (8 %), commerce, banking and insurance 1 771 (13 %), general government 1 635 (12 %), other services 838 (6 %), total 13 755. Index of real domestic product 127 (1957 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million

cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 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 121 for 1962 (1954 = 100). Measure of self-sufficiency in bread cereals 89 % in the crop year 1961/62.

INDUSTRY (1961): Gross value of industrial production 13 706 mill. marks, number of workers 345 000, salaried employees 67 000, motive power (1961) 3.9 mill. HP. Index of industrial production 155 for 1961 (1954 = 100).

RAILWAYS (Jan. 1, 1964): Length 5 427 km, of which 5 353 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (May 31, 1964): Steamers 166 (277 098 gross reg. tons), motor vessels 357 (650 189 gross reg. tons), sailing vessels with auxiliary engines 41 (4 930 gross reg. tons). Total 564 (932 217 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1963): Private cars 294 400, lorries and delivery vans 78 800, buses 6 800, others 13 900. Total 393 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1963): Kilometres flown 12.6 million, passengers carried 696 000, passenger kilometres 312.6 million, and ton kilometres of freight and mail 5.0 million.

### FINANCE AND BANKING

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

MUNICIPAL FINANCES. In the finance accounts for 1961 expenditure amounted to 2 188 mill. marks. Total revenue was 2 221 million, of which income from taxation 1 089 million. The municipal income tax (non-progressive) averaged 11.92 % 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, 1963). There are two big and four small commercial banks with in all 682 offices, 383 savings banks, 504 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 Pensions Institution and sixty-five private insurance companies also grant credits.

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

## EMPLOYMENT POLICY IN FINLAND

BY

TERHO PULKKINEN, D. Pol. Sc.

The Finnish economy is prone to cyclical fluctuations, and climatic factors in this northern country bring about sharp seasonal variations in the industries which provide a livelihood for a large proportion of the country's population. As a result, Finland may be subjected to sharp variations in employment. During some years of cyclical downswing, the demand for labour has declined to such an extent that it has even been correct to speak of large-scale unemployment. For a long period, however, it has been generally felt that society is under a liability to counteract unemployment and mitigate its consequences. A foundation for Finnish employment policy was laid as early as in the 1930's, during the years of depression and widespread unemployment.

As unemployment insurance was less common in Finland than in many other countries, it was felt that a so-called work line had to be chosen as the principal system for warding off and alleviating unemployment. This signified that public funds had to be used to provide work for those who, though willing to work, were unemployed and unable to get along without measures adopted by the community. In this way, there came into existence the relief work system applied during the 1930's. In accordance with the principles of the old Poor Relief Act, it was held that it was primarily the responsibility of the municipality to ensure the sustenance of the unemployed and

to provide them with work. However, when unemployment continued to increase it was realized that this task was too much for the municipalities, and that the State had to come to their assistance.

In the years following the Second World War the principle thus adopted was adhered to. According to a Cabinet decision of 1945, it was in the first place the duty of the municipality to introduce measures for providing the unemployed with work, while the State had to participate in these measures and meet the costs arising from them to an extent to be stipulated separately.

In the 1950's, employment policy experienced an essential change, in that the centre of emphasis shifted to measures intended to prevent unemployment in advance. By the arranging of public works, efforts were made to prevent the occurrence of unemployment. The new orientation was established in the Employment Act of 1956. At the same time, the act transferred the chief responsibility for the maintenance of employment from the municipalities to the State. The provisions of this act laid it down that the Government was to ensure, through economic policy measures of a general nature, that enough jobs were available.

The principles underlying our present employment policy were reinforced in the Employment Act of 1963, which even more strongly emphasizes the State's responsibility in the creation of new permanent jobs and



in the maintenance of employment through general economic policy measures. The act further provides that works undertaken by the State and the municipalities by way of investment are to be concentrated in periods of unemployment. Thirdly, loans and subventions may be granted from State funds in accordance with principles laid down by the Cabinet and on the terms it may establish to ensure employment. Fourthly, State funds may be employed to arrange vocational courses, mainly for young, unskilled persons, when such measures are motivated by considerations of employment policy. Finally, the State may defray, wholly or in part, the costs of transport of workers from one locality to another where this must be considered appropriate from the point of view of their securing employment.

Should these measures prove inadequate, the State and the municipalities are under an obligation to try to arrange work for unemployed persons. The employment authorities have to keep a register of unemployed persons to whom jobs can be assigned in this way. For example, it is

not permissible to register a person who is unable or unwilling to work; who is himself responsible for being unemployed; who is under 17 years of age; who receives a pension of social assistance; or for whom public wage-earning is not essential. Moreover, the owner of a farm of more than 4 hectares (in northern and eastern Finland, more than 6 hectares) arable is disqualified for registration unless his conditions of sustenance or other special circumstances call for it.

In its own works, the municipality has to place a number of workers which corresponds with the municipal placement quota stipulated by virtue of its financial capacity. The Government, in turn, provides jobs for registered unemployed to the extent made possible by the appropriations assigned for this purpose in the budget. It should be emphasized that these particular public works are no longer, as they once were, in the nature of exceptional relief works, but are normal projects included in the work programmes of the Government and the municipalities.

At the same time as our present Employment Act makes the maintenance of employ-

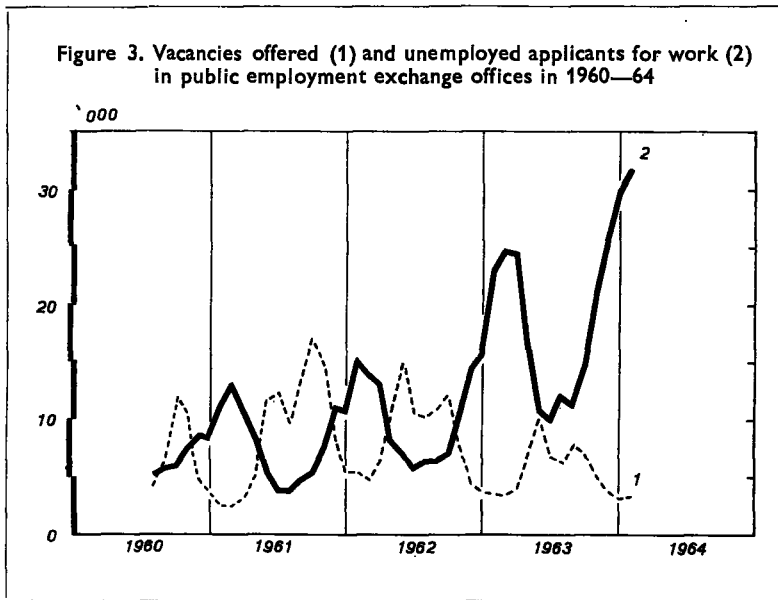
ment a responsibility of society, it emphasizes two principles, to which greater importance is attributed than before. First, employment policy is to be an integral part of general economic policy; only thus can new permanent jobs be created and the causes of unemployment be eliminated. Secondly, Finnish employment policy must essentially have as basis an appropriate organization of public works, that is to say, investment policy. What makes this necessary is that an employment policy should take into account the demand for labour brought about by economic growth. Furthermore, an appropriate arrangement of public works is the most important tool in warding off cyclical and seasonal unemployment. Since seasonal variations are a permanent and regular unavoidable characteristic of Finnish economic life, and since also cyclical fluctuations are felt as sharp variations in economic activity, it is understood that, to level off the variations in the demand for labour, public works must be concentrated in periods

when the private sector is unable to provide the labour force with a sufficient amount of work.

The programme for public works which may be applied in the manner described above to level off the changes occurring in the demand for labour is, considered as a whole, an extensive one. In 1962, the number of persons receiving remuneration from the so-called employment appropriations of the Government and the municipalities averaged 84 000 or about 4 per cent of the total labour force. In 1959, when the demand for labour was slack, the corresponding average was 110 000 or 5 per cent of the total labour force. As these public investment projects largely belong to the group of soil and water construction, unskilled manpower can be employed in them in ample measure, so that they are also suitable in this respect for the purposes of employment policy.

In the worst years of unemployment of the 1950's, it was realized that it was not possible, at least without incurring unreason-





ably high costs, to provide work for all those registered as unemployed. For this reason, an act was passed in 1960, by which an unemployed person qualifying for registration may, if he cannot be placed and is therefore in need of financial support, be paid unemployment compensation from State funds. The extent of this compensation depends upon the number of dependants of the person concerned, and upon the level of the cost of living in his home locality. Unemployment compensation is payable for a maximum of 120 days within one calendar year. The law signified a departure from the principles of the pure work line previously adhered to, according to which no assistance was payable to an unemployed person from public funds without demanding from him a compensation in the form of work. At the same time, it also represented augmented social security and offered the employment authorities an increased freedom of choice, in that they are now entitled either to place an unemployed person in work or to pay him compensation which depends upon the situation concerned.

As was stated above, the development of the employment policy in Finland has apparently been influenced by the fact that in this country no unemployment insurance scheme covering the total labour force exists. Nevertheless, since 1917, there has existed a voluntary system of unemployment funds, although this system covers only the members of trade unions representing fields where the risk of unemployment is not as evident as in a number of other fields. As the financial support given by society to the unemployment funds used to be scanty, the system developed only slowly. In 1959, the total membership of these funds was 240 000, or no more than about 11 per cent of the total labour force. By reason of the small coverage of this voluntary scheme, the system was supplemented, in 1960, by legislation concerning nation-wide unemployment funds. The intention was that of providing the funds with enhanced possibilities of operation by increasing the financial support given them. Apart from increasing the support payable from State funds, there was established a central fund financed by the

employers; from this, any unemployment fund is entitled to draw an amount which corresponds to four-fifths of the unemployment compensation it has paid, and a specified sum for its administrative expenses. After this reform, the number of funds, as well as their membership, began to grow. In 1963, there were some 400 000 members of these funds, or 18 per cent of the total labour force of the country.

It should be pointed out in this context that the legislative foundation of Finland's labour policy was actually revised in its entirety about the end of the 1950's, as an Employment Service Act was passed in 1959, and a Vocational Guidance Act in 1960.

The Employment Service Act furnished a foundation for the development and co-ordination of this line of activity, as it signified that the State, and no longer the municipalities, should bear the responsibility in this sphere. An argument adduced in support of this change was that the State obviously possessed better opportunities than the municipalities to direct the geographical mobility of the labour force, and thus to promote the attainment of equilibrium between the supply of and the demand for labour. As a matter of fact, the demand for the services provided by the labour exchange system has increased considerably during the period of State centralized management. The reliance placed on it by both employers and workers has grown.

To aid the individual in solving problems associated with his choice of a vocation and his vocational development, the State as-

sumed responsibility of vocational guidance within the framework created by the act mentioned above. Vocational guidance also occupies a prominent position in our labour policy, as influence may thereby be exerted upon the vocational structure of the labour force; it will thus be possible to attain in the future such a state of affairs that the supply of labour corresponds as nearly as possible to the demand for it.

The direction and supervision of labour and employment policies in Finland fall within the province of the Ministry of Communications and Public Works. For fulfilment of the tasks associated with the securing of employment, the country is divided into 11 employment districts, each with a district office. For the discharge of local tasks, an employment commission is established in every municipality, and subordinated to the district office. The chairman and deputy chairman of the commission are representatives of the Government; the municipality appoints the other two members, one representing the employers and the other the workers. The composition of the commission is accordingly such that the State has majority control. Prior to 1960, the local authorities, viz., the employment boards, were municipal organs. The employment commission keeps a register of the unemployed persons who have been found to be in need of wage-earning work arranged by means of public funds, and assigns to them such jobs, or makes decisions concerning the payment of unemployment compensation to the persons qualifying for registration, but for whom work cannot be arranged.

## ITEMS

**Supplementary budget for 1964.** On June 18, the President of the Republic signed the first supplementary budget for the current year, providing for additional revenue of 374 million marks and additional expenditure of 409 million. This brings the total budgeted expenditure for 1964 up to 5 586 million marks, the revenue falling short of this level by 30 million.

The revenue side of the supplementary budget consists mainly of increases in the tax yield estimates. The largest revisions, of 100 and 120 million marks, have been made in the yields of income and property tax and purchase tax.

Drawings on the USSR credit of up to 72 million marks have been entered on the revenue side, corresponding to the purchases of equipment for 55 million by the State-owned Rautaruukki Oy, and of railway equipment for 17 million by the State.

On the expenditure side, 178 million marks are provided for agreed rises in wages and salaries for civil servants, 76 million for employment grants and 27 million to the Agricultural Marketing Fund, which pays out most of the agricultural subsidies. An amount of some 7 million is granted for health insurance costs. The State's share in the compensation to war-disabled and unemployment funds has also been slightly increased, by some 15 million marks. Finally, 18 million are provided to the State Railways to balance their deficit.

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**Foreign dollar loan.** Kesko Oy (Wholesale Company Ltd. of Finnish Retailers) has issued a foreign bond loan of 8 million U.S. dollars. The bonds are being sold outside the United States during June and July 1964, through an international consortium including Deutsche Bank and Dresdner Bank, and headed by White, Weld & Co., New York. The period of the loan is 12 years and the rate of interest 6 ½ per cent. The rate of issue is at least 98 per cent. The loan is guaranteed by the Finnish commercial bank Kansallis-Osake-Pankki.

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**Agreements on economic and technical co-operation** were concluded on May 11, 1964 with *Iraq*, and on May 14, 1964 with *Turkey*. These are to be regarded as basic agreements, the details of which will be discussed by joint Finnish-Iraqian and Finnish-Turkish committees.

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**Publications of the Bank of Finland.** In series C of the Publications issued by the Bank of Finland Institute for Economic Research, the following new publication has appeared in Swedish and Finnish: Nils Meinander, "Penningpolitik under etthundrafemtio år, Finlands Bank 1811—1961", "Sataviisikymmentä vuotta rahapolitiikkaa, Suomen Pankki 1811—1961". The book is a survey of the history of the Bank of Finland during its 150 years of existence.

# BANK OF FINLAND

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