



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 37 No. 6

JUNE

1963

RECENT DEVELOPMENTS

EMPLOYMENT SITUATION

The employment situation in Finland was good until the third quarter of 1962. According to the labour force sample survey, 1.2—1.5 per cent of the total labour force was unemployed in 1960—1962, which is a very low figure from the international point of view also. During the economic boom which lasted from mid-1960 until early 1962, there appeared some features of overemployment. However, the stagnation of growth of total production towards the end of 1962 brought about a rapid change in the situation. The weakening in the employment situation is related principally to a substantial reduction in forest works. From December 1962 to March 1963, the number of persons occupied in forest works was 15 000—30 000 less than the corresponding total one year earlier, a figure which indicated a 10—20 per cent drop. Since the closing months of 1962, it has not been possible to increase the labour force engaged in industry and house building. In commerce and other services also, the increase in employment has probably remained lower than in previous years.

The seasonally adjusted figure of unemployed, on an average 1.2 per cent in the

third quarter of 1962, increased to 1.5 per cent in November, and to 1.8 per cent in December, but decreased again to 1.5 per cent in January this year when it became obvious that strikes were impending. Large-scale strikes in February—March make it difficult to estimate the recent development of employment. Nevertheless, the seasonally adjusted figure of unemployed, as estimated from labour exchange statistics, has continued to be somewhat below 2 per cent. In consequence of strikes and an exceptionally severe winter, it is expected that the spring will evidence a seasonal increase in employment above the normal, in view of endeavours to compensate for lost production last winter.

The weakening in the employment situation in the private sector has been fully counter-balanced by the initiation of more public works, so that the number of persons totally unemployed has remained low, even lower than last year. During the early months of 1963, the labour force in the public sector was almost 10 per cent in excess of that one year previously.

*On page 18, Finland's Balance of Payments
in 1962*

AGRICULTURE

As was reported in the October Bulletin, unfavourable weather conditions hampered the ripening of the grain and its harvesting in 1962. The final calculations of crops indicated that they were poorer than had been estimated. Although the total crop yield was abundant in quantity, its quality for utilization was inferior. The committee appointed by the Government for the investigation of crop failures, estimated that the losses suffered in agriculture amounted to 260 million marks, as compared with the average crop yield of the last five years. In the fifth supplementary budget for 1962, the Diet appropriated 111 million marks for agriculture, to be used for the provision of various forms of compensation to farmers. Of this amount, 86 million marks was to be distributed to individual farms on the basis of the estimated losses and for raising the producers' price for milk during the winter season, 10 million marks to support the price of inferior grain, and the remainder for lowering the prices of seed grain and certain fertilizers, and for purchases of fodder. To help in the financing of seed corn purchases in the current year, the Bank of Finland has granted special credit to central agri-

cultural firms, and has made allowances in the rediscounting terms of those banks which grant credit for such purchases.

At the end of February, 1963, agricultural income was adjusted in proportion to the general wage increase. The compensation consequent upon the rise in the level of costs was granted to agriculture by increasing the average target price of live stock by less than 3 per cent. This accommodation accordingly had as result an increase in the consumers' price for milk and butter.

From September 1, 1962, to April 30, 1963, the quantity of bread corn brought to the State Granary was 140 million kg, or one half of that in the corresponding period one year previously; milk production in the 1963 winter season was 2 per cent less than one year earlier. Owing to increased domestic consumption, the necessity to export surplus butter was less urgent in 1962. The rise in the export price of butter in the 1963 winter season has had a diminishing effect on export subsidies, but it is possible that augmented butter production in the summer will reintroduce marketing difficulties. On the other hand, meat production is little in excess of domestic consumption.

May 22, 1963.

With effect from the January 1963 issue of this Bulletin, all values are given in the new monetary unit, one new mark being equivalent to one hundred of the old marks

BANK OF FINLAND

Mill. mk

	1962		1963			
	Dec. 31	April 30	April 30	May 8	May 15	May 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	705.4	797.3	722.8	712.0	713.6	704.0
Gold	135.2	136.7	135.3	135.3	135.4	135.4
Foreign exchange	502.5	578.6	511.5	496.4	498.1	488.4
Foreign bills	17.7	17.8	27.6	31.9	31.8	31.9
Foreign bonds	50.0	64.2	48.4	48.4	48.3	48.3
<i>Supplementary note cover</i>	516.5	514.3	432.0	450.2	407.5	511.1
Inland bills discounted						
In foreign currency	81.8	91.0	78.3	78.3	78.4	78.4
In Finnish currency	33.5	35.8	47.8	47.7	51.9	50.8
Rediscounted bills	401.2	387.5	305.9	324.2	277.2	381.9
<i>Other assets</i>	88.0	51.1	158.3	154.7	218.6	218.3
Finnish bonds	34.7	22.8	92.3	88.9	84.3	84.3
Cheque accounts	3.6	4.1	4.1	3.9	3.7	3.8
Finnish coin	5.5	10.4	8.5	7.7	7.7	7.7
Other claims	44.2	13.8	53.4	54.2	122.9	122.5
Total	I 309.9	I 362.7	I 313.1	I 316.9	I 339.7	I 433.4
Liabilities						
<i>Notes in circulation</i>	774.4	794.7	811.0	823.4	816.9	840.8
<i>Short-term liabilities</i>	112.6	131.0	92.7	78.0	106.4	173.4
Foreign exchange accounts	17.1	13.7	17.6	18.0	17.4	17.7
Mark accounts of holders abroad	35.8	33.6	31.0	31.1	31.0	31.0
Cheque account of the Treasury	5.5	68.5	1.2	0.7	9.9	60.4
Cheque accounts of banks	49.3	5.1	40.4	23.8	44.8	61.6
Other cheque accounts	0.8	2.1	0.7	2.1	0.8	0.8
Other short-term liabilities	4.1	8.0	1.8	2.3	2.5	1.9
<i>Long-term liabilities</i>	80.2	145.4	76.7	76.7	76.7	76.7
Foreign	79.1	87.4	75.6	75.6	75.6	75.6
Finnish	1.1	58.0	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i>	157.5	112.6	139.8	145.3	145.9	148.0
<i>Bank's own funds</i>	185.2	179.0	192.9	193.5	193.8	194.5
Capital	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund	62.0	62.0	73.6	73.6	73.6	73.6
Profits undisposed	—	10.2	11.6	11.6	11.6	11.6
Earnings less expenses	23.2	6.8	7.7	8.3	8.6	9.3
Total	I 309.9	I 362.7	I 313.1	I 316.9	I 339.7	I 433.4
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	705.4	797.3	722.8	712.0	713.6	704.0
Supplementary cover (Upper limit 500 mill. mk)	500.0	500.0	432.0	450.2	407.5	500.0
Total	I 205.4	I 297.3	I 154.8	I 162.2	I 121.1	I 204.0
Note issue						
Notes in circulation	774.4	794.7	811.0	823.4	816.9	840.8
Short-term liabilities	112.6	131.0	92.7	78.0	106.4	173.4
Undrawn on cheque credits	4.3	4.1	3.8	4.0	4.2	4.1
Unused right of note issue	314.1	367.5	247.3	256.8	193.6	185.7
Total	I 205.4	I 297.3	I 154.8	I 162.2	I 121.1	I 204.4

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

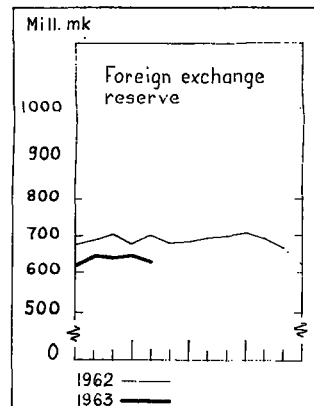
BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	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)	Redis-counted bills	Liabilities		Net claims on the banks (7—8—9)
	1	2	3	4	5	6	7	Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	10
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 ¹⁾	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	—0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 ²⁾	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1962										
March	691.9	13.9	678.0	81.8	123.1	636.7	359.1	55.9 ²⁾	8.0	295.2
April	715.3	13.7	701.6	82.0	120.9	662.7	387.5	61.4 ²⁾	7.7	318.4
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 ²⁾	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 ²⁾	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 ²⁾	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 ²⁾	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 ²⁾	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 ²⁾	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1963										
Jan.	659.8	16.2	643.6	67.4	111.0	600.0	428.7	139.4	2.4	286.9
Feb.	656.2	16.5	639.7	70.5	108.8	601.4	326.2	41.7	1.6	282.9
March	660.3	16.2	644.1	74.6	108.7	610.0	322.5	6.3	1.0	315.2
April	646.8	17.6	629.2	76.0	106.6	598.6	305.9	40.4	1.5	264.0

¹⁾ Including cash reserve accounts 66.8. ²⁾ Including cash reserve accounts.

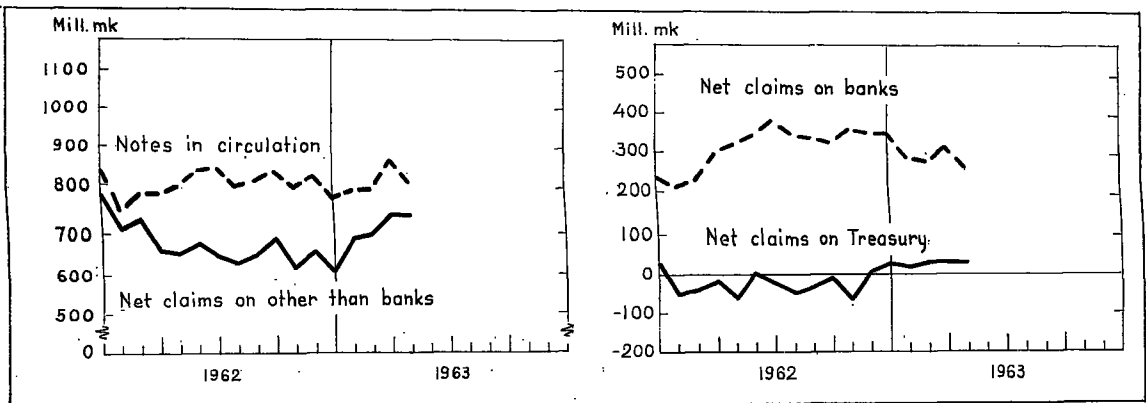
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk				
	1960	1961	1962	1963	
	Dec. 31	Dec. 31	Dec. 31	March 30	April 30
Gold	91	104	135	135	135
Convertible	442	403	330	359	329
Non-transferable EMA ..	32	14	4	3	6
Eastern Bloc	17	92	101	93	106
Other	63	65	51	54	53
Total	645	678	621	644	629



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1962										
March	—	7.0	27.8	1.1	— 21.9	34.7	103.7	2.4	136.0	779.7
April	—	7.0	68.5	1.1	— 62.6	35.8	101.9	2.4	135.3	794.7
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1963										
Jan.	—	30.0	9.6	1.1	19.3	30.9	96.8	1.7	126.0	787.5
Feb.	—	30.0	0.1	1.1	28.8	31.0	103.8	0.9	133.9	794.4
March	—	30.0	0.0	1.1	28.9	32.6	106.6	1.3	137.9	866.7
April	—	30.0	1.2	1.1	27.7	47.8	105.8	1.0	152.6	811.0



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	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1962*	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1962*										
April	548.0	680.2	174.5	2 171.8	2 149.3	1 303.9	585.9	294.0	6 505.0	7 359.7
May	580.1	722.2	186.7	2 190.1	2 157.9	1 316.0	586.5	292.8	6 543.4	7 452.3
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5
Dec.	649.0	799.4	185.3	2 270.4	2 218.5	1 325.1	606.6	293.2	6 713.9	7 698.6
1963*										
Jan.	663.0	805.8	230.2	2 252.2	2 214.8	1 325.9	613.3	296.4	6 702.9	7 738.9
Feb.	645.9	783.5	245.1	2 291.2	2 232.1	1 349.3	621.9	300.6	6 795.4	7 824.0
March	645.8	802.8	230.3	2 304.5	2 240.8	1 363.3	622.6	302.0	6 833.4	7 866.5
April	692.7	838.2	222.5	2 312.6	2 238.5	1 366.3	620.6	302.1	6 840.4	7 901.1

End of month	Indexed deposits	High-interest deposits	Tax-concession accounts
1962*			
Aug.	49.5	534.9	139.9
Sept.	54.1	529.3	136.1
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2
Dec.	67.5	531.7	107.2
1963*			
Jan.	88.6	514.5	95.1
Feb.	117.9	505.2	92.3
March	157.3	494.5	90.7
April	185.9	474.0	89.2

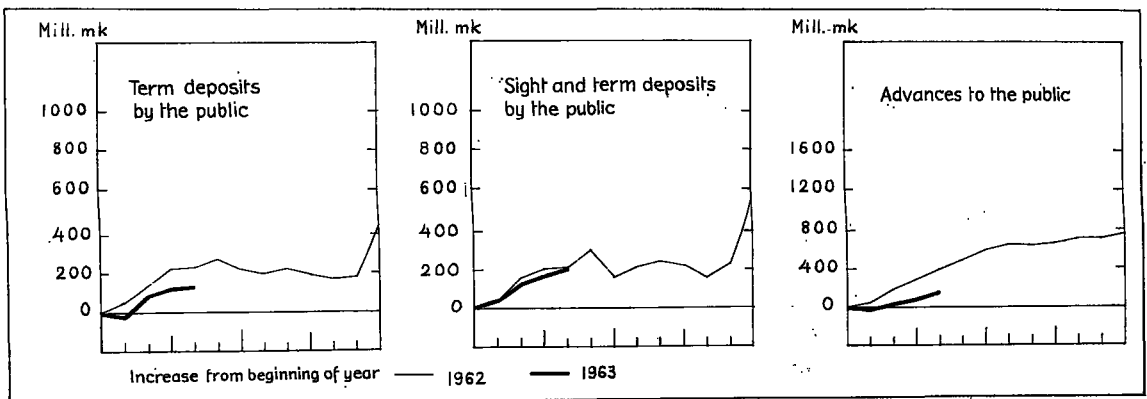
Selling rates for foreign exchange			
May 21, 1963			
		mk	mk
New York ...	1 \$	3.223	Zurich 100 Fr 74.67
Montreal	1 \$	2.992	Paris 100 FF 65.80
London	1 £	9.025	Rome 100 Lit 0.5193
Stockholm ...	100 Kr	62.15	Vienna 100 S 12.48
Oslo	100 Kr	45.10	Lisbon 100 Esc 11.25
Copenhagen ..	100 Kr	46.65	Reykjavik 100 Kr 7.49
Frankfurt o.M.	100DM	80.97	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	89.69	Prague, clear. ¹⁾ 100 Kč 44.58
Brussels	100 Fr	6.465	Moscow, clear. ¹⁾ 1 Rbl 3.5667
			Clearing dollars ²⁾ 1 Cl \$ 3.21

¹⁾ Bucharest, Peking.²⁾ 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
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
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	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1962*									
April	3 234.9	1 881.3	471.6	1 510.4	574.5	7 274.1	398.6	7 672.7	1 582.6
May	3 269.4	1 891.5	471.9	1 542.7	585.0	7 378.3	382.2	7 760.5	1 668.8
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5
Dec.	3 299.9	2 017.9	508.7	1 597.4	614.7	7 677.8	360.8	8 038.6	1 722.2
1963*									
Jan.	3 275.4	2 025.5	519.7	1 589.8	616.5	7 660.3	366.6	8 026.9	1 734.1
Feb.	3 266.9	2 033.9	538.3	1 606.4	615.2	7 661.6	399.1	8 060.7	1 706.0
March	3 299.5	2 034.0	556.3	1 603.5	622.1	7 726.2	389.2	8 115.4	1 799.4
April	3 343.3	2 044.4	550.9	1 617.6	626.8	7 799.9	383.1	8 183.0	..

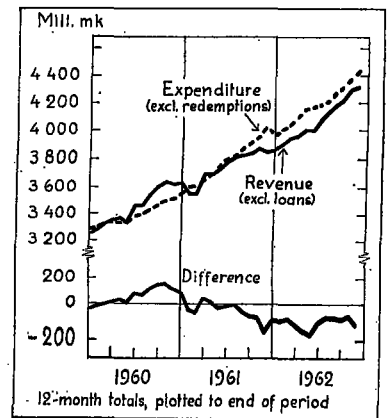


STATE FINANCES

Mill. mk

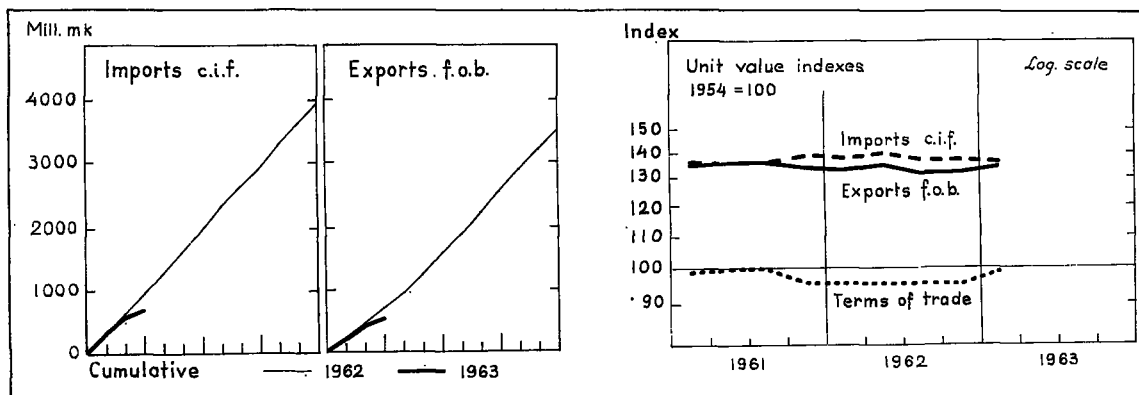
Revenue	Jan. - March		Expenditure	Jan. - March	
	1962	1963		1962	1963
Income and property tax (net)	238	264	Interest on State debt	23	33
Gross receipts	(607)	(644)	Child allowances	63	74
Refunds and communal income tax	(-369)	(-380)	The State's share in national pensions	46	48
Other direct taxes	3	2	Compensations to war-disabled	27	30
Purchase tax	232	189	Transfer of employers' payments for national pensions to the National Pensions Institution	18	—
Import duties	101	99	Subsidies	70	104
Revenue from Alcohol Monopoly	70	77	Net payments on price equalisation by extra-budgetary funds	4	1
Excise duty on tobacco	52	62	State aid to agriculture	15	11
Excise duty on liquid fuel	35	38	State aid to communal and private schools	114	99
Other excise duties	14	18	Net loss of State enterprises	15	45
Tax on automobiles and motor cycles	6	11	Maintenance of roads	23	20
Stamp duties	51	49	Other current expenditure	341	394
Employers' payments for child allowances (1962 incl. national pensions)	82	66	Current expenditure	759	859
Other revenue similar to taxes	11	11	Real investments	194	215
Total taxes	895	886	Other capital expenditure	122	83
Interest and dividends	14	15	Capital expenditure	316	298
Net profit of State enterprises	—	—	Total expenditure	1 075	1 157
Other current revenue	42	32	Redemption of external loans	9	8
Current revenue	951	933	Redemption of internal loans	55	70
Capital revenue proper	24	27	Redemption of indemnity bonds etc.	2	3
Decrease in inventories	8	40	Index premiums	4	6
Capital revenue	32	67	Redemptions	70	87
Total revenue	983	1 000	Total	1 145	1 244
External loans	5	48			
Internal loans	129	156			
Loans	134	204			
Short-term credit (increase +)	—5	—25			
Deficit (+) or surplus (—)	+33	+65			
Total	1 145	1 244			

Debt	1960	1961	1962	1963		
	Dec.	Dec.	Dec.*	Feb.	March	April*
External debt ...	744	791	803	811	845	847
Ordinary loans ...	744	757	936	991	1 021	1 023
Indemnity bonds etc.	44	26	18	18	16	15
Short-term credit ..	30	24	61	31	36	27
Cash debt (net) ...	—144	—98	..	51	—55	..
Internal debt	674	709	..	1 091	1 018	..
Total debt	1 418	1 500	..	1 902	1 863	..
Total debt, mill. \$	442.3	465.9	..	590.3	578.0	..



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.					Article of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
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*	3 930.5	3 533.1	-397.4	133	145	136	126	142	137	97
Jan.-Mar.										
1961	879.0	637.9	-241.1							
1962*	968.7	715.9	-252.8							
1963*	688.4	536.1	-152.3							
1962*										
July	335.1	315.3	- 19.8	132	145	134	125	142	137	96
Aug.	295.7	319.1	+ 23.4							
Sept.	293.9	325.1	+ 31.2							
Oct.	373.3	349.8	- 23.5							
Nov.	344.7	299.3	- 45.4	132	142	137	125	136	137	96
Dec.	304.5	343.4	+ 38.9							
1963*										
Jan.	323.6	234.1	- 89.5	134	147	137	125	141	136	99
Feb.	263.0	205.4	- 57.6							
March	101.8	96.6	- 5.2							

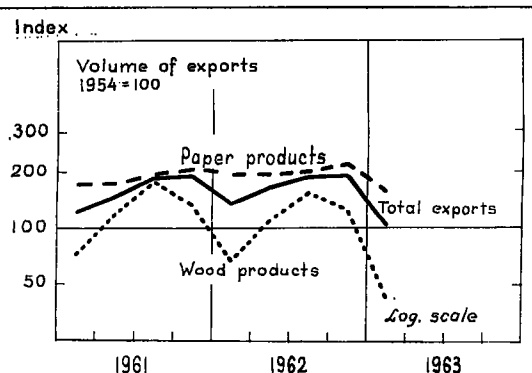
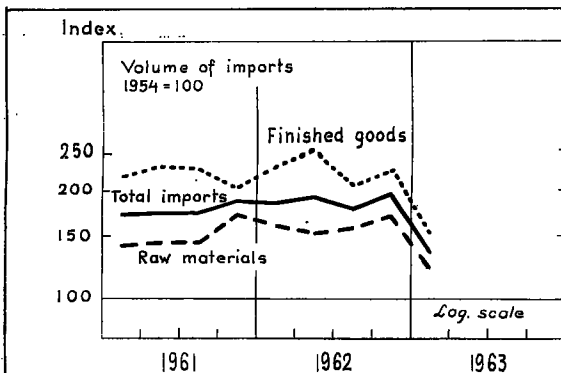


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

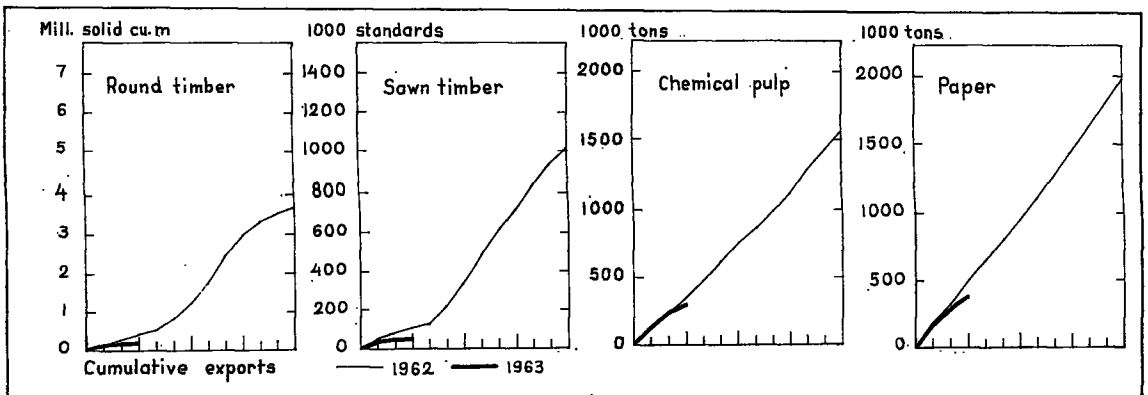
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
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	1 146.8	649.9	144.5	189.5	770.3	1 588.8	662.6	177.4
Jan.-Mar.										
1961	399.2	87.7	240.3	151.8	36.7	24.9	120.3	356.8	71.5	27.7
1962*	447.5	76.0	283.1	162.1	35.9	23.4	112.7	388.4	121.9	33.6
1963*	337.5	63.2	162.7	125.0	33.0	11.1	71.7	304.7	86.7	28.9
May	154.7	30.7	121.8	63.4	16.6	13.3	66.0	136.4	55.8	13.9
June	143.9	22.3	119.9	53.2	16.4	19.6	85.0	125.2	67.1	16.0
July	145.3	30.0	115.0	44.8	12.7	28.6	96.1	113.5	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.1	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4
Dec.	137.0	38.9	72.9	55.7	15.0	6.5	58.9	142.0	104.1	16.9
1963*										
Jan.	175.5	27.0	69.5	51.6	17.8	7.4	39.5	120.5	36.9	12.0
Feb.	119.5	24.7	69.1	49.7	9.9	2.1	21.4	121.3	39.6	11.1
March	42.5	11.5	24.1	23.1	5.3	1.6	10.8	62.9	10.2	5.8



March 1963 figures are affected by strikes.

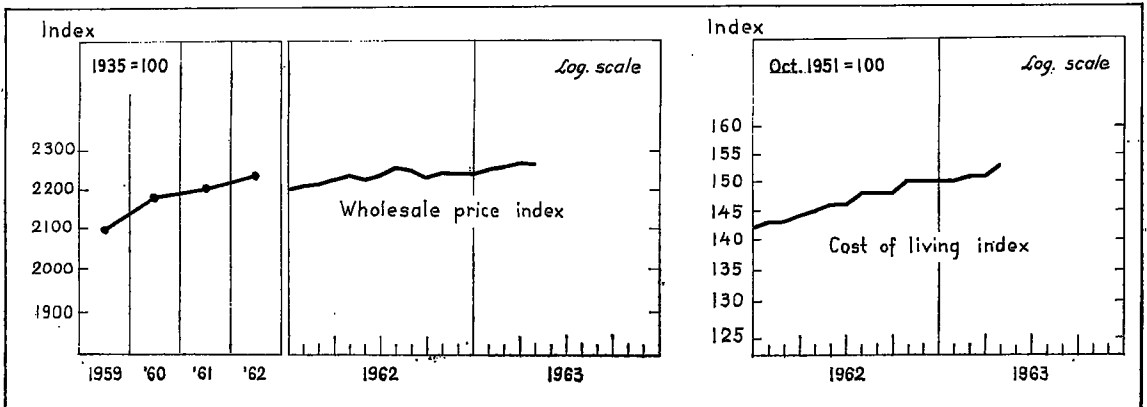
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
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
Jan.-Mar.										
1961	500	112	95	36	218	117	37	36	185	411
1962*	439	106	93	33	214	147	37	40	231	490
1963*	210	47	80	32	149	152	31	28	148	381
1962*										
May	286	85	32	17	68	74	12	14	79	154
June	403	123	28	11	65	68	13	11	61	154
July	535	151	20	9	53	52	12	11	66	152
Aug.	713	129	22	15	75	56	13	10	65	168
Sept.	533	104	31	14	67	64	17	14	71	169
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185
Dec.	111	73	32	14	70	77	12	10	82	182
1963*										
Jan.	160	37	32	13	57	68	12	13	64	169
Feb.	27	7	30	10	60	55	11	9	54	132
March	23	3	18	9	32	29	8	6	30	80



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan.-March			Whole year		Jan.-March		
	1961	1962*	1962*	1963*		1961	1962*	1962*	1963*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.7	15.7	16.0	15.0	103.3	24.5	22.2	19.9	23.5	126.0
United Kingdom	15.3	15.2	15.6	14.6	100.2	22.2	20.3	18.0	20.9	112.0
Other OECD countries in Europe	55.2	55.7	58.6	51.6	355.2	46.4	42.9	42.6	46.9	251.2
Austria	0.7	0.7	0.8	0.8	5.7	0.4	0.3	0.4	0.7	3.7
Belgium-Luxembourg	2.6	2.4	2.5	2.2	15.1	3.8	3.4	2.9	3.0	15.9
Denmark	3.2	3.2	3.1	3.2	22.3	3.5	3.7	3.3	3.2	16.9
France	5.0	5.2	6.1	3.8	26.4	5.2	4.5	4.8	5.0	27.0
Western Germany	21.2	20.4	21.0	17.4	119.6	12.9	11.9	12.1	13.9	74.3
Italy	1.9	2.1	2.4	2.4	16.2	2.7	2.7	3.3	4.0	21.7
Netherlands	4.0	4.4	4.4	5.0	34.5	6.3	6.1	5.6	5.2	27.6
Norway	1.4	1.4	1.9	1.3	8.6	1.9	1.2	1.5	1.0	5.6
Portugal	0.1	0.2	0.2	0.2	1.6	0.1	0.1	0.1	0.1	0.6
Spain	0.5	0.4	0.4	0.4	2.6	0.5	0.7	0.9	0.6	3.4
Sweden	11.4	12.1	12.5	11.5	79.3	5.7	5.7	5.0	7.5	40.4
Switzerland	2.4	2.5	2.5	2.4	16.3	1.0	0.6	0.6	0.5	2.6
Eastern Bloc	19.4	19.2	16.1	24.6	169.3	18.0	22.5	22.1	17.9	96.1
China	0.1	0.2	0.1	0.1	0.8	0.6	0.5	0.7	0.2	1.2
Czechoslovakia	1.0	1.0	0.8	0.6	4.1	1.1	0.9	1.2	0.9	5.0
Eastern Germany	1.5	1.4	1.3	0.7	4.8	1.3	1.1	1.0	0.9	4.7
Poland	2.4	2.2	1.6	1.5	10.6	2.1	1.7	2.2	1.1	5.6
Soviet Union	13.6	13.7	11.6	20.8	143.2	12.1	17.8	16.6	13.9	74.6
U.S. and Canada	6.0	5.6	6.0	4.5	30.7	4.5	5.5	7.3	6.7	35.7
United States	5.6	5.1	5.4	3.8	26.4	4.4	5.4	7.1	6.5	34.7
Latin America	2.7	2.7	2.1	2.4	16.7	3.9	3.4	4.5	2.3	12.5
Argentina	0.4	0.4	0.2	0.6	3.9	1.3	0.7	1.7	0.5	2.7
Brazil	1.6	1.5	1.2	1.2	8.3	1.5	1.5	1.5	0.8	4.6
Others	1.0	1.1	1.2	1.9	13.2	2.7	3.5	3.6	2.7	14.6
Grand total	100.0	100.0	100.0	100.0	688.4	100.0	100.0	100.0	100.0	536.1
of which										
EFTA countries	34.5	35.2	36.7	33.9	234.0	34.7	31.9	28.9	33.9	181.9
BEC countries	34.7	34.5	36.3	31.2	215.1	30.9	28.7	28.7	31.6	169.6



March 1963 figures are affected by strikes.

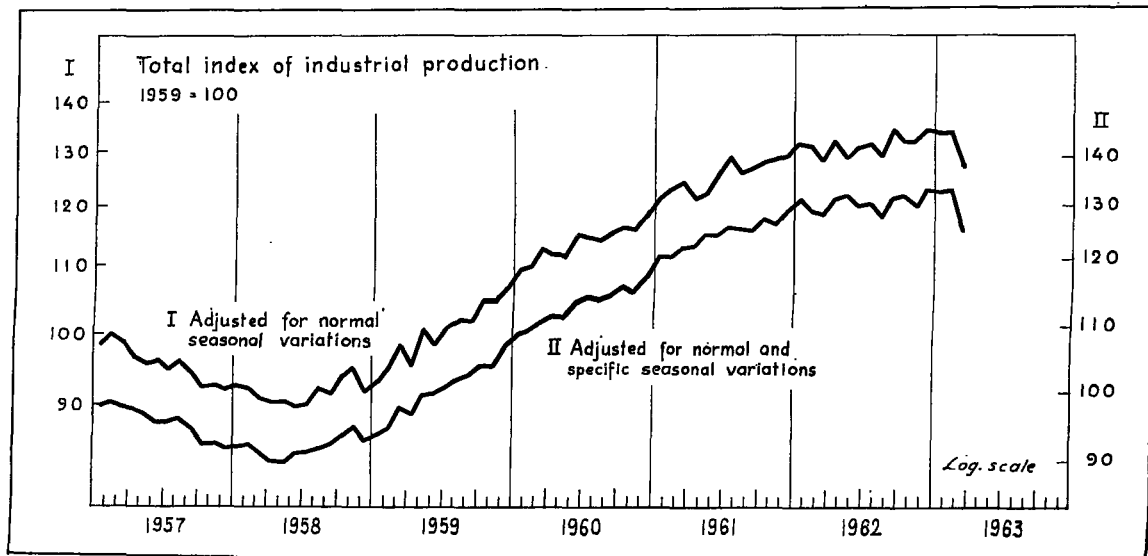
PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1962									
April	2 231	2 371	2 508	3 623	1 905	1 931	130	114	154
May	2 223	2 359	2 440	3 625	1 906	1 933	130	114	153
June	2 234	2 375	2 417	3 624	1 941	1 932	131	114	157
July	2 255	2 401	2 568	3 602	1 942	1 942	134	114	158
Aug.	2 249	2 387	2 499	3 596	1 944	1 955	134	114	159
Sept.	2 227	2 356	2 332	3 595	1 946	1 951	134	115	159
Oct.	2 240	2 365	2 383	3 605	1 941	1 971	135	115	160
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158
1963									
Jan.	2 249	2 379	2 414	3 640	1 942	1 974	135	117	158
Feb.	2 257	2 391	2 462	3 670	1 937	1 969	135	117	158
March	2 272	2 413	2 566	3 679	1 937	1 972	138	117	165
April	2 266	2 405	2 519	3 684	1 937	1 967	138	117	165

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
1960	138	147	298	98	86	136	108	108	110	95	107	111
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
1962												
April	145	155	322	102	90	141	114	114	119	99	111	115
May	146	156	322	102	90	142	114	114	119	99	112	116
June	146	156	322	103	90	143	115	114	119	100	112	116
July	148	158	323	103	90	145	116	116	120	100	112	118
Aug.	148	158	323	103	90	146	116	116	120	100	112	119
Sept.	148	158	323	104	91	146	116	116	120	101	113	119
Oct.	150	158	342	104	91	146	117	116	127	101	113	119
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120
1963												
Jan.	150	158	342	105	92	148	118	116	127	102	114	120
Feb.	151	159	342	106	92	148	118	117	127	103	114	120
March	151	160	342	107	92	148	119	118	127	104	114	121
April	153	163	343	107	92	148	120	120	127	104	114	121

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									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			
1954 = 100											
1959	123	118	125	122	98	144	120	120	123		
1960	140	140	144	135	122	168	142	132	140		
1961*	154	161	158	145	118	194	161	142	154		
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125	49 004	150
1962*	131	144	131	124	113	139	142	124	131	47 264	160
1962*											
March	142	161	142	133	136	153	160	131	128	5 509	158
April	126	137	125	121	117	128	138	120	132	5 193	157
May	139	152	136	139	124	145	152	135	129	10 220	179
June	121	139	116	120	115	107	139	119	130	1 763	155
July	98	88	107	84	106	130	84	89	131	1 200	145
Aug.	134	140	133	134	109	141	139	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170
Oct.	148	168	147	142	111	155	166	142	132	2 552	177
Nov.	142	157	142	136	109	149	155	138	132	2 966	171
Dec.	121	135	124	109	100	128	133	111	134	3 604	175
1963*											
Jan.	140	158	141	128	114	149	157	126	134	4 245	132
Feb.	131	133	134	122	114	145	137	122	134	4 995	142
March	135	140	138	128	124	148	141	125	126	5 409	156

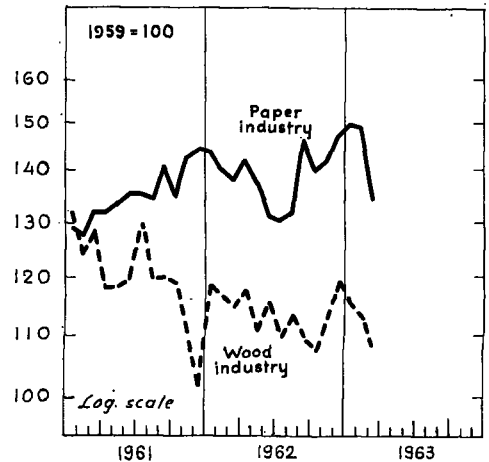
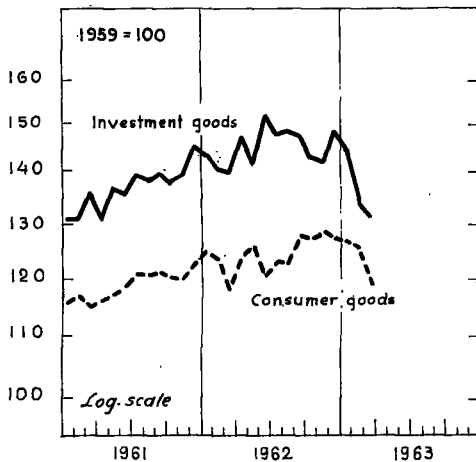


BUILDING - WAGES - TRANSPORT - EMPLOYMENT

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
1961	24.97	10.28	2.31	8.70	2.63	22.09	125	117	119	126
1962*	22.73	10.49	2.13	6.89	2.24	25.53	132	120	128	134
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	21.39	130	119	117	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	20.61	133	119	135	134
July - Sept.	6.26	2.32	0.66	2.08	0.82	26.81	133	120	130	134
Oct. - Dec.	8.01	4.32	0.91	1.87	0.60	25.53	135	123	130	135

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo		Vessels departed 1 000 net reg. tons		1 000 man-month		% of total labour force	
	1962	1963	1962	1963*	1962	1963*	1962*	1963*	1962*	1963*
Jan.	136	132	509	485	476	458	1 854	1 852	1.8	2.3
Feb.	125	125	398	293	367	281	1 853		1.7	
March	146	13	433	293	403	171	1 845		1.6	
April	135	145	459	510	402	438	1 867		1.2	
May	146		636		642		1 921		0.7	
June	134		746		865		1 916		0.7	
July	135		972		1 080		1 809		0.8	
Aug.	147		858		1 057		1 896		0.8	
Sept.	143		700		752		1 946		0.7	
Oct.	152		682		699		1 935		0.9	
Nov.	140		672		627		1 912		1.5	
Dec.	114		579		568		1 893		2.1	

Some indexes of industrial production adjusted for normal seasonal variations



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 + Long-term foreign liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, 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 short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — 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 public + Finnish bonds + Finnish coin — Equalisation 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, high-interest deposits and tax - concession accounts* 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; 1954=100 for 1959—1961, and 1959=100 from 1961. 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 see Bulletin No. 8, 1961, p. 18. 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 (1961): 4.5 million. Sweden 7.5, Switzerland 5.5, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1961): In South Finland 25.0, in North Finland 4.1 and in the whole country an average of 14.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1961): 61% of the population inhabit the rural areas, 39% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 464 400 inhabitants, Tampere (Tammerfors) 130 400, Turku (Åbo) 127 500.

OCCUPATIONS (1960): Agriculture and forestry 32%, industry and construction 30%, 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 (1961): births 18.4‰, deaths 9.1‰, increase 9.3‰. Deaths in France 10.9‰ and Great Britain 12.0‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 13 210 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 408 (10%), forestry and fishing 1 330 (10%), manufacturing 4 304 (31%), construction 1 336 (10%), transport and communications 1 070 (8%), commerce, banking and insurance 1 772 (13%), general government 1 663 (12%), other services 838 (6%), total 13 721. 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 110 for 1960 (1954 = 100). Measure of self-sufficiency in the crop year 1960/61: bread cereals 86%, animal products 123%.

INDUSTRY (1960): Gross value of industrial production 12 440 mill. marks, number of workers 330 000, salaried employees 63 000, motive power (1960) 3.2 mill. HP. Index of industrial production 140 for 1960 (1954 = 100).

RAILWAYS (Jan. 1, 1963): Length 5 419 km, of which 5 345 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (April 30, 1963): Steamers 184 (293 436 gross reg. tons), motor vessels 314 (607 288 gross reg. tons), sailing vessels with auxiliary engines 54 (5 488 gross reg. tons). Total 552 (906 212 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1962): Private cars 252 000, lorries and delivery vans 77 800, buses 6 500, others 13 600. Total 349 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1962): Kilometres flown 12 million, passengers carried 652 000, passenger kilometres 287 million, and ton kilometres of freight and mail 4.9 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, 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 13 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1962). There are two big and three small commercial banks with in all 661 offices, 386 savings banks, 515 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 (June 1, 1963). Bank of Finland discount rates 6—7 1/2%. Other credit institutions: term deposits 4 1/2%, 12 months' deposits 6%, 100 per cent index-tied deposits 3%, 50 per cent index-tied deposits 3 1/2%; highest lending rate 8%.

FINLAND'S BALANCE OF PAYMENTS IN 1962

BY

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The Finnish economy is very open, in the sense that the value of exports and imports is large in relation to the Gross National Product. In the three years 1960—1962, exports of goods and services averaged 23 per cent of the GNP at market prices, while the proportion of imports of goods and services was 25 per cent. Although there has been a slight decline in the ratio of Finland's international trade to her GNP, the phasing of the trade cycle abroad still constitutes a very important pace-maker for domestic economic development.

The progressive growth of the balance of trade and the total current transactions in a negative direction has now continued for four years. The year 1959 brought a zero balance of foreign trade, and a small surplus for goods and services. Subsequently, the goods and services account has shown a year-by-year rise in deficit, from 136 million marks in 1960 to 291 million marks in 1962. The general pattern in current transactions, illustrated in Table 1 for the years 1960—1962, has remained unchanged throughout the boom period; the trade balance displays a substantial deficit which has been partly offset by the net receipts for services and transfer payments.

Throughout this period, Finland made substantial drawings on medium-term and long-term foreign credits to finance the cur-

rent account deficit. Further to these loans, increasing use has been made of short-term borrowing facilities abroad. Thanks to these capital movements, the net deficit in goods, services, and transfer payments was not markedly reflected in the net external payments position of the country until 1962.

TRANSACTIONS IN GOODS AND SERVICES

The increasing current account deficit in 1962 can be related to the different timing of the dampening of the economic expansion abroad as compared with the course of events in the home country. This is clearly discernible on comparing the growth rates of seasonally adjusted exports and imports.

During the first years of the recent upswing, wood and paper products were in

TABLE 1. TRADE AND CURRENT ACCOUNT BALANCE, 1960—1962, in million of marks

	1960	1961	1962
Exports ¹⁾ f.o.b.	+ 3 168	+ 3 376	+ 3 536
Imports ²⁾ c.i.f.	- 3 414	- 3 700	- 3 948
<i>Trade Balance</i>	- 246	- 324	- 412
Services (net)	+ 101	+ 107	+ 117
Transfer payments (net)	+ 9	+ 7	+ 4
<i>Current Account Balance</i>	- 136	- 210	- 291

¹⁾ Exports include stevedoring expenses not included elsewhere, and grants in kind.

²⁾ Imports include non-monetary gold and grants in kind; in addition adjustment is made to allow for smuggling.

keen demand. At the turn of 1961/62, however, Finland had already begun to feel the full weight of competition from other countries exporting forestry products, at a moment when stockholding in the main buyer countries was abnormally high, and consumption on the decline. The serious contractive effect caused by the slackening demand for Finnish exports was plainly observable as early as the closing months of 1961, and throughout 1962 the growth rate of exports had a falling tendency.

Against this, the decline in the pressure of domestic demand for imports was not felt until the second half of 1962. Imports grew at increasing speed longer and consequently their rate of change began to decelerate only some six months later than that of exports. At that time, a slackening of import demand was too late to undo the effects of the early diminution of export demand, and consequently all of the 1962 record trade deficit stemmed from the first half of the year. For the year as a whole, the deficit soared to 412 million marks following a rise in imports by 7 per cent, and in exports by 5 per cent measured in monetary terms. Measured in bulk, both imports and exports of goods grew by 5 per cent, by reason of a slight worsening of the terms of trade.

The figures presented in Table 2 give detailed evidence of the development of

Finland's current transactions in 1961 and 1962 as regards the rôle played by services. (For further details of merchandise items, see Bulletin No. 3, 1963.) Last year, services rendered by residents of Finland for the benefit of foreigners exceeded those received from foreigners by 117 million marks. This surplus was 10 million marks above the 1961 total. The net revenue from services, together with a small surplus of transfer payments received over those made, absorbed 121 million marks of the trade balance deficit.

The continued surplus of the accrued earnings on freight and transportation over the corresponding outlays made a major contribution to the net revenue from services. This is a reflection of the fact that the share of Finnish tonnage in Finland's foreign trade is on the increase. Notwithstanding this, the rise in the corresponding expenditures, as a percentage, was larger than the rise in earnings; and consequently the net receipts on freight and transport remained roughly on the same level as in 1961. The expenditures of Finnish residents travelling abroad, showing an increase on 1961 of 22 per cent, exceeded travel receipts by 112 million marks. The total of receipts from foreign travellers rose by 28 per cent, an indication of the increasing numbers of tourist, business, and student visitors coming to Finland.

Table 2. GOODS AND SERVICES, AND TRANSFER PAYMENTS, in millions of marks

	1961			1962 *		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	+ 3 376	— 3 700	— 324	+ 3 536	— 3 941	— 405
Non-monetary gold	—	— 0	— 0	—	— 7	— 7
Transportation	+ 348	— 143	+ 205	+ 359	— 156	+ 203
Travel	+ 61	— 156	— 95	+ 78	— 190	— 112
Investment income	+ 36	— 58	— 22	+ 27	— 71	— 44
Government	+ 24	— 15	+ 9	+ 22	— 19	+ 3
Non-merchandise insurance ..	+ 88	— 87	+ 1	+ 98	— 101	— 3
Other services	+ 99	— 90	+ 9	+ 168	— 98	+ 70
Total goods and services ..	+ 4 032	— 4 249	— 217	+ 4 288	— 4 583	— 295
Transfer payments	+ 12	— 5	+ 7	+ 12	— 8	+ 4
Total current transactions ..	+ 4 044	— 4 254	— 210	+ 4 300	— 4 591	— 291
Errors and omissions			— 11			—
Total			— 221			— 291

Table 3. MOVEMENTS OF CAPITAL AND MONETARY GOLD, in millions of marks

	Assets increase — decrease +	1961 Liabilities increase + decrease —	Net assets increase — decrease +	Assets increase — decrease +	1962 * Liabilities increase + decrease —	Net assets increase — decrease +
NON-MONETARY SECTORS						
<i>Private</i>	+ 16	+ 164	+ 180	— 115	+ 159	+ 44
Long-term capital						
Loans drawn	—	+ 210	+ 210	—	+ 228	+ 228
Loans repaid	—	— 73	— 73	—	— 80	— 80
Other	+ 19	— 11	+ 8	+ 9	— 16	— 7
Short-term capital	— 3	+ 38	+ 35	— 124	+ 27	— 97
<i>Public</i> (central and local gov- ernments)	— 12	+ 43	+ 31	+ 37	— 2	+ 35
Loans drawn	—	+ 88	+ 88	—	+ 41	+ 41
Loans repaid	—	— 40	— 40	—	— 42	— 42
Other	— 12	— 5	— 17	+ 37	— 1	+ 36
MONETARY SECTOR						
<i>Banks</i> (Including the Bank of Finland)	— 69	+ 79	+ 10	+ 78	+ 134	+ 212
Loans drawn	—	—	—	—	+ 1	+ 1
Loans repaid	—	— 11	— 11	—	— 12	— 12
Other	— 69	+ 90	+ 21	+ 78	+ 145	+ 223
<i>Total capital and monetary gold</i>	— 65	+ 286	+ 221	— 0	+ 291	+ 291

The expenditure arising from interest payments and dividends on foreign capital, including direct investment, exceeded by 44 million marks the income accrued from Finnish investment abroad. Compared with the 1961 figures, interest payments increased by 22 per cent, while receipts on investments declined by 25 per cent. This was only natural in view of the increase in foreign loans and the decrease in foreign assets. In addition, the rate of interest abroad declined. The catch-all account of other services not included elsewhere yielded the substantial surplus of 70 million marks. These receipts increased sharply, since the transactions entered here include income derived from the planning and installation services provided to the USSR in connection with the construction of the new electric power plant at Tuuloma.

CAPITAL MOVEMENTS

Table 3 records the changes during 1962 in foreign assets and liabilities. In compari-

son of these figures with the previous balance of payments data for Finland, it should be noted that while the internal grouping of the items is unchanged, the signs for asset items are opposite to those used in the corresponding table published in Bulletin No. 6, 1962. Thus a plus sign now indicates a decrease in assets or an increase in liabilities, and a minus sign indicates an increase in assets or a decrease in liabilities. This change has been introduced to comply with the present practice of the International Monetary Fund.

The deficit in the current transactions was to a less extent than in 1961 financed by foreign medium-term or long-term credits, i. e. by loans with an original maturity of one year or more. During that year Finland's net long-term foreign liabilities had increased by 174 million marks, while the deficit was 210 million. In 1962, the net long-term liabilities increased by 136 million marks, which is less than one half of the current account deficit of 291 million.

Long-term loans were repaid to the extent of 134 million marks, which is in its turn again about one half of the long-term credit drawings of 270 million. Practically speaking, all long-term drawings were made by the non-monetary sector, which consists of the private sector together with the local and central governments. The most notable of the new loans obtained in 1962 was the World Bank loan of 25 million dollars, granted at a rate of interest of $5\frac{3}{4}$ per cent to the Mortgage Bank of Finland Oy for a period of 20 years. This loan will finance three power-industry investment projects on the south coast of Finland: the expansion of two power plants and the construction of a new one. About $6\frac{1}{2}$ million marks of this loan had been drawn by the end of the year. (In Table 3, the Mortgage Bank of Finland Oy, which serves principally as a channel for World Bank loans in Finland, is included in the private sector.)

The movements of the private long-term capital showed a slightly higher net inflow than in 1961, while the movements of public long-term capital changed from the previous year's considerable net inflow, partly originating in the Finnish Government bond loan issued on the Swiss market, into an insignificant net outflow. The decline in the public sector drawings was partly offset by increased utilization of long-term suppliers' credits.

Even more dramatic shifts were to be remarked in the pattern and use of short-term trade credits. The post-payments for exports for the first time played a considerable rôle in Finland's balance of payments developments. These short-term credits granted by Finland in the form of exports turned over to foreign purchaser without immediate payment are estimated to have increased by some 120 million marks. This was partly a consequence of the increased

exports of factory equipment supplied on credit, and partly a reflection of the stringency in Finland's export markets which led to more attractive terms and extended periods of payment by reason of keener competition and the improved bargaining position of customers. As at the same time imports were paid for in advance to the order of some 13 million marks, a considerable rise in the short-term foreign assets of Finland resulted from trade credit movements.

As regards short-term liabilities, the net result was a slight increase. The increase of 77 million marks in prepayments for Finnish exports was partly offset by a decrease in liabilities, caused by the 62 million marks decrease in deferred payments for imports. The decrease in commercial import credits in 1962 was partly ascribable to the decision by the Bank of Finland in October which restricted the utilization of trade credits to finance imports of certain consumer durables. However, since the new instructions were not applicable to the unfulfilled contracts made previously, their effect in the curbing of an excessive import demand or in restraining credits was felt only to a minor extent during 1962.

For the year as a whole the movements of non-bank short-term capital were more than compensated by opposite movements of central and commercial bank funds. The international liquidity position of the country was weakened, as can be seen in the figures for the monetary sector for the movements of capital and monetary gold. Foreign assets, and particularly convertible currencies, held by the Bank of Finland showed a decline, and the foreign short-term liabilities of the commercial banks recorded a notable increase, partly owing to their activity on the Euro-currency market.

ITEMS

New agreement concerning interest on deposits. After notice had been given of repeal, from January 1, 1963, of the former interest agreement, the Joint Delegation of the Financial Institutions began the preparation of a new agreement. This was concluded on April 29, 1963, between financial institutions which accept deposits from the public; it comes into force on June 1, 1963. This agreement entails no change in the general level of interest rates, but provides for considerable differentiation of the rates paid on different accounts, and for the re-introduction of the 100-per-cent index-tied accounts.

The rate of interest on ordinary deposits and savings accounts, with a term of notice of 0—6 months, remains unchanged at 4½ per cent.

A new type of account intended for wages and similar periodical deposits, will be opened on September 1. The rate of interest is 4½ per cent, calculated on the lowest balance of each month. A maximum of 3 000 marks may be withdrawn each calendar month without notice.

The rate on high-interest accounts will be raised from 5 to 6 per cent. As before, these deposits are for 12 months, the minimum deposit being 100 marks.

The accounts for 100 per cent index-tied deposits, discontinued on December 31, 1958, will again be taken into use. The rate of interest is 3 per cent. Funds are deposited for 12 months, and the minimum deposit is 300 marks. Under present legislation, these funds are subject to taxation.

On accounts for 50-per-cent index-tied deposits, the rate will be lowered from 4 to 3½ per cent. Other terms are the same as those for 100 per cent accounts. The funds on 50-per-cent accounts are not subject to taxation.

No interest will be paid on cheque accounts and postal giro accounts.

*

New bond loans. On May 9, the Government issued the following three bond loans.

A loan at 8 per cent amounting to 20 million marks, the bonds being dated May 15, 1963. The period of the loan is 3 years, and the bonds will be redeemed at their nominal value. The loan is issued at par, and is intended for public subscription.

Another loan for sale to the public is of the same amount and of the same date; it has a rate of interest 2 per cent above the general rate of six-month deposits in the two largest commercial banks. The loan will run for six years, and the bonds will be redeemed by annual instalments in 1964—67 of 15 per cent, and in 1968—69 20 per cent of the original nominal value. It is tied to the cost of living index to the extent of 50 per cent.

A loan to be purchased by insurance companies. It amounts in total to 15 million marks, and was issued in two groups. Group I (5 million) will run for sixteen years, group II (10 million) for twenty-five years. Interest will be paid six-monthly at a rate of 7 per cent. This bond loan is also tied to the cost of living index to the extent of 50 per cent. Group I was issued at a price of 95.18, and group II at a price of 93.82.

Authorization for issue of the following private bond loans has also been given.

To Valio Meijerien Keskusosuusliike (Valio Finnish Co-operative Dairies' Association), to the amount of 10 million marks. The bonds are dated May 15, 1963, and bear interest which is $3\frac{1}{4}$ per cent above the general deposit rate of the co-operative credit societies.

The loan will run for ten years and the bonds will be redeemed by annual instalments of 10 per cent of the original nominal value.

To Farmos Oy (producers of pharmaceutical, techno-chemical and other similar products), for 3 million marks. Other terms of the loan are similar to Valio's loan.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

ARTI KARJALAINEN
(Absent as Prime Minister)

REINO ROSSI

HEIKKI VALVANNE,
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

K. IGNATIUS

JORMA ARANKO

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

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

P. BLOMQUIST,
Central Accounting

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

A. KAJANTIE,
Internal Audit

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

EINO JUSSILA,
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