BANK OF FINLAND
MONTHLY BULLETIN

Vol. 36 No. 5 MAY 1962

RECENT DEVELOPMENTS

THE MONEY MARKET

The money market has continued to be rather stringent, and there has been a substantial reduction in the supply of central bank money. One reason for this is that the excess of imports has stopped the rise in the foreign exchange reserve. Another is that the Bank has tried, by measures of monetary policy, to check the undue growth in total demand.

The Table below shows the principal changes from mid-January to May 8 in the accounts of the Bank. The first weeks of January have not been taken into consideration in view of the very marked seasonal fluctuations around the turn of year. The Table indicates whether the changes increased (+) of reduced (—) the amount of notes in circulation, and the liquidity of the banks in relation to the Bank of Finland.

NET CHANGES IN THE STATEMENT OF THE BANK OF FINLAND FROM JANUARY 15, TO MAY 8, 1962

	1 000 mill. mk
Gold and foreign exchange reserve, increase	+ 1.6
Foreign bills and bonds, reduction	— 1.0
1953 Treasury Bond Loan, reduction	— 1.3
Cheque account of the Treasury, reduction	+ 1.3
Bills in Finnish currency, reduction	— 3.1
Bills in foreign currency, reduction	— 0.3
Finnish bonds, reduction	— 0.9
Bank's own funds, increase	— 0.6
Other items, net	— 1.3
Net change	— 5.6
Rediscounted bills, increase	—12.5
Cheque accounts of banks, reduction	+ 1.9
Cash reserve accounts, increase	+ 1.3
Treasury Cash Bonds, increase	—
Notes in circulation, increase	+ 3.7
Net change	— 5.6

We find that the supply of central bank money fell off by a total of 5 600 million marks. The only expansive factors were the slight growth, by 1 600 million, in the gold and foreign exchange reserve, and the reduction by 1 300 million of the Treasury's cheque account balance. All the other changes had a contractive effect. The most substantial change was a drop by 3 100 million marks in the holdings of bills in Finnish currency, consequent upon the Bank's efforts to free itself from direct lending to private customers. Other contractive factors included the redemption of the last bond, amounting to 1 250 million marks, of the 1953 Treasury Bond Loan.

As the notes in circulation grew by 3 700

On page 18, Finland's Foreign Trade in 1961

million marks, the banks' position in relation to the Bank of Finland weakened by 9 300 million marks. This was reflected in the banks' accounts as a sharp increase in rediscounts, amounting to 12 500 million marks.

The rapid rise in deposits was somewhat retarded during late 1961, and the rise has continued at this slower rate during the first quarter of the current year. Term deposits grew by 22 000 million marks in January—March, against 27 100 million in the corresponding period of the preceding year. In the same period, cheque accounts fell off by 3 300 million marks, against a reduction of 400 million during the first three months in 1961. In total, the growth of the public's deposits was 18 600 million marks during the first quarter, or 30 per cent less than one year previously.

The change in the composition of term deposits continued on the lines apparent during the preceding year. Index-tied deposits, which had decreased from 15 100 million marks to 3 700 million during 1961, fell further to 3 200 million by the end of March. These were all tied to the cost of living index to the extent of 50 per cent. The total of twelve-month high-interest deposits grew from 35 600 million marks at the end of 1960 to 52 900 million by the end of 1961, and to 54 100 million by the end of March.

The advances of credit institutions to the public increased by 29 000 million marks during January—March, against the growth of 23 500 million during the first quarter of 1961, in spite of the continuing weakening in the liquidity position of the banks which accompanied the growth in lending.

The liquidity outside the banking system, as evidenced by the money supply calculation, remained during 1961 below the level reached by the end of 1960, and has not risen during the early months of the current year.

The Bank of Finland has aimed its monetary policy at checking the expansion of total demand, which has been increasingly turning towards imported goods, with a consequent further rise in the balance of payments deficit. The excessive growth in demand was partially due to the continuous growth in the lending of the monetary institutions, as indicated by the figures presented above. The Board of Management of the Bank of Finland therefore considered requisite the introduction of a general rise in rates of interest. On the proposal of the Board of Management, the Bank Supervisors, who decide on the Bank's interest rates, raised with effect from March 30 the discount rates from 6—7 ½ per cent to 7—8 ½ per cent, and the rediscounting rate from 6 ¾ per cent to 8 per cent, whereupon the Board of Management also raised the penalty rate of rediscounts.

However, before the credit institutions had had time to change their rates on advances and deposits accordingly, the Bank Supervisors took the matter up for reconsideration. On April 13, subsequent to their previous decision, there had been formed a new majority Cabinet (see Item), whose programme included measures calculated to stabilise the price level and re-establish economic equilibrium. The Cabinet had further announced that it would endeavour to restrict the State's demand for credit, which would reduce the disproportion between capital demand and supply. For this reason, the Bank Supervisors found it appropriate to restore the discount rates to their former level of 6—7 ½ per cent, and lower the rate on rediscounts to 7 per cent. These changes came into effect on April 28.

May 10, 1962.

BANK OF FINLAND

Mill. mk

	1961	1962				
	Dec. 30	March 23	March 31	April 7	April 14	April 19
BALANCE SHEET						
Assets						
Ordinary note cover	*77 893*	*77 894*	*77 370*	*80 333*	*79 575*	*79 680*
Gold	10 417	13 661	13 661	13 668	13 668	13 668
Foreign exchange	58 730	56 422	55 532	58 331	57 474	57 722
Foreign bills	996	1 641	1 612	1 769	1 868	1 870
Foreign bonds	7 750	6 170	6 565	6 565	6 565	6 420
Supplementary note cover	*47 225*	*54 099*	*48 619*	*43 953*	*44 227*	*49 556*
Inland bills discounted						
In foreign currency	9 432	9 246	9 246	9 246	9 246	9 101
In Finnish currency	7 083	3 220	3 468	3 405	3 505	3 705
Rediscounted bills	29 460	41 633	35 905	31 302	31 476	36 750
Treasury bond loan	1 250	—	—	—	—	—
Other assets	*6 236*	*3 178*	*3 969*	*3 014*	*3 895*	*3 971*
Finnish bonds	1 968	270	1 065	260	1 060	1 080
Cheque accounts	608	418	402	281	361	461
Finnish coin	755	1 071	1 076	1 068	1 074	1 043
Other claims	2 905	1 419	1 426	1 405	1 400	1 387
Total	131 354	135 171	129 958	127 300	127 697	133 207
Liabilities						
Notes in circulation	*83 706*	*76 114*	*77 965*	*78 055*	*79 284*	*81 750*
Short-term liabilities	*7 321*	*16 495*	*9 033*	*6 912*	*5 558*	*8 485*
Foreign exchange accounts	1 339	1 406	1 387	1 361	1 382	1 371
Mark accounts of holders abroad	3 768	3 429	3 427	3 419	3 411	3 416
Cheque account of the Treasury	108	10 818	2 776	52	6	3 273
Cheque accounts of banks	566	—	400	1 053	286	—
Other cheque accounts	184	195	197	215	248	217
Other short-term liabilities	1 356	647	846	812	225	208
Long-term liabilities	*13 586*	*14 243*	*14 243*	*14 243*	*14 243*	*14 248*
Foreign	9 069	8 881	8 881	8 881	8 881	8 735
Finnish	4 517	5 362	5 362	5 362	5 362	5 513
Equalisation accounts	*9 522*	*10 607*	*10 985*	*10 304*	*10 804*	*10 880*
Bank's own funds	*17 219*	*17 712*	*17 732*	*17 786*	*17 808*	*17 844*
Capital	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund	5 176	6 198	6 198	6 198	6 198	6 198
Profits undisposed	—	1 022	1 022	1 022	1 022	1 022
Earnings less expenses	2 043	492	512	566	588	624
Total	131 354	135 171	129 958	127 300	127 697	133 207
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	77 893	77 894	77 370	80 333	79 575	79 680
Supplementary cover (Upper limit 50 000 mill. mk)	47 225	50 000	48 619	43 953	44 227	49 556
Total	125 118	127 894	125 989	124 286	123 802	129 236
Note issue						
Notes in circulation	83 706	76 114	77 965	78 055	79 284	81 750
Short-term liabilities	7 321	16 495	9 033	6 912	5 558	8 485
Undrawn on cheque credits	885	431	426	547	467	426
Unused right of note issue	33 206	34 854	38 565	38 772	38 493	38 575
Total	125 118	127 894	125 989	124 286	123 802	129 236

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

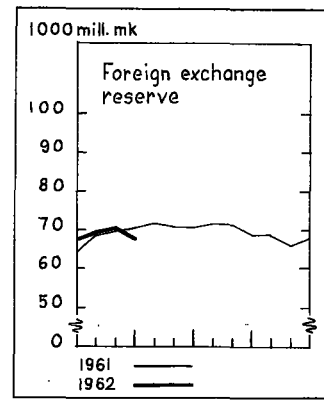
BANK OF FINLAND

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)	Rediscounted bills	Liabilities: Cheque accounts of banks	Liabilities: Account of the Mortgage Bank of Finland Oy	Net claims on the banks (7—8—9)
	1	2	3	4	5	6	7	8	9	10
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383[1]	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909[2]	1 249	23 302
1961										
Feb.	72 452	2 688	69 764	7 516	14 124	63 156	11 636	— 55	510	11 181
March	72 443	2 115	70 328	8 417	14 108	64 637	14 317	313	745	13 259
April	74 016	2 446	71 570	8 401	13 968	66 003	18 441	642	865	16 934
May	72 972	2 305	70 667	8 736	13 804	65 599	17 099	702	813	15 584
June	72 440	1 856	70 584	8 475	13 564	65 495	18 277	1 528[2]	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563[2]	885	16 187
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120[2]	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531[2]	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187[2]	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557[2]	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909[2]	1 249	23 302
1962										
Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478[2]	1 261	21 152
Feb.	71 466	1 257	70 209	9 076	12 288	66 997	29 048	5 312[2]	1 314	22 422
March	69 193	1 387	67 806	8 177	12 308	63 675	35 905	5 788[2]	801	29 516

[1]) Including cash reserve accounts 6 677. [2]) Including cash reserve accounts.

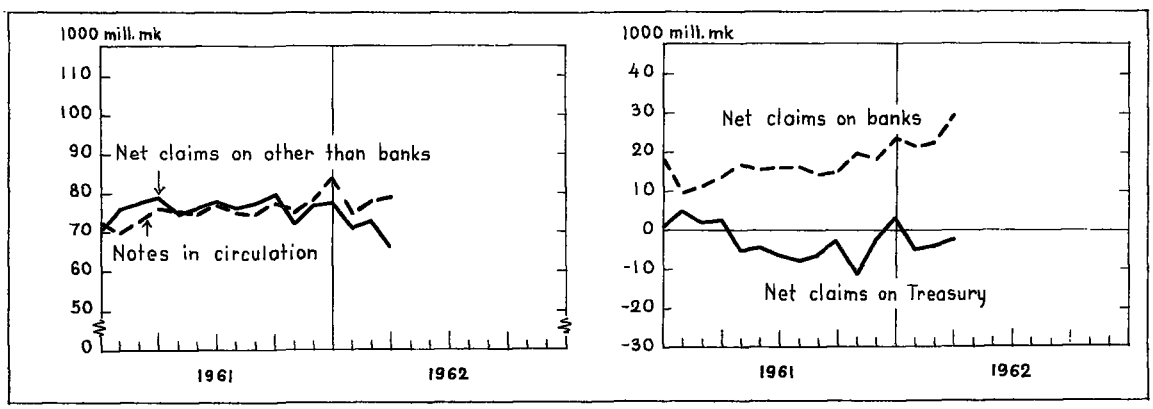
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1960	1961	1962		
	Dec. 31	Dec. 30	Jan. 31	Feb. 28	March 31
Gold	9.1	10.4	10.4	10.3	13.7
Convertible	44.2	40.3	41.1	41.9	36.1
Non-transferable EMA	3.2	1.4	1.5	1.4	1.5
Eastern Bloc	1.7	9.2	9.8	10.5	10.6
Other	6.3	6.5	6.2	6.1	5.9
Total	64.5	67.8	69.0	70.2	67.8



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: Cheque account	Liabilities: Long-term	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)	
	1	2	3	4	5	6	7	8	9	10
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	— 3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1961										
Feb.	5 270	3 593	6 495	331	2 037	7 403	11 063	403	18 063	72 673
March	2 500	3 593	3 170	316	2 607	8 424	10 868	298	18 994	75 994
April	2 500	3 607	11 092	271	—5 256	8 660	11 168	307	19 521	75 252
May	2 500	607	7 423	271	—4 587	9 592	11 312	464	20 440	74 836
June	2 500	607	9 738	271	—6 902	11 386	11 295	464	22 217	76 991
July	2 500	607	11 014	171	—8 078	11 628	11 139	279	22 488	75 098
Aug.	2 500	670	9 345	171	—6 346	11 130	11 028	407	21 751	74 629
Sept.	1 250	700	4 912	171	—3 133	10 743	10 808	331	21 220	77 363
Oct.	1 250	700	13 173	171	—11 394	10 200	10 686	410	20 476	75 121
Nov.	1 250	700	4 022	142	—2 214	9 298	11 396	644	20 050	78 119
Dec.	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1962										
Jan.	1 250	700	7 028	114	—5 192	6 566	10 714	226	17 054	74 716
Feb.	1 250	700	5 898	114	—4 062	5 789	10 416	210	15 995	77 821
March	—	700	2 776	114	—2 190	3 468	10 374	242	13 600	77 965



DEPOSITS BY THE PUBLIC – FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total
	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	(2+3+9)
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960	55 083	68 072	15 060	181 355	179 859	105 250	48 524	25 434	540 453	623 585
1961*	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1961*										
March	55 107	67 648	15 264	188 948	188 411	112 293	51 107	26 726	567 515	650 427
April	50 428	63 898	13 259	190 960	190 130	113 823	51 395	26 802	573 141	650 298
May	53 232	66 641	14 377	193 505	191 939	114 856	51 519	26 750	578 600	659 618
June	54 622	67 048	12 721	194 172	191 401	114 125	51 594	26 514	577 828	657 597
July	54 078	67 056	13 475	195 154	192 526	114 687	52 188	26 580	581 156	661 687
Aug.	55 300	69 178	13 440	196 578	194 204	115 946	52 674	26 616	586 039	668 657
Sept.	56 880	71 144	14 432	197 276	196 064	116 790	52 922	27 108	590 188	675 764
Oct.	58 295	72 396	13 805	198 558	197 797	117 742	53 277	27 559	594 967	681 168
Nov.	61 373	75 329	14 842	200 520	200 071	119 287	53 578	27 769	601 259	691 430
Dec.	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1962*										
Jan.	57 954	71 239	16 026	211 911	208 998	125 177	56 976	28 827	631 919	719 184
Feb.	58 280	70 807	19 668	213 987	212 064	127 448	58 030	29 211	640 763	731 238
March	55 164	68 713	17 526	216 138	214 561	130 019	58 708	29 561	649 006	735 245

End of month	Index-tied deposits	High-interest deposits	Tax-concession accounts
1961*			
July	7 391	45 595	14 276
Aug.	7 018	46 277	14 274
Sept.	6 061	47 519	14 272
Oct.	4 949	49 097	14 265
Nov.	4 385	51 239	14 261
Dec.	3 726	52 892	14 880
1962*			
Jan.	3 448	53 200	14 856
Feb.	3 321	53 651	14 849
March	3 192	54 128	14 840

Selling rates for foreign exchange

March 29, 1962

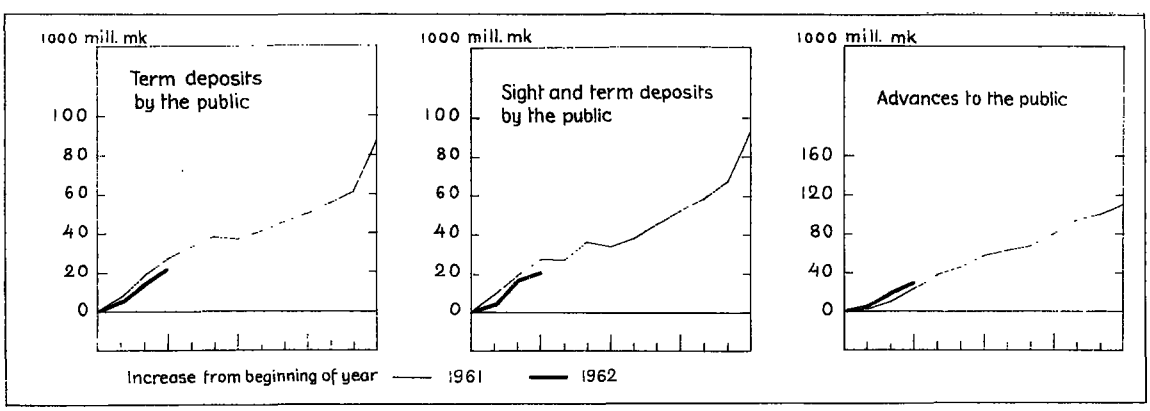
		mk		mk
New York ...	1 $	321: 90	Zurich	100 Fr 7 408: —
Montreal	1 $	306: 90	Paris	100 NF 6 568: —
London	1 £	905: 50	Rome.....	100 Lit 51: 84
Stockholm ...	100 Kr	6 245: —	Vienna	100 S 1 246: —
Oslo	100 Kr	4 516: —	Lisbon	100 Esc 1 128: —
Copenhagen ..	100 Kr	4 676: —	Reykjavik	100 Kr 749: —
Frankfurt o.M.	100DM	8 058: —	Madrid	100 Pta 542: —
Amsterdam...	100 Fl	8 927: —	Prague, clear...	100 Kč 4 458: —
Brussels	100 Fr	646: 50	Moscow, clear.[1])	1 Rbl 356. 67
			Clearing dollars [2])	1 Cl $ 321: —

[1]) Bucharest, Peking.
[2]) Ankara, Athens, Belgrade, Berlin, Bogotá, 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
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960	260 460	154 935	39 495	117 601	45 216	586 187	31 520	617 707	149 461
1961*	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1961*									
March	269 453	160 357	41 704	122 553	47 122	607 239	33 950	641 189	153 498
April	275 988	163 607	41 573	127 376	47 481	620 354	35 671	656 025	147 165
May	277 495	166 024	42 692	129 738	47 410	629 938	33 421	663 359	150 860
June	283 751	168 145	44 054	130 671	48 214	639 955	34 880	674 835	149 836
July	284 060	170 452	43 638	133 639	48 438	644 770	35 457	680 227	149 842
Aug.	284 452	173 104	44 196	135 609	48 636	652 046	33 951	685 997	151 305
Sept.	287 252	176 701	45 551	138 513	49 443	663 829	33 631	697 460	157 802
Oct.	293 898	179 294	46 044	142 129	50 285	675 545	36 105	711 650	155 353
Nov.	296 617	181 352	45 955	142 347	52 198	685 091	33 378	718 469	161 753
Dec.	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1962*									
Jan.	306 496	182 187	45 001	146 504	52 139	696 434	35 893	732 327	156 476
Feb.	313 721	184 461	46 966	147 634	53 334	707 266	38 850	746 116	161 057
March	319 279	185 589	46 981	148 986	55 934	718 899	37 870	756 769	157 517



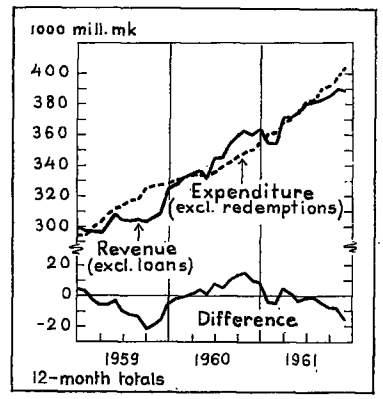
STATE FINANCES

1000 mill. mk

Revenue	Jan. — Feb. 1961	Jan. — Feb. 1962
Income and property tax (net)	3.1	8.0
Gross receipts	(30.1)	(34.1)
Refunds and communal income tax	(—27.0)	(—26.1)
Other direct taxes	0.1	0.2
Purchase tax	12.8	14.8
Import duties	6.9	6.2
Revenue from Alcohol Monopoly	4.3	4.6
Excise duty on tobacco	3.3	3.4
Excise duty on liquid fuel	2.1	2.5
Other excise duties	0.9	1.0
Tax on automobiles and motor cycles	0.2	0.3
Stamp duties	2.9	3.1
Employers' payments for child allowances and national pensions	4.7	5.3
Net receipts of price equalisation by extra-budgetary funds	—	—
Other revenue similar to taxes	0.4	0.6
Total taxes	41.7	50.0
Interest and dividends	0 6	1.1
Net profit of State enterprises	0.7	—
Other current revenue	1.8	2.5
Current revenue	44.8	53.6
Capital revenue proper	1.6	1.6
Decrease in inventories	1.1	0.8
Capital revenue	2.7	2.4
Total revenue	47.5	56.0
External loans	0.6	0.5
Internal loans	6.2	9.8
Loans	6.8	10.3
Short-term credit (increase +)	— 0.4	+ 0.1
Deficit (+) or surplus (—)	+ 9.7	+ 4.7
Total	63.6	71.1

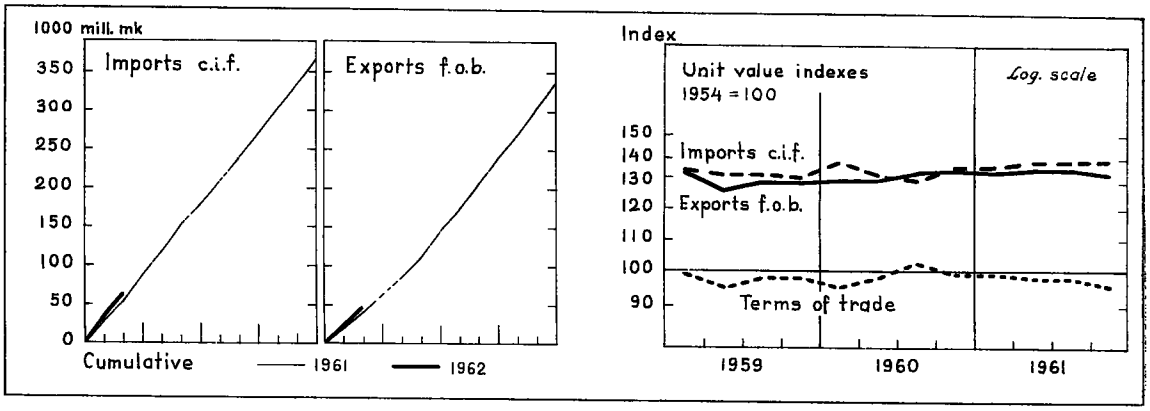
Expenditure	Jan. — Feb. 1961	Jan. — Feb. 1962
Interest on State debt	1.1	1.2
Child allowances	5.1	6.2
The State's share in national pensions	2.4	3.0
Compensations to war-disabled	3.7	1.9
Transfer of employers' payments for national pensions to the National Pensions Institution	0.0	0.9
Subsidies	5.8	4.8
Net payments on price equalisation by extra—budgetary funds	0.4	0.5
State aid to agriculture	0.4	0.9
State aid to communal and private schools	5.7	6.8
Net loss of State enterprises	—	0.0
Maintenance of roads	1.2	1.3
Other current expenditure	17.3	21.6
Current expenditure	43.1	49.1
Real investments	12.0	11.7
Other capital expenditure	4.3	6.7
Capital expenditure	16.3	18.4
Total expenditure	59.4	67.5
Redemption of external loans	0.4	0.2
Redemption of internal loans	3.4	3.2
Redemption of indemnity bonds etc.	0.2	0 1
Index premiums	0.2	0.1
Redemptions	4.2	3.6
Total	63.6	71.1

Debt	1959 Dec.	1960 Dec.	1961 Nov.	1961 Dec.*	1962 Jan.	1962 Feb.	1962 March*
External debt	76.6	74.4	79.3	79.4	79.3	79.6	79.1
Ordinary loans	72.2	74.4	78.1	75.7	81.4	82.4	83.1
Indemnity bonds etc.	6.5	4.4	2.8	2.6	2.5	2.5	2.4
Short-term credit	4.1	3.0	1.9	2.4	2.8	2.5	2.0
Cash debt (net)	—5.8	—14.3	—7.9	..	—7.4	—6 4	..
Internal debt	77.0	67.5	74.9	..	79.3	81.0	..
Total debt	153.6	141.9	154.2	..	158.6	160.6	..
Total debt, mill. $	479.7	442.9	479.4	..	492.7	499.3	..



FOREIGN TRADE

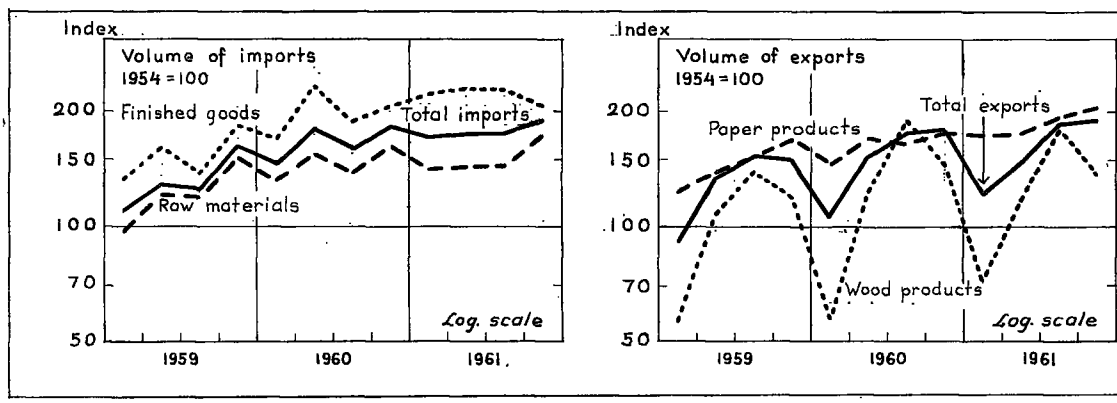
Period	Value, mill. mk			Unit value indexes 1954 = 100						
				Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (—) or exports (+)	Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	—25 571	106	110	104	109	106	105	101
1957	227 927	212 385	—15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960	340 300	316 473	—23 827	133	123	131	132	147	136	98
1961*	368 255	337 404	—30 851	135	146	135	134	134	135	100
Jan. - Feb.										
1960	49 391	36 987	—12 404							
1961*	55 301	41 499	—13 802							
1962*	62 871	47 074	—15 797							
1961*										
April	29 570	21 570	— 8 000							
May	33 808	25 604	— 8 204	135	144	134	135	134	138	98
June	27 358	30 517	+ 3 159							
July	29 438	31 058	+ 1 620							
Aug.	29 705	32 951	+ 3 246	135	150	135	134	139	138	98
Sept.	31 541	33 417	+ 1 876							
Oct.	31 284	32 393	+ 1 109							
Nov.	33 354	34 845	+ 1 491	133	144	133	133	131	139	96
Dec.	33 822	31 256	— 2 566							
1962*										
Jan.	32 179	24 012	— 8 167							
Feb.	30 692	23 062	— 7 630							



FOREIGN TRADE BY MAIN GROUPS

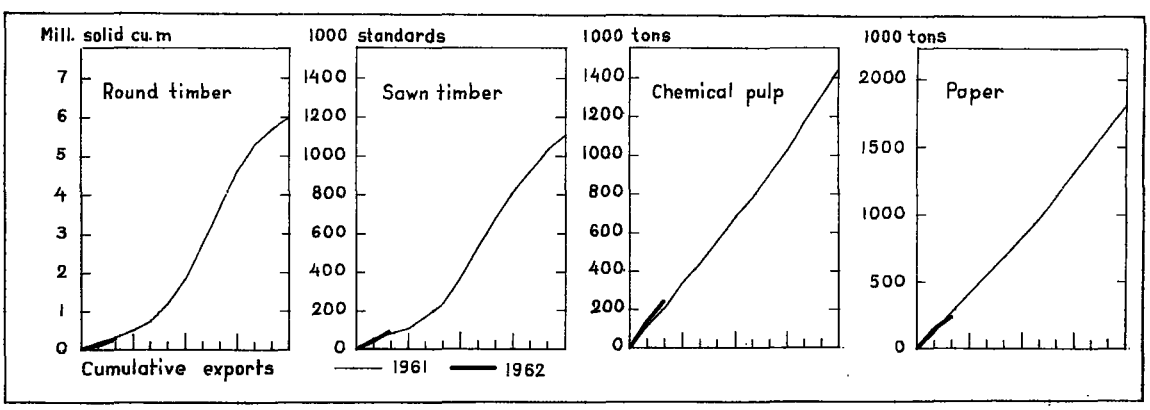
Mill. mk

Period	Imports, c.i.f.				Exports, f.o.b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods: Producer goods	Finished goods: Consumer goods	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960	166 264	33 052	93 337	47 647	16 034	20 564	84 078	133 714	47 361	14 722
1961*	169 908	32 960	103 919	61 468	15 349	29 585	84 079	153 910	38 627	15 854
Jan. - Feb.										
1960	25 250	5 040	12 426	6 675	2 981	1 277	6 079	18 500	6 668	1 482
1961*	25 840	4 919	14 867	9 675	2 874	1 698	8 309	22 333	4 504	1 781
1962*	29 900	4 585	18 191	10 195	2 514	1 658	8 232	25 187	7 397	2 086
1961*										
Feb.	12 692	2 246	6 967	5 556	1 715	775	3 266	11 694	2 548	876
March	14 079	3 853	9 639	5 502	792	788	3 719	13 345	2 645	1 005
April	13 149	1 768	9 061	5 592	1 058	1 203	4 902	11 233	2 307	867
May	15 357	2 183	9 863	6 405	1 203	2 206	5 612	12 529	2 709	1 345
June	12 577	2 619	7 794	4 368	1 472	3 082	9 050	12 569	2 845	1 499
July	12 975	1 989	9 723	4 751	797	5 093	10 726	11 445	1 372	1 625
Aug.	13 584	2 567	9 243	4 311	1 207	4 552	10 323	14 051	1 563	1 255
Sept.	14 611	2 778	9 475	4 677	1 621	4 448	8 996	14 360	2 329	1 663
Oct.	15 157	2 916	8 473	4 738	1 216	3 301	8 030	14 315	3 747	1 784
Nov.	17 377	2 465	7 948	5 564	910	1 929	8 084	13 820	8 613	1 489
Dec.	15 201	4 903	7 832	5 886	2 199	1 285	6 328	13 910	5 993	1 541
1962*										
Jan.	16 411	2 144	8 319	5 305	807	903	4 784	12 912	3 571	1 035
Feb.	13 489	2 441	9 872	4 890	1 707	755	3 448	12 275	3 826	1 051



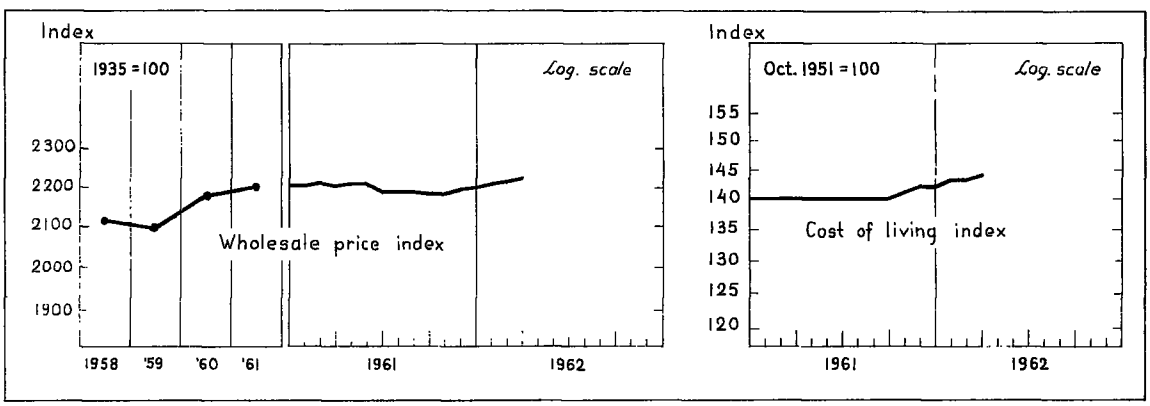
EXPORTS OF SOME IMPORTANT ARTICLES

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
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
Jan. - Feb.										
1960	313	61	52	24	134	75	22	19	99	200
1961*	340	81	63	24	136	74	24	23	116	257
1962*	306	83	64	20	146	96	22	27	156	239
1961*										
Feb.	133	26	31	11	66	38	13	11	60	139
March	160	31	30	12	82	43	15	13	69	154
April	234	57	26	11	60	45	12	11	56	129
May	466	67	26	20	74	44	13	15	68	142
June	623	133	19	16	74	47	11	11	66	140
July	970	162	20	10	61	37	12	8	70	143
Aug.	952	151	27	14	73	49	12	12	77	176
Sept.	882	127	26	14	80	45	14	13	86	172
Oct.	689	106	34	16	81	66	17	13	81	165
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	165	52	33	10	71	54	11	14	84	128
Feb.	141	31	31	10	75	42	11	13	72	111



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c.i.f.					Exports, f.o.b.				
	Whole year		Jan. — Feb.			Whole year		Jan. — Feb.		
	1960	1961*	1961*	1962*		1960	1961*	1961*	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	*16.2*	*15.7*	*16.1*	*15.1*	*9 514*	*26.7*	*24.5*	*27.6*	*21.5*	*10 105*
United Kingdom	15.8	15.3	15.8	14.8	9 306	24.5	22.2	24.4	19.0	8 931
Other OECD countries in Europe	*53.6*	*55.4*	*54.5*	*59.8*	*37 567*	*41.0*	*46.4*	*44.4*	*42.6*	*20 082*
Austria	0.7	0.7	0.7	0.7	433	0.2	0.4	0.3	0.3	163
Belgium-Luxembourg	3.1	2.6	2.3	2.4	1 523	3.7	3.9	3.2	3.0	1 419
Denmark	2.6	3.2	3.7	3.2	1 990	3.5	3.5	3.3	3.6	1 671
France	5.8	5.0	4.2	6.7	4 193	4.7	5.2	4.9	4.9	2 313
Western Germany	19.4	21.3	20.6	20.3	12 776	11.6	12.9	12.4	12.2	5 745
Italy	1.7	1.9	2.1	2.3	1 456	2.1	2.7	3.3	3.0	1 429
Netherlands	4.6	4.0	4.1	4.7	2 911	6.1	6.3	5.6	5.8	2 749
Norway	1.6	1.5	2.3	2.0	1 279	1.3	1.9	1.4	1.4	675
Portugal	0.2	0.1	0.2	0.3	157	0.1	0.1	0.1	0.1	31
Spain	0.7	0.5	0.6	0.4	261	0.2	0.5	0.5	0.9	436
Sweden	10.4	11.5	10.5	13.4	8 426	4.9	5.7	5.3	4.5	2 115
Switzerland	2.2	2.4	2.5	2.5	1 580	0.6	1.0	0.7	0.7	320
Eastern Bloc	*20.6*	*19.2*	*19.9*	*15.1*	*9 494*	*19.5*	*18.0*	*15.3*	*20.6*	*9 688*
China	0.2	0.1	0.3	0.1	71	0.7	0.6	0.7	1.0	491
Czechoslovakia	1.1	1.0	0.9	0.7	425	0.9	1.1	0.6	1.1	496
Eastern Germany	1.4	1.5	1.3	1.4	862	1.3	1.4	1.4	1.0	455
Poland	2.5	2.4	1.9	1.7	1 092	1.8	2.2	2.4	1.9	916
Soviet Union	14.7	13.3	14.3	10.3	6 497	14.2	12.1	9.5	15.3	7 183
U.S. and Canada	*6.0*	*6.1*	*6.7*	*6.6*	*4 176*	*5.1*	*4.5*	*5.4*	*7.8*	*3 674*
United States	5.7	5.7	6.6	5.8	3 671	5.0	4.4	5.3	7.6	3 597
Latin America	*2.7*	*2.7*	*2.0*	*2.1*	*1 339*	*5.1*	*3.9*	*5.0*	*4.1*	*1 931*
Argentina	0.5	0.4	0.1	0.1	60	1.1	1.3	0.9	1.8	863
Brazil	1.8	1.6	1.3	1.3	807	2.9	1.5	3.2	1.0	463
Others	*0.9*	*1.0*	*0.8*	*1.3*	*781*	*2.6*	*2.7*	*2.3*	*3.4*	*1 594*
Grand total	100.0	100.0	100.0	100.0	62 871	100.0	100.0	100.0	100.0	47 074
of which										
EFTA countries	*33.5*	*34.7*	*35.7*	*36.9*	*23 170*	*34.9*	*34.7*	*35.4*	*29.5*	*13 906*
EEC countries	*34.5*	*34.8*	*33.3*	*36.4*	*22 859*	*28.1*	*31.0*	*29.4*	*29.0*	*13 654*



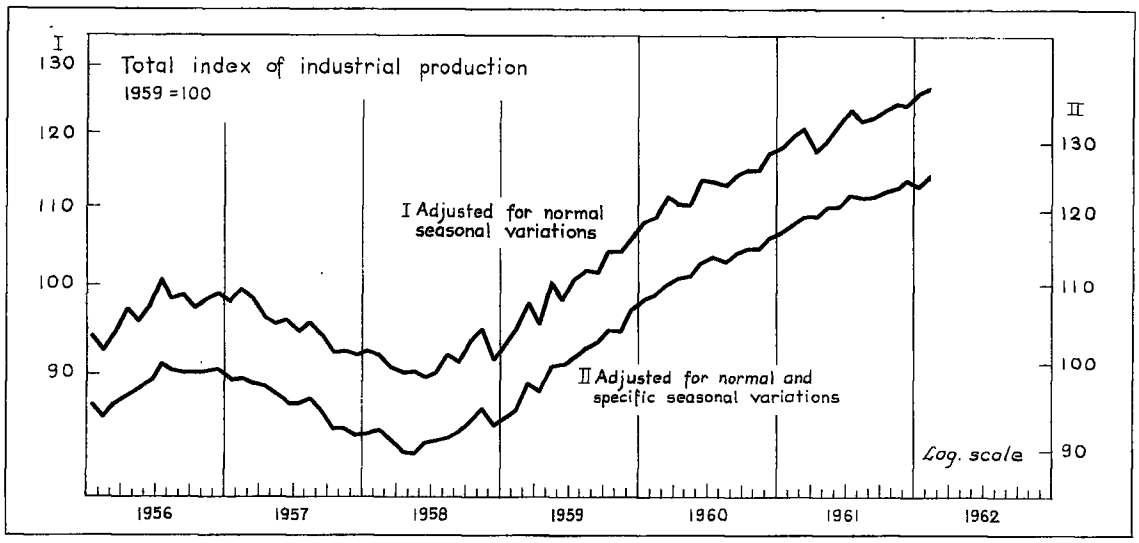
PRICE INDEXES

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				
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
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
1961									
March	2 202	2 294	2 275	3 529	1 883	2 006	127	115	144
April	2 206	2 299	2 260	3 564	1 884	2 009	127	114	145
May	2 210	2 303	2 266	3 563	1 890	2 011	128	114	147
June	2 188	2 296	2 223	3 565	1 890	1 958	128	114	148
July	2 185	2 308	2 294	3 566	1 889	1 922	129	114	154
Aug.	2 189	2 313	2 309	3 566	1 892	1 924	128	114	150
Sept.	2 181	2 305	2 265	3 566	1 892	1 917	129	114	151
Oct	2 182	2 310	2 268	3 596	1 889	1 910	129	114	151
Nov.	2 195	2 323	2 333	3 597	1 889	1 923	129	114	152
Dec	2 198	2 327	2 357	3 600	1 888	1 923	129	114	152
1962									
Jan.	2 206	2 339	2 412	3 597	1 890	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154
March	2 221	2 354	2 471	3 597	1 897	1 936	130	114	153

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
1959	134	141	280	98	85	134	105	103	104	95	105	109
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
1961												
March	140	150	306	99	87	135	110	110	113	97	108	110
April	140	150	306	99	87	136	110	111	113	97	108	111
May	140	151	306	100	87	136	110	111	113	97	108	111
June	140	149	306	99	87	136	110	109	113	97	108	111
July	140	150	306	100	87	136	110	110	114	97	108	111
Aug.	140	149	306	100	88	136	110	110	114	97	108	111
Sept.	140	149	306	100	88	138	110	109	114	97	109	111
Oct.	141	148	322	100	88	138	111	109	119	97	109	112
Nov.	142	150	322	100	88	138	111	110	119	98	109	112
Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962												
Jan.	143	152	322	101	88	139	112	112	119	98	110	113
Feb.	143	152	322	102	89	139	112	112	119	99	110	113
March	144	154	322	102	89	140	113	113	119	99	111	114

PRODUCTION – INTERNAL TRADE

Period	Index of industrial production									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954=100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing: Wood industry	Paper industry	Metal industry	Other	Total, adjusted for normal seasonal variations		
1954 = 100											
1959	123	118	125	122	98	144	120	120	123	38 100	121
1960*	140	140	143	134	122	167	140	132	139	44 593	136
1961*	150	150	154	143	116	192	149	139	150	49 004	150
1959 = 100											
1961*	121	127	122	117	119	133	124	116	121		
1961*											
Jan.	117	126	118	109	120	128	125	107	118	4 847	113
Feb.	117	127	117	112	124	123	125	110	120	5 144	129
March	129	139	130	123	144	138	137	122	121	4 349	149
April	119	123	119	117	126	121	122	115	117	2 874	147
May	123	130	122	123	125	130	127	120	119	14 516	153
June	117	123	115	119	126	117	121	117	121	1 299	148
July	93	75	104	81	123	134	74	80	123	981	138
Aug.	127	120	126	132	113	142	117	129	122	1 981	164
Sept.	128	135	127	126	112	140	130	123	122	2 320	170
Oct.	133	141	135	126	116	148	136	129	123	3 026	163
Nov.	134	146	137	123	105	148	140	129	124	3 615	162
Dec.	118	133	119	108	93	125	130	109	124	4 052	167
1962*											
Jan.	127	140	128	118	111	141	138	115	126	4 522	125
Feb.	125	133	126	118	132	135	131	114	126	5 600	140

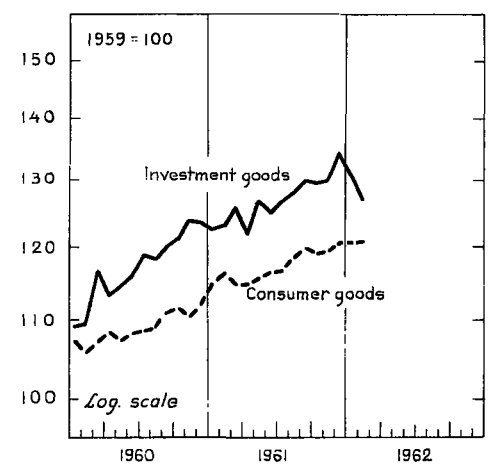


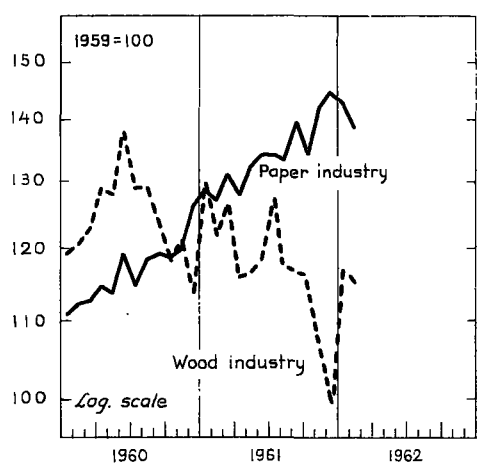
BUILDING – WAGES – TRANSPORT – EMPLOYMENT

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
1960*	22.28	8.80	3.02	6.68	2.76	22.39	116	111	108	117
1961*	24.95	10.62	2.29	8.72	2.56	23.63	125	117	120	126
1961*										
Jan.-Mar.	4.88	2.09	0.29	2.06	0.32	21.17	122	117	114	124
Apr.-June	4.11	1.65	0.24	1.51	0.53	27.67	124	115	121	126
July-Sept.	6.34	2.41	0.68	1.71	1.07	27.34	126	116	123	127
Oct.-Dec.	9.62	4.11	1.08	3.44	0.64	23.63	127	120	124	127

Period	Railways	Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands	Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 persons		% of total labour force	
	1961 / 1962	1961*	1962*	1961*	1962*	1960	1961*	1960	1961*
Jan.	134 / 136	450	509	412	475	1 751	1 803	2.6	1.8
Feb.	128 / 125	321	398	332	366	1 781	1 812	2.5	1.5
March	143 / 146	386	433	434	400	1 777	1 805	2.1	1.5
April	139	422		402		1 778	1 840	1.8	1.4
May	150	591		629		1 834	1 872	1.3	0.9
June	149	729		912		1 803	1 872	1.1	1.0
July	146	752		1060		1 698	1 777	0.9	0.9
Aug.	160	779		1023		1 769	1 864	0.9	0.8
Sept.	158	594		832		1 859	1 914	1.0	0.7
Oct.	160	583		714		1 851	1 906	0.9	0.9
Nov.	155	572		630		1 835	1 886	1.4	1.0
Dec.	125	559		533		1 812	1 869	1.5	1.3

Some indexes of industrial production adjusted for normal seasonal variations





EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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. *Index-tied 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. *Diagram.* The 12-month totals are plotted to the last month of the respective periods.

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. *Employment 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. Employment 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 the Diet 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.

The Diet, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in the Diet 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 (1959), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6 %, are covered by forests.

OWNERSHIP OF LAND (1959): The total land area was distributed among different classes of owners approximately as follows: private 56.2 %, State 34.4 %, joint stock companies etc. 8.2 %, communes 1.2 %.

POPULATION

NUMBER OF INHABITANTS (1960): 4.5 million. Sweden 7.5, Switzerland 5.3, Denmark 4.6 and Norway 3.6 million.

DENSITY OF POPULATION (1960): 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 (1960): 62 % of the population inhabit the rural areas, 38 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 453 000 inhabitants, Tampere (Tammerfors) 127 000, Turku (Åbo) 124 000.

OCCUPATIONS (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communications 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1961): 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 (1960): births 18.4 ‰, deaths 8.9 ‰, increase 9.1 ‰. Deaths in France 11.4 ‰ and Great Britain 11.5 ‰.

TRADE AND COMMUNICATIONS

NATIONAL INCOME (1960, in thousand million marks): Gross domestic product at market prices 1 437 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 134 (12 %), forestry and fishing 112 (9 %), manufacturing 361 (31 %), construction 116 (10 %), transport and communications 90 (8 %), commerce, banking and insurance 141 (12 %), general government 134 (12 %), other services 71 (6 %), total 1 159. Index of real domestic product 116 (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 (1959): 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 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52 %, animal products 120 %.

INDUSTRY (1959): Gross value of industrial production 1 068 000 mill. marks, number of workers 303 000, administrative employees 59 000, motive power (1959) 3.0 mill. HP. Index of industrial production 123 for 1959 (1954 = 100).

RAILWAYS (Jan. 1, 1962): Length 5 387 km, of which 5 313 km are State and 74 km private railways. The gauge of State railways 1.524 m.

MERCHANT FLEET (April 30, 1962): Steamers 198 (294 985 gross reg. tons), motor vessels 265 (540 902 gross reg. tons), sailing vessels with auxiliary engines 78 (7 704 gross reg. tons). Total 541 (843 591 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1961): Private cars 208 700, lorries and delivery vans 73 800, buses 6 200, others 12 900. Total 301 600.

AIR TRAFFIC: (Dec. 31, 1961) Number of aircraft in scheduled traffic 23, other aircraft 107. In 1961, 543 000 passengers were carried by the two Finnish companies; over 240 million passenger kilometres and 4.1 million ton kilometres of freight and mail were transported.

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. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1958 expenditure amounted to 173 143 mill. marks. Total revenue was 168 199 million, of which income from taxation 86 041 million. The municipal income tax (non-progressive) averaged 11.64 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 13 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1961). There are two big and three small commercial banks with in all 630 offices, 382 savings banks, 527 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 (April 28, 1962). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies ½ %; highest lending rate 8 %.

FINLAND'S FOREIGN TRADE IN 1961

BY

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RECENT INTERNATIONAL TRENDS AND POLICY MEASURES

During the first half of 1961, the international economic scene was characterized by the continuing boom in the West European countries and the period of mild recession in the United States. The course of development still lacked uniformity during the second half of the year, but the tendencies were now to some extent reversed: while an expansive tendency was emerging in the American economy, in some West European countries there was noticeable a slackening in the rate of growth. Although consumption remained a supporting factor in the West European economies, uncertainty as to the future evoked a certain amount of caution in investment activity in countries of importance to Finland's export trade. These international trends were thus reflected in the Finnish economy, as the bulk of Finnish exports consists of raw materials and other goods which are sensitive to changes in investment and building activity.

During previous years and the first half of 1961, the lively export demand had created favourable prerequisites for an expansion of economic activity at home. Towards the end of 1961, the market conditions for some strategic Finnish export products seem to have shifted from favourable to uncertain. This has been particularly striking as regards sawn goods and wood pulp, stocks of which appear to have been comparatively high not only in the main importing countries, but also in the exporting ones. Furthermore, the exports of metal industry products recorded in the course of 1961 failed to come up to expectations. As a consequence, the year witnessed a relative decline in the importance of the role of export demand as an expansive factor in the Finnish economy.

With respect to the policy measures relevant to Finland's foreign trade, the creation of a new free trade area entitled the EFTA-Finland Association (EFA) needs mention. The EFA agreement, signed in March 1961, and regulating Finland's trade and payments with EFTA, was the outcome of negotiations conducted simultaneously with the EFTA countries and the USSR. In addition, a separate agreement was signed between Denmark and Finland concerning trade in agricultural produce.

As an associate member, Finland has the same mutual rights and obligations as the EFTA countries, but has been granted certain concessions regarding imports. These concessions are aimed at the protection of agriculture, and to enable those home market industries which operate at costs higher than world market prices to adapt themselves to the new conditions. Special attention was paid to the maintenance of an undisturbed flow of bilateral trade with the USSR and other Eastern Bloc countries.

The EFA agreement came into force on July 1, 1961, and from that date on Finland has applied to imports from EFTA and the USSR rates of duty which are in general 30 per cent lower than the basic duties valid one month earlier. However, for specified commodities, a system of delayed reduction of duty was agreed upon, the original reduction on these being only 20 per cent. [1])

Last year, the liberalization of imports was continued and foreign exchange restrictions again eased to some extent in connection with raising the level of global quotas at the beginning of the year. The former payments agreements with Brazil, Spain and Israel have been terminated; since January 1, 1961, payments have been made in convertible currencies with Brazil and Spain, and since February 17, 1961, with Israel.

MAIN FEATURES OF FINLAND'S FOREIGN TRADE IN 1961

Against the 1960 figures, there was a 5 per cent increase in the volume of total exports, the export value amounting to 337 400 million marks. This was mainly due to the satisfactory results achieved in the exportation of round and hewn timber, as well as of newsprint and other papers. Whereas in real terms the annual growth rate of the net domestic product slackened to 6 per cent, the increase in 1961 in the volume of imports was still as high as 9 per cent. This fell off, but what was still a rather vigorous growth in imports — more by virtue of rising consumer demand than investment demand, which was quite noteworthy as such — brought the value of total imports to the record level of 368 300 million marks. Taken at c.i.f. prices, imports exceeded exports at f.o.b. prices by 30 900 million marks; in 1960 the trade balance had shown a deficit of 23 800 million marks, and in 1959 it had been in balance.

1. VOLUME OF EXPORTS AND IMPORTS
1954=100

	1960	1961*	Change in 1961 per cent
Exports	*152*	*160*	*+ 5*
Agricultural products	257	257	—
Round and hewn timber ..	123	149	+ 21
Wood industry products ..	129	125	— 3
Paper industry products ..	164	186	+ 13
Metal and engineering industry products	154	137	— 11
Imports	*165*	*180*	*+ 9*
Raw materials and access.	145	153	+ 6
Fuels and lubricants	160	157	— 2
Finished producer goods	216	223	+ 3
Finished consumer goods	180	236	+ 31

The deficit was caused by the failure of the growth in exports to keep pace with the growth in domestic demand. Nevertheless, although the total trade deficit was far from negligible, it did not exert any pressure on foreign exchange reserves, owing to the larger amounts of foreign short-term credits obtained, and the drawing on long-term loans. In addition, part of the deficit was counterbalanced by the net receipts from services. [2])

During recent years, the course of prices has been favourable to Finland. On an average, import prices have displayed a slight downward tendency, while export prices have remained stable or have even risen to some extent. Last year, the unit value index of imports fell by nearly 1 per cent, whereas that of exports rose by some 2 per cent. Thus the ratio of export prices to import prices improved by approximately 2 points.

Among the principal classes of imports, the prices of raw materials declined by 3 per cent; the only category which showed a definite rising trend was producer goods. On the export side, the prices of round timber recorded the sharpest rise, nearly 19

1) See Bulletins No. 6, 1961, p. 22—23 and No. 7, 1961, p. 21.

2) See Bulletin No. 3, 1962, p. 1—2.

2. VALUE OF EXPORTS AND IMPORTS

	1960		1961*		Change in value in 1961
	1 000 mill. mk	Per cent	1 000 mill. mk	Per cent	per cent
Exports (fob)	*316.5*	*100.0*	*337.4*	*100.0*	+ 7
Agricultural products	16.0	5.1	15.3	4.5	— 4
Round and hewn timber	20.6	6.5	29.6	8.8	+ 44
Wood industry products	84.2	26.6	84.1	24.9	— 0
Paper industry products	133.7	42.2	153.9	45.6	+ 15
Metal and engineering industry products	47.4	15.0	38.6	11.5	— 19
Other goods	14.6	4.6	15.9	4.7	+ 9
Imports (cif)	*340.3*	*100.0*	*368.3*	*100.0*	+ 8
Raw materials and accessories	166.3	48.9	169.9	46.1	+ 2
Fuels and lubricants	33.1	9.7	33.0	9.0	— 0
Finished producer goods	93.3	27.4	103.9	28.2	+ 11
Finished consumer goods	47.6	14.0	61.5	16.7	+ 29
Balance of trade	— 23.8		— 30.9		

per cent, while metal industry products have suffered a decline in the price level since 1959.

However, towards the end of 1961, apart from the marketing difficulties referred to above, Finland had to face pressure against export prices. This found its origin in the excess supply created by the new capacity in pulp and paper production taken into use not only in Finland but also in other exporting countries. Furthermore, during 1961 American and Canadian pulp producers intensified their selling efforts in European markets. In order to stabilize markets, Finnish and other Scandinavian pulp producers were forced to introduce some restriction in production.

During recent years, liberalized trade has obviously been more flexible and sensitive to cyclical fluctuations than bilateral trade. On examination of the position of various countries or groups of countries as Finland's trade partners, it can first of all be remarked that during the course of 1961 the West European countries, and especially the Federal Republic of Germany among the EEC countries, slightly increased their relative share. This was particularly striking as far as exports were concerned. Thus Finland's main export industries appear to have benefited from the boom in their traditional purchaser countries, with the exception of Great Britain. On an average, exports to EEC rose more sharply than exports to EFTA. Nevertheless, the EFTA countries still take the largest share of Finnish exports; of these, particularly Sweden, Switzerland and Austria increased their purchases from Finland, both absolutely and relatively.

As a supplier to Finland, EEC has during recent years also increased its importance in comparison with EFTA, although last year these two areas took equal parts of Finnish imports. Imports from two EFTA countries, Sweden and Denmark, were particularly marked by appreciable growth, even though generally speaking the effects of Finland's association with EFTA seem so far to have been rather insignificant.

EXPORTS

The world market for agricultural produce has been comparatively weak for a considerable time; prices have been on the decline, and they showed no signs of becoming firmer in 1961. On the other hand, production has continued to grow in Western Europe. Finnish exporters also found it difficult to place farm produce last year, and the value of these exports remained at 4 per cent below

3. EXPORTS AND IMPORTS OF PRINCIPAL ARTICLES

		1959	1960	1961*	Change in 1960 per cent	Change in 1961 per cent
Exports						
Round timber	1 000 cu. m	3 812	4 777	5 995	+ 25	+ 29
Sawn timber	1 000 stds	956	1 140	1 110	+ 19	— 3
Veneers and plywood	1 000 cu. m	296	358	329	+ 21	— 8
Spools	tons	1 108	1 668	1 655	+ 51	— 1
Mechanical pulp	1 000 tons	139	176	160	+ 27	— 9
Sulphite pulp	1 000 tons	770	919	872	+ 19	— 5
Sulphate pulp	1 000 tons	549	500	569	— 9	+ 14
Newsprint	1 000 tons	576	691	846	+ 20	+ 22
Kraft paper	1 000 tons	219	218	225	0	+ 3
Paper, other kinds	1 000 tons	270	268	300	— 1	+ 12
Fibreboard	1 000 tons	110	128	146	+ 16	+ 14
Board and cardboard	1 000 tons	317	422	573	+ 33	+ 36
Products of board and paper	1 000 tons	45	52	68	+ 16	+ 31
Iron ore and concentrates	1 000 tons	402	497	465	+ 24	— 6
Copper and alloys	tons	8 897	4 844	5 589	— 46	+ 15
Electrical machinery and appliances	mill. mk	3 137	3 002	3 432	— 4	+ 14
Machinery and equipment, other	mill. mk	15 100	9 977	13 795	— 34	+ 38
Vessels	mill. mk	18 311	26 021	11 611	+ 42	— 55
Butter	tons	21 432	25 724	17 499	+ 20	— 32
Cheese	tons	17 852	16 962	17 793	— 5	+ 5
Imports						
Wheat and rye	1 000 tons	434	228	158	— 47	— 31
Raw coffee	tons	33 603	34 077	38 272	+ 1	+ 12
Sugar	1 000 tons	138	121	127	— 12	+ 5
Raw tobacco	tons	5 386	6 123	7 244	+ 14	+ 18
Oil cake, oil cake meal and grits	tons	50 143	64 112	46 028	+ 28	— 28
Wool	tons	4 926	4 813	3 969	— 2	— 18
Cotton	tons	17 985	21 728	15 705	+ 21	— 28
Wool and cotton fabrics	tons	4 144	4 356	3 919	+ 5	— 10
Rubber and rubber products	tons	14 788	19 196	18 050	+ 30	— 6
Synthetic plastic materials	tons	28 517	35 240	42 765	+ 24	+ 21
Chemicals	1 000 tons	245	331	367	+ 35	+ 11
Drugs	mill. mk	245	2 479	4 841	+912	+ 96
Concentrated fodder	1 000 tons	50	64	46	+ 28	— 28
Fertilizers	1 000 tons	480	667	643	+ 39	— 4
Coal and coke	tons	2 567	2 937	2 779	+ 14	— 5
Gas and diesel oil	1 000 tons	732	1 441	1 483	+ 97	+ 3
Iron and steel	1 000 tons	482	626	667	+ 30	+ 7
Electrical machinery and appliances	mill. mk	14 383	20 131	21 695	+ 40	+ 8
Machinery and equipment, other	mill. mk	41 356	56 640	68 018	+ 37	+ 20
Automobiles and chassis	number	31 190	46 874	57 016	+ 50	+ 22
Tractors	number	11 491	14 973	16 397	+ 30	+ 10

the 1960 level. This reduction was almost exclusively due to the fall in prices. Butter exports alone were reduced in quantity, partly in consequence of a rise in domestic consumption brought about by a higher level of earnings and a decrease in the use of margarine. Thanks to this, the restrictions imposed on butter imports in England did not substantially hamper Finnish production. Furthermore, during the first half of the year, butter could be sold to a number of new purchaser countries, owing to a seasonal drop in European butter output in conjunction with an increase in consumption.

The current boom in Finland's principal export markets was most clearly reflected in the exports of round timber. The prices of forestry products went up substantially, or by nearly 19 per cent on 1960, and the quantity exported rose by more than 20 per cent. As a result, the value of these exports mounted from 20 600 to 29 600 million marks, or, in relation to the total export value, from 6.5 to 8.8 per cent.

The sales of sawn timber in late 1960 for shipment during 1961 were slacker than one year earlier. At the beginning of 1961, the sales contracted covered 450 000 stds, against 625 000 stds at the beginning of 1960. The consumption of sawn timber in the principal timber-importing countries of Western Europe had been slowly rising in recent years, but the large extent of building activity in 1960 had induced them to import sawn goods in quantities which in the end proved to be in excess of demand. Stocks were therefore exceptionally high at the beginning of 1961. This, combined with the uncertainty with respect to future cyclical development and price tendencies made buyers particularly cautious. Thus, exports of sawn goods amounting to 1 110 000 stds failed to break the previous year's record of 1 140 000 stds, although the result was better than had been expected. The corresponding values were 63 820 million marks for 1961 and 63 470 million for 1960. However, it should be noted that a larger proportion than usual of the quantities contracted were left for shipment in 1962; the excess of supply in the wood markets meant that buyers were in no great hurry to have their orders executed.

At the beginning of 1961, sawn timber prices were rising, but as stocks were well filled and there was an excess of supply, exporters had to consent to rather substantial price cuts, and from the middle of the year the price level was clearly falling.

Plywood output had to be restricted during the year owing to the unfavourable market situation, and exports fell short of those of 1960 both in volume and in value. By mid-year plywood prices also began to decline.

As for pulp, the marketing of the growing output began to encounter difficulties. The exports of chemical pulp rose slightly on 1960, but the expanded productive capacity would have allowed of a far greater rise. By the beginning of 1961, pulp prices had risen somewhat, except in America, where Finnish exporters also had to adapt their prices to the falling price tendency experienced there. From the beginning of the third quarter, the severe competition of the USA and Canada necessitated special price reductions of 1 to 3 per cent in their sales to other countries as well. During the fourth quarter, prices continued to fall, and the expectation that the competition of American pulp producers would become less keen on the European market if the domestic demand increased had to be put aside.

Paper exports recorded a major rise in 1961; the heaviest increase was for newsprint and other printing papers, whose prices had not been very much affected in the previous year. Five more newsprint machines were taken into use, raising productive capacity by 50 per cent. Similarly, three new machines for other paper qualities were started, besides which the productive capacity of the board factories was extended, particularly for the manufacture of kraftliner and corrugated board. Exports of paper and board proceeded satisfactorily throughout the year, but during the current year the excessive supply resulting from increased capacity both in Finland and elsewhere, has begun to weaken the paper market.

Within a relatively short period metal and engineering products have become an important factor in Finland's total exports. In 1961, however, this industry recorded a decline in shipments: the value of exports was 19 per cent, and their volume 11 per cent below the corresponding figures for 1960. Nevertheless, although these data appear to indicate a considerable decrease, they do not afford a correct picture of the activity of the metal industry during 1961, as some of its products have very extended delivery dates. The changes in comparison with 1960 mainly took the form of an increase in ex-

ports of machinery — which implies a rise in the level of refinements — and a heavy decrease in the exports of vessels. As vessels are not included in export statistics before delivery, the completion and delivery of a unit ordered several years earlier will cause an abrupt rise in the value of exports. The largest units so far delivered had a value of about 6 000 million marks. Last year, all vessels could not be delivered according to schedule; this accounts for the exports of metal industry products being less than expected, but does not mean a decline in activity.

IMPORTS

Private consumption, which had increased more slowly than investment at the initial stage of the expansion, grew considerably in 1961. Importers obviously expected the growth in private consumption to continue, for among the main categories of imports consumer goods expanded most. The increase in volume was 31 per cent, and as prices dropped slightly, the value of the imports of consumer goods grew by some 29 per cent. The most marked rise occurred in the first quarter of 1961, but also in July the import of consumer goods was exceptionally brisk: evidently importers had postponed purchases until the EFA agreement came into force.

The imports of raw materials grew by about 6 per cent in volume, while their prices tended to fall.

The imports of investment goods were also higher in the early months of the year than one year previously, and similarly from June to September. For the whole year, they exceeded the 1960 imports by 11 per cent. In this instance, the quantitative increase was no more than 3 per cent, but prices showed a sharp rise. Towards the end of the year, these imports again grew more slowly, and the whole-year increase was rather weak in comparison with the two preceding years.

To sum up, during 1961 the growth rate of imports slackened markedly, but was nevertheless higher than that of domestic production. Thus, imports acted as a „safety valve", absorbing an appreciable part of the domestic excess demand. On the other hand, during the year the focus was shifted from producer goods to consumer goods.

ITEMS

The New Government. About six weeks of negotiations for the formation of a majority government were concluded on April 13, when Mr Ahti Karjalainen (Agr.), Minister for Foreign Affairs in the previous government, and Member of the Board of Management of the Bank of Finland, formed the new Cabinet in which Agrarians hold five seats, Conservatives and the Trade Union three seats each, and the liberal Finnish People's Party and the Swedish Party two seats each. It is calculated that the new Government is backed by 115 votes of the 200 in the Diet. The Deputy Prime Minister and Minister for Agriculture is Mr Johannes Virolainen (Agr.). The Minister for Foreign Affairs is Mr Veli Merikoski (Finnish People's Party), the Ministers of Finance are Mr Osmo P. Karttunen (Conserv.) and Mr Onni Koski (Trade Union), and the Minister for Trade and Industry is Mr T. A. Wiherheimo (Conserv.).

*

The Bank Supervisors of the Diet. The Electors of the new Diet chose Bank Supervisors on March 13. Mr Kusti Eskola (Agr.), was elected Chairman by the Bank Supervisors, and Mr T. A. Wiherheimo (Conserv.) Vice-Chairman.

*

Foreign exchange regulations. The Bank of Finland has recently published (in Finnish, Swedish and English), in loose-leaf binder form, a collection of the current foreign exchange regulations. This was done in conjunction with the announcement of further relaxation and simplification of restrictions effective from March 1, 1962. The following changes were introduced.

Capital transfers: Apart from foreign firms, private persons of any nationality, who have stayed abroad for the preceding three years, may transfer abroad in ten equal annual instalments such assets held in Finland as are not transferable in one payment; the funds will be tied in special transfer accounts for the whole period of transfer. If the assets total less than 2 500 000 marks, they may alternatively be transferred in annual instalments of 250 000 marks, provided that the total amount is placed to transfer account for the whole period of transfer. If the amount is up to a maximum of 250 000 marks, it may be transferred immediately.

Insurance: Insurance companies may without special permission by the Bank of Finland issue insurance policies for non-residents, provided the premiums are paid in convertible currency.

Travellers' tickets and services: The foreign exchange restrictions were abolished in

respect of travel services abroad. Further, Finnish residents staying abroad may now purchase tickets through Finnish agencies.

Sales of foreign exchange by banks: The authorised banks may sell foreign currency for ships' registration fees and for the chartering of foreign means of transport for passenger traffic.

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Agreement on short-term foreign exchange drawings. The central banks of Denmark, Finland, Iceland, Norway and Sweden on March 20 concluded an agreement concerning provisions for mutual short-term foreign exchange drawing facilities. The agreement is based on a draft prepared by the Nordic Economic Financial Co-operation Committee.

The pre-requisites for utilizing these drawing rigths are as follows. Should one of the countries face balance of payments difficulties of global nature, the central bank of the country concerned is entitled to enter into swap-transactions with the central banks of the countries listed above; the total of outstanding swap-transactions may not at any one time exceed an amount equivalent to 100 million Swedish crowns; for Iceland, this ceiling is 10 million Swedish crowns. On the other hand, at no time shall any of the central banks concerned be obliged to enter into swap-transactions totalling more than the counterpart of 200 million Swedish crowns; for Iceland, 20 million Swedish crowns. The term for repayment is set at a maximum of one year, but this can be extended by mutual agreement. The swap-transactions will be made at a rate of exchange based on the prevailing level of interest, and will enjoy an exchange guarantee.

Requests for drawing can only be made after the country has utilized its own holdings of foreign exchange to a reasonable extent, and after it has used the gold tranche and one credit tranche of its drawing rights with the International Monetary Fund.

*

Cash reserve agreement renewed. On April 11, a new cash reserve agreement was concluded between the Bank of Finland and the credit institutions. Its terms are essentially similar to those of the agreement of April 1961 (see Bulletin No. 5, 1961, p. 21), and in effect it means a one-year extension of the validity of the latter. Thus the obligation to make cash reserve deposits in the Bank of Finland relates to the increase in deposits by the public during the period May 1962 to April 1963. The cash reserve deposits will then be refunded to the credit institutions in two instalments, in August and November 1963. The new agreement does not concern the savings departments of the co-operative stores.

*

New bond loans. On February 22, the Government issued the second bond loan at a varying rate of interest for public subscription. The amount of the loan is 3 000 million marks. The bonds are dated March 1, 1962 and will mature in five years. The rate of interest is 3 per cent above the general deposit rate of the two largest commercial banks.

On February 28, the Government issued a bond loan to be purchased by insurance companies. It amounts in total to 1 000 million marks, and was issued in two groups. Group I (400 million) will run for 16 years, group II (600 million) for 25 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 95.34, and group II at a price of 94.02.

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

To Maa- ja teollisuuskiinteistöpankki Oy (The Land and Industry Real Estate Bank), to the amount of 1 000 million marks. The bonds are dated February 15, 1962, and bear interest which is 2 ½ per cent above the general deposit rate of the co-operative credit societies. The loan will run for fifteen years. It is tied to the wholesale price index to the extent of 50 per cent.

To Pohjolan Voima Oy (Northern Power Company), for 500 million marks. The bonds are dated March 15, and will run for ten years at a rate which is 2 ½ per cent above the general deposit rate of the two largest commercial banks. It is tied to the wholesale price index to the extent of 25 per cent.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

AHTI KARJALAINEN
(Absent as a member of Government)

A. SIMONEN

REINO ROSSI

SECRETARIES

U. A. VATANEN,
Credits

EERO ASP,
Foreign affairs

PERTTI TAMMIVUORI
Administration

JOUKO J. VOUTILAINEN,
Foreign affairs; Information

K. IGNATIUS,
Administration

HEADS OF DEPARTMENT

G. ENGBERG,
Personnel

P. BLOMQUIST,
Accounts

A. KAJANTIE,
Control

ARTHUR ASPELUND,
Cash

K. EIROLA,
Internal accounts

C. G. SUNDMAN,
Foreign exchange (trade)

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

HELGE LINDSTRÖM,
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EINO JUSSILA,
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