



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 36 No. 3

MARCH

1962

### RECENT DEVELOPMENTS

#### THE BALANCE OF PAYMENTS IN 1961

The continuing expansion in economic activity last year resulted in a considerable increase in imports, and a substantial trade deficit. By reason of the exceptionally rapid rate of growth in the imports of consumer goods, the value of imports was 8.2 per cent higher than in the preceding year. In addition, the imports of investment goods also showed a notable increase, especially during the first and third quarters. As the value of exports was but 6.6 per cent higher than in 1960, the trade deficit amounted to 30 800 million marks.

According to preliminary figures, accrued freight and transportation earnings exceeded the corresponding outlays by 19 000 million marks. Travel expenses increased more than receipts, and the net expenditure was 9 500 million marks. The net receipts for services partly offset the trade deficit, and consequently in 1961 transactions in goods and services, including transfer payments, showed a deficit of the order of 23 000 million marks.

Last year, Finland made substantial drawings on medium-term and long-term credits, and also used short-term borrowing facilities abroad. While the amortization payments of

long-term credits amounted to 12 400 million marks, Finland drew 29 800 million marks on credits with maturities more than one year. This figure includes some utilization of the new World Bank loan granted in August 1961 to finance the expansion and modernization of Finland's paper and pulp industry (see Bulletin No. 9, 1961), along with employment of the long-term delivery credit granted by the USSR in 1959.

As far as is concerned the development of short-term capital inflow during 1961, there was a net increase of 3 300 million marks in the export advances. It is estimated that the short-term import credits at the end of 1961 were at the same level as one year before. In October, the Bank of Finland issued new instructions which reduced from one year to six months the maximum term of the commercial import credits granted without specific approval of the Bank of Finland. This step was aimed at restraining the long-term adverse effect on the balance of payments, which was discernible in the tendency of the importers increasingly to depend on extended terms of payment.

*On page 18, The Finnish Economy  
in 1961*

By reason of the development of capital movements, the current account deficit was not reflected in the net external payments position of the country. There was even a slight rise in the net total foreign exchange reserve of the Bank of Finland; the development during 1961 was as follows.

	Dec. 31, 1960	June 30, 1961	Dec. 30, 1961
	1 000 million marks		
Gold .....	9.1	10.0	10.4
Convertible currencies ..	44.2	43.0	40.3
Non-transferable EMA currencies .....	3.2	3.5	1.4
Eastern Bloc currencies	1.7	6.7	9.2
Other bilateral currencies	6.3	7.4	6.5
Total	64.5	70.6	67.8

The net holdings of gold and convertible currencies fell by only 2 600 million marks, from 53 300 million to 50 700 million. The claims against the Eastern Bloc countries increased sharply.

The net foreign exchange reserves of the commercial banks showed a declining trend during 1961, mainly owing to their increasing foreign short-term liabilities.

#### PRICES AND WAGES

During 1961, prices and wages remained comparatively stable. It is worth noting that, despite the prevailing boom, the rise that did occur was limited to the same slow upward movement as had been in progress for several years. Admittedly, this was in part the outcome of some measures of economic policy,

such as a lowering of the excise duty on tobacco in February and a reduction of the import duty on coffee in June. The cost of living index (October 1951 = 100) stood at 140 for the first nine months of the year, and only during the last quarter did it rise by two points; the average increase on 1960 was 1.8 per cent. The wholesale price index rose by no more than 0.8 per cent. These index numbers were held back, not only by the Government measures mentioned, but also by a fall in the wholesale prices of farm produce and imported goods. The expected effect of EFTA was not yet evident in wholesale prices, except for a few individual items whose prices fell markedly. As for the sub-groups included in this index-number, production goods rose by 3.9 per cent while consumer goods dropped by 1.6 per cent.

The prevalence of full employment tended to raise the level of earnings. From 1960 to 1961, the average earnings increased by nearly 8 per cent, 4.3 per cent being accounted for by an agreement concluded in autumn 1960 between the labour market organisations. If the rise in prices and money wages is taken into account, real earnings increased by 6 per cent. However, as productivity per labour unit simultaneously rose by only 3 per cent, this meant a substantial addition to wage costs per unit of production. In consequence, prices have been rising slightly since the concluding months of 1961.

*February 20, 1962*

## BANK OF FINLAND

Mill. mk

	1961		1962			
	Dec. 30	Jan. 8	Jan. 15	Jan. 23	Jan. 31	Feb. 8
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	77 893	78 022	77 946	78 693	79 321	79 122
Gold .....	10 417	10 417	10 417	10 417	10 417	10 322
Foreign exchange .....	58 730	58 833	58 645	59 279	59 825	59 680
Foreign bills .....	996	1 021	1 133	1 246	1 328	1 558
Foreign bonds .....	7 750	7 751	7 751	7 751	7 751	7 562
<i>Supplementary note cover</i> .....	47 225	48 312	44 755	48 066	44 139	42 722
Inland bills discounted						
In foreign currency .....	9 432	9 432	9 432	9 432	9 432	9 246
In Finnish currency .....	7 083	6 730	6 728	6 556	6 566	6 320
Rediscounted bills .....	29 460	30 900	27 345	30 828	26 891	25 906
Treasury bond loan .....	1 250	1 250	1 250	1 250	1 250	1 250
<i>Other assets</i> .....	6 236	3 862	3 874	5 186	4 976	4 139
Finnish bonds .....	1 968	1 154	1 154	2 451	2 026	1 239
Cheque accounts .....	608	471	430	428	612	428
Finnish coin .....	755	795	865	918	968	971
Other claims .....	2 905	1 442	1 425	1 389	1 370	1 501
Total	131 354	130 196	126 575	131 945	128 436	125 983
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	83 706	78 348	75 496	74 068	74 716	75 809
<i>Short-term liabilities</i> .....	7 321	11 467	10 553	17 394	13 292	9 858
Foreign exchange accounts .....	1 339	1 381	1 344	1 260	1 225	1 199
Mark accounts of holders abroad .....	3 768	3 851	3 511	3 499	3 375	3 408
Cheque account of the Treasury .....	108	3 157	3 325	10 892	7 028	2 980
Cheque accounts of banks .....	566	1 626	940	276	177	789
Other cheque accounts .....	184	180	150	157	194	180
Other short-term liabilities .....	1 356	1 272	1 283	1 310	1 293	1 302
<i>Long-term liabilities</i> .....	13 586	13 586	13 586	13 544	13 544	13 355
Foreign .....	9 069	9 069	9 069	9 069	9 069	8 880
Finnish .....	4 517	4 517	4 517	4 475	4 475	4 475
<i>Equalisation accounts</i> .....	9 522	9 541	9 619	9 591	9 490	9 539
<i>Bank's own funds</i> .....	17 219	17 254	17 321	17 348	17 394	17 422
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	34	101	128	174	202
Total	131 354	130 196	126 575	131 945	128 436	125 983
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	77 893	78 022	77 946	78 693	79 321	79 122
Supplementary cover (Upper limit 50 000 mill. mk) .....	47 225	48 312	44 755	48 066	44 139	42 722
Total	125 118	126 334	122 701	126 759	123 460	121 844
<b>Note issue</b>						
Notes in circulation .....	83 706	78 348	75 496	74 068	74 716	75 809
Short-term liabilities .....	7 321	11 467	10 553	17 394	13 292	9 858
Undrawn on cheque credits .....	885	712	753	605	421	605
Unused right of note issue .....	33 206	35 807	35 899	34 692	35 031	35 572
Total	125 118	126 334	122 701	126 759	123 460	121 844

Rediscount rate since April 1, 1959, 6,75 per cent.

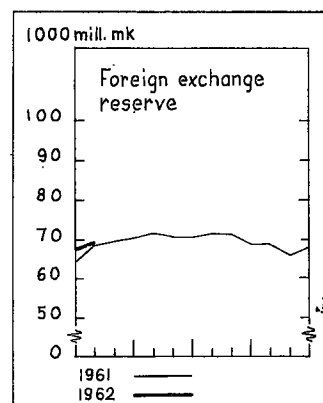
## BANK OF FINLAND

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)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	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 <sup>1)</sup>	—	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 <sup>2)</sup>	1 249	23 302
1960 Dec.	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961 Jan.	71 597	3 306	68 291	6 627	14 571	60 347	10 701	572	351	9 778
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 <sup>2)</sup>	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563 <sup>2)</sup>	885	16 187
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120 <sup>2)</sup>	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531 <sup>2)</sup>	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187 <sup>2)</sup>	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557 <sup>2)</sup>	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 <sup>2)</sup>	1 249	23 302
1962 Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478 <sup>2)</sup>	1 261	21 152

<sup>1)</sup> Including cash reserve accounts 6 677. <sup>2)</sup> Including cash reserve accounts.

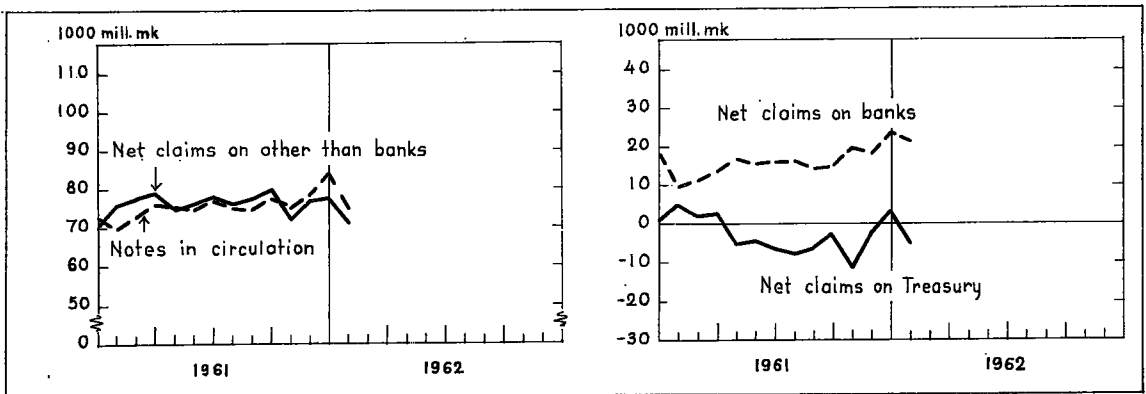
Category of currency	Foreign exchange reserve (col. 3 above) 1000 mill. mk				
	1959	1960	1961		1962
	Dec. 31	Dec. 31	Nov. 30	Dec. 30	Jan. 31
Gold .....	8.4	9.1	10.0	10.4	10.4
Convertible .....	49.7	44.2	40.5	40.3	41.1
Non-transferable BMA ..	4.7	3.2	1.4	1.4	1.5
Eastern Bloc .....	4.4	1.7	8.6	9.2	9.8
Other .....	3.7	6.3	6.4	6.5	6.2
Total	70.9	64.5	66.9	67.8	69.0



**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
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
1960 Dec.	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961 Jan.	3 750	3 593	2 239	331	4 773	7 012	10 843	1 056	16 799	69 588
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



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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*										
Jan.	57 747	70 303	13 763	183 547	182 130	107 013	49 330	25 949	548 000	632 066
Feb.	55 937	67 937	16 150	187 051	185 155	109 651	50 430	26 392	558 708	642 795
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

End of month	Index- ed de- pos- its	High- inter- est de- pos- its	Tax- con- ces- sion accounts
1961*			
May	8 609	44 049	14 285
June	7 927	45 018	14 280
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	14 851

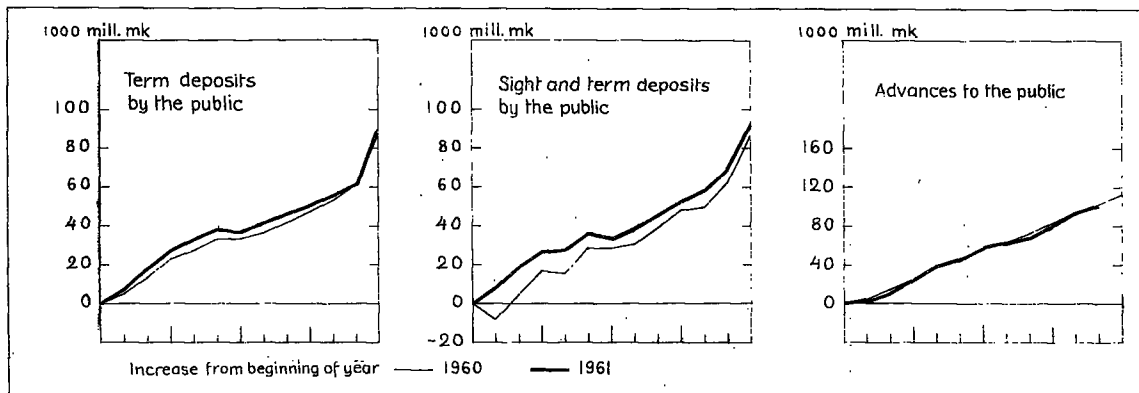
Selling rates for foreign exchange			
Jan. 31, 1962			
		mk	mk
New York ...	1 \$	321: 90	Zurich ..... 100 Fr 7 459: —
Montreal .....	1 \$	307: 90	Paris ..... 100 NF 6 560: —
London .....	1 £	905: —	Rome ..... 100 Lit 51: 84
Stockholm ...	100 Kr	6 235: —	Vienna ... .. 100 S 1 246: —
Oslo .....	100 Kr	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	8 910: —	Prague, clear... 100 Kč 4 458: —
Brussels .....	100 Fr	647: —	Moscow, clear. <sup>1)</sup> 1 Rbl 356: 67
			Clearing dollars <sup>2)</sup> 1 Cl \$ 321: —

<sup>1)</sup> Bucharest, Peking.<sup>2)</sup> 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
	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
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*									
Jan.	258 393	156 357	40 168	118 358	46 425	588 802	30 899	619 701	148 197
Feb.	262 153	157 905	40 912	120 124	46 990	595 436	32 648	628 084	149 335
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	..

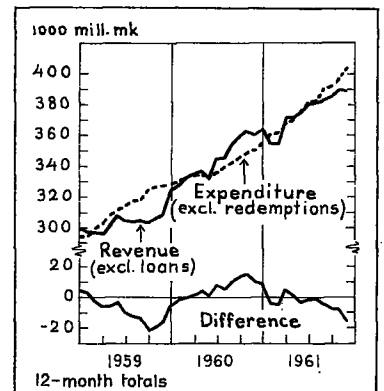


## STATE FINANCES

1000 mill. mk

Revenue	Jan. — Nov.		Expenditure	Jan. — Nov.	
	1960	1961		1960	1961
Income and property tax (net) .....	66.6	69.2	Interest on State debt .....	5.4	5.5
Gross receipts .....	(164.5)	(190.2)	Child allowances .....	20.6	24.7
Refunds and communal income tax .....	(-97.9)	(-121.0)	The State's share in national pensions .....	7.7	13.7
Other direct taxes .....	1.5	1.4	Compensations to war-disabled .....	6.9	11.5
Purchase tax .....	78.9	87.7	Transfer of employers' payments for national pensions to the National Pensions Institution .....	6.8	8.6
Import duties .....	41.7	42.5	Subsidies .....	33.4	35.0
Revenue from Alcohol Monopoly .....	22.3	24.3	Net payments on price equalisation by extra-budgetary funds .....	2.2	1.0
Excise duty on tobacco .....	18.4	18.7	State aid to agriculture .....	5.2	5.6
Excise duty on liquid fuel .....	12.0	13.4	State aid to communal and private schools .....	22.9	27.0
Other excise duties .....	4.9	5.1	Net loss of State enterprises .....	—	—
Tax on automobiles and motor cycles .....	1.8	2.0	Maintenance of roads .....	8.7	9.6
Stamp duties .....	15.1	16.8	Other current expenditure .....	100.3	109.9
Employers' payments for child allowances and national pensions .....	26.7	29.4	<b>Current expenditure</b> .....	220.1	252.1
Net receipts of price equalisation by extra-budgetary funds .....	—	—	Real investments .....	60.4	68.1
Other revenue similar to taxes .....	4.3	4.7	Other capital expenditure .....	30.5	38.1
<b>Total taxes</b> .....	294.2	315.2	<b>Capital expenditure</b> .....	90.9	106.2
Interest and dividends .....	5.1	5.7	<b>Total expenditure</b> .....	311.0	358.3
Net profit of State enterprises .....	6.2	5.5	Redemption of external loans .....	3.2	2.5
Other current revenue .....	9.1	11.3	Redemption of internal loans .....	12.8	12.7
<b>Current revenue</b> .....	314.6	337.7	Redemption of indemnity bonds etc. .....	2.1	1.6
Capital revenue proper .....	7.1	7.7	Index premiums .....	0.7	0.7
Decrease in inventories .....	2.7	—	<b>Redemptions</b> .....	18.8	17.5
<b>Capital revenue</b> .....	9.8	7.7	<b>Total</b> .....	329.8	375.8
<b>Total revenue</b> .....	324.4	345.4			
External loans .....	—	6.9			
Internal loans .....	14.9	16.3			
Loans .....	14.9	23.2			
Short-term credit (increase +) ..	- 2.1	- 1.1			
<b>Deficit (+) or surplus (-)</b> .....	- 7.4	+ 8.3			
<b>Total</b> .....	329.8	375.8			

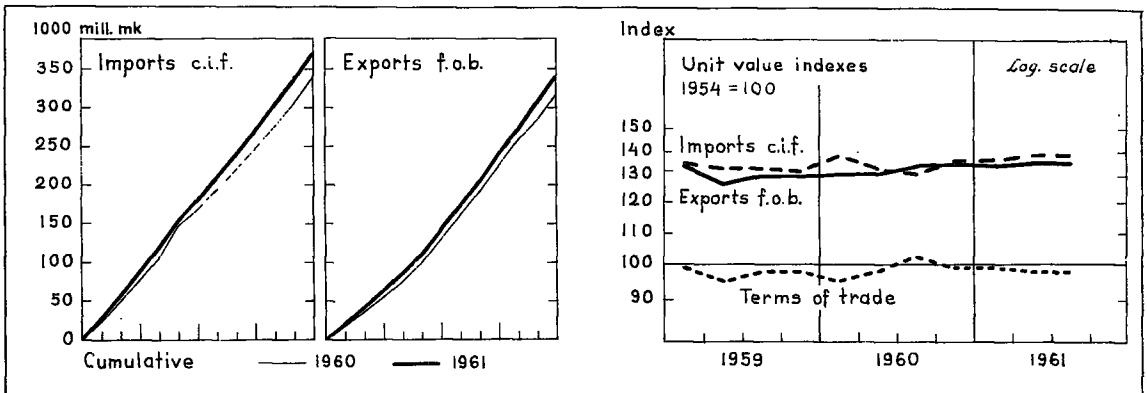
Debt	1958	1959	1960	1961			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
<b>External debt</b> ...	79.0	76.6	74.4	76.8	78.6	79.0	79.3
Ordinary loans ....	61.5	72.2	74.4	78.5	78.4	78.2	78.1
Indemnity bonds etc.	7.3	6.5	4.4	3.1	2.9	2.9	2.8
Short-term credit ..	1.2	4.1	3.0	1.0	0.5	1.9	1.9
Cash debt (net) ...	-1.7	-5.8	-14.3	-14.9	-12.5	-18.7	-7.9
<b>Internal debt</b> ....	68.3	77.0	67.5	67.7	69.3	64.3	74.9
<b>Total debt</b> .....	147.3	153.6	141.9	144.5	147.9	143.3	154.2
<b>Total debt, mill. \$</b>	459.8	479.7	442.9	449.5	460.1	445.7	479.4





FOREIGN TRADE

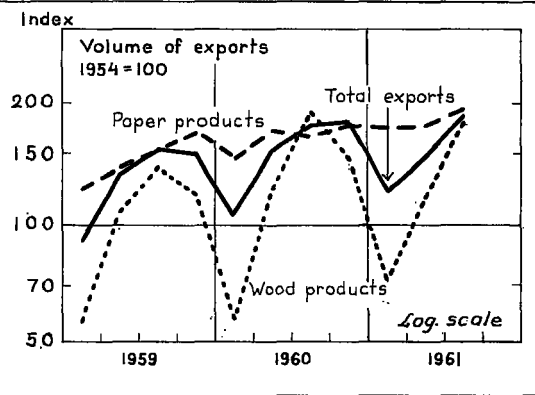
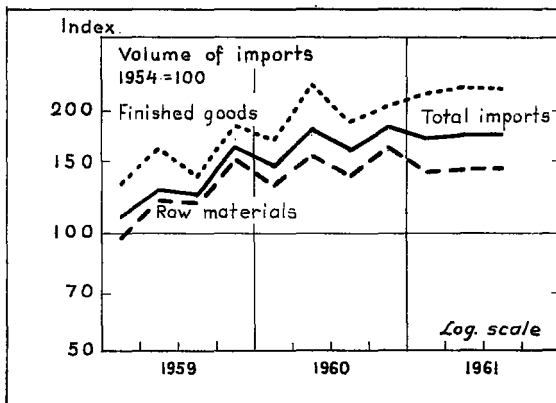
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
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	-35 571	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	133	132	146	133	100
1961*	368 255	337 384	-30 871	..	..	..	..	..	..	..
1961*										
Jan.	27 841	20 625	- 7 216	134	147	135	134	133	136	99
Feb.	27 461	20 874	- 6 587							
March	33 073	22 294	-10 779							
April	29 570	21 570	- 8 000	135	144	134	135	134	138	98
May	33 808	25 604	- 8 204							
June	27 358	30 517	+ 3 159							
July	29 438	31 101	+ 1 663	135	150	135	134	139	138	98
Aug.	29 705	32 951	+ 3 246							
Sept.	31 541	33 417	+ 1 876							
Oct.	31 284	32 393	+ 1 109	..	..	..	..	..	..	..
Nov.	33 354	34 845	+ 1 491							
Dec.	33 822	31 193	- 2 629							



FOREIGN TRADE BY MAIN GROUPS

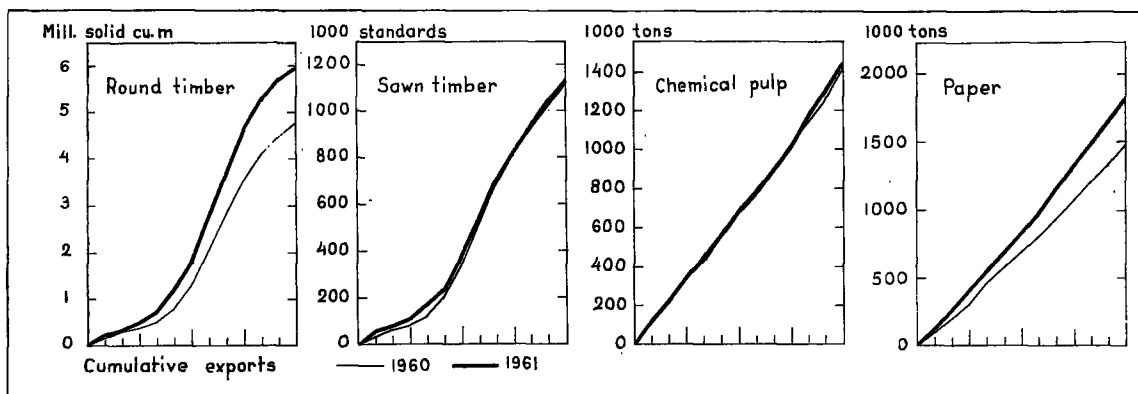
Mill. mk

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	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	84 206	133 714	47 361	14 594
1961*	169 908	32 960	103 919	61 468	15 285	29 629	84 079	153 910	38 627	15 854
1960										
Oct.	14 334	3 504	7 515	3 829	1 648	2 268	8 856	11 723	9 816	1 278
Nov.	15 589	3 183	7 444	4 271	1 039	1 637	8 182	11 087	2 974	1 620
Dec.	16 826	3 598	9 087	5 300	1 677	1 200	7 469	13 305	6 477	1 256
1961*										
Jan.	13 149	2 673	7 901	4 118	1 159	923	5 043	10 639	1 956	905
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	5 136	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	2 135	1 286	6 328	13 910	5 993	1 541



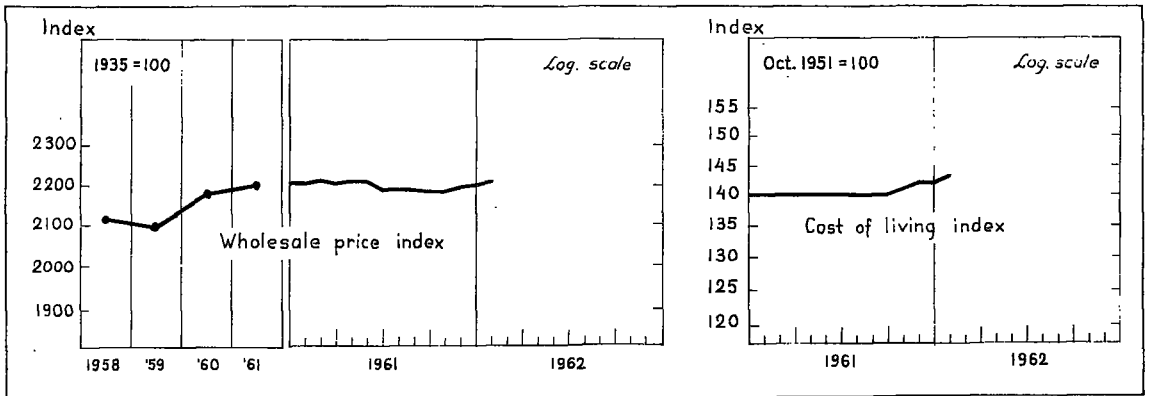
### EXPORTS OF SOME IMPORTANT ARTICLES

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
1960										
Oct.	527	125	26	16	73	38	13	11	65	132
Nov.	358	105	40	13	65	49	11	13	53	119
Dec.	264	92	36	15	111	54	14	11	62	142
1961*										
Jan.	207	55	32	13	70	36	11	12	56	118
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



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year					Whole year				
	1958	1959	1960	1961*		1958	1959	1960	1961*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	17.9	16.3	16.2	15.7	57 803	25.6	26.6	26.7	24.5	82 523
United Kingdom .....	17.2	15.7	15.8	15.3	56 277	22.1	23.3	24.5	22.2	74 751
<b>Other OECD countries</b>										
<b>in Europe</b> .....	45.2	49.1	53.6	55.4	204 030	37.5	36.5	41.0	46.4	156 437
Austria .....	0.5	0.6	0.7	0.7	2 675	0.2	0.2	0.2	0.4	1 181
Belgium-Luxembourg .....	2.8	2.5	3.1	2.6	9 489	3.6	3.7	3.7	3.9	13 005
Denmark .....	2.4	2.3	2.6	3.2	11 784	3.0	3.3	3.5	3.5	11 887
France .....	4.7	5.1	5.8	5.0	18 485	6.2	4.8	4.7	5.2	17 456
Western Germany .....	16.5	18.0	19.4	21.3	78 370	10.8	10.9	11.6	12.9	43 669
Italy .....	1.5	1.8	1.7	1.9	7 018	1.8	1.8	2.1	2.7	9 158
Netherlands .....	4.3	4.6	4.6	4.0	14 794	4.4	5.3	6.1	6.3	21 116
Norway .....	1.2	1.6	1.6	1.5	5 455	0.7	0.7	1.3	1.9	6 279
Portugal .....	0.1	0.2	0.2	0.1	516	0.1	0.1	0.1	0.1	344
Spain .....	0.6	0.5	0.7	0.5	1 715	1.1	0.2	0.2	0.5	1 828
Sweden .....	8.3	9.1	10.4	11.5	42 197	3.6	3.2	4.9	5.7	19 161
Switzerland .....	1.7	2.2	2.2	2.4	8 747	0.7	0.4	0.6	1.0	3 481
<b>Eastern Bloc</b> .....	25.6	24.8	20.6	19.2	70 512	24.8	23.5	19.5	18.0	60 772
China .....	0.5	0.5	0.2	0.1	457	1.1	2.0	0.7	0.6	1 930
Czechoslovakia .....	1.2	1.4	1.1	1.0	3 831	1.2	0.7	0.9	1.1	3 563
Eastern Germany .....	1.7	1.6	1.4	1.5	5 418	1.7	1.3	1.3	1.4	4 558
Poland .....	3.1	2.8	2.5	2.4	8 718	2.6	2.1	1.8	2.2	7 271
Soviet Union .....	18.0	17.8	14.7	13.3	49 027	17.3	16.8	14.2	12.1	40 877
<b>U.S. and Canada</b> .....	5.5	5.4	6.0	6.1	22 301	4.7	5.9	5.1	4.5	15 226
United States .....	5.3	5.1	5.7	5.7	20 846	4.6	5.8	5.0	4.4	14 797
<b>Latin America</b> .....	4.4	3.5	2.7	2.7	9 881	4.5	4.9	5.1	3.9	13 297
Argentina .....	0.3	0.5	0.5	0.4	1 407	1.0	0.9	1.1	1.3	4 387
Brazil .....	3.7	2.5	1.8	1.6	6 037	2.4	2.8	2.9	1.5	5 172
<b>Others</b> .....	1.4	0.9	0.9	1.0	3 728	2.9	2.6	2.6	2.7	9 129
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	368 255	100.0	100.0	100.0	100.0	337 384
<b>of which</b>										
<b>EFTA countries</b> .....	31.3	31.7	33.5	34.7	127 651	30.3	31.3	34.9	34.7	117 084
<b>EEC countries</b> .....	29.8	32.0	34.5	34.8	128 157	26.9	26.5	28.1	31.0	104 405



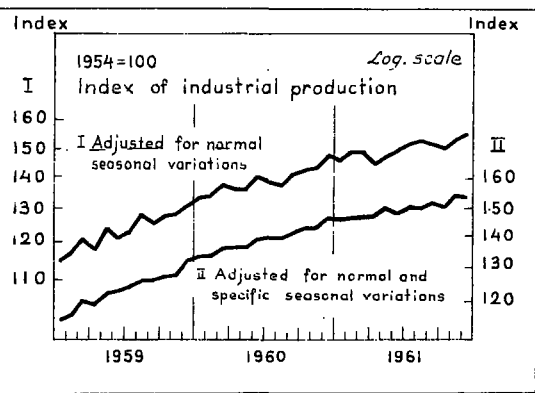
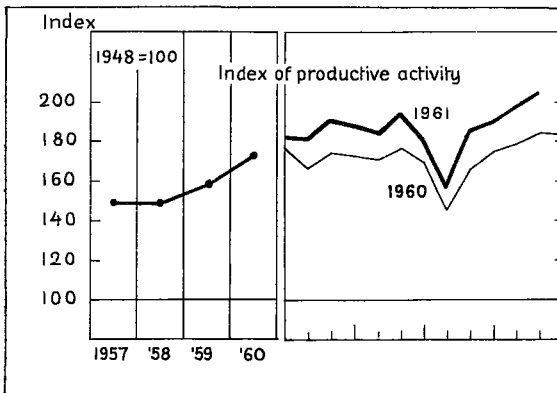
## PRICE INDEXES

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	2 307	2 290	3 561	1 888	1 960	128	114	148
1961									
Jan.	2 203	2 295	2 312	3 494	1 885	2 006	125	114	141
Feb.	2 210	2 304	2 320	3 529	1 885	2 011	126	114	143
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	2 186	2 309	2 294	3 566	1 890	1 922	129	114	154
Aug.	2 189	2 314	2 309	3 566	1 892	1 924	128	114	150
Sept.	2 181	2 305	2 265	3 566	1 893	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	1 890	1 923	129	114	152
Dec.	2 199	2 328	2 357	3 600	1 889	1 923	129	114	152
1962									
Jan.	2 207	2 339	2 412	3 597	1 891	1 924	129	113	151

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												
Jan.	140	150	306	99	87	137	110	110	113	96	108	112
Feb.	140	151	306	100	87	135	110	111	113	97	108	110
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	109	111
Sept.	140	149	306	100	88	138	110	109	114	97	109	112
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

PRODUCTION - INTERNAL TRADE

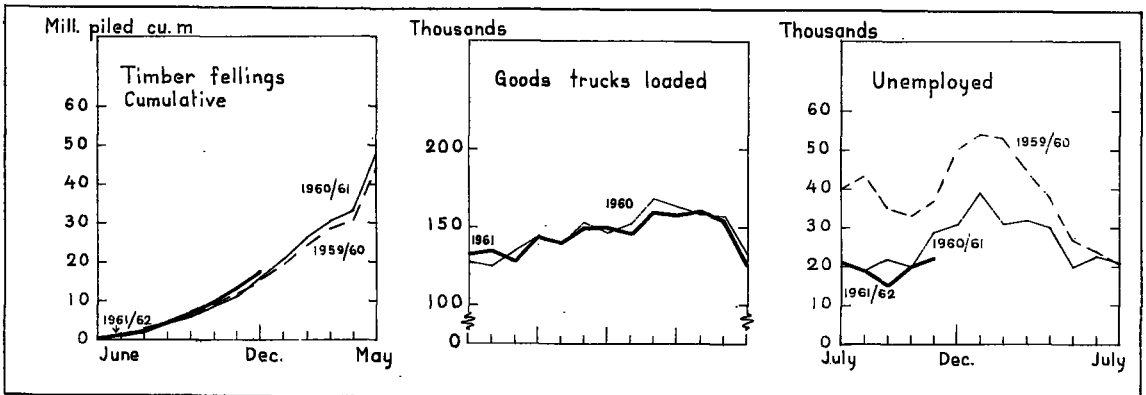
Period	Index of industrial production 1954 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1954	100	100	100	100	100	100	100	100	100	35 370	100
1955	111	116	109	113	99	115	111	111	111	38 600	116
1956	114	117	110	120	76	122	113	118	114	36 623	121
1957	117	119	116	118	82	134	115	117	118	40 919	114
1958	113	111	113	112	87	134	107	110	113	37 981	109
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
1960*											
Aug.	141	133	141	145	110	175	132	142	137	1 684	150
Sept.	150	151	152	145	120	180	152	143	140	1 870	147
Oct.	154	157	159	144	115	188	157	146	141	2 540	147
Nov.	153	162	157	142	114	181	159	145	142	3 116	144
Dec.	141	151	145	130	107	160	151	131	147	4 204	151
1961*											
Jan.	145	151	150	135	117	184	150	129	146	4 847	113
Feb.	145	152	148	138	121	178	150	133	148	5 144	129
March	160	166	164	152	140	199	165	147	148	4 349	149
April	147	146	149	144	123	175	147	139	145	2 874	147
May	153	155	153	151	122	188	154	145	147	14 516	153
June	145	145	144	145	123	168	145	139	149	1 299	148
July	112	87	127	96	120	193	89	91	151	981	138
Aug.	156	142	157	161	111	205	141	155	152	1 981	164
Sept.	158	160	159	155	109	202	157	150	151	2 320	170
Oct.	165	169	171	155	113	213	164	157	150	3 026	163
Nov.	166	174	172	152	102	214	168	156	153	3 615	162
Dec.	145	158	150	133	90	181	155	131	154	4 052	167



**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
1959	19.88	8.36	3.42	4.55	2.39	20.46	110	106	104	111
1960*	22.02	8.68	2.91	6.62	2.82	22.39	116	111	108	117
1961*	..	..	..	..	..	..	125	117	120	126
1960*										
July-Sept.	5.87	2.08	0.93	1.65	0.86	24.98	117	110	109	118
Oct.-Dec.	8.15	3.51	1.15	2.36	0.84	22.39	118	114	112	120
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.	..	..	..	..	..	..	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 net reg. tons		1 000 persons		% of total labour force	
	1960	1961	1960	1961*	1960	1961*	1960	1961*	1960	1961*
Jan.	124	134	431	450	345	412	1 751	1 826	2.6	1.8
Feb.	135	128	284	321	319	332	1 781	1 848	2.5	1.4
March	144	143	266	386	288	434	1 777	1 844	2.1	1.5
April	138	139	350	422	366	402	1 778	1 877	1.8	1.4
May	153	150	554	591	564	629	1 834	1 908	1.3	0.9
June	147	149	675	729	852	912	1 803	1 882	1.1	1.0
July	153	146	756	752	1056	1 060	1 698	1 777	0.9	0.9
Aug.	168	160	736	759	1006	1 023	1 769	1 882	0.9	0.8
Sept.	163	158	576	594	812	832	1 859	1 947	1.0	0.7
Oct.	158	160	563	583	683	714	1 851	1 940	0.9	0.9
Nov.	157	155	575	572	569	630	1 835	1 915	1.4	1.0
Dec.	133	125	519	559	568	533	1 812		1.5	



## 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. *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 expenditures*: 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 1954. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research. For the method of calculation see Bulletin No. 8, 1961, p. 18. Commodities according to use: investment goods weight 12.7, other producer goods weight 54.6 and consumer goods weight 32.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 8.6, paper industry no. 27, weight 8.6, metal industry nos. 34—38, weight 25.4, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.9. *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. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

### 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.) *Diagram*. Number of persons unemployed for at least one week during each month.

### SYMBOLS USED

\* Preliminary    o Less than half the final digit shown    . Logically impossible    .. Not available    — NU  
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 (Jan. 31, 1962): Steamers 202 (298 638 gross reg. tons), motor vessels 255 (524 544 gross reg. tons), sailing vessels with auxiliary engines 83 (8 280 gross reg. tons). Total 540 (831 462 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1960): Private cars 173 000, lorries and delivery vans 65 600, buses 5 800, others 2 100. Total 256 900.

AIR TRAFFIC: (Dec. 31, 1960) Number of aircraft in scheduled traffic 23, other aircraft 93. In 1960, 550 000 passengers were carried by the two Finnish companies; over 228 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 (Jan. 1, 1961). Bank of Finland discount rates 6—7 1/8%. Other credit institutions: term deposits 4 1/8% (12 months' deposits 5%, index-tied deposits 3 1/4—4%) and sight deposits in savings banks and cooperative credit societies 1/2%; highest lending rate 8%.

# THE FINNISH ECONOMY IN 1961

BY

J. J. PAUNIO, D. Pol. Sc.

HEAD OF THE RESEARCH DIVISION OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

At the beginning of 1961, the Finnish economy was experiencing the conditions typical of a boom. On the one hand, the growth in total production showed signs of evening out, while on the other, the growth rate of total demand remained higher than that of production. The expansion had proceeded without interruption since the third quarter of 1958, and at the beginning of the year under review, total production started from a level which was 21 per cent above the 1958 trough.

## EXPORT EXPANSION IS EVENING OUT

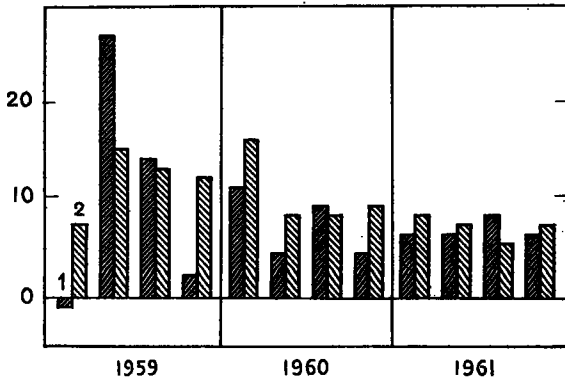
During the years 1958—1960, the export demand had constituted a major expansive factor (from 1959 to 1960, it increased by 15 per cent in real terms). In 1961, there was a change in this respect. The sales of sawn goods failed to continue as favourably as during the preceding year, mainly because despite the high building activity in the purchaser countries, their stocks had grown; sales fell short of those for 1960. Similarly, the exports of metal products showed a less favourable development than in 1960. Nevertheless, the foreign demand for paper industry products remained so high that the newly completed capacity could be taken into use. During the first half of the year,

the growth in the volume of total exports seems to have slowed down to an annual rate of less than 5 per cent.

While the pressure of export demand was easing, new tendencies became apparent in the domestic demand. During the early part of the year, the growth rate of house building as a whole showed signs of deceleration, a tendency that had set in towards the end of 1960. Residential building advanced rapidly, but non-residential building fell back, which means that the increase in the fixed investments i. e. production investments proper mainly related to machinery and equipment. Nevertheless, even the growth rate of investments in machinery showed a drop on the 1960 figures amounting to some 5 per cent (calculated on an annual basis) during the first half-year.

One feature of interest was that the growth recorded for private consumption during the last quarter of 1960 did not continue at the same rate in 1961, although the disposable income of households increased more than did the national income, i. a. by virtue of wage increases and income transfers effected by the Government. The usual lag between disposable income of households and private consumption thus helped to reduce the pressure of total demand during the early months of the year. It seems that

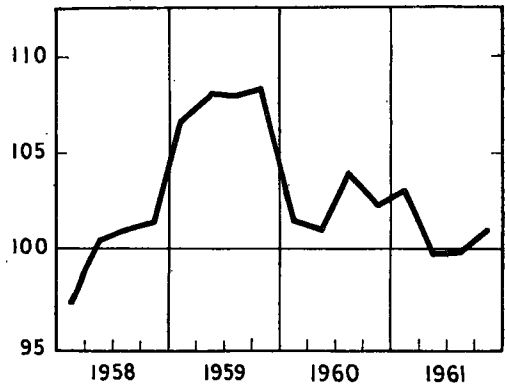
Domestic product and industrial production; the rate of change per cent per annum



- 1. Domestic product
- 2. Industrial production

Adjusted for seasonal variations

Liquidity 1958=100



*Liquidity.* Real liquidity of the public, defined as a ratio between the money supply and the total production at current prices

investment in stocks was modest, with the exception of consumer goods stocks, which were evidently built up in anticipation of the consumption boom.

From the viewpoint of the overall economic equilibrium, the levelling off as such of the expansion in total demand was of course desirable, for after the limit of capacity had been attained in 1960, scope for the further expansion of production was clearly restricted. The employment situation is illustrated by the fact that unemployment varied between one and two per cent of the labour force, and in the main these marginal variations were a reflection of the seasonal variations in production. In some spheres of activity, there appeared even a shortage of labour. Accordingly, the growth in total production was increasingly a result of rising productivity, backed of course by very considerable domestic investment. During the first half-year, the growth rate of total production was estimated at some 6 per cent per annum.

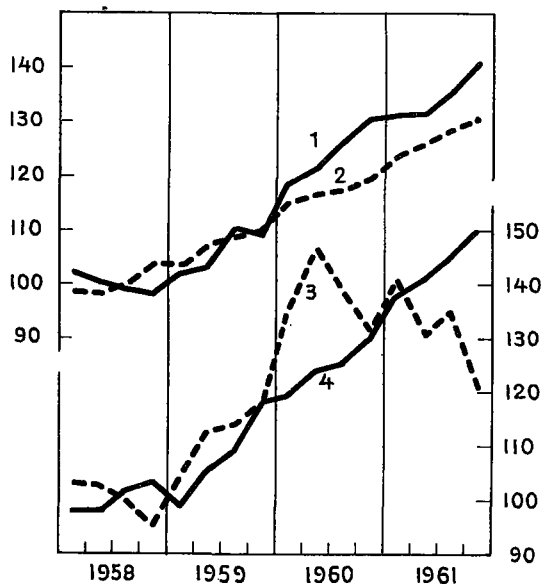
Industrial production grew more rapidly than total production; this indicates the structural change in progress in the Finnish economy. During the first six months, industrial production rose at an annual rate

of 8 per cent. The change in its inner structure provided clear evidence of the shift in importance between the components of demand. For the first half of the year, the growth rate of the investment goods industry was 4 per cent per annum, whereas that of the consumer goods industry was 10 per cent. The corresponding figure for the paper industry was as high as 15 per cent, but that of the wood industry less than 3 per cent.

Prices remained rather stable, notwithstanding the prevalence of full employment, and the fact that wages rose more than productivity. Several factors contributed to this. Firstly, during the first half-year the excise duty on tobacco and the import duty on coffee were lowered, and secondly, import prices appeared to be declining. Thirdly, the general easing of the pressure of demand obviously played its part in the stabilization of prices. Nevertheless, there was a rise in prices in those markets where demand remained high. Thus, building costs rose during the first half-year by more than 2 per cent, while consumer prices remained unchanged.

Naturally enough the excess demand was in part satisfied by means of imports, with

## Industrial production 1958=100



Adjusted for seasonal variations

1. Investment goods industry
2. Consumer goods industry
3. Wood industry
4. Paper industry

the result that by the end of June trade was showing a deficit amounting to 37 700 million marks, or 3 000 million more than one year earlier. The imports of consumer goods rose in particular, pointing to expectations being high as regards consumption. The imports of investment goods did not grow by nearly as much as during the earlier period of the present expansion.

The calculations of liquidity indicate that the liquidity of the economy became more stringent, despite the continuing generous bank lending, which increased by 57 128 million marks during the first half of 1961. Credit institutions other than commercial banks took the largest share of this increase, amounting to 33 837 million marks. However, as the trade deficit grew, the net foreign claims of the banking sectors declined and thus diminished the supply of money. Furthermore, the State finances were no longer as clearly contractive as in 1960.

## INTENSIFICATION OF GROWTH IN DOMESTIC DEMAND

The market for sawn goods continued to weaken, and the late summer was marked by the need to lower prices. Metal product exports failed to develop in the way expected, the decline proving to be a phenomenon which lasted the whole year. Similarly, there was a change for the worse in the prospects for chemical pulp exports. The new productive capacity completed in various countries, along with the growing supply of US products in West-European markets forced Finnish exporters to cut their prices of cellulose delivered during the second half-year. In order to stabilise the market, Finnish, Swedish and Norwegian cellulose manufacturers jointly resolved to restrict production from the beginning of December. Although the exports of paper, and particularly of newsprint, remained brisk, during the concluding months of the year the growth rate of total exports declined to 2—3 per cent per annum.

It was mentioned above that the disposable income of households rose proportionately more than the total national income. In early summer, the demand for consumer goods began to expand rapidly, its growth rate culminating in the autumn, when as a rule private consumption attains a seasonal peak; at times, private consumption grew at an annual rate as high as 15 per cent. Residential building remained very lively until the end of the year, thanks to the temporary law providing for tax concessions for home-builders. In other investments, there was a distinct shift of the centre of gravity towards industries serving the home market, where the continuous rise in internal demand and in consumer demand in particular fostered optimistic expectations. As the factors of production, first and foremost labour, had been fully employed for a considerable time, thereby limiting the pos-

sibilities of adapting production to demand, this presumably tended to raise the willingness to invest, and to encourage the capital deepening type of investment especially. Obviously, for such reasons, the rate of growth in investments in machinery and equipment rose during the second half-year, while simultaneously industrial house building continued to show a modest rise. Stocks did not accumulate to any considerable extent, partly as a consequence of the considerable demand pressure.

There was a definite shift within total demand towards domestic demand. Total production grew within the limits of capacity, during the last quarter at an annual rate of some 5 per cent. As regards industry, the last-quarter growth rate was an annual 5 per cent, but this was the average of greatly diverging percentages: in the investment goods industry it was 15 per cent, in the consumer goods industry 6 per cent and in the paper industry 14 per cent, while in the wood industry production fell off at an annual rate of 18 per cent.

Taken as a whole, lumbering remained unaffected by the change in the export prospects for sawn goods and chemical pulp; conceivably this was partly owing to stocks of raw wood being low. More was felled during June—December 1961 than the corresponding quantities one year before. However, the composition of fellings changed considerably, the proportion of pulpwood and pitprops gaining at the expense of sawlogs.

Apart from a one per cent rise during the last quarter of the year, the price level remained stable, as it had been during the first half-year, despite the growth in domestic demand. Naturally, the EFA reductions in import duties helped to keep prices firm, while there was little new pressure from the other cost factors. It thus seems that the effect of demand upon prices was at least partially postponed until 1962.

Imports continued to rise during the second half of the year, and did so even more rapidly than had been expected. The significance of the EFA agreement as a stimulus to imports is difficult to estimate. But in any case, apart from the increase in imports caused by the greater investments in machinery, the imports of consumer goods grew to such an extent that the trade surplus for the latter half-year amounted only to 7 000 million marks, against 11 000 million for the corresponding period of 1960.

The liquidity of the economy remained practically unchanged during the last six months of the year. Bank lending continued to be the main source of the supply of money. During those months, credits granted by the commercial banks grew by 21 048 million marks, and those granted by other credit institutions by 31 898 million. The State finances had now, by reason of heavier expenditure, an expansive effect on the supply of money, whereas the net foreign claims of the banking system remained more or less neutral in this respect.

#### SUMMARY

By the end of 1961, total production had risen 29 per cent above the trough of 1958. The corresponding increase in industry was 38 per cent. For the whole of 1961, the

	1961 1 000 mill. marks	Real change in 1961 per cent
<i>Total demand</i>		
Exports of goods and services ..	390	+6
Domestic gross investment .....	612	+7
Consumption		
Private consumption .....	901	+7
Public consumption .....	215	+7
Net transfers abroad .....	1	..
	Total 2 119	+6
<i>Total supply</i>		
Gross domestic product at market		
prices .....	1 706	+6
Imports of goods and services	413	+7
	Total 2 119	+6

gross domestic product in real terms was 6 per cent higher than that for 1960. The table above gives a preliminary estimate of the total demand and supply in 1961.

One point of interest in this table is that gross investment represented 36 per cent of the gross domestic product. Another is that public demand, and public consumption in particular, constituted a definitely expansive factor in 1961. It seems that the public sector stimulated consumption to a considerable degree, because the Government's actions to raise transfers of income at the beginning of the year entailed a substantial rise in the disposable income of households. The following table summarises the changes in the volume of production in different industries.

	Per cent
Agriculture .....	+ 3
Forestry .....	+ 5
Manufacturing .....	+ 8
House building .....	+ 6
Transport and communication ..	+ 5
Wholesale trade .....	+ 9
Retail trade .....	+12
Banking and insurance .....	+ 6
General government .....	+ 4
Other industries .....	+ 3

The weakened growth in exports, in combination with the continuing strong expansion of imports, resulted in a 31 000 million deficit in the balance of trade. Other services yielded a surplus of about 8 000 million marks. The total exchange of goods and services thus resulted in a deficit of about 23 000 million marks, against 12 000 million in 1960 (see p. 1.)

## ITEMS

**Presidential election.** The presidential election was held on February 15, 1962. Dr Urho Kekkonen received an absolute majority, 199 votes, in the first ballot and was thus elected President of the Republic for the term March 1, 1962, to March 1, 1968. (For elections to the electoral college see item in Bulletin Nos. 1—2, 1962).

\*

**Parliamentary election.** A new Diet was elected on February 4 and 5 for the next four-year term. Of the 2 734 036 electorate, the poll amounted to 84.5 per cent, a new election record. (For details see the next issue of the Bulletin).

\*

**Multilateral import treatment.** With effect from January 1, 1962, Japan, Sierra Leone and Tanganyika have been included in the group of countries to which are applicable licence-free imports and licensing under the global quota system. Following these additions, multilateral import treatment now covers imports from 85 countries with a combined share of about 81 per cent of the value of Finnish imports in 1960.

Simultaneously, licence-free imports were extended to cover many new commodities and commodity groups, including timber and paper products, certain metal and chemical products, various instruments, and paints and dyes. On the other hand, the deterioration in the export potentialities for

dairy products compelled the authorities to reintroduce restriction on the import of certain commodities which have so far been licence-free, i.e. oil seeds, animal and vegetable fats, and residues and waste from the food industries. The additions to and deletions from licence-free imports were of approximately equal value, and thus the level of import liberalization remained at about 80 per cent, calculated on the basis of 1954.

As regards the global quota program for 1962, each of the quotas has been increased by at least 20 per cent on the 1961 level. A number of global quotas have been increased over and above this figure, taking into account the value of the imports of various commodities from Japan in 1961.

\*

**New bond loan.** On January 25, the Government issued a Savings Bond Loan, intended for public subscription. The loan amounts to 3 000 million marks. The bonds are dated February 1, 1962 and will mature in six years. In 1963—1967, the bonds may be redeemed at their nominal value, but those who do not present their bonds for redemption until 1968 will receive, in addition, a capital bonus of 6 per cent on the nominal value. The rate of interest will rise evenly by 1—2 ¼ per cent in 1963—1967 above the general deposit rate of the two largest commercial banks.

# BANK OF FINLAND

## BOARD OF MANAGEMENT

KLAUS WARIS,  
*Governor*

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN  
*(Absent as a member of  
Government)*

REINO ROSSI

## SECRETARIES

U. A. VATANEN,  
*Credits*

PERTTI TAMMIVUORI,  
*Administration*

EERO ASP,  
*Foreign affairs*

JOUKO J. VOUTILAINEN,  
*Foreign affairs; Information*

K. IGNATIUS,  
*Administration*

## HEADS OF DEPARTMENT

G. ENGBERG,  
*Personnel*

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

P. BLOMQUIST,  
*Accounts*

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

A. KAJANTIE,  
*Control*

HELGE LINDSTRÖM,  
*Credits*

ARTHUR ASPELUND,  
*Cash*

EINO JUSSILA,  
*Office*

K. EIROLA,  
*Internal accounts*

A. NENONEN,  
*Foreign correspondence*

## INSTITUTE FOR ECONOMIC RESEARCH

HEIKKI VALVANNE,  
*Chief*

J. J. PAUNIO,  
*Research*