



BANK OF FINLAND

MONTHLY BULLETIN

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APRIL

1968

INCOMES POLICY

The linkage system in incomes and prices based on agreements and legislation has reached such dimensions in Finland since World War II that the substantial rise in import prices caused by the devaluation and increase in cost pressures due also to other factors, would have made it impossible to avoid an inflationary spiral without a change in incomes policy and without abolishing the prevailing income and price linkages. If developments had continued in this direction, the ensuing strain on the balance of payments could again be expected to impose very narrow limits on a policy of economic growth. Hence attempts have been made to achieve an overall solution in incomes policy through negotiations between the Government and the various interest organizations. A solution of this kind seems now to have been achieved.

The biggest labour market organizations and the Central Union of Agricultural Producers signed a comprehensive agreement on incomes policy on March 27. According to the agreement the so-called index clause in the collective agreements now in force will be cancelled; on the basis of this clause there would have been an increase in wages corresponding to that rise in the cost of living index which exceeds 4 per cent from November 1967 to November 1968. It was also agreed that from the beginning of 1969

wage increases should be in line with the average increase in productivity. Thus, wages will be raised by 16 pennies per hour for all wage earners. Multiplication of the number of working hours by the same rise gives the corresponding adjustment in monthly salaries. This means that the percentage increase will be greater, the lower the income bracket. In addition, measures will be taken with a view to improving the existing social security schemes for employees.

In accordance with the present law on agricultural prices, the target prices would again be increased in September 1968 and in March 1969. The agreement now stipulates, however, that the target prices of agricultural products will be raised by 2 per cent in June 1968 and again by the same percentage at the beginning of January 1969. The latter increase will, however, not take place if a new law on agricultural prices is passed before the end of 1968. This law will then provide the basis for fixing the target prices for the crop year 1969/70.

In order to ensure stabilization the organizations presuppose that the Government will submit a bill to Parliament requesting i.a.

On page 18, The Finnish Economy in 1967

necessary powers for safeguarding the development of the economy in 1968—1969. According to the bill, practically all index linkages are to be abolished, and the Government should be authorized — as far as circumstances necessitate — to control prices, rents, different charges and wages.

The linkages in the financial market, where the index clause has also been applied extensively, will be gradually dissolved. The banking institutions have already decided to discontinue accepting index deposits and they will also no longer apply the index clause in their lending. The Government has ceased the sale and emission of bonds with an index clause. The banks will, however, be charging an additional rate of interest of maximum 1 per cent until the amount accruing on the special index accounts controlled by the Bank of Finland equals the index compensations

payable on index deposits which were made before March 21, 1968 and which will run until December 1, 1968.

The agreement calls further for an intensification of macroeconomic planning and an evaluation of the aims of long-term growth policy. The participating organizations require that the production of information for incomes policy should be improved and that the crucial question of institutions and incomes policy procedures should be further investigated.

In order that the overall solution in incomes policy should actually fulfil expectations, co-operation in an atmosphere of mutual confidence between the Government and the interest organizations is needed in addition to the passing of the above-mentioned stabilization act with a five-sixths majority in Parliament.

April 1, 1968

BANK OF FINLAND

Mill. mk

	1967		1968			
	Dec. 30	Feb. 28	Feb. 29	March 8	March 15	March 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	798.8	698.1	1 094.9	1 143.9	1 129.4	1 123.2
Gold	188.8	144.0	187.8	187.8	187.8	187.8
IMF gold tranche	—	100.0	—	—	—	—
Foreign exchange	512.3	375.5	808.6	858.5	843.9	835.4
Foreign bills	72.5	53.7	73.3	72.4	72.5	70.6
Foreign bonds	25.2	24.9	25.2	25.2	25.2	29.4
<i>Supplementary note cover</i>	1 130.7	765.4	895.1	864.0	890.2	982.9
Inland bills discounted						
In foreign currency	122.5	39.5	75.7	75.7	75.7	52.3
In Finnish currency	140.7	88.0	136.5	137.6	136.5	138.3
Rediscounted bills	867.5	637.9	682.9	650.7	678.0	792.3
<i>Other assets</i>	707.7	490.6	619.5	576.2	577.6	531.1
Finnish bonds	370.5	354.0	388.4	342.6	343.5	297.3
Cheque accounts	4.0	3.2	2.7	3.6	3.8	3.6
Finnish coin	12.3	15.3	19.1	19.2	20.1	20.3
Other claims	320.9	118.1	209.3	210.8	210.2	209.9
Total	2 637.2	1 954.1	2 609.5	2 584.1	2 597.2	2 637.2
Liabilities						
<i>Notes in circulation</i>	1 052.1	991.7	956.6	926.4	930.6	940.9
<i>Liabilities payable on demand</i>	139.6	85.7	107.8	104.4	94.4	111.4
Foreign exchange accounts	74.7	47.2	66.1	65.5	67.9	67.4
Mark accounts of holders abroad	14.1	13.4	10.0	10.4	10.4	10.3
Cheque accounts						
Treasury	4.4	0.3	2.7	0.3	2.2	10.7
Post Office Savings Bank	17.2	1.7	1.1	0.0	0.4	8.9
Private banks	9.8	2.2	13.4	13.7	—	1.2
Other	1.8	1.5	1.8	1.9	2.0	1.8
Other sight liabilities	17.6	19.4	12.7	12.6	11.5	11.1
<i>Term liabilities</i>	553.1	194.8	659.9	663.7	677.6	698.2
Foreign	339.5	84.6	339.3	339.3	339.3	339.3
Finnish	213.6	110.2	320.6	324.4	338.3	358.9
<i>Equalization accounts</i>	422.0	230.3	407.2	411.0	415.6	406.2
<i>Bank's own funds</i>	470.4	451.6	478.0	478.6	479.0	480.5
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	129.5	129.5	150.0	150.0	150.0	150.0
Profits undisposed	—	16.9	20.4	20.4	20.4	20.4
Earnings less expenses	40.9	5.2	7.6	8.2	8.6	10.1
Total	2 637.2	1 954.1	2 609.5	2 584.1	2 597.2	2 637.2
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	798.8	698.1	1 094.9	1 143.9	1 129.4	1 123.2
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	700.0	700.0	700.0	700.0	700.0
Total	1 498.8	1 398.1	1 794.9	1 843.9	1 829.4	1 823.2
Note issue						
Notes in circulation	1 052.1	991.7	956.6	926.4	930.6	940.9
Liabilities payable on demand	139.6	85.7	107.8	104.4	94.4	111.4
Undrawn on cheque credits	3.1	3.9	4.8	3.8	3.8	3.9
Unused right of note issue	304.0	316.8	725.7	809.2	800.6	767.0
Total	1 498.8	1 398.1	1 794.9	1 843.9	1 829.4	1 823.2

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

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	— 1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	— 14.8	4.4	— 10.9
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	— 1.1	1.1	6.1
Feb.	619.5	47.2	572.3	78.6	98.0	552.9	8.3	— 1.1	0.3	6.9
March	595.3	49.9	545.4	77.4	97.8	525.0	8.3	— 1.1	2.4	4.8
April	714.6	60.8	653.8	79.5	171.9	561.4	8.3	— 1.1	1.3	5.9
May	699.3	60.7	638.6	75.3	171.9	542.0	8.3	— 1.1	4.9	2.3
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	— 1.1	2.3	4.9
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	— 1.1	4.9	2.3
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	— 1.1	23.6	— 16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	— 1.1	1.0	6.2
Oct. ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	— 1.3	10.6	— 3.6
Nov.	878.6	71.9	806.7	106.8	357.4	556.1	8.3	— 2.3	18.4	— 12.4
Dec.	701.1	74.7	626.4	97.7	353.6	370.5	8.3	— 14.8	4.4	— 10.9
1968										
Jan.	811.2	67.8	743.4	98.6	350.5	491.5	4.1	— 63.6	0.3	— 59.8
Feb.	996.4	66.1	930.3	98.5	349.3	679.5	4.1	— 118.2	2.7	— 116.8

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 30, 1967			Net holdings, Feb. 29, 1968			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Feb.	Jan.—Feb.
	Gold	189	—	189	188	—	188	—1	—1
Convertible currencies	458	—295	163	710	—408	302	+102	+139
Other currencies	— 21	—1	— 22	32	2	34	+23	+56
Total	626	—296	330	930	—406	524	+124	+194

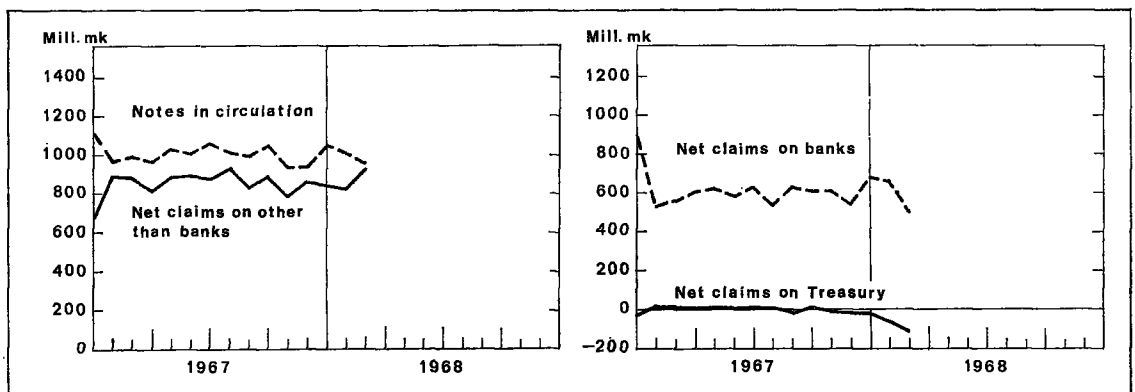
¹⁾ Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1961	294.6	44.7	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	- 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	- 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1967										
Jan.	611.1	73.4	5.3	- 1.2	533.6	106.8	157.0	57.7	206.1	968.7
Feb.	637.9	64.5	14.7	- 0.7	559.4	88.0	152.5	55.4	185.1	991.7
March	728.5	101.4	29.7	- 1.0	598.2	98.2	158.1	59.9	196.4	964.9
April	753.2	115.6	28.8	- 1.3	610.1	107.9	155.7	60.0	203.6	1 033.5
May	774.2	120.7	75.6	- 5.0	582.9	95.8	166.8	60.8	201.8	1 010.6
June	775.1	125.4	22.7	- 1.3	628.3	82.3	203.8	58.5	227.6	1 062.1
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	1 019.8
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6
Nov.	780.2	170.9	69.1	0.2	540.0	113.9	295.5	51.8	357.6	937.9
Dec.	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968										
Jan.	833.9	153.9	19.5	0.1	660.4	149.3	362.3	49.8	461.8	1 010.3
Feb.	682.9	163.8	18.4	0.1	500.6	136.5	283.6	49.1	371.0	956.6

¹⁾ Including cash reserve accounts in 1961 and from February 1967.



DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967*	649.8	833.8	340.9	4 080.8	3 652.5	2 437.7	941.2	431.3	11 543.7	12 718.4
1967*										
Jan.	655.4	832.5	325.4	3 671.0	3 372.9	2 250.3	883.8	384.8	10 563.1	11 721.0
Feb.	649.8	823.8	381.9	3 700.9	3 413.2	2 275.9	897.9	389.1	10 677.2	11 882.9
March	616.5	801.3	340.1	3 723.5	3 448.5	2 312.3	906.8	399.1	10 783.2	11 924.6
April	559.8	731.8	351.6	3 758.3	3 466.1	2 323.7	908.0	394.2	10 850.5	11 933.9
May	596.1	777.8	337.6	3 782.6	3 596.1	2 348.4	908.3	392.1	10 928.7	12 044.1
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9
Nov.	663.0	850.5	310.9	3 879.2	3 543.0	2 354.7	912.2	398.5	11 087.8	12 249.2
Dec.	649.8	833.8	340.9	4 080.8	3 652.5	2 437.7	941.2	431.3	11 543.7	12 718.4
1968*										
Jan.	622.3	788.2	444.8	4 049.8	3 645.9	2 432.7	954.9	422.7	11 506.3	12 739.3
Feb.	672.5	841.1	407.1	4 148.5	3 704.1	2 475.8	967.4	421.8	11 717.9	12 966.1

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1967*			
April	2 636.1	8.6	780.0
May	2 748.4	1.1	748.5
June	2 810.1	0.2	731.5
July	2 891.9	0.2	711.1
Aug.	2 961.7	—	699.2
Sept.	3 049.4	—	687.2
Oct.	3 529.1	—	680.0
Nov.	3 745.1	—	645.1
Dec.	4 001.2	—	612.3
1968*			
Jan.	4 272.0	—	561.9
Feb.	4 409.0	—	525.3

Selling rates for foreign exchange			
April 1, 1968			
		mk	mk
New York	1 \$	4.1890	Zurich 100 Fr 96.80
Montreal	1 \$	3.8710	Paris 100 FF 85.00
London	1 £	10.0650	Rome 100 Lit 0.6717
Stockholm ..	100 Kr	81.05	Vienna 100 S 16.20
Oslo	100 Kr	58.67	Lisbon 100 Esc 14.67
Copenhagen ..	100 Kr	56.20	Reykjavik 100 Kr 7.38
Frankfurt o. M.	100 DM	105.20	Madrid 100 Pta 6.03
Amsterdam ..	100 Fl	116.01	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.4350	Clearing dollars ²⁾ 1 Cl \$ 4.212

¹⁾ Also Bucharest.²⁾ Berlin, Budapest, Prague, Sofia, Warsaw.

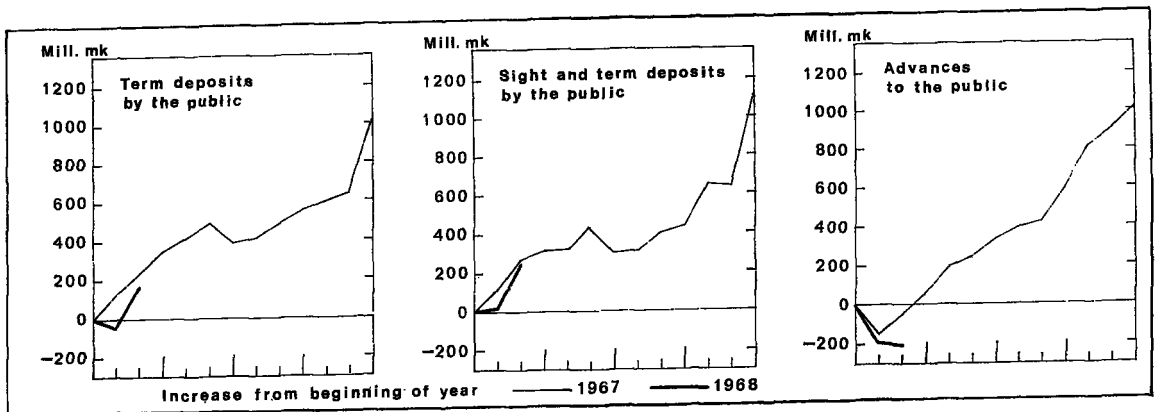
ADVANCES TO THE PUBLIC — MONEY SUPPLY

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
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967*	5 203.7	3 247.0	869.0	2 778.4	1 026.9	12 598.1	526.9	13 125.0	2 183.0
1967*									
Jan.	4 716.4	2 955.7	793.9	2 593.2	905.6	11 494.2	470.6	11 964.8	2 050.2
Feb.	4 793.3	2 969.8	804.6	2 590.2	901.2	11 570.9	488.2	12 059.1	2 112.8
March	4 857.3	2 978.6	819.1	2 600.9	901.0	11 632.5	524.4	12 156.9	2 042.7
April	4 912.3	3 011.0	830.0	2 616.2	926.2	11 766.6	529.1	12 295.7	2 084.7
May	4 920.4	3 044.2	825.7	2 633.5	928.7	11 846.7	505.8	12 352.5	2 080.8
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	2 105.1
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. 1)	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6
Nov.	5 114.3	3 238.7	861.0	2 764.8	1 033.6	12 504.5	507.9	13 012.4	2 059.7
Dec.	5 203.7	3 247.0	869.0	2 778.4	1 026.9	12 598.1	526.9	13 125.0	2 183.0
1968*									
Jan.	5 140.2	3 242.5	876.0	2 648.7 ²⁾	1 026.1	12 437.6	495.9	12 933.5	2 201.7
Feb.	5 130.9	3 242.3	890.8	2 632.7	1 019.0	12 413.6	502.1	12 915.7	..

1) See footnote on page 4.

2) New series.



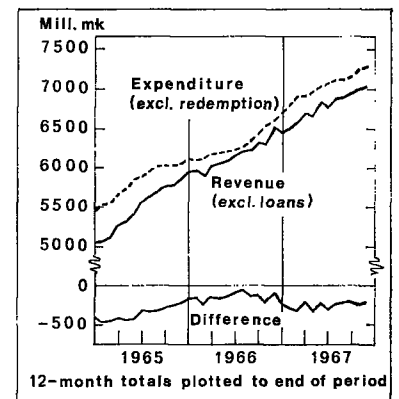
STATE FINANCES

Mill. mk

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

¹⁾ According to the calculations by the Economic Department of the Ministry of Finance.

Debt	1965	1966	1967		1968	
	Dec.	Dec.	Nov.	Dec.*	Jan.*	Feb.*
External debt	1 175	1 337	1 869	1 844	1 845	1 839
Ordinary loans	1 661	1 980	2 010	2 016	1 970	1 969
Indemnity bonds etc.	203	93	2	2	2	2
Short-term credit ..	163	95	109	160	..	..
Cash debt (net)	-101	-119	-187	..	..	..
Internal debt	1 926	2 049	1 934	..	..	..
Total debt	3 101	3 386	3 803	..	..	..
Total debt, mill. \$	962	1 050	905	..	..	..



BALANCE OF PAYMENTS

Mill, mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1962	3 515	3 948	-433	+201	-112	+ 71	-273	- 47	+ 5	-315
1963	3 658	3 878	-220	+220	-100	+ 74	- 26	- 70	+ 6	- 90
1964	4 109	4 831	-722	+306	-115	+ 42	-489	-101	+ 3	-587
1965	4 542	5 287	-745	+318	-108	+ 21	-514	-131	+ 15	-630
1966	4 784	5 542	-758	+326	- 96	+ 12	-516	-150	+ 3	-663
1967*	5 196	5 812	-616	+353	- 88	- 7	-358	-204	+ 0	-562
Jan.-Mar.										
1965	924	1 246	-322	+ 58	- 23	+ 15	-272	- 31	+ 1	-302
1966	879	1 247	-368	+ 66	- 23	+ 10	-315	- 38	+ 0	-353
1967	1 088	1 347	-259	+ 91	- 24	- 2	-194	- 57	- 1	-252
Apr.-June										
1965	1 141	1 406	-265	+ 90	- 34	+ 12	-197	- 31	+ 3	-225
1966	1 247	1 397	-150	+108	- 31	- 8	- 81	- 36	- 2	-119
1967	1 242	1 398	-156	+ 90	- 34	+ 6	- 94	- 39	+ 1	-132
July-Sept.										
1965	1 210	1 281	- 71	+ 85	- 25	+ 13	+ 2	- 25	+ 0	- 23
1966	1 275	1 359	- 84	+ 67	- 17	+ 1	- 33	- 40	+ 2	- 71
1967	1 241	1 256	- 15	+107	- 18	- 3	+ 71	- 63	+ 3	+ 11
Oct.-Dec.										
1965	1 267	1 354	- 87	+ 85	- 26	- 19	- 47	- 44	+ 11	- 80
1966	1 383	1 539	-156	+ 85	- 25	+ 9	- 87	- 36	+ 3	-120
1967*	1 625	1 811	-186	+ 65	- 12	- 8	-141	- 45	- 3	-189

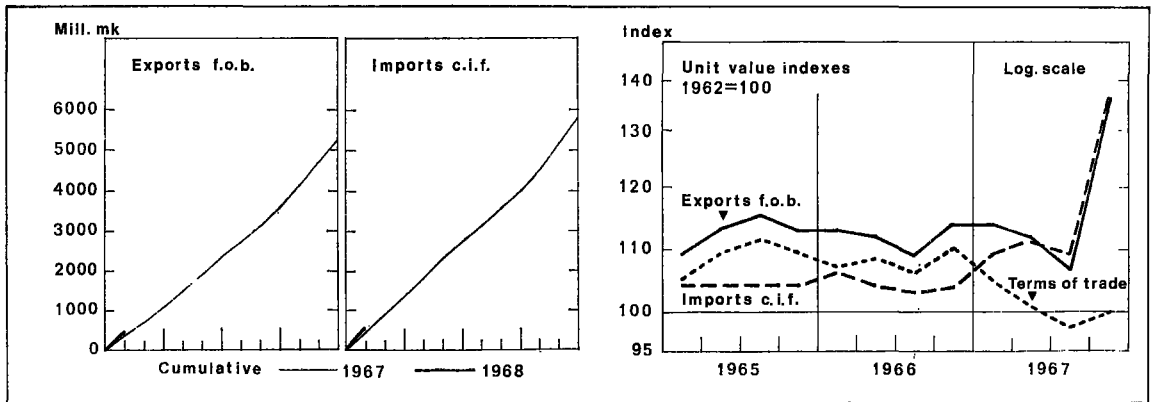
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1962	+271	-134	..	- 9	-187	- 74	- 43	+261	- 43	+ 43	..
1963	+513	-164	..	- 23	+236	-109	- 22	+ 7	+112	-112	..
1964	+762	-228	- 31	- 11	- 95	+112	+ 55	+107	+179	-179	..
1965	+434	-273	- 66	+ 3	-532	+146	+ 34	+ 69	-283	+202	+ 81
1966	+518	-271	- 61	- 32	-509	+ 53	-114	+215	-355	+321	+ 34
1967*	+910	-406	- 33	+ 8	- 83	-112	- 56	+143	-108	+ 84	+ 24
Jan.-Mar.											
1965	+121	- 79	- 2	+ 3	-259	+ 51	+137	+ 1	- 70	+ 86	- 16
1966	+ 89	- 60	+ 2	- 15	-337	+ 43	+243	+ 18	- 33	+ 38	- 5
1967	+192	- 66	+ 12	+ 5	-109	- 48	+ 85	+ 81	+ 9	- 50	+ 41
Apr.-June											
1965	+ 84	- 49	- 16	+ 5	-201	+108	- 48	+ 7	-134	+170	- 36
1966	+116	- 52	- 36	+ 3	- 88	+ 19	-114	+ 69	-114	+121	- 7
1967	+315	- 62	+ 2	+ 4	+127	+ 44	+ 71	-162	+ 80	-105	+ 25
July-Sept.											
1965	+ 55	- 88	+ 2	- 6	- 60	+ 25	- 70	+ 29	- 76	+ 39	+ 37
1966	+111	- 67	- 9	+ 20	- 16	- 3	-121	+ 49	- 91	+ 45	+ 46
1967	+251	- 92	- 13	+ 4	+161	- 95	- 53	+ 45	+ 58	- 77	+ 19
Oct.-Dec.											
1965	+174	- 57	- 50	+ 1	- 12	- 38	+ 15	+ 32	- 3	- 93	+ 96
1966	+202	- 92	- 18	- 40	- 68	- 6	-122	+ 79	-117	+117	± 0
1967*	+152	-186	- 34	- 5	-262	- 13	-159	+179	-255	+316	- 61

Assets: increase —, decrease +. Liabilities: increase +, decrease —.

¹⁾ Including Direct investment net.

FOREIGN TRADE

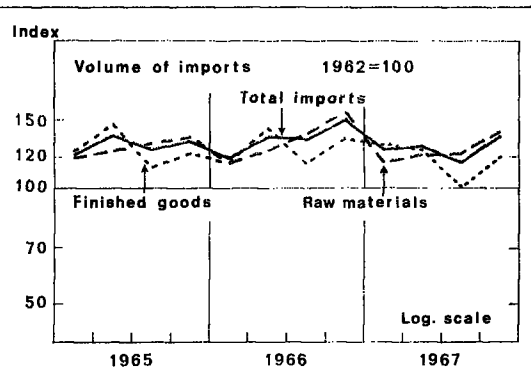
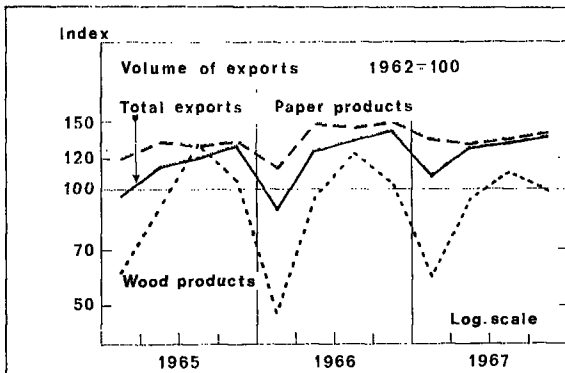
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1962	3 533.1	3 928.7	-395.6	100	100	100	100	100	100	100
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 266.1	-700.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967*	5 230.3	5 794.4	-564.1	116	112	124	111	119	114	102
1966 Oct.	460.6	489.0	- 28.4	114	112	120	105	130	104	110
Nov.	437.5	491.2	- 53.7							
Dec.	518.7	556.9	- 38.2							
1967* Jan.	365.1	467.7	-102.6	114	108	119	106	130	109	105
Feb.	343.9	443.4	- 99.5							
March	378.5	434.0	- 55.5							
April	397.4	487.3	- 89.9	112	110	118	106	120	111	101
May	404.4	481.9	- 77.5							
June	457.5	421.8	+ 35.7							
July	372.8	400.7	- 27.9	107	109	118	106	101	109	98
Aug.	411.3	430.7	- 19.4							
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1	136	134	140	127	153	136	100
Nov.	529.9	615.8	- 85.9							
Dec.	542.3	649.3	-107.0							
1968* Jan.	458.6	533.9	- 75.3							



FOREIGN TRADE BY MAIN GROUPS

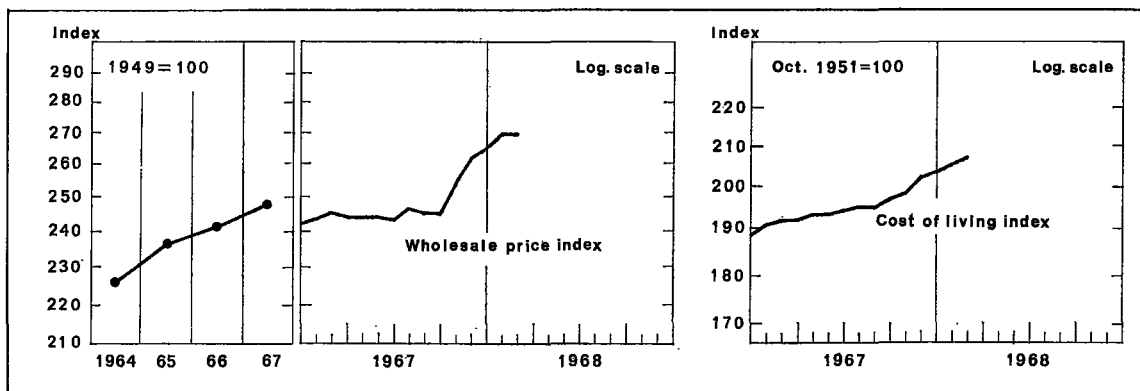
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1962	144.5	189.5	770.3	1 588.8	662.6	177.4	1 762.6	371.2	1 144.9	650.0
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	877.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967*	261.4	54.3	865.7	2 384.5	1 079.7	584.7	2 545.9	668.2	1 462.8	1 117.5
1966										
Oct.	17.6	5.3	85.1	203.1	99.8	49.7	229.6	60.0	108.3	91.1
Nov.	17.5	5.1	73.8	196.2	93.2	51.7	225.8	54.6	112.3	98.5
Dec.	33.5	5.3	79.6	216.1	137.5	46.7	246.4	59.3	153.5	97.7
1967*										
Jan.	30.1	2.2	52.5	188.6	58.7	33.0	203.0	62.4	114.5	87.8
Feb.	11.6	2.2	41.0	180.5	74.4	34.2	176.9	38.5	134.0	94.0
March	15.6	3.2	41.5	199.0	79.0	40.2	176.8	41.4	121.8	94.0
April	30.9	5.8	56.9	187.1	72.1	44.6	203.1	54.6	128.7	100.9
May	15.0	5.2	71.6	190.0	78.1	44.5	212.2	49.0	129.7	91.0
June	24.6	5.0	85.6	175.7	118.5	48.1	184.6	46.3	120.6	70.3
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.8	85.2
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3
Nov.	19.5	4.1	96.3	231.1	120.2	58.7	289.0	86.1	119.0	121.7
Dec.	42.0	3.1	79.0	243.0	108.9	66.3	268.3	75.9	186.8	118.3
1968*										
Jan.	28.8	4.0	66.2	205.4	105.7	48.5	236.1	96.0	103.0	98.8



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year		January			Whole year		January		
	1966	1967*	1967*	1968*		1966	1967*	1967*	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.6	22.8	23.4	23.1	105.9	16.6	15.8	14.5	12.3	65.5
United Kingdom	20.5	20.9	21.8	22.0	100.8	16.1	15.2	14.0	12.0	63.9
Other OECD countries										
in Europe	46.7	44.0	49.5	53.2	244.1	53.8	53.9	52.6	52.3	279.4
Austria	0.4	0.5	0.4	0.6	2.7	0.9	1.0	0.8	1.0	5.6
Belgium-Luxembourg	3.1	2.6	2.3	2.6	11.8	1.9	2.0	2.1	2.1	10.9
Denmark	3.5	3.8	4.1	3.3	15.4	3.5	3.3	2.9	2.8	14.9
France	4.5	4.3	4.7	4.7	21.6	4.3	3.7	7.4	3.8	20.1
Western Germany	11.0	8.6	10.4	10.7	49.1	17.0	16.2	15.7	15.7	83.7
Italy	3.0	3.1	3.7	3.3	15.1	2.0	2.0	2.1	1.9	10.4
Netherlands	5.8	5.1	6.8	6.2	28.3	3.6	3.8	4.1	3.1	16.5
Norway	1.9	2.4	2.2	6.2	28.6	2.1	2.3	1.6	2.2	12.0
Portugal	0.4	0.2	0.2	0.4	1.7	0.3	0.4	0.4	0.5	2.8
Spain	1.2	1.0	1.3	0.5	2.5	0.4	0.4	0.7	0.5	2.6
Sweden	8.8	9.7	10.4	10.4	47.8	14.1	15.4	11.3	14.8	79.0
Switzerland	0.9	1.0	1.2	1.9	8.6	3.1	3.0	2.9	3.2	17.2
Eastern Bloc	18.7	21.2	14.6	10.5	47.9	19.8	20.4	24.1	26.4	141.2
China	0.6	0.8	0.2	—	—	0.5	0.6	0.6	0.2	0.9
Czechoslovakia	0.8	0.5	0.7	0.2	0.7	0.6	0.6	0.5	1.0	5.3
Eastern Germany	1.0	0.7	0.5	0.4	2.0	0.9	0.9	0.7	1.1	6.0
Poland	1.4	1.3	0.7	0.7	3.0	1.6	1.5	1.3	1.1	6.0
Soviet Union	14.1	17.1	11.6	8.3	38.2	15.5	16.1	20.5	21.9	117.1
U.S. and Canada	6.6	6.0	7.4	7.5	34.6	4.9	4.2	5.1	4.6	24.5
United States	6.4	5.8	7.2	7.4	33.9	4.5	3.9	4.4	4.4	23.5
Latin America	2.9	2.9	2.4	3.6	16.4	2.7	2.7	1.8	2.1	11.1
Argentina	1.0	1.0	1.0	0.8	3.4	0.3	0.2	0.1	0.1	0.4
Brazil	0.4	0.7	0.6	0.9	4.0	1.2	1.1	0.9	1.3	6.6
Colombia	0.6	0.3	0.2	0.5	2.4	0.7	0.8	0.5	0.5	2.8
Other	2.5	3.1	2.7	2.1	9.7	2.2	3.0	1.9	2.3	12.2
Grand total	100.0	100.0	100.0	100.0	458.6	100.0	100.0	100.0	100.0	533.9
of which										
EFTA countries	36.4	38.5	40.3	44.8	205.6	40.0	40.6	34.0	36.6	195.3
EEC countries	27.5	23.5	27.9	27.5	125.9	28.8	27.7	31.4	26.5	141.7



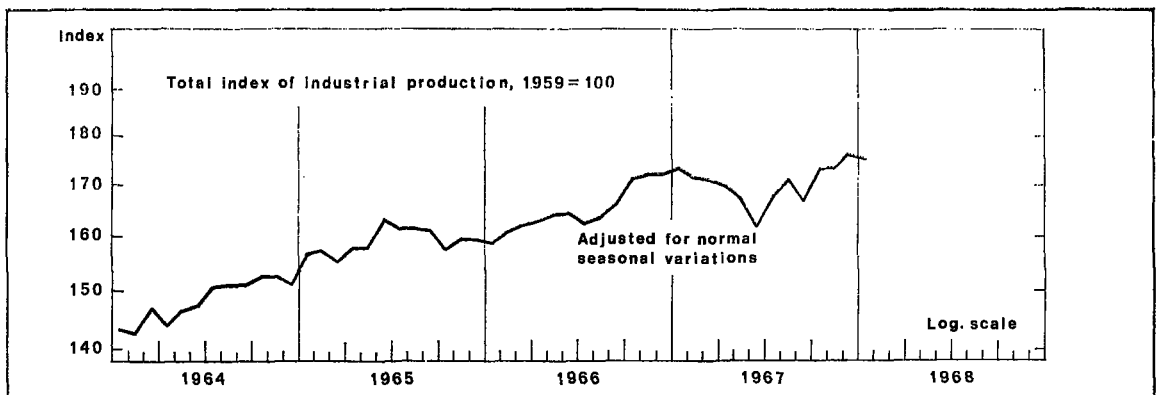
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1967	248	254	225	246	241	253	276	236	240	114	121	107
1967												
Feb.	245	253	216	243	233	251	276	232	235	112	119	106
March	244	251	216	243	233	248	273	232	235	112	119	106
April	244	251	216	242	236	248	271	231	235	112	119	105
May	244	251	216	242	236	248	273	230	235	112	119	105
June	243	250	217	242	236	247	271	231	234	114	123	106
July	246	254	216	241	235	254	279	230	236	114	123	106
Aug.	245	253	216	241	235	254	277	230	236	114	123	106
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109
Nov.	262	264	256	260	262	265	285	252	255	119	123	111
Dec.	264	265	258	262	266	266	285	254	258	120	123	112
1968												
Jan.	269	272	258	265	273	273	294	257	262	124	130	113
Feb.	269	273	257	265	273	274	290	257	265	124	130	113

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
1965	178	195	377	115	109	173	140	144	140	111	135	141
1966	185	202	392	119	111	182	145	149	145	116	138	148
1967	195	212	408	130	115	196	153	156	151	126	143	160
1967												
Feb.	192	206	403	128	114	193	151	151	149	124	142	158
March	192	206	403	128	115	194	151	152	149	125	143	158
April	193	207	403	129	115	194	151	152	149	125	143	158
May	193	209	403	129	115	195	152	153	149	125	143	159
June	194	210	403	129	115	194	152	154	149	125	143	158
July	195	212	407	129	115	195	153	156	151	126	143	159
Aug.	195	212	407	130	115	195	153	156	151	126	143	159
Sept.	197	216	407	130	116	196	154	159	151	126	143	160
Oct.	198	217	419	130	116	197	156	159	155	126	144	161
Nov.	202	223	419	132	117	202	159	164	155	128	146	164
Dec.	203	222	419	140	118	203	159	163	155	136	147	165
1968												
Jan.	205	223	424	141	120	207	161	164	157	137	149	169
Feb.	207	224	424	142	121	208	162	165	157	138	150	170

PRODUCTION—INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966	166	159	173	154	118	191	162	165	165	46 507	174
1967*	170	165	176	162	119	189	163	171	170	44 963	181
1966											
Aug.	167	149	171	165	100	196	149	175	164	1 793	178
Sept.	178	173	184	168	121	206	176	177	166	2 630	199
Oct.	186	176	196	169	111	215	181	189	172	3 116	188
Nov.	182	176	191	167	104	208	181	186	172	3 048	188
Dec.	168	168	176	151	107	186	169	168	172	3 688	200
1967*											
Jan.	176	173	185	161	111	203	174	173	173	3 835	140
Feb.	170	175	176	159	130	187	175	166	171	5 079	161
March	174	181	180	165	134	196	177	168	171	5 029	177
April	181	177	187	170	140	205	175	182	170	4 492	191
May	171	168	176	165	136	186	169	171	167	9 435	190
June	157	159	156	160	107	157	157	163	162	2 148	175
July	123	80	136	111	92	185	76	124	167	955	159
Aug.	173	154	177	174	113	196	155	182	171	1 978	189
Sept.	176	170	181	171	117	197	168	180	167	2 488	197
Oct.	190	191	194	182	120	202	187	196	173	3 166	223
Nov.	184	184	192	171	122	188	183	190	173	2 969	184
Dec.	164	168	171	149	108	171	165	162	176	3 389	182
1968*											
Jan.	180	176	187	167	119	201	177	174	175	3 509	137

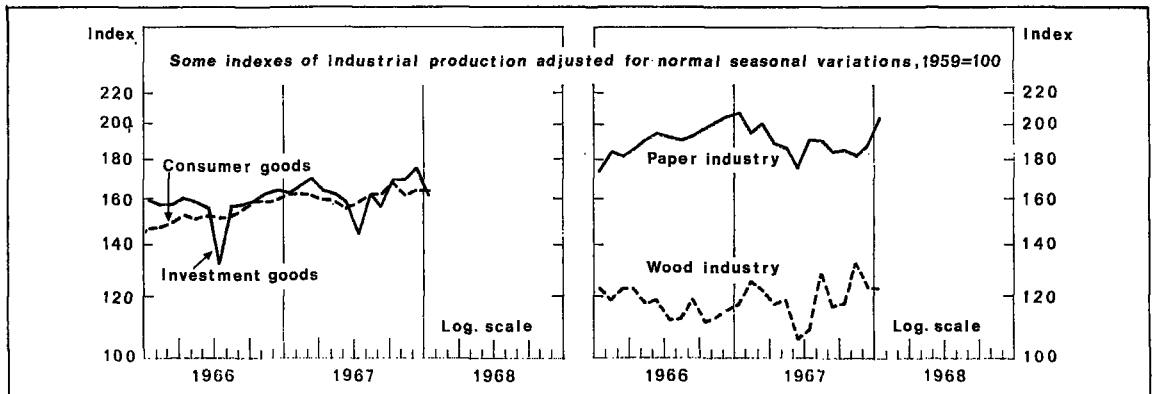


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	154	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	36.34	192	197	200	190
1966 July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	198	197	215	195
1966 Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967* Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	202	205	218	201
1967* Apr.-June	..	..	..	..	..	..	205	216	218	203
1967* July-Sept.	..	..	..	..	..	..	209	213	230	209

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				1 000 man-months		% of total labour force	
	1967	1968*	1967*	1968*	1967*	1968*	1966	1967*	1966	1967*
Jan.	123	114	840	885	692	772	1 896	1 846	2.2	3.1
Feb.	125	115	615	723	502	603	1 869	1 836	2.4	3.1
March	133		756		627		1 877	1 824	2.1	2.6
April	140		834		676		1 905	1 848	2.0	2.5
May	129		1 119		972		1 953	1 918	1.3	2.1
June	124		1 386		1 240		1 905	1 883	1.0	2.1
July	116		1 511		1 390		1 728	1 656	0.9	2.2
Aug.	130		1 436		1 371		1 833	1 791	1.1	2.4
Sept.	126		1 240		1 063		1 969	1 880	1.0	2.6
Oct.	136		1 169		936		1 955	1 906	1.4	3.3
Nov.	127		1 090		897		1 955	1 889	1.5	3.9
Dec.	105		1 039		870		1 912	1 835	2.0	4.3



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* — Advances for stand-by stocks — Finnish term liabilities (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

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

DEPOSITS BY THE PUBLIC —
ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

BALANCE OF PAYMENTS

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

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 10): The indexes are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6) and Finnish Farmers' Party 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1966): 4.6 million. Sweden 7.8, Switzerland 6.0, Denmark 4.8 and Norway 3.8 million.

DENSITY OF POPULATION (1967): In South Finland 26.0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1967): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 528 300 inhabitants, Tampere (Tammerfors) 150 200, Turku (Åbo) 148 100.

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

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

EDUCATION (1967): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1966): births 16.7 ‰, deaths 9.4 ‰, increase 5.4 ‰. Deaths in France 10.7 ‰, and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1966, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 144 (9 %), forestry and fishing 1 843 (8 %), manufacturing 7 203 (29 %), construction 2 406 (10 %), transport and communication 1 798 (7 %), commerce, banking and insurance 3 263 (13 %), public administration 1 073 (4 %), other services 4 898 (20 %), total 24 628. Index of real domestic product 170 (1954 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1965): Gross value of industrial production 19 400 mill. marks, number of workers 352 500, salaried employees 80 800, motive power (1965) 4.0 mill. kW. Index of industrial production 159 for 1965 (1959 = 100).

RAILWAYS (Jan. 1, 1968): Length 5 636 km, of which 5 607 km are State and 29 km private railways.

MERCHANT FLEET (Feb. 29, 1968): Steamers 92 (151 352 gross reg. tons), motor vessels 413 (946 119 gross reg. tons), sailing vessels with auxiliary engines 17 (2 448 gross reg. tons). Total 522 (1 099 919 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1967): Passenger cars 551 200, lorries and vans 92 900, buses 7 400, others 4 200. Total 655 700.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1967): Kilometres flown 15.7 million, passengers carried 897 605, passenger kilometres 455.0 million, and ton kilometres of freight and mail 7.5 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1967). There are two big and four small commercial banks with in all 809 offices, 353 savings banks, 479 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pension Institute and sixty-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

THE FINNISH ECONOMY IN 1967

BY

HENRI J. VARTIAINEN, D.Pol.Sc. and KARI PEKONEN, M.Sc. (Econ.)
FELLOWS OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

Various economic statements given at the outset of 1967 carried an undertone of pessimism and exhortation. Though the growth of output during the last quarter of 1966 had been promising, it was felt that the strategic demand factors were on the verge of decline. Monetary and fiscal policy prepared itself, for a third year in succession, to strike the delicate balance between a restrictive policy and expansive economic measures. The former was dictated by the persistent imbalance in the country's external accounts; stimulating measures, on the other hand, were deemed imperative to check the unfavourable effects of the sluggish growth and to bring about an expansion which would abolish the said imbalance.

The volume of total output had certainly been growing at an annual rate of 9 per cent within the year 1966; this represented, however, a recovery from a previous temporary slump towards the end of 1965, so that the total annual change in 1966 amounted to no more than 2 per cent. Up to the first quarter of 1967 this same rate was maintained. The attained level of output, however, proved to be a plateau, if not a ceiling for subsequent development, and the GNP declined from this level on the second and third quarters of 1967.

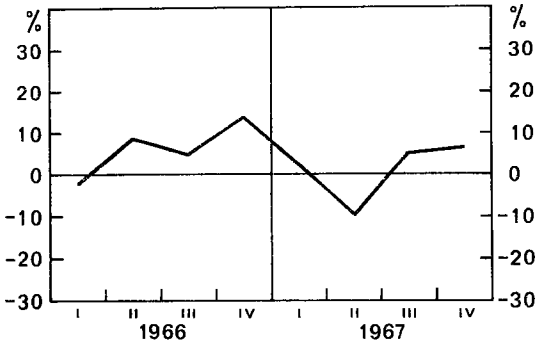
The volume of exports grew briskly during the first quarter but dropped sharply in the

second. Compared to the year before, the first half-year nevertheless showed an increase of close to 15 per cent. The exports of traditional wood and paper products to Western markets stagnated, while the development of bilateral exports, particularly metal industry products, was more favourable. Exports of miscellaneous consumer goods also fared quite well.

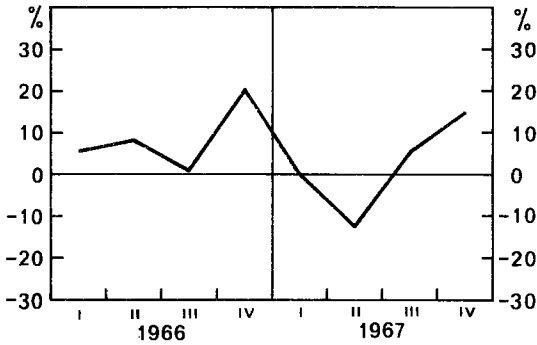
From the beginning of the 1960's Finnish imports have been tending to grow faster than exports. The ensuing disequilibrium in the balance of payments has been covered partly by foreign borrowing and partly by running down the foreign exchange reserves. Measures have been taken to curb the growth in demand and thereby in imports, and to stimulate exports. In 1967 income tax rates and some indirect taxes were raised, and new restrictions were imposed on the use of import credits. With regard to the growth in imports, these measures can be credited with some success during the first half-year; compared to the year before, the volume of imports had grown by less than 3 per cent in January—June. However, the trade deficit still amounted to almost 400 million marks or only 120 million less than in January—June 1966. In March a stand-by credit was negotiated from the International Monetary Fund to strengthen the foreign exchange reserves.

SELECTED ECONOMIC INDICATORS, RATES OF CHANGE IN VOLUME PER CENT, PER ANNUM. ADJUSTED FOR SEASONAL VARIATIONS.

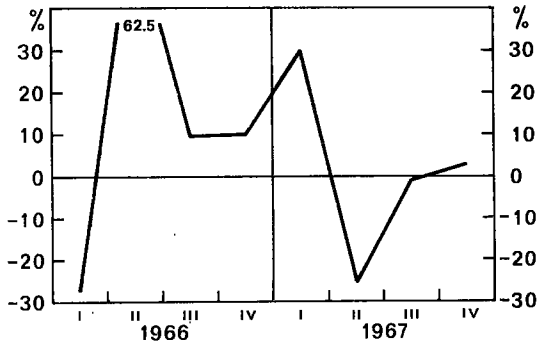
GROSS DOMESTIC PRODUCT



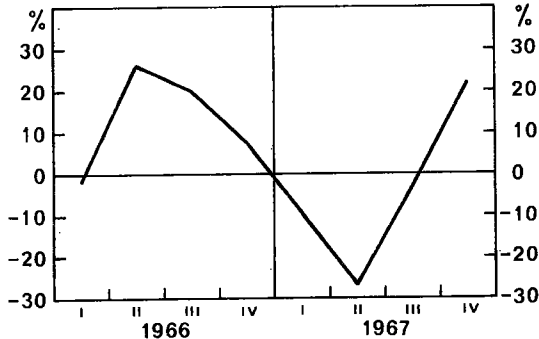
INDUSTRIAL PRODUCTION



EXPORTS



IMPORTS



The prevailing harsh economic climate was clearly reflected in investment demand. Residential building had experienced a short-lived boom at the end of 1966 and beginning of 1967, but displayed a declining trend after this, due to stringency on the financial markets and weakness of effective demand, in conjunction with legislative changes which made residential housing a less attractive object for investment funds. An even steeper drop could be noted in purchases of new machinery and equipment.

Consumption demand in real terms continued to grow at a more than average rate. The growth of disposable household income was held back by higher taxation, but this was more than offset by a rise in the propensity to consume and by such changes in income redistribution which favoured consumption demand.

During the first half-year almost all branches of industrial production suffered a setback. In part this was due to the extended application of the five-day working week, also partly — as in the wood and paper industry — to the weakness of demand. The volume of production, though no longer growing, still exceeded the first half-year of 1966 by 5 per cent. The increase in the consumer goods industry was above average, and exports compensated for the domestic slack in the investment goods industry. Timber fellings held up during the first but shrank during the second quarter.

The rate of unemployment (seasonally adjusted) continued to rise from the opening months; on top of the customary seasonal unemployment during the early months, manpower was being released from forestry and house construction, and the manufacturing industries were not able to increase their demand for labour correspondingly. Consequently, the unemployment percentage (seasonally adjusted) rose to 2.3 per cent of the labour force during the first half-year

(1.5 per cent during the first half-year 1966). This was partly due to the fact that public works were not made available to meet all the local and temporary contingencies (unemployment compensations were paid out instead); nevertheless it was evident that the economic resources of the country were not employed in an optimal manner.

As it seemed that a policy of austerity would thwart production and employment, and as forecasts indicated that with the present structure of costs it would not be possible to restore equilibrium in foreign trade at reasonable terms even within the next few years, the Finnish mark was devalued by 23.8 per cent on October 11. The par rates of exchange expressed in Finnish currency rose correspondingly by 31.25 per cent. The purpose of this decision was to improve the competitive position of Finnish industry as well as to relieve the pressure of imports. An opportunity would thus be created to initiate a new policy of growth and structural changes. In order to lessen the inflationary impact on domestic prices and costs, it was decided at the same time to impose a temporary export levy on the rise in export proceeds expressed in domestic currency. Certain other measures to curb the increase in the internal price level due to devaluation were introduced concurrently.

The devaluation did not have time to exert its full influence on the revival of productive activity during 1967. During the third and fourth quarters, however, the seasonally adjusted volume of total production rose again attaining the first-quarter level. This was partly due to the resumption of the six-day working week in the autumn. The increase in the seasonally adjusted unemployment figures persisted. On average, 2.9 per cent of the labour force was unemployed in 1967.

The following table gives a preliminary estimate of changes in total demand and supply.

	Yearly changes in real terms, per cent	
	1966	1967
Total demand		
Exports of goods and services ..	7	5
Gross domestic fixed capital formation	1	— 2
Private	3	— 2
General government	— 4	— 2
Consumption expenditure	4	4
Private	4	4
General government	4	4
Total	3	2
Total supply		
Gross domestic product at market prices	2	3
Imports of goods and services ..	5	— 2
Total	3	2

The volume of exports did not yet resume growth in the last quarter, notwithstanding devaluation. The year's increase was borne by metal industry products and miscellaneous articles. Private investment activity continued to fall with a decrease in volume of 2 per cent from 1966. Administrative investments also fell off, as many appropriations from the State budget were directed to other production sectors than administration. The disposable income of households increased in real terms by 2 per cent, but with a rising propensity to consume the volume of private consumption demand increased by 4 per cent. The volume of public consumption increased by 4 per cent.

By September, the volume of imports had been brought down below the previous year's level. The devaluation had hardly any noticeable effect in the last quarter because contracts for this period had in the main already been closed. The volume of commodity imports decreased in 1967 by more than 3 per cent. In the principal import categories, only that of fuels and lubricants increased in real terms. Imports of consumer goods decreased sharply in the second quarter but rose again in the second half of the year, resulting in a decrease in real

terms by 2 per cent from 1966. The purchases of passenger cars declined by over 15 per cent.

The following table shows the changes in the volume of output in different sectors of the economy during the last two years.

	1966	1967
	Per cent	
Agriculture	0	-1
Forestry	-10	2
Industrial production	4	3
House construction	1	-1
Other construction	4	2
Transport	4	2
Commerce, banking, insurance ...	4	4
General government	4	4
Other services	5	4
Total	2	3

Total growth is seen to be slightly better than in 1966 but still below a reasonable full-employment rate of 4.5-5 per cent. Growth above average is noted only in the service industries. House construction and agricultural production declined.

The nominal level of earnings was 9 per cent higher than in 1966. Due to rises in consumer prices, real earnings rose, however, by less than 3 per cent. From December 1966 to December 1967 the cost of living index rose by 7.4 per cent. The upsurge in import prices of about 25 per cent in the last quarter raised this index by 2-3 per cent.

The State budget for 1967 was drawn up with the intention of securing a balance without excessive resort to long and short-term credit. Income tax rates were raised in higher brackets, likewise the corporate income tax, and the sales tax was raised from 10 to 11 per cent. Some other indirect charges and tariffs were stepped up and a new tax on insurance policies was introduced. The increase from 1966 in revenue and expenditure amounted to about 9 per cent. Real investment expenditure grew by only 3 per cent.

Although the value of exports increased considerably more (8.6 per cent) than the

value of imports (4.9), the trade deficit still amounted to some 600 million marks compared with 758 million marks in the previous year. The surplus of invisible transactions was reduced, mainly due to growing interest payments on foreign loans. The balance of current transactions thus showed a slight improvement of some 70 million marks from the 1966 deficit of 633 million marks. Net imports of long-term capital (including the IMF stand-by credit) increased from the previous year, and the foreign exchange reserves of the country increased by 23 million marks at current rates of exchange but decreased in terms of foreign currencies.

The liquidity position of the banks improved in the early months of the year and rediscounts fell in January below the 800 million mark target level set by the Bank of Finland. In addition to the normal seasonal variation this was due to the Treasury's drawing on a central bank loan carried over from 1966. Moreover, the foreign exchange reserves decreased by less than in the previous year due to an increase in non-convertible currencies. The banks' position was also eased by a decrease in State bond sales to the public, which favoured the growth of deposits.

In the second and third quarters the demand for credit increased and the liquidity position of the banks tightened towards the end of the year. Advances in 1967 increased by 1 014 million marks or 8.4 per cent (1 257 million and 11.6 per cent in 1966). The decrease of the growth rate was affected by the slow rate of expansion in production as well as by the strict monetary policy. The deposits in monetary institutions rose in 1967 by 1 091 million marks or 9.7 per cent (1 244 million and 12.4 per cent in 1966). The increase was wholly focused on indexed accounts, at the expense of other facilities; their growth amounted to 1 784 mil-

lion marks and accelerated in the post-devaluation period.

The Finnish economy in 1967 was characterized by a virtual cessation of growth in the face of a slackening export demand, suboptimal use of economic resources and a policy of restraint necessitated by considerations of external liquidity.

Judged by its actual results, the economic year 1967 may thus easily pass into oblivion; for its impact on economic policy and important national issues it has more relevance for the future. The greatly increased cost level accentuated the susceptibility of the

Finnish economy to fluctuations in international demand, and thus the need for structural changes and for an incomes policy more in line with international developments was clearly demonstrated. The illusion that domestic growth can be maintained and manipulated independently of competitor countries, while preserving the existing structure of the economy, was effectively dispelled by the devaluation. It offered an impetus to rapid and far-reaching structural changes, for which purposes the collection of export levies on windfall gains will, for its part, provide the requisite financing.

ITEMS

The New Cabinet. After the presidential election on February 15, according to custom Mr Paasio's Cabinet tendered its resignation to the President. The President invited the Governor of the Bank of Finland, Mr Mauno Koivisto, to form a new Cabinet. On March 22 Mr Koivisto announced the formation of the Cabinet in which the Social Democrats hold six seats, the Centre Party five, the People's Democrats three, the Social Democratic League one and the Swedish Party one. The Deputy Prime Minister and Minister of Education is Mr Johannes Virolainen (Centre Party), the Speaker in the present Parliament. The Minister for Foreign Affairs is Mr Ahti

Karjalainen (Centre Party), Member of the Board of Management of the Bank of Finland. The Ministers of Finance are Mr Eino Raunio (Soc. Dem.) and Mr Ele Alenius (People's Dem.), and the Ministers for Trade and Industry Mr Grels Teir (Swedish Party) and Mr Väinö Leskinen (Soc. Dem.). The Minister of Justice is Mr Aarre Simonen (Soc. Dem. League), Member of the Board of Management of the Bank of Finland. Compared with the previous Cabinet, the new one contains two Ministers for Trade and Industry (previously one), one Minister of Agriculture (previously two) and one new post of Minister without Portfolio in the Cabinet Office.

Board of Management of the Bank of Finland. At their meeting on March 28, 1968 the Bank Supervisors agreed to Prime Minister Manner-Koivisto's leave of absence as the Governor of the Bank and appointed Dr Reino Rossi, Deputy Governor of the Bank, as Acting Governor.

As Dr Ahti Karjalainen and Mr Aarre Simonen from the Board of Management of the Bank continue to be Members of the Cabinet, Dr Heikki Valvanne's interim membership of the Board will continue.

At the same meeting Director Jouko J. Voutilainen was appointed Acting Member of the Board of Management.

*

Tervakoski Osakeyhtiö 150 years. Finland's oldest paper manufacturers were established in 1818. They manufacture only highgrade paper such as condenser paper, cable paper, carbon body paper, bible print paper, airmail paper, cigarette paper, bank note paper and also hand-made paper. They export four-fifths of their output which was 8 600 tons in 1967. In 1928 the Bank of Finland became the principal shareholder in Tervakoski Osakeyhtiö which supplies the Bank with all the paper needed for bank notes.

*

Amer-Tupakka Oy borrows Sfr. 4 500 000. Amer-Tupakka Oy (Tobacco factory) has issued external loan bonds of Sfr. 4 500 000. The offer has been underwritten by the Swiss Israel Trade Bank.

The loan is current for a period of 10 years starting March 15, 1968, and bears interest at a rate of 6 ½ per cent payable semi-annually. The issue price is 96 per cent. The loan will be redeemed by annual instalments of Sfr. 900 000 starting in 1974. The

issue is guaranteed as regards both principal and interest by the Kansallis-Osake-Pankki.

*

Domestic private bond issues. The Government has given authorization for the following bond issues.

The Real Estate Bank in Finland Ltd. was authorized to make a private bond issue of 10 million marks. The bonds are dated April 1, 1968 and will run for a period of ten years. The rate of interest is 2 ½ percentage points above the general rate on six month deposits in savings banks. The loan has a 50 per cent cost of living index clause and it is issued at par.

The Industrial Mortgage Bank of Finland Ltd. was authorized to make a private bond issue of 20 million marks. The bonds are dated March 15, 1968 and will mature in twelve years. The rate of interest is 2 ¾ percentage points above the general rate on six month deposits in the three largest commercial banks. The loan is tied to the wholesale price index to the extent of 50 per cent. It is issued at par.

*

Publications of the Bank of Finland. The 1967 issue of Series A of the publications issued by the Bank of Finland Institute for Economic Research has appeared in Finnish and Swedish. It contains the following articles: Some Adjustment Problems of the Finnish Economy, by Timo Helelä and J. J. Paunio; Finnish Bond Credit in 1953—1966, by Heikki U. Elonen; Developing Financial Statistics in Finland, by Seppo Leppänen; and Unit Values of Metal Industry Products and New Exports as Indicators of Finland's Competitive Position in 1965, by Jouko Siivander.

BANK OF FINLAND

BOARD OF MANAGEMENT

MAUNO KOIVISTO,
Governor (Absent as Prime Minister)

REINO ROSSI,
Acting Governor

ESKO K. LEINONEN

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

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

HEIKKI VALVANNE
ad int.

JOUKO J. VOUTILAINEN
ad int.

DIRECTORS

HEIKKI VALVANNE

JOUKO J. VOUTILAINEN

SECRETARIES

PERTTI TAMMIVUORI

K. IGNATIUS

PAULI KANERVA

HEADS OF DEPARTMENT

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