



# BANK OF FINLAND

## MONTHLY BULLETIN

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1963

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

It now seems that the expansion which began in the summer of 1958 has spent its strength after a period of rather more than four years. In manufacturing, the industrial sector displaying the most conspicuous advance during these years, the growth has been slowing down steadily since early 1962, when it stood between 5—6 per cent at an annual rate. Preliminary calculations indicate that the growth had actually ceased by the last quarter of the year. The table below gives the changes during 1959—1962 in the index of industrial production, adjusted for seasonal and other short-term variations. The figures denote growth rates at an annual level.

Year	Quarter			
	1st	2nd	3rd	4th
1959 .....	9.1	11.7	13.0	13.9
1960 .....	13.9	13.0	12.6	11.2
1961 .....	10.4	9.5	8.2	6.6
1962 .....	4.9	3.2	1.6	—0.4 prel.

Despite the deceleration of activity, the employment situation remained quite satisfactory until late in the year. For January—September, the average number of unemployed amounted to 1.2 per cent of the total labour force, or about the same as in the two previous years. However, in 1962 the level of employment was in part maintained by virtue of lower work intensity and less over-time in many spheres of activity. Lumbering, which is of particular importance to employment in the winter sea-

son, was 5 per cent less during June—November 1962 than one year before, and for the total felling season June 1962 to May 1963 there is anticipated a decline by 5—10 per cent on the previous season. In the last two months of 1962, those engaged in forest work numbered about 15 000 less than during the corresponding months of 1961. The labour force released from forestry, and to some extent from building activity, could largely be absorbed in the normal construction work of the State and the communes, so that no appreciable unemployment occurred in late 1962.

The increase in fixed investment was still retarded. Dwelling construction, the most expansive component of house-building investment during 1962, had clearly levelled out. The annual volume of industrial building (in terms of cubic metres) is estimated to have been 5 per cent less than for 1961, and to judge by the permits recently issued this reduction will probably continue. Taken as a whole, house-building during 1962 may have slightly exceeded the 1961 level. Against this, the growth rate of investment in machinery and equipment has declined to such an extent that its volume for the whole of 1962 will scarcely exceed the figure for 1961 (see Bulletin No. 12, 1962, p. 1—2).

*On page 18, Fixed Capital Formation in Finland during 1958—1961*

Private consumption, although a demand factor of above-average importance last year, also grew at a slackening speed (Bulletin No. 12, 1962, p. 2). Consumer demand was principally concentrated on durables, the sales of which increased, as a percentage, about 2.5 times as much as the total of retail sales. The volume of retail trade for January—October exceeded the corresponding figure for 1961 by 6 per cent.

Exports were fairly satisfactory during the first half of 1962, but during the third quarter no advance was recorded on the previous year. For January—November, the value of exports amounted to 3 190 million new marks, or 4.2 per cent more than one year before. Round timber exports showed the poorest result, a decrease by one third for eleven months. Sawn timber exports were 9 per cent less than during January—November 1961. Against this, exports of metal products advanced substantially. The exports of paper industry products were characterized by a diminishing growth rate and falling prices. — Imports increased more than exports last year, as was the case in 1961. For January—November, the value of imports totalled 3 626 million new marks, or 8.6 per cent more than one year previously. — The balance of trade for the first

eleven months of the year showed a deficit of 436 million new marks, or 158 million more than one year before. This deterioration was partly the consequence of a fall in export prices which made the terms of trade less favourable.

As regards the internal price level, the stability of the first years of the expansion period changed into a rise towards the end of 1961. Rising costs and a particularly heavy demand for consumer goods accelerated the price increase during the first half of 1962, but later in the year the curve began to flatten. In December, the consumer price index was 6.3 per cent higher than one year previously. The simultaneous increase in wholesale prices was only 1.8 per cent. — In November a temporary price-freeze was ordered for a considerable number of consumer goods, to preclude disturbances during the transition period following the currency reform.

The money supply followed the general pattern of activity during the latter half of 1962; at the end of the year, the liquidity of the economy was somewhat higher than in the summer season, and, approximately at the same level as in the first quarter of 1962.

*January 25, 1963*

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

## BANK OF FINLAND

Mill. mk

	1960	1961	1962	1963		
	Dec. 31	Dec. 30	Dec. 31	Jan. 8	Jan. 15	Jan. 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	753.0	779.0	705.4	716.0	710.1	722.4
Gold .....	91.2	104.2	135.2	135.2	135.2	135.2
Foreign exchange .....	594.8	587.3	502.5	513.2	507.5	519.8
Foreign bills .....	8.7	10.0	17.7	17.6	17.4	17.4
Foreign bonds .....	58.3	77.5	50.0	50.0	50.0	50.0
<i>Supplementary note cover</i> .....	419.9	472.2	516.5	487.4	481.7	483.2
Inland bills discounted						
In foreign currency .....	105.0	94.3	81.8	81.8	81.8	81.8
In Finnish currency .....	72.3	70.8	33.5	33.9	36.9	37.5
Rediscounted bills .....	205.1	294.6	401.2	371.7	363.0	363.9
Treasury bond loan .....	37.5	12.5	—	—	—	—
<i>Other assets</i> .....	78.2	62.3	88.0	190.9	122.7	122.3
Finnish bonds .....	30.7	19.7	34.7	35.0	53.2	53.1
Cheque accounts .....	4.2	6.1	3.6	1.6	2.2	1.1
Finnish coin .....	7.2	7.5	5.5	20.6	22.2	22.4
Other claims .....	36.1	29.0	44.2	133.7	45.1	45.7
Total	1 251.1	1 313.5	1 309.9	1 394.3	1 314.5	1 327.9
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	727.4	837.1	774.4	879.6	798.6	765.5
<i>Short-term liabilities</i> .....	166.7	73.2	112.6	106.6	107.1	156.0
Foreign exchange accounts .....	40.6	13.4	17.1	17.0	15.7	15.6
Mark accounts of holders abroad .....	42.4	37.7	35.8	33.7	33.3	33.2
Cheque account of the Treasury .....	61.9	1.1	5.5	14.7	1.9	64.0
Cheque accounts of banks .....	16.8	5.7	49.3	38.9	53.5	40.4
Other cheque accounts .....	1.6	1.8	0.8	0.8	1.2	0.7
Other short-term liabilities .....	3.4	13.5	4.1	1.5	1.5	2.1
<i>Long-term liabilities</i> .....	106.3	135.8	80.2	80.2	80.2	80.2
Foreign .....	100.3	90.7	79.1	79.1	79.1	79.1
Finnish .....	6.0	45.1	1.1	1.1	1.1	1.1
<i>Equalisation accounts</i> .....	90.8	95.2	157.5	142.2	142.7	139.6
<i>Bank's own funds</i> .....	159.9	172.2	185.2	185.7	185.9	186.6
Capital .....	100.0	100.0	100.0	100.0	100.0	100.0
Reserve fund .....	43.6	51.8	62.0	73.6	73.6	73.6
Profits undisposed .....	—	—	—	11.6	11.6	11.6
Earnings less expenses .....	16.3	20.4	23.2	0.5	0.7	1.4
Total	1 251.1	1 313.5	1 309.9	1 394.3	1 314.5	1 327.9
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	753.0	779.0	705.4	716.0	710.1	722.4
<i>Supplementary cover</i> (Upper limit 500 mill. mk) .....	419.9	472.2	500.0	487.4	481.7	483.2
Total	1 172.9	1 251.2	1 205.4	1 203.4	1 191.8	1 205.6
<b>Note issue</b>						
<i>Notes in circulation</i> .....	727.4	837.1	774.4	879.6	798.6	765.5
<i>Short-term liabilities</i> .....	166.7	73.2	112.6	106.6	107.1	156.0
<i>Undrawn on cheque credits</i> .....	9.8	8.9	4.3	6.3	5.7	6.8
<i>Unused right of note issue</i> .....	269.0	332.0	314.1	210.9	280.4	277.3
Total	1 172.9	1 251.2	1 205.4	1 203.4	1 191.8	1 205.6

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

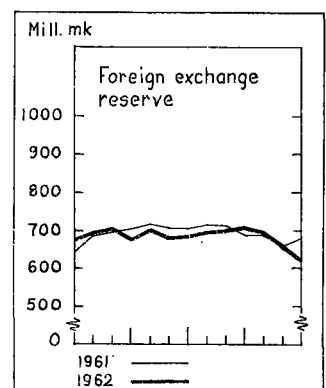
## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Rediscounted bills	Liabilities		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
1954	365.7	70.2	295.5	82.1	101.0	276.6	84.7	21.9	—	62.8
1955	359.4	38.6	320.8	94.3	116.2	298.9	226.3	83.8 <sup>1)</sup>	—	142.5
1956	294.1	46.0	248.1	112.7	153.4	207.4	336.7	11.7	2.8	322.2
1957	384.3	45.7	338.6	176.5	201.9	313.2	249.1	24.1	-0.4	225.4
1958	575.6	21.8	553.8	126.2	160.1	519.9	187.1	14.7	20.8	151.6
1959	730.7	21.2	709.5	92.5	158.4	643.6	47.2	38.6	2.5	6.1
1960	686.0	40.6	645.4	67.0	142.7	569.7	205.1	16.8	1.6	186.7
1961	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 <sup>2)</sup>	12.5	233.0
1962	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1
1961										
Oct.	701.5	16.6	684.9	99.2	128.2	655.9	230.6	21.9 <sup>2)</sup>	11.8	196.9
Nov.	684.6	15.6	669.0	99.7	129.5	639.2	232.1	45.6 <sup>2)</sup>	5.4	181.1
Dec.	691.5	13.4	678.1	87.5	128.4	637.2	294.6	49.1 <sup>2)</sup>	12.5	233.0
1962										
Jan.	702.4	12.3	690.1	90.8	124.4	656.5	268.9	44.8 <sup>2)</sup>	12.6	211.5
Feb.	714.7	12.6	702.1	90.8	122.9	670.0	290.5	53.1 <sup>2)</sup>	13.1	224.3
March	691.9	13.9	678.0	81.8	123.1	636.7	359.1	55.9 <sup>2)</sup>	8.0	295.2
April	715.3	13.7	701.6	82.0	120.9	662.7	387.5	61.4 <sup>2)</sup>	7.7	318.4
May	696.0	13.8	682.2	69.2	120.2	631.2	444.4	94.5 <sup>2)</sup>	8.4	341.5
June	697.0	11.8	685.2	59.0	118.3	625.9	512.3	127.2 <sup>2)</sup>	5.6	379.5
July	710.2	13.0	697.2	62.6	118.9	640.9	508.3	156.1 <sup>2)</sup>	7.3	344.9
Aug.	714.7	14.3	700.4	62.5	117.3	645.6	490.8	146.8 <sup>2)</sup>	5.3	338.7
Sept.	722.4	15.2	707.2	62.6	117.3	652.5	475.7	142.6 <sup>2)</sup>	5.8	327.3
Oct.	710.5	16.7	693.8	62.4	115.1	641.1	504.7	141.8 <sup>2)</sup>	5.1	357.8
Nov.	685.7	16.3	669.4	64.5	117.0	616.9	438.0	82.6	4.2	351.2
Dec.	637.7	17.1	620.6	67.7	114.9	573.4	401.2	49.3	0.8	351.1

<sup>1)</sup> Including cash reserve accounts 66.8. <sup>2)</sup> Including cash reserve accounts.

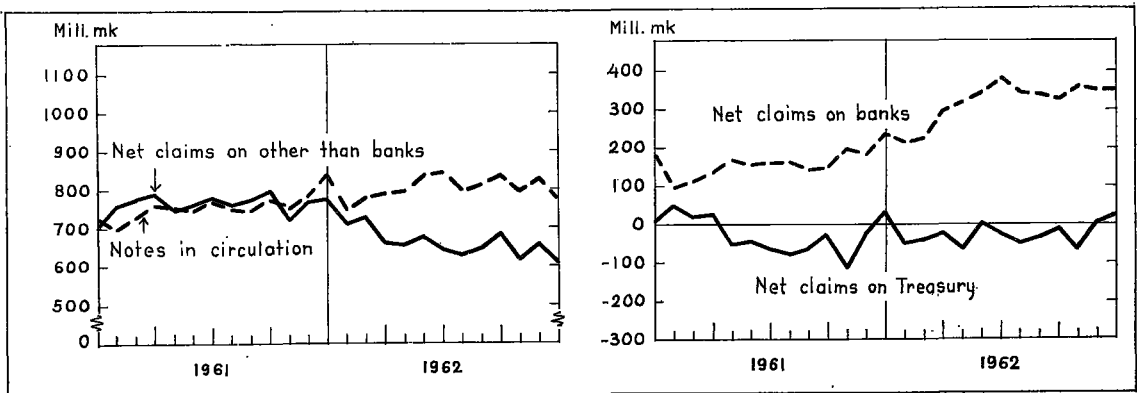
Category of currency	Foreign exchange reserve (col. 3 above) Mill. mk						
	1960		1961			1962	
	Dec. 31	Dec. 31	Oct. 31	Nov. 30	Dec. 31		
Gold .....	91	104	135	135	135		
Convertible .....	442	403	349	341	330		
Non-transferable EMA ..	32	14	5	5	4		
Eastern Bloc .....	17	92	155	138	101		
Other .....	63	65	50	50	51		
Total	645	678	694	669	621		



## 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
1954	216.6	—	154.7	—	61.9	119.4	68.9	7.9	180.4	479.0
1955	216.6	—	98.2	12.9	105.5	144.4	93.1	73.6	163.9	558.8
1956	191.6	—	105.5	23.1	63.0	149.2	105.5	52.1	202.6	607.4
1957	160.2	—	51.4	39.7	69.1	129.1	144.2	5.6	267.7	606.4
1958	90.3	43.4	71.5	95.0	— 32.8	88.2	143.0	5.3	225.9	650.8
1959	103.3	67.9	64.2	30.3	76.7	38.9	105.0	3.9	140.0	694.4
1960	37.5	35.8	61.9	3.4	8.0	72.3	109.5	3.5	178.3	727.4
1961	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4
1961										
Oct.	12.5	7.0	131.7	1.7	— 113.9	102.0	106.9	4.1	204.8	751.2
Nov.	12.5	7.0	40.2	1.4	— 22.1	93.0	114.0	6.5	200.5	781.2
Dec.	27.7	7.0	1.1	1.1	32.5	70.8	107.3	2.9	175.2	837.1
1962										
Jan.	12.5	7.0	70.3	1.1	— 51.9	65.7	107.1	2.3	170.5	747.2
Feb.	12.5	7.0	59.0	1.1	— 40.6	57.9	104.2	2.1	160.0	778.2
March	—	7.0	27.8	1.1	— 21.9	34.7	103.7	2.4	136.0	779.7
April	—	7.0	68.5	1.1	— 62.6	35.8	101.9	2.4	135.3	794.7
May	—	8.0	5.0	1.1	1.9	35.0	102.0	2.6	134.4	835.4
June	—	12.1	37.2	1.1	— 26.2	33.0	99.6	3.3	129.3	843.3
July	—	13.9	62.6	1.1	— 49.8	29.2	98.9	5.0	123.1	799.8
Aug.	—	15.1	48.3	1.1	— 34.3	28.2	95.7	2.3	121.6	810.4
Sept.	—	15.5	25.6	1.1	— 11.2	25.7	98.7	1.8	122.6	834.1
Oct.	—	16.3	82.6	1.1	— 67.4	20.9	96.3	1.1	116.1	794.2
Nov.	—	19.6	14.0	1.1	4.5	31.7	93.6	2.5	122.8	825.3
Dec.	—	30.0	5.5	1.1	23.4	33.5	99.6	4.1	129.0	774.4



## 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	244.6	282.5	105.4	365.8	393.7	201.8	138.9	53.6	1 153.7	1 541.6
1951	427.7	480.6	112.0	466.8	517.9	297.1	182.4	84.4	1 548.7	2 141.3
1952	280.2	334.1	107.7	597.4	653.4	372.2	235.6	108.0	1 967.1	2 408.9
1953	321.1	379.1	110.5	704.6	767.1	425.4	270.7	119.5	2 287.6	2 777.2
1954	349.1	421.1	134.5	834.4	921.7	520.5	300.8	134.2	2 712.0	3 267.6
1955	365.9	442.8	118.0	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.2
1956	386.1	459.6	152.7	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 841.8
1957	377.1	461.4	149.1	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	4 000.6
1958	395.7	495.8	182.8	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 530.4
1959	557.5	678.1	156.7	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 376.7
1960	550.8	680.7	150.6	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 235.8
1961	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	265.3	6 270.3	7 150.6
1961										
Nov.	613.7	753.3	148.4	2 005.2	2 000.7	1 192.9	535.8	277.7	6 012.6	6 914.3
Dec.	577.9	720.8	159.5	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 150.6
1962*										
Jan.	579.5	712.4	160.3	2 119.1	2 090.0	1 251.8	569.8	288.3	6 319.2	7 191.9
Feb.	582.8	708.1	196.7	2 139.9	2 120.6	1 274.5	580.3	292.1	6 407.6	7 312.4
March	551.6	687.1	175.3	2 161.4	2 145.6	1 300.2	587.1	295.6	6 490.1	7 352.5
April	548.0	680.2	174.5	2 171.8	2 149.3	1 303.9	585.9	294.0	6 505.0	7 359.7
May	580.1	722.2	186.7	2 190.1	2 157.9	1 316.0	586.5	292.8	6 543.4	7 452.3
June	566.3	696.7	127.4	2 183.6	2 133.6	1 298.1	582.5	288.9	6 486.9	7 311.0
July	594.1	727.4	164.7	2 177.0	2 126.5	1 293.3	584.0	287.5	6 468.5	7 360.6
Aug.	596.2	737.0	163.1	2 174.5	2 141.6	1 297.6	587.5	285.7	6 487.2	7 387.3
Sept.	581.9	727.6	173.1	2 163.8	2 137.7	1 292.3	585.7	284.9	6 464.7	7 365.4
Oct.	568.5	707.9	166.1	2 151.9	2 129.3	1 283.0	586.2	285.6	6 436.2	7 310.2
Nov.	610.5	757.4	174.0	2 151.3	2 138.3	1 288.4	587.8	287.2	6 453.1	7 384.5

End of month	Index- ed de- pos- its	High- interest depos- its	Tax- conces- sion accounts
1961			
Dec.	37.9	528.4	148.9
1962*			
April	31.8	547.2	148.2
May	34.6	542.1	148.2
June	37.0	546.3	145.7
July	42.6	537.4	142.7
Aug.	49.5	534.9	139.9
Sept.	54.1	529.3	136.1
Oct.	58.1	521.7	131.3
Nov.	61.7	521.8	126.2

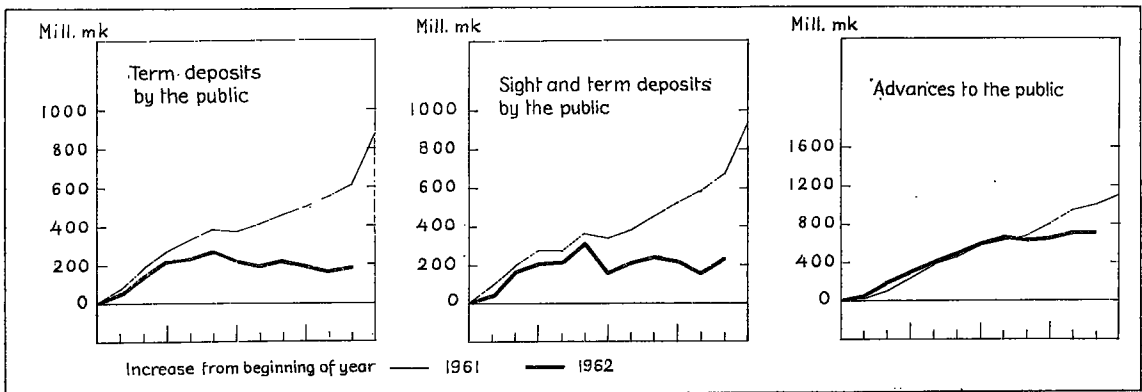
Selling rates for foreign exchange				
Jan. 18, 1963				
		mk	mk	
New York ...	1 \$	3.223	Zurich ..... 100 Fr	74.56
Montreal ....	1 \$	2.994	Paris ..... 100 FF	65.80
London .....	1 £	9.045	Rome ..... 100 Lit	0.5193
Stockholm ...	100 Kr	62.25	Vienna ... .. 100 S	12.49
Oslo .....	100 Kr	45.16	Lisbon ..... 100 Esc	11.28
Copenhagen ..	100 Kr	46.74	Reykjavik .... 100 Kr	7.49
Frankfurt o.M.	100 DM	80.49	Madrid ..... 100 Pta	5.42
Amsterdam ...	100 Fl	89.54	Prague, clear... 100 Kč	44.58
Brussels .....	100 Fr	6.475	Moscow, clear. <sup>1)</sup> 1 Rbl	3.5667
			Clearing dollars <sup>2)</sup> 1 Cl \$	3.21

<sup>1)</sup> Bucharest, Peking.<sup>2)</sup> Ankara, Athens, Berlin, Bogota, Budapest, Sofia, Warsaw.

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	674.4	355.1	45.1	350.5	38.3	1 353.1	110.3	1 463.4	679.8
1951	855.8	455.5	85.1	418.5	44.3	1 720.1	139.1	1 859.2	988.8
1952	1 048.8	598.2	134.0	506.9	53.8	2 171.3	170.4	2 341.7	874.8
1953	1 056.6	705.1	187.8	567.7	98.5	2 452.8	162.9	2 615.7	921.2
1954	1 289.6	824.5	221.2	647.0	127.7	2 915.1	194.9	3 110.0	995.6
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1961									
Nov.	2 966.2	1 813.5	459.5	1 423.5	522.0	6 850.9	333.8	7 184.7	1 617.5
Dec.	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*									
Jan.	3 065.0	1 821.9	450.0	1 465.0	521.4	6 964.4	358.9	7 323.3	1 565.9
Feb.	3 137.2	1 844.6	469.7	1 476.4	533.3	7 072.7	388.5	7 461.2	1 611.7
March	3 192.8	1 855.9	469.8	1 489.9	559.3	7 189.0	378.7	7 567.7	1 576.3
April	3 234.9	1 881.3	471.6	1 510.4	574.5	7 274.1	398.6	7 672.7	1 582.6
May	3 269.4	1 891.5	471.9	1 542.7	585.0	7 378.3	382.2	7 760.5	1 668.8
June	3 317.8	1 916.5	477.8	1 561.3	596.1	7 469.5	400.0	7 869.5	1 588.6
July	3 333.1	1 937.9	486.2	1 572.5	602.7	7 550.5	381.9	7 932.4	1 602.1
Aug.	3 298.8	1 959.7	477.5	1 577.5	602.8	7 542.1	374.2	7 916.3	1 637.8
Sept.	3 264.9	1 979.4	497.6	1 593.3	604.5	7 565.7	374.0	7 939.7	1 646.9
Oct.	3 270.6	1 995.7	519.7	1 597.5	609.4	7 601.6	391.3	7 992.9	1 575.9
Nov.	3 245.2	2 019.5	518.2	1 592.5	618.6	7 637.0	357.0	7 994.0	1 681.5

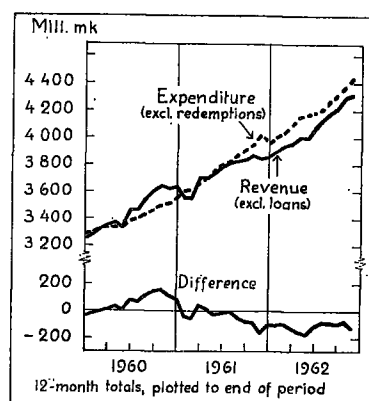


## STATE FINANCES

Mill. mk

Revenue	Jan. — Nov.		Expenditure	Jan. — Nov.	
	1961	1962		1961	1962
Income and property tax (net) .....	692	861	Interest on State debt .....	55	59
Gross receipts .....	(1 902)	(2 163)	Child allowances .....	247	287
Refunds and communal income tax .....	(-1 210)	(-1 302)	The State's share in national pensions .....	137	174
Other direct taxes .....	14	16	Compensations to war-disabled .....	115	106
Purchase tax .....	877	949	Transfer of employers' payments for national pensions to the National Pensions Institution .....	86	93
Import duties .....	425	408	Subsidies .....	350	367
Revenue from Alcohol Monopoly .....	243	25	Net payments on price equalisation by extra-budgetary funds .....	10	—
Excise duty on tobacco .....	187	207	State aid to agriculture .....	56	62
Excise duty on liquid fuel .....	134	148	State aid to communal and private schools .....	270	309
Other excise duties .....	51	54	Net loss of State enterprises .....	—	—
Tax on automobiles and motor cycles .....	20	64	Maintenance of roads .....	96	116
Stamp duties .....	168	183	Other current expenditure .....	1 099	1 272
Employers' payments for child allowances and national pensions .....	294	342	<b>Current expenditure</b> .....	<b>2 521</b>	<b>2 845</b>
Net receipts of price equalisation by extra-budgetary funds .....	—	4	Real investments .....	681	731
Other revenue similar to taxes .....	47	54	Other capital expenditure .....	381	491
<b>Total taxes</b> .....	<b>3 152</b>	<b>3 565</b>	<b>Capital expenditure</b> .....	<b>1 062</b>	<b>1 222</b>
Interest and dividends .....	57	65	<b>Total expenditure</b> .....	<b>3 583</b>	<b>4 067</b>
Net profit of State enterprises .....	55	0	Redemption of external loans .....	25	27
Other current revenue .....	113	141	Redemption of internal loans .....	127	156
<b>Current revenue</b> .....	<b>3 377</b>	<b>3 771</b>	Redemption of indemnity bonds etc. ....	16	8
Capital revenue proper .....	77	87	Index premiums .....	7	6
Decrease in inventories .....	—	33	<b>Redemptions</b> .....	<b>175</b>	<b>197</b>
<b>Capital revenue</b> .....	<b>77</b>	<b>120</b>	<b>Total</b> .....	<b>3 758</b>	<b>4 264</b>
<b>Total revenue</b> .....	<b>3 454</b>	<b>3 891</b>			
External loans .....	69	37			
Internal loans .....	163	288			
Loans .....	232	325			
Short-term credit (increase +) ..	-11	+23			
Deficit (+) or surplus (-) .....	+83	+25			
<b>Total</b> .....	<b>3 758</b>	<b>4 264</b>			

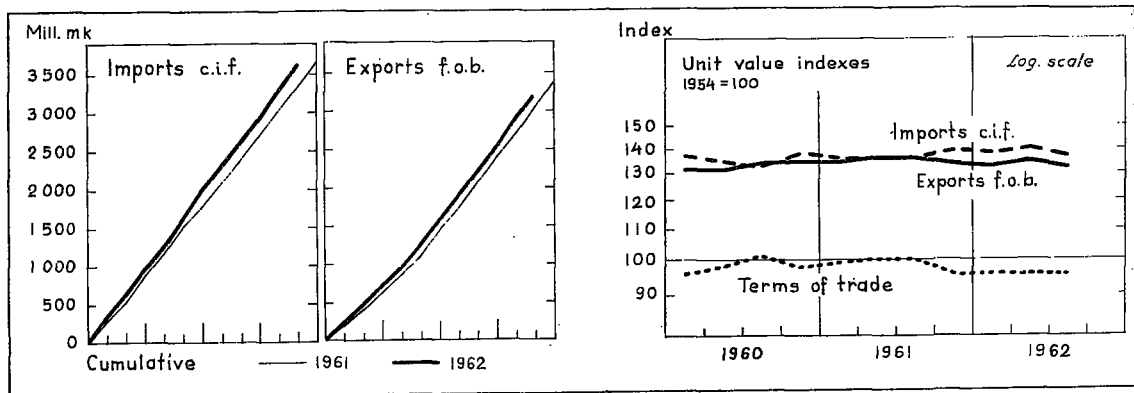
Debt	1959	1960	1961	1962			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
<b>External debt</b> ...	766	744	791	798	793	803	805
Ordinary loans ....	722	744	757	831	869	868	888
Indemnity bonds etc.	65	44	26	20	20	19	19
Short-term credit ..	41	30	24	47	50	47	47
Cash debt (net) ...	-58	-144	-98	-171	-158	-227	-86
<b>Internal debt</b> ....	770	674	709	727	781	707	868
<b>Total debt</b> .....	<b>1 536</b>	<b>1 418</b>	<b>1 500</b>	<b>1 525</b>	<b>1 574</b>	<b>1 510</b>	<b>1 673</b>
<b>Total debt, mill. \$</b>	<b>479.7</b>	<b>442.3</b>	<b>465.9</b>	<b>473.0</b>	<b>488.3</b>	<b>468.6</b>	<b>519.2</b>





FOREIGN TRADE

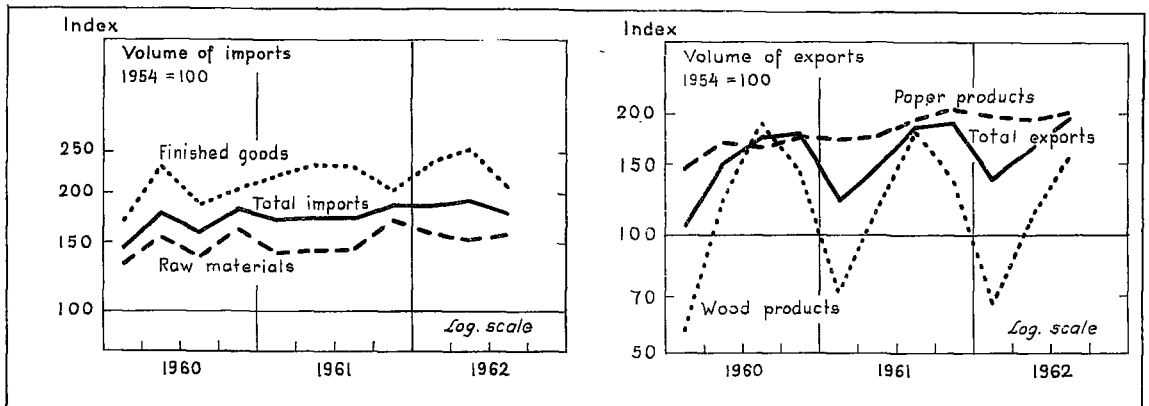
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	1 218.6	1 315.6	+ 97.0	98	111	95	91	109	106	92
1954	1 521.4	1 566.2	+ 44.8	100	100	100	100	100	100	100
1955	1 769.6	1 812.6	+ 43.0	106	110	105	105	115	100	106
1956	2 035.6	1 779.9	-255.7	106	110	104	109	106	105	101
1957	2 279.3	2 123.9	-155.4	116	118	113	119	120	122	95
1958	2 333.0	2 479.3	+146.3	138	139	133	139	153	140	99
1959	2 673.0	2 673.2	+ 0.2	130	120	121	131	152	133	98
1960	3 403.0	3 164.7	-238.3	133	123	131	132	147	136	98
1961	3 690.2	3 374.0	-316.2	135	145	134	134	140	137	99
Jan. — Nov. 1960	3 054.9	2 850.9	-204.0							
1961	3 339.6	3 061.5	-278.1							
1962*	3 626.2	3 189.8	-436.4							
1962*										
Jan.	321.8	240.1	- 81.7	133	145	135	128	137	138	96
Feb.	306.9	230.6	- 76.3							
March	340.0	245.1	- 94.9							
April	304.7	234.1	- 70.6							
May	370.6	302.0	- 68.6							
June	339.4	329.3	- 10.1	135	140	134	128	160	140	96
July	335.1	315.3	- 19.8							
Aug.	295.7	319.1	+ 23.4							
Sept.	294.0	325.1	+ 31.1							
Oct.	373.3	349.8	- 23.5							
Nov.	344.7	299.3	- 45.4	132	145	134	125	142	137	96



## FOREIGN TRADE BY MAIN GROUPS

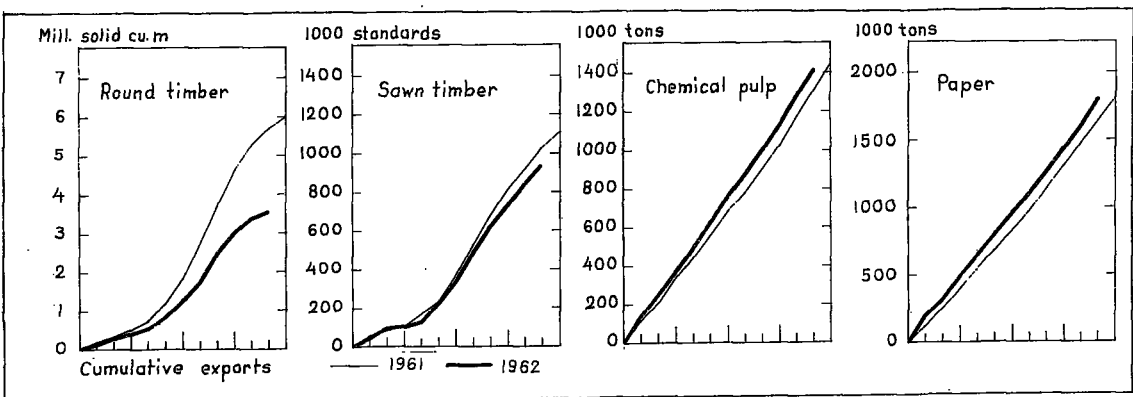
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	651.5	158.8	240.3	168.0	47.2	102.5	436.7	479.3	209.4	40.5
1954	864.2	173.4	288.0	195.8	51.5	135.8	497.3	616.6	209.9	55.1
1955	949.2	215.4	342.2	262.8	38.8	199.1	513.2	757.9	248.0	55.6
1956	1 042.8	274.6	433.6	284.6	62.1	172.4	404.9	817.8	251.2	71.5
1957	1 174.3	402.4	413.5	289.1	101.7	171.0	482.9	976.4	304.3	87.6
1958	1 195.0	326.6	488.0	323.4	106.5	193.5	578.2	1 151.7	340.3	109.1
1959	1 338.2	281.2	675.4	378.2	148.6	162.9	636.6	1 170.0	441.5	113.6
1960	1 662.6	330.5	933.4	476.5	160.3	205.6	840.8	1 337.2	473.6	147.2
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
Jan. — Nov.										
1960	1 494.4	294.5	842.5	423.5	143.6	193.6	767.4	1 204.1	408.9	133.3
1961	1 547.1	280.6	956.1	555.8	131.5	283.0	777.5	1 400.0	326.3	143.2
1962*	1 625.8	332.2	1 073.9	594.3	129.5	183.0	711.5	1 446.7	558.6	160.5
1961										
Nov.	173.8	24.7	79.5	55.6	9.1	19.3	80.8	138.2	86.1	14.9
Dec.	164.1	49.3	78.3	58.9	22.0	12.9	63.3	139.1	59.9	15.4
1962*										
Jan.	164.1	21.4	83.2	53.1	8.1	9.0	47.8	129.1	35.7	10.4
Feb.	134.9	24.4	98.7	48.9	17.1	7.5	34.5	122.7	38.3	10.5
March	148.6	30.1	101.2	60.1	10.7	6.8	30.4	136.5	47.9	12.8
April	122.4	33.3	97.0	52.0	10.1	5.9	32.1	124.9	50.1	11.0
May	154.7	30.7	121.8	63.4	16.6	13.3	66.0	136.4	55.8	13.9
June	144.0	22.3	119.9	53.2	16.4	19.6	85.0	125.2	67.1	16.0
July	145.3	30.0	115.0	44.8	12.7	28.6	96.2	113.4	50.0	14.4
Aug.	143.5	26.3	76.3	49.6	12.9	35.4	85.2	135.6	35.2	14.8
Sept.	139.2	34.6	75.9	44.3	10.7	26.5	76.1	138.9	55.0	17.9
Oct.	168.8	38.8	99.4	66.3	7.8	19.5	82.8	145.1	75.2	19.4
Nov.	160.3	40.3	85.5	58.6	6.4	10.9	75.4	138.9	48.3	19.4



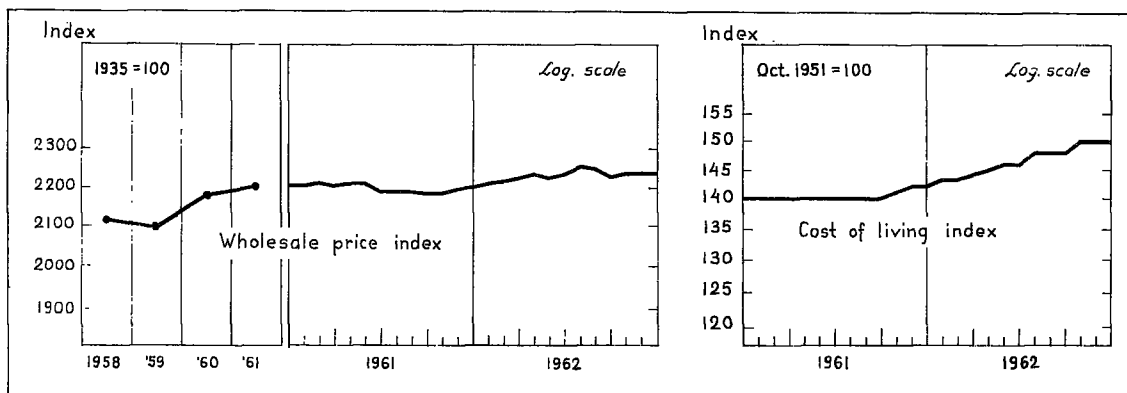
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956	4 424	648	230	186	679	452	106	49	537	997
1957	4 063	719	260	165	697	474	134	60	551	1 108
1958	3 861	762	239	143	725	476	145	83	585	1 147
1959	3 812	950	296	139	770	549	142	110	576	1 244
1960	4 756	1 137	358	176	919	500	150	128	691	1 460
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
Jan. — Nov.										
1960	4 492	1 045	322	161	822	447	136	116	629	1 319
1961	5 703	1 026	300	149	792	508	142	134	765	1 643
1962*	3 570	937	325	136	758	654	141	142	788	1 798
1961										
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	165	52	33	10	71	54	11	14	84	178
Feb.	141	31	31	10	75	42	11	13	72	141
March	129	23	29	13	68	51	14	13	75	173
April	109	27	29	12	72	52	11	13	67	148
May	286	85	32	17	68	74	12	14	79	154
June	403	123	28	11	65	68	13	11	61	154
July	535	151	20	9	53	52	12	11	66	152
Aug.	713	129	22	15	75	56	13	10	65	168
Sept.	533	104	31	14	67	64	17	14	71	169
Oct.	362	114	34	13	76	79	14	13	71	176
Nov.	194	98	36	12	68	62	13	16	77	185



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. — Nov.			Whole year		Jan. — Nov.		
	1960	1961	1961	1962*		1960	1961	1961	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	16.2	15.7	15.7	15.8	573.9	26.7	24.5	24.9	22.7	725.5
United Kingdom .....	15.8	15.3	15.3	15.3	554.6	24.5	22.2	22.6	20.7	662.2
<b>Other OECD countries</b> <b>  in Europe</b> .....	53.6	55.4	55.6	55.8	2 023.8	41.0	46.4	46.7	43.3	1 382.6
Austria .....	0.7	0.7	0.8	0.8	26.8	0.2	0.4	0.3	0.3	8.7
Belgium-Luxembourg ....	3.1	2.6	2.6	2.4	87.5	3.7	3.9	3.9	3.4	109.1
Denmark .....	2.6	3.2	3.2	3.1	113.4	3.5	3.5	3.6	3.8	120.6
France .....	5.8	5.0	5.1	5.4	195.1	4.7	5.2	5.3	4.6	146.8
Western Germany .....	19.4	21.3	21.4	20.4	741.2	11.6	12.9	13.0	12.0	382.9
Italy .....	1.7	1.9	1.9	2.1	76.7	2.1	2.7	2.8	2.7	86.3
Netherlands .....	4.6	4.0	4.0	4.2	153.7	6.1	6.3	6.4	6.1	196.9
Norway .....	1.6	1.5	1.4	1.4	51.1	1.3	1.9	1.9	1.3	40.5
Portugal .....	0.2	0.1	0.1	0.2	7.5	0.1	0.1	0.1	0.1	2.1
Spain .....	0.7	0.5	0.5	0.4	14.2	0.2	0.5	0.5	0.6	18.9
Sweden .....	10.4	11.5	11.5	12.1	440.1	4.9	5.7	5.5	5.9	188.8
Switzerland .....	2.2	2.4	2.4	2.6	92.7	0.6	1.0	1.0	0.6	19.3
<b>Eastern Bloc</b> .....	20.6	19.1	18.7	18.8	683.4	19.5	18.0	17.4	21.5	684.2
China .....	0.2	0.1	0.2	0.2	6.2	0.7	0.6	0.6	0.4	13.2
Czechoslovakia .....	1.1	1.0	1.1	1.0	39.0	0.9	1.1	1.1	0.9	28.3
Eastern Germany .....	1.4	1.5	1.5	1.4	50.7	1.3	1.4	1.4	1.1	35.6
Poland .....	2.5	2.4	2.3	2.1	76.2	1.8	2.2	2.2	1.9	58.1
Soviet Union .....	14.7	13.3	12.8	13.4	485.5	14.2	12.1	11.3	16.6	530.3
<b>U.S. and Canada</b> .....	6.0	6.1	6.2	5.5	199.9	5.1	4.5	4.4	5.6	178.1
United States .....	5.7	5.7	5.8	5.0	182.8	5.0	4.4	4.2	5.4	173.3
<b>Latin America</b> .....	2.7	2.7	2.8	2.9	103.2	5.1	3.9	4.0	3.5	112.3
Argentina .....	0.5	0.4	0.4	0.5	16.5	1.1	1.3	1.3	0.7	24.2
Brazil .....	1.8	1.6	1.7	1.5	55.7	2.9	1.5	1.6	1.6	49.8
<b>Others</b> .....	0.9	1.0	1.0	1.2	42.0	2.6	2.7	2.6	3.4	107.1
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	3 626.2	100.0	100.0	100.0	100.0	3 189.8
<b>of which</b>										
<b>EFTA countries</b> .....	33.5	34.7	34.7	35.5	1 286.2	34.9	34.7	35.2	32.7	1 042.2
<b>EEC countries</b> .....	34.5	34.8	35.0	34.6	1 254.2	28.1	31.0	31.2	28.9	922.0



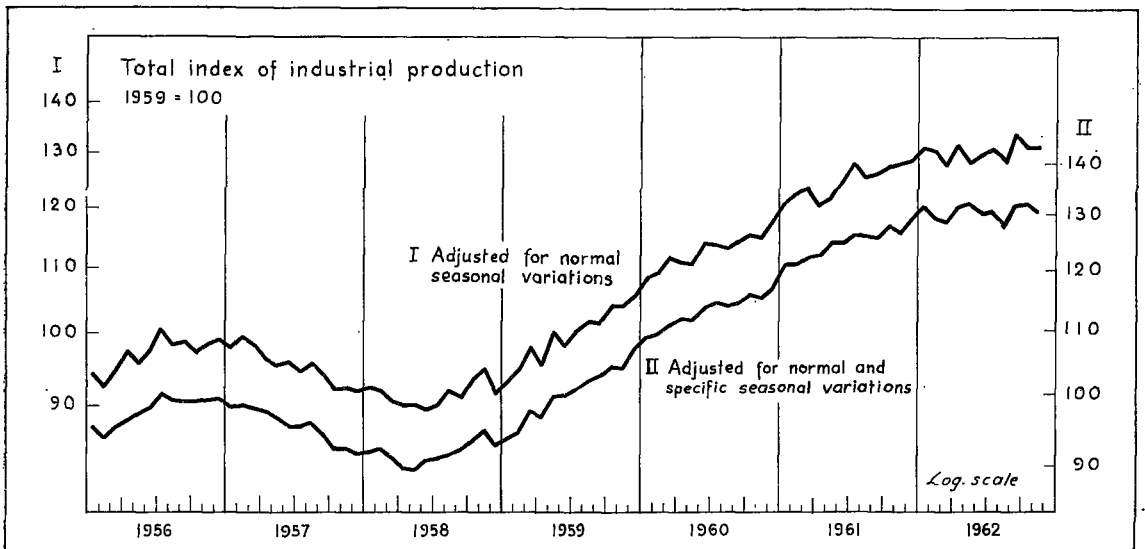
## PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1962	2 231	2 366	2 439	3 605	1 924	1 945	132	114	156
1961 Dec.	2 198	2 327	2 357	3 600	1 888	1 923	129	114	152
1962 Jan.	2 206	2 339	2 412	3 597	1 890	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154
March	2 221	2 354	2 471	3 597	1 897	1 936	130	114	153
April	2 231	2 371	2 508	3 623	1 905	1 931	130	114	154
May	2 223	2 359	2 440	3 625	1 906	1 933	130	114	153
June	2 234	2 375	2 417	3 624	1 941	1 932	131	114	157
July	2 255	2 401	2 568	3 602	1 942	1 942	134	114	158
Aug.	2 249	2 387	2 499	3 596	1 944	1 955	134	114	159
Sept.	2 227	2 356	2 332	3 595	1 946	1 951	134	115	159
Oct.	2 240	2 365	2 383	3 605	1 941	1 971	135	115	160
Nov.	2 239	2 364	2 385	3 602	1 940	1 970	136	116	160
Dec.	2 238	2 364	2 383	3 600	1 941	1 968	135	117	158

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1962	147	156	327	103	90	143	115	115	121	100	112	117
1961 Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962 Jan.	143	152	322	101	88	139	112	112	119	98	110	113
Feb.	143	152	322	102	89	139	112	112	119	99	110	113
March	144	154	322	102	89	140	113	113	119	99	111	114
April	145	155	322	102	90	141	114	114	119	99	111	115
May	146	156	322	102	90	142	114	114	119	99	112	116
June	146	156	322	103	90	143	115	114	119	100	112	116
July	148	158	323	103	90	145	116	116	120	100	112	118
Aug.	148	158	323	103	90	146	116	116	120	100	112	119
Sept.	148	158	323	104	91	146	116	116	120	101	113	119
Oct.	150	158	342	104	91	146	117	116	127	101	113	119
Nov.	150	159	342	105	92	147	118	117	127	101	114	120
Dec.	150	159	342	105	92	147	118	117	127	102	114	120

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1954 = 100											
1959	123	118	125	122	98	144	120	120	123	38 100	121
1960	140	140	144	135	122	168	142	132	140	44 593	136
1961*	154	161	158	145	118	194	161	142	154	49 004	150
1959 = 100											
1961*	125	136	125	119	121	135	134	119	125		
1961*											
Oct.	138	151	139	128	118	149	147	133	128	3 026	163
Nov.	138	156	140	125	106	150	151	132	128	3 615	162
Dec.	122	143	122	110	94	127	140	112	129	4 052	167
1962*											
Jan.	132	152	133	122	112	143	151	119	131	4 522	125
Feb.	128	146	128	120	118	137	145	118	131	5 600	140
March	142	161	142	132	136	153	160	131	128	5 509	158
April	126	137	125	120	117	128	138	120	132	5 193	157
May	139	152	137	138	124	145	152	135	129	10 220	179
June	120	139	116	119	115	106	139	119	130	1 763	155
July	98	88	107	84	106	130	84	89	131	1 200	145
Aug.	134	140	133	134	109	141	140	134	129	2 151	172
Sept.	136	149	136	130	100	147	148	131	134	1 984	170
Oct.	148	167	146	141	111	155	166	142	132	2 552	177
Nov.	142	157	142	136	109	149	155	138	132	2 966	171

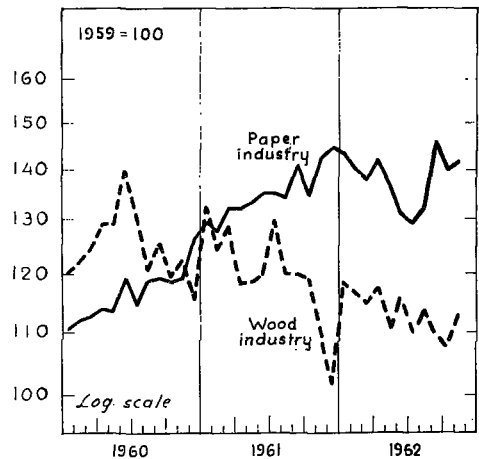
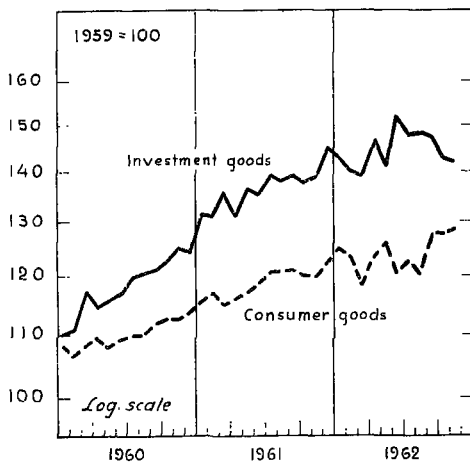


**BUILDING - WAGES - TRANSPORT - EMPLOYMENT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1961*	24.95	10.62	2.29	8.72	2.56	22.09	125	117	119	126
1961*										
July - Sept.	6.37	2.42	0.72	1.63	1.18	27.01	126	116	123	127
Oct. - Dec.	9.62	4.11	1.08	3.44	0.64	22.09	128	120	125	128
1962*										
Jan. - Mar.	4.37	2.19	0.30	1.36	0.40	20.61	130	119	121	132
Apr. - June	4.09	1.66	0.26	1.58	0.42	25.51	132	119	126	134
July - Sept.	6.26	2.32	0.55	2.08	0.82	26.70	..	..	..	..

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 persons		% of total labour force	
	1961	1962	1961*	1962*	1961*	1962*	1961*	1962*	1961*	1962*
Jan.	134	136	450	509	412	475	1 803	1 854	1.8	1.8
Feb.	128	125	321	398	332	366	1 812	1 853	1.4	1.7
March	143	146	386	433	434	400	1 805	1 845	1.5	1.6
April	139	135	422	459	402	401	1 840	1 867	1.4	1.2
May	150	146	591	627	629	633	1 872	1 921	0.9	0.7
June	149	134	729	746	912	863	1 872	1 916	1.0	0.7
July	146	135	752	974	1060	1 089	1 777	1 809	0.9	0.8
Aug.	160	147	779	861	1023	1 057	1 864	1 896	0.8	0.8
Sept.	158	143	594	700	832	752	1 914	1 946	0.7	0.7
Oct.	160	152	583	680	714	701	1 906	1 935	0.9	0.9
Nov.	155	140	572	670	630	630	1 886		1.0	
Dec.	125	114	559	578	533	567	1 869		1.3	

Some indexes of industrial production adjusted for normal seasonal variations



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

### BANK OF FINLAND

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

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other short-term liabilities + Other cheque accounts + Deposits against import licences (in 1955—56) — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — Equalisation accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

### DEPOSITS BY THE PUBLIC —

#### ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

### STATE FINANCES

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

### FOREIGN TRADE

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

### PRICE INDEXES

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

### PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in the base year; 1954=100 for 1959—1961, and 1959=100 from 1961. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation see Bulletin No. 8, 1961, p. 18. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50% of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

### SYMBOLS USED

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

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

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

### LAND

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

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

### POPULATION

NUMBER OF INHABITANTS (1961): 4.5 million. Sweden 7.5, Switzerland 5.5, Denmark 4.6 and Norway 3.6 million.

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

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

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 30 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive persons 11 %.

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

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

INCREASE OF POPULATION (1961): births 18.4 ‰, deaths 9.1 ‰, increase 9.3 ‰. Deaths in France 10.9 ‰ and Great Britain 12.0 ‰.

### TRADE AND TRANSPORT

NATIONAL INCOME (1961, in million marks) Gross domestic product at market prices 12 207 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 408 (11 %), forestry and fishing 1 351 (10 %), manufacturing 3 969 (31 %), construction 1 235 (10 %), transport and communications 999 (8 %), commerce, banking and insurance 1 582 (12 %), general government 1 492 (12 %), other services 767 (6 %), total 12 803. Index of real domestic product 124 (1957 = 100).

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

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

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 48 %, 15 to 50 ha 30 % and more than 50 ha 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 110 for 1960 (1954 = 100). Measure of self-sufficiency in the crop year 1960/61: bread cereals 86 %, animal products 123 %.

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

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

MERCHANT FLEET (Dec. 31, 1962): Steamers 192 (297 548 gross reg. tons), motor vessels 287 (574 733 gross reg. tons), sailing vessels with auxiliary engines 78 (7 866 gross reg. tons). Total 557 (880 147 gross reg. tons).

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

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

### FINANCE AND BANKING

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

MUNICIPAL FINANCES. In the finance accounts for 1960 expenditure amounted to 1 973 mill. marks. Total revenue was 2 060 million, of which income from taxation 1 037 million. The municipal income tax (non-progressive) averaged 11.87 % of the ratepayers' taxable income.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1962). There are two big and three small commercial banks with in all 661 offices, 386 savings banks, 515 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pensions Institution and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (April 28, 1962). Bank of Finland discount rates 6—7 1/2 %. Other credit institutions: term deposits 4 1/2 % (12 months' deposits 5 %, index-tied deposits 4 %) and sight deposits in savings banks and cooperative credit societies 1/2 %; highest lending rate 8 %.

## FIXED CAPITAL FORMATION IN FINLAND DURING 1958—1961

BY

SEPPÖ LINDBLÖM, Mag. Pol.

FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

When the economic upswing set in around the middle of 1958, the initial impulse, as normally obtains in Finland, was derived from a rise in foreign demand for the traditional export goods. Thus, during the first two years of the economic expansion the export demand constituted a major expansive factor. Nevertheless it can be said that the economic development experienced in Finland over the past few years has been strongly characterized by the unusual extent of domestic investment which was partly due to the maturing of several long-term investment projects. While on an annual average the gross domestic product<sup>1)</sup> grew in volume by 7 per cent in 1958—1961, the corresponding increase in the volume of gross investment<sup>1)</sup> was as high as 11 per cent. Thus the ratio of investment to domestic product at current prices — which was as high as 26 per cent in the 1950's, a comparatively high proportion by international standards — further rose to 29 per cent for 1959—1961.

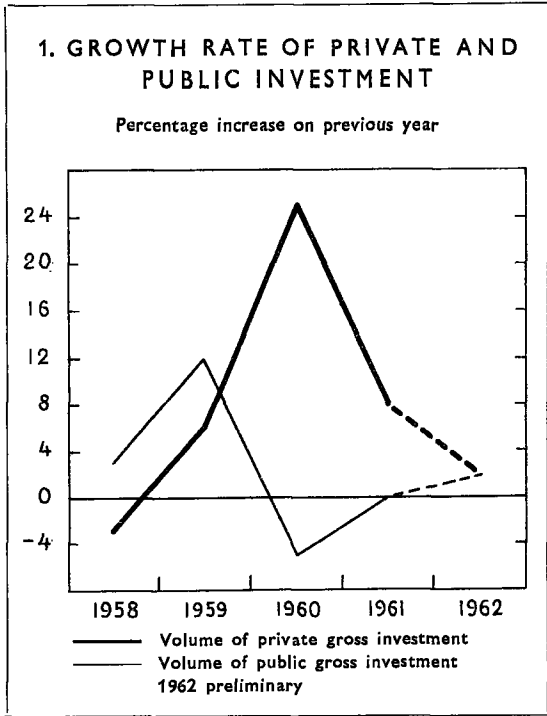
Investment activity during this period of expansion has been examined in the Bulletin from an overall economic standpoint in reviews of the Finnish economy (last published in No. 3, 1962) and in articles concerning the national income (last pub-

lished in No. 10, 1962). The present article scrutinizes investment activity in greater detail, the different components of investment and industrial sectors being taken separately; in addition, the financing of investment is touched upon.

The growth in investment during 1958—1961 was almost exclusively attributable to private investment activity, as in those years public investment was curtailed for counter-cyclical reasons (see diagram 1). In the structure of investment, the general tendency prevailing in the 1950's was that the share of the public sector was rising. The pattern changed, however, in the latter half of the period now under review. Whereas from 1948 to 1959 the proportion of public investment rose from 10 to 23 per cent, by 1961 it had dropped as low as to 16 per cent.

This structural change was accompanied by a shift in the composition of investment by types of capital goods (table 1). A considerable proportion of investments in „other construction” is made by the general government for the purpose of relieving or counteracting unemployment; as the employment situation improved with rising economic activity, the need for investments in this category fell off. The share of „other construction” in total investment dropped from 27.8 per cent in 1958 to 17.3 per cent in 1961. The share of house-building remained fairly stable, but

<sup>1)</sup> In the present article „gross domestic product” and „gross investment” include depreciation but not repairs and maintenance.



in relative terms there was a substantial increase for machinery and equipment. Thus the rise in the share of machinery and equipment, which had gone on throughout the 1950's, continued with increasing force during the period of expansion. Some fifteen

years ago, these items represented only one fifth of all investments, while the share of house-building exceeded one half, a proportion which furnishes clear evidence of the postwar need for housing and reconstruction. A lack of primary statistics precludes specification of the fixed capital formation both by types of capital goods and by industry, and thus no exact figures are available for comparisons between industries. However, it seems obvious that the rising share of machinery and equipment during 1958—1961 was largely a result of the growing purchases made by the manufacturing industries.

The substantial rise of investments in machinery is clearly reflected in the activity of the capital goods industries and in the imports of capital goods (see table 2).

*2. Production and imports of capital goods, 1958 = 100*

	Volume of industrial production		Volume of imports	
	Capital goods	Total	Capital goods	Total
1958 .....	100	100	100	100
1959 .....	106	109	141	120
1960 .....	126	124	188	150
1961 .....	145	136	196	161

*1. Fixed capital formation by type of capital goods*

	1958	1959	1960	1961
	millions of new marks			
Dwellings .....	632	673	821	1 008
Non-residential buildings .....	623	663	811	899
Other construction ..	840	904	881	836
Machinery and equipment .....	926	1 074	1 647	1 895
± Change in stocks and statistical error ..	..	-11	+ 122	+ 187
<b>Total</b>	<b>3 021</b>	<b>3 303</b>	<b>4 282</b>	<b>4 825</b>

	per cent			
Dwellings .....	20.9	20.4	19.2	20.9
Non-residential buildings .....	20.7	20.1	18.9	18.6
Machinery and equipment .....	30.6	32.5	38.4	39.3
Other construction ..	27.8	27.3	20.6	17.3
± Change in stocks and statistical error ..	..	-0.3	+ 2.9	+ 3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

As less than one half of the domestic demand for capital goods could be satisfied from domestic sources, it is not surprising that the volume of imports of capital goods was almost doubled from 1958 to 1961, an increase which in relative terms was well above that of the total volume of imports. Similarly, the growth rate of capital goods production was higher than that of industrial production as a whole, but this was in part a consequence of the increase in foreign demand for capital goods.

Although the proportion of house-building in total investment remained more or less unchanged during these years, structural shifts typical of a boom in Finland occurred within the building sector. This is apparent from table 3, where the volume of buildings completed (in terms of cubic content) is

## 3. Buildings completed

	1958	1959	1960	1961
	millions of cubic metres			
Dwellings .....	8.46	8.36	8.80	10.26
Industrial and commercial buildings .	3.57	4.55	6.68	8.72
Farm buildings ....	3.08	3.42	3.02	2.29
Other buildings ....	4.18	3.55	3.78	3.68
<b>Total</b>	<b>19.29</b>	<b>19.88</b>	<b>22.28</b>	<b>24.95</b>
	per cent			
Dwellings .....	43.8	42.0	39.5	41.1
Industrial and commercial buildings .	18.5	22.9	30.0	34.9
Farm buildings ....	16.0	17.2	13.5	9.2
Other buildings ....	21.7	17.9	17.0	14.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## 4. Gross fixed capital formation by industry

	1958	1959	1960	1961
	millions of new marks			
Agriculture .....	250	288	332	378
Forestry .....	53	52	56	58
Manufacturing 1) ....	770	867	1 209	1 398
Transport, communications .....	394	399	503	518
Commerce, banking, insurance .....	147	204	285	276
General government ..	696	746	734	758
Other industries ....	68	69	112	125
Private persons and organisations .....	643	689	929	1 127
± Change in stocks and statistical error	..	- 11	+ 122	+ 187
<b>Total</b>	<b>3 021</b>	<b>3 303</b>	<b>4 282</b>	<b>4 825</b>
	per cent			
Agriculture .....	8.3	8.7	7.8	7.8
Forestry .....	1.8	1.5	1.3	1.2
Manufacturing 1) ....	25.5	26.2	28.2	29.0
Transport, communications .....	13.0	12.1	11.7	10.7
Commerce, banking, insurance .....	4.9	6.2	6.7	5.7
General government ..	23.0	22.6	17.1	15.7
Other industries ....	2.2	2.1	2.6	2.6
Private persons and organisations .....	21.3	20.9	21.7	23.4
± Change in stocks and statistical error	..	- 0.3	+ 2.9	+ 3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## 5. Distribution of gross fixed capital formation by degree of manufacture

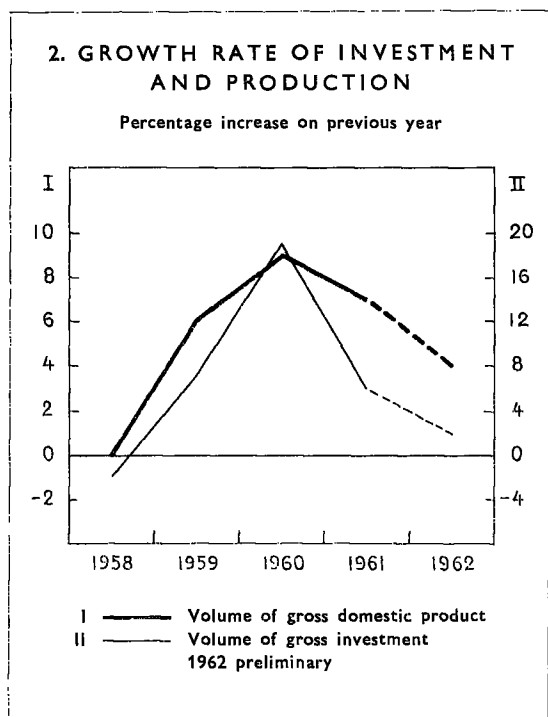
	1948	1951	1958	1961
	per cent			
Primary producers ..	18	15	10	9
Secondary producers .	32	29	27	32
Tertiary producers ..	50	56	63	59
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

1) Including mining and handicrafts.

distributed over the main building categories. In Finland, industrial and commercial construction conforms to the general cycle, although with more pronounced movements. In residential construction the cyclical changes are less marked; this is partly because of the housing shortage in centres of population, still a permanent phenomenon and quite independent of the cycles, in some measure owing to the stability afforded by the Government „Arava” housing loans. For these reasons the internal structure of house-building changes with variations in cyclical conditions. The table indicates that from 1958 to 1961 industrial and commercial building alone increased in relative terms, while the proportion of residential building fell, and the other two categories of building even showed an absolute reduction. The share of „other buildings”, which in the main covers public construction, reflects the counter-cyclical effect of public sector. The heavy percentage drop in farm buildings indicates that the present building boom has been almost completely concentrated on population centres.

The distribution of investment by industry (see table 4) underwent no great changes during these years, although the substantial decrease in the contribution of the general government and the increasing share of manufacturing are striking. In manufacturing this was largely ascribable to the realisation of large-scale projects for capacity extension in the paper industry.

Table 5 shows the distribution of investments by industrial groups, compiled on the basis of the degree of manufacture: primary producers (agriculture and forestry), secondary producers (manufacturing including mining and handicrafts and construction) and tertiary producers (service trades). The figures imply that the recent economic expansion introduced no material change in



the course of development characteristic of the 1950's, the advance of the tertiary industries at the expense of the primary ones.

A comparison of the growth rate of investment demand with that of productive activity shows the similarity between them: when investment demand accelerated or slowed down, so did productive activity (see diagram 2). If the course of production is considered on the basis of supply, it should be borne in mind that when the boom set in there was a sizeable reserve of idle capacity, by means of which output could be increased. As for the new investments realized during the boom, it seems obvious that the shift in the composition of fixed capital formation in favour of machinery investment must be regarded as propitious from the standpoint of production, as the connection of machinery investment with productive activity is more direct than that of building investment.

As for the financing of investment during 1958—1961, some figures are given in tables

6 and 7. The former shows the composition of net saving, while the latter illustrates the relative importance of the various sources of finance. In Finland, the general government is as a rule responsible for a very large share in the saving of the economy. For the years here concerned, this share averaged more than 50 per cent, although for 1961 it dropped to the comparatively low level of 44 per cent. As the major part of depreciation allowances is made by the private sector — about 90 per cent in 1961 — the share of the public sector in the financing of investment is about one third. Of this, a substantial portion goes to financing private investment. For instance, when in 1960 the growth rate of private investment had attained its maximum, no more than 4%

#### 6. Net saving

	1958	1959	1960	1961
	millions of new marks			
Households .....	968	999	1 124	1 571
Corporations .....	206	230	298	325
General government ..	1 286	1 282	1 632	1 495
Total	2 460	2 511	3 054	3 391
	per cent			
Households .....	39.3	39.8	36.8	46.3
Corporations .....	8.4	9.2	9.8	9.6
General government ..	52.3	51.0	53.4	44.1
Total	100.0	100.0	100.0	100.0

#### 7. Financing of gross fixed capital formation

	1958	1959	1960	1961
	millions of new marks			
Net saving .....	2 460	2 511	3 054	3 391
Depreciation allowances .....	812	885	1 094	1 228
± Net investment abroad .....	- 251	- 93	+ 134	+ 206
Gross domestic capital formation ....	3 021	3 303	4 282	4 825
	per cent			
Net saving .....	81.4	76.0	71.3	70.3
Depreciation allowances .....	26.9	26.8	25.6	25.4
± Net investment abroad .....	- 8.3	- 2.8	+ 3.1	+ 4.3
Gross domestic capital formation ....	100.0	100.0	100.0	100.0

per cent of public sector saving was used for the general government's own administrative investments. In that year, the public sector financed private sector investment to the extent of 23 per cent. Although financing of the considerable investment activity has principally been based upon private sector saving and depreciation, the contribu-

tion of public saving has been sufficiently large to enable the general government to exert extensive influence not only on the total volume of investment of the economy, but also on the composition of investment, as is evident from the figures presented in this article.

## ITEMS

**Investment inquiry.** In September 1962, the Bank of Finland Institute for Economic Research made an investigation into the gross fixed capital formation of Finnish industry, as represented by manufacturing, mining, electricity production and gas and water works. The study was based on voluntary co-operation by the firms concerned. Questionnaires were sent to some 600 undertakings, chosen by sampling. The labour force of those returning completed questionnaires represented 95 per cent of the total labour force of the sample material.

The table below contains some figures computed on the basis of the replies. It should be emphasized that the figures for 1962 were calculated from the informants' provisional estimates made in the autumn with respect to the whole year.

	Gross fixed capital formation, mill. new marks		Change from 1961 to 1962 per cent
	1961	1962	
House-building ..	287	264	— 8
Other construction	109	101	— 7
Machinery and equipment .....	885	771	— 13
Total	1 281	1 136	— 11

The figures indicate a fairly uniform reduction from 1961 to 1962 in the three categories of capital goods, if these industries are considered as a whole; but considerable

divergences are noticeable between the different branches. In the paper industry, for instance, the gross capital formation was estimated to fall by about one third, which implies that the recent capacity expansions in the paper industry had reduced the need for further investment. In other manufacturing branches, again, the estimates for 1962 slightly exceeded those for 1961. This also applies to mining and the combined group of electricity, gas and water works. The results of this investigation show that the tendency of investment activity in 1962 seems to have been an upward one in most branches, although the estimated rise was less than that realized in 1961. Nevertheless, as the paper industry is responsible for a considerable proportion of the gross capital formation (35 per cent of the total in 1961), the heavy drop in this branch outweighed the increase in the others spheres, so that taken against 1961 the net result was a reduction.

As the present investigation was the first in Finland of this scope based on estimates given by the undertakings, the resulting information should, at least for the time being, be regarded only as an indication of the tendency. The figures acquired do not form a reliable starting point for a projection of the course of investment in the

whole of the economy. However, as the development of industrial investment reflects with fair accuracy the changes in the general cyclical movement, the results of the inquiry do not disagree with opinions expressed that during 1962 the economic expansion in Finland gradually entered upon a quieter phase.

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**Budget for 1963.** The proposal for the 1963 budget, presented by the Majority Government in September, was given detailed comment in Bulletin No. 10, 1962. The proposal was passed by Parliament with only insignificant changes, and was signed by the President on December 28.

As finally approved, the budgeted expenditure amounts to 4 560 million new marks, an increase of only one per cent over the amount proposed. Compared with the total budgeted for 1962, 5 240 million

marks, the level is strikingly low; but there must be kept in mind the technical transfers outside the 1963 budget, explained in the comments on the proposal. Also it must be remembered that there are sure to be supplementary budgets in 1963; correspondingly, the sole ordinary budget for 1962 amounted to only 4 805 million marks.

Many of the small increases voted on by Parliament were not of a discretionary nature but pertained to legislation and other binding obligations. For such reasons, State support to schools and to hospitals had to be raised, and similarly the concurrent rise in the building cost index necessitated an increase in housing loans. — To balance the budget, the item of loans on the revenue side was raised from 320 million to 371 million marks. This is not an unrealistic figure, considering that 337 million marks could be raised in 1962 in bond and debenture loans.

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