



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 36 No. 7

JULY

1962

### RECENT DEVELOPMENTS

#### ECONOMIC ACTIVITY

The present period of expansion has lasted for four years. At an estimate, during the first quarter of the current year the seasonally adjusted index of the domestic product exceeded by 28 per cent the low level of 1958, and by 20 per cent the previous peak, which was attained in the last quarter of 1956. In these three months, the domestic product continued to grow steadily. Nevertheless, of late the development of industry, the predominant growth factor, has not been quite uniform. The seasonally adjusted index of industrial production for January—April was only 1.4 per cent higher than that for the fourth quarter of 1961. In April, industrial production exceeded the 1958 trough by 42 per cent, and the previous peak by 26 per cent.

Data provided by the public employment exchange service support the assumption that labour was during the spring employed to an even more complete extent than before; this means that a state of full employment has now prevailed for about two years. Lumbering, which is of major importance to employment, is proceeding satisfactorily. It seems probable that the target set last autumn for the felling season June 1961/

May 1962 — a 3 per cent rise in total fellings — was reached.

As for fixed investments, at the present moment the tendency seems somewhat uneven. The seasonally adjusted index indicates that the production of investment goods has been declining slightly during the course of this year, and the permits issued for industrial building in towns and urban districts were considerably less for the first quarter than one year earlier. Nevertheless, it should be noted that the imports of investment goods began to grow again during the initial months of this year, and the granting of permits for industrial building was still rising strongly during the last quarter of 1961. It thus seems that fixed investments, apart from residential building, no longer constitute the primary factor which maintains boom conditions, although so far there is nothing to suggest a real termination of the growth in domestic investment demand.

Retail turnover points to a slight drop in the growth rate of private consumer demand. It will probably rise again later in the year, as happened in 1961.

*On page 18, A General Outline of  
New Farming Policy*

In view of the rather pessimistic outlook prevalent at the beginning of the year, exports have developed favourably. In the first quarter, they were valued at 71 600 million marks, or 12.2 per cent more than one year previously. Their volume grew even more, as prices were falling slightly. The prices of paper industry products fell in particular, but the export quantities of both chemical pulp and paper were nevertheless reasonably satisfactory. Some 680 000 standards of sawn goods had been sold by the end of May, or 90 000 standards less than one year earlier. The exports of farm produce diminished, partly because of the restrictions introduced in Great Britain, and also following upon a standstill in the export of hens' eggs to Western Germany. One of the factors which raised the export figure was the marked increase in deliveries of metal industry products. In fact, this increase was in part a consequence of the postponement from 1961 to 1962 of the delivery of some vessels; this also explains the relatively heavy growth recorded for exports to Eastern Bloc countries. Imports during the early months of the year were marked by an increase, not only in investment goods, but even more in consumer goods and raw materials. The total imports for the first quarter of the current

year amounted to 96 900 million marks, or 9.6 per cent more than one year before. The trade balance for that period showed a deficit of 25 300 million marks, or approximately the same amount as at the end of March 1961. In consequence, the balance of payments deficit was also of about the same order as in 1961.

The nature of price development has changed considerably since 1961. Until the latter half of that year the domestic price level remained fairly stable, despite the prevalence of full employment since the year before. During the first quarter of 1962, there was an appreciable increase in prices, as a rise in production costs was added to the pressure of demand, which continued to be strong, especially with respect to consumer goods. The cost of living index for April was 3.5 per cent higher than the September figure. Wholesale prices rose less, or by 2.3 per cent over the same period.

The money supply movements did not follow exactly the general pattern of activity, with the result that the liquidity of the economy is now somewhat lower than in the latter half of 1961. These developments are closely connected with the obvious deceleration of bank lending.

*June 15, 1962.*

## BANK OF FINLAND

Mill. mk

	1961		1962			
	Dec. 30	May 31	May 30	June 8	June 15	June 21
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	77 893	81 708	76 520	75 894	76 200	76 071
Gold .....	10 417	9 030	13 668	13 668	13 668	13 668
Foreign exchange .....	58 730	63 942	55 929	56 186	56 492	56 382
Foreign bills .....	996	777	1 410	1 412	1 412	1 393
Foreign bonds .....	7 750	7 959	5 513	4 628	4 628	4 628
<i>Supplementary note cover</i> .....	47 225	39 371	57 041	55 467	56 591	65 716
Inland bills discounted						
In foreign currency .....	9 432	10 180	9 103	8 864	8 864	8 864
In Finnish currency .....	7 083	9 592	3 499	3 499	3 299	3 300
Rediscounted bills .....	29 460	17 099	44 439	43 104	44 428	53 552
Treasury bond loan .....	1 250	2 500	—	—	—	—
<i>Other assets</i> .....	6 236	6 441	4 904	3 100	3 299	3 486
Finnish bonds .....	1 968	3 873	1 979	266	273	280
Cheque accounts .....	608	577	461	346	364	482
Finnish coin .....	755	829	1 032	1 037	1 035	994
Other claims .....	2 905	1 162	1 432	1 451	1 627	1 730
<b>Total</b>	<b>131 354</b>	<b>127 520</b>	<b>138 465</b>	<b>134 461</b>	<b>136 090</b>	<b>145 273</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	83 706	74 836	83 544	81 001	80 708	86 189
<i>Short-term liabilities</i> .....	7 321	15 794	8 215	6 592	8 532	12 330
Foreign exchange accounts .....	1 339	2 305	1 376	1 368	1 306	1 275
Mark accounts of holders abroad .....	3 768	4 087	3 285	3 379	3 380	3 363
Cheque account of the Treasury .....	108	7 423	503	434	1 461	4 511
Cheque accounts of banks .....	566	702	1 949	518	1 631	2 417
Other cheque accounts .....	184	412	211	221	204	193
Other short-term liabilities .....	1 356	865	891	672	550	571
<i>Long-term liabilities</i> .....	13 586	10 248	16 360	16 123	16 123	16 399
Foreign .....	9 069	9 717	8 735	8 498	8 498	8 498
Finnish .....	4 517	531	7 625	7 625	7 625	7 901
<i>Equalisation accounts</i> .....	9 522	9 882	12 277	12 640	12 564	12 147
<i>Bank's own funds</i> .....	17 219	16 760	18 069	18 105	18 163	18 208
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	5 176	5 176	6 198	6 198	6 198	6 198
Profits undisposed .....	—	814	1 022	1 022	1 022	1 022
Earnings less expenses .....	2 043	770	849	885	943	988
<b>Total</b>	<b>131 354</b>	<b>127 520</b>	<b>138 465</b>	<b>134 461</b>	<b>136 090</b>	<b>145 273</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	77 893	81 708	76 520	75 894	76 200	76 071
<i>Supplementary cover</i> (Upper limit 50 000 mill. mk) .....	47 225	39 371	50 000	50 000	50 000	50 000
<b>Total</b>	<b>125 118</b>	<b>121 079</b>	<b>126 520</b>	<b>125 894</b>	<b>126 200</b>	<b>126 071</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	83 706	74 836	83 544	81 001	80 708	86 189
<i>Short-term liabilities</i> .....	7 321	15 794	8 215	6 592	8 532	12 330
<i>Undrawn on cheque credits</i> .....	885	813	367	482	464	346
<i>Unused right of note issue</i> .....	33 206	29 636	34 394	37 819	36 496	27 206
<b>Total</b>	<b>125 118</b>	<b>121 079</b>	<b>126 520</b>	<b>125 894</b>	<b>126 200</b>	<b>126 071</b>

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

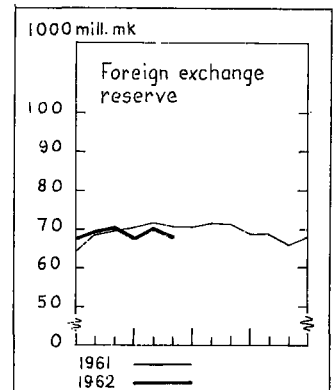
## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cheque accounts of banks	Account of the Mortgage Bank of Finland Oy	
	1	2	3	4	5	6	7	8	9	10
1953	27 898	8 737	19 161	8 329	9 237	18 253	8 268	2 157	—	6 111
1954	36 573	7 017	29 556	8 206	10 102	27 660	8 465	2 187	—	6 278
1955	35 938	3 855	32 083	9 427	11 617	29 893	22 628	8 383 <sup>1)</sup>	—	14 245
1956	29 410	4 601	24 809	11 271	15 337	20 743	33 665	1 167	280	32 218
1957	38 429	4 569	33 860	17 642	20 185	31 317	24 912	2 405	— 42	22 549
1958	57 558	2 178	55 380	12 619	16 013	51 986	18 707	1 474	2 080	15 153
1959	73 065	2 116	70 949	9 249	15 840	64 358	4 718	3 856	252	610
1960	68 602	4 057	64 545	6 703	14 271	56 977	20 514	1 683	158	18 673
1961	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 <sup>2)</sup>	1 249	23 302
1961										
April	74 016	2 446	71 570	8 401	13 968	66 003	18 441	642	865	16 934
May	72 972	2 305	70 667	8 736	13 804	65 599	17 099	702	813	15 584
June	72 440	1 856	70 584	8 475	13 564	65 495	18 277	1 528 <sup>2)</sup>	741	16 008
July	72 895	1 500	71 395	8 510	13 641	66 264	17 635	563 <sup>2)</sup>	885	16 187
Aug.	72 778	1 555	71 223	8 286	13 441	66 068	17 793	2 120 <sup>2)</sup>	1 351	14 322
Sept.	70 173	1 611	68 562	8 992	13 001	64 553	18 708	2 531 <sup>2)</sup>	1 266	14 911
Oct.	70 145	1 662	68 483	9 920	12 820	65 583	23 060	2 187 <sup>2)</sup>	1 183	19 690
Nov.	68 463	1 561	66 902	9 966	12 952	63 916	23 206	4 557 <sup>2)</sup>	544	18 105
Dec.	69 147	1 339	67 808	8 746	12 837	63 717	29 460	4 909 <sup>2)</sup>	1 249	23 302
1962										
Jan.	70 242	1 225	69 017	9 079	12 444	65 652	26 891	4 478 <sup>2)</sup>	1 261	21 152
Feb.	71 466	1 257	70 209	9 076	12 288	66 997	29 048	5 312 <sup>2)</sup>	1 314	22 422
March	69 193	1 387	67 806	8 177	12 308	63 675	35 905	5 788 <sup>2)</sup>	801	29 516
April	71 528	1 371	70 157	8 205	12 092	66 270	38 748	6 138 <sup>2)</sup>	769	31 841
May	69 597	1 376	68 221	6 923	12 020	63 124	44 439	9 450 <sup>2)</sup>	839	34 150

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

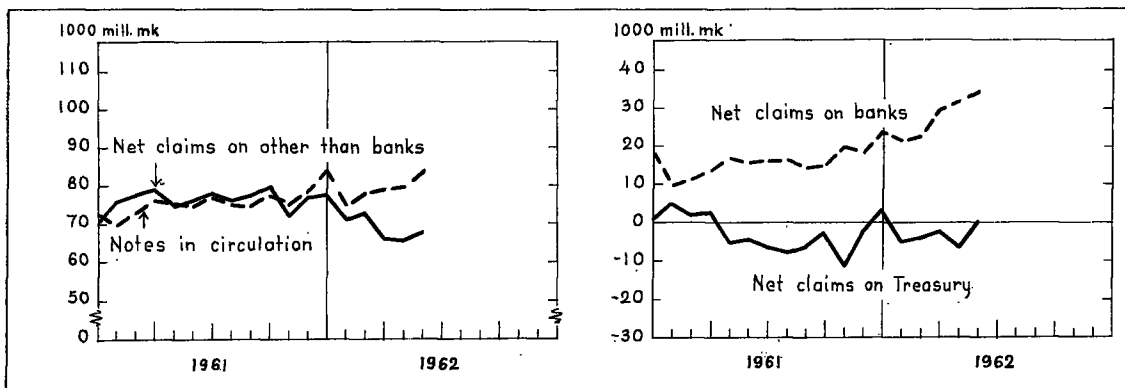
Category of currency	Foreign exchange reserve (col. 3 above) 1 000 mill. mk				
	1960	1961	1962		
	Dec. 31	Dec. 30	March 31	April 30	May 30
Gold .....	9.1	10.4	13.7	13.7	13.7
Convertible .....	44.2	40.3	36.1	36.6	33.8
Non-transferable EMA ..	3.2	1.4	1.5	1.5	1.5
Eastern Bloc .....	1.7	9.2	10.6	12.5	13.3
Other .....	6.3	6.5	5.9	5.9	5.9
Total	64.5	67.8	67.8	70.2	68.2



BANK OF FINLAND

Mill. mk

End of year and month	Treasury					Trade and industry				Notes in circulation
	Bills and bonds	Advances for stand-by stocks	Liabilities		Net claims on the Treasury (1+2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the public (6+7-8)	
			Cheque account	Long-term						
	1	2	3	4	5	6	7	8	9	10
1953	21 662	—	7 281	—	14 381	13 812	7 405	2 314	18 903	45 019
1954	21 662	—	15 470	—	6 192	11 940	6 895	791	18 044	47 902
1955	21 660	—	9 816	1 294	10 550	14 437	9 306	7 357	16 386	55 883
1956	19 160	—	10 550	2 310	6 300	14 922	10 547	5 205	20 264	60 735
1957	16 021	—	5 145	3 965	6 911	12 909	14 425	561	26 773	60 640
1958	9 033	4 335	7 146	9 502	-3 280	8 823	14 296	525	22 594	65 075
1959	10 326	6 786	6 418	3 029	7 665	3 888	10 500	392	13 996	69 435
1960	3 750	3 581	6 187	343	801	7 232	10 948	350	17 830	72 735
1961	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1961										
April	2 500	3 607	11 092	271	-5 256	8 660	11 168	307	19 521	75 252
May	2 500	607	7 423	271	-4 587	9 592	11 312	464	20 440	74 836
June	2 500	607	9 738	271	-6 902	11 386	11 295	464	22 217	76 991
July	2 500	607	11 014	171	-8 078	11 628	11 139	279	22 488	75 098
Aug.	2 500	670	9 345	171	-6 346	11 130	11 028	407	21 751	74 629
Sept.	1 250	700	4 912	171	-3 133	10 743	10 808	331	21 220	77 363
Oct.	1 250	700	13 173	171	-11 394	10 200	10 686	410	20 476	75 121
Nov.	1 250	700	4 022	142	-2 214	9 298	11 396	644	20 050	78 119
Dec.	2 770	700	108	114	3 248	7 083	10 725	291	17 517	83 706
1962										
Jan.	1 250	700	7 028	114	-5 192	6 566	10 714	226	17 054	74 716
Feb.	1 250	700	5 898	114	-4 062	5 789	10 416	210	15 995	77 821
March	—	700	2 776	114	-2 190	3 468	10 374	242	13 600	77 965
April	—	700	6 853	114	-6 267	3 579	10 185	235	13 529	79 470
May	—	795	503	114	178	3 499	10 201	263	13 437	83 544



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956	38 614	45 963	15 265	96 807	112 402	63 531	34 162	16 013	322 953	384 181
1957	37 708	46 138	14 912	103 223	117 859	67 111	33 960	16 823	339 009	400 059
1958	39 568	49 575	18 277	122 256	131 260	74 272	38 167	19 191	385 175	453 027
1959	55 749	67 809	15 667	150 548	152 546	86 033	43 120	21 913	454 189	537 665
1960	55 083	68 072	15 060	181 355	179 859	105 250	48 524	25 434	540 453	623 585
1961*	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1961*										
May	53 232	66 641	14 377	193 505	191 939	114 856	51 519	26 750	578 600	659 618
June	54 622	67 048	12 721	194 172	191 401	114 125	51 594	26 514	577 828	657 597
July	54 078	67 056	13 475	195 154	192 526	114 687	52 188	26 580	581 156	661 687
Aug.	55 300	69 178	13 440	196 578	194 204	115 946	52 674	26 616	586 039	668 657
Sept.	56 880	71 144	14 432	197 276	196 064	116 790	52 922	27 108	590 188	675 764
Oct.	58 295	72 396	13 805	198 558	197 797	117 742	53 277	27 559	594 967	681 168
Nov.	61 373	75 329	14 842	200 520	200 071	119 287	53 578	27 769	601 259	691 430
Dec.	57 791	72 037	15 947	210 591	207 989	124 099	55 817	28 528	627 053	715 037
1962*										
Jan.	57 954	71 239	16 026	211 911	208 998	125 177	56 976	28 827	631 919	719 184
Feb.	58 280	70 807	19 668	213 987	212 064	127 448	58 030	29 211	640 763	731 238
March	55 164	68 713	17 526	216 138	214 561	130 019	58 708	29 561	649 006	735 245
April	54 798	68 015	17 446	217 176	214 927	130 386	58 586	29 404	650 498	735 959
May	58 010	72 222	18 671	219 011	215 791	131 599	58 648	29 275	654 343	745 236

End of month	Indexed deposits	High-interest deposits	Tax-concession accounts
1961*			
Sept.	6 061	47 519	14 272
Oct.	4 949	49 097	14 265
Nov.	4 385	51 239	14 261
Dec.	3 726	52 892	14 880
1962*			
Jan.	3 448	53 200	14 856
Feb.	3 321	53 651	14 849
March	3 192	54 128	14 840
April	3 180	54 721	14 816
May	3 457	54 213	14 823

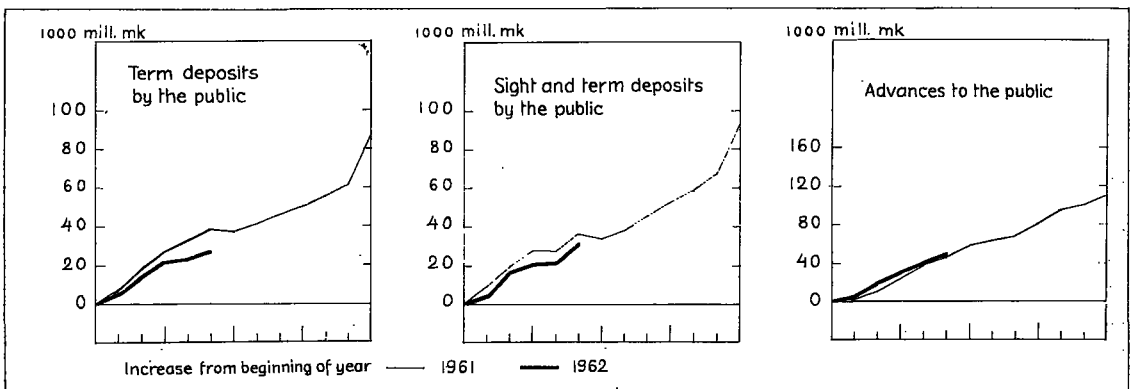
Selling rates for foreign exchange			
May 29, 1962			
		mk	mk
New York ...	1 \$	322:10	Zurich ..... 100 Fr 7 467:—
Montreal ....	1 \$	296:—	Paris ..... 100 NF 6 573:—
London .....	1 £	905:50	Rome ..... 100 Lit 51:88
Stockholm ...	100 Kr	6 261:—	Vienna ... .. 100 S 1 248:—
Oslo .....	100 Kr	4 516:—	Lisbon ..... 100 Esc 1 130:—
Copenhagen ..	100 Kr	4 672:—	Reykjavik .... 100 Kr 749:—
Frankfurt o.M.	100DM	8 074:—	Madrid ..... 100 Pta 542:—
Amsterdam ...	100 Fl	8 967:—	Prague, clear... 100 Kč 4 458:—
Brussels .....	100 Fr	647:—	Moscow, clear. <sup>1)</sup> 1 Rbl 356:67
			Clearing dollars <sup>2)</sup> 1 Cl \$ 321:—

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

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	135 309	11 025	146 334	67 975
1951	85 578	45 554	8 508	41 849	4 425	172 003	13 911	185 914	98 877
1952	104 881	59 824	13 402	50 694	5 379	217 141	17 039	234 180	87 480
1953	105 659	70 511	18 782	56 765	9 847	245 275	16 289	261 564	92 122
1954	128 955	82 447	22 123	64 697	12 773	291 506	19 489	310 995	99 557
1955	155 436	96 454	24 866	72 868	13 599	339 797	23 426	363 223	104 298
1956	162 663	102 830	26 232	76 761	14 690	357 802	25 374	383 176	116 001
1957	160 379	106 639	26 047	78 064	15 717	363 000	23 846	386 846	117 065
1958	174 542	115 481	29 027	83 511	21 931	401 155	23 337	424 492	130 226
1959	209 686	132 725	33 138	96 730	32 578	477 264	27 593	504 857	144 835
1960	260 460	154 935	39 495	117 601	45 216	586 187	31 520	617 707	149 461
1961*	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1961*									
May	277 495	166 024	42 692	129 738	47 410	629 938	33 421	663 359	150 860
June	283 751	168 145	44 054	130 671	48 214	639 955	34 880	674 835	149 836
July	284 060	170 452	43 638	133 639	48 438	644 770	35 457	680 227	149 842
Aug.	284 452	173 104	44 196	135 609	48 636	652 046	33 951	685 997	151 305
Sept.	287 252	176 701	45 551	138 513	49 443	663 829	33 631	697 460	157 802
Oct.	293 898	179 294	46 044	142 129	50 285	675 545	36 105	711 650	155 353
Nov.	296 617	181 352	45 955	142 347	52 198	685 091	33 378	718 469	161 753
Dec.	304 799	181 668	43 683	146 114	51 517	692 627	35 154	727 781	164 414
1962*									
Jan.	306 496	182 187	45 001	146 504	52 139	696 434	35 893	732 327	156 476
Feb.	313 721	184 461	46 966	147 634	53 334	707 266	38 850	746 116	161 057
March	319 279	185 589	46 981	148 986	55 934	718 899	37 870	756 769	157 517
April	323 486	188 131	47 156	151 045	57 453	727 413	39 858	767 271	158 147
May	326 943	189 151	47 186	154 268	58 503	737 827	38 224	776 051	..

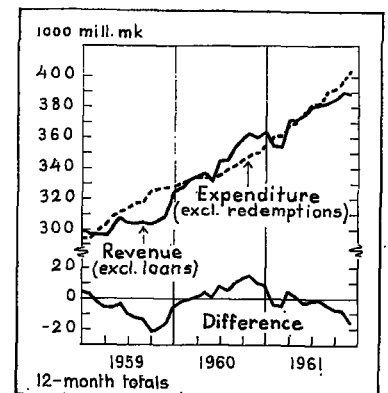


## STATE FINANCES

1000 mill. mk

Revenue	Jan. — April		Expenditure	Jan. — April	
	1961	1962		1961	1962
Income and property tax (net) .....	24.7	32.6	Interest on State debt .....	2.0	2.6
Gross receipts .....	(72.6)	(80.7)	Child allowances .....	5.3	6.4
Refunds and communal income tax .....	(-47.9)	(-48.1)	The State's share in national pensions .....	4.8	6.2
Other direct taxes .....	0.3	0.4	Compensations to war-disabled .....	5.7	4.2
Purchase tax .....	28.4	30.9	Transfer of employers' payments for national pensions to the National Pensions Institution .....	2.2	2.7
Import duties .....	16.2	14.0	Subsidies .....	10.6	9.9
Revenue from Alcohol Monopoly .....	8.8	9.7	Net payments on price equalisation by extra-budgetary funds .....	0.5	—
Excise duty on tobacco .....	6.4	6.8	State aid to agriculture .....	1.1	2.0
Excise duty on liquid fuel .....	4.0	4.5	State aid to communal and private schools .....	11.1	13.2
Other excise duties .....	1.8	1.9	Net loss of State enterprises .....	0.3	2.0
Tax on automobiles and motor cycles .....	0.7	0.9	Maintenance of roads .....	2.7	3.2
Stamp duties .....	6.5	7.3	Other current expenditure .....	36.7	46.1
Employers' payments for child allowances and national pensions .....	9.9	11.2	<b>Current expenditure</b> .....	83.0	98.5
Net receipts of price equalisation by extra-budgetary funds .....	—	0.5	Real investments .....	25.6	25.4
Other revenue similar to taxes .....	1.6	1.7	Other capital expenditure .....	12.5	17.2
<b>Total taxes</b> .....	109.3	122.4	<b>Capital expenditure</b> .....	38.1	42.6
Interest and dividends .....	1.6	1.9	<b>Total expenditure</b> .....	121.1	141.1
Net profit of State enterprises .....	—	—	Redemption of external loans .....	1.1	1.0
Other current revenue .....	3.9	4.9	Redemption of internal loans .....	5.6	6.6
<b>Current revenue</b> .....	114.8	129.2	Redemption of indemnity bonds etc. .....	0.4	0.3
Capital revenue proper .....	2.7	3.0	Index premiums .....	0.5	0.4
Decrease in inventories .....	2.1	1.2	<b>Redemptions</b> .....	7.6	8.3
<b>Capital revenue</b> .....	4.8	4.2			
<b>Total revenue</b> .....	119.6	133.4			
External loans .....	0.8	0.6			
Internal loans .....	9.3	13.6			
Loans .....	10.1	14.2			
Short-term credit (increase +) ..	-1.0	-0.9			
Deficit (+) or surplus (-) .....	+ 0.0	+ 2.7			
<b>Total</b> .....	128.7	149.4			

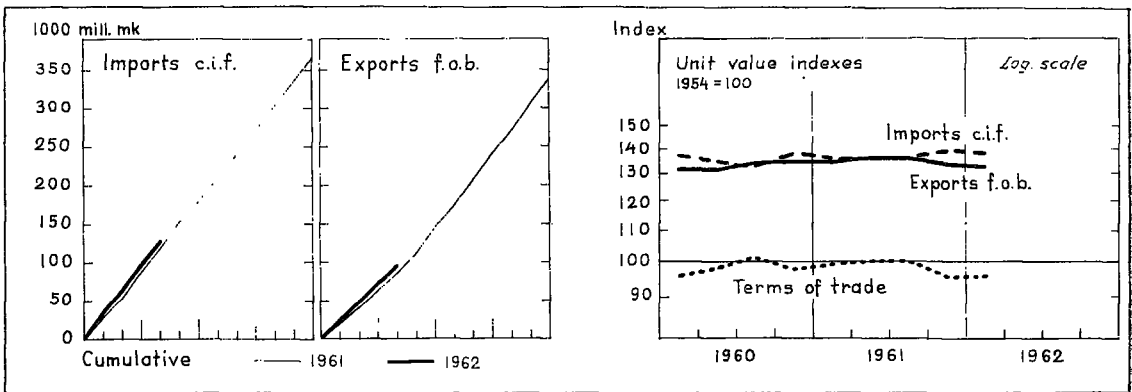
Debt	1959	1960	1961	1962			
	Dec.	Dec.	Dec.*	Feb.	March	April	May*
<b>External debt</b> ...	76.6	74.4	79.4	79.6	79.1	79.1	79.2
Ordinary loans ....	72.2	74.4	75.7	82.4	83.1	82.7	82.9
Indemnity bonds etc.	6.5	4.4	2.6	2.5	2.4	2.3	2.3
Short-term credit ..	4.1	3.0	2.4	2.5	2.0	1.5	1.5
Cash debt (net) ...	-5.8	-14.3	..	-6.4	-7.8	-8.3	..
<b>Internal debt</b> ....	77.0	67.5	..	81.0	79.7	78.2	..
<b>Total debt</b> .....	153.6	141.9	..	160.6	158.8	157.3	..
Total debt, mill. \$	479.7	442.9	..	499.3	493.2	488.7	..





FOREIGN TRADE

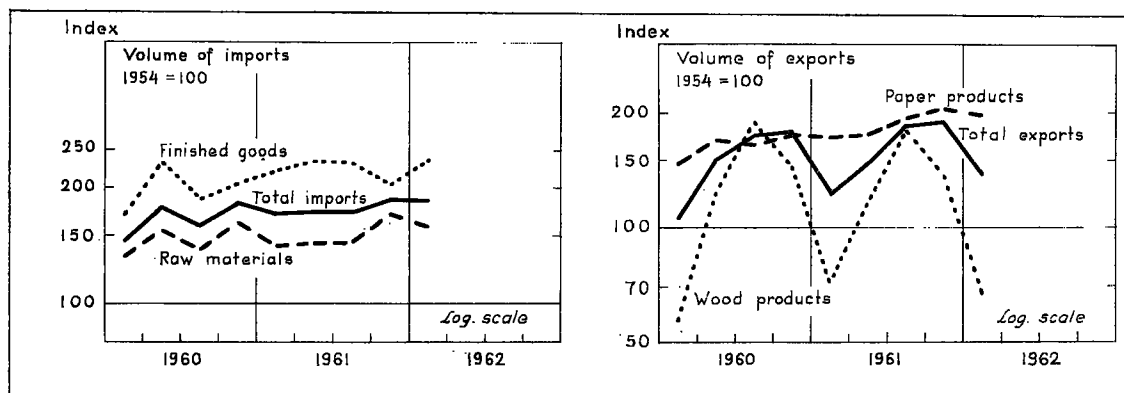
Period	Value, mill. mk			Unit value indexes 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956	203 558	177 987	-25 571	106	110	104	109	106	105	101
1957	227 927	212 385	-15 542	116	118	113	119	120	122	95
1958	233 302	247 934	+14 632	138	139	133	139	153	140	99
1959	267 300	267 322	+ 22	130	120	121	131	152	133	98
1960	340 300	316 473	-23 827	133	123	131	132	147	136	98
1961	368 255	337 404	-30 851	135	145	134	134	140	137	99
Jan.— April 1960	104 926	76 476	-28 450	134	144	133	133	137	139	96
1961	117 470	85 363	-32 107							
1962*	127 355	94 997	-32 358							
1961 Oct. Nov. Dec.	31 284 33 354 33 822	32 393 34 845 31 256	+ 1 109 + 1 491 - 2 566	133	145	135	128	137	138	96
1962* Jan. Feb. March April	32 179 30 691 34 004 30 481	24 012 23 062 24 512 23 411	- 8 167 - 7 629 - 9 492 - 7 070							



## FOREIGN TRADE BY MAIN GROUPS

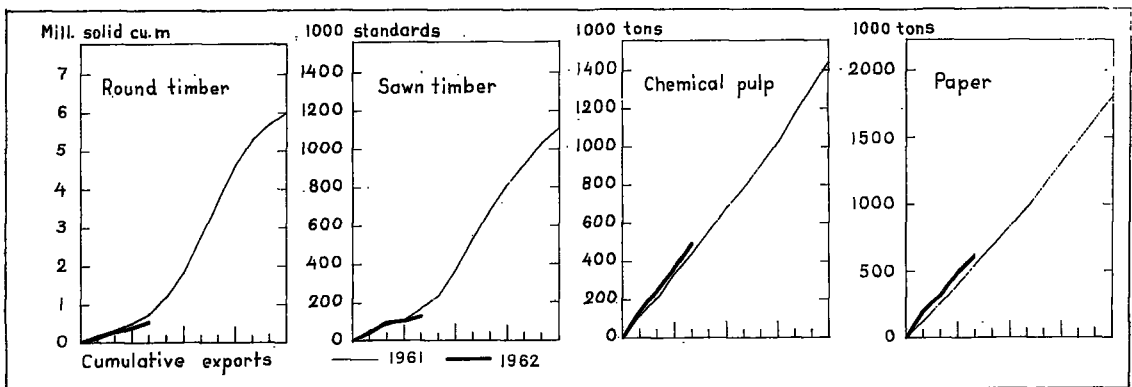
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Producer goods	Consumer goods						
1953	65 148	15 879	24 029	16 804	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	28 797	19 581	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	34 225	26 276	3 880	19 905	51 321	75 793	24 803	5 557
1956	104 284	27 464	43 357	28 453	6 206	17 243	40 485	81 780	25 125	7 148
1957	117 424	40 238	41 353	28 912	10 169	17 095	48 287	97 638	30 433	8 763
1958	119 502	32 658	48 797	32 345	10 651	19 346	57 818	115 173	34 036	10 910
1959	133 825	28 118	67 536	37 821	14 855	16 290	63 662	117 003	44 147	11 365
1960	166 264	33 052	93 337	47 647	16 034	20 564	84 078	133 714	47 361	14 722
1961*	169 908	32 960	103 919	61 468	15 349	29 585	84 079	153 910	38 627	15 854
Jan. — April 1960					5 298	2 187	12 163	42 221	11 233	3 424
1961					4 724	3 689	16 929	46 911	9 456	3 654
1962*					4 597	2 927	14 475	51 327	17 200	4 471
1961*										
April	13 149	1 768	9 061	5 592	1 058	1 203	4 902	11 233	2 307	867
May	15 357	2 183	9 863	6 405	1 203	2 206	5 612	12 529	2 709	1 345
June	12 577	2 619	7 794	4 368	1 472	3 082	9 050	12 569	2 845	1 499
July	12 975	1 989	9 723	4 751	797	5 093	10 726	11 445	1 372	1 625
Aug.	13 584	2 567	9 243	4 311	1 207	4 552	10 323	14 051	1 563	1 255
Sept.	14 611	2 778	9 475	4 677	1 621	4 448	8 996	14 360	2 329	1 663
Oct.	15 157	2 916	8 473	4 738	1 216	3 301	8 030	14 315	3 747	1 784
Nov.	17 377	2 465	7 948	5 564	910	1 929	8 084	13 820	8 613	1 489
Dec.	15 201	4 903	7 832	5 886	2 199	1 285	6 328	13 910	5 993	1 541
1962*										
Jan.	16 411	2 144	8 319	5 305	807	903	4 784	12 912	3 571	1 035
Feb.	13 489	2 440	9 872	4 890	1 707	755	3 448	12 275	3 826	1 051
March	14 855	3 010	10 124	6 013	1 074	683	3 037	13 651	4 788	1 279
April					1 009	586	3 206	12 489	5 015	1 106



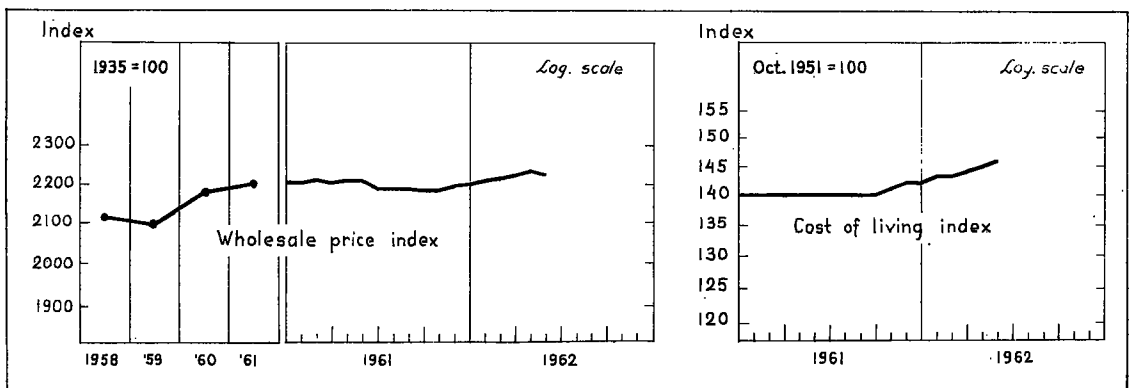
EXPORTS OF SOME IMPORTANT ARTICLES

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. — April 1960	511	102	119	52	218	163	52	43	223	461
1961	734	169	121	47	278	162	51	47	241	540
1962*	544	133	122	45	286	199	47	53	298	640
1961*										
April	234	57	26	11	60	45	12	11	56	129
May	466	67	26	20	74	44	13	15	68	142
June	623	133	19	16	74	47	11	11	66	140
July	970	162	20	10	61	37	12	8	70	143
Aug.	952	151	27	14	73	49	12	12	77	176
Sept.	882	127	26	14	80	45	14	13	86	172
Oct.	689	106	34	16	81	66	17	13	81	165
Nov.	387	111	29	12	71	58	12	15	76	165
Dec.	252	80	29	11	80	61	12	12	81	163
1962*										
Jan.	165	52	33	10	71	54	11	14	84	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



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan. — March			Whole year		Jan. — March		
	1960	1961*	1961*	1962*		1960	1961*	1961*	1962*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	16.2	15.7	15.7	16.0	15 473	26.7	24.5	26.3	20.0	14 339
United Kingdom .....	15.8	15.3	15.4	15.6	15 123	24.5	22.2	23.1	18.0	12 900
<b>Other OECD countries</b>										
<b>in Europe</b> .....	53.6	55.4	53.8	58.6	56 811	41.0	46.4	44.0	42.5	30 453
Austria .....	0.7	0.7	0.7	0.8	754	0.2	0.4	0.2	0.4	280
Belgium-Luxembourg .....	3.1	2.6	2.3	2.5	2 398	3.7	3.9	3.1	2.9	2 077
Denmark .....	2.6	3.2	3.8	3.1	2 997	3.5	3.5	3.2	3.3	2 378
France .....	5.8	5.0	4.6	6.1	5 911	4.7	5.2	5.1	4.8	3 451
Western Germany .....	19.4	21.3	20.6	21.0	20 322	11.6	12.9	12.4	12.1	8 680
Italy .....	1.7	1.9	2.1	2.4	2 293	2.1	2.7	3.4	3.3	2 369
Netherlands .....	4.6	4.0	4.0	4.4	4 249	6.1	6.3	5.5	5.6	3 977
Norway .....	1.6	1.5	1.4	1.9	1 834	1.3	1.9	1.6	1.5	1 046
Portugal .....	0.2	0.1	0.2	0.2	206	0.1	0.1	0.1	0.1	55
Spain .....	0.7	0.5	0.5	0.4	438	0.2	0.5	0.6	0.9	653
Sweden .....	10.4	11.5	10.5	12.5	12 164	4.9	5.7	5.2	5.9	3 601
Switzerland .....	2.2	2.4	2.5	2.5	2 459	0.6	1.0	0.7	0.6	438
<b>Eastern Bloc</b> .....	20.6	19.2	20.3	16.1	15 561	19.5	18.0	16.9	22.1	15 843
China .....	0.2	0.1	0.2	0.1	105	0.7	0.6	0.5	0.7	494
Czechoslovakia .....	1.1	1.0	0.9	0.8	739	0.9	1.1	0.9	1.2	866
Eastern Germany .....	1.4	1.5	1.2	1.3	1 256	1.3	1.4	1.2	1.0	709
Poland .....	2.5	2.4	1.6	1.6	1 553	1.8	2.2	2.3	2.1	1 540
Soviet Union .....	14.7	13.3	15.3	11.6	11 237	14.2	12.1	11.3	16.7	11 924
<b>U.S. and Canada</b> .....	6.0	6.1	7.4	6.0	5 793	5.1	4.5	5.2	7.4	5 247
United States .....	5.7	5.7	7.2	5.4	5 232	5.0	4.4	5.1	7.2	5 128
<b>Latin America</b> .....	2.7	2.7	1.7	2.1	2 054	5.1	3.9	5.1	4.5	3 232
Argentina .....	0.5	0.4	0.1	0.1	137	1.1	1.3	1.2	1.7	1 222
Brazil .....	1.8	1.6	1.2	1.2	1 199	2.9	1.5	2.7	1.5	1 064
<b>Others</b> .....	0.9	1.0	1.1	1.2	1 180	2.6	2.7	2.5	3.5	2 472
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	96 872	100.0	100.0	100.0	100.0	71 586
<b>of which</b>										
<b>EFTA countries</b> .....	33.5	34.7	34.5	36.7	35 537	34.9	34.7	34.1	28.9	20 698
<b>EEC countries</b> .....	34.5	34.8	33.5	36.3	35 173	28.1	31.0	29.5	28.7	20 554



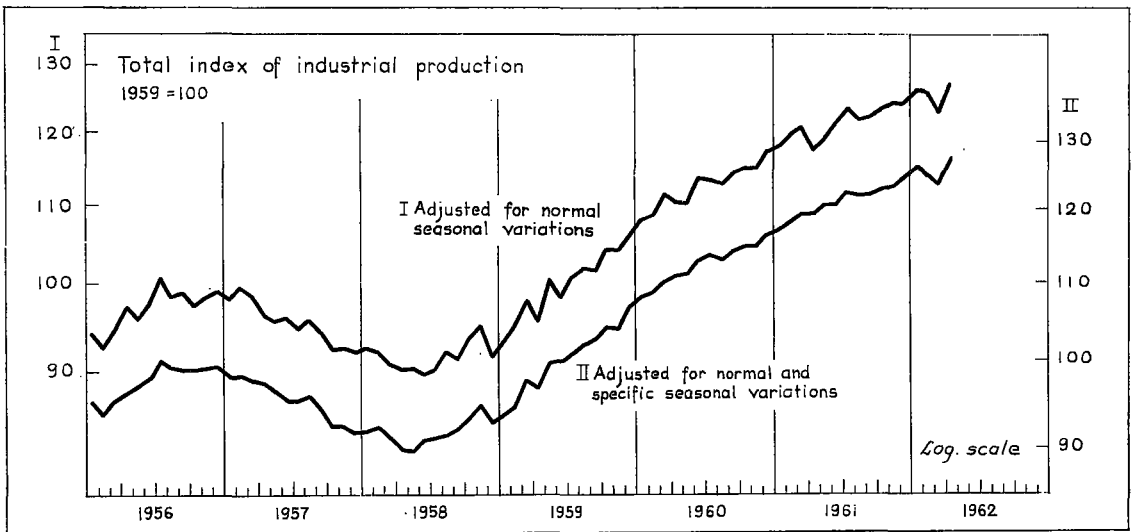
## PRICE INDEXES

Period	Wholesale prices 1935 = 100						Building costs 1951 = 100		
	Total index	Finnish goods				Imported goods	Total	Building material	Workers' average hourly earnings
		Total	Products of agriculture	Products of forestry	Products of industry				
1959	2 096	2 134	2 198	3 060	1 801	2 016	118	110	128
1960	2 178	2 253	2 338	3 313	1 868	2 016	122	114	135
1961	2 196	2 306	2 290	3 561	1 888	1 960	128	114	148
1961									
May	2 210	2 303	2 266	3 563	1 890	2 011	128	114	147
June	2 188	2 296	2 223	3 565	1 890	1 958	128	114	148
July	2 185	2 308	2 294	3 566	1 889	1 922	129	114	154
Aug.	2 189	2 313	2 309	3 566	1 892	1 924	128	114	150
Sept.	2 181	2 305	2 265	3 566	1 892	1 917	129	114	151
Oct	2 182	2 310	2 268	3 596	1 889	1 910	129	114	151
Nov.	2 195	2 323	2 333	3 597	1 889	1 923	129	114	152
Dec	2 198	2 327	2 357	3 600	1 888	1 923	129	114	152
1962									
Jan.	2 206	2 339	2 412	3 597	1 890	1 924	129	113	151
Feb.	2 214	2 350	2 470	3 597	1 891	1 923	130	113	154
March	2 221	2 354	2 471	3 597	1 897	1 936	130	114	153
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

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food-stuffs	Rent	Heating and lighting	Clothing	Other
1959	134	141	280	98	85	134	105	103	104	95	105	109
1960	138	147	298	98	86	136	108	108	110	95	107	111
1961	141	150	310	100	87	137	110	110	115	97	109	111
1961												
May	140	151	306	100	87	136	110	111	113	97	108	111
June	140	149	306	99	87	136	110	109	113	97	108	111
July	140	150	306	100	87	136	110	110	114	97	108	111
Aug.	140	149	306	100	88	136	110	110	114	97	109	111
Sept.	140	149	306	100	88	138	110	109	114	97	109	112
Oct.	141	148	322	100	88	138	111	109	119	97	109	112
Nov.	142	150	322	100	88	138	111	110	119	98	109	112
Dec.	142	150	322	101	88	138	111	110	119	98	109	112
1962												
Jan.	143	152	322	101	88	139	112	112	119	98	110	113
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

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	143	134	122	167	140	132	139	44 593	136
1961*	150	150	154	143	116	192	149	139	150	49 004	150
1959 = 100											
1961*	121	127	122	117	119	133	124	116	121		
1961*											
March	129	139	130	123	144	138	137	122	121	4 349	149
April	119	123	119	117	126	121	122	115	117	2 874	147
May	123	130	122	123	125	130	127	120	119	14 516	153
June	117	123	115	119	126	117	121	117	121	1 299	148
July	93	75	104	81	123	134	74	80	123	981	138
Aug.	127	120	126	132	113	142	117	129	122	1 981	164
Sept.	128	135	127	126	112	140	130	123	122	2 320	170
Oct.	133	141	135	126	116	148	136	129	123	3 026	163
Nov.	134	146	137	123	105	148	140	129	124	3 615	162
Dec.	118	133	119	108	93	125	130	109	124	4 052	167
1962*											
Jan.	128	140	129	118	111	141	139	115	126	4 522	125
Feb.	124	135	125	116	117	135	133	114	126	5 600	140
March	137	149	138	128	134	151	148	126	123	5 509	158
April	121	128	122	116	115	127	128	115	127	5 193	157

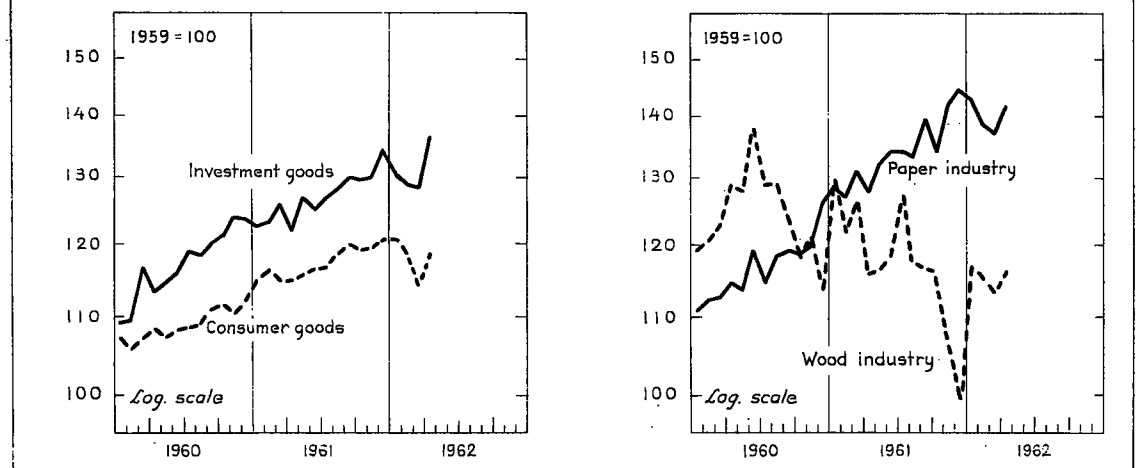


**BUILDING - WAGES - TRANSPORT - EMPLOYMENT**

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1960*	22.28	8.80	3.02	6.68	2.76	22.39	116	111	108	117
1961*	24.95	10.62	2.29	8.72	2.56	23.63	125	117	120	126
1961*										
Jan. - Mar.	4.88	2.09	0.29	2.06	0.32	21.17	122	117	114	124
Apr. - June	4.11	1.65	0.24	1.51	0.53	27.67	124	115	121	126
July - Sept.	6.34	2.41	0.68	1.71	1.07	27.34	126	116	123	127
Oct. - Dec.	9.62	4.11	1.08	3.44	0.64	23.63	127	120	124	127

Period	Railways		Foreign shipping				Employment		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		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		1.5	
March	143	146	386	433	434	400	1 805		1.5	
April	139	135	422	459	402	401	1 840		1.4	
May	150	146	591	627	629	633	1 872		0.9	
June	149		729		912		1 872		1.0	
July	146		752		1060		1 777		0.9	
Aug.	160		779		1023		1 864		0.8	
Sept.	158		594		832		1 914		0.7	
Oct.	160		583		714		1 906		0.9	
Nov.	155		572		630		1 886		1.0	
Dec.	125		559		533		1 869		1.3	

Some indexes of industrial production adjusted for normal seasonal variations



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

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

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

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

### DEPOSITS BY THE PUBLIC —

#### ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *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. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated first according to the Laspeyres formula but at the end of each

year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Thus the series above and below the line are not fully comparable. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDEXES

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

### PRODUCTION — INTERNAL TRADE

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

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

### SYMBOLS USED

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

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

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

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

### LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1959), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 19.7 mill. ha (48.7 mill. acres), or 68.6 %, are covered by forests.

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

### POPULATION

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

DENSITY OF POPULATION (1960): In South Finland 25.0, in North Finland 4.1 and in the whole country an average of 14.7 inhabitants to the square kilometre.

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

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

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

EDUCATION (1961): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

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

### TRADE AND TRANSPORT

NATIONAL INCOME (1960, in thousand million marks): Gross domestic product at market prices 1 437 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 134 (12 %), forestry and fishing 112 (9 %), manufacturing 361 (31 %), construction 116 (10 %), transport and communications 90 (8 %), commerce, banking and insurance 141 (12 %), general government 134 (12 %), other services 71 (6 %), total 1 159. Index of real domestic product 116 (1957 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft).

AGRICULTURE (1959): Cultivated land 2.6 million hectares of which holdings of less than 5 ha amount to 17 %, 5 to 15 ha 48 %, 15 to 50 ha 30 % and more than 50 ha 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 98 for 1958 (1954 = 100). Measure of self-sufficiency in the crop year 1958/59: bread cereals 52 %, animal products 120 %.

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

RAILWAYS (Jan. 1, 1962): Length 5 387 km, of which 5 313 km are State and 74 km private railways. The gauge of State railways 1,524 m.

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

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

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

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 320 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1961). There are two big and three small commercial banks with in all 630 offices, 382 savings banks, 527 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pensions Institution and sixty-five private insurance companies also grant credits.

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

# A GENERAL OUTLINE OF NEW FARMING POLICY

BY

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In October 1958, a State Committee was appointed in Finland, with the task of determining the future aims for Finnish farming; due attention was to be paid to the social and economic points of view. The Committee was expected to analyse the opportunities of effecting an external and internal rationalisation of farms — with special application to the increase of the productivity of farm work, and to the bringing of the standard of living of the farming population into the correct relationship with that of other groups of the population — and, on the basis of its studies, to make proposals for the necessary practical measures.

The Committee, which was entitled „The Farming Committee”, comprised 21 members representing different political parties, various professional organisations and institutions.

The report of the Committee was submitted to the Cabinet on April 27. No less than ten reservations were appended to the report, which may be taken as an expression of the difficult problems with which the Committee had to contend.

The proposals made included that with certain exceptions land clearance premiums should no longer be paid, that legislation should be drawn up on restricted rights to subdivide farm units, that new farm units should not be formed, that measures of

settlement should be directed towards the improvement of the qualifications already existing for farm units, that a more flexible price-policy system with import levies, and with market levies borne by the producer should be introduced, and so on.

The new farming policy deal launched by the Farming Committee should be viewed against the background of the fact that agricultural production in Finland has now attained a condition of self-sufficiency, and for certain products has appreciably overstepped the boundary of self-sufficiency, simultaneously with a further deterioration in the export situation for agricultural produce.

For the crop years 1959/60 and 1960/61, the food situation displayed in total a degree of self-sufficiency of 98 per cent, against 80 per cent for the years 1951/52 and 1952/53; in this connection, the production obtained from imported concentrates has not been deducted. Thus the situation is completely different from that which prevailed at the beginning of the 1950's, when a significant proportion of scope existed for domestic consumption in Finland, and when possible occasional export surpluses could more easily than now find buyers and be disposed of at a reasonable price.

However, the fact that to all intents and purposes the country is now self-supporting

as regards foodstuffs does not imply that a balance has been achieved between the production of each item of food and the scope for domestic consumption. During recent years, Finland has more and more clearly found its way into a position of surplus with respect to dairy produce and eggs. Thus, during the crop year of 1960/61, 21 per cent of the total milk production of the country was exported, and 23 per cent of its production of hens' eggs. As regards bread grain (rye and wheat), there was attained during 1960/61 a degree of self-sufficiency amounting to 86 per cent, the corresponding figures for rye and wheat being 90 and 84 per cent respectively. Even as late as 1956, the self-sufficiency percentage for bread grain was only 70. This increase in self-sufficiency with respect to bread grain principally depends upon the rise in area of the land under these crops from 200 000 to 330 000 hectares.

A deficit still exists in bread grain production, but nevertheless, it should be borne in mind that there is no motivation for the achievement of complete self-sufficiency. The baking characteristics of Finnish wheat are such that an admixture of hard foreign wheat is necessary to satisfy the demands imposed by consumers.

The position of self-sufficiency is weakest with regard to sugar, about 20—25 per cent; but as Finland is the northernmost country in the world where sugar-beet is cultivated, and the crops per hectare, measured by international standards, are modest, the Committee considers that there is no motivation to attempt more than the attainment of 25 per cent self-sufficiency at the most. The production of meat and pork has to a great extent corresponded to the scope of consumption in Finland.

With respect to the prospects of future attainment of a balance between production and the scope of domestic consumption, the

Committee had analyses carried out with a view to the creation of a basis for a forecast. Experts calculate that the crops per hectare during the 1960's will rise by an average of 1.5 to 2 per cent annually. Because of the high standard of living which now distinguishes the way of life in Finland, the Committee does not contemplate any future increase in the consumption of calories per head. Accordingly the demand for consumption is expected to rise only at the same rate as the population increases, that is by 1 per cent annually. As a consequence of this, and assuming that the expert statements prove valid, in 1970 there should be approximately 350 000 ha of arable land more than that requisite for the scope of domestic consumption. If no augmentation of the crop per hectare occurs, then in any case the present area of arable land should suffice to cover domestic needs in 1970.

Admittedly, one should not *a priori* make a premise of a production programme directed only at the domestic scope of consumption. As regards export possibilities, however, the development of the international market and the competitive ability of the Finnish agricultural products decide whether export is practicable and worth striving for. It is a global phenomenon that in all countries efforts are made to achieve a higher degree of self-sufficiency. It is true that there are countries, primarily under-developed ones, where the domestic production is not sufficient to satisfy a reasonable consumption, but these countries simultaneously lack buying power. There is no reason to expect such a change in world market prices of foodstuffs that Finland's ability to compete in the export market would be bettered in relation to other exporters.

Thus a further increase in agricultural produce exports from Finland would entail imposing a burden on the national economy, and more difficulties in the maintenance of

a domestic price level such as would be required to ensure a reasonable income for the farming population. Exports to countries in need are conceivable only in the form of non-commercial help in supplying foodstuffs.

The Committee therefore draws the conclusion that agricultural production should be directed and modelled so that if possible it satisfies the domestic need of consumption of foodstuffs. Suddenly, or even in the near future, to slim down agricultural production in order to avoid exportation is nevertheless not practicable, particularly as this would lead to a situation of economic distress for the farming population.

From the long-term view, however, an adaptation of the volume of production so that it corresponds to domestic demand is a necessary stipulation if those engaged in farming are in the long run to be assured of a reasonable income. Such an adaptation could be effected in two different ways, either by limiting the production within the compass of the prevailing capacity for production, or by bringing the capacity for production into agreement with the aims set for achievement.

In the first instance, compensation could be paid for the part of the land left unused (for example, as in the USA soil-bank system) or for the cutting down of the livestock. Similarly, production quotas could be set for individual farm units, or lower prices paid for surplus production, and so on. Such methods work quickly, but efficiency of production falls, and therefore they can be recommended only in times of crisis and transitional stages. However, if production cannot by other means be brought into equilibrium with demand, there remains no alternative but to resort to such restrictions. If one wishes to attain equilibrium, with maintained or increased efficiency, there is better motivation to restrict the productive capacity, and most immediately the area

of arable land. Here, the continuation of land clearance comes into the picture, and, as already mentioned, the Committee considers that such activity should no longer be subsidised by State-granted premiums otherwise than in certain exceptional cases. It is not only costly for the State to clear land and build up new farm units, but in addition these will constitute a permanent burden on the economy.

With reference to changes in the direction of production with a view to achieving a balance, the prospects appear to be rather limited, since even the production of bread grain has reached the desired scale. With the exception of some special crops, therefore, it does not seem possible to introduce any alterations of major extent in the direction of production. Naturally, this reasoning applies to Finnish agriculture taken as a whole. Separate farms would and could be the subject of comprehensive changes.

In these calculations, it has been assumed that the import of nutrient fats, the raw materials for these, and concentrates, would remain on the same level as at the beginning of the 1960's. This entails a total consumption of margarine of some 20 million kilogrammes, and a consumption of foreign concentrates of some 150 million kilogrammes. During the last few years, there has occurred a sharp drop in the consumption of margarine in Finland, which is evident from the consumption of 35 million kilogrammes in 1957. Of course, it is possible further to depress the consumption of margarine through measures of different kinds, but the Committee is of the opinion that not even a vigorous levelling out of the price relationship of margarine and butter, at present 0.68 in the retail market, could prepare room for more than 10 million kilogrammes of butter. On the other hand the country's butter production has on an average increased by about 5 million kilogrammes annually.

On making an examination of the existing opportunities for the achievement of a balance between production and domestic consumption, foreign concentrates should also be noted. The import of concentrates has dropped sharply since 1957/58, when it amounted to 300 million kilogrammes. Last year, the corresponding figure was 150 million. The Committee considers that the import of fodder rich in starch should be abandoned entirely, and that the import of oil cakes should be limited to only what is absolutely necessary. Even in the event that fodder imports were cut down as low as to 25 million kilogrammes, this would correspond only to a domestic fodder crop from 70—80 000 hectares. With these facts in mind, it can be understood that the Committee viewed coldly any further expansion of the area of arable land.

Since the second world war, attention has been devoted primarily, as regards the rationalisation of farming, to effecting mechanisation, while the activity concerned with farm units in themselves has lagged behind. In this respect, rationalisation has been hampered by the small size of the farm units, inappropriate lay out, defective drainage, the general occurrence of surface ditches, and so on. The major disadvantage is that presented by the small size of the farm units. Despite a significant increase in the total area of arable land during the 1950's, the area of farm units (still 8.9 hectares of arable land) has not risen, while the number of farms has grown in about the same proportion as the area. The Committee considers it a prerequisite for the bringing into existence of larger farm units that new ones are not created for the present, whether by subdivision of existing ones, or within the framework of settlement activity. As in the opinion of the Committee such a reorganisation can be achieved only by means of legislation, the Committee proposes that an act be passed

on the limitation of dividing up farm units as soon as possible, and that new farm units be no longer formed under the provisions of the settlement laws. The settlement policy should also be revised in such a way that measures of settlement should be concentrated on raising the existing efficiency of farms through the promotion of external rationalisation.

The settlement policy should be brought into accord with the objects of farm policy and the aims considered to be correct with regard to farming as a whole. The country is not in need of any land reforms, neither is there need to place more people in farming; on the contrary, farming should be able to send labour power into other branches of industrial activity.

The numerical strength and the composition of the farm population are factors of major purport, and with important farm policy consequences. The number of the farm population is not, however, entirely dependent upon the level of development and rationalisation of agriculture itself, but also upon the tasks performed by them in the community as a whole. There is reason to bear in mind that the farm population of Finland, apart from its responsibility for the provision of food, also makes an impressive contribution in forestry, either within the framework of the farm business itself, or outside this. The numerical strength of the farm population is furthermore influenced by the opportunities offered by other branches of industry to labour power freed by rationalisation and so on. The total labour input made by the farm population (agriculture, forestry, extras) fell during the 1950's in total by only 2.8 per cent. Nevertheless, it should be remembered that the labour input in agriculture proper dropped by 13.8 per cent simultaneously with the total area of arable land increasing by 200 000 hectares, and the number of farm

units over 2 hectares in area by 23 000. If one calculates the speed of decimation for the consumption of labour per hectare of arable land, the annual drop comes to 1.9 per cent. It is this percentage which most closely evidences the speed of work-rationalisation in farming during the 1950's.

For the 1960's, a work-rationalisation corresponding to an annual drop of about 2 per cent of the labour input is expected. If during the current decade it were also possible to bring into being appreciably larger farm units, and provided that technical progress could be introduced at greater speed than during the 1950's, a more vigorous reduction than 2 per cent per year would be feasible.

However, it appears that the possibilities afforded by other branches of industry for the absorption of the potential available labour force freed from farming will still be rather limited in the 1960's. This question was not subjected to analysis by the Farming Committee, which instead accepted the calculations made by an earlier committee (The Economic Programme Committee). This Committee, which founded its calculations on certain assumptions, estimated that the economic expansion of the 1960's will render possible a yearly diminution of the labour input in agriculture by 1.5 per cent. When one compares the situation today with the rapid pace of expansion apparent everywhere in Finnish economic life, these figures seem to have been rather pessimistically formulated. By way of summary, it can in any case be said that the diminution of the labour input in agriculture during the 1960's is expected to move between 1.5 and 2 per cent annually.

As forestry, along with the industry based upon it, can with reason be expected to have significantly better preconditions for the finding of outlets for expanding production than has agriculture, there is motivation to

plead for a definite redistribution of the labour input of the farming population from agriculture to forestry. The Farming Committee paid special attention to the disposition, more decided than before, to engage upon long-term forest cultivation.

As was mentioned at the beginning of this article, the task of the Farming Committee was to put forward proposals designed to bring the standard of living of the farm population into the correct relationship with the living standard of other groups of the population. Examination of the relative income level of the farm population demands a comparison with some other occupational group. However, it is a difficult matter to make such a comparison, in that the living and other conditions are so extremely different.

According to a calculation made by an earlier committee, in 1954 the income per head of the farm population was 68 per cent of the income per head of other population groups.

Even if the reservation is made that the given relationship figure may be changed, there still remains the unequivocal fact that a significant income gap does exist.

It is a global phenomenon that farming has a lower income level than other industries. The higher the percentile proportion farmers constitute of the entire population, the lower is their income per head in comparison with other population groups. But even this lower income level can be maintained only by some measures of support, whose extent and character have in many countries taken the form of an essential problem of farm policy. The problem principally finds its origin in food production rising more quickly than consumption.

It is therefore both reasonable and just to adopt as a guiding principle for the farm price policy the achievement of a definite income parity for the holders of farms such

as attain a certain measure of efficiency, in other words an equality of status, from the standpoint of income, between comparable population groups. In Finland, the price system has not an exact expression of any target for the income level, but the measures of support have been aimed at the relative changes in the farming income level. It is also rather difficult to find a numerical basis for status equality, as farmers' incomes are composed of income from agriculture, forestry and other sources, which all consist of both labour and capital income.

Although the Committee considers as just the principle of equality of status with respect to labour income between fully employed operators of family farms and comparable wage-earning groups, such equality cannot under present circumstances be arrived at by raising price levels. Apart from its inflationary effect, this would probably render difficult the sale of the export surplus. A levelling out of incomes can be achieved only gradually, and as a result of rationalisation. In the opinion of the Committee, the measures adopted for the safeguarding of the farmers' income level should be continued by proceeding from the prevailing income relationships. By means of price policies and other expedients, development should be favoured in such a direction that the income gap in relationship to other population groups would gradually be closed.

The Committee accordingly recommends that the current system of price-fixing for farm products be maintained in principle, although more regard should be paid to the aspects of production policy. It is recom-

mended that the price system should, more than has hitherto been the case, be linked to changes in production. The Committee accordingly recommends that prices should be guaranteed for the production volume advised by the Committee, that is to say, a production up to self-sufficiency. Nevertheless, as in practice the current surplus cannot be omitted from consideration, and as furthermore it has come into being as a consequence of the State's own measures, the Committee considers that the price support prescribed by law should be extended to apply to a production of the current range, inclusive of the present export surplus, but not of production growing in excess of this. With respect to the latter, farmers should be satisfied with the prices which are obtainable on the world market. As domestic consumption is expected to rise by 1 per cent annually, as stated above, the need of export subsidy would gradually decrease. One essential requirement, however, is that in farm policy in other respects the aims and proposals of the Committee should be observed in such a way that agricultural production does not in total grow further through State farming policy. To avoid the unintentional expansion of the production volume of items which are difficult to market, it is proposed that the subsidies made in the form of regional supports and supports to small farms shall in the main be so changed that they are paid according to area, and not in relation to the output extracted. The current regional and smallholder subsidies, in the opinion of the Committee, stand to a great extent in conflict with previously presented views on production policy.

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# BANK OF FINLAND

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*Governor*

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