



# BANK OF FINLAND

*Monthly Bulletin*

**Recent developments in Finnish  
wholesale and retail trade**

**The Finnish insurance companies**

**National income**

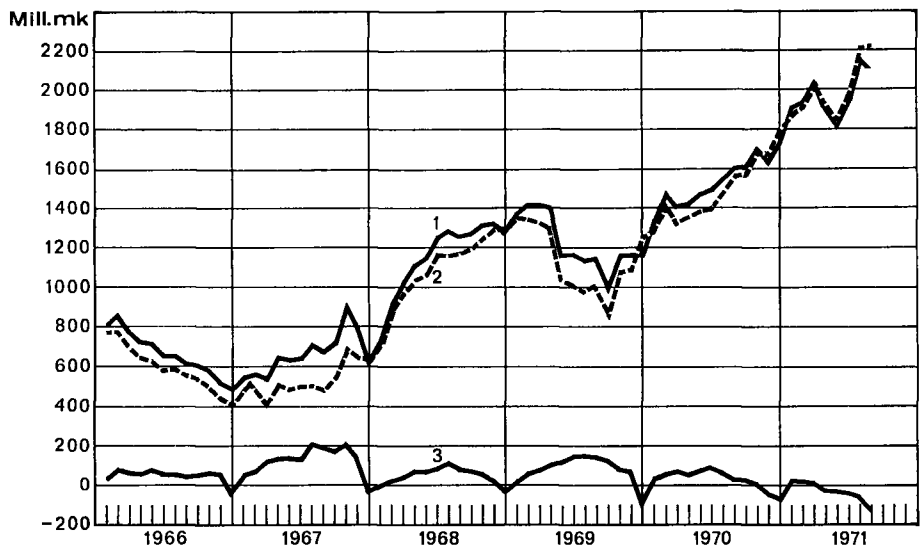
**Investment capital flows in January—  
June 1971**

**Mortgage Bank of Finland Oy**

**OCTOBER 1971**

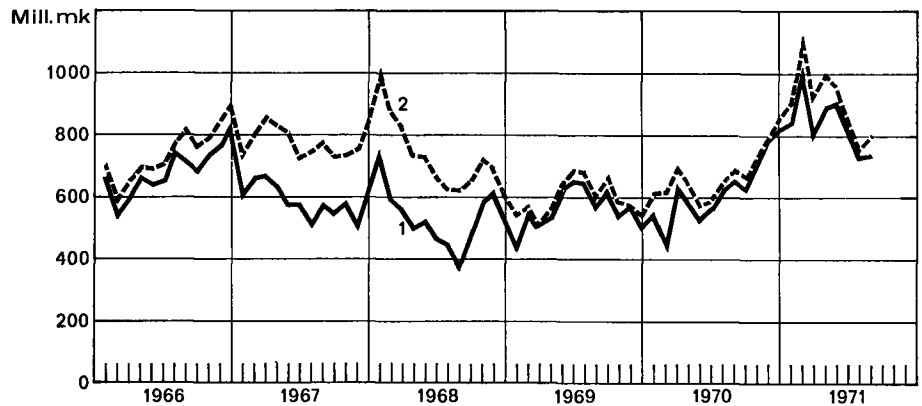
**Vol. 45 No. 10**

**Bank of Finland foreign exchange reserve, 1966-1971**



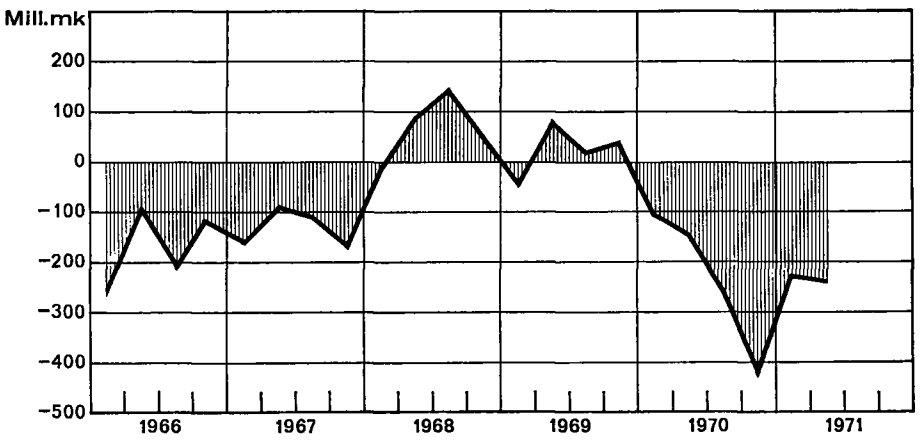
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

**Bank of Finland's position in regard to the banks, 1966-1971**



- 1. Net claims on the banks
  - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

**Balance of payments current account surplus/deficit, 1966-1971**



Seasonally adjusted quarterly figures

## RECENT DEVELOPMENTS IN FINNISH WHOLESALE AND RETAIL TRADE

In the 1960's the share of wholesale and retail trade in total production measured by GNP at factor cost was 10 per cent on average. Wholesale accounted for approximately two-fifths of this. Trade is a labour-intensive sector of the economy and in the last few years about 12 per cent of the total labour force has worked in this sector. During the 1960's the growth rate of employment in trade was higher than that of total employment. As a result of an increase in the number of hours shops are open, the share in total employment of those working part-time in retail trade grew from 7 per cent in 1969 to 9 per cent in 1971.

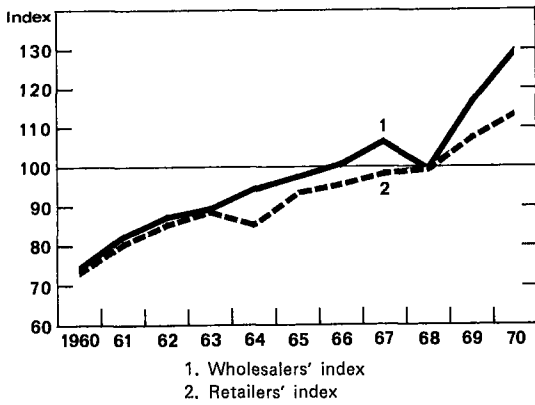
Recently general interest has focused on the profit margins and the level of earnings within trade, which are dependent on the development of productivity. In 1961—1970 the annual average increase in productivity in wholesale and retail trade was 2 ½ per cent. The growth of productivity in wholesale trade was roughly one percentage unit higher than that in retail trade, but this was lower than that in industry. Because the proportion of distribution costs in price of final products tends to increase, efforts have been made to raise productivity in trade by expanding the size of operating units and through rationalization. These measures do not only cut the prices of products but allow the level of earnings of those working in this sector to rise. However, large operating units require such great investments that the retail trade is not able to finance them alone. At present wholesalers, mainly through their central corporations, are engaged not only in sales promotion and training schemes but also in the development of the retail sales network. As a result retailers have been granted, apart from the traditional trade credits, special long-term credits for the enlargement or modernization of their shops or for the improvement of

their financial position. In the last few years the distinction between wholesale and retail trade has also become somewhat blurred.

Clear groupings within wholesale and retail trade characterize competition within this sector in Finland. The reason for this can be found in the high degree of centralization within wholesale trade, which expresses itself in, for example, standard trading emblems, sales campaigns and heavy price competition. This is especially the case in consumer goods trade. The present grouping was established in the 1940's, but became more clear-cut and evident in the 1960's as marked structural changes in trade began to take place. There are four groupings within the consumer goods trade, two of which are co-operative and two private. In addition, a separate group exists within import trade.

Although structural changes in trade during the 1960's did not lead to a decline in the number of shops, which hovered around 40 000 throughout this decade, changes took place in the type of shops owing to evolution in the functions of trade and the kind of services offered. The sales of department stores and small department stores increased by 122 per cent from 1964 to 1970. Co-operatives especially have favoured outlets of this type. The share of supermarkets in the total sales of foodstuffs will reach 6 per cent in 1971. The first hypermarkets opened in Finland this year. Self-service shops now account for slightly more than one half of total foodstuffs trade and the share is steadily increasing. The share of mobile shops in total retail sales (excl. the sale of alcohol) exceeded 2 per cent in 1970. Structural changes have centred on general rationalization, such as centralization of stocks and operations.

**WHOLESALE AND RETAILERS' VOLUME INDICES FROM 1960 to 1970, 1968 = 100**



**TABLE 1. WHOLESALE TRADE SALES, 1970—II 1971**

Year and quarter	Total wholesale Mill. mk	Change on the corresponding period in the previous year, per cent	
		Value	Volume
1970			
I	4 175.3	15.3	9.2
II	4 907.6	20.1	13.5
III	4 961.3	15.9	11.1
IV	5 429.2	14.0	10.7
I—IV	19 473.4	16.2	11.1
1971			
I	4 769.3	13.8	9.6
II	5 446.0	11.0	6.9

A look at sales statistics over the last few years reveals that the year 1968, which followed the devaluation, was a poor one in both wholesale and retail trade. The upswing which started in the latter half of 1968 was felt in wholesale and retail trade in 1969 after the usual and expected lag. Because of the increase in investment demand, the volume of wholesale trade went up by 17 per cent. The rapid rise in real incomes was reflected in retail trade where the volume increased by 8 per cent, and sales on motor cars increased markedly. Trade continued to develop favourably also in 1970. Wholesale trade expanded especially as a result of significant imports of machinery and raw materials. On the other hand profit margins in retail trade in particular fell because of increasing cost pressure.

**TABLE 2. RETAIL TRADE SALES, 1970—II 1971**

Year and quarter	Total retail Mill. mk	Change on the corresponding period in the previous year, per cent	
		Value	Volume
1970			
I	3 449.3	8.7	5.3
II	4 191.6	9.3	6.1
III	4 119.5	10.3	6.8
IV	4 819.3	8.8	5.3
I—IV	16 579.7	9.4	5.9
1971			
I	3 791.0	9.9	6.1
II	4 698.9	12.1	7.5

In the first quarter of 1971 wholesale and retail trade as a whole did relatively well, although the cyclical peak had been passed. However, the strikes of the winter were reflected in the wholesaling of hardware articles and building supplies. During the second quarter wholesale trade declined but retail trade continued to develop favourably. The structure of retail sales is such that retail trade reacts more slowly to cyclical changes than does wholesale trade where investment goods

are more important. The imposition of a supplementary turnover tax from June 6, 1971 on certain consumer durables increased retail in May and early June especially. However, a considerable drop in sales of consumer durables, of motor cars in particular, was recorded in June. In the latter half of the year both wholesale and retail trade are expected to grow by less than the average rate, mainly because of weak demand for consumer durables and investment goods.

September 30, 1971

	1970		1971			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
<b>Assets</b>						
Gold and other foreign assets	1 809	1 965	2 381	2 334	2 317	2 311
Gold	189	121	205	205	205	205
Special drawing rights	98	98	197	197	197	197
IMF gold tranche	190	281	268	268	268	268
Foreign exchange	1 219	1 344	1 587	1 535	1 518	1 510
Foreign bills	82	85	88	89	89	91
Foreign bonds	31	36	36	40	40	40
Claims on domestic banks	717	839	775	792	851	882
Discounted bills	686	827	759	783	845	866
Rediscounted bills	8	9	0	—	1	1
Cheque accounts	23	3	16	9	5	15
Other lending	266	283	407	421	417	372
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	147	137	214	228	224	180
Loans	119	146	193	193	193	192
Other assets	701	689	729	752	725	743
Finnish bonds	311	64	163	188	161	178
Finnish coin	12	8	16	17	18	19
Currency subscription to Finland's quota in the IMF	335	518	530	530	530	530
Other claims	43	99	20	17	16	16
<b>Total</b>	<b>3 493</b>	<b>3 776</b>	<b>4 292</b>	<b>4 299</b>	<b>4 310</b>	<b>4 308</b>
<b>Liabilities</b>						
Notes in circulation	1 226	1 344	1 273	1 285	1 294	1 322
Liabilities payable on demand	98	126	191	207	203	208
Foreign exchange accounts	66	94	153	179	166	183
Mark accounts of holders abroad	12	12	9	10	8	9
Cheque accounts						
Treasury	3	2	5	1	6	0
Post Office Bank	3	4	10	2	8	0
Private banks	—	1	—	—	—	—
Other	3	3	3	4	4	4
Other sight liabilities	11	10	11	11	11	12
Term liabilities	683	633	1 045	1 044	1 044	998
Foreign	—	—	—	—	—	—
Domestic	683	633	1 045	1 044	1 044	998
IMF mark accounts	335	518	530	530	530	530
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	521	404	408	387	391	399
Bank's own funds	542	663	672	673	675	678
Capital	300	600	600	600	600	600
Reserve fund	200	0	32	32	32	32
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	42	63	40	41	43	46
<b>Total</b>	<b>3 493</b>	<b>3 776</b>	<b>4 292</b>	<b>4 299</b>	<b>4 310</b>	<b>4 308</b>

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7-8)
	1	2	3	4	5	6	7	8	9
1964	974	85	889	76	83	882	9	5	4
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1970									
June	1 586	85	1 501	515	352	1 664	—163	1	—164
July	1 642	83	1 559	451	331	1 679	—160	2	—162
Aug.	1 685	78	1 607	440	331	1 716	—149	1	—150
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117
May	1 888	56	1 832	650	526	1 956	—108	1	—109
June	2 011	59	1 952	653	526	2 079	—107	23	—130
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Aug. 31, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.—Aug.
	Gold	121	—	121	205	—	205	+ 84
Special drawing rights	98	—	98	197	—	197	—	+ 99
IMF gold tranche	280	—	280	268	—	268	—	— 12
Convertible currencies	1 302	—103	1 199	1 557	66	1 623	— 30	+424
Other currencies	—63	—8	—71	—119	— 6	—125	— 70	— 54
Total	1 738	—111	1 627	2 108	60	2 168	— 16	+541

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other				Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts <sup>1</sup>	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	
				Private banks <sup>2</sup>	Post Office Bank <sup>2</sup>						
	1	2	3	4	5	6	7	8	9	10	11
1964	—	448	—	16	50	382	78	92	2	168	1 003
1965	—	641	—	12	8	621	76	72	32	116	1 029
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	-145	1 344
1970											
June	590	7	40	42	5	590	151	168	549	-230	1 265
July	683	4	17	47	6	651	163	169	579	-247	1 226
Aug.	664	12	28	—	1	703	162	161	553	-230	1 238
Sept.	687	8	23	—	3	715	147	162	551	-242	1 226
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344
1971											
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280
March	785	1	6	—	18	774	95	203	732	-434	1 204
April	856	1	7	—	0	864	93	155	662	-414	1 259
May	893	1	4	—	0	898	164	155	597	-278	1 360
June	877	1	16	—	44	850	209	164	760	-387	1 355
July	821	1	7	—	62	767	221	186	870	-463	1 341
Aug.	785	—	15	—	11	789	214	185	912	-513	1 307
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322

<sup>1</sup> Including special index accounts.<sup>2</sup> Including cash reserve accounts.SELLING RATES FOR FOREIGN EXCHANGE<sup>1</sup>

Mk

September 30, 1971

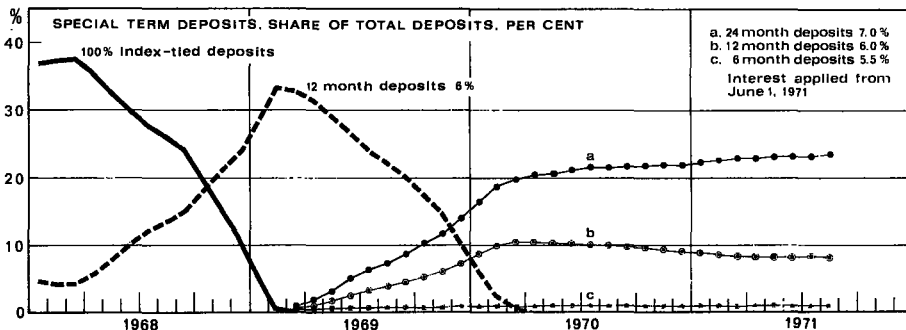
New York	1 \$	4.162	Frankfurt o. M.	100 DM	125.90	Vienna	100 S	17.28
Montreal	1 \$	4.123	Amsterdam	100 Fl	124.00	Lisbon	100 Esc	15.35
London	1 £	10.340	Brussels	100 Fr	8.855	Reykjavik	100 Kr	4.77
Stockholm	100 Kr	82.80	Zurich	100 Fr	105.40	Madrid	100 Pta	6.03
Oslo	100 Kr	60.70	Paris <sup>2</sup>	100 FF		Moscow <sup>3</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	57.20	Rome	100 Lit	0.6805	Clearing dollars <sup>4</sup>	1 Cl \$	4.212

<sup>1</sup> Rates for New York, Moscow and Clearing dollars are official, others unofficial.<sup>2</sup> 75.35 commercial rate; 77.25 financial rate.<sup>3</sup> Clearing account; also Bucharest.<sup>4</sup> Berlin, Budapest, Sofia.

# DEPOSITS BY THE PUBLIC

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. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1970										
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5
Dec.	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971*										
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9
June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 342.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5

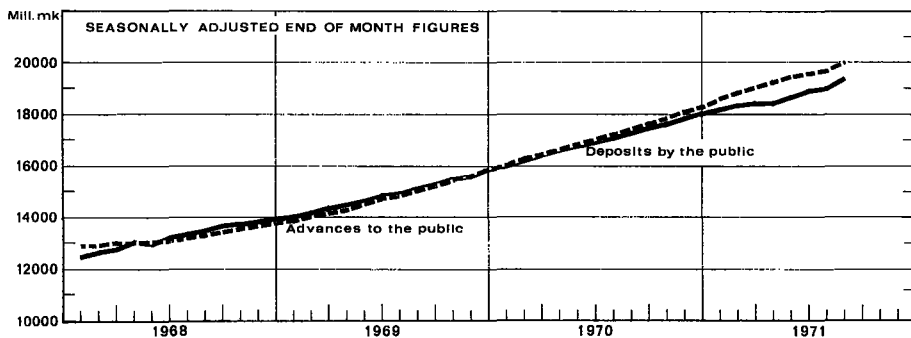




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 8)	Money Supply
	Commer- cial banks	Savings banks	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970	7 963.5	4 342.1	1 244.9	3 403.8	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1970									
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec.	7 963.5	4 342.1	1 244.9	3 403.8	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1971									
Jan.	8 084.6	4 379.9	1 276.7	3 438.5	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	1 288.6	3 472.1	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	1 301.1	3 506.6	1 530.0	18 309.0	721.2	19 030.2	3 935.9
April	8 373.9	4 486.8	1 324.0	3 533.8	1 536.2	18 497.8	756.9	19 254.7	3 816.9
May	8 429.1	4 547.2	1 340.0	3 570.6	1 589.4	18 732.4	743.9	19 476.3	4 048.6
June	8 452.4	4 544.1	1 351.8	3 574.2	1 640.2	18 838.0	724.7	19 562.7	4 167.9
July	8 477.7	4 569.8	1 374.7	3 608.1	1 658.7	18 963.5	725.5	19 689.0	4 153.1
Aug.	8 539.0	4 604.7	1 411.0	3 631.4	1 660.1	19 120.4	725.8	19 846.2	4 280.3



## STATE FINANCES

Mill. mk

Revenue	Jan.—July		Expenditure	Jan.—July	
	1970	1971		1970	1971
Income and property tax (net)	1 832	2 166	Wages, salaries, pensions etc.	1 038	1 166
Gross receipts	(4 152)	(4 795)	Repair and maintenance	149	175
Refunds & local authorities	(—2 320)	(—2 629)	Other consumption expenditure	431	513
Other taxes on income and property	29	44	<b>Total consumption expenditure</b>	<b>1 618</b>	<b>1 858</b>
Employers' child allowance payments	375	246	State aid to local authorities	867	941
Sales tax	1 512	1 745	State aid to industries	796	744
Revenue from Alcohol Monopoly	367	449	of which: agric. price subsidies	(603)	(562)
Customs duties & import charges	262	230	Child allowances	151	175
Counter-cyclical tax	—	43	Share in national pensions and health insurance	239	112
Excise duty on tobacco	231	263	Other transfer expenditure	629	692
»  »  on liquid fuel	342	397	<b>Total transfer expenditure</b>	<b>2 682</b>	<b>2 664</b>
Other excise duties	151	156	Machinery and equipment	182	187
Tax on autom. and motor cycles	212	225	House construction	155	121
Stamp duties	129	132	Land and waterway construction	362	366
Special diesel etc. vehicles tax	31	34	<b>Total real investment</b>	<b>699</b>	<b>674</b>
Other taxes and similar revenue <sup>1</sup>	76	77	Interest on State debt	161	162
<b>Total taxes</b>	<b>5 549</b>	<b>6 207</b>	Index compensations	20	18
Miscellaneous revenue	274	344	Net deficit of State enterprises	33	131
Interest, dividends etc.	128	160	Other expenditure	3	4
Sales and depreciation of property	46	52	<b>Total other expenditure</b>	<b>217</b>	<b>315</b>
Redemptions of loans granted	109	154	Increase in inventories	3	44
<b>Total revenue</b>	<b>6 106</b>	<b>6 917</b>	Lending	359	380
Foreign borrowing	1	0	Other financial investment	160	312
Domestic borrowing	345	314	<b>Total expenditure</b>	<b>5 738</b>	<b>6 245</b>
<b>Total borrowing</b>	<b>346</b>	<b>314</b>	Redemption of foreign loans	72	65
<b>Deficit (+) or surplus (—)</b>	<b>—332</b>	<b>—669</b>	Redemption of domestic loans	310	252
			<b>Total redemptions</b>	<b>382</b>	<b>317</b>
<b>Total</b>	<b>6 120</b>	<b>6 562</b>	<b>Total</b>	<b>6 120</b>	<b>6 562</b>

<sup>1</sup> Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1968	1969	1970	1971			
	Dec.	Dec.	Dec.	May	June	July	Aug.
<b>Foreign debt</b>	2 074	1 656	1 557	1 535	1 529	1 527	1 533
Loans	2 160	2 316	2 437	2 495	2 480	2 491	2 494
Compensatory obligations	5	4	3	2	2	2	2
Short-term credit	320	158	46	48	49	49	50
Cash debt (net)	— 256	— 217	—284	—482	—558	—571	..
<b>Domestic debt</b>	2 229	2 261	2 202	2 063	1 973	1 971	..
<b>Total State debt</b>	4 303	3 917	3 759	3 598	3 502	3 498	..
Total debt, mill. \$	1 028	933	900	857	834	836	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970	9 686.7	11 071.4	-1 384.7

1970			
Sept.	876.0	1 019.5	-143.5
Oct.	912.0	964.8	- 52.8
Nov.	849.7	991.5	-141.8
Dec.	914.4	1 412.0	-497.6

1971*			
Jan.	867.9	878.7	- 10.8
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	954.0	-260.2
May	778.7	1 015.8	-237.1
June	830.6	800.9	+ 29.7
July	847.2	864.5	- 17.3

Jan.-July			
1970	5 310.0	5 885.4	-575.4
1971*	5 330.4	6 163.8	-833.4

Indices of exports and  
imports 1962 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1966	122	135	112	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106

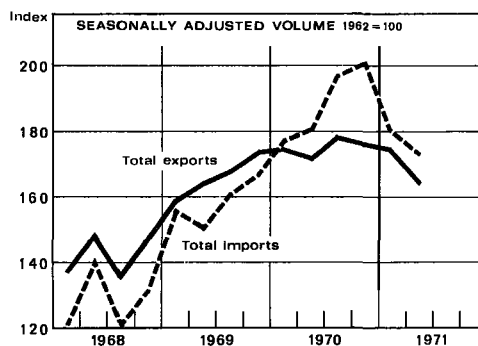
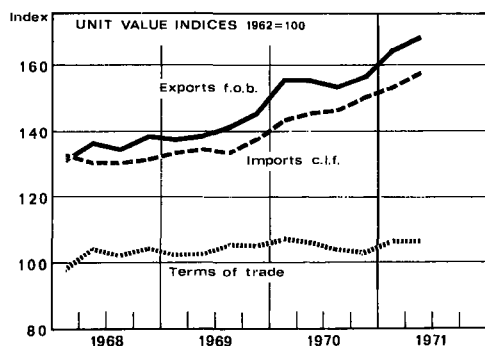
1968					
Oct.-Dec.	161	145	139	132	105

1969					
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106

1970					
Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

1971 <sup>1</sup>					
Jan.-Mar.	149	167	165	154	107
Apr.-June	154	179	169	158	107

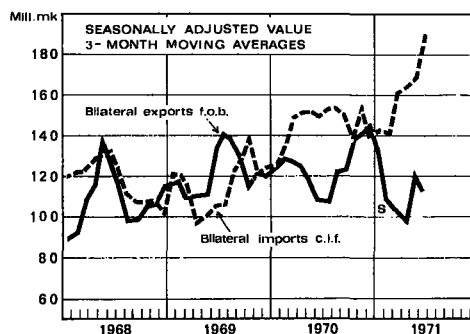
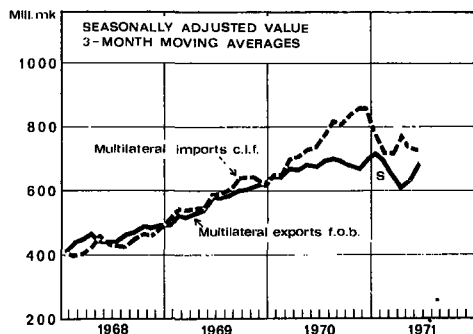
<sup>1</sup> The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970	426.3	88.0	1 544.0	3 789.4	2 437.3	1 401.7	4 918.1	1 243.5	2 905.5	2 004.3
1970										
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.6	109.1	243.7	187.1
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.4	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.2	265.6	170.3
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.7	136.6	458.6	199.1
1971*										
Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.9	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	288.6	79.7	221.8	145.5
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.6	301.6	190.9
April	27.1	2.6	116.4	296.6	132.5	118.6	361.2	82.8	315.8	194.2
May	64.1	12.1	133.3	294.6	163.9	110.7	351.4	155.3	352.8	156.3
June	28.3	13.7	155.1	298.3	208.0	127.2	314.7	121.5	220.8	143.9
July	33.0	9.0	159.9	287.9	272.6	84.8	357.7	132.8	223.6	150.4
Jan.-July										
1970	245.4	37.9	779.0	2 144.2	1 343.8	759.7	2 643.8	604.0	1 510.4	1 127.2
1971*	294.6	45.5	855.4	2 094.7	1 242.2	798.0	2 386.7	746.2	1 895.1	1 135.8



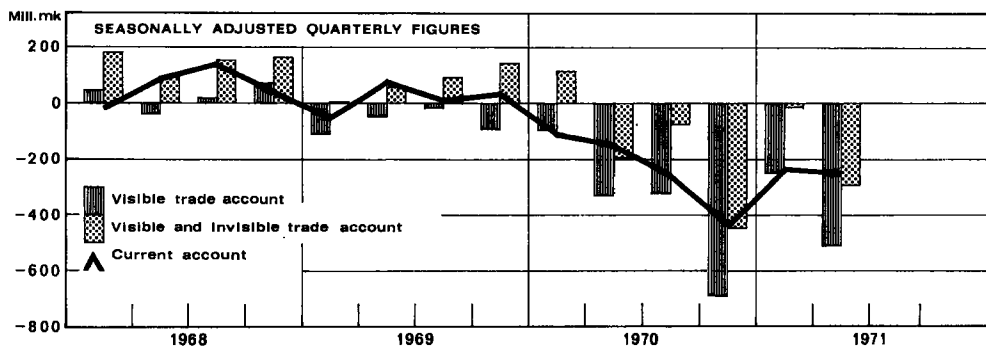
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	70.3	3 733.8	72.1	3 840.5	74.4	4 377.2	74.2	4 577.2
Austria	0.8	44.7	0.9	48.7	1.4	81.2	1.5	91.6
Belgium-Luxembourg	2.0	106.3	1.8	95.5	2.2	131.7	1.6	101.8
Denmark	4.0	213.3	3.9	206.4	3.3	193.7	3.3	206.2
France	4.1	218.9	3.9	208.1	3.7	216.8	3.3	201.7
Federal Republic of Germany	10.9	579.1	10.6	564.3	17.1	1 004.9	16.9	1 043.3
Italy	2.5	133.0	2.1	112.7	2.1	123.1	2.1	128.3
Netherlands	4.6	243.7	4.3	228.7	3.6	210.2	3.4	212.1
Norway	3.2	167.9	4.2	225.4	2.4	139.1	2.6	159.4
Portugal	0.4	21.5	0.3	13.5	0.8	48.1	0.6	36.6
Spain	1.1	56.3	0.9	48.3	0.3	17.6	0.6	38.1
Sweden	15.8	837.5	15.7	835.6	18.0	1 062.5	18.6	1 146.0
Switzerland	1.8	93.6	2.1	109.1	3.4	202.5	3.6	223.4
United Kingdom	17.3	920.5	19.2	1 025.3	15.8	928.4	15.8	972.5
Other	1.8	97.5	2.2	118.9	0.3	17.4	0.3	16.2
<b>OECD countries outside Europe</b>	6.2	330.4	6.2	332.2	5.5	324.9	6.9	423.8
Canada	1.0	54.9	0.7	38.4	0.3	19.1	0.3	16.2
Japan	0.3	15.8	0.1	8.0	2.0	117.8	2.5	151.6
United States	4.9	259.7	5.4	285.8	3.2	188.0	4.1	256.0
<b>Eastern Bloc</b>	15.4	814.3	14.0	744.2	16.0	942.0	16.7	1 027.0
Czechoslovakia	0.5	27.6	0.7	35.2	0.5	28.6	0.5	28.8
Democratic Republic of Germany	0.7	35.1	0.6	33.2	0.6	33.4	0.5	33.6
People's Republic of China	0.7	36.1	0.5	25.3	0.2	11.7	0.5	29.5
Poland	1.3	67.8	1.1	56.9	1.3	77.0	1.9	119.5
Soviet Union	11.3	600.9	10.3	548.8	12.6	742.4	12.8	786.0
Other	0.9	46.8	0.8	44.8	0.8	48.9	0.5	29.6
<b>Latin America</b>	2.9	154.9	2.5	135.1	2.2	129.2	0.8	48.0
Argentina	0.7	39.2	0.8	43.5	0.2	11.1	0.2	8.6
Brazil	0.5	25.3	0.6	33.3	0.5	30.9	0.0	2.0
Colombia	0.2	11.7	0.3	13.5	0.7	39.1	0.0	2.2
Other	1.5	78.7	0.8	44.8	0.8	48.1	0.6	35.2
<b>Other</b>	5.2	276.6	5.2	278.4	1.9	112.1	1.4	87.8
<b>GRAND TOTAL</b>	100.0	5 310.0	100.0	5 330.4	100.0	5 885.4	100.0	6 163.8
of which								
<b>EFTA countries</b>	43.4	2 305.1	46.4	2 473.9	45.2	2 660.1	46.2	2 845.7
<b>EEC countries</b>	24.0	1 273.0	22.7	1 209.2	28.7	1 686.7	27.4	1 687.1
<b>OECD countries</b>	76.5	4 064.2	78.3	4 172.7	79.9	4 702.1	81.1	5 001.0

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+ 269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
<b>Jan.-Mar</b>										
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
1971	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
<b>Apr.-June</b>										
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
1971	2 288	2 781	-493	+180	+ 48	+20	-245	-118	- 1	-364
<b>July-Sept.</b>										
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970	2 471	2 690	-219	+196	+109	- 4	+ 82	-110	- 1	- 29
<b>Oct.-Dec.</b>										
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970	2 660	3 379	-719	+213	+ 32	+24	-450	-105	- 7	-562

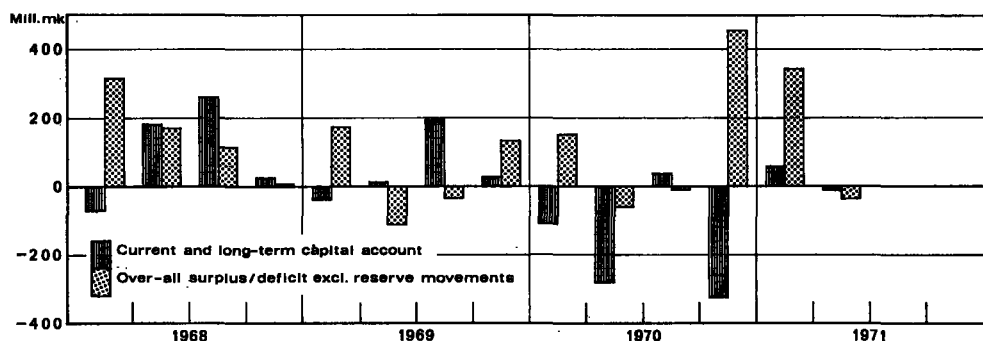


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 <sup>2</sup>	+545	-563	+ 18
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 <sup>2</sup>	+157	-240	+ 83
+ 617	-233	- 5	-20	+359	+ 59	+ 20	+329	- 66 <sup>2</sup>	+342	-314	- 28
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 600	-202	- 10	-31	+357	- 7	-154	+ 80	+ 44	- 37	+ 99	- 62
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-324	+530	- 38	+289	+457	-121	-336

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

<sup>1</sup> Including Direct investment, net.

<sup>2</sup> Including Allocations of special drawing rights 88 million in 1970 and 85 million in 1971.



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128
1971												
Jan.	305	307	297	305	345	295	341	290	294	141	148	130
Feb.	308	310	298	306	347	301	344	291	297	142	148	130
March	308	312	297	306	348	302	345	292	297	143	148	133
April	308	311	298	307	352	300	342	293	299	148	164	133
May	309	312	298	307	353	300	340	294	299	149	164	133
June	310	313	300	307	359	303	339	295	303	149	164	133
July	312	315	302	309	359	306	344	296	304	150	164	133
Aug.	315	318	303	310	360	309	349	298	305	150	164	133

Period	Consumer prices 1967 = 100											
	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969	217	170	112	115	111	108	111	109	110	110	110	112
1970	223	175	115	116	115	109	115	121	115	113	113	115
1970												
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118
1971												
Jan.	228	179	117	117	117	111	116	137	115	117	115	122
Feb.	229	180	118	118	117	111	117	138	116	119	115	123
March	231	181	119	119	117	111	118	140	116	120	115	123
April	232	182	120	119	117	111	120	140	116	120	117	124
May	233	183	120	120	117	111	121	140	116	122	117	124
June	237	186	122	121	118	112	127	140	118	126	119	125
July	239	187	123	122	120	112	128	140	119	126	119	125
Aug.	241	189	124	123	121	112	128	141	122	128	120	125



# WAGES

Index of salary and wage earnings 1964=100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in				State employees	Municipal employees	Employees in private sector			
	Agriculture	Manufacturing	Construction	Employees in services						
1968	151	142	136	147	141	149	139	142	140	141
1969	162	154	149	155	151	158	150	149	153	151
1970*	182	170	171	163	161	164	165	158	170	165
1969*										
July-Sept.	162	154	151	156	152	158	152	149	156	153
Oct.-Dec.	171	157	155	156	152	158	152	149	156	153
1970*										
Jan.-Mar.	181	166	167	162	160	163	160	156	164	161
Apr.-June	181	169	168	163	167	164	165	157	170	164
July-Sept.	180	171	173	164	162	165	166	158	171	165
Oct.-Dec.	187	175	180	164	162	166	168	160	174	167
1971*										
Jan.-Mar.	206	185	186	170	168	172	179	166	185	176
Apr.-June	206	190	195	173	168	173	186	167	193	182

# PRODUCTION

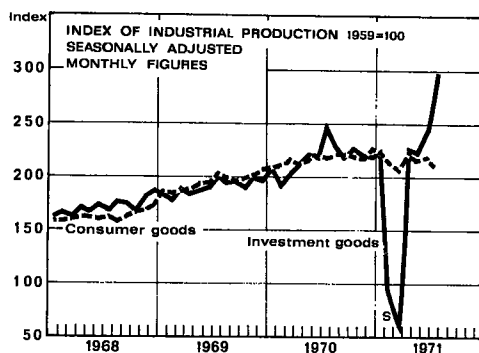
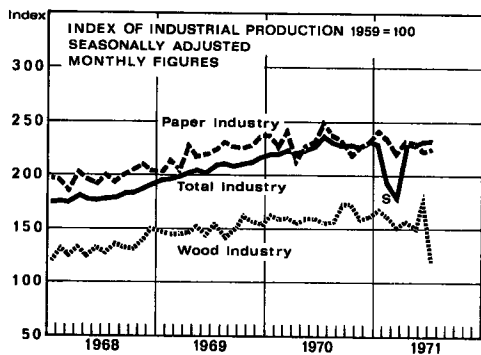
Volume indices of production 1964=100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1968	113	121	97	93	109	108	114	111	118	119	119
1969	123	138	97	102	123	104	124	123	123	123	127
1970*	132	153	94	111	143	99	131	133	129	129	134
1970*											
Jan.-Mar.	127	152	64	154	92	100	120	122	127	127	133
Apr.-June	131	154	76	127	125	100	132	133	128	128	133
July-Sept.	133	142	170	55	175	100	137	132	129	129	133
Oct.-Dec.	136	163	68	106	179	94	136	145	131	131	136
1971*											
Jan.-Mar.	127	142	62	159	98	96	126	130	132	132	139
Apr.-June	135	159	73	120	128	98	137	141	134	134	140

# PRODUCTION

Index of industrial production 1959 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	207	194	214	196	173	151	223	285	281	199	207
1970*	228	222	232	220	190	162	234	328	328	226	228
1970*											
April	245	249	241	248	199	195	238	334	343	253	222
May	225	219	227	219	182	172	224	313	329	226	225
June	221	218	217	227	199	150	208	315	339	222	229
July	178	129	192	159	193	136	247	276	314	132	239
Aug.	225	206	227	225	193	131	247	307	338	209	233
Sept.	238	238	239	232	188	165	242	316	347	242	230
Oct.	247	253	250	235	222	172	238	357	358	255	231
Nov.	242	247	248	226	213	159	239	350	337	248	228
Dec.	240	242	243	230	198	167	215	374	321	245	234
1971*											
Jan.	236	234	243	217	163	168	247	352	324	238	231
Feb.	196	102	202	209	162	166	231	328	315	109	197
March	208	83	212	234	180	187	256	346	318	90	184
April	234	236	233	233	184	175	218	396	296	235	232
May	233	230	236	225	186	170	229	372	319	234	230
June	225	236	221	226	204	171	203	334	322	240	233
July	137	152	184	152	175	104	222	312	247	139	234



## LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1967	2 205	2 142	63	2.9	30 240	..	..	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970*	2 195	2 154	41	1.9	39 267	114	130	125
1970*								
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	125	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	115	146	131
Oct.	2 171	2 142	29	1.3	2 659	121	142	135
Nov.	2 161	2 131	30	1.4	3 308	116	138	120
Dec.	2 156	2 118	38	1.8	4 719	157	156	125
1971*								
Jan.	2 111	2 061	50	2.4	4 212	96	110	116
Feb.	2 115	2 057	58	2.7	4 932	99	124	103
March	2 122	2 060	62	2.9	5 067	110	138	120
April	2 130	2 073	57	2.7	4 163	119	140	125
May	2 185	2 135	50	2.3	3 157	135	149	..
June	2 347	2 308	39	1.7	2 408	..	..	..
July	2 360	2 315	45	1.9	1 092	..	..	..

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1968	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969	38.95	15.38	3.88	15.29	2.12	32 03	12.85	3.15	10.95	3.32	36.40
1970*	41.42	17.96	3.72	15.56	23.6	37.99	16.12	4.22	12.47	3.31	35.98
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.06	5.50	1.72	5.12	1.19	35.98
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.55	3.00	0.49	2.19	0.72	33.46

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *Claims on Treasury* = Treasury bills covering certain IMF and IBRD accounts + Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand-by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

## 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 banks, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

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 figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Bank less cash holdings (net) of State departments and funds.

## FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

## BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

## PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

## WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office. Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: food industry ISIC no. 20, weight 11.2, wood industry no. 25, weight 6.6, paper industry no. 27, weight 13.1, chemical industry no. 31, weight 5.2, non-metallic mineral industry no. 33, weight 3.6 and metal industry nos. 34—38, weight 23.5.

## LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *Construction of buildings* figures calculated by the Central Statistical Office.

## SYMBOLS USED

\* Preliminary   0 Less than half the final digit shown   . Logically impossible   . . Not available   — Nil   S affected by strike

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden and was raised in 1556 to the dignity of a Grand Duchy. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1970 were as follows: Social Democrats 52, Conservatives 37, Centre Party 36, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 1.

## INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

## LAND

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

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

## POPULATION

NUMBER OF INHABITANTS (1970): 4.6 million. Sweden 8.0, Switzerland 6.3, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1970:) In South Finland 43.5, in East and Central Finland 14.2, in North Finland 4.0 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1970): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 517 000 inhabitants, Tampere (Tammerfors) 156 400, Turku (Åbo) 153 300.

EMPLOYMENT (1970): Agriculture and forestry 23 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1970): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 8 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1970): births 14.0 ‰, deaths 9.6 ‰, change — 3.7 ‰, net emigration 8.0 ‰. Deaths in France 10.6 ‰ and Great Britain 11.8 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7 %), forestry and fishing 2 683 (7 %), manufacturing 11 643 (30 %), construction 3 667 (10 %), transport and communication 3 719 (10 %), commerce, banking and insurance 4 733 (12 %), public administration 2 228 (6 %), ownership of dwellings 1 694 (4 %), services 5 328 (14 %), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1960—1969): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu.ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft). The total removal in 1970 calculated according to the use of wood was 51 million cu. m excl. bark (1 768 million cu. ft).

AGRICULTURE (1970): Cultivated land 2.7 million hectares. Number of holdings 297 300, of which 188 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 123 % in the crop year 1969/70.

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 223 for 1970 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 5 874 km.

MERCHANT FLEET (Aug. 31, 1971): Steamers 43 (44 867 gross reg. tons), motor vessels 376 (567 231 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 8 (1 208 gross reg. tons). Total 483 (1 318 437 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1970): Passenger cars 712 000, lorries and vans 102 900, buses 8 100, others 5 000. Total 828 000.

FINNISH AIRCRAFT (June 1971): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 3 DC-6s, 8 Super Caravelles, 4 DC-9s and 9 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 24 airports and to 16 domestic airports.

## FINANCE AND BANKING

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

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1970). There are two big and five small commercial banks with in all 825 offices, 327 savings banks, 445 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixty-one private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1971). Bank of Finland discount rates 6—9 %, the rate for discounts or rediscounts for banks 8 ½ %. Other credit institutions: term deposits 5 %, 6 month deposits 5 ½ %, 12 month deposits 6 %, 24 month deposits 7 %; highest lending rate 11 % from May 24, 1971.

# THE FINNISH INSURANCE COMPANIES

by Matti L. Aho, LL.D.

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## HISTORICAL BACKGROUND AND MAIN FEATURES

Insurance activity in its modern sense began in Finland in the 19th century. The first fire insurance office was opened in 1816, and the year 1832 saw the foundation of a nation-wide fire protection society. The first life assurance company was started in 1874. At the beginning of 1971, there were 59 insurance companies in Finland. There are, in addition, 294 relief funds, 78 unemployment funds and 448 pension foundations, which carry out social personal insurance, and 324 non-life insurance associations. Apart from the domestic insurance institutions, three foreign insurance companies have subsidiaries in Finland. The national pension and sickness insurance schemes are operated by the state-owned National Pensions Institute. Pension insurance for persons employed by private firms and the self-employed is mainly underwritten by private insurance companies. The Central Pensions Security Institute supervises these companies and carries out other tasks relating to statutory pension insurance.

Mutual and joint-stock insurance companies are governed by the Insurance Companies Act passed in 1952. The latter are regulated by the Joint Stock Company Act (1895) as well. In addition, there are stipulations concerning insurance activity in the Insurance Contracts Act (1933), the Employment Accidents Insurance Act (1948), the Motor Insurance Act (1959) and the various laws on employment pensions passed in the 1960's. A law concerning the right of foreign insurance companies to carry out insurance business in Finland was passed in 1933.

A licence from the government is required to carry out insurance business in Finland. The

financial and other requirements which must be met before a licence is granted vary and depend on which type of insurance will be underwritten. Only a Finnish insurance company may issue motor insurance, employment accidents insurance and pension insurance.

Final authority in a mutual or joint-stock insurance company is exercised by policyholders or shareholders in their meeting where the Board of Management is elected unless this task is delegated to the Supervisory Board, which is always elected at the annual meeting. The members of the Supervisory Board and the Board of Management must be Finnish citizens living permanently in this country. The Board of Management represents the insurance company and takes care of all the tasks which do not devolve on the company's other organs on the basis of the company's articles of association. The members of the Supervisory Board and the Board of Management are naturally responsible for the measures they take on behalf of the company.

## STRUCTURE OF THE FINNISH INSURANCE COMPANY SYSTEM

As mentioned above, 59 insurance companies were operating in Finland at the beginning of 1971, and since then two new companies have been granted licences to start activities. Five years ago there were 64 Finnish insurance companies. The decline in the number is due to mergers, which have come about in the last few years as the financial climate for insurance companies has become less favourable. Some companies have made collaborative agreements without merging in order to improve their ability to meet their obligations. It is obvious that the rise of the cost level and the

increase in the amount paid in compensations will create pressure for still closer co-operation and possibly more mergers.

The law allows a life insurance company to carry out only personal insurance business (e.g. voluntary life and pension insurance), and its reinsurance. Hence companies have formed groups which co-operate in the underwriting of all types of insurance. At the moment there are five of these groupings.

The field organization of the insurance companies includes the office and agency network as well as part-time agents. The total number of insurance company offices and agencies exceeds 400. The employment pension scheme has recently begun to make use of the commercial banks' branch network. The settlement of claims requires the services of special inspectors and other personnel, and in all there are 9 100 full-time employees in insurance in Finland.

## SOURCES OF FUNDS

The major part, almost 90 per cent, of the insurance companies' liabilities consists of risk liabilities arising from claims or potential claims of policy-holders. These are presented in the insurance reserve, which is divided between the premium reserve and the outstanding claims reserve. See table 1.

The relative share of the insurance reserve in total liabilities has increased slightly during the period under review, and within the insurance reserve the share of the premium reserve has increased. This can be attributed to the introduction of a statutory pension scheme for employees in 1962 on the basis of which liabilities are recorded in the premium reserves in order to cover future pension liabilities.

Other external capital (external funds) accounts for about 5 per cent of the total liabilities of the insurance companies, and fluctuations in this share have been insignificant. Reinsurance activity has accounted for approximately one half of other external capital.

While the share of own funds has declined from 7.8 per cent in 1959 to 3.8 per cent in 1969, the insurance companies' own funds have more than doubled in absolute terms during the period under review. The decline in the relative share can be partly explained by the taxation system; the heavy taxation of funds raised internally makes this form of finance expensive in comparison with external financing. This feature characterized the Finnish financial market especially during the first 6—7 years of the decade under review and was also reflected in the insurance sector. The relative decline of own funds cannot go beyond certain limits because there are legal stipulations on a minimum share of own capital for insurance companies. The size of this share depends on the size of the company.

**TABLE 1. BREAK-DOWN OF INSURANCE COMPANIES' TOTAL LIABILITIES**

	Dec. 31, 1959			Per cent	Dec. 31, 1969			Per cent
	Pension and life insurance	Non-life insurance	Total		Pension and life insurance	Non-life insurance	Total	
<b>Liabilities</b>								
External funds	7.7	52.2	59.9	5.4	41.7	222.7	264.4	5.3
Insurance reserve (risk liabilities)								
Premium reserve	474.5	150.4	624.9	56.4	2 767.4	447.2	3 214.6	65.1
Outstanding claims reserve	18.8	308.0	326.8	29.5	124.7	1 097.3	1 222.0	24.8
Own funds	16.8	68.8	85.6	7.8	52.6	136.2	188.8	3.8
Other liabilities	0.7	9.6	10.3	0.9	9.2	40.7	49.9	1.0
Total	518.5	589.0	1 107.5	100.0	2 995.6	1 944.1	4 939.7	100.0

**TABLE 2. BREAK-DOWN OF THE INCREASE IN RISK LIABILITIES BY GROUPS OF POLICY-HOLDERS, 1966**

	Per cent
Manufacturing, mining and quarrying	32.6
Private persons	24.3
Trade and communications	22.2
Construction and real estate	6.2
Other policy-holders	14.7
Total	100.0

The break-down of the increase in risk liabilities in 1966 among the various groups of policy-holders is presented in table 2.

A so-called basic interest rate is used in calculating the premium reserve and the outstanding claims reserve. This rate is confirmed by the Ministry of Social Affairs and Public Health and varies from 4 per cent to 8 per cent depending on the type of insurance.

#### ALLOCATION OF FUNDS

On the assets side of the insurance companies' balance sheet, investments form the largest item and account for slightly less than 80 per cent of the total assets. See table 3.

The share of investments is higher in life (including pension) insurance companies than in other insurance companies.

The liquid assets of non-life insurance companies are both relatively and absolutely much greater than those of life and pension insurance companies. This difference can be partly attributed to the fact that the estimation of potential claims is more difficult for non-life insurance companies, and they therefore have a greater need for liquidity. In addition, the average size of non-life insurance companies calculated on the basis of the insurance reserve is smaller than that of life and pension insurance companies.

The relative share of both fixed and financial assets of all insurance companies has increased slightly during the period under review.

The following features of tables 1 and 3 can be noted. Approximately one half of the liquid assets consists of claims on other insurance companies, which are entered under external funds on the liabilities side. At the end of the period liquid assets exceeded external funds by about a third. The insurance reserve on the liabilities side corresponds to investments and a part of other assets. Own funds correspond to all fixed assets at the beginning of the period under review. By the end of the period, however, the share of own funds had declined so that they did not total more than two-thirds of total fixed assets.

In 1959 construction and real estate formed the most significant group of recipients of

**TABLE 3. BREAK-DOWN OF INSURANCE COMPANIES' TOTAL ASSETS**

	Dec. 31, 1959			Per cent	Dec. 31, 1969			Per cent
	Pension and life insurance	Non-life insurance	Total		Pension and life insurance	Non-life insurance	Total	
<b>Assets</b>								
Liquid assets								
Cash, bank and postal								
giro accounts	6.3	53.9	60.2	5.5	20.1	121.5	141.6	2.9
Other claims	4.9	73.7	78.6	7.0	41.3	175.2	216.5	4.4
Other insurance companies'								
share in risk liabilities	0.2	60.1	60.3	5.5	12.4	181.4	193.8	3.9
Investments	481.5	356.7	838.2	75.7	2 756.0	1 192.6	3 948.6	79.9
Fixed assets	15.8	36.4	52.2	4.7	70.6	214.5	285.1	5.8
Other assets	9.8	8.2	18.0	1.6	95.2	58.9	154.1	3.1
Total	518.5	589.0	1 107.5	100.0	2 995.6	1 944.1	4 939.7	100.0



**TABLE 4. BREAK-DOWN OF INSURANCE COMPANIES' LOANS BY GROUPS OF RECIPIENTS INCL. BONDS AND ADVANCES TO POLICY-HOLDERS (RE-LENDING)**

	Dec. 31, 1959				Dec. 31, 1969			
	Pension and life insurance	Non-life insurance	Total	Per cent	Pension and life insurance	Non-life insurance	Total	Per cent
Construction and real estate	150.3	103.6	253.9	34.1	359.4	253.2	612.6	17.8
Industry	91.3	46.8	138.1	18.5	961.8	232.1	1 193.9	34.7
Power and electricity	17.9	6.5	24.4	3.3	72.3	20.4	92.7	2.7
Trade and communications	74.9	43.8	118.7	15.9	507.9	197.8	705.7	20.5
Central and local government	52.0	30.1	82.1	11.0	378.7	163.7	542.4	15.8
Other credits	71.5	57.0	128.5	17.2	202.4	89.0	291.4	8.5
Total	457.9	287.8	745.7	100.0	2 482.5	956.2	3 438.7	100.0

insurance company loans. However, by the end of the 1960's industry, and trade and communications had become the greatest borrowers. This development has largely been caused by insurance company lending to those sectors from which the funds have come. The employment pension premiums come mainly from industry, trade and communications and re-lending to these sectors occurs almost automatically. At the same time the share of the public sector has increased, primarily as a result of the purchases of bonds by insurance companies. See table 4.

The major part of the insurance companies' investments is in the form of loans. The share of lending in total investment decreased slightly in spite of the considerable use of borrowing options by policy-holders of life and pension insurance companies. These loans

amounted to 1 071.1 million marks and accounted for 35 per cent of total lending of these insurance companies in 1969. In place of lending insurance companies increased their purchases of bonds from the public sector and their investment in real estate. During the period under review investment in other securities trebled but total investments increased five-fold. See table 5.

In 1959 as much as 70 per cent of lending was granted on real-estate mortgage. In 1969 the corresponding figure, excluding lending to policy-holders, was 50 per cent. The statistics provide no information on guarantees used for re-lending.

The average term of loans granted by insurance companies is 10 years. Life and pension insurance companies make substantially more

**TABLE 5. BREAK-DOWN OF INSURANCE COMPANIES' INVESTMENTS**

	Dec. 31, 1959				Dec. 31, 1969			
	Pension and life insurance	Non-life insurance	Total	Per cent	Pension and life insurance	Non-life insurance	Total	Per cent
<b>Investments</b>								
Loans	405.9	275.6	681.5	81.3	2 210.3	895.1	3 105.4	78.6
Bonds	38.6	25.6	64.2	7.7	257.5	75.8	333.3	8.5
Shares and stocks	7.8	19.5	27.3	3.3	26.7	48.1	74.8	1.9
Real estate and shares therein	29.2	36.0	65.2	7.7	261.5	173.6	435.1	11.0
Total	481.5	356.7	838.2	100.0	2 756.0	1 192.6	3 948.6	100.0

**TABLE 6. DISTRIBUTION OF INSURANCE COMPANIES' REVENUE AND EXPENDITURE**

	1959				1969			
	Pension and life insurance	Non-life insurance	Total	Per cent	Pension and life insurance	Non-life insurance	Total	Per cent
<b>Revenue</b>								
Premiums	79.4	271.8	351.2	68.2	490.6	889.4	1 380.0	70.4
Decline in risk liabilities	0.6	5.3	5.9	1.2	5.1	1.7	6.8	0.4
Reinsurance	0.4	87.3	87.7	17.0	12.0	213.1	225.1	11.5
Capital revenue	35.7	31.3	67.0	13.0	207.3	131.6	338.9	17.3
Other revenue	0.2	3.0	3.2	0.6	0.3	9.2	9.5	0.4
Total	116.3	398.7	515.0	100.0	715.3	1 245.0	1 960.3	100.0
<b>Expenditure</b>								
Compensations paid	32.0	171.8	203.8	39.5	246.8	580.2	827.0	42.2
Increase in risk liabilities	54.7	41.3	96.0	18.7	374.5	163.4	537.9	27.5
Reinsurance	0.7	118.9	119.6	23.3	4.8	286.8	291.6	14.8
Operating expenses								
Salaries	13.6	22.1	35.7	7.0	39.6	81.8	121.4	6.2
Other operating expenses	13.7	30.6	44.3	8.6	35.6	93.3	128.9	6.6
Taxes and public fees	—	5.1	5.1	1.0	4.7	9.9	14.6	0.7
Interest expenses	0.2	2.1	2.3	0.4	7.2	16.3	23.5	1.2
Other expenses	—	0.2	0.2	—	0.1	2.4	2.5	0.1
Profit	1.4	6.6	8.0	1.5	2.0	10.9	12.9	0.7
Total	116.3	398.7	515.0	100.0	715.3	1 245.0	1 960.3	100.0

long-term loans than the non-life companies, and the loan periods may be as long as 25 years. When housing loans are in question loan periods exceeding the average are granted if the borrower has obtained a state loan for the same purpose.

Real estate is the most common guarantee. Usually only first-class residential, office or similar buildings are accepted as guarantees. Guarantees by the State, municipalities or banks are also regarded as acceptable. Loans to central or local government are granted without collateral.

An upper limit of 8 ¼ per cent for interest on insurance company loans was fixed in an agreement concluded by the Bank of Finland, representatives of the Government and of insurance companies in 1968. The average rate of interest on housing loans was lower, 7 ½ per cent. In 1971 all interest rates were raised by 1 percentage unit. Since 1968 the application of index linkages in lending has not been possible.

#### REVENUE AND EXPENSES OF FINNISH INSURANCE COMPANIES

The greater part of the insurance companies' revenue consists of premiums and return on reinsurance. The largest items of expenses are settlements, increases in insurance reserves and the costs of reinsurance.

The most characteristic change in the structure of insurance company revenue during the period under review is the decline from 86 per cent to 82 per cent in the share of the revenue related to actual insurance activity. At the same time the relative share of expenses due to insurance activity proper has increased from 82 per cent to 85 per cent. See table 6.

The percentage share of capital revenue in total revenue has increased markedly during the decade under review. Receipts from premiums have increased four-fold and capital revenue five-fold. The share of management expenses, both salaries and other operating expenses, has declined.

Changes in the profits reflect the development of the insurance sector during the period under review: the deterioration of the loss ratio has been partly compensated for through rationalization and the yield from investments.

#### CO-OPERATION BETWEEN FINNISH INSURANCE COMPANIES

The common interests of the Finnish insurance companies are guarded by the Federation of Finnish Insurance Companies. It a) supervises insurance activity in Finland, its development and its service to society, b) follows the development of legislation on insurance companies, c) maintains connections with other organizations and authorities, prepares reports and makes proposals, d) endeavours to shed light on the aims and significance of insurance activity and e) aids its members in other matters which it is able to undertake or which are of general interest. In addition, the Federation represents Finnish insurance companies within the Nordic countries and internationally. Practically all the insurance companies are members of the Federation.

The Information and Training Centres of Finnish Insurance Companies operate under the supervision of the Federation of Finnish In-

urance Companies. The insurance companies representing different fields of insurance activity — life insurance, property insurance, employment accidents insurance, personal accident insurance, motor insurance, employment pension insurance — have their own co-operative organs. There is also a rehabilitation centre run jointly by three of these organs.

The following insurance pools are in operation: The Finnish General Insurance Pool, The Finnish Atomic Insurance Pool, two pools for employment accidents insurance, two pools for motor insurance, The Nordic Pool of Aviation Insurers, and The Finnish Pool of Aviation Insurers.

#### INSURANCE COMPANY SUPERVISION

There is a department within the Ministry of Social Affairs and Public Health, which is charged with the supervision of insurance companies. The Ministry has the right to inspect these companies and require information on their activity. If the Ministry finds that an insurance company fails to observe the law, the scope of its licence or its articles of association, the Ministry may forbid the company to underwrite new policies. In certain cases the Government may also restrict or revoke the licence of a company.

# ITEMS

**National income.** The Central Statistical Office has recently published the provisional figures of national income for 1970 and revised figures for 1969. The following tables indicate the developments of certain items of national income in the period, 1967—1970.

**Table 1. Distribution of the national income, mill. mk**

	1967	1968	1969	1970 p
Compensation of employees	15 327	17 083	19 115	21 611
Income from unincorporated enterprises	3 598	4 063	4 526	4 874
Income from property to households	2 947	3 279	3 758	4 075
Income from property and entrepreneurship to general government	971	1 051	1 128	1 232
Corporate saving	499	839	1 210	1 530
Direct taxes on corporations	782	832	868	888
Less interest on the public debt	331	388	417	427
Less interest on consumers' debt	70	89	110	135
<b>National income</b>	<b>23 723</b>	<b>26 670</b>	<b>30 078</b>	<b>33 648</b>
Net factor income abroad	209	275	323	397
Net domestic product at factor cost	23 932	26 945	30 401	34 045

**Table 2. Disposable income, consumption and saving, mill. mk**

	1967	1968	1969	1970 p
<b>Households:</b>				
Disposable income	19 398	21 567	24 149	26 388
Consumption	17 189	18 682	20 998	22 909
Saving	2 209	2 885	3 151	3 479
<b>Corporations:</b>				
Disposable income (= saving)	499	839	1 210	1 530
<b>General government:</b>				
Disposable income	7 252	8 343	9 124	10 406
Consumption	4 852	5 693	6 212	6 925
Saving	2 400	2 650	2 912	3 481
<b>Total:</b>				
Disposable income	27 149	30 749	34 483	38 324
Consumption	22 041	24 375	27 210	29 834
Saving	5 108	6 374	7 273	8 490

**Table 3. Expenditure on gross national product, mill. mk**

	1967	1968	1969	1970 p
Private consumption expenditure	17 189	18 682	20 998	22 909
General government consumption expenditure	4 852	5 694	6 212	6 925
Gross private capital formation	5 682	5 949	7 227	9 217
Gross general government capital formation	1 616	1 852	1 945	1 942
Increase in stocks and statistical error	1 048	1 421	2 019	2 842
Exports of goods and services	6 358	8 308	10 096	11 965
Less imports of goods and services	6 635	7 758	9 759	12 555
Expenditure on gross domestic product	30 110	34 148	38 738	43 245
Net factor income from abroad	— 209	— 275	— 323	— 397
Expenditure on gross national product	29 901	33 873	38 415	42 848

**Table 4. Annual changes in the volume of fixed capital formation, per cent**

	1967	1968	1969	1970 p
Construction of buildings	+4	—8	+15	+17
Dwellings	+1	—3	+13	+19
Other	+7	—13	+18	+14
Road and waterway construction	—1	+5	—8	—5
Machinery and equipment	—13	—4	+22	+15
Volume of fixed capital formation	—3	—4	+12	+12

**Investment capital flows in January—June 1971.** Foreign direct investment in Finland, according to the permits granted by the Bank of Finland, amounted to 37.6 million marks in the first half of 1971. Of this, 16.1 million marks was invested in production, 19.6 million in trade, and 1.9 million in other types of enterprises. Investment originating in EFTA countries totalled 14.8 million marks, and that in EEC countries 1.0 million, while the remainder, 21.8 million marks, came mainly from the Soviet Union and the United States. In addition during the first half of 1971, foreign parent companies granted or arranged loans up to the value of 12.1 million marks for their subsidiaries located in Finland. Thus the total inflow of investment capital was 49.7 million marks in this period. Direct investment in Finland in the corresponding period one year earlier was 27.9 million marks, and subsidiary companies' loans 16.2 million marks, which together totalled 44.1 million marks.

According to statistics based on the permits granted by the central bank, Finnish direct

investment abroad was 40.0 million marks, and loans from or arranged through Finnish parent companies to their foreign subsidiaries totalled 62.6 million marks. Thus the total outflow of investment capital in the first half of 1971 was 102.6 million marks, a significant increase over the corresponding outflow, 23.1 million marks, of the first six months of 1970. Investment in and lending to productive enterprises totalled 74.7 million marks, and the remainder, 27.9 million marks, went primarily to marketing enterprises. Firms in EFTA countries received 30.4 million marks and those in EEC countries, 9.6 million marks. The major part of the remaining 62.6 million marks was invested in a wood-processing project in Canada.

Thus in the first half of 1971 the net outflow of investment capital was 52.9 million marks. Of this, the net outflow of direct investment was only 2.4 million marks, while the net outflow of loans was 50.5 million marks. However, the direct impact of these loans on the Finnish balance of payments was slight

since the parent firms raised the major share of the funds used for the financing of these loans in foreign capital markets.

**Mortgage Bank of Finland Oy.** In order to increase the effectiveness of selective credit policy, the Bank of Finland has decided to permit the Mortgage Bank of Finland Oy., which is owned by the Bank of Finland, to increase its credit-granting. The equity capital of the Mortgage Bank will be increased significantly, and the Post Office Bank will subscribe to one half of the new share issue.

The present aim of the Mortgage Bank of Finland is to provide long-term finance for the development of Finnish industry. Enterprises which are planning to enter new branches of industry, to introduce new production techniques, to change their product-mix or to rationalize their production will be favoured by the Mortgage Bank when it grants credit.

In general, the Mortgage Bank will finance investment projects of 10 million marks or more. In addition to profit margins, the estimated capital-output ratio of the project will be considered when advances are being made. The influence of the project on employment and regional development will also be weighed.

The Mortgage Bank of Finland will thus concentrate on the financing of rather large investment projects, which often require the close co-operation of several financial institutions. By providing a considerable part of the finance for certain projects, the Mortgage Bank will promote collaboration and facilitate the raising of the additional required finance from other sources.

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# BANK OF FINLAND

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## Board of management

Mauno Koivisto

*Governor*

A. Simonen

Ahti Karjalainen  
*Absent as Prime Minister*

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä  
*ad int.*

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## Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

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## Heads of department

P.-E. Österlund

*Direct investments and  
capital transfers*

A. Kajantie

*Organization*

Helge Lindström

*Domestic credits*

A. Nenonen

*Foreign correspondence*

K. Eirola

*Automatic Data Processing*

K. Ignatius

*Personnel*

Eino Suomela

*Internal Audit*

Stig Törnroth

*Cash*

Kalle Koski

*Foreign credits*

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## Institute for economic research

Pertti Kukkonen

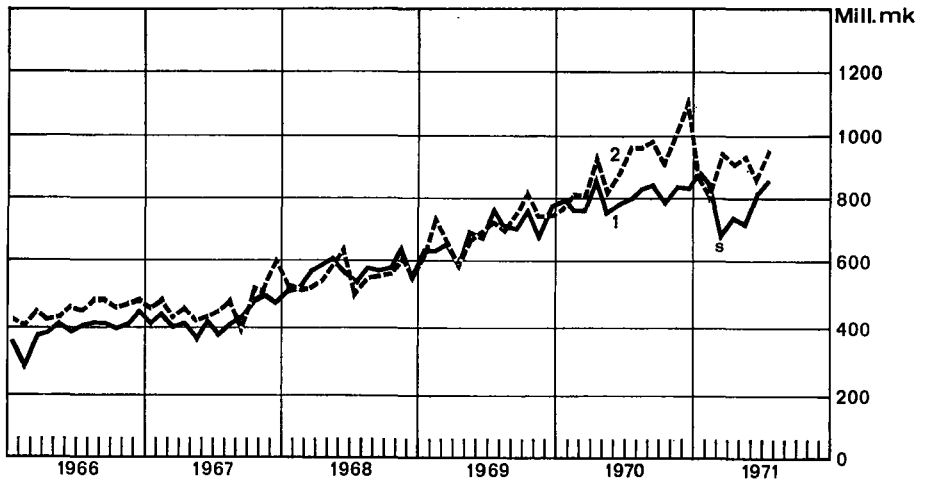
*Director*

Markku Puntila

*Head of department*

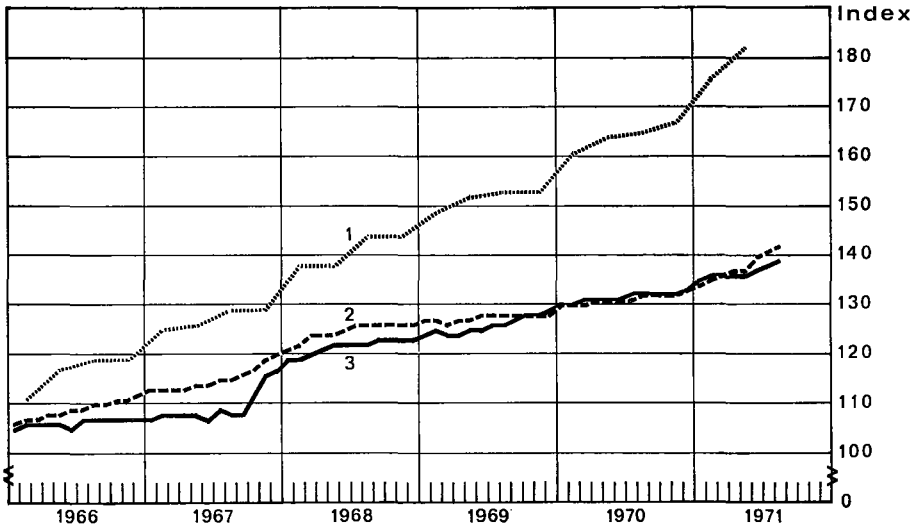
### Foreign trade, 1966 - 1971

- 1. Exports f.o.b.
  - 2. Imports c.i.f.
- Seasonally adjusted monthly figures



### Prices and wages, 1966 - 1971

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



### Production, 1966 - 1971

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

