



BANK OF FINLAND

Monthly Bulletin

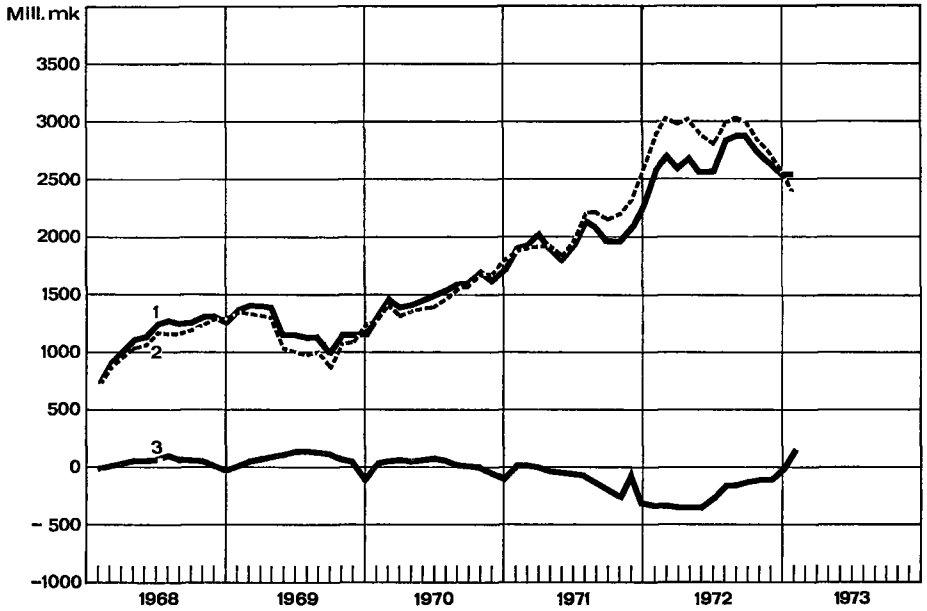
The 1973 budget

Development of the Finnish travel
balance

MARCH 1973

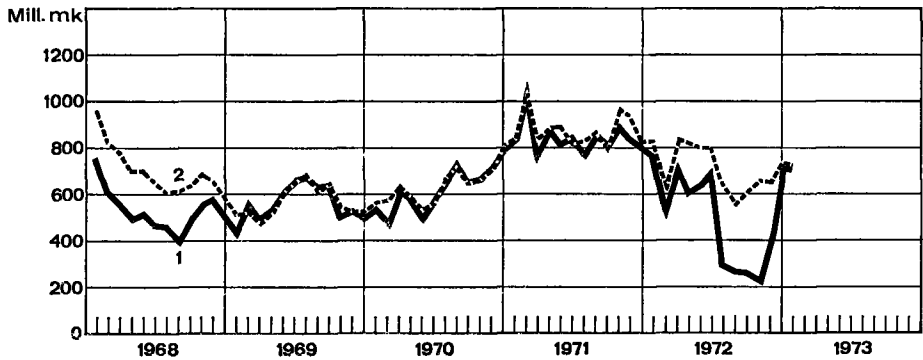
Vol. 47 No. 3

Bank of Finland foreign exchange reserve, 1968-1973



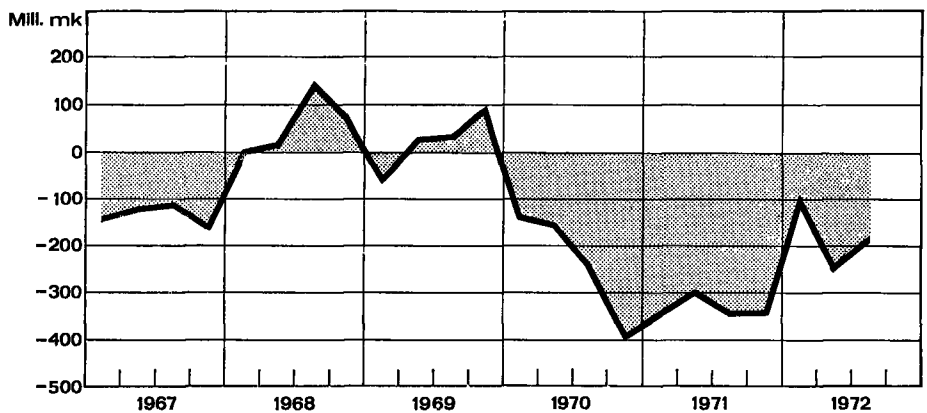
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1968-1973



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

Balance of payments current account surplus/deficit, 1967-1972



Seasonally adjusted quarterly figures

THE 1973 BUDGET

The economic upswing, which started in Finland in 1972, is likely to accelerate further during the current year. It is forecast that total production will grow by about six per cent in 1973. The upswing had its origin in a revival of demand for Finnish products in the OECD countries and in increased export deliveries to the Soviet Union keeping with the current five-year trade agreement.

When preparing the budget proposal for 1973, the Government took the position that, in view of forecast cyclical developments, the total effect of fiscal policy should be slightly expansive in the first months of 1973 and become restrictive towards the end of the year, depending on the strength of the economic upswing. It is planned that these goals will be achieved by adjusting discretionary and flexible expenditure and by timing the central government borrowing in accordance with cyclical developments.

One of the major goals of the budget is the restoration of a high level of employment, for it is estimated that the employment situation will be weak during the winter of 1973. This is particularly true of the eastern and northern parts of Finland, where cyclical, seasonal and substantial structural unemployment continues to pose problems.

It is suggested in the budget that the State's employment appropriations, investment subsidies and loans be timed for the first half of the year, as it is forecast that the need for the Government to promote employment will be reduced towards the end of the year by a revival in private investment.

Expenditure in the budget proposal amounted to 14 961 million marks, and during Parliamen-

tary treatment of the budget the total was increased by 18 million marks. Budgeted expenditure for 1973 exceeded the 1972 ordinary budget by 17 per cent and the State's actual cash expenditure by 8.5 per cent. Maintenance of employment, the development of the educational system, revisions in public health and social policy, as well as the marketing of agricultural produce have been the major causes for the increase in expenditure. The budget also includes measures which are aimed at reducing the structural weaknesses of the Finnish economy and the substantial regional differences in economic activity. Larger appropriations have been made for research and product development than in the past. Moreover, the measures for improving vocational training and increasing labour mobility will be further intensified.

Although it is presupposed in the budget that major tax rates will remain unchanged, it is estimated that tax and similar revenue will increase by 20 per cent on the 1972 budget proposal. The increase will be a result of accelerating growth in national income coupled with progressivity in income tax rates. The most significant changes in revenue rates are the rises in the postal and telegraph tariffs and in the fares and charges of the State Railways. A new charge is to be levied for the safe warehousing of liquid fuel. Social security contributions of both employers and employees will be raised in order to finance the major extension of pension benefits from the beginning of July, 1973 and the rapid rise in health insurance expenditure. As national pension and health insurance affairs are conducted outside the budget, the increased charges do not directly affect budgetary revenue.

The curbing of inflation is seen to be one of the major problems of economic policy in 1973.

Prices continued to rise sharply during 1972, partly as a consequence of inflationary developments in most of the other OECD countries. The cost of living index rose by 7 per cent from December 1971 to December 1972, and food costs increased by 12 per cent. Future price developments depend essentially on the

incomes policy pursued after March 1973, when the present labour agreement expires, and on the development of import prices. It is estimated that the budget will have only a minor impact on prices.

February 28, 1973

	1972		1973				
	Feb. 29	Dec. 29	Feb. 8	Feb. 15	Feb. 23	Feb. 28	
Assets							
Gold and other foreign assets	3 245	2 912	2 811	2 798	2 688	2 740	
Gold	205	205	205	205	205	205	
Special drawing rights	282	283	283	283	283	283	
IMF gold tranche	268	268	268	268	268	268	
Foreign exchange	2 325	1 929	1 840	1 828	1 723	1 774	
Foreign bills	112	110	101	100	95	96	
Foreign bonds	53	117	114	114	114	114	
Claims on domestic banks	541	758	795	738	958	885	
Discounted bills	522	752	782	731	944	828	
Rediscounted bills	1	1	1	1	1	1	
Cheque accounts	18	5	12	6	13	56	
Other lending	337	316	313	315	312	310	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	116	44	41	40	41	40	
Loans	221	272	272	275	271	270	
Other assets	598	607	615	606	604	608	
Finnish bonds	29	47	47	38	34	37	
Finnish coin	22	25	33	34	36	36	
Currency subscription to Finland's quota in the IMF	530	530	530	530	530	530	
Other claims	17	5	5	4	4	5	
	Total	4 721	4 593	4 534	4 457	4 562	4 543
Liabilities							
Notes in circulation	1 377	1 730	1 474	1 477	1 514	1 521	
Liabilities payable on demand	501	136	317	239	312	290	
Foreign exchange accounts	319	78	27	26	25	25	
Mark accounts of holders abroad	41	43	45	45	45	45	
Cheque accounts							
Treasury	26	1	46	46	47	47	
Post Office Bank	101	2	187	110	183	162	
Private banks	—	—	—	—	—	—	
Other	3	1	1	1	1	1	
Other sight liabilities	11	11	11	11	11	10	
Term liabilities	966	899	900	899	897	891	
Foreign	—	—	—	—	—	—	
Domestic	966	899	900	899	897	891	
IMF mark accounts	530	530	530	530	530	530	
Allocations of special drawing rights	258	258	258	258	258	258	
Equalization accounts	357	286	293	291	287	287	
Bank's own funds	732	754	762	763	764	766	
Capital	600	600	600	600	600	600	
Reserve fund	74	74	114	114	114	114	
Profits undisposed	42	—	40	40	40	40	
Earnings less expenses (Dec. 31, Net profit)	16	80	8	9	10	12	
	Total	4 721	4 593	4 534	4 457	4 562	4 543

BANK OF FINLAND

Mill. mk

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
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
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1972									
Jan.	2 935	349	2 586	682	530	2 738	— 15	17	— 32
Feb.	3 080	360	2 720	695	530	2 885	— 3	26	— 29
March	2 991	370	2 621	708	530	2 799	— 3	30	— 33
April	3 079	372	2 707	707	530	2 884	— 3	37	— 40
May	2 941	370	2 571	725	530	2 766	— 3	32	— 35
June	2 865	282	2 583	732	530	2 785	— 3	36	— 39
July	3 028	181	2 847	748	530	3 065	— 3	35	— 38
Aug.	3 073	175	2 898	743	530	3 111	— 3	43	— 46
Sept.	3 034	137	2 897	741	530	3 108	— 2	48	— 50
Oct.	2 881	134	2 747	742	530	2 959	— 2	43	— 45
Nov.	2 791	146	2 645	740	530	2 855	— 2	47	— 49
Dec.	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973									
Jan.	2 629	70	2 559	748	530	2 777	— 2	43	— 45
Feb.	2 530	70	2 460	740	530	2 670	— 2	47	— 49

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1972			Net holdings, January 31, 1973			Change
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	January
Gold	205	—	205	205	—	205	—
Special drawing rights	283	—	283	283	—	283	—
IMF gold tranche	268	—	268	268	—	268	—
Convertible currencies	1 814	463	2 277	1 639	548	2 187	— 90
Other currencies	— 6	— 3	— 9	164	— 7	157	+166
Total	2 564	460	3 024	2 559	541	3 100	+ 76

BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	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 ²	Post Office Bank ²						
1	2	3	4	5	6	7	8	9	10	11	
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
1971	848	1	—	9	2	838	121	234	908	-553	1 479
1972	752	1	5	—	2	756	44	277	909	-588	1 730
1972											
Jan.	714	1	22	—	71	666	117	226	1 002	-659	1 369
Feb.	522	1	18	—	101	440	116	238	977	-623	1 377
March	786	1	—	5	48	734	89	242	1 110	-779	1 423
April	807	1	5	—	207	606	85	249	1 087	-753	1 451
May	796	1	6	—	74	729	79	254	1 067	-734	1 450
June	860	1	—	6	154	701	67	261	1 096	-768	1 555
July	616	1	19	—	347	289	63	256	1 072	-753	1 513
Aug.	488	1	5	—	249	245	63	256	1 057	-738	1 474
Sept.	661	1	15	—	388	289	63	248	977	-666	1 557
Oct.	753	1	29	—	507	276	65	262	949	-622	1 507
Nov.	787	1	17	—	312	493	57	265	937	-615	1 556
Dec.	752	1	5	—	2	756	44	277	909	-588	1 730
1973											
Jan.	621	1	9	—	18	613	40	273	911	-598	1 497
Feb.	828	1	56	—	162	723	40	275	900	-585	1 521

¹ Including special index accounts.² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

February 28, 1973

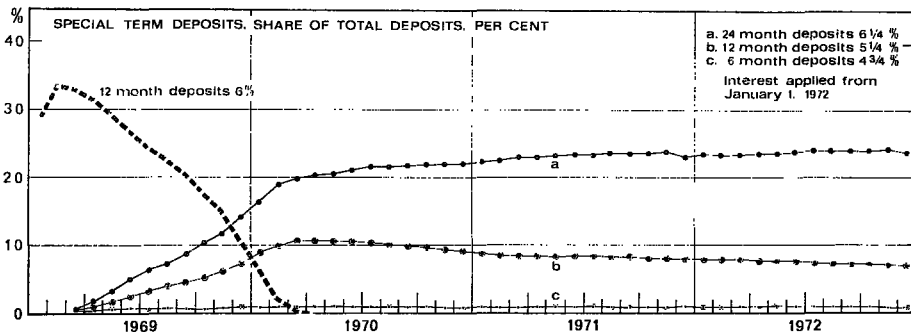
New York ¹	1 \$	3.911	Frankfurt o. M.	100 DM	138.00	Vienna	100 S	19.05
Montreal	1 \$	3.935	Amsterdam	100 Fl	137.20	Lisbon	100 Esc	15.72
London	1 £	9.720	Brussels ²	100 Fr		Reykjavik	100 Kr	4.05
Stockholm	100 Kr	87.90	Zurich	100 Fr	125.00	Madrid	100 Pta	6.75
Oslo	100 Kr	65.55	Paris ³	100 FF		Moscow ⁵	1 Rbl	5.241
Copenhagen	100 Kr	63.30	Rome ⁴	100 Lit				

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.² 9.910 commercial rate; 9.960 financial rate.³ 86.40 commercial rate; 86.40 financial rate.⁴ 0.6900 commercial rate; 0.6900 financial rate.⁵ Clearing account: also Bucharest.

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
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
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1971										
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3
Dec.	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*										
Jan.	1 456.2	1 805.2	721.2	6 970.3	5 480.9	3 930.1	1 520.8	648.4	18 550.5	21 076.9
Feb.	1 456.3	1 820.1	772.5	7 021.9	5 540.5	4 008.4	1 548.9	658.5	18 778.2	21 370.8
March	1 421.2	1 767.8	782.6	7 052.8	5 572.5	4 040.8	1 566.2	663.4	18 895.7	21 446.1
April	1 374.8	1 714.7	798.0	7 112.5	5 611.9	4 080.0	1 577.5	670.2	19 052.1	21 564.8
May	1 497.3	1 882.8	763.6	7 206.3	5 662.4	4 133.3	1 586.1	674.5	19 262.6	21 909.0
June	1 542.5	1 927.3	850.0	7 236.5	5 675.7	4 106.5	1 599.3	674.5	19 292.5	22 069.8
July	1 655.1	2 046.3	779.9	7 341.4	5 728.4	4 150.2	1 619.5	677.1	19 516.6	22 342.8
Aug.	1 637.3	2 078.4	793.6	7 418.0	5 813.8	4 218.5	1 634.3	678.4	19 763.0	22 635.0
Sept.	1 568.9	2 009.4	852.1	7 491.7	5 882.5	4 270.0	1 669.2	695.4	20 008.8	22 870.3
Oct.	1 735.6	2 181.9	793.0	7 567.4	5 934.6	4 311.5	1 693.8	697.2	20 204.5	23 179.4
Nov.	1 689.1	2 140.7	797.0	7 658.3	6 018.3	4 396.2	1 727.8	700.9	20 501.5	23 439.2
Dec.	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

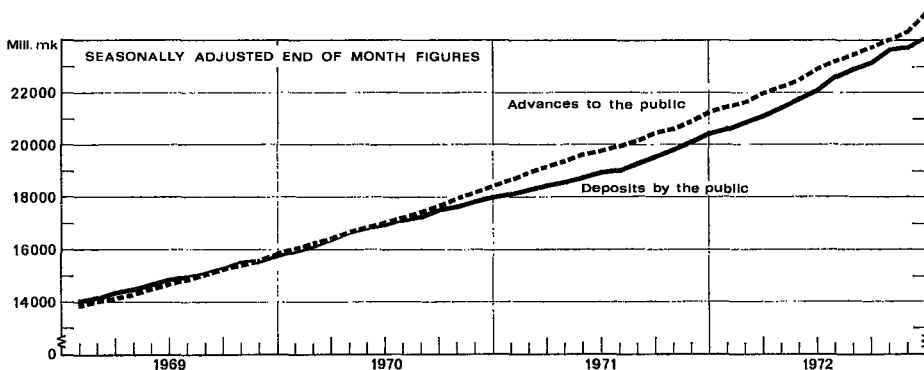
End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972*	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 974

1971

Sept.	8 811.6	4 655.6	3 686.1	1 742.1	1 657.0	19 747.3	805.1	20 552.4	3 415
Oct.	8 956.0	4 712.2	3 739.1	1 755.6	1 662.5	20 026.2	799.2	20 825.4	3 495
Nov.	9 071.0	4 770.5	3 793.6	1 737.0	1 760.3	20 352.2	780.2	21 132.4	3 606
Dec.	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025

1972*

Jan.	9 262.7	4 851.8	3 884.0	1 782.7	1 808.1	20 838.9	750.4	21 589.3	3 821
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	3 930
March	9 417.3	4 912.2	3 941.0	1 838.6	1 831.1	21 144.3	795.9	21 940.2	3 950
April	9 583.6	4 954.0	3 976.1	1 879.5	1 869.7	21 432.3	830.6	22 262.9	3 964
May	9 671.5	5 011.3	4 034.2	1 918.8	1 908.3	21 725.5	818.6	22 544.1	4 018
June	9 887.3	5 052.3	4 074.7	1 943.4	1 975.1	22 074.8	858.0	22 932.8	4 275
July	9 867.9	5 101.2	4 124.7	1 963.3	2 086.5	22 332.1	811.5	23 143.6	4 247
Aug.	9 865.5	5 167.3	4 187.4	2 022.3	2 103.7	22 540.1	806.1	23 346.2	4 268
Sept.	10 038.7	5 253.3	4 269.7	2 095.4	2 135.6	22 957.3	835.4	23 792.7	4 408
Oct.	10 214.8	5 335.2	4 357.3	2 087.0	2 171.6	23 370.8	795.1	24 165.9	4 422
Nov.	10 386.3	5 429.3	4 417.6	2 107.8	2 229.2	23 758.6	811.6	24 570.2	4 418
Dec.	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 974



FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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
1971	9 897.2	11 734.4	-1 837.2
1972*	12 082.0	13 113.5	-1 031.5

1971			
Dec.	1 017.7	1 458.8	- 441.4

1972*			
Jan.	872.3	957.5	- 85.2
Feb.	963.2	958.1	+ 5.1
March	1 049.9	1 032.4	+ 17.5
April	856.9	1 092.7	-235.8
May	891.6	1 080.3	-188.7
June	1 122.7	1 116.1	+ 6.6
July	993.4	1 100.0	-106.6
Aug.	832.1	998.5	-166.4
Sept.	1 171.3	1 092.5	+ 78.8
Oct.	1 018.5	1 214.9	-196.4
Nov.	1 135.4	1 256.5	-121.1
Dec.	1 174.7	1 214.0	- 39.3

Indices of exports and imports 1962 = 100

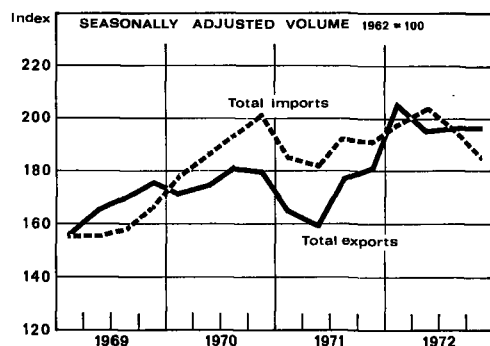
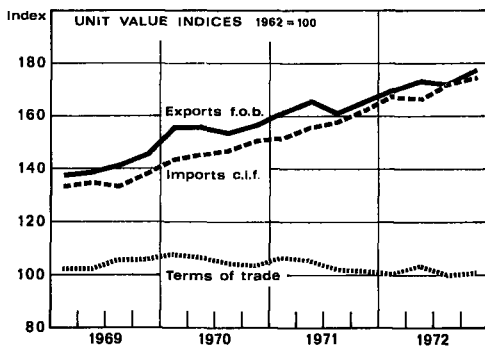
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1967	129	135	115	
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972*	200	194	171	172	99

1970					
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

1971					
Jan.-Mar.	152	169	162	152	107
Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102

1972 ¹					
Jan.-Mar.	192	179	170	168	101
Apr.-June	187	200	174	167	104
July-Sept.	197	189	173	172	101
Oct.-Dec.	212	215	178	175	102

¹ The 1972 figures have been calculated by converting the final 1971 Fisher index with the percentage change in the 1972-1971 Laspeyres index.



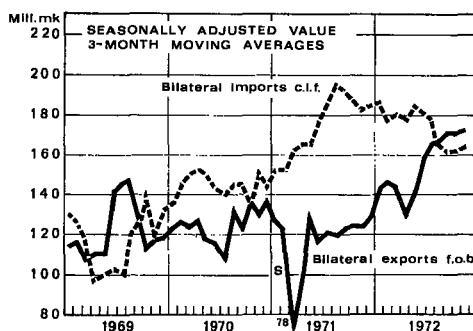
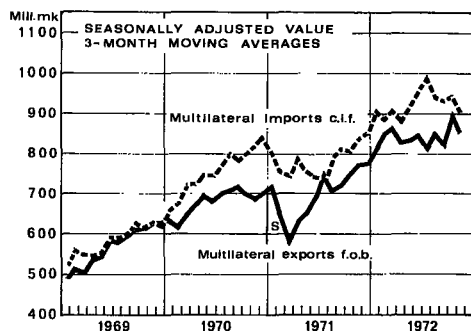
FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b						Imports, c.i.f.			
	Agricultural 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
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	2 437.2	1 401.8	4 918.2	1 243.4	2 905.5	2 004.3
1971	546.8	88.5	1 653.3	3 720.7	2 323.0	1 564.9	4 638.6	1 556.5	3 428.4	2 110.9
1972*	633.8	55.7	1 824.2	4 252.9	3 246.0	2 069.4	5 243.8	1 626.9	3 585.9	2 656.9

1971										
Dec.	74.5	6.6	168.6	359.6	254.8	153.6	601.7	175.4	431.1	250.6

1972*										
Jan.	72.8	3.2	132.7	320.7	226.5	116.4	360.9	136.7	294.3	165.6
Feb.	38.5	3.9	115.4	341.4	312.4	151.6	387.3	83.9	290.9	196.0
March	88.3	0.7	114.3	377.9	287.4	181.3	437.0	75.7	279.6	240.1
April	32.6	3.4	118.5	309.8	235.5	157.1	395.6	104.7	364.7	227.7
May	64.6	3.5	127.7	268.7	273.9	153.2	419.3	125.2	318.3	217.5
June	47.5	5.3	153.3	371.2	375.4	170.0	463.3	156.6	290.8	205.4
July	46.1	8.9	172.8	363.4	267.0	135.2	399.6	188.0	312.8	199.6
Aug.	30.4	4.5	144.8	318.9	172.4	161.1	412.5	144.3	240.6	201.1
Sept.	55.2	6.6	199.5	420.0	247.9	242.1	451.1	143.4	269.1	228.9
Oct.	45.2	4.5	169.8	343.3	256.6	199.1	480.0	166.8	309.0	259.1
Nov.	41.2	8.1	189.1	379.5	309.9	207.6	508.7	160.8	312.9	274.1
Dec.	71.4	3.1	186.3	438.1	281.1	194.7	528.5	140.8	302.9	241.8



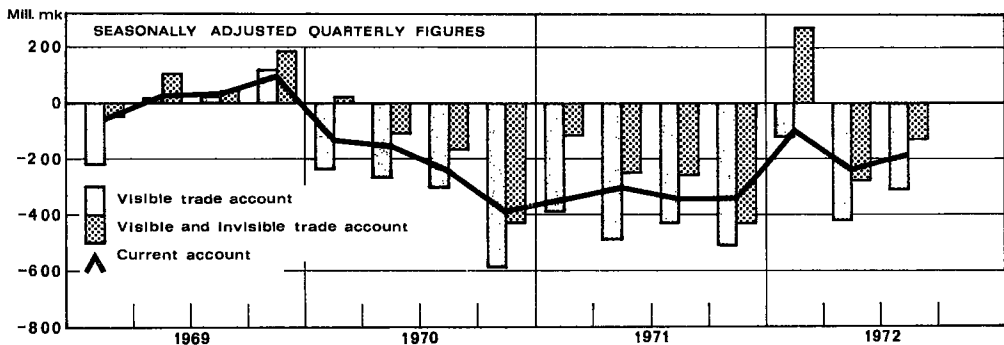
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January — December				January — December			
	1971		1972*		1971		1972*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	72.4	7 163.4	71.8	8 676.1	73.1	8 584.5	74.4	9 758.5
Austria	0.9	92.6	0.9	112.9	1.5	171.4	1.5	197.8
Belgium-Luxembourg	1.9	185.2	2.0	238.5	1.6	193.4	1.9	244.3
Denmark	4.0	392.6	3.8	464.9	3.2	378.1	3.2	422.7
France	3.8	376.8	3.9	471.4	3.1	366.4	3.5	462.4
Federal Republic of Germany	10.4	1 028.9	10.3	1 247.2	16.8	1 974.1	18.0	2 359.6
Italy	2.1	211.8	1.5	182.8	2.0	236.8	1.9	253.3
Netherlands	4.2	418.5	3.6	429.2	3.5	414.5	3.6	477.8
Norway	3.7	370.9	4.1	499.9	2.7	312.7	2.9	375.2
Portugal	0.2	23.2	0.3	33.3	0.6	64.6	0.8	99.0
Spain	1.0	94.1	1.0	125.2	0.8	90.1	0.5	70.2
Sweden	16.3	1 610.9	17.7	2 141.8	18.1	2 129.6	19.0	2 493.3
Switzerland	2.3	229.2	2.0	237.6	3.6	417.1	3.4	444.0
United Kingdom	19.3	1 906.2	18.4	2 217.9	15.4	1 807.7	13.9	1 818.2
Other	2.3	222.5	2.3	273.5	0.2	28.0	0.3	40.7
OECD countries outside Europe	5.7	560.6	5.9	714.4	6.6	770.5	6.6	869.7
Canada	0.7	72.8	0.7	83.0	0.3	32.9	0.3	35.5
Japan	0.2	18.2	0.4	53.2	2.0	232.3	1.9	254.2
United States	4.8	469.6	4.8	578.2	4.3	505.3	4.4	580.0
Eastern Bloc	14.2	1 409.6	15.7	1 895.8	18.1	2 121.9	15.4	2 021.1
Czechoslovakia	0.7	66.0	0.5	57.9	0.5	61.9	0.4	60.3
Democratic Republic of Germany	0.6	60.0	0.5	62.1	0.6	74.9	0.6	78.4
People's Republic of China	0.5	50.2	0.6	69.5	0.4	45.7	0.3	37.7
Poland	0.9	93.1	0.9	109.6	2.0	228.4	1.5	192.0
Soviet Union	10.6	1 049.7	12.3	1 491.7	13.8	1 623.9	11.6	1 519.0
Other	0.9	90.6	0.9	105.0	0.8	87.1	1.0	133.7
Latin America	2.4	242.3	2.1	250.7	0.9	106.7	1.7	220.9
Argentina	0.6	63.7	0.4	51.9	0.1	9.7	0.1	11.8
Brazil	0.7	67.5	0.7	85.1	0.1	14.6	0.6	82.2
Colombia	0.2	20.4	0.2	20.4	0.2	18.2	0.5	63.5
Other	0.9	90.7	0.8	93.3	0.5	64.2	0.5	63.4
Other	5.3	521.3	4.5	545.0	1.3	150.8	1.9	243.3
GRAND TOTAL	100.0	9 897.2	100.0	12 082.0	100.0	11 734.4	100.0	13 113.5
of which								
EFTA countries	46.9	4 641.1	47.4	5 726.6	45.1	5 294.2	44.7	5 866.3
EEC countries	22.4	2 221.1	21.3	2 569.1	27.1	3 185.2	29.0	3 797.5
OECD countries	78.1	7 724.0	77.7	9 390.5	79.7	9 355.0	81.0	10 628.2

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
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
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	- 1	-1 422
Jan.-Mar										
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970 ^f	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
1972*	2 870	2 960	- 90	+217	+ 3	+ 1	+131	-142	-22	- 33
Apr.-June										
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970 ^f	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971	2 291	2 777	-486	+175	+ 47	+21	-243	-118	- 1	-362
1972*	2 856	3 298	-442	+162	+ 57	+46	-177	-155	- 8	-340
July-Sept.										
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970 ^f	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971	2 502	2 883	-381	+178	+166	+16	- 21	-120	- 4	-145
1972*	2 978	3 195	-217	+170	+191	+19	+163	-140	+20	+ 43
Oct.-Dec.										
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970 ^f	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971	2 884	3 566	-682	+109	+ 47	+10	-516	-104	+ 5	-615

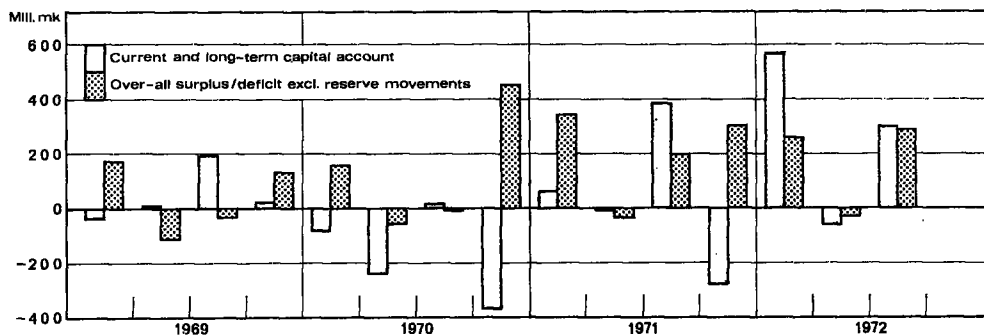


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 055	-723	-180	- 51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 ²	+806	-555	-251
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 610	-228	- 5	-18	+359	+ 59	+ 20	+329	- 66	+342	-314	- 28
+ 968	-273	-115	+17	+597	+564	-152	- 27	-124 ²	+261	-327	+ 66
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 595	-200	- 11	-29	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 655	-180	-192	- 5	+278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 868	-252	- 89	+ 5	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 628	-327	- 41	- 3	+257	+300	+265	-124	-153	+288	-314	+ 26
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 657	-175	-103	- 43	+336	-279	+564	-297	+314	+302	-305	+ 3

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



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			
1970	297	300	286	299	317	290	329	290	283	138	146	126
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1972												
May	335	338	322	326	397	329	365	313	330	162	187	140
June	335	338	322	325	400	331	366	313	331	162	187	140
July	339	343	325	329	401	337	373	318	333	163	187	142
Aug.	340	344	325	329	401	338	372	319	334	164	187	142
Sept.	343	347	328	334	402	340	375	324	337	164	187	144
Oct.	346	350	334	339	406	341	379	328	339	165	187	144
Nov.	352	356	335	347	406	344	393	333	340	165	187	145
Dec.	356	361	339	351	408	350	396	338	344	166	187	147
1973												
Jan.	363	365	352	356	413	359	401	345	352	168	190	147

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
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1972	254	199	131	133	125	118	131	147	126	135	128	135
1972												
May	253	199	130	131	126	117	131	147	125	134	129	135
June	254	199	131	132	126	118	131	148	126	134	129	135
July	256	201	132	134	126	118	132	146	126	138	129	137
Aug.	257	202	133	135	126	119	132	146	127	137	129	138
Sept.	259	203	133	137	126	121	132	146	128	137	129	138
Oct.	260	204	134	137	126	121	134	146	128	138	129	139
Nov.	262	205	135	138	126	122	134	147	129	138	130	140
Dec.	262	206	135	139	127	122	135	149	130	139	130	140
1973												
Jan.	265	208	136	140	130	124	135	149	131	141	131	141

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			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Manufacturing	Construction							
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185

1971										
Jan.-Mar.	200	184	182	176	173	174	180	169	185	178
Apr.-June	209	193	193	177	175	175	187	169	195	183
July-Sept.	210	199	200	180	178	178	192	171	200	188
Oct.-Dec.	219	205	207	185	181	184	196	177	204	192

1972*										
Jan.-Mar.	236	207	206	186	182	185	197	176	205	193
Apr.-June	251	225	217	196	192	194	213	188	223	207
July-Sept.	252	227	220	198	195	197	215	189	225	209

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
1969	123	138	97	102	123	104	124	123	123	123	127
1970	132	154	96	111	141	98	132	132	129	128	134
1971*	135	158	96	105	138	97	134	139	135	134	140
1972*	142	170	94	96	146	104	142	150	142	139	148

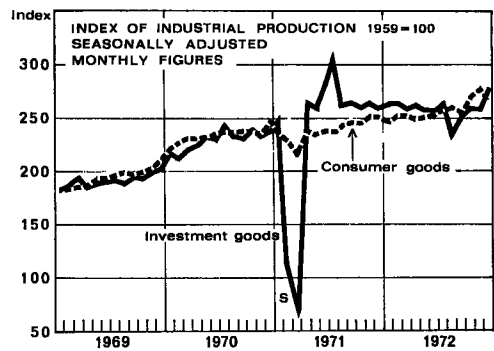
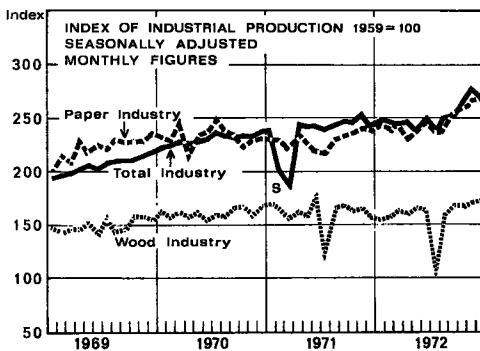
1971*											
Oct.-Dec.	139	173	67	90	171	97	136	148	139	136	142

1972*											
Jan.-Mar.	140	179	61	134	104	101	132	144	141	138	146
Apr.-June	141	169	84	110	135	104	145	147	141	138	147
July-Sept.	141	153	167	51	168	107	146	147	142	139	147
Oct.-Dec.	145	180	65	90	176	103	145	161	145	141	150

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	
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	232	230	223	235	182	164	234	336	341	233	232
1971*	238	235	229	241	192	164	231	363	360	231	238
1972*	258	261	245	261	202	164	248	389	372	259	255
1971*											
Sept.	256	283	244	258	192	170	241	374	378	278	248
Oct.	264	288	256	257	229	173	250	375	394	282	248
Nov.	269	289	260	264	234	166	251	389	370	283	256
Dec.	251	274	242	250	188	159	223	375	305	272	245
1972*											
Jan.	257	286	246	249	171	164	256	418	308	277	249
Feb.	258	280	245	257	175	171	245	402	321	273	248
March	277	295	261	280	190	188	262	423	372	287	245
April	254	270	236	265	183	180	218	386	349	267	248
May	259	271	242	271	213	191	231	394	350	270	250
June	244	247	226	262	207	164	220	371	340	250	251
July	180	144	178	178	183	91	235	238	325	139	240
Aug.	254	233	234	283	217	138	247	325	421	236	251
Sept.	262	267	249	265	195	168	261	369	425	266	254
Oct.	290	292	279	286	256	182	278	443	441	289	271
Nov.	292	284	281	292	244	172	278	450	433	287	278
Dec.	268	265	263	250	190	165	249	449	382	274	273



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
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	2 194	2 153	41	1.9	39 267	114	130	125
1971*	2 199	2 150	49	2.2	36 238	118	137	122
1972*	2 206	2 149	57	2.6	31 441
1971*								
Oct.	2 179	2 138	41	1.9	2 274	120	142	128
Nov.	2 177	2 131	47	2.2	2 616	117	144	123
Dec.	2 177	2 124	53	2.4	3 233	156	155	121
1972*								
Jan.	2 134	2 063	71	3.3	3 009	110	126	121
Feb.	2 128	2 055	73	3.4	3 927	110	137	116
March	2 126	2 053	73	3.4	4 658	119	152	125
April	2 142	2 078	64	3.0	3 774	114	143	125
May	2 192	2 141	51	2.3	2 842	123	152	130
June	2 355	2 303	52	2.2	1 854	133	149	144
July	2 359	2 305	54	2.3	768	126	132	127
Aug.	2 276	2 225	51	2.2	1 185	129	159	136
Sept.	2 198	2 153	45	2.0	1 637	130	157	137
Oct.	2 194	2 148	46	2.1	2 092	134	164	143
Nov.	2 190	2 142	50	2.3	2 367	134	169	147
Dec.	2 187	2 132	55	2.5	3 328

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											
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	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	26.0	37.00	15.67	3.12	13.71	2.91	37.64
1971*											
July-Sept.	12.90	6.66	0.61	4.18	0.89	9.08	3.78	1.07	2.70	0.85	41.76
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	12.67	5.35	1.12	5.03	0.76	37.64
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.75	3.16	0.33	3.34	0.73	34.34
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.02	4.08	0.35	2.56	0.65	39.33
July-Sept.	13.44	6.11	0.55	4.89	1.17	9.90	4.49	0.83	3.18	0.75	40.93

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 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

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative 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
- r Revised
- 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. 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, 1978, 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 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish People's Unification Party 13, Swedish Party 10, Liberal Party 7, Finnish Farmers Party 5 and Christian League 4.

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 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

POPULATION

NUMBER OF INHABITANTS (1971): 4.6 million. Sweden 8.1, Switzerland 6.3, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1971:): In South Finland 44.2 in East and Central Finland 14.2, in North Finland 3.9 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1971): 62 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 519 900 inhabitants, Tampere (Tammerfors) 159 600, Turku (Åbo) 159 900.

EMPLOYMENT (1971): Agriculture and forestry 21 %, industry and construction 36 %, commerce 15 %, transport and communications 7 %, services 21 %.

LANGUAGE (1970): Finnish speaking 93.2 %, Swedish speaking 6.6 %, others 0.2 %.

EDUCATION (1971): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 10 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1971): births 13.3 ‰, deaths 9.9 ‰, change + 3.3 ‰, net emigration 0.0 ‰. Deaths in France 10.7 ‰ and Great Britain 11.6 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1971, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 2 857 (7 %),

forestry and fishing 2 922 (7 %), manufacturing 12 695 (30 %), construction 4 066 (10 %), transport and communication 4 084 (10 %), commerce, banking and insurance 5 225 (12 %), public administration 1 931 (5 %), ownership of dwellings 2 326 (5 %), services 6 103 (14 %), total 42 209. Index of real domestic product 135 (1964 = 100).

FOREST RESOURCES (1971). The growing stock comprised 1 448 million of solid cu. m incl. bark (51 135 million cu. ft.), of which pine 44 % and spruce 37 %, the remaining 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 386 million cu. ft., 48 % of them pine, was up to the standard required for logs. The annual growth is 47.6 million solid cu. m green wood excl. bark (1 681 mill. cu. ft.). The total removal calculated according to the use of wood was 48.4 million cu. m excl. bark (1 709 million cu. ft.).

AGRICULTURE (1971): Cultivated land 2.7 million hectares. Number of holdings 297 257, of which 188 461 are of more than 5 ha. Measure of self-sufficiency in bread cereals 97 % in the crop year 1970/71 and 115 % in 1971/72.

INDUSTRY (1970): Gross value of industrial production 35 577 mill. marks, number of workers 502 981, salaried employees 103 449, motive power (1970) 5.1 mill. kW. Index of industrial production 238 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1973): Length 5 887 km.

MERCHANT FLEET (Jan. 31, 1973): Steamers 37 (41 319 gross reg. tons), motor vessels 396 (757 291 gross reg. tons), tankers 59 (748 351 gross reg. tons), sailing vessels with auxiliary engines 3 (499 gross reg. tons). Total 495 (1 547 460 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1971): Passenger cars 753 000, lorries and vans 113 600, buses 8 200, others 5 200. Total 880 000.

FINNISH AIRLINES (May 1972): Finnair and Kar-Air have in use 3 DC-8-62s, 2 DC-6s, 8 Super Caravelles 8 DC-9s and 7 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 17 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). Since Jan. 15, 1973 a central rate of 3.90 marks to one U.S. dollar has been applied.

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, 1971). There are two big and five small commercial banks with in all 833 offices, 306 savings banks, 424 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1972). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 7 ³/₄ %. The range of rates for other credits granted by the Bank of Finland is between 6 and 9 %. Other credit institutions: term deposits 4 ¹/₄ %, 6 month deposits 4 ³/₄ %, 12 month deposits 5 ¹/₄ %, 24 month deposits 6 ¹/₄ %; highest lending rate 11 %.

DEVELOPMENT OF THE FINNISH TRAVEL BALANCE

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Until the late 1960's, a deficit on travel account was almost a perennial feature of Finland's post-war balance of payments picture. However, in 1969 a surplus was recorded and since then, ever increasing travel account surpluses have appeared.

TRAVEL ACCOUNT, MILL. MK

Year	Receipts	Expenditures	Net receipts
1965	131	239	—108
1966	149	245	— 96
1967	175	263	— 88
1968	282	290	— 8
1969	375	371	+ 4
1970	541	399	+142
1971	724	477	+247
1972 ^f	970	650	+320

At present there are no signs of an immediate change in the tendency for the travel account surplus to grow, even though Finnish tourist expenditures abroad increased substantially last year. It must be remembered, however, that the underlying factors which create the surplus are sensitive to changes in general economic conditions and particularly to Finland's relative price advantage.

TRENDS IN THE POST-WAR TRAVEL BALANCE

A long period of travel account deficits was sandwiched between the meagre surpluses of the immediate post-war years and the growing surpluses of the recent past. See chart on page 21.

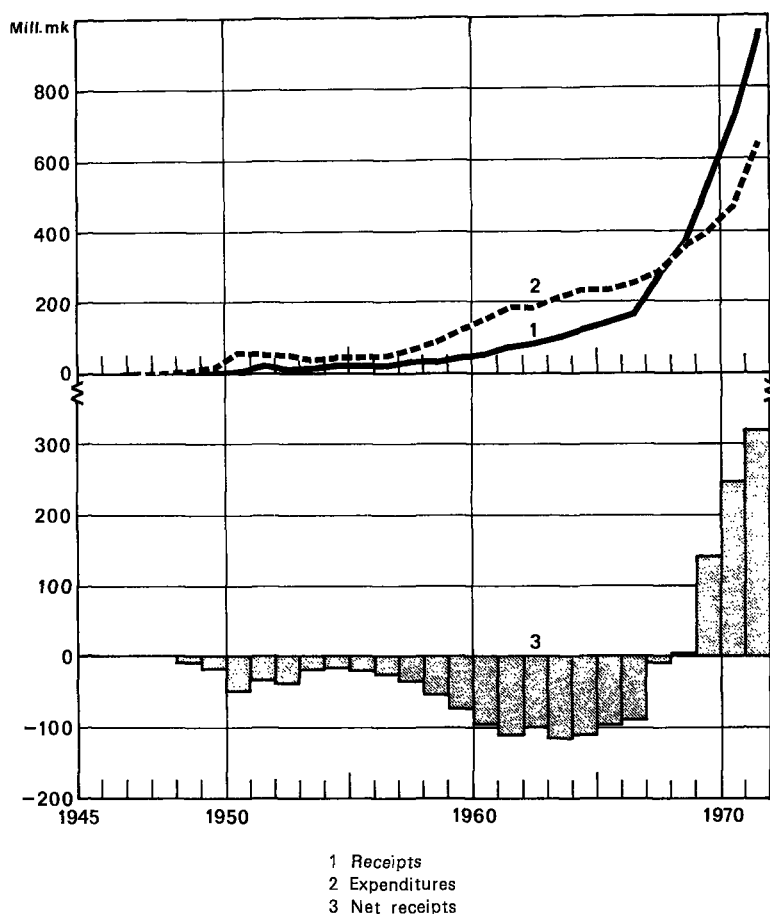
Statistics on receipts and expenditures from foreign tourism have been improved materially; the figures for the first post-war years are incomplete and based partially on estimates.

The statistics, subject to error as they may be, are accurate enough to indicate that foreign exchange receipts from tourism were somewhat greater than the corresponding expenditures just after the war. At this time, very little foreign exchange was available for Finns who wished to take their holidays abroad. When the currency regulations were made more liberal, a chronic deficit appeared on travel account.

It was only in 1952 that the number of foreign visitors coming to Finland rose above the pre-war level. The Olympic Games in this year, which took place in Helsinki, helped swell the numbers travelling to Finland and also made Finland known as a country with features that appeal to tourists. Although foreign visitors arrived in ever greater numbers in subsequent years, the trend in Finland's travel account remained adverse. During the period from the mid-1950's to the mid-1960's, the deficit on travel account deepened almost continuously. At the end of the period the annual average deficit amounted to nearly 100 million marks. Finland's lack of competitiveness clearly placed her in a disadvantageous position relative to other Nordic countries.

The years 1964 and 1965 saw a levelling-off of economic activity and a deepening of the current account deficit. Firmer policy measures were needed, and attention was also focused on the tourist expenditures. Restrictions were introduced which were designed to curb short shopping-trips abroad. A campaign to encourage Finns to spend holidays in Finland was started in 1966, and during the years 1968—1970 a small passenger tax was levied on Finns leaving the country.

FINNISH TRAVEL ACCOUNT 1945—1972, MILL. MK



All these measures helped hold the growth rate of travel expenditures below trend for a few years. The pronounced expansion in travel receipts began after the devaluation of 1967, and in 1969 a surplus on travel account was recorded for the first time in over 20 years. The turnabout was a result of an increase in receipts combined with a deceleration in the growth of expenditures.

In the past Finland's receipts from foreign tourism were small compared with other countries at the same level of development. Only recently have developments been more favourable, and it is worth noting that the trend in Finland has been quite the opposite of that in the other Nordic countries. Finland's international tourist receipts are rapidly approaching the absolute level of Sweden and Norway. The surplus on Finland's travel

account is increasingly made-up of Swedish kronor.

Years	Tourist receipts as a percentage of exports of goods and services	Tourist expenditures as a percentage of imports of goods and services
1965	2.4	4.0
1966	2.5	3.9
1967	2.7	4.0
1968	3.4	3.7
1969	3.7	3.8
1970	4.5	3.2
1971	5.8	3.6
1972 ^f	6.4	4.3

During the 1960's Finnish tourist receipts grew almost twice as quickly as the corresponding expenditures and 2 ½ times as quickly as total receipts from exports of goods and services. The share of tourist receipts in total earnings from goods and services has increased from 1.5 per cent in 1960 to 6.4 per cent. in 1972.

RECENT DEVELOPMENT AND POLICY MEASURES

Government policy can have a major impact on the development of the travel balance. Over most of the post-war period the primary aim of the Finnish policy was to curb the travel account deficit through the reduction in the outflow of foreign currency. Active steps to encourage foreigners to travel in Finland have also been taken from time to time. Recently the question of channelling the growing stream of foreign tourists to Finland has received attention.

Part of the rapid improvement in the tourist balance seems to be attributable to factors which are only loosely connected with tourism in the narrow sense. Two special phenomena deserve mention. Since the devaluation, Finland has been fairly inexpensive for tourists. This is true especially for tourists from Sweden and Norway, who can easily make shopping trips to the Åland Islands or to cities near the border. There are no exact figures on the extent of border trade, but it is evident that a major part of the recent surplus on the travel account stems from this activity.

The increased mobility between the Nordic countries, made easier by a common labour market and passport area, has meant that a substantial number of Finns have emigrated to Sweden. The growth of Finnish foreign tourist receipts also reflects expenditures by these Finns, who work in Sweden but spend their holiday in their native country. Some gifts and other transfers from emigrants are, because of statistical difficulties, included in the travel account statistics.

The travel account statistics are derived from reports on the amount of travel currency that banks buy and sell.

The travel account should include all travel expenditures and all outlays incidental to travel, including expenditure on local transportation and purchases of goods other than for business purposes. Receipts from border trade are not, however, directly comparable to

other tourist receipts, for the underlying economic causes for the transactions do not coincide completely.

FACTORS INFLUENCING TOURISM

There are a host of factors, both economic and non-economic, influencing the travel account. Relative prices as well as the level and distribution of income in the countries from which tourists come are probably the key economic determinants. The natural environment, tourist facilities, government restrictions as well as advertising play an important role. Finally mention should be made of the size of the country and its propinquity to large population centres.

Empirical studies suggest that expenditures on tourism are quite price sensitive, and further proof of this proposition is supplied by Finland's experience after the 1967 devaluation, when growth in travel receipts accelerated sharply. The existence of price differentials between two neighbouring countries is in all likelihood the single most important reason for border trade.

Travel expenditure is financed largely out of disposable income. However, the relationship between disposable income and foreign tourism is not straightforward. Countries experiencing the fastest growth in disposable income are not always the ones to face the fastest growth in foreign tourist expenditure. Even though the long-run growth of foreign travel outlays seems to be related to changes in disposable income, the year-to-year changes in international travel expenditure tend to be more erratic.

During the 1960's the marginal propensity to travel abroad was higher than the average propensity in most European countries, i.e. the proportion of private consumption expenditure spent on foreign travel increased as per capita GNP grew.

In Finland the ratio between the annual increase in international travel expenditure and the annual increase in private consumption expend-

iture was on an average 1.0 during the 1960's. In other words expenditure on foreign travel has been growing at much the same rate as consumption expenditure, whereas in most other countries expenditure on foreign tourism has tended to grow more quickly than consumer expenditure.

Finland's great expanses of unspoilt natural beauty together with her unique cultural heritage play an important role in drawing tourists. *Advertising campaigns have been organized in the past decade to make these and other attractions better known.*

It is interesting to consider why the spurt in Finland's travel receipts should come rather late in the post-war period. Clearly, the relative price advantage created by the devaluation of 1967 was one factor, but Finland's geographical position and the evolution of tourism in Europe must be considered. Although communications between Finland and the rest of Europe are excellent, the country is still somewhat farther from the major population centres than the traditional European tourist meccas. Only when tourism to these places reached the saturation point did travellers begin to come to Finland in large numbers.

FUTURE PROSPECTS FOR THE TRAVEL BALANCE

In 1972 foreign currency receipts from travel amounted to about 6.4 per cent of total

earnings from exports of goods and services. International tourist receipts now exceed earnings from agricultural exports and are the fourth largest item of exports of goods and services. Finland currently ranks among the OECD countries experiencing the most rapid growth in tourist receipts.

Receipts from tourism are estimated to increase to some 1 500—2 200 million marks and corresponding expenditures to some 1 000 million in 1980. The travel balance is thus expected to remain in surplus throughout the 1970's. From the balance of payments point of view, this development is desirable, for a travel account surplus should partly offset the expected trade deficit. In recent years the counterbalancing effect of the travel surplus has been substantial, covering about one fourth of the deficit on current account.

The rapid growth in tourism has made it imperative that well thought out goals be set for tourism policy. At present no coherent body of goals exists, and tourism policy has tended to concentrate on improving the general conditions for tourism in order to bring about rapid total growth in travel receipts. The authorities have recently begun to consider the potential damage that mass tourism might do to the environment, and it is intended that tourism policy take into account both the costs and benefits of rapidly expanding international tourism.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Heelä

ad int.

Directors

Jouko J. Voutilainen

Timo Heelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

*Domestic financial
operations*

Helge Lindström

Credits and securities

Kalle Koski

Capital transfers

Kari Nars

Foreign exchange policy

Raili Nuortila

Eastern trade

J. Ojala

Foreign exchange control

Kari Puumanen

Economics dept., ad int.

Henri J. Vartiainen

Research dept.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign correspondence

Väinö Heiskanen

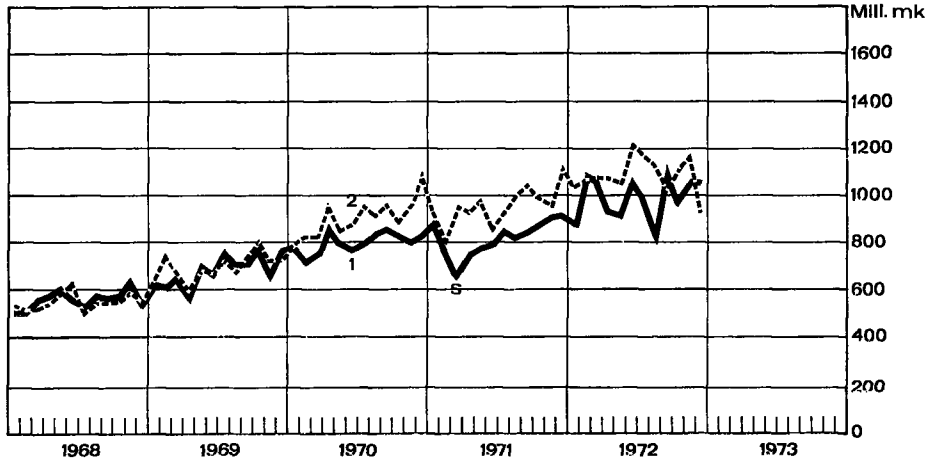
Banking services

Eino Suomela

Internal Audit

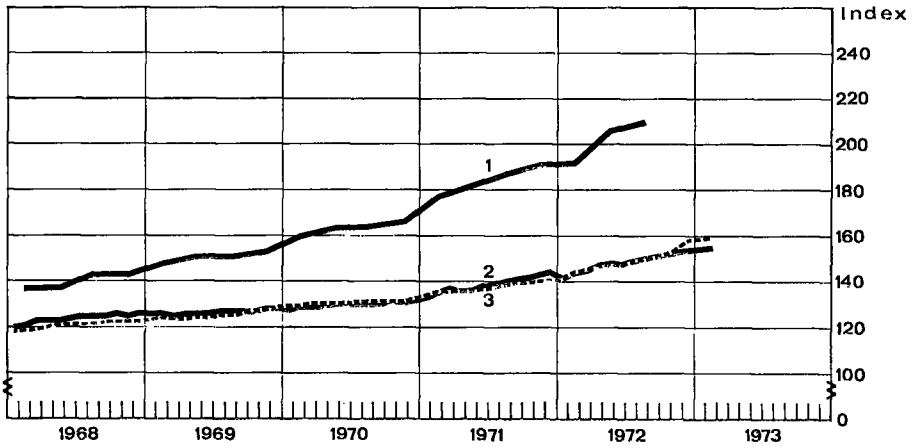
Foreign trade, 1968-1973

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



Prices and wages, 1968-1973

- 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, 1968-1973

- 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

