



BANK OF FINLAND

Monthly Bulletin

Balance sheet of the Bank of Finland
31st December 1974 — 31st December 1975

Finnish industry in 1960—1985

Supplementary budget

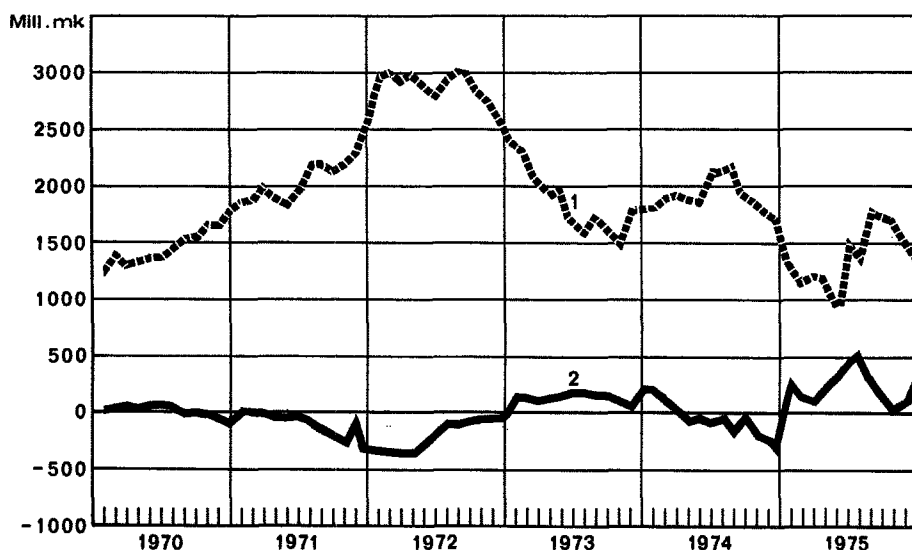
Finnish savings behaviour and motivation

Appointment of a director at the Bank

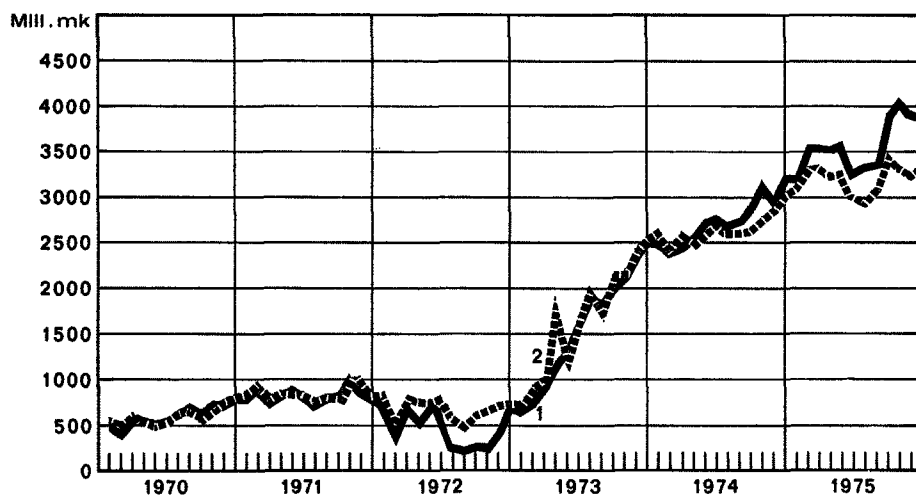
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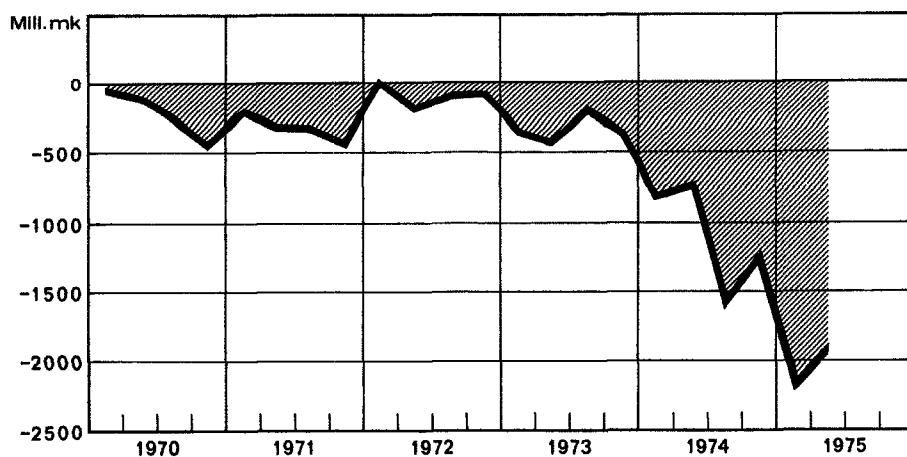
**BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE
FOREIGN EXCHANGE RESERVES, 1970-1975**



**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC
FINANCIAL SECTOR, 1970-1975**



BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1970-1975



THE BALANCE SHEET OF THE BANK OF FINLAND, 31st DECEMBER 1974—31st DECEMBER 1975

According to the Statement of the Bank of Finland, the convertible foreign exchange reserves of the Bank of Finland declined by 312 million marks in 1975 and amounted to 1 410 million marks at the end of the year. Of the convertible foreign exchange reserves, the gold tranche in the International Monetary Fund was converted into foreign currencies during 1975.

The tied foreign exchange reserves of the Bank of Finland totalled 368 million marks at the end of the year. Since the tied accounts had shown a net liability of 388 million marks at the end of 1974, the net increase in the tied foreign exchange reserves was 756 million marks.

The currency subscription to Finland's quota in the International Monetary Fund included in »Other foreign receivables» increased by 268 million marks to 798 million marks during 1975. The mark accounts with the International Monetary Fund included in »Other foreign liabilities» grew by 597 million marks to 1 127 million marks. This growth was caused by the conversion of the gold tranche into foreign currencies and by the drawing made under the oil facility granted by the International Monetary Fund.

The central bank debt of the commercial banks and other receivables due to the Bank of Finland from financial institutions increased by a net amount of 730 million marks to 4 135 million marks during 1975.

Receivables from the public sector increased by 37 million marks to 339 million marks and the claims of the public sector by 741 million marks to 1 301 million marks. Of this sum, counter-cyclical reserves accounted for 155 million marks at the end of the year and import deposits for 1 135 million marks.

Receivables from corporations grew by 302 million marks to 933 million marks in 1975 and claims of corporations by 344 million marks to 539 million marks. Of these, investment deposits accounted for 73 million marks at the end of the year and capital import deposits for 450 million marks.

Notes and coins in circulation increased by 393 million marks and totalled 2 855 million marks at the end of the year. The amount of deposit certificates in circulation declined by 790 million marks to 250 million marks.

According to a decision by Parliament, the Bank's primary capital was increased by 800 million marks to 1 400 million marks in connection with the closing of the accounts. The net profits of the Bank of Finland for the accounting year 1975 amounted to 193 million marks, which was 44 million marks more than in 1974.

January 5, 1976

BANK OF FINLAND

Mill. mk

	1973	1974	1975			
	Dec. 31	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31
Assets						
Gold and foreign exchange receivables	2 210	1 791	1 867	1 877	1 966	1 950
Gold	121	121	121	121	121	121
Special drawing rights	285	286	278	278	278	278
IMF gold tranche	268	268	—	—	—	—
Convertible currencies	1 228	1 109	1 133	1 140	1 211	1 089
Tied currencies	308	7	335	338	356	462
Other foreign receivables	952	1 123	1 302	1 301	1 271	1 274
Foreign bills	103	252	303	302	272	272
Foreign bonds	319	341	201	201	201	204
Currency subscription to Finland's quota in the IMF	530	530	798	798	798	798
Receivables from financial institutions	2 745	3 414	4 393	4 603	4 358	4 164
Cheque accounts of the commercial banks	19	114	176	208	119	133
Discounted bills	2 556	3 034	3 562	3 706	3 587	3 385
Bonds	121	220	364	570	582	327
Other financial institution receivables	49	46	291	119	70	319
Receivables from the public sector	268	302	327	331	338	339
Bonds	53	71	69	69	70	70
Total coinage	200	225	255	256	256	256
Other public sector receivables	15	6	3	6	12	13
Receivables from corporations	613	631	920	918	930	933
New export bills	47	90	131	127	131	128
Financing of suppliers' credits	271	276	394	397	397	402
Bonds	255	231	227	227	226	223
Other corporate receivables	40	34	168	167	176	180
Other assets	34	37	36	38	39	47
Total	6 822	7 298	8 845	9 068	8 902	8 707
Liabilities						
Foreign exchange liabilities	147	457	215	175	167	172
Convertible accounts	73	62	99	76	78	78
Tied accounts	74	395	116	99	89	94
Other foreign liabilities	788	788	1 385	1 385	1 385	1 385
IMF mark accounts	530	530	1 127	1 127	1 127	1 127
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 082	2 462	2 788	2 991	3 170	2 855
Notes	1 907	2 259	2 558	2 758	2 932	2 617
Coins	175	203	230	233	238	238
Deposit certificates in circulation	1 450	1 040	440	400	100	250
Claims of financial institutions	13	9	6	4	40	29
Cheque account of Postipankki	2	4	3	0	1	1
Cheque accounts of the commercial banks	7	4	1	2	7	3
Other financial institution claims	4	1	2	2	32	25
Claims of the public sector	535	560	1 315	1 339	1 261	1 301
Cheque accounts	2	7	5	1	2	2
Counter-cyclical reserves	509	543	149	149	149	155
Import deposits	—	—	1 152	1 180	1 101	1 135
Other public sector claims	24	10	9	9	9	9
Claims of corporations	239	195	524	625	620	539
Investment deposits	5	34	69	69	73	73
Counter-cyclical withholdings	—	49	—	—	—	—
Capital import deposits	214	98	440	543	525	450
Import levy deposits	6	6	8	6	7	8
Other corporate claims	14	8	7	7	15	8
Other liabilities	16	17	14	17	13	15
Equalization accounts	740	858	1 151	1 114	1 118	331
Capital accounts	812	912	1 007	1 018	1 028	1 830
Primary capital	600	600	600	600	600	1 400
Reserve fund	114	163	237	237	237	237
Undisposed profits	—	—	—	—	—	—
Net earnings	98	149	170	181	191	193
Total	6 822	7 298	8 845	9 068	8 902	8 707

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1968	1 309	6	1 303	— 12	125	34	1 382	105	364	259	—
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

1975

Jan.	1 388	56	1 332	306	1 105	788	1 955	302	555	253	990
Feb.	1 249	53	1 196	161	1 106	788	1 675	307	551	244	1 050
March	1 300	66	1 234	132	1 089	788	1 667	307	553	246	1 080
April	1 284	66	1 218	255	999	788	1 684	310	550	240	1 170
May	1 065	67	998	352	1 010	788	1 572	314	556	242	870
June	1 618	67	1 551	483	1 283	1 385	1 932	311	512	201	900
July	1 484	60	1 424	545	1 288	1 385	1 872	315	718	403	800
Aug.	1 879	60	1 819	327	1 266	1 385	2 027	322	871	549	700
Sept.	1 810	53	1 757	186	1 274	1 385	1 832	322	1 019	697	820
Oct.	1 778	50	1 728	61	1 315	1 385	1 719	324	1 189	865	740
Nov.	1 611	79	1 532	123	1 311	1 385	1 581	333	1 383	1 050	400
Dec.	1 448	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

¹ The balance sheet of the Bank of Finland was revised in Dec. 1974.
See explanations on page 18.

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1974			Net holdings, Oct. 31, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	284	—	284	—	— 2
IMF gold tranche	268	—	268	—	—	—	—	—268
Convertible currencies	1 047	—564	483	1 324	—1 482	—158	—240	—641
Total	1 722	—564	1 158	1 729	—1 482	247	—240	—911
Non-convertible currencies	—388	— 5	—393	61	— 22	39	—124	+432

End of year and month	Domestic financial sector							Corporate sector			
	Dis-counted and redis-counted bills	Cheque account receiv-ables ²	Other receiv-ables	Cheque account liabilities to the commer-cial banks ³	Cheque account liabilities to Posti-pankki ³	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	Notes and coins in circula-tion
	1	2	3	4	5	6	7	8	9	10	11
1968	618	107	—	163	16	—	546	381	43	338	1 246
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1975											
Jan.	2 572	112	269	2	2	23	2 926	631	231	400	2 274
Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
June	3 083	139	347	2	—	128	3 439	722	374	348	2 692
July	3 082	136	377	3	0	120	3 472	821	423	398	2 544
Aug.	3 068	135	369	4	2	282	3 284	816	305	511	2 635
Sept.	3 565	196	424	2	1	274	3 908	827	401	426	2 620
Oct.	3 568	115	606	2	1	269	4 017	876	413	463	2 571
Nov.	3 519	172	622	2	1	2	4 308	888	530	358	2 678
Dec.	3 385	133	646	3	1	25	4 135	933	539	394	2 855

¹ The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

² Including special index accounts.

³ Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Dec. 18, 1975

New York ¹	1 \$	3.860	Frankfurt o. M.	100 DM	147.25	Vienna	100 S	20.90
Montreal	1 \$	3.815	Amsterdam	100 Fl	143.80	Lisbon	100 Esc	14.30
London	1 £	7.815	Brussels ²	100 Fr		Madrid	100 Pta	6.51
Stockholm	100 Kr	87.75	Zurich	100 Fr	147.30	Tokyo	100 Y	1.265
Oslo	100 Kr	69.60	Paris	100 FF	86.75	Reykjavik	100 Kr	2.32
Copenhagen	100 Kr	62.65	Rome	100 Lit	0.5670	Moscow ³	1 Rbl	5.092

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

² 9.780 commercial rate; 9.550 financial rate.

³ 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	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

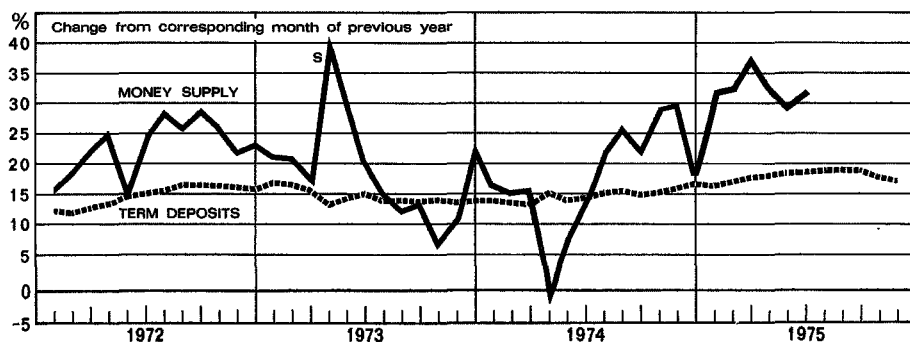
1974[†]

Aug.	2 158	2 855	1 201	9 366	7 705	5 839	2 396	860	26 165	30 221
Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

1975*

Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
April	2 573	3 414	1 762	10 596	8 591	6 668	2 753	964	29 572	34 748
May	2 609	3 509	1 644	10 744	8 713	6 773	2 778	975	29 983	35 136
June	2 822	3 809	1 640	10 851	8 826	6 796	2 833	985	30 291	35 740
July	2 721	3 662	1 462	10 921	8 974	6 946	2 863	1 005	30 709	35 833
Aug.	2 566	3 533	1 669	11 046	9 155	7 091	2 920	1 021	31 233	36 435
Sept.	2 546	3 531	1 582	10 959	9 203	7 177	2 929	1 056	31 324	36 437
Oct.	2 686	3 653	1 417	11 011	9 225	7 206	2 939	1 058	31 439	36 509

* New series, see explanations on page 18.



ADVANCES TO THE PUBLIC—MONEY SUPPLY

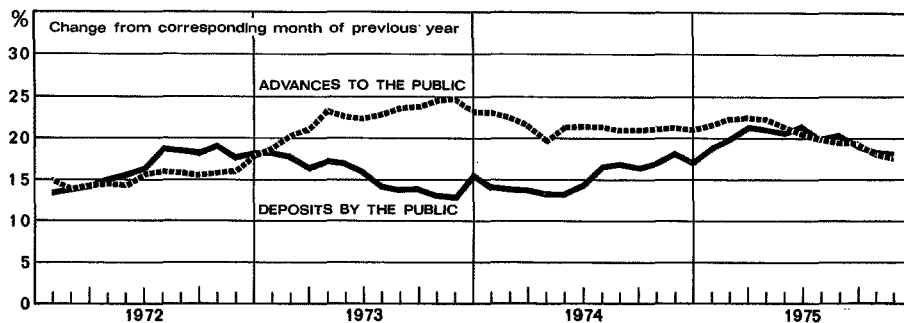
Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

1974 ¹									
Aug.	14 500	7 191	5 953	4 359	3 039	33 963	1 079	35 042	6 039
Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	6 145
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	6 089
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	6 378
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

1975									
Jan.	16 010	7 892	6 554	4 768	3 350	37 430	1 144	38 574	7 123
Feb.	16 398	7 990	6 668	4 818	3 381	38 016	1 239	39 255	7 274
March	16 773	8 060	6 743	4 847	3 394	38 548	1 269	39 817	7 403
April	16 919	8 162	6 868	4 913	3 556	39 139	1 279	40 418	7 245
May	17 148	8 219	6 944	4 968	3 637	39 640	1 276	40 916	7 335
June	17 303	8 312	7 019	4 983	3 660	39 951	1 326	41 277	7 801
July	17 291	8 419	7 125	5 054	3 704	40 339	1 254	41 593	..
Aug.	17 307	8 582	7 249	5 063	3 776	40 674	1 303	41 977	..
Sept.	17 734	8 749	7 450	5 104	3 815	41 456	1 396	42 852	..
Oct.	17 811	8 785	7 542	5 275	3 900	..	..	43 313	..

¹ New series, see explanations on page 18.



STATE FINANCES

Mill. mk

Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1974	1975		1974	1975
Income and property tax (net)	6 570	7 903	Wages, salaries, pensions etc.	2 754	3 583
Gross receipts	(12 775)	(16 282)	Repair and maintenance	431	537
Refunds & local authorities	(—6 205)	(—8 379)	Other consumption expenditure	1 214	1 583
Other taxes on income and property	132	153	Total consumption expenditure	4 399	5 703
Employers' child allowance payments	536	682	State aid to local authorities	2 696	3 910
Sales tax	4 310	4 843	State aid to industries	2 182	3 572
Revenue from Alcohol Monopoly	940	1 160	of which: agric. price subsidies	(1 501)	(1 761)
Customs duties & import charge	417	492	Child allowances	358	509
Counter-cyclical tax	—	—	Share in national pensions and health insurance	192	188
Excise duty on tobacco	494	484	Other transfer expenditure	1 843	2 234
» » on liquid fuel	747	972	Total transfer expenditure	7 271	10 413
Other excise duties	372	512	Machinery and equipment	578	801
Tax on autom. and motor cycles	375	610	House construction	325	467
Stamp duties	344	407	Land and waterway construction	934	1 156
Special diesel etc. vehicles tax	57	59	Total real investment	1 837	2 424
Other taxes and similar revenue ¹	350	462	Interest on State debt	176	158
Total taxes	15 643	18 739	Index compensations	31	38
Miscellaneous revenue	870	1 987	Net deficit of State enterprises	99	346
Interest, dividends etc.	400	458	Other expenditure	20	35
Sales and depreciation of property	4	10	Total other expenditure	326	577
Redemptions of loans granted	193	217	Increase in inventories	+67	+243
Total revenue	17 110	21 411	Lending	1 235	2 016
Foreign borrowing	8	143	Other financial investment	426	540
Domestic borrowing	217	390	Total expenditure	15 561	21 916
Total borrowing	225	533	Redemption of foreign loans	178	118
Deficit (+) or surplus (—)	(—1 199)	(+389)	Redemption of domestic loans	397	299
			Total redemptions	575	417
Total	16 136	22 333	Total	16 136	22 333

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
Foreign debt	1 517	1 395	1 152	1 256	1 225	1 241
Loans	2 268	1 758	1 528	1 597	1 613	1 650
Compensatory obligations	2	1	1	1	1	
Short-term credit	56	39	37	65	86	
Cash debt (net)	—488	—468	—571	—470	—437	
Domestic debt	1 838	1 330	995	1 193	1 263	
Total State debt	3 355	2 725	2 147	2 449	2 488	
Total debt, mill \$	804	710	590	632	642	

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974 *	20 687	25 666	-4 979

1974*

Oct.	2 239	2 399	- 160
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*

Jan.	2 014	2 751	- 737
Feb.	1 549	2 535	- 986
March	1 576	2 096	- 520
April	1 739	2 301	- 562
May	1 594	2 356	- 762
June	1 380	2 048	- 668
July	1 651	2 267	- 616
Aug.	1 135	2 163	-1 028
Sept.	1 711	2 235	- 524
Oct.	1 840	2 447	- 607

Jan.-Oct.

1974 *	17 160	21 168	-4 008
1975 *	16 189	23 199	-7 010

Indices of exports and
imports 1969 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974 *	126	151	196	200	98

1972

July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

1973

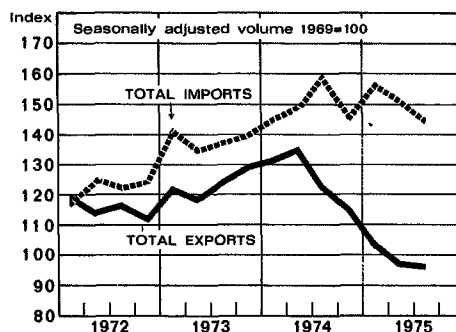
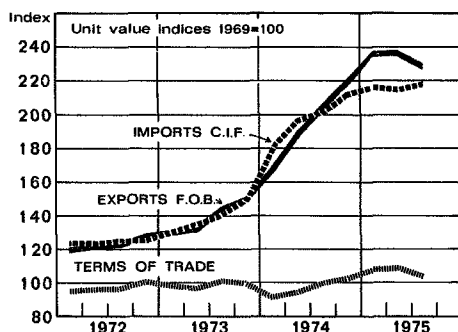
Jan.-Mar.	120	140	131	131	100
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974

Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	104

1975*

Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	219	105



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974*	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24

1974*

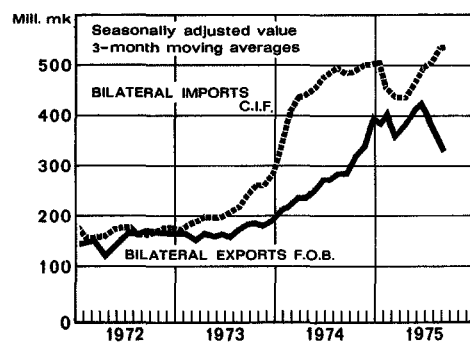
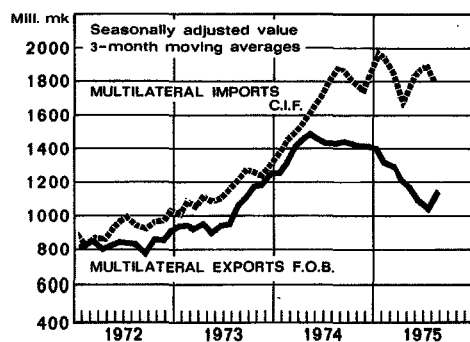
Oct.	27	251	852	618	491	1 550	190	339	319	1
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

1975*

Jan.	71	229	780	480	454	1 682	146	542	380	1
Feb.	13	145	617	389	385	1 573	134	464	363	1
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 389	111	430	370	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 301	148	329	265	5
July	28	194	534	560	335	1 388	126	421	306	26
Aug.	18	139	451	226	301	1 275	170	433	276	9
Sept.	44	202	585	442	438	1 383	137	363	344	8
Oct.	25	199	570	505	541	1 543	154	412	337	1

Jan.-Oct.

1974*	385	2 734	6 418	3 574	4 049	13 687	1 638	3 112	2 709	22
1975*	350	1 730	5 987	4 069	4 053	14 168	1 361	4 231	3 383	56



FOREIGN TRADE BY COUNTRIES

Mill. mk.

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—October				January—October			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	69.3	11 895	62.6	10 140	64.8	13 712	65.9	15 277
Austria	0.9	157	0.8	132	1.4	293	1.3	307
Belgium-Luxembourg	2.1	364	1.4	232	1.9	408	1.8	419
Denmark	3.7	636	3.5	571	3.4	716	3.3	765
France	4.4	747	3.6	580	3.1	664	3.5	803
Federal Republic of Germany	8.5	1 452	8.8	1 423	15.4	3 255	16.1	3 731
Italy	1.8	307	1.2	200	1.6	328	2.1	481
Netherlands	3.6	615	2.6	427	3.7	772	2.9	684
Norway	2.7	468	4.7	765	2.9	615	2.7	628
Portugal	0.4	61	0.3	43	0.7	151	0.5	108
Spain	1.3	226	1.1	184	0.4	88	1.1	253
Sweden	16.8	2 877	17.9	2 889	17.9	3 798	18.2	4 225
Switzerland	1.7	298	1.5	242	3.1	664	3.1	720
United Kingdom	19.6	3 369	15.0	2 427	9.1	1 920	9.1	2 112
Other	1.8	318	0.2	25	0.2	40	0.2	41
OECD countries outside Europe	6.5	1 107	4.7	768	9.0	1 904	9.7	2 246
Canada	0.7	114	0.5	86	0.5	99	0.5	108
Japan	1.0	163	0.5	84	1.5	307	1.7	401
United States	3.8	656	3.1	501	7.0	1 491	7.5	1 728
Other	1.0	174	0.6	97	0.0	7	0.0	9
CMEA countries	14.9	2 563	23.3	3 764	22.4	4 742	21.2	4 923
Czechoslovakia	0.4	66	0.5	85	0.4	75	0.4	95
Democratic Republic of Germany	0.5	87	0.7	118	0.5	111	0.7	173
Poland	0.8	141	1.2	197	2.1	454	2.3	532
Soviet Union	12.6	2 162	20.0	3 236	18.0	3 816	16.6	3 857
Other	0.6	107	0.9	128	1.4	286	1.2	266
Latin America	2.8	489	2.1	339	1.7	351	1.1	268
Argentina	0.6	96	0.8	126	0.1	12	0.0	13
Brazil	0.9	155	0.6	90	0.4	77	0.2	55
Colombia	0.1	21	0.0	10	0.4	95	0.4	85
Other	1.2	217	0.7	113	0.8	167	0.5	115
Other	6.5	1 106	7.3	1 178	2.1	459	2.1	485
GRAND TOTAL	100.0	17 160	100.0	16 189	100.0	21 168	100.0	23 199
of which								
EFTA countries	22.7	3 901	25.3	4 099	26.1	5 535	25.9	6 004
EEC countries	44.6	7 661	36.9	5 967	38.1	8 074	38.8	9 010
OECD countries	75.8	13 002	67.4	10 908	73.8	15 616	75.6	17 523

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
1972	12 012	13 087	— 1 075	+ 731	+336	+ 72	+ 64	— 586	+42	— 480
1973 ^r	14 525	16 560	— 2 035	+ 996	+340	+ 29	— 670	— 753	—57	— 1 480
1974*	20 605	25 598	— 4 993	+ 1 075	+326	+105	— 3 487	— 1 006	—69	— 4 562

Jan.-March

1972	2 870	2 956	— 86	+ 207	+ 3	+ 1	+ 125	— 142	—22	— 39
1973 ^r	3 282	3 868	— 586	+ 260	— 5	+ 28	— 303	— 139	—14	— 456
1974*	4 589	5 663	— 1 074	+ 281	+ 10	+ 28	— 755	— 233	—25	— 1 013
1975*	5 127	7 356	— 2 229	+ 261	— 43	— 34	— 2 045	— 316	—51	— 2 412

Apr.-June

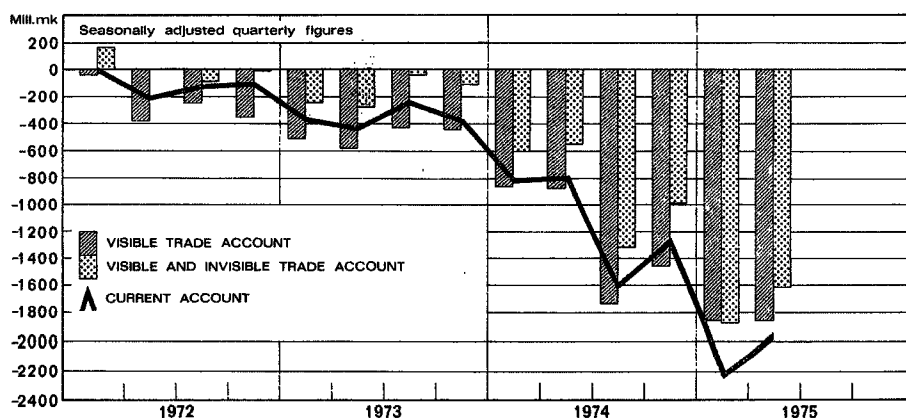
1972	2 855	3 296	— 441	+ 170	+ 56	+ 47	— 168	— 156	— 8	— 332
1973 ^r	3 182	3 843	— 661	+ 218	+ 48	+ 16	— 379	— 190	—22	— 591
1974*	5 160	6 224	— 1 064	+ 199	+ 74	+ 72	— 719	— 239	—12	— 970
1975*	4 696	6 683	— 1 987	+ 243	+ 13	+ 7	— 1 724	— 383	—15	— 2 122

July-Sept.

1972	2 979	3 198	— 219	+ 179	+192	+ 18	+ 170	— 139	+20	+ 51
1973 ^r	3 656	4 084	— 428	+ 271	+240	+ 10	+ 93	— 173	— 9	— 89
1974*	5 103	6 809	— 1 706	+ 356	+243	— 44	— 1 151	— 244	— 8	— 1 403

Oct.-Dec.

1972	3 308	3 637	— 329	+ 175	+ 85	+ 6	— 63	— 149	+52	— 160
1973 ^r	4 405	4 765	— 360	+ 247	+ 57	— 25	— 81	— 251	—12	— 344
1974*	5 753	6 902	— 1 149	+ 239	— 1	+ 49	— 862	— 290	—24	— 1 176

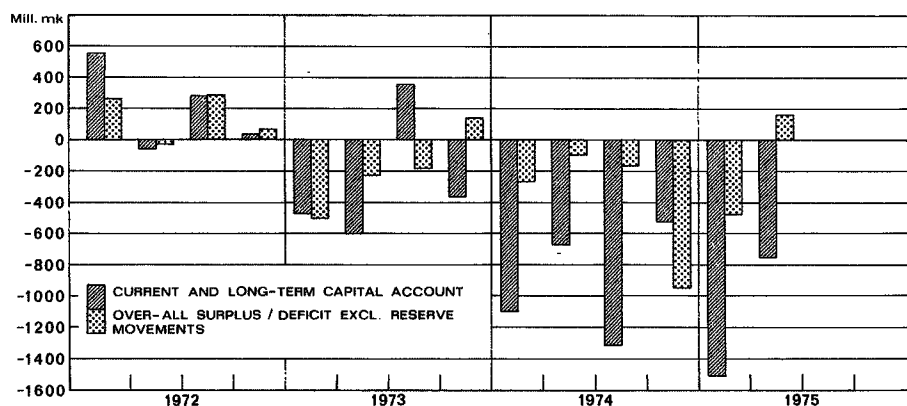


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 ²	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 ²	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+124	+440	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+102	+621	- 477	- 32	+509
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+191	+ 91	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 58	+151	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+787	+268	+ 157	-668	+511
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+252	+420	- 163	+202	- 39
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+221	+220	+ 136	-229	+ 93
+ 948	- 280	- 25	+ 10	+ 653	- 523	-189	- 97	-138	- 947	+498	+449

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	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974	495	498	482	523	536	448	555	495	459	233	231	230

1975

Jan.	537	546	502	565	589	487	616	518	502	247	243	237
Feb.	546	556	509	571	596	501	620	529	513	246	243	239
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246
May	561	574	512	575	630	525	630	537	535	260	269	246
June	559	572	510	570	633	526	629	532	535	261	269	246
July	564	578	510	564	634	547	643	531	538	262	270	247
Aug.	567	580	518	566	651	547	630	540	546	263	270	247
Sept.	568	582	516	567	664	545	629	540	550	264	272	247
Oct.	573	588	517	568	671	556	629	541	562	265	272	248
Nov.	577	592	518	570	676	560	631	543	566	265	272	250

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1972 = 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
1973	284	223	111	112	107	111	116	110	109	109	105	111
1974	333	261	129	130	109	128	144	161	129	128	118	127

1975

Jan.	364	285	141	139	124	141	155	179	140	136	135	141
Feb.	369	290	143	143	125	142	155	180	145	137	137	146
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150
May	387	304	150	155	129	146	161	183	150	144	141	151
June	388	305	151	155	129	147	161	183	150	145	143	153
July	394	310	153	157	137	148	164	184	151	145	144	156
Aug.	399	313	155	161	137	152	164	185	153	146	144	159
Sept.	405	318	157	165	137	154	165	185	153	148	150	161
Oct.	411	323	160	166	148	158	166	187	155	148	151	166
Nov.	415	326	161	168	149	159	166	188	156	152	152	168

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	Industry	Construction							
1973	317	260	261	219	213	217	247	212	258	238
1974*	404	317	326	256	251	252	298	248	313	285
1975*	515	387	392	310	309	306	363	299	384	347

1974*

Jan.-March	361	284	292	229	226	225	265	222	278	254
Apr.-June	388	316	320	260	251	256	300	251	315	287
July-Sept.	410	326	336	263	258	259	310	255	326	295
Oct.-Dec.	463	342	354	273	271	270	321	264	340	307

1975*

Jan.-March	474	353	361	278	277	275	330	269	350	314
Apr.-June	507	391	394	313	312	308	370	303	392	353
July-Sept.	514	398	401	317	318	309	374	307	396	357
Oct.-Dec.	553	405	412	332	331	331	379	317	403	365

PRODUCTION

Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1972	145	177	94	95	149	103	143	155	142	143	148
1973*	154	187	90	96	162	105	155	171	150	151	157
1974*	160	200	89	97	168	103	162	178	158	159	162

1974*

Jan.-March	159	211	59	125	136	102	156	169	156	157	161
Apr.-June	158	199	70	113	162	107	163	172	157	158	162
July-Sept.	159	177	164	62	176	101	163	176	157	159	161
Oct.-Dec.	165	212	60	87	199	101	165	194	162	161	164

1975*

Jan.-March	160	205	50	121	159	105	156	176	164	162	164
Apr.-June	157	197	63	107	160	108	160	177	164	162	166

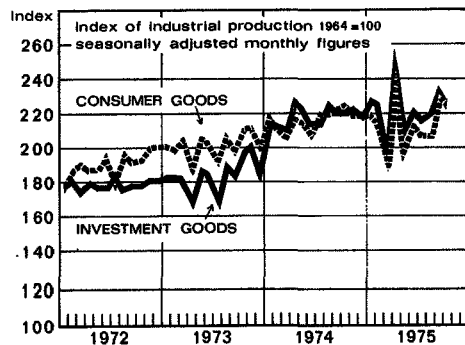
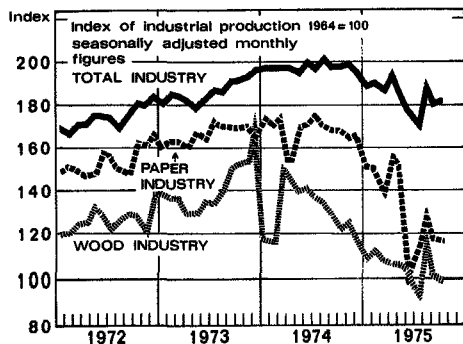
PRODUCTION

Index of industrial production 1970 = 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	
1972	114	116	114	111	111	109	112	142	115	118	113
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
1974*											
May	139	157	138	135	123	150	126	158	154	162	127
June	118	137	116	115	110	119	99	146	133	139	130
July	89	66	94	81	117	70	123	128	100	69	128
Aug.	130	141	127	132	123	100	126	155	157	147	131
Sept.	130	147	129	129	112	115	126	152	153	151	129
Oct.	144	164	140	148	134	120	133	174	160	169	129
Nov.	137	159	132	139	118	111	127	170	145	164	129
Dec.	120	135	118	120	100	82	112	166	114	139	127

1975*

Jan.	134	163	130	136	107	100	118	180	135	163	123
Feb.	125	152	123	125	96	102	108	169	125	153	123
March	124	148	122	125	92	98	105	170	135	150	122
April	137	172	131	144	115	113	106	181	143	172	127
May	126	151	123	128	112	107	104	162	133	152	121
June	109	142	103	117	109	91	64	134	126	139	116
July	77	66	79	75	114	48	79	97	75	68	112
Aug.	119	138	115	125	113	85	97	141	133	139	124
Sept.	123	156	115	133	118	95	88	147	131	155	118
Oct.	132	170	122	150	142	98	93	151	132	167	118



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un- employed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Whole- salers' volume index 1968 = 100
1972	3 409	2 173	2 118	55	2.5	34 954	128	151
1973	3 442	2 215	2 164	51	2.3	35 123	138	167
1974*	3 483	2 269	2 229	40	1.8	34 457	143	168
1974*								
Aug.	3 487	2 355	2 318	37	1.6	1 545	148	185
Sept.	3 489	2 262	2 230	32	1.4	2 021	140	178
Oct.	3 491	2 249	2 219	30	1.3	2 476	151	196
Nov.	3 439	2 239	2 207	32	1.4	2 773	149	186
Dec.	3 495	2 234	2 195	39	1.7	3 079	190	193
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	128	158
Feb.	3 505	2 194	2 146	48	2.2	3 899	126	157
March	3 507	2 191	2 144	47	2.1	4 535	..	..
April	3 509	2 199	2 151	48	2.2	3 799	..	..
May	3 511	2 238	2 199	40	1.8	2 646	..	..
June	3 513	2 445	2 400	45	1.8	2 381	..	..
July	3 514	2 448	2 400	48	2.0	934	..	..
Aug.	3 516	2 326	2 278	48	2.1	1 026	..	..
Sept.	3 517	2 255	2 205	50	2.2	1 272	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings- works under con- struction
	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1974*											
Apr.-June	16.64	7.96	1.62	5.34	0.69	10.34	5.21	0.38	3.83	0.50	54.56
July-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87
1975*											
Jan.-March	12.59	3.31	0.75	5.95	0.75	11.21	4.51	0.45	4.89	1.07	48.79
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.06	4.95	0.33	3.60	0.75	54.13

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights.

Public sector: Receivables = Total coinage + Other public sector receivables + Bonds (since Dec. 1974).

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Other financial institution receivables + Bonds (since Dec. 1974).

Corporate sector: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds (since Dec. 1974).

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

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

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

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.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

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 Postipankki 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 volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres 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. 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 Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland 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 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

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. *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. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

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 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 39, Conservatives 35, Swedish Party 10, Liberal Party 9, Christian League 9, Finnish Farmers Party 2, Finnish People's Unification Party 1 and Finnish People's Constitutional Party 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 %. 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 (1974): 4.7 million. Sweden 8.2. Switzerland 6.5, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1974): In South Finland 45.8, in East and Central Finland 16.9, in North Finland 3.6 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1974): 58 % of the population inhabit the rural areas, 42 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 504 280 inhabitants, Tampere (Tammerfors) 165 668, Turku (Åbo) 163 336.

EMPLOYMENT (1974): Agriculture and forestry 16 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1973): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1975): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1974): births 13.3 ‰, deaths 9.6 ‰, change + 4.1 ‰, net immigration 0.3 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1974, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 806 (5 %), forestry and fishing 5 154 (7 %), manufacturing 22 370 (31 %),

construction 7 525 (11 %), transport and communication 6 991 (10 %), commerce, banking and insurance 9 683 (13 %), public administration 3 357 (5 %), ownership of dwellings 3 058 (4 %), services 10 268 (14 %), total 72 212. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1974): The growing stock comprised of 1 511 million m³ (solid volumewith bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 606 million m³ was up to the standard required for logs, 59 % of these being pine. The annual growth was 56.9 million m³ and the total removal, calculated on the basis of roundwood consumption, was 52.9 million m³.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 176 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 114 % in the crop year 1973/74.

INDUSTRY (1972): Gross value of industrial production 44 958 mill. marks, number of workers 404 033, salaried employees 114 534, motive power (1971) 5.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1975): Length 5 908 km.

MERCHANT FLEET (Dec. 31, 1975): Steamers 24 (13 300 gross reg. tons), motor vessels 365 (896 200 gross reg. tons) tankers 61 (1 138 600 gross reg. tons). Total 450 (2 048 100 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1974): Passenger cars 936 700, lorries and vans 124 900, buses 8 600, others 6 000. Total 1 076 200.

FINNISH AIRLINES (June 1, 1975): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 9 Super Caravelles, 8 DC-9s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1880, 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 one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1974). There are two big and five small commercial banks with in all 857 offices, 294 savings banks, 390 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). 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 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ½ %. Other credit institutions: term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

FINNISH INDUSTRY IN 1960—1985

by Jarmo Pesola, M.Pol.Sc.
and Ilmo Pyyhtiä, M.Pol.Sc.
Bank of Finland

Due to rapid productivity growth in agriculture and forestry during the 1960's, labour from these sectors was released more rapidly than in the past for the disposal of industry and services. As the services sector played the most important role in the employment of these relatively unskilled labour reserves, it can be claimed that Finland changed almost overnight from a society dominated by primary production into a modern economy, with a large service sector (Chart 1).

In the period 1959—1974, the volume of industrial production grew at an average rate of 7.5 per cent per annum, substantially more than the OECD average. Changes in the relative shares in GDP of different categories of manufacturing have been fairly small (Chart 2).

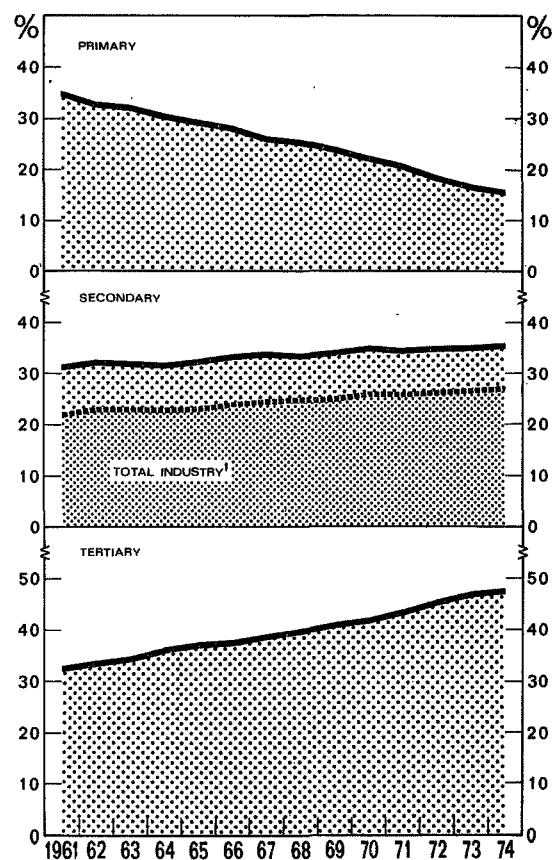
Industry's share in total output is considerably greater than its shares in total investment and the labour force, indicating an efficiency greater than that in the rest of the economy. Recently, investment activities have centred mainly on heavy, basic industries, like the manufacture of metal products, the petro-chemical industry and energy supply.

DEMAND AND INVESTMENT

Finland's association with EFTA in 1961 and the conclusion of a Free Trade Agreement with the EEC in 1973 improved the marketing prospects of metal industry products and of some other new export products, in addition to those of forest industry products which already performed well in Western markets. As a result, the share of exports in total output increased notably in these sectors.

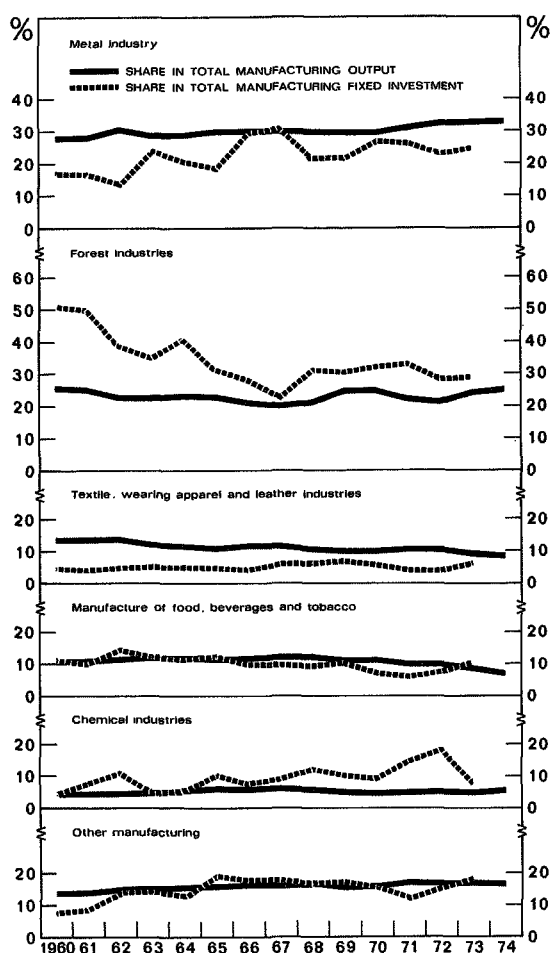
Cyclical variations in Finnish industrial production have been fairly sizeable: exports to Western markets are still regionally concentrated, and there is also a need for further diversification in the goods exported. Finnish exports to the Socialist countries have also shown variation, which has occurred within the framework of five-year agreement periods.

CHART 1. PERCENTAGE SHARES OF DIFFERENT SECTORS IN TOTAL EMPLOYED LABOUR FORCE IN FINLAND IN 1961—1974



¹ I.e. industrial categories: Mining and quarrying, Manufacturing, and Electricity, gas and water. Alternatively, secondary sector minus construction.

**CHART 2. MANUFACTURING IN 1960–1974,
PERCENTAGE SHARES OF DIFFERENT INDUS-
TRIAL CATEGORIES IN GDP AND FIXED INVEST-
MENT**



The demand for Finnish manufactures remained fairly brisk from the early 1960s until the latter half of the decade, when the growth of demand decelerated due to an international cyclical recession and a weakening in the competitiveness of Finnish industry. Together with the devaluation of the Finnish mark in the autumn of 1967, a substantial improvement in the international economic situation resulted in a sharp rise in industrial production in 1969 and 1970. The long and vigorous international upswing, plus brisk domestic demand, maintained the rapid growth of industrial production until the end of 1974, when the first signs of the present international depression appeared in Finnish industry.

Since the late 1960s, brisk industrial investment together with increased investment in housing, energy supply and services, has pushed the rate of investment substantially above the rate of saving. This has involved a growing external deficit on current account. Attempts have been made to support industrial investment, e.g. through the inflow of long-term capital, so as to accelerate structural changes in the economy. A strengthening and diversification of the industrial structure has, in fact, taken place during the period under review: for example, the excess of imports over exports, for industrial products, has been clearly decreasing.

In recent years, investment in basic industries has tended to keep the capital-output ratio of Finnish industry at a high level. A similar effect is caused by the fact that the forest industries, which are a capital-intensive branch, account for a substantial part of total industry.

THE SUPPLY OF FACTORS OF PRODUCTION

During the first part of the last decade, labour was clearly the abundant factor of production. Secondary and tertiary industries could not always absorb all the labour which was released from the primary sector. During the recession of the latter half of the 1960s, the situation worsened, and the rate of unemployment reached a level which was quite severe by Finnish standards; this led to a sharp increase in emigration to Sweden. During the first few years of the 1970's supply constraints became a new problem for Finnish industry. Many branches suffered from a scarcity of skilled labour, and regional imbalances increased in the labour market. To alleviate these, attempts have been made, on the one hand, to use regional policy measures to promote and facilitate the setting up and operating of enterprises in the Development Regions and, on the other hand, to use central government measures to increase residential building in growth centres.

Although the rate of saving in the Finnish economy has been, by international standards, fairly

high throughout the post-war period, access to capital was the bottle-neck in the development of industry until the late 1960s, when the inflow of foreign capital began to increase substantially. Accordingly financial policies have been designed to support industrial investment.

FUTURE OUTLOOK AND INDUSTRIAL POLICIES

The 1975 Industrial Commission, which was appointed by the Ministry of Commerce and Industry¹, summarized the main problems facing Finnish industry in 1976—85 as: the already high level of external indebtedness; the scarcity of labour; and a rapid rate of increase in cost levels. On the other hand, in order to raise the standard of living of the population and to discourage emigration, it will be important for Finland to sustain its relatively high rate of growth of total production.

The Commission recommends that if these problems are to be solved, industry's productivity should be improved. According to the Commission, this could be achieved by intensifying and developing the utilization of resources, e.g., by channelling more capital than in the past to industrial enterprises and by expanding further research and the vocational training of labour. Furthermore, the stance of industrial policy for the next decade should be based on the idea that the Central Government's task is not so much to maintain productive activities, but to create and develop productive resources upon which such activities can be based. This would imply that, to a larger extent than previously, public funds would be channelled into the promotion of investment, starting-up and training in industrial enterprises.

DEMAND AND COSTS

It seems likely that heavy, export-led, cyclical fluctuations in industrial production will con-

tinue to be the major problems for Finnish industry and industrial policy. The large variation in the volume of exports implies that, on average, productive capacity and resources are not fully utilized. This could also be one of the factors behind Finland's relatively high capital output ratio and thus her balance-of-payments problems.

According to the Commission, long-term demand prospects for the products of wood-processing industries seem relatively favourable, apart from occasional cyclical variations. In the world market there is an obvious shortage of easily exploitable forest resources, and neither are there any signs of excess processing capacity in the medium run.

Cost increases and international export credit competition are considered to be the major problems of the Finnish heavy metal industry in the coming years. Products of this type typically have long delivery periods, and cost developments have often been underestimated. Labour-intensive industrial branches, above all the light metal industry and the textile, wearing apparel and leather industries, will be encumbered with rising labour costs, relative to their international competitors.

In addition to price competitiveness the importance of marketing is increasing as the level of sophistication in manufacturing rises, bringing forth products which must be marketed individually. It would also be reasonable to hold back the growth of demand for export credits by reducing the growth rates of those branches which require particularly large quantities of these. On the other hand, according to the Commission, an increasing quantity of funds should be directed towards product development and the expansion of sales and service organizations.

LABOUR

The Commission's prediction was that scarcity of labour would remain one of the basic constraints on production in the future. In northern and eastern Finland there are no longer any

¹ On April 30, 1974, the Ministry of Commerce and Industry appointed a Commission, which was charged with the task of preparing an estimate of the development of Finnish industry for the period 1975—1985 and of drawing up, on the basis of the estimate, targets and guidelines for the industrial policy measures needed. The Report was released on April 30, 1975.

substantial labour reserves. During the period under review, the supply of labour may be further limited by emigration, stimulated by the higher level of real earnings prevailing in Sweden. From the point of view of its ability to bid through wages, industry's prospects of obtaining its share in the reduced labour supply are fairly good, as compared with other sectors of the economy.

The targets for increasing the productivity of industry as a whole will place new demands on manpower and training policies. Attempts should be made to reduce regional and educational imbalances in the demand for and the supply of labour by further increasing the mobility of labour. According to the Commission, efforts should also be taken to improve the measures regulating industrial location.

CAPITAL

The scarcity of labour predicted by the Commission will imply that production will have to become more capital-intensive, and hence industry will have a greatly increased demand for capital — and will also make growing demands on the supply of energy. The need for capital will be further increased by pressures to improve working conditions and by the necessity to invest in environmental protection, which is of particular significance for the forest industries.

Since it seems obvious that Finland cannot let her relative indebtedness increase much further, the boosting of the domestic rate of saving and, above all, a more efficient channelling of savings for the disposal of industry will play the dominant role in the development of industrial financing. Although the savings rate itself is already fairly high there is scope for improving the allocation of savings to industry by promoting the accumulation of financial assets, for instance by developing the Securities Market. In the promotion of this form of saving, it is naturally vital that inflation be restrained. To encourage savers to acquire financial assets and to channel their funds directly

towards industry, the Industrial Commission suggested that an investment company be established. Such a step has been discussed many times before. The investment activity of industrial enterprises depends essentially on the availability of borrowed funds; because of the smallness of Finnish capital markets, gearing in Finnish firms tends to be high by international standards.

In order to avoid unnecessary, and often macro-economically unprofitable, stock accumulation, firms should according to the Commission be encouraged to use levelling-off measures other than the stock undervaluation allowances at present in use. This might also discourage some fixed investment projects which are merely stimulated by the depreciation allowances on fixed capital.

In future investment policies, increasing the productivity of investment projects will play the most important role. The average productivity of industrial investment can be increased, as mentioned before, by diversifying the structure of industrial production. In individual industries, productivity can be increased by developing the estimation of future demand and by improving production methods.

RAW MATERIALS AND ENERGY

Of raw material resources, the shortage of raw timber is probably Finland's most severe constraint on production. Increased processing of raw timber and development of the growth of forests thus provide the only opportunities for the expansion of the wood and paper industries.

Moreover, Finland does not have an adequate amount of the raw materials needed by the consumer goods and the chemical industries. Raw materials and semi-finished products account for more than a half of Finnish imports. On the other hand, the need for raw material in the metal industry can be largely satisfied by domestic production.

Already over half of Finland's energy is imported, and almost all of the growth of energy demand will have to be satisfied using imported supplies. Thus the development of energy prices will be a central problem in the future, particularly because of the energy-intensive nature of Finnish export industries. Rises in the relative price of energy will raise the domestic price level and may weaken the competitiveness of Finnish exports even if the strength of the overall effect will depend equally on demand and price developments for other raw materials and finished products.

Growing attention will be paid to the development of the peat industry, although it is estimated that by 1985 the amount of energy produced by peat will account for less than five per cent of the total need of energy.

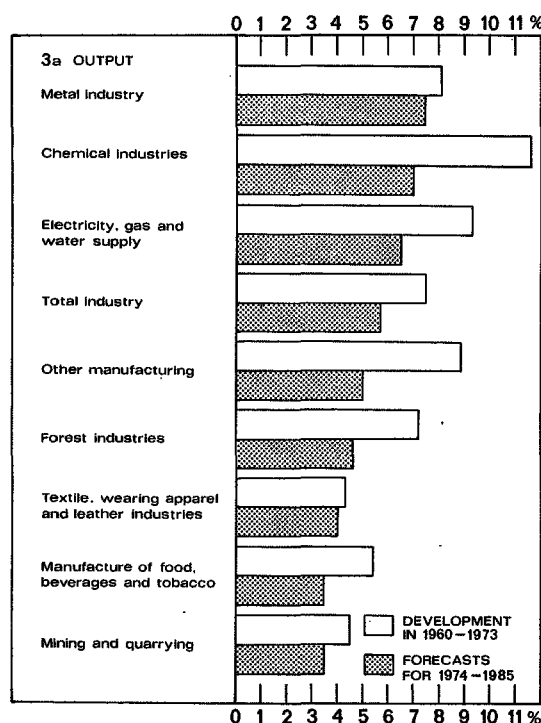
ESTIMATE FOR 1975—1985

In its Report, the 1975 Industrial Commission presents estimates for the growth of production, labour and investment for the period 1975—1985. According to of the Commission, world demand is not likely to set limits on the growth of industrial production, but the inadequacy of domestic productive resources will involve bottle-necks in the productive process. Industrial growth will be restrained by shortages of both capital and labour. However, at the time that this forecast was made, the cyclical situation was rather favourable, and the Commission produced a view of future foreign demand which the present authors feel to be rather too optimistic. Furthermore, the demand for labour depends, to a great extent, on the availability of imported capital.

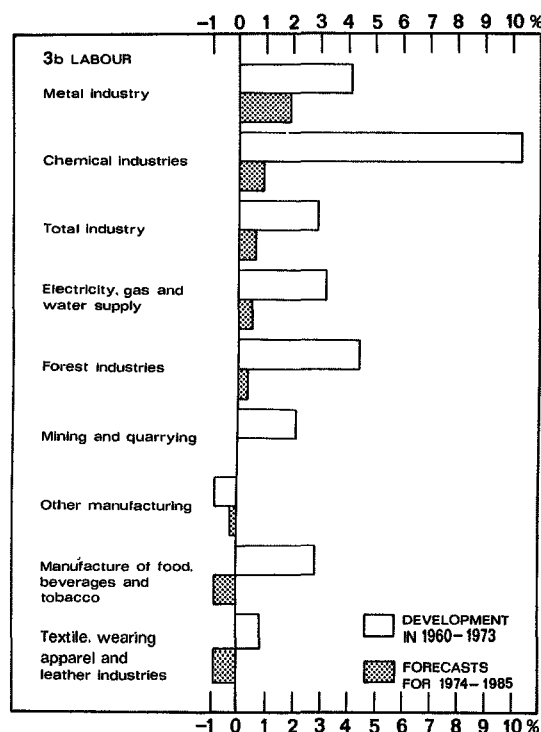
According to the estimate, the increase in the industrial labour force would be about 35 000 persons during the period under review, an annual increase of only 0.6 per cent, compared with as much as 2.9 per cent per annum in 1959—1974. The main reason for this substantial fall in the growth rate of industry's labour force is a forecast reduction in the rate

CHART 3. AVERAGE ANNUAL GROWTH RATES OF OUTPUT (3a), LABOUR (3b) AND FIXED INVESTMENT (3c) BY INDUSTRIAL CATEGORIES IN 1960—1973 AND FORECASTS FOR THE PERIOD 1974—1985

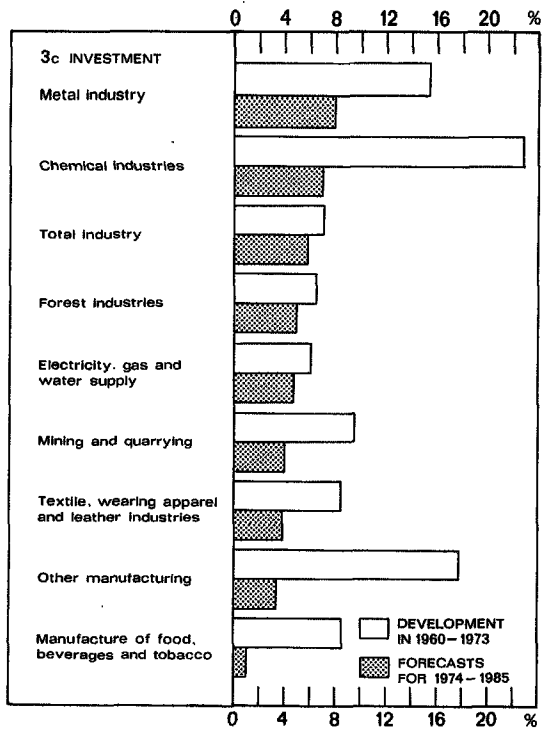
AVERAGE ANNUAL CHANGE IN THE VOLUME OF OUTPUT, PER CENT



AVERAGE ANNUAL CHANGE IN THE NUMBER OF PERSONS EMPLOYED, PER CENT



AVERAGE ANNUAL CHANGE IN THE VOLUME OF INVESTMENT, PER CENT



of growth of the working population as a whole.

It is forecast that the growth rate of production, 7.5 per cent in 1959—74, will fall to 5.7 per cent during 1975—1985. This implies, among other things, a substantially slower growth rate for energy production (Chart 3). The growth rates of production and investment are not expected to accelerate in any industrial category. The metal industry, the chemical industry and the forest industries will expand the most rapidly.

The Commission estimated that, in order to fulfil these forecasts for industrial growth, the scope for investment by other sectors of the economy will have to be substantially reduced, and the growth of consumption expenditure held back. In the Report, this development favouring industrial investment is considered necessary, if the imbalances in the economy are to be reduced.

Supplementary budget. In December Parliament approved the third supplementary budget for 1975, which involved a 2 036 million mark addition to state expenditure and a 1 367 million mark increase in state revenue. Including this supplementary budget, budgeted state expenditure for 1975 totalled 27 893 million marks and state revenue 26 257 million marks. Although the difference between actual expenditure and actual revenue was somewhat smaller, state finances showed a considerable deficit in 1975.

In the supplementary budget, 140 million marks was set aside for the purpose of improving the employment situation, which has been worsening rather rapidly during the last few months. Some further measures to support employment were decided upon in connection with the supplementary budget, but these will not involve any outlay from state finances until 1976.

A sum of 36 million marks was appropriated to increase, by 150, the number of the Finnish UN troops in Cyprus and the Middle East, and to extend the duration of this operation.

The major increase in expenditure was caused by a rise in the cost and price level, which was larger than had been predicted when the ordinary budget for 1975 was prepared. Considerable appropriations were made, inter alia, for wage, salary, and pension expenditure, for state aid and for transfer payments.

Accordingly, 234 million marks was earmarked for expenditure on state pensions. An additional grant of 289 million marks was made for schools and other educational institutions. To promote the marketing of agricultural products a supplementary appropriation of 109 million marks was made. A sum of 204 million marks was appropriated to offset the deficit of the State railways. Spending on social and health services was increased by 390 million marks.

On the revenue side, the largest item was revenue from taxes and related sources, which had accrued mainly as a result of the unexpectedly rapid growth of imports and prices. It was estimated that taxes would yield an additional 1 097 million marks, and other sources of income would provide an extra 270 million marks.

Finnish savings behaviour and motivation. For four consecutive years the Association of Finnish Savings Banks has conducted a survey of savings behaviour and motivation. Since the methods used and the contents of the surveys have been largely similar, they would seem to provide quite a reliable general picture of Finnish saving. On essential points, the results of the surveys support the views obtained from other studies.

According to the survey, almost two thirds of Finns save money. Although in each survey a slightly greater number of women than of men reported saving money, the difference was not statistically significant.

In different occupational groups, savings seems to be more frequent among persons in salaried or professional posts than among wage-earners or the rural population. There are significant differences also in the rate of saving between different age groups: saving is clearly more regular among people of working age than among the young or the retired. However, the differences in the rate of saving seem to be caused mainly by income differences. What all the surveys showed most clearly and consistently was that the higher is income, the more frequent is saving. Saving is least common among those in the lowest income brackets, and there is a sharp increase in the proportion of savers as one approaches the highest income brackets.

Economic security proved to be one of the most important motives for saving. All surveys showed clearly that most people saved for unexpected situations, for a rainy day, or for their old age. These account for almost half of the primary motives for saving, and they are also dominant as secondary motives.

Of the more specifically defined savings targets, the purchase of a dwelling takes the leading position, accounting for well over ten per cent of the primary motives. Purchases of household supplies represent slightly more than ten per cent and other purchases, such as those of cars, holiday trips or summer cottages, each represent only a few per cent of the primary motives. Repayments and interest expenses on loans make up the primary motive for about ten per cent of savers. The importance of these as a secondary motive is slightly greater.

In each of the years studied, the ranking of different savings objectives has remained almost the same. Saving for house purchases seems to be the only exception; in 1972—1974 it accounted for 18 per cent of the primary motives, but only for 13 per cent in 1975. This fall has taken place particularly among people in the 25—35 age bracket and in the middle income brackets. It may have been partly caused by vigorous inflation, which made it more difficult to save up the downpayment for a dwelling.

There seem to be no significant differences between the two sexes in the motives for saving. However, in a slightly more cases men reported saving for a car and for interest and loan repayments, whereas for women purchases of household supplies played a more central role.

On the other hand, pronounced differences can be seen between different occupational groups. Only every third salaried person saves for reasons related to economic security, whereas it is the primary reason for saving for about 50 per cent of wage-earners and for about 60 per cent of the rural population. In fact, it seems obvious that differences in income and pen-

sions security between different occupational groups are very distinctly reflected in motives and attitudes towards saving. It should also be noted that saving for purchasing dwellings is rare among the rural population, only a few per cent regarding it as an important reason for saving.

The age of a saver seems also to affect the targets set for saving. Targets related to economic security seem to assume a more significant role when people get older. Saving for purchasing a dwelling seems to be more frequent among people below middle age, but not, however, before the age of 25. In this age group, saving for repayments and interest expenses on loans is also clearly more frequent than in other age groups. Below the age of 25, student loan costs are, together with personal or household purchases, more important savings targets, while their importance tends to be reduced as age rises.

The motives for saving are very much affected by the level of income. Thus reasons related to economic security play the most dominant role among people in low income brackets, while their importance decreases steadily when income rises. Among people earning less than 16 000 marks per annum, these were the primary reasons for saving for more than 60 per cent of persons interviewed, whereas among people earning more than 45 000 marks per annum, the corresponding figure was no more than 38 per cent. Moreover, it can be stated that hardly any persons in the lowest income brackets saved for purchasing a dwelling, and that repayments and interest expenses on loans do not play among them so a central role in saving as they do among people in the middle or in the upper income brackets.

Appointment of a Director at the Bank.

On December 12, 1975, the Bank Supervisors of the Parliament appointed Mr. Eino Helenius, LL.M., Head of the Administration Department, to the post of Director of the Bank of Finland from January 1, 1975.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Directors

Jouko J. Voutilainen

Jorma Aranko

Markku Puntila

Seppo Lindblom

K. Ignatius

Eino Helenius

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Administration

Pentti Koivikko

Personnel

Reino Airikkala

Monetary Policy

Antti Lehtinen

*Domestic Financial
Operations*

Kalle Koski

Capital Transfers

Kari Pekonen

Foreign Exchange Policy

Raine Panula

Foreign Exchange

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Stig G Björklund

Banking Services

Eino Suomela

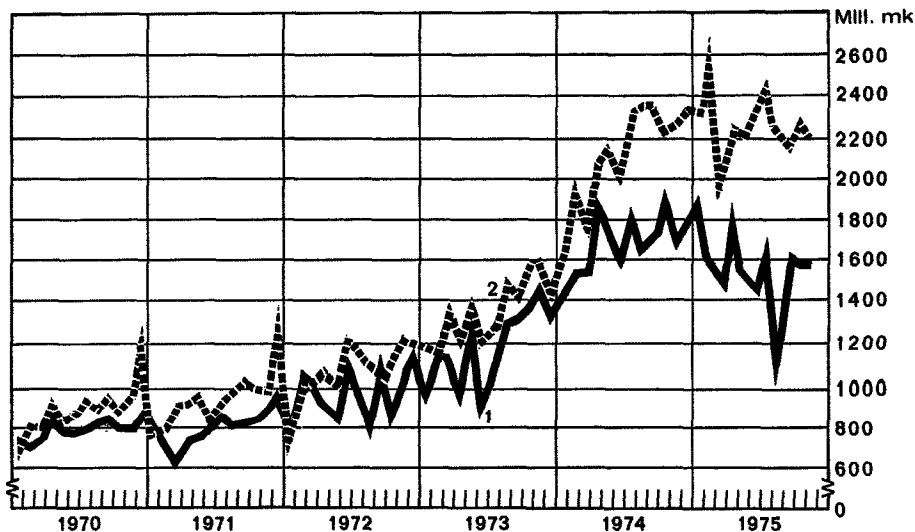
Internal Audit

FOREIGN TRADE, 1970-1975

1. Exports f.o.b.

2. Imports c.i.f.

Seasonally adjusted
monthly figures

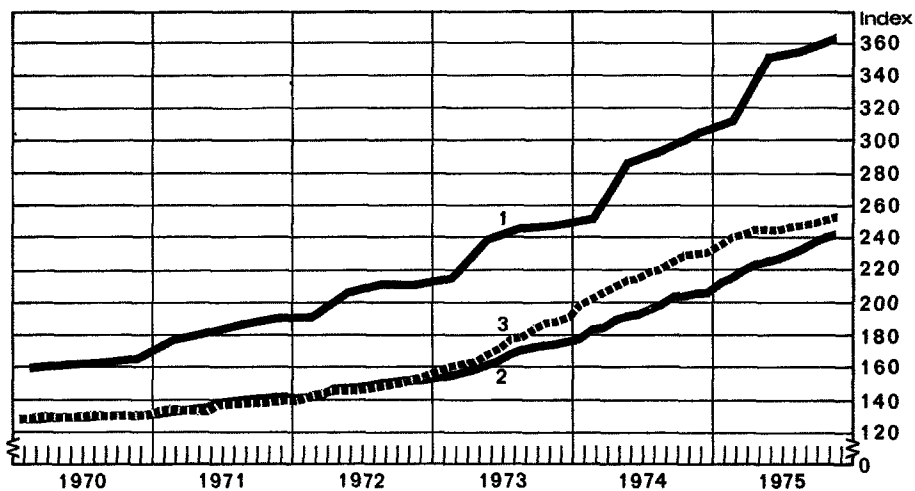


PRICES AND WAGES, 1970-1975

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, 1970-1975

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

