



BANK OF FINLAND

Monthly Bulletin

Monetary policy in 1970

The Finnish savings banks

Finland's balance of payments in 1970

World Bank's third highway loan to
Finland

Mortgage Bank of Finland Oy raises US\$
15 million in Western Europe

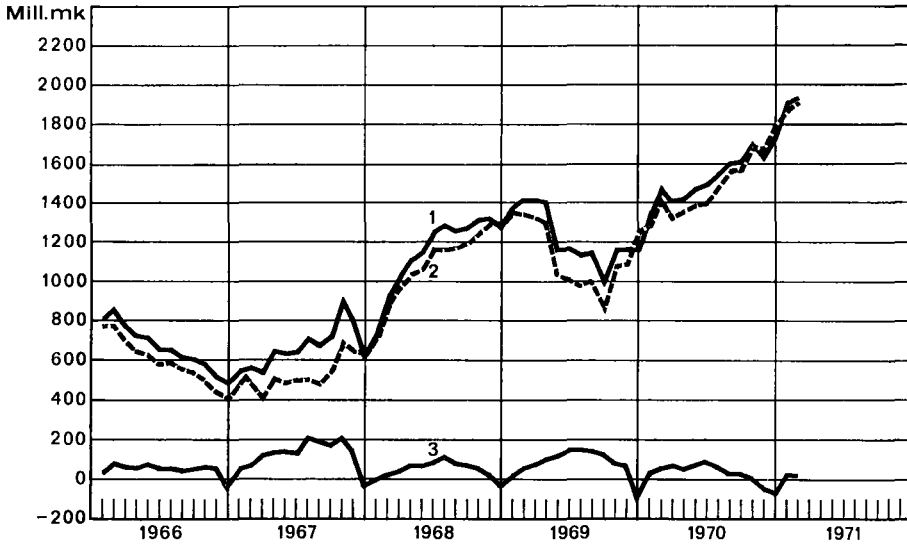
Trade agreement

Board of Management of the Bank of
Finland

MARCH 1971

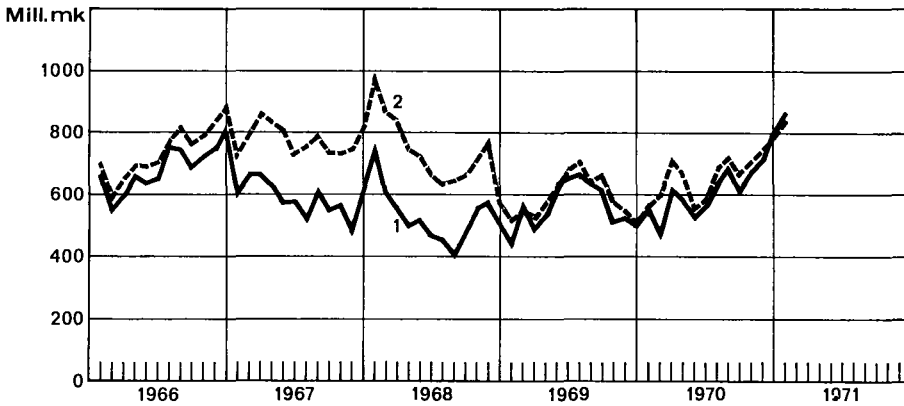
Vol. 45 No. 3

Bank of Finland foreign exchange reserve, 1966-1971



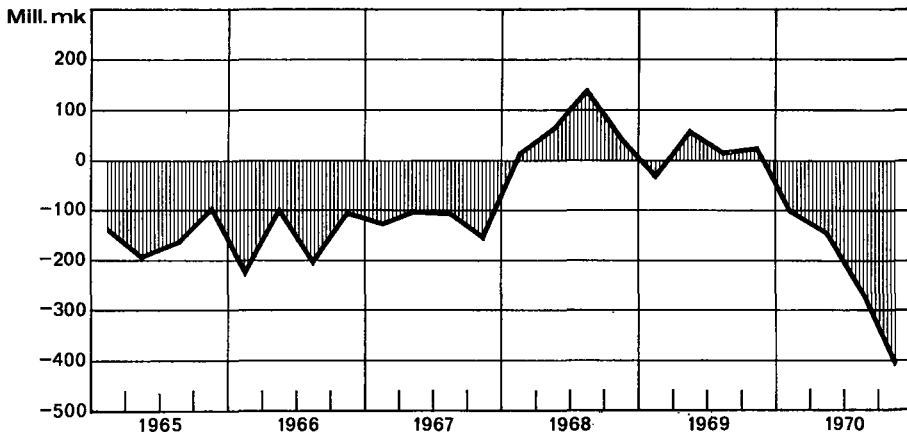
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

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



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

Balance of payments current account surplus/deficit, 1965-1970



Seasonally adjusted quarterly figures

MONETARY POLICY IN 1970

Finnish monetary policy in 1970, which was designed to dampen the economic upswing, continued the course set the year before by gradually tightening the restrictions placed by the central bank on the commercial banks' credit extension. In the first part of the year the main intention was to limit central bank credit but towards the end of the year, as the current account deficit increased, efforts were made also to restrict the financing of imports by foreign credit.

In September 1969 the Bank of Finland and the banking institutions had agreed that the increase in bank credit should total at most 90 per cent of the simultaneous growth in deposits. This agreement was to be implemented by the end of March 1970. In March it became obvious that all the banking institutions would not be able to fulfil these requirements. Their difficulties were increased because the counter-cyclical and investment deposit arrangements made towards the end of 1969 had adversely influenced the banks' liquidity position and changed the basis on which central bank credit was made available to them. The Bank of Finland therefore announced that it did not intend to enforce the agreement. The prevailing cyclical situation and the expected decline on the current account, however, necessitated the continuation of a restrictive credit policy. Consequently the Bank reduced the commercial banks' credit quotas from 75 per cent to 65 per cent of the September 1969 level. At the same time the relative quotas of the central banks of the savings and co-operative banks was increased. Furthermore the Bank of Finland emphasized that the commercial banks should, within their own credit quotas, pursue a strict credit policy aimed at minimizing cyclical fluctuations and limit their credits mainly to those projects already underway. Credit which directly or indirectly would increase the imports

of finished consumer goods was especially to be avoided.

In spite of some restraint in the financial market caused by the accrual of counter-cyclical deposits and from March onwards the sale of deposit certificates total demand continued to expand strongly and the trade account deficit increased. For this reason the Bank decided to maintain stringent conditions in the financial market. Because of seasonal developments the business sector's demand for credit increased greatly in the autumn. Therefore, the quotas were increased to 80 per cent of the September 1969 level for October and November. Furthermore the December 1970 quota was increased to 110 per cent of the September 1969 level because the need for central bank credit always increases during the Christmas season, especially because of the growth in the note circulation.

In October 1970 the Bank of Finland conducted negotiations with the commercial banks on how to strengthen the required credit policy. At that time the banks were advised to refrain as far as possible from granting new credit and in particular to limit those loans that would increase consumption and import demand. The banks were also instructed to avoid financing new investment projects so as to encourage firms to defer these for the time being. Those commercial banks which had exceeded or come close to exceeding their credit quotas were simultaneously required to cut the amount of commodity and bill credit they had reserved for their customers and for the hire purchase companies by a minimum of 20 per cent by not later than the beginning of December. In addition, the Bank of Finland authorized the commercial banks to collect a special commission on credit reservations.

The banks' need for cash in excess of their credit quotas was satisfied by the Bank of Finland by purchases of bonds under a repurchase obligation. However, this procedure did not work as well as expected. Consequently the Bank Supervisors of the Diet accepted the proposal of the Board of Management of the Bank that a maximum 4 per cent penalty rate of interest on the banks' central bank liability be reintroduced. This came into effect at the beginning of 1971. Also of significance were the policy measures taken by the Bank to check the inflow of foreign capital, which was expanding vigorously. These restricted the opportunities open to the authorized banks to obtain foreign capital and deposits and to finance imports by short term foreign capital.

SPECIAL CREDIT ARRANGEMENTS

A special arrangement for domestic suppliers' credit was continued in 1970. To secure the conformity of this scheme with the prevailing monetary policy it was decided in October i.a. to postpone any projects based on this arrangement that would involve new investment expenditure. It was further decided that the minimum value of deliveries to be financed through this scheme be 500 000 marks. The previous share of the Bank of Finland in financing these projects, i.e. 20 per cent of the total credit needed for a delivery, was kept unchanged.

COUNTER-CYCLICAL POLICY

As a result of the counter-cyclical policy arrangements introduced towards the end of 1969, special counter-cyclical and investment deposits began to accrue at the Bank of Finland in January 1970. In the autumn the Government concluded an agreement with the central organizations of industry on increasing the original 400 million marks to 600 million. However, the negotia-

tions on the continuation of the stabilization policy later in the year, resulted i.a. in the imposition of a special counter-cyclical tax on the wood-processing industry. The counter-cyclical agreement made in October contained a clause on the basis of which the agreement itself became invalid as a result of the enactment of the new tax. The Bank of Finland returned to the firms the counter-cyclical deposits they had made under the October agreement. Consequently the Cabinet also decided in January 1971 to relieve the wood-processing industry of its obligation to pay that part of the counter-cyclical deposits which, according to the original agreement, was to be made after October 1970.

At the end of January 1971, by which time according to the original agreement the accumulation of counter-cyclical deposits was to stop, 245 million marks had been collected. At the same time, there was also 87 million of new investment deposits, which, according to the calculation of the Bank, corresponded to a 183 million mark transfer to investment funds. The ship-owners had been offered as an alternative to regular counter-cyclical deposits the chance to accumulate special deposits for the acquisition of new vessels. Two million marks had been collected by the Bank under this scheme by the end of January. Thus a total of approximately 430 million marks had been collected from all industries as counter-cyclical deposits by this date. This means that the original target of 400 million marks set for the wood-processing industry was exceeded.

During 1970 the Treasury also made two transfers with a total value of 100 million marks on a special blocked account at the Bank of Finland, which invested them, in accordance with the law on governmental counter-cyclical funds, mainly in foreign claims. A government bill intended to increase the governmental counter-cyclical fund by another 150 million marks was passed to Parliament in January 1971.

February 26, 1971.

BANK OF FINLAND

Mill. mk

	1970		1971				
	Feb. 27	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 26	
Assets							
Gold and other foreign assets	1 706	1 965	2 114	2 110	2 150	2 137	
Gold	190	121	121	121	121	121	
Special drawing rights	88	98	183	183	183	183	
IMF gold tranche	173	281	280	280	280	280	
Foreign exchange	1 091	1 344	1 414	1 410	1 453	1 440	
Foreign bills	105	85	79	79	76	76	
Foreign bonds	59	36	37	37	37	37	
Claims on domestic banks	539	839	881	801	918	856	
Discounted bills	467	827	853	792	905	848	
Rediscounted bills	9	9	7	3	4	7	
Cheque accounts	63	3	21	6	9	1	
Other lending	311	283	248	234	233	232	
Inland bills discounted							
In foreign currency	7	—	—	—	—	—	
In Finnish marks	179	137	108	99	100	101	
Loans	125	146	140	135	133	131	
Other assets	614	689	661	734	665	731	
Finnish bonds	187	64	30	108	38	105	
Finnish coin	11	8	14	15	15	15	
Currency subscription to Finland's quota in the IMF	352	518	518	518	518	518	
Other claims	64	99	99	93	94	93	
	Total	3 170	3 776	3 904	3 879	3 966	3 956
Liabilities							
Notes in circulation	1 209	1 344	1 195	1 202	1 207	1 280	
Liabilities payable on demand	185	126	129	97	181	96	
Foreign exchange accounts	38	94	65	69	68	67	
Mark accounts of holders abroad	16	12	11	11	10	10	
Cheque accounts							
Treasury	18	2	26	3	85	3	
Post Office Bank	78	4	13	2	4	2	
Private banks	22	1	—	—	—	—	
Other	1	3	3	1	3	3	
Other sight liabilities	12	10	11	11	11	11	
Term liabilities	390	633	822	822	821	821	
Foreign	8	—	—	—	—	—	
Domestic	382	633	822	822	821	821	
IMF mark accounts	352	518	518	518	518	518	
Allocations of special drawing rights	88	88	173	173	173	173	
Equalization accounts	409	404	397	396	394	395	
Bank's own funds	537	663	670	671	672	673	
Capital	300	600	600	600	600	600	
Reserve fund	200	0	32	32	32	32	
Profits undisposed	28	—	32	32	32	32	
Earnings less expenses (Dec. 31, Net profit)	9	63	6	7	8	9	
	Total	3 170	3 776	3 904	3 879	3 966	3 956

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7—8)
	1	2	3	4	5	6	7	8	9
1964	974	85	889	76	83	882	9	5	4
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1970									
Jan.	1 394	57	1 337	515	359	1 493	—187	1	—188
Feb.	1 542	54	1 488	516	360	1 644	—185	18	—203
March	1 469	54	1 415	524	359	1 580	—175	12	—187
April	1 485	58	1 427	546	356	1 617	—170	7	—177
May	1 537	50	1 477	539	356	1 660	—167	1	—168
June	1 586	85	1 501	515	352	1 664	—163	1	—164
July	1 642	83	1 559	451	331	1 679	—160	2	—162
Aug.	1 685	78	1 607	440	331	1 716	—149	1	—150
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Jan. 29, 1971			Change
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	January
	Gold	121	—	121	121	—	121
Special drawing rights	98	—	98	183	—	183	+ 85
IMF gold tranche	280	—	280	280	—	280	—
Convertible currencies	1 302	—103	1 199	1 300	—48	1 252	+ 53
Other currencies	—63	—8	—71	32	— 4	28	+ 99
Total	1 738	—111	1 627	1 916	—52	1 864	+237

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		
1964	—	448	—	16	50	382	78	92	2	168	1 003	
1965	—	641	—	12	8	621	76	72	32	116	1 029	
1966	—	915	—	14	17	884	180	85	72	193	1 106	
1967	—	868	—	155	35	678	197	383	56	524	1 052	
1968	—	618	107	163	16	546	186	195	43	338	1 160	
1969	—	550	87	93	12	532	192	269	25	436	1 298	
1970	827	9	3	1	4	834	137	246	528	-145	1 344	
1970												
Jan.	462	36	75	83	13	477	183	189	157	215	1 178	
Feb.	468	9	63	64	83	393	179	197	165	211	1 209	
March	585	4	98	41	50	596	167	192	450	— 91	1 190	
April	553	7	58	41	15	562	157	179	437	-101	1 205	
May	531	8	44	41	8	534	151	176	466	-139	1 258	
June	590	7	40	42	5	590	151	168	549	-230	1 265	
July	683	4	17	47	6	651	163	169	579	-247	1 226	
Aug.	664	12	28	—	1	703	162	161	553	-230	1 238	
Sept.	687	8	23	—	3	715	147	162	551	-242	1 226	
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263	
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279	
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344	
1971												
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255	
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280	

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

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Feb. 26, 1971

New York	1 \$	4.176	Frankfurt o. M.	100 DM	114.94	Vienna	100 S	16.14
Montreal	1 \$	4.148	Amsterdam	100 Fl	116.17	Lisbon	100 Esc	14.70
London	1 £	10.095	Brussels	100 Fr	8.415	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.85	Zurich	100 Fr	97.10	Madrid	100 Pta	6.03
Oslo	100 Kr	58.47	Paris	100 FF	75.70	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.82	Rome	100 Lit	0.6710	Clearing dollars ²	1 Cl \$	4.212

¹ Clearing account; also Bucharest.² Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

Mill. mk

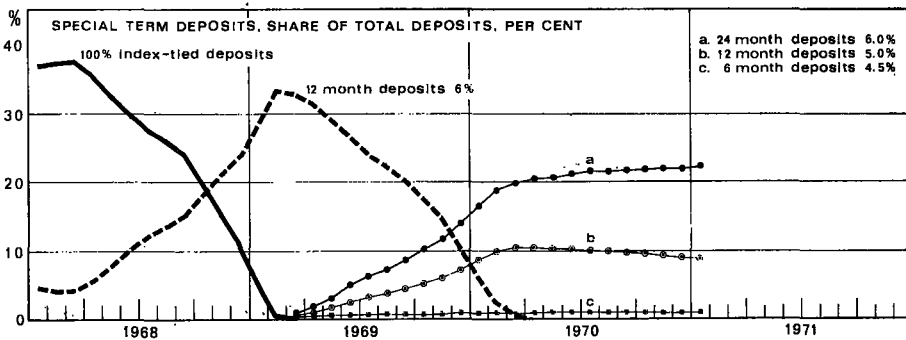
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

1970

Jan.	1 060.3	1 324.0	568.1	5 299.1	4 389.7	3 068.9	1 139.0	528.6	14 425.3	16 317.4
Feb.	1 060.9	1 315.7	575.2	5 381.2	4 450.4	3 131.5	1 164.4	535.9	14 663.4	16 554.3
March	1 098.3	1 371.4	542.4	5 416.5	4 475.8	3 159.0	1 172.9	541.6	14 765.8	16 679.6
April	1 133.1	1 390.8	572.7	5 489.3	4 502.0	3 193.2	1 188.0	544.0	14 916.5	16 880.0
May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5
Dec.	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

1971

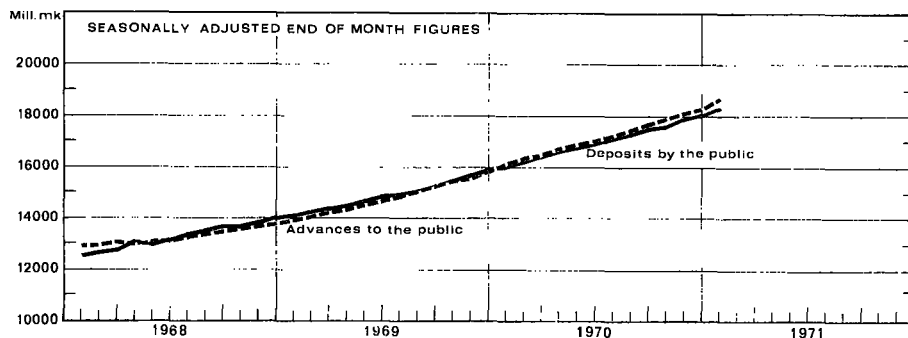
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
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ADVANCES TO THE PUBLIC—MONEY SUPPLY

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	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3
1970									
Jan.	6 944.4	3 834.9	1 070.5	2 948.1	1 317.7	15 516.9	598.7	16 115.6	3 164.3
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.5
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.7
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.3
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec.	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3
1971									
Jan.	8 084.6	4 379.9	1 276.7	3 438.5	1 452.9	17 954.7	677.9	18 632.6	3 939.8



STATE FINANCES

Mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1969	1970		1969	1970
Income and property tax (net)	2 305	2 710	Wages, salaries, pensions etc.	1 501	1 647
Gross receipts	(5 382)	(6 368)	Repair and maintenance	228	252
Refunds & local authorities	(—3 077)	(—3 658)	Other consumption expenditure	593	671
Other taxes on income and property	53	58	Total consumption expenditure	2 322	2 570
Employers' child allowance payments	542	601	State aid to local authorities	1 214	1 372
Sales tax	2 107	2 460	State aid to industries	966	1 215
Revenue from Alcohol Monopoly	467	590	of which: agric. price subsidies	(724)	(877)
Customs duties & import charges	358	417	Child allowances	281	280
Export levy	129	—	Share in national pensions and health insurance	376	380
Excise duty on tobacco	405	392	Other transfer expenditure	862	963
» » on liquid fuel	515	571	Total transfer expenditure	3 699	4 210
Other excise duties	217	257	Machinery and equipment	239	277
Tax on autom. and motor cycles	267	299	House construction	248	235
Stamp duties	181	204	Land and waterway construction	679	589
Special diesel etc. vehicles tax	38	42	Total real investment	1 166	1 101
Other taxes and similar revenue	61	136	Interest on State debt	214	218
Total taxes	7 645	8 737	Index compensations	34	25
Miscellaneous revenue	437	443	Net deficit of State enterprises	81	33
Interest, dividends etc.	134	155	Other expenditure	4	6
Sales and depreciation of property	65	72	Total other expenditure	333	282
Redemptions of loans granted	149	151	Increase in inventories	—12	+ 5
Total revenue	8 430	9 558	Lending	616	591
Foreign borrowing	212	0	Other financial investment	133	219
Domestic borrowing	578	511	Total expenditure	8 257	8 978
Total borrowing	790	511	Redemption of foreign loans	144	121
Deficit (+) or surplus (—)	—264	—465	Redemption of domestic loans	555	505
			Total redemptions	699	626
			Total	8 956	9 604

State debt	1967	1968	1969	1970		1971	
	Dec.	Dec.		Dec.	Oct.	Nov.	Dec.	Jan.
Foreign debt	1 844	2 074	1 656	1 497	1 490	1 557	1 551
Loans	2 013	2 160	2 316	2 309	2 314	2 437	2 439
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	53	46	46	46
Cash debt (net)	— 12	— 256	— 217	—557	—568	..	..
Domestic debt	2 173	2 229	2 261	1 808	1 795	..	..
Total State debt	4 017	4 303	3 917	3 305	3 285	..	..
Total debt, mill. \$	955	1 028	933	791	786	..	..

FOREIGN TRADE

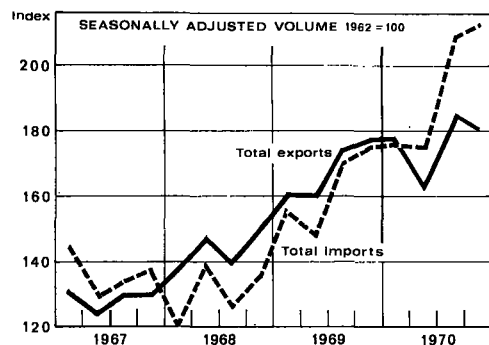
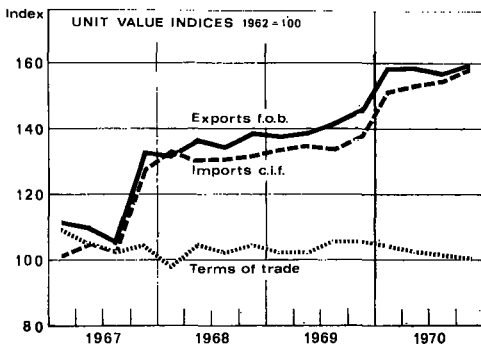
Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970	9 686.7	11 076.9	-1 390.2
1969			
Oct.	884.9	865.0	+ 19.9
Nov.	714.4	747.3	- 32.9
Dec.	845.9	922.4	- 76.5
1970*			
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	792.9	- 61.7
April	813.7	982.5	-168.8
May	822.0	908.7	- 86.7
June	805.8	825.3	- 19.5
July	782.3	866.1	- 83.8
Aug.	824.5	798.1	+ 26.4
Sept.	876.0	1 019.6	-143.6
Oct.	912.0	964.7	- 52.7
Nov.	849.7	991.3	-141.6
Dec.	914.4	1 417.8	-503.4

Indices of exports and imports 1962 = 100

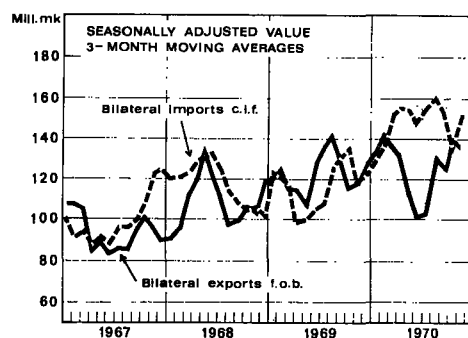
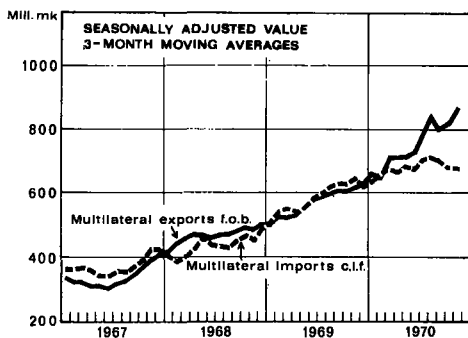
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1966	122	135	112		104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	172	183	159	154	103
1968					
Jan.-Mar.	120	116	132	133	99
Apr.-June	150	141	137	131	105
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105
1969					
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106
1970*					
Jan.-Mar.	148	154	159	152	105
Apr.-June	173	180	159	154	103
July-Sept.	178	176	158	155	102
Oct.-Dec.	189	216	160	159	101



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
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.1	1 249.3	2 905.5	2 004.0
1969*										
Oct.	24.9	7.9	158.6	337.2	235.1	121.2	366.9	96.9	243.8	157.4
Nov.	26.2	8.5	130.6	291.7	144.2	113.2	337.1	99.4	146.0	164.8
Dec.	58.8	5.3	121.4	301.8	256.8	101.8	434.0	71.9	234.9	181.6
1970*										
Jan.	53.4	1.4	112.0	295.4	199.4	96.4	330.8	133.5	166.2	137.6
Feb.	26.5	1.7	64.3	253.2	147.0	104.4	314.5	69.9	203.0	154.4
March	47.0	0.7	62.7	308.3	191.0	121.5	332.8	54.8	245.5	159.8
April	29.0	3.1	94.9	333.4	219.6	133.7	443.7	73.4	250.8	214.6
May	37.3	9.4	131.4	325.6	212.0	106.3	409.4	110.0	222.8	166.5
June	27.1	10.7	150.6	316.7	192.6	108.1	395.9	89.9	200.1	139.4
July	25.1	10.9	163.1	311.6	182.1	89.5	416.8	72.4	221.9	155.0
Aug.	30.8	12.4	154.2	343.2	163.3	120.6	336.1	142.4	181.7	137.9
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.8	109.1	243.7	187.0
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.3	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.3	265.6	170.0
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.6	142.4	458.6	199.2



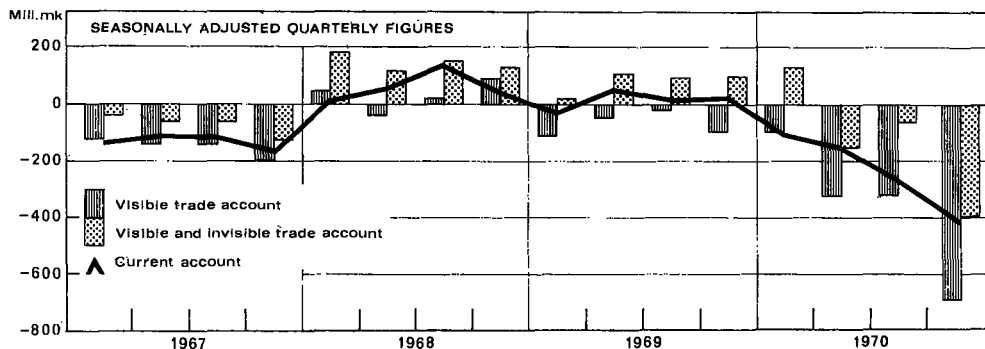
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—December				January—December			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	68.4	5 709.2	70.5	6 832.0	73.1	6 219.4	72.6	8 042.7
Austria	0.6	48.8	0.8	77.0	1.1	98.4	1.3	141.8
Belgium-Luxembourg	2.4	204.3	1.9	185.8	1.9	167.1	1.9	215.5
Denmark	4.0	331.9	4.1	398.9	3.5	294.5	3.3	368.3
France	4.2	348.1	3.7	363.8	3.5	300.5	3.4	373.8
Federal Republic of Germany	10.0	836.1	10.6	1 029.4	16.6	1 410.0	17.0	1 880.8
Italy	2.8	231.8	2.4	230.6	2.0	174.8	1.9	213.3
Netherlands	4.4	365.7	4.6	443.5	3.7	316.6	3.6	399.0
Norway	2.4	199.4	3.6	349.0	3.0	251.4	2.4	268.1
Portugal	0.3	26.5	0.3	33.4	0.6	51.3	0.7	75.8
Spain	0.9	79.7	1.1	102.3	0.3	27.2	0.4	44.7
Sweden	13.9	1 157.2	15.9	1 543.4	16.9	1 434.4	17.4	1 924.0
Switzerland	2.0	167.3	1.9	179.8	3.3	280.4	3.4	372.7
United Kingdom	18.4	1 537.3	17.7	1 715.0	16.4	1 391.0	15.6	1 735.7
Other	2.1	175.1	1.9	180.1	0.3	21.8	0.3	29.2
OECD countries outside Europe	6.9	575.5	5.9	571.2	6.0	510.0	6.5	717.5
Canada	0.6	55.1	0.9	93.0	0.2	21.4	0.3	35.5
Japan	0.3	22.1	0.3	24.9	1.7	141.6	1.8	198.6
United States	6.0	498.3	4.7	453.3	4.1	347.0	4.4	483.4
Eastern Bloc	17.6	1 469.1	15.8	1 528.4	16.6	1 412.6	16.2	1 793.9
Czechoslovakia	0.5	38.8	0.6	55.5	0.6	48.4	0.5	53.4
Democratic Republic of Germany	0.6	49.3	0.7	73.8	0.7	58.7	0.6	67.6
People's Republic of China	0.3	23.9	0.6	54.0	0.3	30.3	0.2	24.0
Poland	1.5	127.2	1.2	114.6	1.4	122.4	1.5	164.8
Soviet Union	14.0	1 173.0	11.9	1 151.4	12.9	1 096.6	12.5	1 381.4
Other	0.7	56.9	0.8	79.1	0.7	56.2	0.9	102.7
Latin America	2.9	239.2	2.7	261.2	2.5	208.2	3.1	340.5
Argentina	0.7	59.8	0.7	65.9	0.2	14.8	0.1	12.5
Brazil	0.4	36.9	0.5	47.9	0.9	79.3	1.1	122.7
Colombia	0.3	20.4	0.2	17.5	0.7	58.8	1.2	127.5
Other	1.5	122.1	1.3	129.9	0.7	55.3	0.7	77.8
Other	4.2	351.7	5.1	493.9	1.8	154.6	1.6	182.3
GRAND TOTAL	100.0	8 344.7	100.0	9 686.7	100.0	8 504.8	100.0	11 076.9
of which								
EFTA countries	41.6	3 468.4	44.5	4 308.0	44.7	3 801.4	44.2	4 895.0
EEC countries	23.8	1 985.9	23.3	2 253.1	27.9	2 369.1	27.8	3 082.5
OECD countries	75.3	6 284.7	76.4	7 403.2	79.1	6 729.4	79.1	8 760.2

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
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970	9 635	11 100	-1 465	+782	+142	+ 2	-539	-391	-18	-948
Jan.-Mar										
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
Apr.-June										
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
July-Sept.										
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970	2 471	2 690	-219	+196	+109	- 4	+ 82	-110	- 1	- 29
Oct.-Dec.										
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970	2 661	3 380	-719	+279	+ 32	+ 9	-399	- 99	- 7	-505

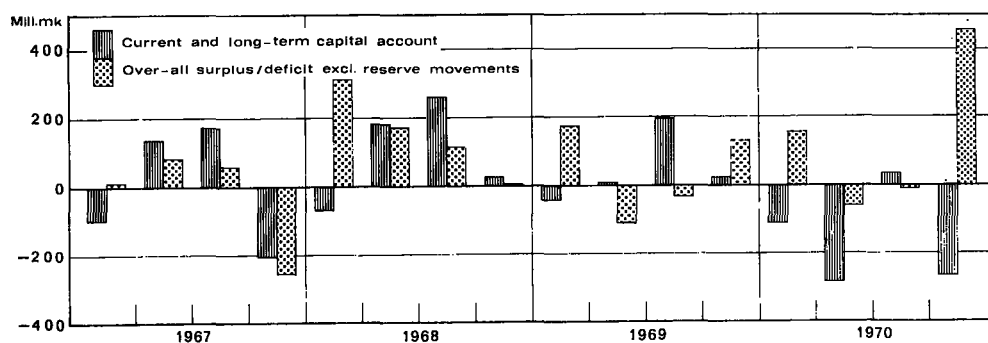


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-618	+756	+217	+190 ²	+545	-563	+ 18
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 ²	+157	-240	+ 83
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-267	+535	- 58	+247	+457	-121	- 336

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

¹ Including Direct investment net.

² Including Allocations of special drawing rights 88 million.



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	Mach- inery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
April	297	300	286	300	310	291	330	293	281	138	146	126
May	297	299	287	299	313	289	326	293	281	138	146	126
June	296	298	286	297	313	289	324	291	281	138	146	127
July	298	301	285	300	313	292	333	290	282	138	146	127
Aug.	298	302	285	300	314	292	332	291	283	138	146	127
Sept.	298	302	285	300	316	292	332	289	284	138	146	127
Oct.	299	301	290	300	331	289	331	287	287	138	146	127
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128
1971												
Jan.	305	307	297	305	345	295	341	290	294	141	148	130

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969	217	170	112	115	111	108	111	109	110	110	110	112
1970	223	175	115	116	115	109	115	121	113	113	113	115
1970												
April	222	174	114	116	114	109	116	119	113	112	113	114
May	222	174	114	116	114	109	116	118	113	113	113	114
June	222	174	114	116	114	109	116	119	113	113	113	115
July	223	175	115	117	114	109	116	118	113	113	113	115
Aug.	223	175	115	118	114	109	116	118	114	113	113	116
Sept.	224	176	115	118	114	110	115	121	114	112	113	116
Oct.	224	176	115	117	114	110	115	125	114	113	114	116
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118
1971												
Jan.	228	179	117	117	117	111	116	137	115	117	115	122

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							
1968	151	142	136	147	141	149	139	142	140	141
1969*	164	154	143	156	151	158	150	150	150	150
1970*	186	169	170	162	159	165	163	155	169	163
1969*										
Jan.-Mar.	163	151	141	155	149	158	147	150	148	149
Apr.-June	160	153	144	156	151	158	151	150	150	150
July-Sept.	167	154	144	156	152	158	152	151	151	151
Oct.-Dec.	167	157	144	156	152	158	152	151	151	151
1970*										
Jan.-Mar.	178	166	167	162	159	165	160	155	165	160
Apr.-June	187	169	169	162	159	165	163	155	171	164
July-Sept.	187	171	171	162	159	165	164	155	171	164
Oct.-Dec.	193	171	172	162	159	165	164	155	170	163

PRODUCTION

Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	By industries							Ownership of dwellings	Public admin. and defence	Services
			Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance				
1967	110	115	95	89	117	106	109	113	114	114	114	
1968	113	121	97	93	109	108	114	111	118	119	119	
1969	122	136	98	102	124	104	124	123	123	123	126	
1970	130	150	95	111	134	97	132	133	129	128	132	
1969												
July-Sept.	124	127	173	46	157	103	129	121	124	123	126	
Oct.-Dec.	126	147	67	101	150	98	129	134	125	125	128	
1970*												
Jan.-Mar.	126	149	65	155	93	99	121	121	127	127	131	
Apr.-June	130	151	76	127	125	99	133	132	127	127	132	
July-Sept.	132	139	169	56	164	98	136	132	129	128	132	
Oct.-Dec.	134	160	69	105	155	94	136	145	132	130	135	

PRODUCTION

Index of industrial production 1959 = 100

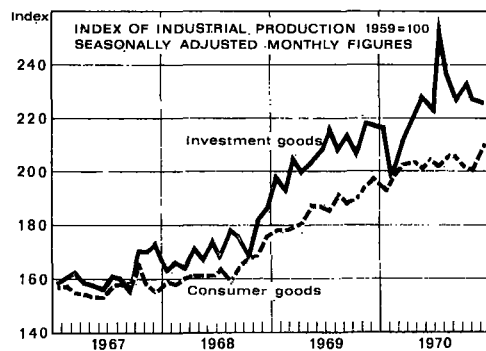
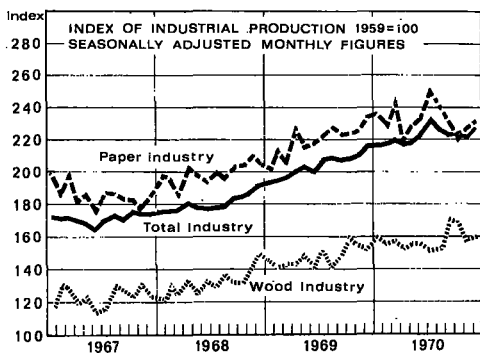
Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	205	210	212	187	175	148	222	278	274	199	205
1970	223	228	231	204	186	159	234	320	295	217	223

1969

July	156	112	170	135	184	134	220	229	256	106	209
Aug.	203	187	209	195	183	118	238	263	281	182	209
Sept.	216	230	221	199	181	142	235	283	294	216	208
Oct.	232	242	239	211	211	165	245	288	305	229	201
Nov.	220	232	230	194	203	146	235	304	284	218	212
Dec.	214	222	293	190	162	145	216	317	291	215	217

1970*

Jan.	227	234	239	197	163	166	242	328	270	221	217
Feb.	217	219	227	194	155	159	226	336	269	212	218
March	222	228	230	201	162	164	238	305	287	219	220
April	239	256	240	231	195	191	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	217	220
June	215	224	216	211	195	147	209	308	306	213	224
July	174	133	192	147	189	133	247	270	288	127	224
Aug.	221	212	226	210	189	128	248	300	309	200	228
Sept.	233	245	238	217	184	162	243	309	318	232	225
Oct.	241	261	249	217	217	168	239	349	325	245	226
Nov.	237	254	247	209	208	156	239	342	305	238	223
Dec.	235	248	242	213	193	163	215	365	289	234	228



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1967	2 205	2 142	63	2.9	30 240	..	..	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	117
1970*	2 195	2 154	41	1.9	39 267	..	..	..
1969								
Nov.	2 164	2 120	44	2.0	2 970	108	121	117
Dec.	2 164	2 113	51	2.4	4 332	149	138	121
1970*								
Jan.	2 133	2 074	59	2.8	3 873	94	103	116
Feb.	2 130	2 073	57	2.7	4 945	93	113	111
March	2 129	2 075	54	2.5	4 952	100	122	118
April	2 130	2 078	52	2.4	4 593	111	134	129
May	2 175	2 137	38	1.7	3 382	117	130	127
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	124	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	116	146	131
Oct.	2 171	2 142	29	1.3	2 659	122	142	..
Nov.	2 161	2 131	30	1.4	3 308	116	137	..
Dec.	2 156	2 118	38	1.8	4 719	..	..	..

HOUSE CONSTRUCTION

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											
1967	28.82	11.51	3.08	8.90	3.02	31.34	12.42	2.93	10.83	3.49	31.40
1968	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969*	38.95	15.38	3.88	15.29	2.12	31.46	12.62	3.05	12.67	1.41	36.49
1969*											
Apr.-June	11.98	4.95	1.88	4.13	0.25	6.26	2.73	0.45	1.84	0.88	37.06
July-Sept.	11.78	4.94	0.86	4.62	0.75	9.69	3.67	0.96	3.04	1.31	38.14
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	10.86	4.25	1.36	4.27	0.32	36.49
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

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

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative banks, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

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

STATE FINANCES

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

FOREIGN TRADE

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

BALANCE OF PAYMENTS

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

PRICE INDICES

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

WAGES — PRODUCTION

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

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — HOUSE CONSTRUCTION

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. *House construction* figures calculated by the Central Statistical Office.

SYMBOLS USED

* Preliminary 0 Less than half the final digit shown . Logically impossible .. Not available — Nil

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1970 were as follows: Social Democrats 62, Conservatives 37, Centre Party 36, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 1.

INTERNATIONAL ORGANIZATIONS

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

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1969): 4.7 million. Sweden 8.0 million, Switzerland 6.2, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1969): In South Finland 26.3, in North Finland 4.2 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1969): 50 % of the population inhabit the rural areas, 50 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 534 000 inhabitants, Tampere (Tammerfors) 155 500, Turku (Åbo) 154 700.

EMPLOYMENT (1969): Agriculture and forestry 24 %, industry and construction 34 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1969): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1969): births 14.5 ‰, deaths 9.8 ‰, increase 1.8 ‰, net emigration 3.0 ‰. Deaths in France 11.7 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1969, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 773 (8 %), forestry and fishing 2 255 (7 %), manufacturing 11 026 (32 %), construction 3 147 (9 %), transport and communication 2 471 (7 %), commerce, banking and insurance 4 228 (12 %), public administration 1 550 (5 %), ownership of dwellings 2 081 (6 %), services 4 781 (14 %), total 34 312. Index of real domestic product 129 (1964 = 100).

FOREST RESOURCES (1960—1969): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu. ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft). The total removal in 1970 calculated according to the use of wood was 51 million cu. m excl. bark (1 758 million cu. ft).

AGRICULTURE (1969): Cultivated land 2.6 million hectares. Number of holdings 297 000, of which 188 000 are of more than 5 ha. Index of agricultural production 100 for 1969 (1964 = 100). Measure of self-sufficiency in bread cereals 100 % in the crop year 1968/69.

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 205 for 1969 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 6 874 km.

MERCHANT FLEET (Feb. 28, 1971): Steamers 50 (56 415 gross reg. tons), motor vessels 383 (564 581 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 498 (1 327 401 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1969): Passenger cars 643 100, lorries and vans 96 900, buses 7 900, others 4 700. Total 752 600.

FINNISH AIRCRAFT (April, 1970): Finnish airlines. Finnair and Kar-Air have in use 2 DC-8-62s, 3 DC-6s, 8 Super Caravelles and 9 Convairetropolitans. Companies have scheduled traffic outside of Finland to 23 airports and to 16 domestic airports.

FINANCE AND BANKING

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

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

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

RATES OF INTEREST (Jan 1, 1970). Bank of Finland discount rates 6—9 %, the rate for discounts or rediscounts for banks 7 %. Other credit institutions: term deposits 4 %, 6 month deposits 4 ½ %, 12 month deposits 5 %, 24 month deposits 6 %; highest lending rate 10 %.

THE FINNISH SAVINGS BANKS

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HISTORICAL BACKGROUND AND MAIN CHARACTERISTICS

Finland's first savings bank was founded in Turku in 1822. A second was soon established in the capital in 1826. After this it was not until the 1840's that new savings banks began to appear. They were the pioneers of Finnish banking because before their creation the only other bank in the country was the Bank of Finland, which had been founded in 1811.

The years 1880—1920 formed the most lively period in the history of the Finnish savings banks. At that time municipalities in particular played an important role in the establishment of savings banks. The total number of savings banks was at its highest in 1940 when there were 485. Since then there has been a decline in their number, at first because of territorial concessions due to the war and then because of the amalgamation of the smaller banks. However, the decrease in the number of savings banks has not meant a decline in the number of offices. Since World War II the number of savings bank offices has increased rapidly as new branches have been founded.

The reasons for the establishment of savings banks were in Finland, as elsewhere, largely of social origin. An effort was made to alleviate the poverty of the people by providing them with an opportunity and encouragement to save. At first the activities of the savings banks were very limited and they were run by volunteers. Only small deposits were accepted and the funds were invested in projects which involved the smallest possible risks.

As the economy expanded during the 19th century and the need for banking services became more diversified, however, their activities began to expand beyond the original

aims of the founders. Deposits were accepted from all groups in society while when granting credit housing, agriculture and studies were given a favoured position in their investment.

Today the Finnish savings banks are able to offer their customers every type of banking service. However, certain fundamental characteristics have been maintained. The savings banks are still run by people elected by the depositors. They are local and independent and their purpose is to serve the common interest.

In its legal form a Finnish savings bank is similar to a non-profit foundation but it has, in addition, some special features that have been stipulated in the Savings Bank Act. The present legislation was enacted in 1969. According to paragraph 1 of this Act the savings bank is a monetary institution designed to provide normal banking services, but not to make profits for any individuals. Its special objective is to promote saving.

A savings bank may be founded by a municipality or a number of municipalities or by at least ten other Finnish organizations or by at least twenty respectable citizens with full civil rights. The principal administrative body is the board of trustees, of whom there should be at least twelve. The trustees are elected at a meeting of the existing trustees and those depositors entitled to vote. In some savings banks special meetings are called for depositors where a number of representatives are chosen to participate in the election of trustees. The legally determined qualification for a voting right is a minimum deposit of e.g. 300 marks in the savings bank in question. It is also required that the deposit should have been in the bank for a certain minimum time period, e.g. since the beginning of the calendar year preceding the election.

The duties of the board of trustees correspond roughly to those of the supervisory body of a joint stock company and also partly to those of the shareholders' meeting. These include i.a. the election of the Board of Management and auditors of the bank, the decision to found new branches and to sell real estate, the confirmation of general instructions regarding the bank's activity, and the confirmation of the closing of books and the granting of freedom from responsibility to the Board of Management.

The practical policy of the savings bank is decided by the Board of Management, which must comprise at least five members. These people do not usually work in the bank. However, managers of the savings bank may also be members of the Board.

Because the Board of Management cannot take part in the day to day management of the bank they have delegated a part of their authority, usually, to the General Manager and one or more other full-time officials. The importance of full-time managers has increased lately in banking as elsewhere, but the administrative bodies of the savings banks are still of great significance.

STRUCTURAL FEATURES

At the end of 1969 there were 330 independent savings banks in Finland. Most of these were fairly small and had just one office. Even the largest Finnish savings banks are, by international standards, rather small. They have a distinctly local or regional character and their activities are limited accordingly. An exception is the Finnish Workers' Savings Bank, which was established in 1971 by the fusion of five workers' savings banks from various parts of the country.

In the last few years amalgamations between the savings banks have been very common, partly because of a study completed in 1968 which recommended the division of the country into 38 districts, within each of which it was suggested that the savings banks should merge.

	Dec. 31, 1969	Dec. 31, 1969
Number of savings banks	395	330
Number of their offices	921	1 252
Number of employees	3 012	5 969

Since every savings bank forms an independent unit on its own this kind of step can be taken only slowly. As local interests are safeguarded and satisfied, however, large regional savings banks are emerging.

The number of all savings bank offices was 1 252 at the end of 1969. Of these, 922 were branches and 330 were main offices. The number of offices is fairly large in comparison with total deposits. The explanation for this is that in the country there are many small branches that were founded in order to improve the service. In 1969 there were 2 860 inhabitants per branch in rural areas as against 5 447 in urban areas.

The savings banks employed 5 969 people at the end of 1969 and of these 4 658 were women. In addition, 597 people were employed by the central organizations of the savings banks. Thus the total of people employed by the savings banks in Finland was 6 566 at that date.

THE NATURE AND EXPANSION OF SAVINGS BANK ACTIVITIES

As mentioned above, present-day savings banks are able to offer all the various banking services their customers might need. The only limit is a practical one: they cannot undertake the financing of the very biggest firms. The Finnish savings banks have specialized in serving private individuals and local industries and housing. The analysis of the savings banks' activities below is based on the structure of their balance sheet.

SOURCES OF FUNDS

Table 1 reveals that the savings banks' funds originate almost exclusively from deposits made by the public. No funds are available from such

TABLE 1. BREAK-DOWN OF THE SAVINGS BANKS' TOTAL LIABILITIES

	Dec. 31, 1969		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Deposits made by the public	1 588.5	91.7	4 504.4	88.5
Liabilities to the Bank of Finland	—	—	—	—
Liabilities to other domestic banks	32.4	1.9	137.8	2.7
Foreign liabilities	—	—	—	—
Domestic liabilities in foreign currency	—	—	—	—
Own funds	63.8	3.7	129.9	2.6
Other liabilities	46.6	2.7	314.9	6.2
Total	1 731.3	100.0	5 087.0	100.0

sources as the foreign capital markets and the Bank of Finland. However, the savings banks may draw indirectly from these sources for they may be granted credit by their central bank for investing in real estate or to support their liquidity position. Their central bank is entitled to raise funds from the Bank of Finland or abroad in the same way as the commercial banks. »Liabilities to other domestic banks» in the balance sheet, which totalled 2.7 per cent of total liabilities in 1969, consists mostly of funds of this type.

The residual »Other liabilities» is mostly composed of state funds transferred by the savings banks to customers on terms dictated by the Government. The significance of this item has increased substantially during the last ten years. However, the share of these funds in total assets has ceased to increase due to the changes introduced into the Government's credit policy.

The share of the savings banks' own funds in the balance sheet total has decreased from 3.7 per cent to 2.5 per cent over the ten-year period covered by the table. This development is partly attributable to the low profitability of banking institutions during that period. The decline in this share was not caused by losses but by the fact that reserves have been accumulated more slowly than the rate at which

total liabilities have increased. However, the real solvency of the savings banks is considerably greater than the figures suggest for real estate holdings are largely entered in the accounts at values considerably less than their real ones.

According to the 1969 legislation the savings banks' own funds have to total at least 2 per cent of their total liabilities, from which, however, certain reductions can be made first. Although the capital holdings of all savings banks exceed this ratio markedly there are a great number of separate savings banks which do not fill this requirement. These savings banks have been given a transition period of ten years, during which they are to establish the required solvency ratio or to merge with another savings bank.

TABLE 2. DEPOSITS MADE BY THE PUBLIC, ACCORDING TO TYPE OF DEPOSIT

	Dec. 31, 1969		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Demand deposits (cheque accounts)	63.0	4.0	171.4	3.8
Term deposits (6 month deposits)	1 312.1	82.6	2 949.0	65.5
Fixed period deposits	213.4	13.4	1 384.0	30.7
Total	1 588.5	100.0	4 504.4	100.0

Table 2 displays the distribution of deposits made by the public between the various types of accounts in the savings banks. It is typical of the savings banks that the share of cheque accounts is relatively small. This reflects the predominance of private customers who in Finland are less likely to choose cheque accounts than business customers.

Otherwise the break-down of savings bank deposits is roughly similar to that in other banks. All Finnish banks pursue a common interest rate policy and thus their deposit rates and other deposit terms are the same. Since the kind of customer varies between different banking institutions there are small differences in the distribution of deposits between the

various types of account. The rate of interest on term deposits appearing in Table 2 was 4 per cent at the end of 1969. Drawings up to 3 000 marks can be made each month from these accounts without notice. Otherwise the term of notice is 6 months. This type of deposit also includes the so-called service account, from which drawings can also be made by cheque but for which the drawing right is limited, unlike that of cheque accounts.

The share of fixed period deposits in total deposits has risen considerably over the last decade. This can be partly explained by the interest rate policy of the banks and partly by changes in the public's deposit behaviour. The most popular account in this group is the 24 month account bearing a 6 per cent rate of interest.

No reliable information is available on the type of customers of the savings banks or of the other Finnish banking institutions. However, it is certain that wage and salary earners are the most important savings bank depositors. In addition, people engaged in agriculture are also significant, although relatively less so than they are to the co-operative banks, and the share of the business sector is small unlike the case of the commercial banks. These features affect the accrual of deposits so that cyclical and seasonal variations in the growth of deposits at the savings banks differ from those at the commercial and co-operative banks.

ALLOCATION OF FUNDS

The investment of savings bank funds reflects clearly the nature of the Finnish financial market and the impact of legislation. Table 3 shows that lending to the public forms by far the largest item in savings bank assets. There has been only a slight change in the share of lending in total investment over the last ten years.

That part of savings bank funds which is not invested in lending is primarily cash or liquid reserves and in real estate. The share of cash and

TABLE 3. BREAK-DOWN OF THE SAVINGS BANKS' TOTAL ASSETS

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Loans to the public	1 327.3	76.7	3 802.7	74.8
Shares and bonds	49.7	2.9	105.8	2.1
Cash	22.5	1.3	67.5	1.3
Foreign assets	—	—	—	—
Domestic assets in foreign currency	—	—	—	—
Claims on other domestic banks	199.3	11.5	556.3	10.9
Claims on the State	—	—	—	—
Real estate	115.5 ¹	6.7	462.2 ¹	9.1
Other assets	17.0	0.9	92.5	1.8
Total	1 731.3	100.0	5 087.0	100.0

¹ Incl. an insignificant amount of movable property

liquid reserves was 12.2 per cent. This is in line with a provision of the Savings Bank Act according to which a savings bank must have a minimum cash reserve equalling 20 per cent of sight liabilities and 10 per cent of other liabilities. The most important items included in the liquid reserve are cash, claims on domestic commercial banks and bonds accepted for this purpose. »Claims on other domestic banks» in the table consists mainly of deposits at the Central Bank of the Savings Banks.

Bond and share portfolios do not play an important role in the savings banks. The Savings Bank Act limits the savings banks' holdings of shares. This does not, however, have any practical significance because the savings banks have not usually held shares other than those of their own central bank. Also the savings banks generally refrain from buying bonds other than those launched by the Real Estate Bank of Finland, which is owned by the Central Bank of the Savings Banks.

Investment in real estate by the savings banks has substantially increased over the years covered by the table. The increase in investment in real estate is partly attributable to the increase in the number of savings bank branches and partly to a tendency to invest in projects protected from inflation. According

**TABLE 4. CREDITS GRANTED TO THE PUBLIC,
BY INDUSTRY**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Agriculture, forestry and fishing	280.4	21.0	727.2	19.1
Manufacturing, mining and quarrying	92.4	6.9	188.9	4.9
Power and electricity	6.6	0.5	22.5	0.6
Construction and real estate	310.5	23.2	768.6	20.2
Trade, communica- tions and other service industries	164.9	12.3	499.3	13.1
Municipalities and parishes	77.9	5.8	196.5	5.2
Personal and miscel- laneous credits	405.4	30.3	1 406.4	36.9
Total	1 338.1	100.0	3 809.4	100.0

to the law a savings bank may not invest in real estate used as the bank's premises or by its personnel more than 10 per cent of its total assets. Other real estate holdings of a savings bank are also strictly limited.

DISTRIBUTION OF CREDIT BY INDUSTRIES

Savings bank credit has traditionally been long term and concentrated on housing, agriculture and personal loans for such purposes as the financing of studies. This is still the case, although there has been some diversification and the loan periods have become shorter. Table 4 illustrates the break-down of credits by type of industry.

The most notable change in the table is the increase in the share of personal and miscellaneous credits, and a decline in credits granted to agriculture and construction and real estate. The greater part of this change is due to the tendency to finance housing by personal loans instead of loans granted to building companies. This development reflects an institutional feature of Finnish housing; typi-

cally even apartment houses are owned by the occupiers.

The table does not show the share of housing credits. No accurate figure for this is available but it has been estimated to be approximately 52 per cent of total credit granted by the savings banks. The major part of housing credit is included in personal and miscellaneous credits in the table.

The dominant position of long term loans is also reflected by the fact that the share of bill credits and cheque account overdrafts and fixed period loans was no more than 9.2 per cent of all credits in 1969. The most important form of credit is what are traditionally called long term loans. Some of these, however, are in fact fairly short term.

**TABLE 5. CREDITS GRANTED TO THE PUBLIC
BY TYPE OF CREDIT**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Bills of exchange	64.3	4.8	259.9	6.8
Loans (granted against promissory notes)	1 225.4	92.4	3 485.1	91.7
Overdrafts (cheque accounts)	37.6	2.8	57.7	1.5
Total	1 327.3	100.0	3 802.7	100.0

OTHER SAVINGS BANK ACTIVITIES

The analysis based on the balance sheet does not illustrate all the diverse activities of the savings banks. The most important of those not yet discussed are bank guarantees and foreign exchange and payments transactions. In accordance with the new Savings Bank Act the savings banks may now grant bank guarantees independently whereas previously they could provide these only if their central bank underwrote the guarantee. As regards foreign exchange and payments the savings banks act on the same basis as the branches of the commercial banks.

TABLE 6. DISTRIBUTION OF THE SAVINGS BANKS' REVENUE AND EXPENDITURE

	Dec. 31, 1959 Mill. mk	Per cent	Dec. 31, 1968 Mill. mk	Per cent	Dec. 31, 1969 Mill. mk	Per cent
Revenue:						
Interest income and commis- sion on lending	85.4	80.0	249.9	77.9	278.6	74.5
Interest income and commission on other invest- ment	14.8	13.9	47.2	14.7	42.7	11.4
Profit on foreign exchange	—	—	—	—	—	—
Other revenue	6.5	6.1	23.6	7.4	52.9	14.1
Total	106.7	100.0	320.7	100.0	374.2	100.0
Expenditure:						
Interest expenses	65.5	61.4	173.0	53.9	203.3	54.3
Salaries	16.3	15.3	67.2	21.0	73.0	19.5
Taxes	1.9	1.8	13.0	4.1	12.3	3.3
Depreciation	3.1	2.9	13.8	4.3	18.3	4.9
Other ex- penditure	12.1	11.3	48.9	15.2	63.9	17.1
Profit for the year	7.8	7.3	4.8	1.5	3.4	0.9
Total	106.7	100.0	320.7	100.0	374.2	100.0

REVENUE AND EXPENDITURE OF FINNISH SAVINGS BANKS

The bulk of the savings bank revenue is interest on lending. Other investment and foreign transactions have been rather insignificant sources of income. Table 6 contains figures for 1968 as well, because the 1969 figures are not fully comparable with those of 1959. As can be seen from this table, the profitability of the savings banks declined considerably over the ten-year period covered by the table and was very low in 1969. This can partly be attributed to heavier taxation and the increase in salary and other running costs. Thus the savings banks like other banks in Finland, are facing serious problems in this respect. The efforts made so far, however, have already resulted in improved profit margins and it can be expected that in a few years' time

by constant efforts to cut costs, together with the utilization of computers, the profitability of Finnish savings banks can be satisfactorily re-established.

Because the share of cheque account holdings of the savings banks is insignificant their average interest rate on deposits is higher than that of the other banks in spite of the fact that the rates of interest are the same for all banking institutions. The average interest rate on deposits has risen only slightly since 1959 but the variations from year to year have been considerable during the period covered by the table. There was a very clear increase in the lending rates of interest until 1968 when these rates were regulated.

TABLE 7. AVERAGE LENDING AND DEPOSIT RATES OF INTEREST AND THE DIFFERENCE BETWEEN THEM

	Dec. 31, 1959 Per cent	Dec. 31, 1969 Per cent
Average lending rate of interest	6.90	8.02
Average interest rate on deposits	4.30	4.40
Interest margin	2.60	3.52

The interest rate differentials applied by the savings banks are not very substantial. Their interest rate policy is determined more by the purpose of the loan than its guarantee and the length of the loan period, which is also the case for the other banks. Thus the average rate of interest for short term loans was 9.2 per cent over the period concerned. Most of these credits are consumer credits. The average interest rate on long term loans on the other hand was no more than 7.9 per cent. The figures given here are the averages for all savings banks. The rates may vary considerably between them.

CO-OPERATION BETWEEN FINNISH SAVINGS BANKS

It was mentioned above that the savings banks in Finland are independent and have no joint

leadership. They have, however, organized a collaborative framework within which they function in many respects as if they were one banking institution with activities extending throughout the country. A savings bank depositor is entitled to make withdrawals and deposits at any savings bank in the country. Collaboration between the savings banks takes place through their central organizations. Of these, the Central Bank of the Savings Banks has already been mentioned. This keeps the liquid reserves of the savings banks, supports their lending activity and liquidity, acts as a central clearing house and takes care of foreign payments. In addition, it is responsible for the development of banking techniques

in the savings banks, above all for the progress of automatic data processing. Other co-operative organizations are the Real Estate Bank in Finland Ltd, the Savings Banks' Pension Fund, Security Fund and Real Estate Agency and regional savings bank associations. A joint organization of all these associations and bodies and of all savings banks is the Finnish Savings Banks Association. Its responsibilities cover the general policy of the savings banks, their long term planning and the marketing of savings bank services. It also disseminates and publishes information, provides for education and research and helps supervise the savings banks in co-operation with the relevant State supervisory body.

ITEMS

Finland's balance of payments in 1970

According to the preliminary figures of the Bank of Finland Institute for Economic Research total revenue on current account was 12 118 million marks and total expenditure 13 066 million in 1970. Thus there was a current deficit of 948 million marks. In 1969 the current account showed a surplus of 87 million marks.

The value of commodity exports was 16.1 per cent more than in 1969 and amounted to 9 635 million marks. The increase in the value of commodity imports was considerably faster, i.e. 30.2 per cent and amounted to 11 100 million marks. Consequently there was a 1 465 million mark trade deficit, including the foreign trade adjustment items, which is 1 233 million marks more than in 1969. The growth in commodity imports was concentrated on investment goods and raw materials. The imports of consumer goods were also substan-

tially greater than one year earlier. As regards exports the growth was strongest for metal industry products and the so-called other products.

The service account surplus totalled 926 million marks. The growth of the travel item was especially strong. The surplus on this increased from 4 million in 1969 to 142 million marks. The net receipts from transport also increased substantially as the merchant fleet expanded. It amounted to 782 million marks or 203 million marks more than in 1969. The deficit on the visible and invisible trade account was 539 million marks.

The service items partly compensated for the commodity trade deficit but on the other hand there was a net deficit of 409 million due to income transfers and investment income and thus the current deficit totalled the above mentioned 948 million marks.

The net inflow of long term foreign capital (incl. long term export credit and direct investment) was 330 million marks or 229 million marks more than in the previous year. Drawings on long term loans amounted to 1 479 million and amortizations to 694 million marks. An amount of 358 million marks was granted as long term export credit while repayments totalled 105 million. The long term capital outflow in the form of direct investment was 219 million marks and the corresponding inflow was 39 million.

The current deficit was mainly financed through the inflow of short term capital, which totalled 1 075 million marks. The restrictions on import credit imposed late in the autumn did not affect the 1970 figures. The net inflow of commodity credits was 973 million marks. The imports of other short term capital (incl. errors and omissions) amounted to 102 million marks.

If the Special Drawing Rights allocated to Finland by the International Monetary Fund, equalling 88 million marks, are taken into account, an over-all surplus of 545 million marks is obtained, which corresponds to the increase in the country's gold and foreign exchange reserves in 1970. The reserves of the Bank of Finland increased by 563 million and other holders of foreign exchange increased their foreign net liability by 18 million marks.

World Bank's third highway loan to Finland. The World Bank has approved a \$ 13.0 million (54.6 mill. mk) loan to Finland to help finance part of the long-range programme to improve the road network and meet the rapid increase in passenger and freight traffic. Ten financial institutions are participating in the loan.

The project will cost an estimated \$ 33.8 million and consists of two parts. The first is the construction of a 22-km section of the four-lane divided highway between Tattariharju and Järvenpää, including five interchanges and 35 km of approach roads. The second part is

the paving of about 900 km of existing roads included in the Finnish Government's 1971 paving programme.

The 22-km divided highway section is part of a planned 144-km expressway between Helsinki and Lusi, a village 40 km north of Lahti, the fourth largest city in Finland. The expressway will serve a region that is developing rapidly and facing serious traffic congestion. Industrial production, population and vehicle registration in the area of the expressway have been growing faster than the national average.

The loan is the World Bank's third for Finnish highways. Two previous loans totalled \$ 48.5 million and financed construction and paving works. The first also included a transportation study upon which the present project is based.

The latest loan will cover the foreign exchange cost of the project and is being made to the Republic of Finland for a term of 15 years, including three years grace, at an interest rate of 7¼ per cent. In addition to the \$ 33.8 million project cost, the Finnish Government expects to spend \$ 5.2 million for land acquisition, construction supervision and project preparation.

Finland's National Board of Public Roads and Waterways will implement the project. Completion is scheduled for the fall of 1973.

Mortgage Bank of Finland Oy raises US \$ 15 million in Western Europe. A loan agreement was signed in Helsinki on February 18, 1971, according to which the Mortgage Bank of Finland Oy will make a bond issue of US \$ 15 million, equivalent to 63 million Finnmarks, in Western Europe. The rate of interest on the issue is 8½ per cent, the price of issue is 98 per cent and the loan period 15 years. The banking consortium through which the loan is launched is headed by Banque Lambert S. C. S. The bonds are quoted on the Luxembourg Stock Exchange.

The proceeds of the loan will be used for investments in the Finnish plastics industry.

Trade agreement. On february 8, 1971, an agreement was signed between Finland and the People's Republic of China regulating the exchange of goods for 1971. The total value of trade is about 136 million marks.

The Finnish export list includes paper, pulp, rayon, copper products and urea. The import list comprises soya and other beans, oil seeds, rice, various textiles, tin, fruit, tinned goods, chemicals and medicines.

Board of Management of the Bank of Finland. On March 5, 1971 at the meeting of the Cabinet the President of the Republic appointed Mr Päiviö Hetemäki, LL. M., member of the Board of Management of the Bank of Finland as from April 1, 1971. Mr Hetemäki has served as managing director of the Finnish Employers' Confederation since 1962.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen

Absent as Prime Minister

Heikki Valvanne

Jaakko Lassila

Timo Heelä

ad int.

Directors

Jouko J. Voutilainen

Timo Heelä

Jorma Aranko

Senior officials

Pertti Tammivuori

Administration

P.-E. Österlund

Invisible transactions and capital transfers

A. Kajantie

Organization

Helge Lindström

Credits

A. Nenonen

Foreign correspondence

K. Eirola

Automatic Data Processing

K. Ignatius

Personnel

Eino Suomela

Internal Audit

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

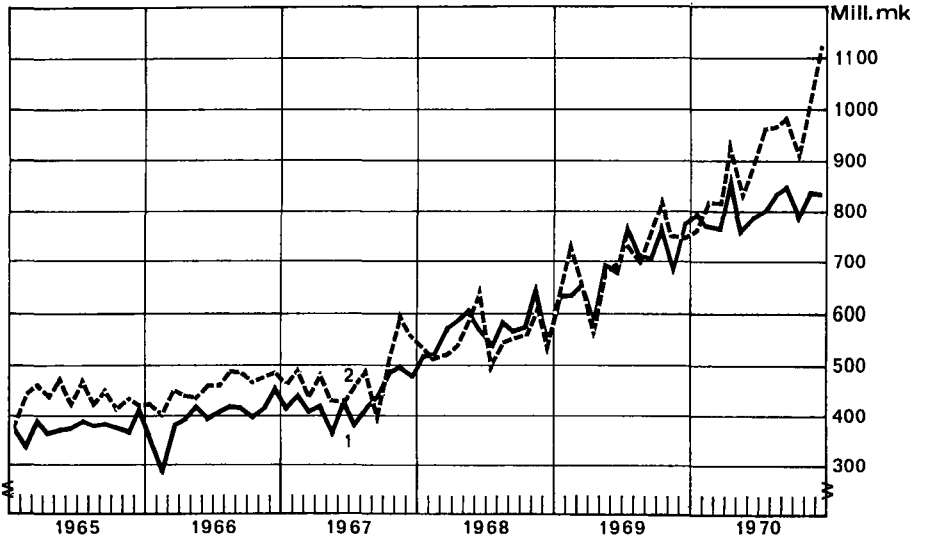
Director

Markku Puntila

Head of department

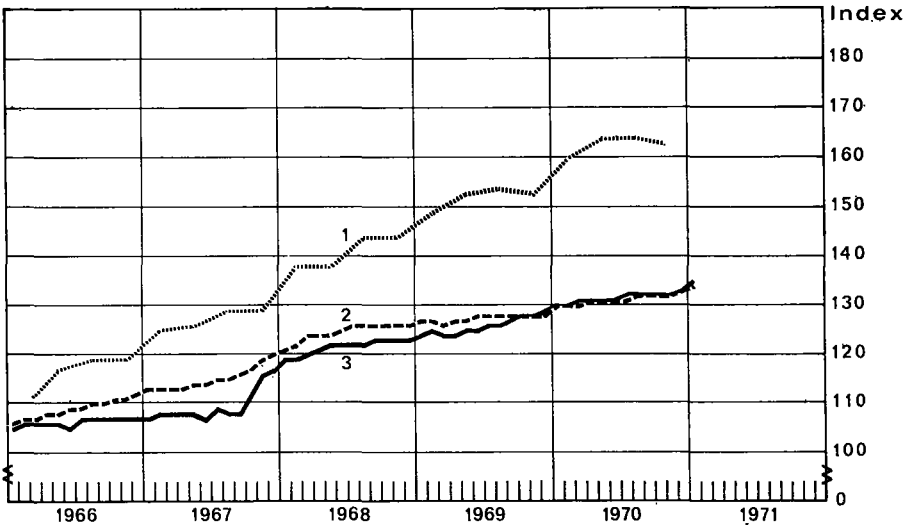
Foreign trade, 1965-1970

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



Prices and wages, 1966-1971

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



Production, 1965-1970

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

