



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 43 No. 3

MARCH

1969

### INDUSTRIAL PRODUCTION

In 1967 and 1968 the increase in the volume of total industrial production was 3.4 per cent on the previous year.<sup>1</sup> Within the year 1968 growth was quite moderate until the last two months, but in December the volume of industrial production was at a 9.2 per cent higher level than in January 1968. This rapid growth at the end of 1968 was recorded in all the aggregate groups of industrial production except in the investment goods industry. The five-day working week between April and October partly explains the high growth rate in November—December, although an increase in foreign demand and in the competitiveness of Finnish exports, after the devaluation of October 1967, have been the more active

factors. The table illustrates developments in the major industrial sectors in 1967—1968 and each quarterly change on the previous quarter in 1968.

#### WOOD AND PAPER INDUSTRY

After two years of decline the volume of wood industry production increased 4.3 per cent in 1968 on the previous year. Within the year growth was accelerating during the last two months; in December 1968 production volume was almost 22 per cent more than in January. Paper industry production has showed large fluctuations in recent years. From January to December 1966 the increase in the volume of paper industry production was 18 per cent, from December 1966 to December 1967 the decrease was 12 per cent; in the next twelve months to December 1968 there was again an increase of 10 per cent. In 1968 the total growth over the previous year was 6.0 per cent.

	Change on previous year, per cent		Change on previous quarter, per cent			
	1967	1968	I 68	II 68	III 68	IV 68
Total industrial production	3.4	3.4	0.3	1.1	0.0	3.7
Wood industry	-1.0	4.3	-3.3	2.7	0.0	10.0
Paper industry	-5.2	6.0	5.7	3.2	-1.3	4.4
Investment goods industry	3.0	-0.3	-2.7	0.6	-0.3	0.7
Consumer goods industry	7.1	2.1	-1.7	2.2	-1.4	5.9
Other raw material industry	4.9	3.9	0.4	2.1	-1.0	3.6

1) Figures for the whole year have been calculated on the basis of volume indices per working day. Comparisons within a year are made with seasonally adjusted figures, without, however, eliminating the effect of the shortened working week.

#### INVESTMENT GOODS INDUSTRY

The slow growth of total production during the last three years has affected the volume of investment goods industry pro-

*On page 18, The Bank of Finland Institute  
for Economic Research*

duction which decreased by 1.1 per cent in 1966, increased by 3.0 per cent in 1967 and decreased again by 0.3 per cent in 1968 on the previous year. As compared to other industrial production sectors, the acceleration of growth toward the end of 1968 was least apparent in the investment goods industry, the volume of production being in December 5.9 per cent more than in January and only 1.9 per cent more than in December 1967. It can be inferred that the marked increase in exports of metal products and the sharp decline of investment goods imports in 1968 have not compensated for slack domestic demand.

#### CONSUMER GOODS INDUSTRY

Although the rate of expansion of consumer goods production was decreasing from the beginning of 1967, the increase in the volume over the previous year was 7.1 per cent during that year. From January 1967 to January 1968 the level of consumer goods production remained almost unchanged and this stagnation persisted until the last two months of 1968. In December 1968 production was over 13 per cent more than in January of the same year. The growth that occurred in December can be traced back to increased stock building in

the commercial sector, in preparation for the liberalization of beer selling rights at the beginning of 1969. On an annual basis, consumer goods production in 1968 increased only 2.1 per cent on the previous year, due to moderate domestic demand.

#### OTHER INDUSTRIES

During 1968 the expansion of a public enterprise producing basic metals affected developments in the production of raw materials and semi-finished products (excluding wood and paper industry products), the increase in which over the previous year was 3.9 per cent, while the subgroup, basic metal industries, could record a growth of 23.9 per cent. Among other industries might also be mentioned the chemical industry where a growth of 5.2 per cent was realized and the clay, glass and stone industry where there was a decline of 0.4 per cent although production in December 1968 was 12.4 per cent more than in January of the same year. This development is mainly due to a recovery from the house building slump that persisted in 1967 and 1968. Production in mining and quarrying dropped in 1968 by 1.8 per cent over the previous year after a growth of 5.5 per cent in 1967.

*February 24, 1969*

## BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	Jan. 31	Jan. 31	Feb. 8	Feb. 15	Feb. 22
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	1 477.4	909.8	1 571.7	1 580.8	1 594.5	1 587.7
Gold .....	189.5	188.8	189.5	189.5	189.6	189.2
IMF gold tranche .....	—	—	—	—	—	—
Foreign exchange .....	1 163.0	622.4	1 259.3	1 269.8	1 281.5	1 284.2
Foreign bills .....	76.1	73.4	74.4	73.0	73.8	68.9
Foreign bonds .....	48.8	25.2	48.5	48.5	49.6	45.4
<i>Supplementary note cover</i> .....	790.3	1 082.3	606.5	577.0	541.5	616.8
Inland bills discounted						
In foreign currency .....	25.1	99.1	25.1	25.1	25.1	25.1
In Finnish currency .....	147.5	149.3	129.4	131.2	127.2	131.9
Rediscounted bills .....	617.7	833.9	452.0	420.7	389.2	459.8
<i>Other assets</i> .....	470.5	611.5	448.7	387.1	423.8	408.2
Finnish bonds .....	135.7	325.3	99.9	14.5	54.4	33.2
Cheque accounts .....	1.9	3.5	1.4	7.2	1.3	1.8
Finnish coin .....	11.7	17.5	17.0	17.2	17.6	17.4
Other claims .....	321.2	265.2	330.4	348.2	350.5	355.8
<b>Total</b>	<b>2 738.2</b>	<b>2 603.6</b>	<b>2 626.9</b>	<b>2 544.9</b>	<b>2 559.8</b>	<b>2 612.7</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	1 159.6	1 010.3	1 039.3	1 014.5	1 037.6	1 049.6
<i>Liabilities payable on demand</i> .....	136.5	96.7	137.3	94.2	89.8	111.3
Foreign exchange accounts .....	62.1	67.8	62.7	58.5	54.3	44.8
Mark accounts of holders abroad .....	12.4	11.1	9.0	8.9	8.9	8.8
Cheque accounts						
Treasury .....	3.0	0.3	0.7	3.3	1.2	34.5
Post Office Savings Bank .....	3.4	2.2	5.2	9.5	2.6	6.5
Private banks .....	39.2	—	45.4	—	8.6	3.1
Other .....	2.2	2.0	3.4	2.6	2.8	2.6
Other sight liabilities .....	14.2	13.3	10.9	11.4	11.4	11.0
<i>Term liabilities</i> .....	546.4	610.2	560.1	543.0	543.3	549.4
Foreign .....	21.4	339.4	21.4	21.4	21.4	21.4
Finnish .....	525.0	270.8	538.7	521.6	521.9	528.0
<i>Equalization accounts</i> .....	400.3	412.1	390.8	392.6	387.7	399.4
<i>Bank's own funds</i> .....	495.4	474.3	499.4	500.6	501.4	503.0
Capital .....	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund .....	150.0	150.0	172.7	172.7	172.7	172.7
Profits undisposed .....	—	20.4	22.7	22.7	22.7	22.7
Net profit .....	45.4	—	—	—	—	—
Earnings less expenses .....	—	3.9	4.0	5.2	6.0	7.6
<b>Total</b>	<b>2 738.2</b>	<b>2 603.6</b>	<b>2 626.9</b>	<b>2 544.9</b>	<b>2 559.8</b>	<b>2 612.7</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	1 477.4	909.8	1 571.7	1 580.8	1 594.5	1 587.7
Supplementary cover						
(Upper limit 500 mill. mk; from Nov. 30, 1966 to Dec. 31, 1968, 700 mill. mk)	700.0	700.0	500.0	500.0	500.0	500.0
<b>Total</b>	<b>2 177.4</b>	<b>1 609.8</b>	<b>2 071.7</b>	<b>2 080.8</b>	<b>2 094.5</b>	<b>2 087.7</b>
<b>Note issue</b>						
Notes in circulation .....	1 159.6	1 010.3	1 039.3	1 014.5	1 037.6	1 049.6
Liabilities payable on demand .....	136.5	96.7	137.3	94.2	89.8	111.3
Undrawn on cheque credits .....	5.6	4.9	6.1	5.8	6.2	5.7
Unused right of note issue .....	875.7	497.9	889.0	966.3	960.9	921.1
<b>Total</b>	<b>2 177.4</b>	<b>1 609.8</b>	<b>2 071.7</b>	<b>2 080.8</b>	<b>2 094.5</b>	<b>2 087.7</b>

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

## BANK OF FINLAND

Mill. mk

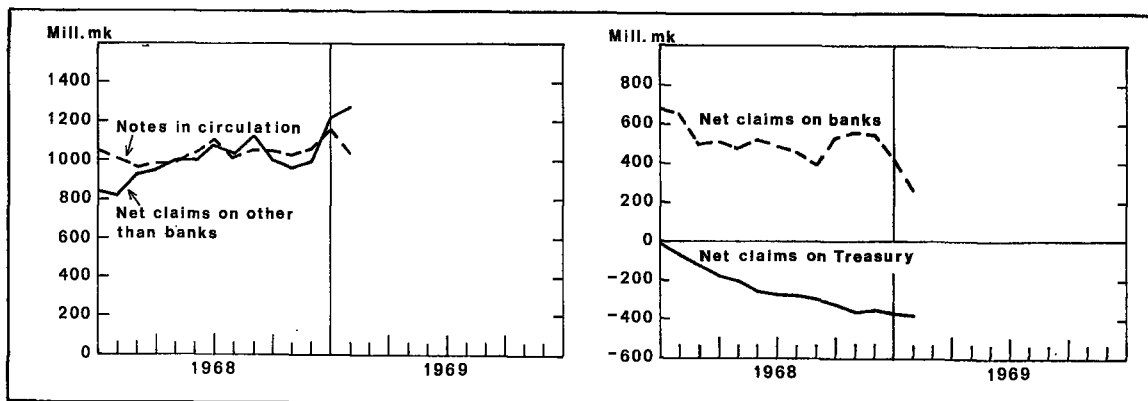
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8—9)
	1	2	3	4	5	6	7	8	9	10
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	—361.0	3.0	—357.3
1968										
Jan.	811.2	67.8	743.4	98.6	350.5	491.5	4.1	— 63.6	0.3	— 59.8
Feb.	996.4	66.1	930.3	98.5	349.3	679.5	4.1	—118.2	2.7	—116.8
March	1 095.4	67.9	1 027.5	101.4	349.5	779.4	4.1	—164.4	5.0	—165.3
April	1 193.6	73.4	1 120.2	127.3	347.2	900.3	4.1	—201.4	3.0	—200.3
May	1 235.0	81.5	1 153.5	127.2	346.3	934.4	4.1	—249.7	0.7	—246.3
June	1 346.4	86.1	1 260.3	124.5	303.5	1 081.3	6.7	—276.9	0.0	—270.2
July	1 361.9	69.9	1 292.0	120.5	172.9	1 239.6	6.7	—277.1	2.6	—273.0
Aug.	1 337.0	72.7	1 264.3	117.5	173.1	1 208.7	6.7	—297.2	0.1	—290.6
Sept.	1 340.0	62.0	1 278.0	119.5	172.6	1 224.9	6.7	—329.1	1.0	—323.4
Oct.	1 383.1	59.8	1 323.3	123.9	169.9	1 277.3	6.7	—350.8	11.1	—355.2
Nov.	1 386.1	57.5	1 328.6	122.7	169.6	1 281.7	6.7	—358.5	2.4	—354.2
Dec.	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	—361.0	3.0	—357.3
1969										
Jan.	1 448.8	62.7	1 386.1	122.9	30.4	1 478.6	4.2	—378.7	0.7	—375.2

	Foreign exchange situation, mill. mk						
	Net holdings, Dec. 31, 1968			Net holdings Jan. 31, 1969			Change in January 1969
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	
Gold .....	190	—	190	190	—	190	—
Convertible currencies .....	1 113	—368	745	1 170	—345	825	+ 80
Other currencies .....	— 13	5	— 8	26	6	32	+ 40
Total .....	1 290	—363	927	1 386	—339	1 047	+ 120

## BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis- counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks 1)	Post Office Savings Bank 1)	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1968										
Jan.	833.9	153.9	19.5	0.1	660.4	149.3	362.3	49.8	461.8	1 010.3
Feb.	682.9	163.8	18.4	0.1	500.6	136.5	283.6	49.1	371.0	956.6
March	697.0	167.4	21.2	0.2	508.2	137.3	258.5	48.6	347.2	979.1
April	653.4	156.3	19.6	+ 0.0	477.5	141.0	229.0	49.9	320.1	990.1
May	701.7	160.8	17.4	0.3	523.2	131.8	228.3	50.9	309.2	1 035.7
June	694.8	180.5	20.3	0.1	493.9	133.5	223.7	44.9	312.3	1 011.5
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	+ 0.0	399.3	135.9	249.8	42.3	343.4	1 054.0
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4
Oct.	734.7	148.7	25.7	— 0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	+ 0.0	264.4	129.4	352.7	37.3	444.8	1 039.3

<sup>1)</sup> Including cash reserve accounts.

## DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968*	832.7	1 086.5	428.4	4 580.7	3 969.8	2 699.5	1 027.2	465.0	12 742.5	14 257.4
1968*										
Jan.	622.3	788.2	444.8	4 049.8	3 645.9	2 432.7	954.9	422.7	11 506.3	12 739.3
Feb.	672.5	841.1	407.1	4 148.5	3 704.1	2 475.8	967.4	421.8	11 717.9	12 966.1
March	664.0	837.9	353.5	4 167.7	3 736.9	2 498.4	978.0	421.1	11 802.3	12 993.7
April	674.9	852.2	454.4	4 209.9	3 750.5	2 525.0	979.0	420.9	11 885.5	13 192.1
May	697.3	890.9	403.6	4 212.2	3 758.5	2 520.6	972.0	417.5	11 881.0	13 175.5
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 086.5	428.4	4 580.7	3 969.8	2 699.5	1 027.2	465.0	12 742.5	14 257.4
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6

End of month	100 % Index-tied deposits	High-interest deposits
1968*		
Jan.	4 272.0	561.9
Feb.	4 409.0	525.3
March	4 458.0	545.4
April	4 294.1	695.3
May	3 909.7	973.8
June	3 612.1	1 244.9
July	3 349.7	1 489.8
Aug.	3 159.1	1 659.9
Sept.	2 935.0	1 860.3
Oct.	2 400.7	2 225.5
Nov.	1 892.3	2 637.7
Dec.	1 410.4	3 085.1

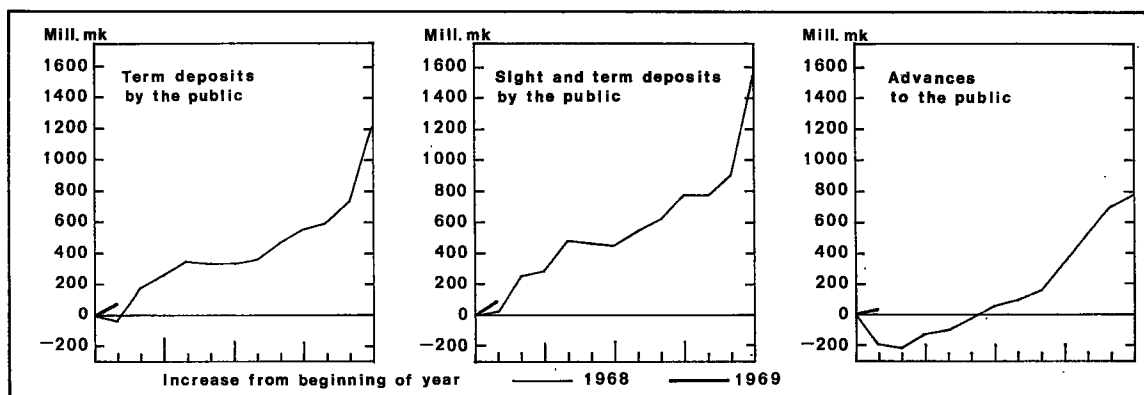
Selling rates for foreign exchange			
Feb. 24, 1969			
	mk		mk
New York .... 1 \$	4.1870	Zurich ..... 100 Fr	96.92
Montreal .... 1 \$	3.8940	Paris ..... 100 FF	84.52
London ..... 1 £	10.0100	Rome ..... 100 Lit	0.6672
Stockholm .. 100 Kr	80.95	Vienna ..... 100 S	16.16
Oslo ..... 100 Kr	58.55	Lisbon ..... 100 Esc	14.68
Copenhagen .. 100 Kr	55.61	Reykjavik .... 100 Kr	4.76
Frankfurt o. M. 100 DM	104.14	Madrid ..... 100 Pta	6.02
Amsterdam .. 100 Fl	115.50	Moscow, clear. <sup>1)</sup> 1 Rbl	4.6799
Brussels ..... 100 Fr	8.3400	Clearing dollars <sup>2)</sup> 1 Cl \$	4.212

<sup>1)</sup> Also Bucharest.<sup>2)</sup> Berlin, Budapest, Prague, Sofia, Warsaw.

## ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968*	5 593.3	3 442.9	940.3	2 873.6	1 053.0	13 415.8	487.2	13 903.1	2 671.2
1968*									
Jan.	5 140.2	3 242.5	876.0	2 648.7	1 026.1	12 437.6	495.9	12 933.5	2 202.9
Feb.	5 130.9	3 242.3	890.8	2 632.7	1 019.0	12 413.6	502.1	12 915.7	2 174.9
March	5 201.6	3 241.8	903.8	2 629.7	1 017.3	12 441.3	552.9	12 994.2	2 151.4
April	5 198.9	3 261.1	914.8	2 645.4	1 006.3	12 528.7	497.8	13 026.5	2 275.6
May	5 235.3	3 287.3	915.5	2 661.0	1 004.5	12 610.5	493.1	13 103.6	2 268.2
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 442.9	940.3	2 873.6	1 053.0	13 415.8	487.2	13 903.1	2 671.2
1969									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	..



## STATE FINANCES

Mill. mk

Revenue	1967	1968	Expenditure	1967	1968
		Jan. - Nov.			Jan. - Nov.
Income and property tax (net) .....	1 685	2 170	Wages, salaries, pensions etc. ....	1 266	1 358
Gross receipts .....	(4 965)	(4 832)	Repair and maintenance .....	239	227
Refunds & local authorities .....	(—3 280)	(—2 662)	Other consumption expenditure ..	563	605
Other taxes on income and property	40	39	<i>Total consumption expenditure</i> ....	2 068	2 190
Employers' child allowance payments	486	489	State aid to local authorities ....	1 015	1 157
Sales tax .....	1 908	1 873	State aid to industries .....	866	817
Revenue from Alcohol Monopoly ..	465	456	of which: agric. price subsidies	(645)	(623)
Customs duties & import charges ....	466	354	Child allowances .....	309	302
Export levy .....	14	496	Share in nat. pensions & health		
Excise duty on tobacco .....	404	382	insurance .....	351	373
"  " on liquid fuel .....	477	476	Other transfer expenditure .....	678	760
Other excise duties .....	113	106	<i>Total transfer expenditure</i> .....	3 219	3 409
Tax on autom. and motor cycles ....	167	133	Machinery & equipment .....	225	249
Stamp duties .....	179	166	House construction .....	283	243
Special diesel etc. vehicles tax .....	74	38	Land and waterway construction	741	726
Other taxes and similar revenue ....	47	52	<i>Total real investments</i> .....	1 249	1 218
<b>Total taxes</b> .....	6 525	7 230	Interest on State debt .....	218	190
Miscellaneous revenue .....	387	405	Index compensations .....	18	28
Interest, dividends etc. ....	151	122	Net deficit of State enterprises ..	41	83
Sales and depreciation of property ..	62	59	Other expenditure .....	2	1
Redemptions of loans granted .....	157	132	<i>Total other expenditure</i> .....	279	302
<b>Total revenue</b> .....	7 282	7 948	<i>Increase in inventories</i> .....	38	— 6
Foreign borrowing .....	157	165	<i>Lending</i> .....	406	536
Domestic borrowing .....	446	567	<i>Other financial investments</i> .....	131	171
<b>Total borrowing</b> .....	603	732	<b>Total expenditure</b> .....	7 390	7 820
Deficit (+) or surplus (—) .....	+82	—263	Redemption of foreign loans ....	71	99
			Redemption of domestic loans ..	506	498
			<b>Total redemptions</b> .....	577	597
<b>Total</b> .....	7 967	8 417	<b>Total</b> .....	7 967	8 417

Debt	1966	1967	1968					
	Dec.	Dec.	June	July	August	Sept.	Oct.	Nov.
<b>Foreign debt</b> .....	1 340	1 844	1 946	1 940	1 942	1 920	1 912	1 916
Loans .....	2 075	2 013	2 035	2 008	1 914	1 901	2 045	2 083
Compensatory stock etc. ....	96	5	5	5	5	5	5	5
Short-term credit .....	101	167	121	205	228	304	310	305
Cash debt (net) .....	—85	—12	— 76	—305	—77	—159	—366	—368
<b>Domestic debt</b> .....	2 187	2 173	2 085	1 913	2 070	2 051	1 994	2 025
<b>Total debt</b> .....	3 527	4 017	4 031	3 853	4 012	3 971	3 906	3 941
<b>Total debt, mill. \$</b> .....	1 094	955	963	920	958	949	933	941



## BALANCE OF PAYMENTS

Mill. mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1962	3 515	3 948	-433	+222	-112	+ 71	-252	- 47	+ 5	-294
1963	3 658	3 878	-220	+243	-100	+ 74	- 3	- 70	+ 6	- 67
1964	4 109	4 831	-722	+330	-115	+ 42	-465	-101	+ 3	-563
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	- 88	+ 17	-277	-209	- 3	-489
Jan.-Mar.										
1966	879	1 247	-368	+ 72	- 23	+ 10	-309	- 38	+ 0	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 8	- 76	- 36	- 2	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 1	- 27	- 40	+ 2	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+ 9	- 74	- 36	+ 3	-107
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137

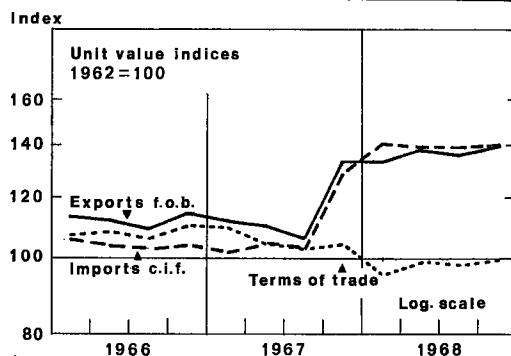
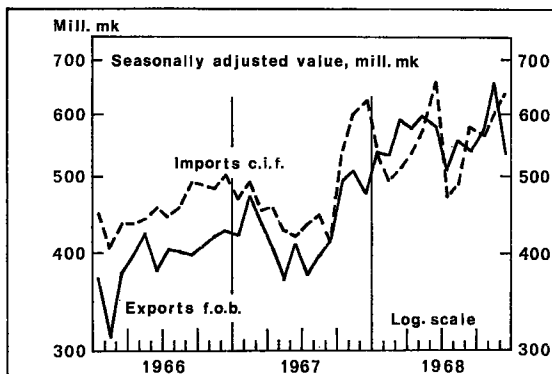
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net <sup>1)</sup>	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1962	+271	-134	..	- 9	-166	- 74	- 43	+240	- 43	+ 43	..
1963	+513	-164	..	- 23	+259	-109	- 22	- 16	+112	-112	..
1964	+762	-228	- 31	- 11	- 71	+112	+ 55	+ 83	+179	-179	..
1965	+434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
Jan.-Mar.											
1966	+ 89	- 60	+ 2	- 15	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
1967	+192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
Apr.-June											
1966	+116	- 52	- 36	+ 3	- 83	+ 19	-114	+ 64	-114	+121	- 7
1967	+315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
July-Sept.											
1966	+111	- 67	- 9	+ 20	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
1967	+251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
1968	+226	-212	- 14	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
Oct.-Dec.											
1966	+202	- 92	- 18	- 40	- 55	- 6	-122	+ 66	-117	+117	± 0
1967	+152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61

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

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

## FOREIGN TRADE

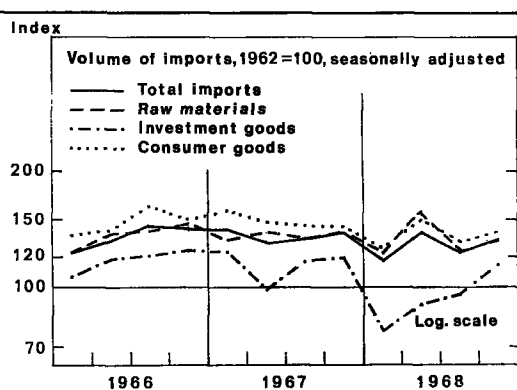
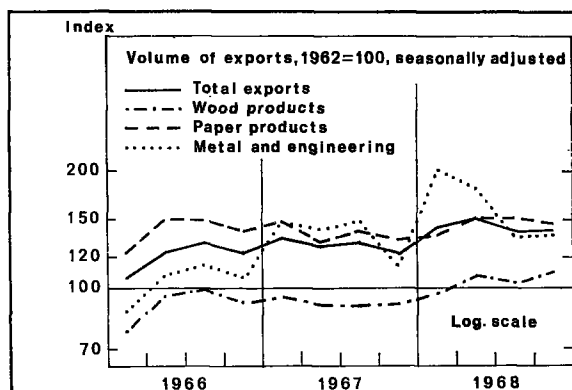
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967	5 231.2	5 794.4	-563.2	115	114	124	111	117	110	105
1968	6 869.8	6 688.6	+181.2	137	122	144	131	147	138	99
1967										
July	372.8	400.7	- 27.9	106	108	118	105	94	103	103
Aug.	411.3	430.7	- 19.4							
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1							
Nov.	529.9	615.8	- 85.9	133	133	140	127	141	128	104
Dec.	542.3	649.3	-107.0							
1968*										
Jan.	464.9	534.3	- 69.4	133	137	138	130	132	140	95
Feb.	399.3	465.4	- 66.1							
March	537.1	510.0	+ 27.1							
April	557.3	556.3	+ 1.0							
May	660.8	655.8	+ 5.0	138	114	143	131	157	139	99
June	597.4	609.4	- 12.0							
July	518.2	446.7	+ 71.5							
Aug.	575.5	470.4	+105.1							
Sept.	595.6	575.7	+ 19.9	136	133	144	131	136	139	98
Oct.	668.2	590.1	+ 78.1							
Nov.	682.4	609.4	+ 73.0							
Dec.	613.1	665.1	- 52.0							



## FOREIGN TRADE BY MAIN GROUPS

Mill. mk

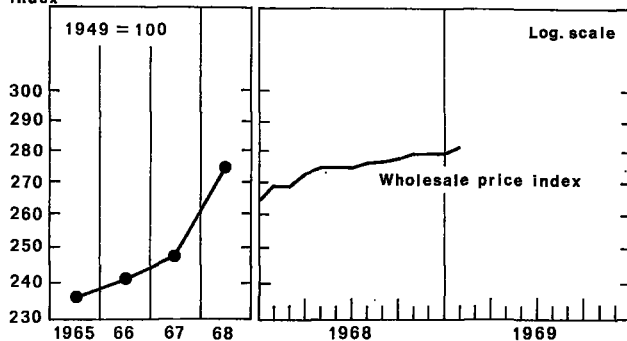
Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
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	323.7	55.5	1 157.7	2 994.0	1 565.9	773.0	3 001.7	873.8	1 523.7	1 289.4
1967										
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.8	85.2
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3
Nov.	19.5	4.1	96.3	231.1	120.2	58.7	289.0	86.1	119.0	121.7
Dec.	42.0	3.1	79.0	243.0	108.9	66.3	268.3	75.9	186.8	118.3
1968*										
Jan.	35.1	4.0	66.2	205.4	105.7	48.5	236.1	96.0	103.4	98.8
Feb.	13.5	1.1	41.7	201.7	91.7	49.6	205.2	54.3	100.4	105.5
March	48.6	2.6	55.9	251.5	114.0	64.5	220.4	61.3	118.6	109.7
April	18.3	3.7	91.3	271.3	119.5	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	157.1	70.7	294.3	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.3	62.6	282.7	74.5	146.1	106.1
July	19.8	5.5	115.1	246.2	88.3	43.3	205.6	51.0	101.3	88.8
Aug.	26.0	7.0	119.6	263.6	92.6	66.7	217.8	76.5	96.6	79.5
Sept.	20.2	6.0	109.2	250.3	130.0	79.9	259.4	88.3	120.4	107.6
Oct.	24.1	6.4	119.5	283.8	150.8	83.6	271.0	61.3	138.0	119.8
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	47.1	2.1	101.7	247.7	147.9	66.6	296.4	71.9	176.0	120.8



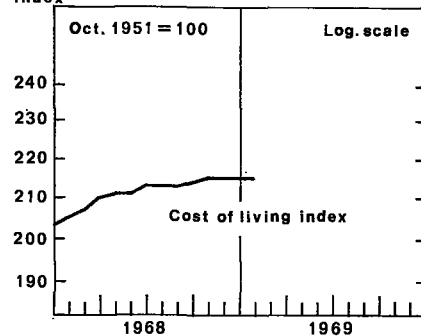
## FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year					Whole year				
	1965	1966	1967	1968*		1965	1966	1967	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	22.8	22.6	22.8	22.7	1 559.8	15.8	16.6	15.8	15.8	1 058.4
United Kingdom .....	20.7	20.5	20.9	20.6	1 417.8	15.3	16.1	15.2	15.3	1 022.8
<b>Other OECD countries</b>										
<b>in Europe</b> .....	44.8	46.7	44.1	46.8	3 217.5	55.5	53.8	53.9	54.5	3 646.2
Austria .....	0.3	0.4	0.5	0.5	37.7	0.8	0.9	0.9	1.0	67.6
Belgium-Luxembourg ....	3.3	3.1	2.5	2.4	166.2	2.2	1.9	2.0	2.1	139.6
Denmark .....	3.9	3.5	3.8	3.7	251.6	3.1	3.5	3.3	3.6	237.5
France .....	4.4	4.5	4.2	4.0	275.8	4.2	4.3	3.7	3.6	243.8
Western Germany .....	11.2	11.0	8.6	10.5	721.3	18.9	17.0	16.2	15.5	1 033.8
Italy .....	3.0	3.0	3.1	3.0	202.9	1.9	2.0	2.0	2.2	144.0
Netherlands .....	6.0	5.8	5.1	4.6	318.0	4.2	3.6	3.8	3.6	243.8
Norway .....	1.1	1.9	2.4	2.6	178.8	1.9	2.1	2.3	2.4	160.4
Portugal .....	0.2	0.4	0.2	0.2	15.7	0.2	0.3	0.4	0.5	33.3
Spain .....	1.1	1.2	1.0	0.9	58.4	0.5	0.4	0.5	0.4	29.7
Sweden .....	7.5	8.8	9.7	10.9	751.3	14.0	14.1	15.4	15.9	1 063.5
Switzerland .....	0.7	0.9	1.0	1.5	99.2	2.9	3.1	3.0	3.3	223.0
<b>Eastern Bloc</b> .....	21.0	18.7	21.2	19.2	1 315.4	18.9	19.8	20.4	20.9	1 399.8
China .....	0.6	0.6	0.8	0.7	48.3	0.3	0.5	0.5	0.4	28.7
Czechoslovakia .....	0.6	0.8	0.4	0.5	32.8	0.7	0.6	0.6	0.7	45.5
Eastern Germany .....	0.8	1.0	0.7	0.6	44.1	0.9	0.9	0.9	0.9	59.0
Poland .....	2.3	1.4	1.4	1.2	83.2	1.9	1.6	1.6	1.6	107.7
Soviet Union .....	15.8	14.1	17.1	15.5	1 062.0	14.4	15.5	16.1	16.7	1 114.9
<b>U.S. and Canada</b> .....	6.2	6.6	6.0	6.1	418.5	5.2	4.9	4.1	3.7	246.2
United States .....	6.0	6.4	5.8	5.8	401.1	5.0	4.5	3.9	3.5	233.5
<b>Latin America</b> .....	3.8	2.9	2.9	2.9	201.1	1.6	2.7	2.7	2.6	175.9
Argentina .....	0.9	1.0	1.0	0.9	64.6	0.3	0.3	0.2	0.2	11.5
Brazil .....	1.4	0.4	0.8	0.7	46.9	0.3	1.2	1.2	1.0	67.6
Colombia .....	0.7	0.6	0.3	0.3	19.2	0.6	0.7	0.8	0.8	53.5
<b>Other</b> .....	1.4	2.5	3.0	2.3	157.5	3.0	2.2	3.1	2.5	162.1
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	6 869.8	100.0	100.0	100.0	100.0	6 688.6
of which										
<b>EFTA countries</b> .....	34.3	30.4	38.5	40.1	2 752.0	38.2	40.0	40.6	42.0	2 808.0
<b>EEC countries</b> .....	28.0	21.5	23.5	24.5	1 684.3	31.4	28.8	27.7	27.0	1 805.1

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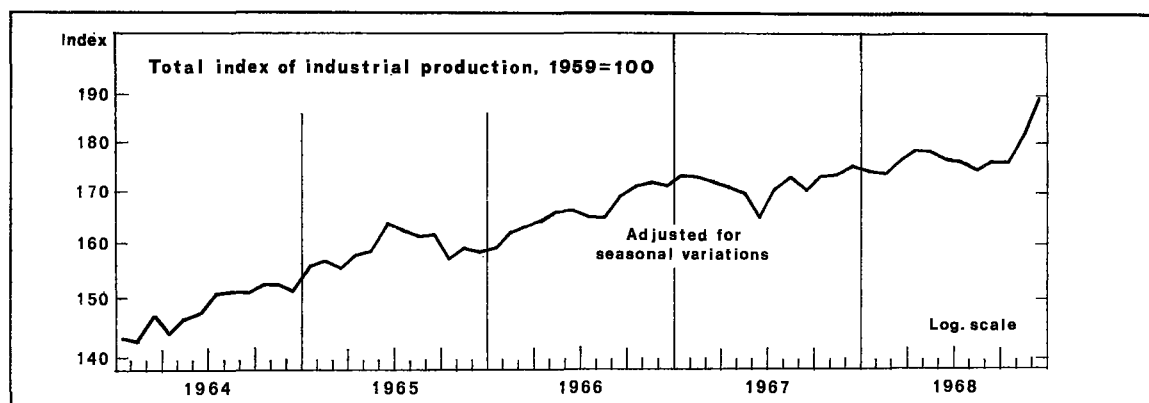
## PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1966	241	247	216	245	228	238	271	233	228	108	106	104
1967	248	254	225	246	241	253	276	236	240	114	112	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1968												
Jan.	269	272	258	265	273	273	294	257	262	124	130	113
Feb.	269	273	257	265	273	274	290	257	265	124	130	113
March	273	277	256	267	276	279	295	262	266	125	130	114
April	275	279	259	270	277	281	296	265	269	125	130	114
May	275	279	260	270	277	282	297	264	269	125	130	114
June	275	279	260	269	277	283	298	265	269	127	135	115
July	276	281	258	270	277	285	302	264	269	127	135	115
Aug.	277	282	258	271	277	285	303	263	270	127	135	115
Sept.	278	282	259	273	277	283	305	264	270	127	135	115
Oct.	279	284	260	275	277	284	309	266	270	127	135	115
Nov.	279	285	260	277	277	284	310	267	270	127	135	116
Dec.	279	284	260	277	277	283	309	267	269	127	135	116
1969												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116

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
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1968												
Jan.	205	161	106	105	109	102	106	108	106	110	107	106
Feb.	207	162	107	105	110	103	107	109	108	110	107	107
March	210	165	108	109	110	105	107	108	108	110	108	108
April	211	166	109	111	110	107	106	108	109	110	108	108
May	211	166	109	111	110	107	106	108	109	110	108	109
June	213	167	110	112	110	107	107	108	109	110	108	110
July	213	167	110	113	110	107	108	107	109	109	108	110
Aug.	213	168	110	113	110	107	108	107	110	109	108	110
Sept.	214	168	110	113	110	107	108	108	110	109	108	110
Oct.	215	168	111	114	110	108	109	109	110	109	108	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111

## PRODUCTION—INTERNAL TRADE

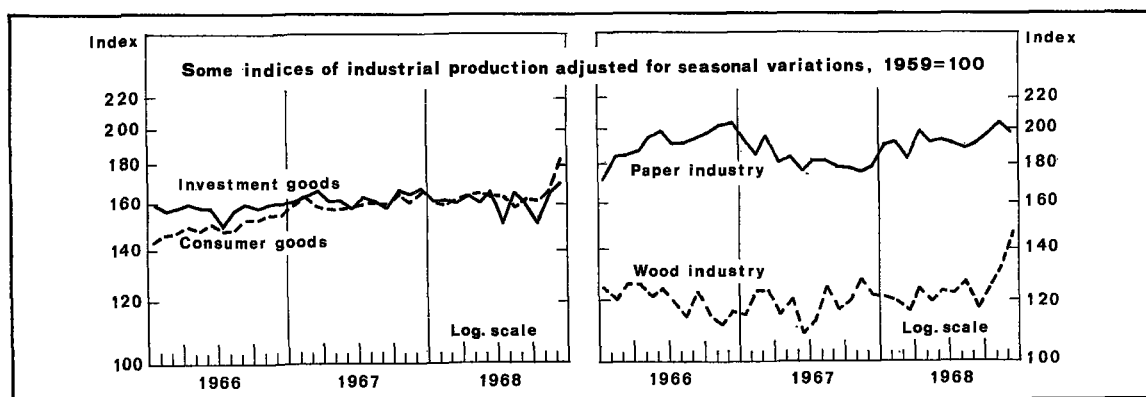
Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967*	171	164	178	161	119	182	166	175	172	44 963	181
1968*	177	163	185	164	124	193	168	179	178	47 733	176
1967*											
April	183	176	190	171	139	196	178	186	171	4 492	191
May	173	167	178	165	136	179	172	175	170	9 435	190
June	158	158	157	161	107	151	159	167	165	2 148	175
July	124	79	137	112	92	177	77	127	171	955	159
Aug.	175	153	179	174	112	188	158	186	173	1 978	189
Sept.	178	169	183	171	117	189	170	183	170	2 488	197
Oct.	191	190	196	182	120	194	190	199	173	3 166	223
Nov.	186	183	194	170	122	181	185	193	174	2 969	184
Dec.	165	167	173	148	108	164	167	164	175	3 389	182
1968*											
Jan.	181	175	189	165	119	193	180	176	174	3 509	137
Feb.	179	180	188	162	132	192	184	175	174	4 977	158
March	187	184	197	170	135	203	188	185	176	4 898	164
April	178	167	184	168	140	185	174	181	178	4 384	174
May	186	173	194	178	142	199	178	192	177	10 331	188
June	154	145	157	152	106	151	146	165	174	1 875	157
July	133	81	146	120	105	189	86	134	179	955	169
Aug.	174	154	180	169	112	195	158	181	174	1 751	190
Sept.	182	167	191	168	115	203	174	183	177	2 279	193
Oct.	200	183	208	188	129	216	190	206	177	3 353	204
Nov.	194	182	205	174	125	209	189	195	182	3 880	184
Dec.	176	163	186	158	122	180	170	176	190	5 541	192



## BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1965	27.04	10.96	2.58	9.20	3.12	31.31	179	178	192	177
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	31.34	12.42	2.93	10.83	3.49	31.55	207	216	217	207
1967										
Jan.-Mar.	6.59	2.63	0.37	2.88	0.56	33.30	201	208	196	202
Apr.-June	7.60	2.62	0.54	3.35	0.69	34.28	207	217	230	207
July-Sept.	8.46	2.71	0.92	2.44	1.79	33.00	209	214	229	210
Oct.-Dec.	8.69	4.46	1.10	2.16	0.45	31.55	210	223	232	211
1968*										
Jan.-Mar.	4.85	2.19	0.24	1.84	0.41	29.62	221	226	217	224
Apr.-June	..	..	..	..	..	..	224	229	224	229
July-Sept.	..	..	..	..	..	..	230	234	237	235

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1968	1969*	1967	1968*	1967	1968*	1967	1968*	1967	1968*
Jan.	114	115	844	885	698	772	1 856	1 792	3.1	5.8
Feb.	115		615	723	502	603	1 846	1 772	3.1	5.3
March	129		756	777	619	687	1 834	1 767	2.6	5.0
April	128		835	995	671	767	1 853	1 763	2.5	4.8
May	125		1 119	1 233	971	1 109	1 918	1 814	2.1	3.5
June	103		1 386	1 466	1 240	1 263	1 883	1 774	2.1	3.6
July	123		1 511	1 703	1 402	1 540	1 654	1 553	2.2	3.6
Aug.	124		1 436	1 608	1 360	1 495	1 791	1 683	2.4	3.2
Sept.	120		1 240	1 345	1 042	1 106	1 880	1 773	2.6	3.2
Oct.	133		1 168	1 359	930	1 005	1 906	1 804	3.3	3.2
Nov.	125		1 089	1 372	909	968	1 889	1 824	3.9	3.6
Dec.	104		1 039	1 197	870	864	1 835	1 842	4.5	3.7



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

**PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.**

### BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = 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 in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams. Left: Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

### DEPOSITS BY THE PUBLIC —

#### ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

### STATE FINANCES

Page 8. Official 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 Savings Bank less cash holdings (net) of State departments and funds.

### BALANCE OF PAYMENTS

Page 9. 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.

### FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indices* (p. 10): 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. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDICES

Page 13. All indices calculated by the Central Statistical Office.

### PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The 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: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

### SYMBOLS USED

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

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



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in 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 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

### LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (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 (1967): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.8 and Norway 3.8 million.

DENSITY OF POPULATION (1967): In South Finland 26.0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1967): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 528 300 inhabitants, Tampere (Tammerfors) 150 200, Turku (Åbo) 148 100.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

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

EDUCATION (1967): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1967): births 16.5 ‰, deaths 9.4 ‰, increase 5.0 ‰. Deaths in France 10.8 ‰ and Great Britain 12.1 ‰.

### TRADE AND TRANSPORT

NATIONAL INCOME (1967, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 295 (9 %), forestry and fishing 1 798 (7 %), manufacturing 7 907 (30 %), construction 2 544 (9 %), transport and communication 1 920 (7 %), commerce, banking and insurance 3 507 (13 %), public administration 1 221 (4 %), other services 5 494 (21 %), total 26 686. Index of real domestic product 109 (1964 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 420 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81 % in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

RAILWAYS (Jan. 1, 1969): Length 5 709 km, of which 5 680 km are State and 29 km private railways.

MERCHANT FLEET (Jan. 31, 1969): Steamers 77 (108 729 gross reg. tons), motor vessels 411 (961 311 gross reg. tons), sailing vessels with auxiliary engines 14 (1 776 gross reg. tons). Total 502 (1 071 816 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1968): Kilometres flown 14.7 million, passengers carried 895 700, passenger kilometres 439.0 million, and ton kilometres of freight and mail 7.6 million.

### 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). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland 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, 1968) There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from their members. The National Pension Institute and sixty-two private insurance companies also grant credits.

RATES OF INTEREST (March 1, 1969). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 %, 6 months' deposits 4 ½ %, 12 months' deposits 5 %, 24 months' deposits 6 %; highest lending rate 10 %.

## THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

BY

LAURI KORPELAINEN, D. Pol. Sc., Director

HENRI J. VARTIAINEN, D. Pol. Sc., Head of Department

Economic research forms a necessary and integral part of the activities of any modern central bank, for the elucidation of economic policy alternatives requires continuous study of relationships operating within the economy. In the Bank of Finland there is an Institute for Economic Research whose task it is, in addition to contributing to decision making in both monetary and fiscal policy by the provision of the necessary basic data, to generally promote economic research.

### FROM STATISTICS DEPARTMENT TO RESEARCH INSTITUTE

In March 1969 the Bank of Finland Institute for Economic Research will have been functioning in its present form for 25 years. Its origin can, however, be traced back to a decision of 50 years ago; in March 1919 the Bank of Finland engaged an individual whose job was to collect statistical information, follow developments in the money market and other economic sectors both at home and abroad and prepare statistical reports for the Board of

Management. This "statistics department", consisting originally of one person gradually expanded; it was also made responsible for the dissemination of information abroad. With the onset of the depression in 1929 the head of the department proposed to the Board of Management that an economist be hired to organize the study of cyclical developments. This marked the inauguration of an affiliated Department responsible for Surveying Cyclical Trends. By 1938 there were ten persons employed in these two departments.

In 1943 the Board of Management suggested to the Bank Supervisors that the Statistics Department and the Department for Surveying Cyclical Trends be combined to form the Bank of Finland Institute for Economic Research. The proposal was based on a recognition that there was a distinct overlap in the fields of operation of these departments and therefore their work was mutually reinforcing. The Board of Management pointed out that with the restoration of peace a number of problems of a general economic nature would be likely to emerge and the solution of these would require competent statistical and scientific

studies. A research institute functioning within the Bank of Finland could, in addition, fulfil the function of training economists in research; "In our country, where there is a shortage of both public and private funds, young scientists frequently do not have the opportunity to undertake research as they are compelled for financial reasons to find a job and make their living. As a result we have an insufficient number of qualified scientists especially with respect to those positions in the education system which require a thorough training in economics. A research institute within the Bank of Finland could, in addition to pursuing its major objective, offer young and talented scientists an opportunity to continue their studies in economics." In order to promote this aim it was envisaged that the Institute would employ more advanced research students preparing for their doctoral degrees as well as younger ones who had completed a lower degree.

The Bank Supervisors accepted this proposal by the Board of Management. They decided that it would be the task of the Institute to prepare reports on the activities of the Bank of Finland and general economic developments in the country and to carry out economic research and other tasks given to it by the Board of Management of the Bank. Parliamentary sanction was given for the necessary revision of the Bank of Finland Regulations.

The Institute started its operations in March 1944 with 15 employees. Over the course of time the personnel has been steadily increasing, and at the end of 1968 there were 48 people on the records. Besides the Director there are two posts of Head of Department and facilities for approximately 15 research workers. The rest of the number is made up of the auxiliary staff necessary

for the compilation of monetary and balance of payments statistics and those engaged on office and calculation work.

Some advanced economists with doctoral degrees are given the opportunity to work in permanent positions as senior research workers in the Institute; in accordance with the educational aim of the Institute's work, the research corps includes licentiates working on their doctoral theses, graduate students preparing their licentiate examination and occasionally undergraduates studying for their Master's degree. Every research worker is expected to become well versed with general economic theory and development, to become familiar with one particular sector of the economy and the structure, methods of analysis and statistics he needs to know in order to follow its development and, in addition, to prepare required reports. Team work forms an integral part of the research workers' activity; they become acquainted with economic research from a broad point of view, the methods of analysis of other sectors and macroeconomic forecasting. It is expected, moreover, that research workers should continue to progress with their own studies for academic degrees.

#### RESEARCH AND PUBLICATIONS

Research, as carried out by the Institute, may be roughly classified into four categories: basic theoretical and empirical studies, the study of cyclical developments, the study of economic growth and research aimed at improving regularly published statistics.

Basic research has been undertaken to elucidate such fields of economic activity as have not been subjected to systematic

study and the collection of data before; the results may be expected to shed new light on the interrelationships existing within the economy. Monetary problems, the exchange rate and external liquidity have naturally been important topics of research in connection with the pursuance of monetary policy. However, study has not been confined to these sectors; in a small country with a shortage of highly specialized research institutes, meaningful restrictions cannot be placed on the subjects of study.

The findings of these studies are reported in two special series of publications.<sup>1</sup> One of these, Series A, has been published annually in Finnish and Swedish since 1942; it contains articles written by the Institute's research workers and currently some series on the financial market. It also includes papers by outside experts and purely theoretical discussions. Of the subjects that have been discussed we might mention in particular liquidity and balance of payments analysis, developments in prices and wages, and foreign trade.

More extensive studies, where theoretical hypotheses have often been combined with empirical studies of the Finnish economy and which have frequently served as doctoral theses, are published in Series B. The first work in this series was a pioneer study of Finland's national income in 1926—1938. Economic history has also been surveyed, i.e. the birth and growth of manufacturing industry in Finland since the 1860's, monetary and price developments and the development of exports and monetary policy since the last century. On the subject of productive activity we might mention a study on variations in the volume of residential building and its causal factors.

<sup>1</sup> A mimeographed catalogue of all such publications can be obtained from the Institute.

Several studies have been concerned with the financial market and factors affecting the value of money. A couple of studies deal with the topic of inflation, one examines the structure of the Finnish banking system and another has analyzed the interest rate policy of the Bank of Finland between 1914 and 1938. Among the more recent contributions are e.g. a study on wage function and on the behaviour of commercial banks and credit expansion in institutionally underdeveloped financial markets. A comparative study of factor cost prices in Finnish agriculture and international market prices is also worth mentioning.

Papers have, in addition, been written on fiscal policy and the structure and effects of taxation. In 1967 a study was published on the demand for household furniture and equipment in Finland and in 1968 an analysis of seasonal and other short-term variations appeared under serial number 28.

Since 1962 the Institute has also been publishing a Series C; this consists of reports prepared by outside experts and other studies of general interest. Mimeographed studies and reports which discuss work in progress have been published as Series D since 1963.

The Institute is also responsible for the publication of the Bank of Finland Monthly Bulletin which is a source of statistical and economic information intended for friends abroad. The current circulation amounts to 5 500 copies. Its leading articles discuss current subjects of interest, and every issue contains a longer article surveying some aspect of the Finnish economy. Moreover, the annual "Finnish Bond Issues" is published in Finnish, Swedish and English.

The Institute avails itself of a professional library of approximately 16 000 volumes. Exchange copies of economic publications

are obtained from various countries. An attempt has been made to ensure that monetary and banking theory is particularly well represented in the library, and its facilities may be freely used by persons from outside the Institute.

#### OBJECTIVES IN THE SHORT AND LONG TERM

The foundation for the study of cyclical developments was laid down in Finland during the 1930's and gained greatly in significance after the liberalization of foreign trade in 1957 which constituted a decisive step towards a more open economy. The Institute has devoted particular attention to the causes and repercussions of cyclical fluctuations, especially as economic forecasts are prepared in order to assist in decision-making in the field of monetary policy. Regular short-term forecasts, which are undertaken as a team, also serve as training for young research workers. On the basis of certain initial hypotheses, development within each sector of the economy is forecast over the next 1—2 years and these are then combined, on the basis of available theoretical knowledge of the relationships existing within the economy, to form a coherent whole. Certain assumptions are made regarding the direction of fiscal and monetary policy, and the forecast may indicate that a change in policy is necessary in order to achieve given objectives.

Certain basic quantitative assumptions are necessary when this type of forecast is undertaken. These are provided, not only from documents about budgetary policy, but also through investment and export surveys, which have been carried out since the beginning of the 1960's. The export surveys seek information from the most

important exporters and associations of exporters on their export forecasts and their estimates of prospects in the near future. The investment inquiries are sample surveys the purpose of which is to discover from entrepreneurs their realized investment in building, machinery and equipment and the plans they have for the immediate future. The results of the survey while not constituting in themselves a forecast provide valuable information on possible cyclical developments and on entrepreneurial expectations. This, together with a forecast of economic developments abroad, is the basis for estimates of how total demand and supply will develop and of the type of monetary and fiscal policy that will in consequence be necessary.

In short-term economic analysis it is necessary to know the behaviour of economic variables at different stages of the cycle. There are, however, considerable seasonal variations present in many economic variables which may obscure the true cyclical movement. Since the beginning of the 1960's methods have been developed in the Institute for eliminating such seasonal and calendar variations from important time series in order to discover the trend. As a result more than 100 time series, adjusted for average seasonal variations by methods adapted to suit Finnish circumstances, are now published in the quarterly "Economic Indicators for Finland — Economic Time Series Data — Charts and Figures."

The problems of long-term economic growth have become increasingly important during this decade. The Institute has participated in the preparation of several reports on the outlook for growth in the Finnish economy. The co-operation of the Institute has also been called upon in the drawing up of long-term economic forecasts and in

discussions on general economic planning. In addition, since the beginning of the 1960's studies of Finland's economic growth, covering the period from the middle of the 19th century up to the present day, have been carried out under the supervision of the Institute but primarily by outside research workers. This series began with a study of agricultural production in Finland published in 1966. Subsequent studies will deal i.a. with Finland's foreign trade, transport and communications, forestry, manufacturing industry, building activity and domestic trade.

Research carried out by the Institute has also contributed to the provision and development of statistics; endeavours have been made to meet the requirements of structural analyses and also those set by the analyses of cyclical developments and economic forecasting. The regularly compiled statistical series consist of those concerning the Bank of Finland, monetary market and the balance of payments; figures for the latter are now published quarterly. Moreover, statistics on the credit market, credits outstanding and the net assets of the banking system, which have been developed since the 1950's continue to be calculated in the Institute. The Bank of Finland's computer has been of great help in the development of statistics. Calculation of the state debt and transactions of the Treasury, on a cash basis, were formerly carried out by the Institute but in 1968 these tasks were handed over to the pertinent State Departments.

statistical offices and central organizations. Study programmes and research projects have been discussed with university professors; representatives from the Institute have given lectures and seminars and participated in the work of research teams.

During the life of the Institute research workers have, in addition to their more immediate duties, been called upon to act as officials for economic associations, as editors of economic publications, as members, experts or secretaries in government committees, and as Finnish representatives at international meetings. They have, in addition, given speeches in academic institutions, to economic associations, chambers of commerce etc., written articles for newspapers and periodicals and participated in radio and television programmes.

In recent years economic research has been characterized by an expanding degree of international co-operation. The Institute has assisted international monetary institutions and organizations with answers to questions concerning the Finnish economy and economic policy and has provided them and their delegations with statistical data and professional help. Efforts towards further international co-operation have resulted in reports by the Institute i.a. on the effects of such endeavours on Finland's competitive position and its economy. Representatives of the Institute take part in discussions on the economic outlook and scientific problems both in the Scandinavian forum and elsewhere.

\* \* \*

#### OTHER ACTIVITIES

To intensify research and the production of statistics in a more general setting, it has been apposite to further co-operation with other research institutes, universities,

Mr. Kaarlo K. Kalliala began the collection of statistics at the Bank of Finland in 1919 and was Head of the Statistical Department until 1925. He was followed by Dr. A. E. Tudeer, who was subsequently appointed

the first Director of the Institute; during the thirty years he served in this positions he exercised a major influence in the development of economic research in the Bank of Finland and in the country as a whole. The study of cyclical developments was started in 1930 by the notable economist Dr. Br. Suviranta, who after the War moved over to an academic career with a

professorship and finished his career as the Chancellor of the Helsinki School of Economics. Dr. Reino Rossi was appointed Director in 1955, followed by Dr. Heikki Valvanne, who held this position from 1957 to 1966 until the appointment of Dr. Timo Helelä. Since November 1968 Dr. Lauri Korpelainen has served as Director at the Institute.

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## ITEMS

### **Finland's Balance of Payments for 1968.**

According to the preliminary figures of the Bank of Finland Institute for Economic Research total revenue on current account was 8 460 million marks and total expenditure 8 135 million marks in 1968. Thus the surplus on the balance of current transactions amounted to 325 million marks. In 1967 there was a deficit of 489 million, which means that there was an improvement in 1968 over the previous year of 814 million marks.

The value of commodity exports increased by 31.3 per cent and totalled 6 870 million marks. The value of commodity imports grew by 15.4 per cent amounting to 6 689 million marks. The balance of trade was thus improved by 744 million marks in 1968 and showed a surplus of 181 million marks in comparison with the 563 million marks deficit of the previous year. The surplus in the balance of trade, including foreign trade adjustment items, was 110 million marks. The surplus arising from trade in convertible currencies was 266 million whereas the deficit from trade in non-convertible currencies was 85 million marks.

The surplus in invisible items, i.e. services and interest and transfer payments was 215 million marks. The deficit in the balance of payments on travel account declined by 80 million marks to 8 million marks in 1968. Receipts from transport are estimated to have exceeded corresponding expenditure by 485 million marks, which means an improvement on transport account of about

70 million marks on 1967. Due to the considerable capital inflow during the last few years interest payments increased substantially in 1968; the deficit on interest account grew by 53 million marks to 262 million marks.

**Inflow of long-term foreign capital.** Drawings on long-term foreign loans totalled 1 245 million marks in 1968. Calculated at the present rate of exchange, the corresponding figure for 1967 was 1 158 million. If the two drawings on the stand-by credit obtained from the International Monetary Fund and totalling 262 million marks, are deducted, long-term foreign capital imports exceeded those of the previous year by 349 million marks.

Amortizations of long-term foreign loans amounted to 868 million marks in 1968, i.e. to 394 million marks more than in 1967 at the present rate of exchange. The first tranche of the stand-by credit, equivalent to 131 million marks, was repaid in July 1968 and another equal amount in December. If the comparison is made excluding these amortizations, repayments of Finland's long-term foreign loans were 132 million marks in excess of the 1967 figure. Net long-term capital inflow amounted to 377 million marks in 1968, which is, at the present rate of exchange, 308 million marks less than the year before. If the drawings on stand-by credit in 1967 and its amortizations in 1968 are excluded, there is a net increase in long-term capital inflow of 216 million marks over 1967.



Imports of long-term foreign capital took place mainly through bond issues or in the form of other financial loans and commodity credits. Eight bond issues were made abroad totalling 367 million marks and exceeding the previous year by 194 million marks. Gross inflow of other financial credits increased by 139 million marks and the net increase in commodity credits was 57 million marks. At the end of 1968 Finland's long-term foreign debt amounted to 4 553 million marks.

**Travel Account.** Receipts from travel were 282 million marks in 1968, which is 61 per cent more than in the previous year. Expenditure on travel increased by 10 per cent and amounted to 290 million marks. The deficit in the balance of payments on travel account, which has been almost 100 million marks annually all this decade, declined from 1967 by 80 million marks to 8 million marks in 1968. At the present rate of exchange receipts from travelling were approximately 29 per cent greater than in 1967 whereas expenditure was reduced by roughly 13 per cent. These favourable developments are above all a result of the devaluation of the mark, which has raised the cost of travel abroad in terms of Finnish currency and, at the same time, made Finland more attractive to foreign tourists.

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**Interest rates on deposits changed.** The banking institutions ceased to accept index-tied deposits in the latter part of March 1968 in connection with the arrangements leading to the Stabilization Agreement. As index-tied deposit accounts gradually ceased to exist, the funds released were placed on twelve-month deposit accounts bearing high rates of interest. The annual interest cost of index-tied accounts had been only 3 per cent to the banks, as the index compen-

sations paid on these deposits were collected directly from the receivers of credit in the form of special index charges. As there was a substantial shift in favour of high-interest deposits, bearing a 6 per cent annual rate, the average rate of interest paid by the banks on deposits was increased by approximately one percentage unit. It was not possible to raise lending rates of interest as a result of the stipulations of the Economic Special Powers Act, therefore the Joint Delegation of the Banking Institutions decided on February 22, 1969, after consultations with the Bank of Finland, to reduce interest rates on deposits from March 1, 1969 onwards. Two new types of accounts were introduced at the same time: 6-month and 24-month term deposit accounts. Regulations governing the different kinds of accounts both before and after the revision are shown in the table below.

	Until Feb. 28, 1969		Since March 1, 1969	
	Interest rate	Drawing right mk/ account/ month	Interest rate	Drawing right mk/ account/ month
Cheque and postal giro accounts	0	no limit	0	no limit
Service and giro deposit accounts <sup>2</sup>	4.5 <sup>1</sup>	4 000	4 <sup>1</sup>	4 000
Time deposit accounts <sup>2</sup>	4.5	3 000	4	3 000
6-month deposits	.	.	4.5	—
12-month deposits	6	—	5	—
24-month deposits	.	.	6	—

1) Interest calculated on the lowest monthly balance.

2) Amounts exceeding the drawing right on 6-months notice.

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**The investment inquiry of autumn 1968.** In October 1968, the Bank of Finland Institute for Economic Research conducted its semiannual investigation into fixed invest-

ment in Finnish industries. Questionnaires were sent to over 600 randomly selected undertakings, and over 90 per cent of them were returned. The informants were requested to supply i.a. their provisional estimates for the year 1968.

The following table presents estimates of fixed investment in industry in 1967 and 1968, as calculated on the basis of this inquiry.

The inquiry reveals that the volume of investment in total industry declined less in 1968 than in 1967. The value of investment in total industry increased by 7 per cent in 1968, but since the price level for investments rose by 11 per cent the volume decreased 4 per cent over the previous year. The decrease in volume was 10 per cent in 1967. The decline in 1968 was smaller than in 1967 mainly because investment in the

	Fixed investment Mill. mk		Percentage change 1968/67
	1967	1968	
<i>Manufacturing</i>			
Machinery, equipment <sup>1</sup>	861	995	+16
Building .....	359	335	— 7
Other construction ...	103	117	+14
Total	1 323	1 447	+ 9
<i>Total industry<sup>2</sup></i>			
Machinery, equipment <sup>1</sup>	1 042	1 157	+11
Building .....	406	371	— 9
Other construction ...	184	226	+23
Total	1 632	1 754	+ 7

<sup>1</sup>) Including motor cars and other means of transportation.

<sup>2</sup>) Total industry includes manufacturing, mining, electricity production, gas and water-works.

wood and paper industry increased considerably in 1968. On the other hand, investment in the metal industry decreased by over 20 per cent and in other manufacturing remained at the same level as the previous year.

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