



# BANK OF FINLAND

*Monthly Bulletin*

**Finland's foreign trade in 1971**

**Growth prospects for the Finnish  
economy in the 1970's**

**Finland's balance of payments in 1971**

**Investment capital flows in 1971**

**Finnish Municipalities Bonds of 1972**

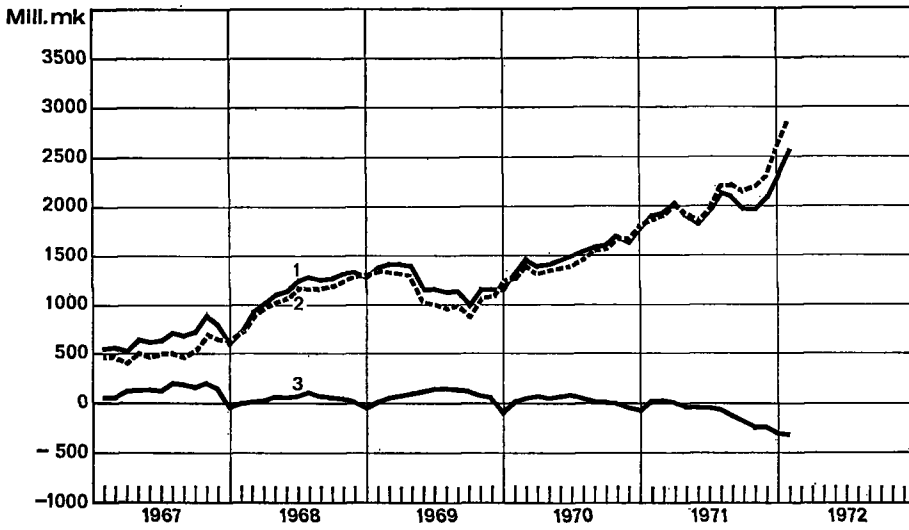
**The Bank Supervisors of the Parliament**

**Board of Management of the Bank of  
Finland**

APRIL 1972

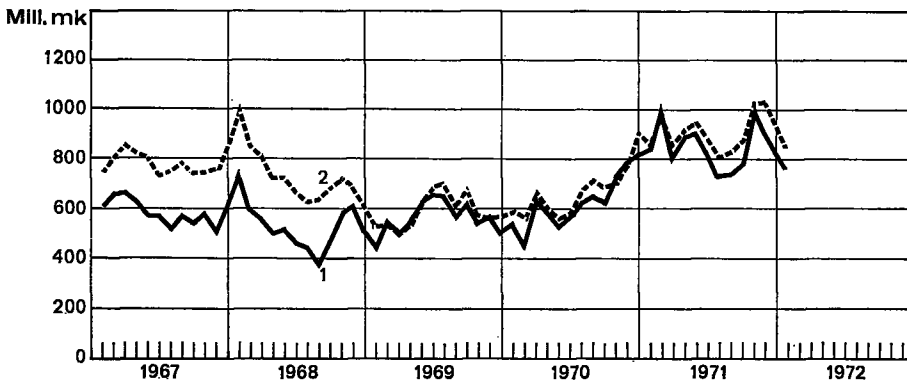
Vol. 46 No. 4

Bank of Finland foreign exchange reserve, 1967-1972



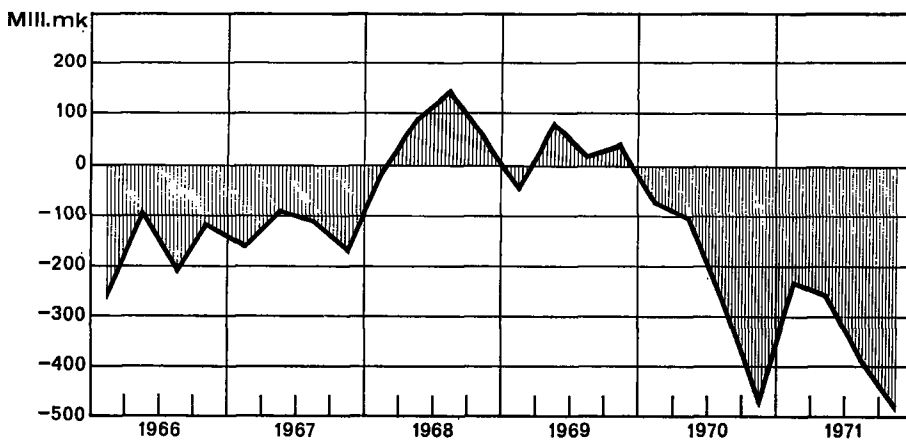
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1967-1972



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

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



Seasonally adjusted quarterly figures

# FINLAND'S FOREIGN TRADE IN 1971

## INTERNATIONAL BACKGROUND

In 1971 the most striking economic developments in western industrialized countries were a continuing recession and major disturbances in foreign exchange relations. The growth rate of Finnish exports decelerated mainly due to weak demand in most western European countries, which was only partly offset by the modest recovery of activity in North America. The volume of industrial output in the OECD countries, weighted by their importance as markets for Finnish exports, grew by less than 2 per cent in 1971 as against 4 per cent in the previous year. The growth in the volume of world trade was about 5 per cent, as against 9 per cent in 1970. The rise of prices in world trade which slackened markedly during the second half of 1970, accelerated once again in the first half of 1971. The introduction of floating exchange rates by most of the large industrial countries in August meant that world trade prices in dollars continued to rise rapidly in the second half of the year.

## EXPORTS

As a consequence of slackening foreign demand, a six week's strike in the metal industry and sluggish development of exports to the Soviet Union during the first year of the five-year agreement period, the growth rate of the value of commodity exports fell to 2 per cent in 1971 from 16 per cent in the preceding year. According to preliminary calculations the rise in export prices was about 5 per cent; hence the volume of exports decreased by approximately 3 per cent. As world trade grew more than Finnish exports, the shares of Finnish exporters in world markets declined.

The effects of the recession were felt most severely in exports of the wood-based industries, the share of which in total exports fell slightly. The decline in the volume of exports of pulp and paper products was the most marked. The strike was one factor behind the 5 per cent fall in the export value of metal and engineering industry products. The value of other industrial exports increased by 12 per cent, and as a result of sharp price increases, there was an increase of 28 per cent in the value of agricultural exports.

In 1971 changes in the regional distribution of Finnish exports continued the trend of previous years. The share of EFTA countries increased from 43.5 per cent in 1970 to 46.0 per cent in 1971, whereas the share of the EEC countries and that of the Eastern Bloc declined. The United Kingdom, Sweden, the Soviet Union and the Federal Republic of Germany were the individual countries most important for Finland's exports.

## IMPORTS

As a result of the slackening of total demand, the running down of stocks accumulated in the preceding year and the measures taken to curb the increase of imports (see Bulletin No. 7/1971), the volume of commodity imports decreased slightly. However, world-wide inflation and the floating of the major trading currencies brought about a rise in import prices of about 7 per cent. Accordingly the growth in the value of commodity imports was 6 per cent which was only one fifth of the growth in 1970. The terms of trade which had shown signs of improving in the first half of the year began to deteriorate towards the end of it.

The value of the imports of raw materials and producer goods, which accounts for 40 per cent of total commodity imports, fell by 6 per cent, the import prices of these goods remaining rather stable. The rise in import prices was most notable in fuels and lubricants, for the rise of one quarter in the value of these imports was wholly due to the price increases. The only category of imports which experienced growth in volume terms was investment goods. Even then more than half the rise of 23 per cent in the value of these imports was due to increasing prices. The share in total commodity imports of »non-productive commodities», i.e. consumer goods and passenger cars, declined. The import value of consumer goods increased by only 5 per cent, and the number of passenger cars imported fell by 18 per cent.

The regional distribution of Finnish imports did not change markedly. The share of EFTA countries slightly increased, whereas that of the EEC countries declined. Also the share of the Eastern Bloc somewhat increased. In 1971 the countries most important for Finland's imports

were Sweden, the Federal Republic of Germany, the Soviet Union and the United Kingdom.

## TRADE BALANCE

As commodity exports in 1971 totalled 9 845 million marks and commodity imports 11 765 million marks, there was a deficit of 1 920 million marks on trade account. A year earlier the corresponding deficit was 1 465 million marks. In addition to the unfavourable international cyclical situation, the trade deficit was due to certain non-recurring factors. The timing of export deliveries, caused the bilateral trade deficit to amount to 715 million marks. The value of commodity exports was reduced by the strike in the metal industry while the value of commodity imports was increased by high price rises, especially in the price of petroleum.

March 24, 1972

## BANK OF FINLAND

Mill. mk

	1971		1972				
	March 31	Dec. 31	March 8	March 15	March 23	March 30	
<b>Assets</b>							
Gold and other foreign assets	2 261	2 776	3 154	3 138	3 183	3 169	
Gold	121	205	205	205	205	205	
Special drawing rights	183	197	282	282	282	282	
IMF gold tranche	280	268	268	268	268	268	
Foreign exchange	1 553	1 950	2 229	2 201	2 248	2 236	
Foreign bills	87	119	112	115	113	111	
Foreign bonds	37	37	58	67	67	67	
Claims on domestic banks	792	849	664	613	854	787	
Discounted bills	785	848	646	601	846	786	
Rediscounted bills	1	1	1	1	1	1	
Cheque accounts	6	—	17	11	7	—	
Other lending	229	340	340	326	324	314	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	95	121	118	103	99	89	
Loans	134	219	222	223	225	225	
Other assets	656	597	620	619	620	601	
Finnish bonds	54	38	51	49	50	32	
Finnish coin	15	14	23	24	24	22	
Currency subscription to Finland's quota							
in the IMF	518	530	530	530	530	530	
Other claims	69	15	16	16	16	17	
	Total	3 938	4 562	4 778	4 696	4 981	4 871
<b>Liabilities</b>							
Notes in circulation	1 204	1 479	1 321	1 319	1 328	1 423	
Liabilities payable on demand	133	358	639	583	868	477	
Foreign exchange accounts	76	297	316	321	327	331	
Mark accounts of holders abroad	10	30	55	54	54	39	
Cheque accounts							
Treasury	14	2	30	26	32	30	
Post Office Bank	18	2	220	163	434	48	
Private banks	—	9	—	—	—	5	
Other	4	3	4	3	4	4	
Other sight liabilities	11	15	14	16	17	20	
Term liabilities	832	905	944	926	915	1 089	
Foreign	—	—	—	—	—	—	
Domestic	832	905	944	926	915	1 089	
IMF mark accounts	518	530	530	530	530	530	
Allocations of special drawing rights	173	174	258	258	258	258	
Equalization accounts	399	400	352	345	345	355	
Bank's own funds	679	716	734	735	737	739	
Capital	600	600	600	600	600	600	
Reserve fund	32	32	74	74	74	74	
Profits undisposed	32	—	42	42	42	42	
Earnings less expenses (Dec. 31, Net profit)	15	84	18	19	21	23	
	Total	3 938	4 562	4 778	4 696	4 981	4 871

## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7—8)
	1	2	3	4	5	6	7	8	9
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
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117
May	1 888	56	1 832	650	526	1 956	—108	1	—109
June	2 011	59	1 952	653	526	2 079	—107	23	—130
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96
Oct.	2 227	246	1 981	664	530	2 115	— 92	22	—114
Nov.	2 364	261	2 103	668	530	2 241	— 90	39	—129
Dec.	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972									
Jan.	2 935	349	2 586	682	530	2 738	— 15	17	— 32
Feb.	3 080	360	2 720	695	530	2 885	— 3	26	— 29
March	2 991	370	2 621	708	530	2 799	— 3	30	— 33

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1971			Net holdings, Feb. 29, 1972			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Feb.	Jan.—Feb.
	Gold	205	—	205	205	—	205	—
Special drawing rights	197	—	197	282	—	282	—	+85
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 920	143	2 063	2 283	+12	2 295	+94	+232
Other currencies	—297	— 3	—300	—318	—8	—326	—5	—26
Total	2 293	140	2 433	2 720	+4	2 724	+89	+291

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					
	Dis-counted bills	Redis-counted bills	Cheque accounts <sup>1</sup>	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	Notes in circulation
				Private banks <sup>2</sup>	Post Office Bank <sup>2</sup>						
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
1971	848	1	—	9	2	838	121	234	908	-553	1 479
1971											
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280
March	785	1	6	—	18	774	95	203	732	-434	1 204
April	856	1	7	—	0	864	93	155	662	-414	1 259
May	893	1	4	—	0	898	164	155	597	-278	1 360
June	877	1	16	—	44	850	209	164	760	-387	1 355
July	821	1	7	—	62	767	221	186	870	-463	1 341
Aug	785	—	15	—	11	789	214	185	912	-513	1 307
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322
Oct.	1 097	1	5	—	79	1 024	188	207	950	-555	1 373
Nov.	1 109	1	19	—	162	967	152	206	929	-571	1 396
Dec.	848	1	—	9	2	838	121	234	908	-553	1 479

## 1972

Jan.	714	1	22	—	71	666	117	226	1 002	-659	1 369
Feb.	522	1	18	—	101	440	116	238	977	-623	1 377
March	786	1	—	5	48	734	89	242	1 110	-779	1 423

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

Mk

March 29, 1972

New York <sup>2</sup>	1 \$	4.140	Frankfurt o. M.	100 DM	130.76	Vienna	100 S	17.94
Montreal	1 \$	4.157	Amsterdam	100 Fl	129.47	Lisbon	100 Esc	15.37
London	1 £	10.840	Brussels	100 Fr	9.415	Reykjavik	100 Kr	4.75
Stockholm	100 Kr	86.82	Zurich	100 Fr	107.40	Madrid	100 Pta	6.43
Oslo	100 Kr	62.80	Paris <sup>3</sup>	100 FF		Moscow <sup>4</sup>	1 Rbl	4.960
Copenhagen	100 Kr	59.45	Rome	100 Lit	0.7115			

<sup>1</sup> Rates for New York and Moscow are official, others unofficial.<sup>2</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.<sup>3</sup> 82.15 commercial rate; 84.80 financial rate.<sup>4</sup> Clearing account: also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

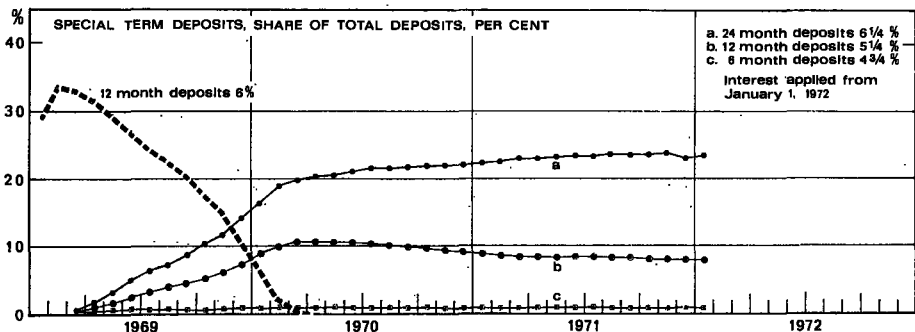
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971*	1 343.2	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1971\*

Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9
June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 324.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3
Dec.	1 343.5	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1972\*

Jan.	1 456.2	1 805.2	721.2	6 970.3	5 480.9	3 930.1	1 520.8	648.4	18 550.5	21 076.9
Feb.	1 456.3	1 820.1	772.5	7 021.9	5 540.5	4 008.4	1 548.9	658.5	18 778.2	21 370.8



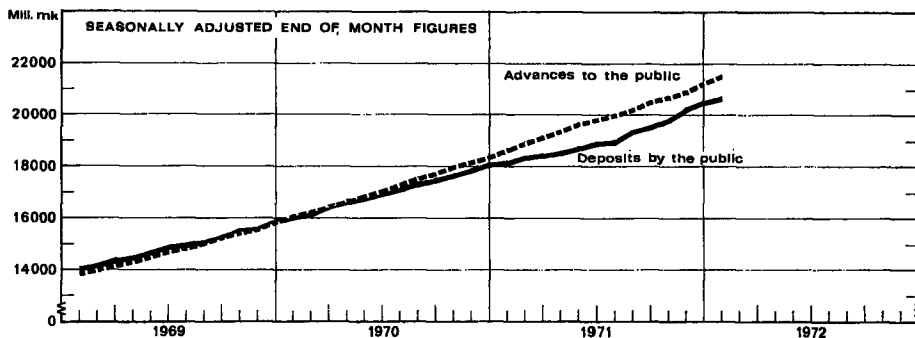


# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Post Office Bank <sup>1</sup>	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1965	4 597.4	2 609.2	2 030.6	707.4	899.4	10 420.4	423.6	10 844.0	2 074
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971*	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1971									
Jan	8 084.6	4 379.9	3 438.5	1 381.9	1 452.9	18 028.9	708.9	18 737.8	3 287
Feb.	8 153.9	4 417.3	3 472.1	1 408.0	1 516.8	18 228.7	739.4	18 968.1	3 311
March	8 247.5	4 445.0	3 506.6	1 426.3	1 530.0	18 399.6	755.8	19 155.4	3 218
April	8 373.9	4 486.8	3 533.8	1 486.3	1 536.2	18 622.3	794.7	19 417.0	3 168
May	8 429.1	4 547.2	3 570.6	1 538.5	1 589.4	18 896.2	778.6	19 674.8	3 467
June	8 452.4	4 544.1	3 574.2	1 570.8	1 640.2	19 023.2	758.5	19 781.7	3 423
July	8 477.7	4 569.8	3 608.1	1 602.3	1 658.7	19 146.5	770.1	19 916.6	3 298
Aug.	8 539.0	4 604.7	3 631.4	1 668.0	1 660.1	19 327.4	775.8	20 103.2	3 384
Sept.	8 811.6	4 655.6	3 686.1	1 742.1	1 657.0	19 747.3	805.1	20 552.4	3 415
Oct.	8 956.0	4 712.2	3 739.1	1 755.6	1 662.5	20 026.2	799.2	20 825.4	3 495
Nov.	9 071.0	4 770.5	3 793.6	1 737.0	1 760.3	20 352.2	780.2	21 132.4	3 606
Dec.	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1972*									
Jan.	9 262.7	4 851.8	3 884.0	1 782.7	1 808.1	20 838.9	750.4	21 589.3	..
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	..

<sup>1</sup> New series.



# STATE FINANCES

Revenue	Jan.—Dec.		Expenditure	Mill. mk	
	Jan.—Dec.			Jan.—Dec.	
	1970	1971		1970	1971
Income and property tax (net)	2 587	2 976	Wages, salaries, pensions etc.	1 808	2 046
Gross receipts	(7 356)	(8 529)	Repair and maintenance	285	318
Refunds & local authorities	(—4 769)	(—5 553)	Other consumption expenditure	794	915
Other taxes on income and property	65	87	<b>Total consumption expenditure</b>	<b>2 887</b>	<b>3 279</b>
Employers' child allowance payments	666	415	State aid to local authorities	1 503	1 663
Sales tax	2 821	3 212	State aid to industries	1 350	1 343
Revenue from Alcohol Monopoly	681	814	of which: agric. price subsidies	(965)	(970)
Customs duties & import charges	459	414	Child allowances	314	347
Counter-cyclical tax	—	114	Share in national pensions and health insurance	417	178
Excise duty on tobacco	457	479	Other transfer expenditure	1 052	1 227
»  »  on liquid fuel	621	718	<b>Total transfer expenditure</b>	<b>4 636</b>	<b>4 758</b>
Other excise duties	290	326	Machinery and equipment	324	382
Tax on autom. and motor cycles	321	290	House construction	275	253
Stamp duties	229	236	Land and waterway construction	659	779
Special diesel etc. vehicles tax	65	71	<b>Total real investment</b>	<b>1 258</b>	<b>1 414</b>
Other taxes and similar revenue <sup>1</sup>	148	238	Interest on State debt	259	266
<b>Total taxes</b>	<b>9 410</b>	<b>10 390</b>	Index compensations	28	27
Miscellaneous revenue	539	604	Net deficit of State enterprises	14	128
Interest, dividends etc.	197	251	Other expenditure	8	12
Sales and depreciation of property	85	97	<b>Total other expenditure</b>	<b>309</b>	<b>433</b>
Redemptions of loans granted	206	255	Increase in inventories	+24	+57
<b>Total revenue</b>	<b>10 437</b>	<b>11 597</b>	Lending	668	849
Foreign borrowing	86	20	Other financial investment	238	476
Domestic borrowing	661	539	<b>Total expenditure</b>	<b>10 020</b>	<b>11 266</b>
<b>Total borrowing</b>	<b>747</b>	<b>559</b>	Redemption of foreign loans	138	140
<b>Deficit (+) or surplus (—)</b>	<b>—485</b>	<b>—249</b>	Redemption of domestic loans	541	501
			<b>Total redemptions</b>	<b>679</b>	<b>641</b>
			<b>Total</b>	<b>10 699</b>	<b>11 907</b>

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

State debt	1968	1969	1970	1971		1972	
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.
<b>Foreign debt</b>	2 074	1 656	1 557	1 514	1 524	1 520	1 524
Loans	2 160	2 316	2 437	2 390	2 467	2 462	2 471
Compensatory obligations	5	4	3	2	2	2	2
Short-term credit	320	158	46	63	61	60	60
Cash debt (net)	— 256	— 217	— 284	— 623	— 528	..	..
<b>Domestic debt</b>	2 229	2 261	2 202	1 832	2 002	..	..
<b>Total State debt</b>	4 303	3 917	3 759	3 346	3 526	..	..
Total debt, mill \$	1 028	933	900	804	849	..	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970	9 686.7	11 071.4	-1 384.7
1971*	9 897.2	11 738.2	-1 841.0

1971*			
Period	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
Jan.	867.9	878.7	- 10.8
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	959.6	-265.8
May	778.6	1 022.8	-244.2
June	830.6	807.9	+ 22.7
July	846.5	868.5	- 22.0
Aug.	809.6	881.2	- 71.6
Sept.	858.1	1 108.9	-250.8
Oct.	921.1	1 074.5	-153.4
Nov.	961.2	1 024.0	- 62.8
Dec.	1 017.6	1 462.2	-444.6

1972*			
Period	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
Jan.	872.3	956.5	- 84.2

Indices of exports and imports 1962 = 100

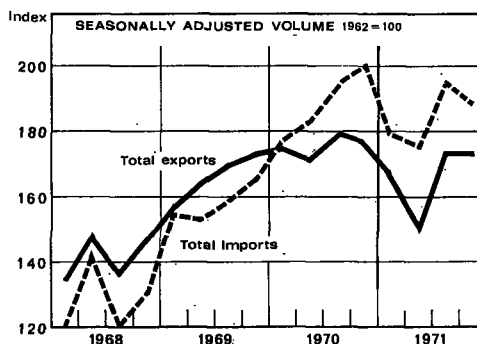
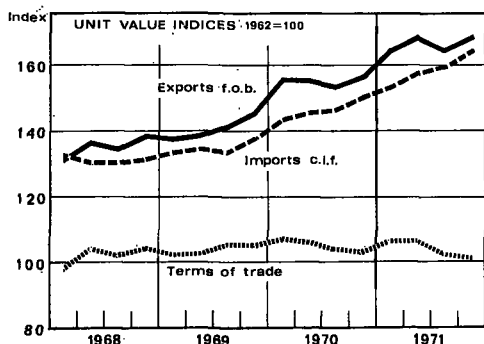
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971*	171	189	164	158	104

1969					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106

1970					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

1971 <sup>1</sup>					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
Jan.-Mar.	149	167	165	154	107
Apr.-June	154	179	169	158	107
July-Sept.	173	182	165	160	103
Oct.-Dec.	194	220	169	165	102

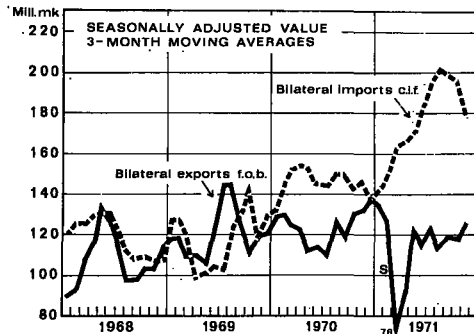
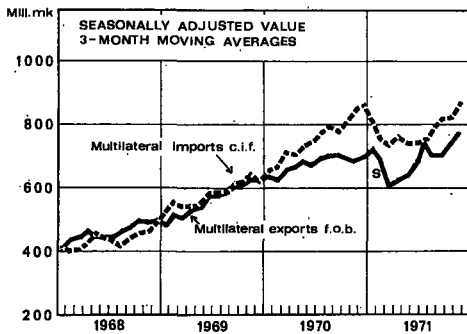
<sup>1</sup> The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	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	4 918.2	1 243.4	2 905.5	2 004.3
1971*	546.8	88.5	1 653.3	3 720.7	2 323.0	1 564.9	4 638.5	1 560.9	3 428.0	2 110.8
1971*										
Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.9	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	288.6	79.7	221.9	145.4
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.6	301.6	190.9
April	27.1	2.6	116.4	296.6	132.5	118.6	361.2	88.5	315.8	194.1
May	64.1	12.1	133.3	294.6	163.8	110.7	351.4	162.3	352.8	156.3
June	28.3	13.7	155.1	298.3	208.0	127.2	314.6	128.4	220.9	144.0
July	33.0	9.0	159.9	287.8	271.9	84.9	356.4	136.9	224.8	150.4
Aug.	37.9	13.7	148.5	287.5	187.6	134.4	345.0	171.7	213.9	150.6
Sept.	47.5	7.4	149.2	305.6	187.5	160.9	460.0	163.8	278.0	207.1
Oct.	45.0	8.0	166.1	351.0	196.4	154.6	434.3	142.3	317.2	180.7
Nov.	47.3	7.3	165.5	322.5	255.3	163.3	412.3	133.9	291.7	186.1
Dec.	74.5	6.6	168.6	359.5	254.8	153.6	601.6	179.3	430.7	250.6
1972*										
Jan.	72.8	3.2	132.7	320.7	226.5	116.4	360.1	136.5	294.3	165.6



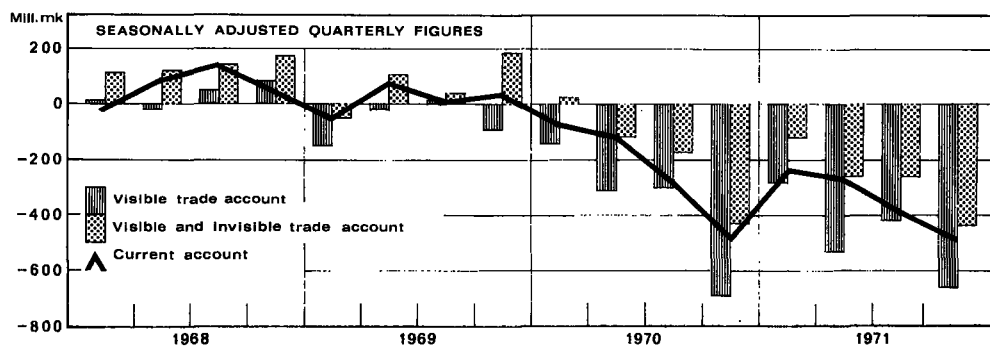
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January				January			
	1971		1972		1971		1972	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	72.5	629.3	71.8	626.2	77.3	679.7	73.6	703.6
Austria	0.9	7.4	0.7	6.0	2.0	17.9	1.1	10.2
Belgium-Luxembourg	1.8	15.7	2.0	17.3	2.0	18.1	1.6	15.7
Denmark	3.4	29.8	4.3	37.1	3.2	28.3	2.7	25.9
France	3.9	33.7	4.5	38.9	3.8	33.1	3.8	36.4
Federal Republic of Germany	10.4	90.2	10.4	90.5	16.2	142.8	21.0	200.6
Italy	3.0	26.2	2.2	19.1	1.7	15.0	1.8	17.5
Netherlands	4.8	41.9	4.6	40.5	3.4	30.2	4.3	41.1
Norway	5.7	49.7	2.4	20.8	2.9	25.5	2.2	20.7
Portugal	0.3	2.2	0.2	1.4	0.8	6.7	0.5	4.8
Spain	0.8	6.7	0.5	4.5	0.8	6.7	0.6	5.4
Sweden	16.1	140.1	14.9	130.4	20.3	178.3	16.5	158.2
Switzerland	2.5	22.0	3.0	26.5	3.9	34.3	3.1	29.3
United Kingdom	17.0	147.4	18.5	161.8	16.1	141.3	14.3	136.9
Other	1.9	16.3	3.6	31.4	0.2	1.5	0.1	0.9
<b>OECD countries outside Europe</b>	6.8	58.8	8.1	71.0	7.1	62.2	6.2	59.3
Canada	1.2	10.6	1.1	10.1	0.3	2.5	0.4	3.8
Japan	0.1	0.7	0.4	3.3	1.7	14.6	1.7	16.3
United States	5.5	47.5	6.6	57.6	5.1	45.1	4.1	39.2
<b>Eastern Bloc</b>	10.7	92.9	11.5	100.1	14.2	124.4	17.1	164.1
Czechoslovakia	0.4	3.2	0.5	4.6	0.4	3.1	0.8	7.2
Democratic Republic of Germany	0.8	6.8	0.6	4.9	0.6	5.2	0.6	5.5
People's Republic of China	0.2	2.2	0.5	4.2	0.7	5.8	0.1	1.3
Poland	1.4	12.4	0.5	4.3	1.4	12.1	0.6	6.2
Soviet Union	7.1	61.4	9.0	78.9	10.7	94.4	12.7	121.8
Other	0.8	6.9	0.4	3.2	0.4	3.8	2.3	22.1
<b>Latin America</b>	3.3	28.3	1.9	16.2	0.2	1.4	1.9	17.8
Argentina	1.5	13.0	0.4	3.5	0.1	0.5	0.0	0.3
Brazil	0.4	3.3	0.7	5.6	0.0	0.1	0.3	2.5
Colombia	0.3	2.6	0.0	0.4	0.0	0.0	1.2	11.8
Other	1.1	9.4	0.8	6.7	0.1	0.8	0.4	3.2
<b>Other</b>	6.7	58.6	6.7	58.8	1.2	11.0	1.2	11.7
<b>GRAND TOTAL</b>	100.0	867.9	100.0	872.3	100.0	878.7	100.0	956.5
of which								
<b>EFTA countries</b>	46.0	399.5	44.0	384.2	49.3	433.3	40.4	386.1
<b>EEC countries</b>	23.9	207.7	23.7	206.4	27.2	239.2	32.5	311.2
<b>OECD countries</b>	79.3	688.1	79.9	697.2	84.4	741.9	79.8	762.9

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971*	9 845	11 765	-1 920	+659	+246	+69	-946	-490	- 1	-1 437
<b>Jan.-Mar</b>										
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970 <sup>r</sup>	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971*	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
<b>Apr.-June</b>										
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970 <sup>r</sup>	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971*	2 291	2 777	-486	+175	+ 47	+21	-243	-118	- 1	-362
<b>July-Sept.</b>										
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970 <sup>r</sup>	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971*	2 502	2 883	-381	+178	+166	+16	- 21	-120	- 4	-145
<b>Oct.-Dec.</b>										
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970 <sup>r</sup>	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971*	2 884	3 569	-685	+108	+ 46	+13	-518	-117	+ 5	-630

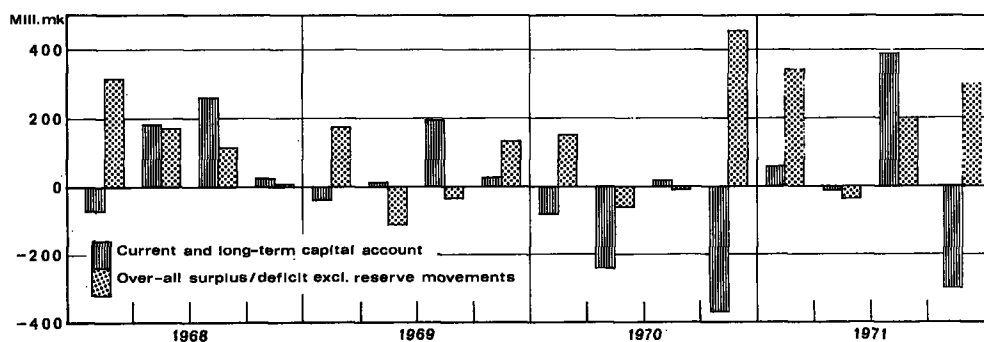


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 <sup>2</sup>	+545	-563	+ 16
+2 730	-855	-208	- 87	+1 580	+143	+391	+310	- 38	+806	-555	-251
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23 <sup>2</sup>	+157	-240	+ 83
+ 610	-228	- 5	-18	+359	+ 59	+ 20	+329	- 66 <sup>2</sup>	+342	-314	- 28
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 595	-200	- 11	-29	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 868	-252	- 89	+ 5	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 657	-175	-103	- 45	+334	-296	+568	-184	+214	+302	-305	+ 3

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

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

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



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes-tic goods	Im-ported goods	Pro-ducer goods	Mach-inery & transport equipm.	Con-sumer goods	Raw materials and com-modities	Simply pro-cessed goods	More elab-orately processed goods			
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
1971	312	315	302	309	361	304	346	295	303	149	162	134
1971												
June	310	313	300	307	359	303	339	295	303	149	164	133
July	312	315	302	309	359	306	344	296	304	150	164	133
Aug.	315	318	303	310	360	309	349	298	305	150	164	133
Sept.	317	319	307	312	374	309	350	299	309	153	170	136
Oct.	317	320	306	312	375	309	349	299	310	153	170	136
Nov.	319	322	308	314	377	312	354	299	312	153	170	137
Dec.	319	322	307	314	378	309	352	299	312	154	170	137
1972												
Jan.	323	325	315	317	390	312	352	302	318	154	170	137
Feb.	328	331	319	320	394	323	357	306	326	154	170	137

Period	Cost of living Oct. 1961 = 100	Con-sumer prices Oct.-Dec. 1967 = 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
1969	217	170	112	115	111	108	111	109	110	110	110	112
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1971												
June	237	186	122	121	118	112	127	140	118	126	119	125
July	239	187	123	122	120	112	128	140	119	126	119	125
Aug.	241	189	124	123	121	112	128	141	122	128	120	125
Sept.	243	190	125	125	120	113	130	143	122	129	121	126
Oct.	243	191	125	124	120	114	130	144	123	129	121	126
Nov.	244	192	126	124	120	114	131	144	124	131	123	127
Dec.	245	192	126	124	120	114	131	144	124	132	123	128
1972												
Jan.	242	190	125	124	120	115	126	145	121	128	125	128
Feb.	245	192	126	126	120	115	126	147	122	131	126	129



## WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Manufacturing	Construction							
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1971*	215	194	193	180	177	179	187	172	194	185
1970										
Jan.-Mar.	181	166	161	162	160	164	160	156	164	160
Apr.-June	180	169	168	163	162	165	165	157	170	164
July-Sept.	180	171	172	164	162	165	166	158	171	165
Oct.-Dec.	187	175	179	165	162	165	168	158	174	167
1971*										
Jan.-Mar.	200	183	184	176	174	176	180	169	185	178
Apr.-June	206	194	193	177	176	177	187	170	196	184
July-Sept.	219	197	196	180	178	180	189	173	197	186
Oct.-Dec.	226	203	200	185	181	184	194	177	201	191

## PRODUCTION

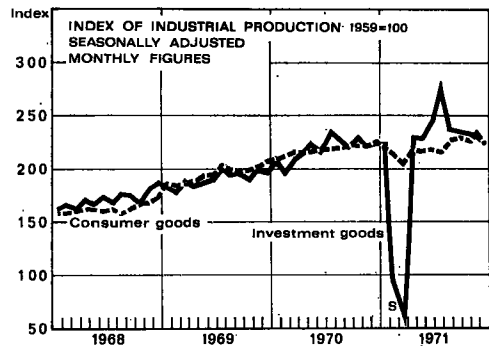
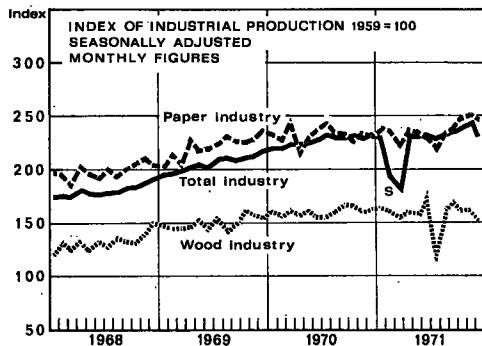
Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1969	123	138	97	102	123	104	124	123	123	123	127
1970*	132	153	94	111	140	98	132	133	129	128	134
1971*	134	151	94	108	137	97	135	139	135	132	140
1970*											
July-Sept.	133	142	170	55	172	100	137	132	129	128	133
Oct.-Dec.	136	163	68	106	176	94	137	145	133	130	136
1971*											
Jan.-Mar.	126	142	57	159	93	93	124	129	133	131	139
Apr.-June	133	154	77	119	125	97	133	140	134	132	140
July-Sept.	135	143	171	53	169	99	142	137	134	132	140
Oct.-Dec.	139	166	69	100	162	98	141	149	140	134	142

# PRODUCTION

Index of industrial production 1959 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1968	182	175	191	164	163	132	202	253	240	177	181
1969	207	194	214	196	173	151	223	285	281	199	207
1970*	228	222	232	220	190	162	234	328	328	226	228
1971*	227	208	231	223	190	161	237	351	314	211	227
1970*											
Nov.	242	247	248	226	213	159	239	350	337	248	230
Dec.	240	242	243	230	198	167	215	374	321	245	233
1971*											
Jan.	235	234	244	215	163	168	247	352	324	238	230
Feb.	196	102	202	207	162	166	231	328	315	109	195
March	207	83	212	231	180	187	256	346	318	90	183
April	234	237	233	233	185	175	218	396	296	235	233
May	233	231	236	225	186	170	229	372	319	234	232
June	226	238	223	226	204	172	203	336	321	244	234
July	175	153	186	154	175	104	222	300	283	140	231
Aug.	231	218	229	236	190	134	247	320	333	221	235
Sept.	245	250	245	241	190	166	246	362	330	253	239
Oct.	251	255	256	237	226	169	256	362	344	258	240
Nov.	256	255	261	244	231	162	257	376	323	258	245
Dec.	239	241	242	230	186	155	229	362	267	248	232
1972*											
Jan.	246	246	252	228	170	158	262	406	272	255	238



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970	2 194	2 153	41	1.9	39 267	114	130	125
1971*	2 199	2 150	49	2.2	36 238	118	137	122
1971*								
Jan.	2 111	2 061	50	2.4	4 212	96	110	116
Feb.	2 115	2 057	58	2.7	4 932	99	124	103
March	2 122	2 060	62	2.9	5 067	110	138	120
April	2 130	2 073	57	2.7	4 163	119	140	125
May	2 185	2 135	50	2.3	3 157	135	149	119
June	2 347	2 308	39	1.7	2 408	118	133	124
July	2 360	2 315	45	1.9	1 092	129	139	127
Aug.	2 285	2 243	42	1.8	1 290	124	160	130
Sept.	2 194	2 154	40	1.8	1 794	115	149	124
Oct.	2 179	2 138	41	1.9	2 274	120	142	128
Nov.	2 177	2 131	47	2.2	2 616	117	144	123
Dec.	2 175	2 122	53	2.4	3 233	156	155	121
1972*								
Jan.	2 134	2 063	71	3.3	3 009	..	..	..

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1969	38.95	15.38	3.88	15.29	2.12	32.03	12.85	3.15	10.95	3.32	36.40
1970	41.42	17.96	3.72	15.56	23.6	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	26.0	37.00	15.67	3.12	13.71	2.91	37.34
1970*											
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.62	5.79	1.79	5.24	1.23	36.56
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.55	3.00	0.49	2.19	0.72	32.98
Apr.-June	13.59	5.54	1.59	5.06	0.58	7.89	3.23	0.38	3.46	0.50	37.90
July-Sept.	12.90	6.66	0.61	4.18	0.89	8.78	3.65	1.01	2.64	0.84	41.76
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	12.67	5.35	1.12	5.03	0.76	37.34

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

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

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

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

## STATE FINANCES

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

## FOREIGN TRADE

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

## BALANCE OF PAYMENTS

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

## PRICE INDICES

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

## WAGES — PRODUCTION

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

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

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

## SYMBOLS USED

- Preliminary
- Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Not available
- Nil
- S affected by strike

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden 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 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish Farmers' Party 18, Swedish Party 10, Liberal Party 7 and Christian League 4.

## INTERNATIONAL ORGANIZATIONS

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

## LAND

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

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

## POPULATION

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

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

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

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

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

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

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

## TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7%),

forestry and fishing 2 683 (7%), manufacturing 11 643 (30%), construction 3 667 (10%), transport and communication 3 719 (10%), commerce, banking and insurance 4 733 (12%), public administration 2 228 (6%), ownership of dwellings 1 694 (4%), services 5 328 (14%), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1970). 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 remaining 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 calculated according to the use of wood was 50.7 million cu. m excl. bark (1 791 million cu. ft).

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

INDUSTRY (1969): Gross value of industrial production 30 676 mill. marks, number of workers 375 063, salaried employees 95 910, motive power (1968) 4.7 mill. kW. Index of industrial production 227 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1972): Length 5 874 km.

MERCHANT FLEET (Mar. 31, 1972): Steamers 41 (43 908 gross reg. tons), motor vessels 380 (774 776 gross reg. tons), tankers 59 (733 446 gross reg. tons), sailing vessels with auxiliary engines 4 (566 gross reg. tons). Total 484 (1 552 696 gross reg. tons).

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

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

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Since Dec. 20, 1971 a temporary central rate of 4.10 marks to one U.S. dollar has been applied.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1971). There are two big and five small commercial banks with in all 833 offices, 306 savings banks, 424 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and fifty-nine private insurance companies also grant credits.

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

# GROWTH PROSPECTS FOR THE FINNISH ECONOMY IN THE 1970'S

by Eero Tuomainen, Lic.Pol.Sc.,

Head of Section of the Economic Planning Centre

## PROBLEMS AND DEFINITION OF TARGETS

A new goal-oriented study of Finnish growth policy was published this month by the Economic Planning Centre.<sup>1</sup> The study holds that the major problems of the Finnish economy are continuously high emigration, structural disequilibrium in the balance of payments and extensive regional differences in economic activity. The study underlines that the problems can be solved only by making the targets of economic policy more explicit and especially by diversifying the structure of production. In the forecasts prepared by the Centre specific goals have been set for exports, the structure of investment and for regional policy.

Sustaining the rate of rapid economic growth appears to be the best way to prevent emigration. Growth, in turn, can be encouraged by maintaining present high share of industrial investment in national income. However, a change in the structure of industrial investment would be essential for reaching the growth target and improving balance of payments. The calculations of the study would above all require a continuous increase in the relative share of investment in the metal industry. The acceleration of structural change and the channelling of migration also necessitate measures to support residential building. The shortage of dwellings in population centres has been a major bottle-neck to more rapid growth in the last few years.

One essential prerequisite for growth of exports is that Finland receive equal treatment in her most important export markets. Two alternative assumptions have been made to assess the

impact of different trading relations: the first postulates free trade in manufactured products and the second, mutually limited free trade with the EEC.

One of the major targets of regional policy would be a more effective growth centre policy. Only the creation of sufficiently large population centres in Central and Northern Finland will alleviate the regional problems and the social problems which they bring.

## GROWTH PROSPECTS OF VARIOUS INDUSTRIES

Provided that structural change accelerates and that no new tariff barriers emerge for Finnish exports and that economic growth in the countries most important for Finland's exports is in line with the forecasts prepared by international organizations, Finland's growth pros-

**TABLE 1. AVERAGE ANNUAL VOLUME CHANGES IN GDP BY DECADE FOR 1960—70 AND FORECASTS FOR 1970—80, PER CENT**

	1960—70	1970—80
Agriculture	1	—1
Hunting and fishing	—0	1
Forestry	2	1
Mining and quarrying	4	7
Manufacturing	6	7
Construction of buildings	4	4
Other construction	2	5
Electricity, gas, water and sanitary services	9	7
Commerce	5	5
Banking and insurance	5	6
Transport and communications	5	5
Ownership of dwellings	5	6
Public administration and defence	4	4
Services	5	6
GDP at factor cost	4.8	5.2

<sup>1</sup> Suomen kansantalouden kehitysmahdollisuudet vuoteen 1980, Taloudellinen suunnittelukeskus, Helsinki 1972.

pects appear rather favourable for the 1970's. Because of the recession during the first years of this decade and the time lag in measures taken to promote marketing, product development etc., the growth rate will be relatively low in the first part of the 1970's. However, in step with desired structural change, growth can be expected to accelerate towards the end of the decade.

## FIXED CAPITAL FORMATION

In the 1960's more than one fourth of national income was devoted to fixed capital formation. Fluctuations in the growth of volume of investment have been very great. The most important structural changes have been the decline in the share of certain basic industries in total investment and the increase in investments due to urbanization. The distribution of investment among various sectors in the 1970's will tend to lower capital-output ratios. This

**TABLE 2. FIXED CAPITAL FORMATION IN 1970 AND 1980**

	1 000 million marks at 1970 prices		Share in total fixed capital formation, per cent		
	1970	1980	1960	1970	1980
Agriculture	0.6	0.7	9	6	4
Forestry	0.3	0.5	3	3	3
Mining and quarrying	0.1	0.1	1	1	1
Manufacturing	2.5	4.2	19	22	22
Construction	0.2	0.4	2	2	2
Electricity, gas, water and sanitary services	0.5	0.7	8	5	4
Transport and communications	2.0	3.0	23	18	17
Commerce, banking and insurance	0.9	1.7	8	8	9
Public administration	0.5	1.1	3	5	6
Ownership of dwellings <sup>1</sup>	2.5	4.5	17	23	24
Other services	1.0	1.7	8	9	9
Fixed capital formation	11.2	18.7	100	100	100

<sup>1</sup> Includes about 93 per cent of total investment in residential building.

means that the growth of production with regard to the volume of investment will accelerate.

## EMPLOYMENT

Changes in the employment situation in the beginning of the 1970's may affect considerably the long-term development of the Finnish economy. If the labour reserves which have grown during the recession of 1971—1972 cannot be absorbed quickly when the upswing starts and if a shortage of labour appears in the Swedish labour market, emigration in 1974—1975 may even exceed the level of 1969—1970. However, if the upswing in Finland takes place at the same time as the upswing in Sweden and the high volume of residential building in Finnish population centres can be maintained, it would seem to be possible to prevent excessive emigration. The increase in employment in the first half of the 1970's is not expected to be very great because of the slack of total demand in 1971—1972. Towards the end of the decade, however, the growth of demand may considerably exceed the growth of supply, which means that it should be easier to reduce structural unemployment.

**TABLE 3. EMPLOYMENT IN 1970 AND 1980 AND CHANGES IN THE 1960'S AND 1970'S, 1 000 PERSONS**

	1970	1980	Change	
			1960—70	1970—80
Agriculture and forestry	486	261	—275	—225
Manufacturing	570	623	101	53
Construction of buildings	125	124	6	—1
Other construction	65	65	—13	0
Commerce, banking, insurance and ownership of dwellings	318	382	89	64
Transport and communications	149	158	11	9
Other services	440	577	136	137
Employment	2 153	2 190	56	37

## EXPORTS OF GOODS AND SERVICES

The development of exports does not depend only on the growth of productive capacity but also on trade arrangements to be negotiated between Finland and the enlarged EEC. Substantial changes can be expected in the structure of commodity exports in the 1970's. Forecasts indicate that exports of metal and engineering products will increase strongly. However, this depends materially on the growth of capacity and the development of trade barriers. It must be remembered that in general forecasts on the development of exports vary considerably depending on the assumptions made. Apart from tariffs, foreign trade is influenced by economic developments in the export countries, changes in relative prices and foreign exchange rates, international currency arrangements etc., which all create uncertainty for forecasts on exports and total production in Finland.

**TABLE 4. EXPORTS OF GOODS AND SERVICES IN 1970 AND 1980**

	1 000 million marks at 1970 prices		Average annual volume change, per cent	
	1970	1980	1960—70	1970—80
Wood industry products	1.5	2.2	1	3
Paper industry products	3.8	5.7	7	4
Products of the metal and engineering industry	2.4	8.0	11	13
Other goods	1.9	4.1	9	8
Services and other items	2.3	4.5	11	8
Exports of goods and services	12.0	24.6	7.6	7.7

## IMPORTS OF GOODS AND SERVICES

The strong growth of exports allows an increase in those imports which are indispensable for maintaining production and which make it possible to meet the need for consumer and investment goods not domestically produced. As Finland's foreign debt has increased and her balance of payments deficit has become

rather large in the first years of the 1970's, imports cannot continue to exceed exports without causing major difficulties in the long run. Thus it is necessary to improve the country's competitive position so that an equilibrium can be reached before the end of the decade. Raw materials, other producer goods and fuels and lubricants form an important part of the total volume of imports and played a major role in the economic growth of the 1960's.

**TABLE 5. IMPORTS OF GOODS AND SERVICES IN 1970 AND 1980**

	1 000 million marks, at 1970 prices		Average annual volume change, per cent	
	1970	1980	1960—70	1970—80
Raw materials and fuels	6.2	10.3	8	6
Investment goods	2.5	4.0	4	4
Consumer goods	2.4	6.7	10	10
Services and other items	1.5	3.4	4	8
Imports of goods and services	12.6	24.4	7.9	6.7

## TOTAL DEMAND AND SUPPLY

The efforts to intensify the utilization of productive resources are not fully reflected in the trends of the various components of demand and supply. It has been estimated that the

**TABLE 6. GDP AND ITS USE IN 1970 AND 1980**

	1 000 million marks, at 1970 prices		Average annual volume change, per cent	
	1970	1980	1960—70	1970—80
Private consumption expenditure	22.9	39.3	4.9	5.4
Public consumption expenditure	6.9	12.4	5.8	5.7
Fixed capital formation	11.2	18.7	4.0	5.5
Increase in stocks and statistical error	2.8	3.1	..	..
Exports of goods and services	12.0	24.6	7.6	7.7
Imports of goods and services	12.6	24.4	7.9	6.7
GDP at market prices	43.2	73.6	5.2	5.4

<sup>1</sup> Calculated on the basis of the first and last year, without cyclical adjustment.



volume of private consumption expenditure will grow as rapidly as GDP at market prices in the 1970's. One of the major reasons for this is that income transfers to households are expected to increase relatively rapidly in the next few years.

In Finland, as in most other industrialized market economies, public consumption, both in value and volume terms, has grown faster than GDP at market prices. This development is likely to continue in the future. The use of health services can be expected to increase

especially as there will be an increase in the number of free services in the next few years. A rather vigorous expansion can be expected also in education and general administration.

The share of investment in national income will decline slightly. The effectiveness of investment can, however, be expected to increase not only as a result of the re-allocation of resources but also because the increase in stocks is not expected to be as great as in the past. Hence it seems likely that fixed capital formation will exceed that of the 1960's.

# ITEMS

## **Finland's balance of payments in 1971.**

According to the preliminary figures of the Bank of Finland, total receipts on current account amounted to 12 680 million marks and total payments to 14 117 million marks in 1971. Thus the current account deficit was 1 437 million marks. In 1970 the corresponding figure was 1 005 million so that the current deficit increased by 432 million marks on the previous year.

The value of commodity exports grew by 2 per cent and that of commodity imports by 6 per cent. The total trade deficit was 1 920 million marks. (See front article in this Bulletin.)

The service account surplus was 974 million marks. There was marked growth in the surplus on travel account, which increased from 142 million marks in 1970 to 246 million. Net income from transport on the other hand was smaller than in 1970 and totalled 659 million marks. As other services showed a surplus of 69 million marks, the deficit on the visible and invisible trade account totalled 946 million marks.

There was a net deficit of 491 million marks in the investment income and income transfers items, so that the current account deficit totalled 1 437 million marks.

The major part of the current deficit for 1971 was financed through the inflow of long-term capital. The international capital market remained easy, and Finland drew foreign loans up to 2 730 million marks, almost twice the amount drawn in the previous year. Long-term

redemptions totalled 855 million marks. New long-term export credits granted totalled 376 million marks and repayments 168 million marks. Direct investment abroad and the outflow of long-term capital totalled 195 million marks while the corresponding inflow was 106 million marks. Total net long-term capital imports was 1 580 million marks, i.e. 1 250 million marks more than in the previous year.

In addition there was a considerable inflow of short-term capital in the form of trade credits. This form of financing increased especially towards the end of the year so that the net inflow of short-term trade credits totalled 701 million marks. The outflow of other short-term capital amounted to 123 million marks, and thus the net inflow of short-term capital totalled 578 million marks.

Total long-term and short-term capital imports thus exceeded the current deficit by a large margin. If the 85 million marks of special drawing rights allocated to Finland by the IMF at the beginning of 1971, are included, the over-all surplus totals 806 million marks, the amount by which the country's gold and foreign exchange reserves increased in 1971. The gold and foreign exchange reserves of the Bank of Finland grew by 555 million marks and other holders of foreign exchange decreased their foreign net liabilities by 251 million marks.

**Investment capital flows in 1971.** Foreign direct investment in Finland, according to the permits granted by the Bank of Finland,

amounted to 94.5 million marks in 1971. This figure is almost double that of the previous year and also exceeds total foreign direct investment in 1969, a year when it was especially high because of the establishment of the Saab-Valmet motor car factory. It can be seen from Table 1 that almost half of foreign direct investment came from EFTA countries. Of this, one half originated in Sweden. The share of the EEC countries was less than one third of the record 1970 level but even so it exceeded the annual average of the 1960's. Investment from other areas, i.e. primarily from the United States and the Soviet Union, increased considerably.

**TABLE 1. FOREIGN DIRECT INVESTMENT IN FINLAND 1969—1971, MILL. MK**

	1969	1970	1971
Direct investment			
EFTA countries	64.6	17.2	49.7
EEC countries	1.7	21.8	6.1
Other	3.6	15.6	38.7
Total	69.9	54.6	94.5
Loans granted or arranged by foreign parent companies	14.8	22.2	11.3
Total inflow of direct investment	84.7	76.8	105.8
Number of permits granted	107	129	187

More than one third of foreign direct investment in 1971 went to industry and almost two thirds to marketing and other service enterprises.

Apart from direct investment proper, 11.3 million marks, net, was drawn by subsidiaries from foreign parent companies in the form of loans. Thus in 1971 the total inflow of investment capital was 105.8 million marks.

According to the permits granted by the Bank of Finland, the outflow of direct investment from Finland was 60.1 million marks in 1971, which is a considerable increase on the previous

year. Two thirds of this went to EFTA countries, one fourth to the EEC and the rest to other countries. The increase in the share of the EFTA countries was sharpest. More than 40 per cent of foreign direct investment went to industry while the remainder was distributed between marketing and other enterprises.

**TABLE 2. OUTFLOW OF DIRECT INVESTMENT FROM FINLAND IN 1969—1971, MILL. MK**

	1969	1970	1971
Direct investment in			
EFTA countries	13.4	16.3	39.1
EEC countries	11.5	12.7	15.9
Other	21.2	8.0	5.1
Total	46.1	37.0	60.1
Loans granted to or arranged for subsidiaries	30.8	182.3	134.8
Total outflow of direct investment	76.9	219.3	194.9

As can be seen from Table 2, loans granted or arranged by Finnish parent companies increase the value of total investment abroad considerably. In the last few years this type of capital outflow has increased, especially because of the »Eurocan» paper mill project in Canada, which has been largely financed in this way. Usually this has not involved a direct capital outflow from Finland because funds have been raised mainly in the international capital market. Permits for loans granted or arranged by Finnish parent companies totalled 134.8 million marks. The total outflow of investment capital decreased from 219.3 million in 1970 to 194.9 million in 1971.

### **Finnish Municipalities Bonds of 1972.**

Three banks, the Industrial Mortgage Bank of Finland Ltd, the Land and Industrial Mortgage Bank Ltd, and the Real Estate Bank in Finland Ltd have raised a loan of US\$ 15 million in Western Europe. The proceeds from the sale of the 8 ¼ per cent bonds dated March 15, 1972 and due March 15, 1987 will be used by the banks to make loans to Finnish municipalities and municipal associations for the

purpose of urban development and the promotion of industrialization. The banking consortium through which the loan is launched is headed by Merrill Lynch, Pierce, Fenner & Smith Securities Underwriter Limited. The price of issue is 99 ½ per cent and the bonds are quoted on the Luxembourg Stock Exchange.

**The Bank Supervisors of the Parliament.**

The members of the new Parliament chose nine Bank Supervisors on March 3. The Bank

Supervisors elected Mr Harri Holkeri (Conserv.) Chairman and Mr Valdemar Sandelin (Soc. Dem.) Vice-chairman.

**Board of Management of the Bank of Finland.**

At their meeting on March 21, 1972, the Bank Supervisors appointed Mr Timo Helelä, D. Pol. Sc., presently Director of the Bank, Acting Member of the Board of Management of the Bank while Dr Mauno Koivisto is absent as a member of the Government.



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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor, absent as  
a Member of Government*

A. Simonen

*Deputy Governor, Acting Governor*

Ahti Karjalainen

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

*ad int.*

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## Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

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## Heads of Department

Pauli Kanerva

*Administration*

K. Ignatius

*Personnel*

Antti Lehtinen

*Domestic financial operations*

Helge Lindström

*Credits and securities*

Kalle Koski

*Foreign credits*

P.-E. Österlund

*Direct investments and  
capital transfers*

Kari Nars

*Special offices  
for international matters*

Leo Lindström

*Foreign exchange control*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign correspondence*

Väinö Heiskanen

*Banking services*

Eino Suomela

*Internal Audit*

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## Institute for Economic Research

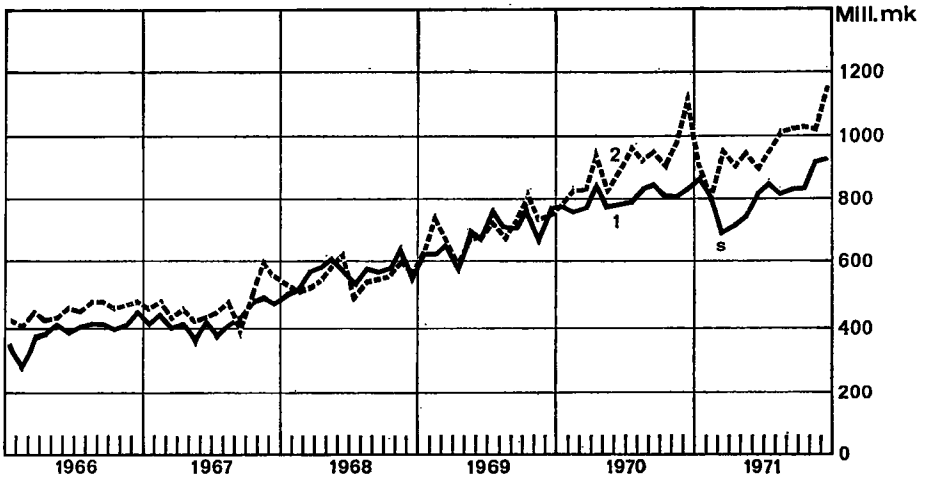
Pertti Kukkonen

*Director*

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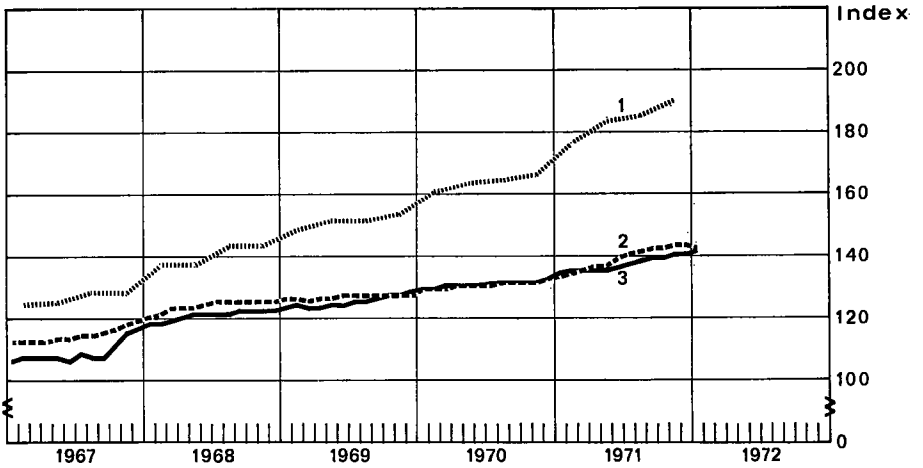
### Foreign trade, 1966 - 1971

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



### Prices and wages, 1967 - 1972

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



### Production, 1966 - 1971

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

