



# BANK OF FINLAND

*Monthly Bulletin*

**Industrial production**

**Icebreakers in Finnish marine  
transport**

Domestic bond issues

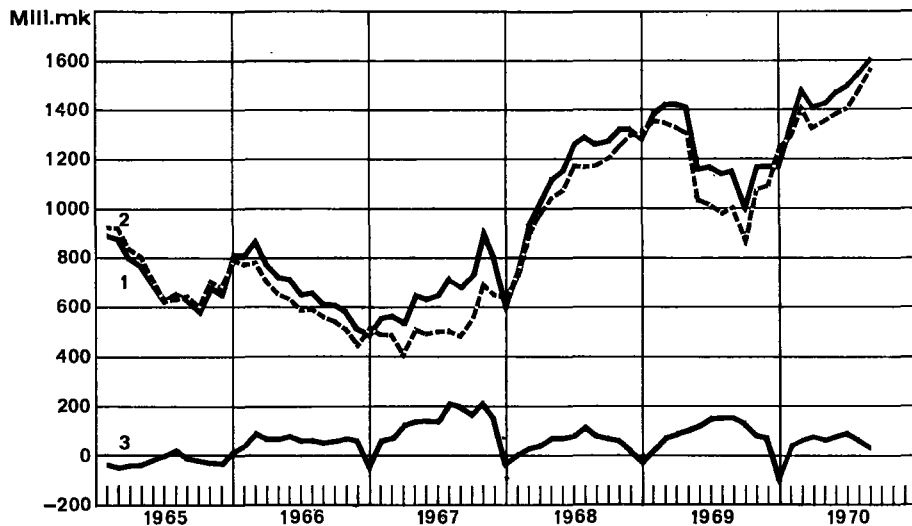
Publications of the Bank of Finland

Board of Management of the Bank of  
Finland

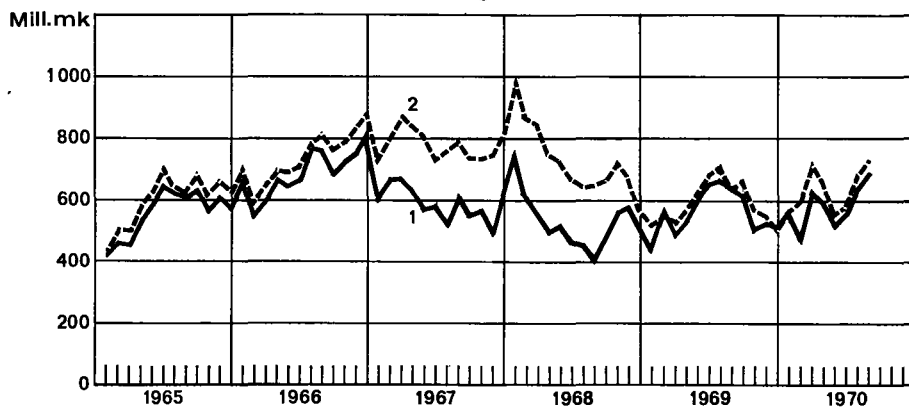
**SEPTEMBER 1970**

**Vol. 44 No. 9**

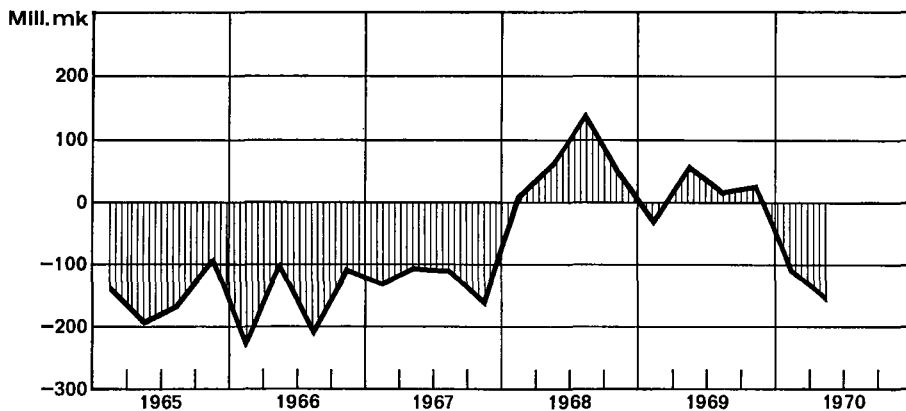
Bank of Finland foreign exchange reserve, 1965-1970



Bank of Finland's position in regard to the banks, 1965-1970



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



# THE ECONOMIC SITUATION

The boom in West-European countries began to weaken around mid-1969, primarily as a result of the pursuance of restrictive policies. However, industrial production continued to grow strongly in Western Europe in 1969; the growth in the industrial production of the OECD countries which are markets important for Finland's exports (when weighted by the share of each country in Finnish exports) was 10 per cent on the previous year. In 1970 there has been a clear deceleration in the rate of growth of industrial production in the OECD countries and the weighted growth rate for this year is expected to be only about a half of that for 1969.

In line with international developments, exports went up particularly in the first part of 1969. The acceleration took place above all in the export of metal industry products and the so-called »other products» (consisting mainly of various consumer goods). Around the middle of the year the capacity limit was approached in some sectors of the economy, e.g. in the metal industry, and the growth rate of exports began to slacken. The volume increase in exports was 17 per cent in 1969. The decline in the rate of growth that began during the latter half of 1969 has become more pronounced in 1970. This is partly ascribable to capacity limits encountered in production and partly to a slackening of foreign demand. However, the rise in export prices has accelerated markedly in the first part of this year, which is partly expected to compensate for the slowing down in the volume growth of exports.

The growth of private investment gained in strength up to the latter half of 1969 and thus private investment formed, apart from exports, the most expansive component of demand in 1969. This expansion was concentrated on productive building investment, especially industrial building. Investment in machinery and

equipment also grew more than on average and has continued to be strong in the first part of 1970 in spite of the fact that the growth in productive house building has distinctly slowed down this year. The rise in residential building investment was clearly less than the rise in investment on average, but has, on the other hand, remained almost unchanged in early 1970 as compared with 1969.

An exceptionally high increase occurred in private consumption last year, i.e. more than 9 per cent in volume terms. This was partly caused by a considerable increase in personal disposable income, and partly by such special reasons as replacement purchases of passenger cars following the 1965 boom in their sales and the sharp increase in the sale of ordinary beer as a result of the liberation of its distribution. In the first part of this year the fast growth in private consumption has continued; this has presumably been attributable, apart from the growth in incomes, to a small movement towards a more even income distribution resulting from the increase in wages and salaries at the beginning of 1970. The heaviest increase in demand has been transferred from passenger cars to other consumer durables.

The acceleration in demand in the first part of 1969 also clearly raised the rate of growth of the national product. The greatest increase was recorded in industrial production and the manufacturing of investment goods in particular. From mid-1969 onwards the growth of total production was hampered because the capacity limit was being approached in some sectors and since the latter half of 1969 the growth of total production has followed the expansion of capacity. In 1970 the fastest growing industrial sector has been the consumer goods industry.

The lack of flexibility in domestic production has been reflected by the increase in imports.

In 1969 the volume growth of imports was 23 per cent on the previous year. The increase was concentrated on investment goods and raw materials in particular. In 1970 a vigorous growth in imports has continued, the rate of growth being highest in raw materials, the imports of which have increased not only because of an expansion of production but presumably also because of efforts to build up stocks. Import prices have been clearly increasing in the first half of this year. As the growth of imports exceeded that of exports the surplus on the current account (adjusted for seasonal variations) began to decline towards the end of 1969. The current account surplus amounted to slightly less than 90 million marks for the whole of 1969. In the first quarter of 1970 a current account deficit developed, which has been growing throughout the first half of the year.

There was a pronounced improvement in the employment situation in 1969. The seasonally adjusted unemployment rate declined from 3.4 per cent in the beginning of the year to 2 per cent by the end of 1969 and has then remained unchanged during the first part of 1970. Towards the end of this year the unemployment rate is still expected to decline slightly. However, due to a continuous release of labour from agriculture, structural unemployment will remain rather high, although governmental education and training programmes have been intensified in recent years. In addition, interregional differences in the distribution of unemployment are quite considerable.

In accordance with the Stabilization Agreement a rise of 4.5 per cent was effected in wages and salaries at the beginning of 1969. However, there was a wage drift of one percentage unit because of shortage of labour in certain sectors of production and the increase in the index of the level of earnings exceeded 7 per cent 1969. On the basis of the negotiations on the continuation of the stabilization policy, a more than 5 per cent rise in wages was introduced at the beginning of 1970, which,

allowing for wage drift, will imply a rise of about 8 per cent in the index of the level of earnings this year. Because of the stabilization measures the cost of living index rose by an average of no more than 2.4 per cent in 1969 on the previous year. In 1970 the rise in the cost of living index has continued to be small and it is expected to exceed that of the previous year only slightly. The wholesale price index, in which the weight of investment goods and imported commodities is greater than in the cost of living index, rose by approximately one percentage point more than the latter in 1969.

The liquidity position of the banking institutions was good in the first part of 1969 but has been under strain since the second quarter due to a fall in foreign exchange reserves as a result of disturbances in the international capital markets, and a greater than expected demand for finance for investment activity. The continuation of the upswing and the strong demand for credit connected with it gave rise to the agreement made in September to curb the growth of bank lending and to reduce the banks' rediscounting quotas. Notwithstanding these measures lending by banking institutions increased by almost 15 per cent in 1969 while deposits grew by markedly less. In 1970, measures have been taken to check overheating of the economy by limiting the amount of central bank credit available to the banks and by the collection of counter-cyclical deposits, on which an agreement was made in November 1969. A minimum of 300 million marks will accrue in the Bank of Finland from the private sector as counter-cyclical and investment deposits by the end of January 1971. In addition, the Government has made counter-cyclical transfers totalling 100 million marks. Mainly due to the abundant inflow of short-term capital the banks' liquidity position has, however, remained better than expected in the first half of 1970 and their lending has increased by almost 9 per cent in January—August while deposits have grown by somewhat less.

September 30, 1970

## BANK OF FINLAND

Mill. mk

	1969		1970			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
<b>Assets</b>						
Gold and other foreign assets	1 257.1	1 433.1	1 800.3	1 787.4	1 778.5	1 808.8
Gold	189.2	189.4	189.4	189.4	189.4	189.4
Special drawing rights	—	—	92.9	92.9	97.7	98.0
IMF gold tranche	173.3	173.3	194.3	194.3	189.5	189.5
Foreign exchange	743.0	905.0	1 215.5	1 202.8	1 192.5	1 219.1
Foreign bills	91.3	106.3	79.7	79.5	78.9	82.3
Foreign bonds	60.3	59.1	28.5	28.5	30.5	30.5
Claims on domestic banks	796.8	637.1	632.2	610.7	732.4	717.0
Discounted bills	—	—	603.2	573.1	707.5	686.6
Rediscounted bills	684.6	550.3	0.3	14.5	8.5	7.8
Cheque accounts	112.2	86.8	28.7	23.1	16.4	22.6
Other lending	299.9	317.6	277.1	271.9	270.8	266.0
Inland bills discounted						
In foreign currency	18.3	7.3	—	—	—	—
In Finnish marks	180.9	191.6	155.1	150.5	150.2	146.7
Loans	100.7	118.7	122.0	121.4	120.6	119.3
Other assets	202.6	627.0	719.7	778.3	741.3	701.3
Finnish bonds	118.5	126.5	330.3	392.9	350.2	310.7
Finnish coin	12.9	5.5	11.4	11.8	12.6	12.4
Currency subscription to Finland's quota in the IMF	—	351.7	330.7	330.7	335.5	335.5
Other claims	71.2	143.3	47.3	42.9	43.0	42.7
<b>Total</b>	<b>2 556.4</b>	<b>3 014.8</b>	<b>3 429.3</b>	<b>3 448.3</b>	<b>3 523.0</b>	<b>3 493.1</b>
<b>Liabilities</b>						
Notes in circulation	1 143.3	1 298.4	1 196.7	1 205.3	1 197.6	1 225.7
Liabilities payable on demand	108.6	123.5	88.6	92.4	114.2	97.5
Foreign exchange accounts	60.5	81.0	62.9	63.8	66.2	66.4
Mark accounts of holders abroad	29.4	12.2	12.1	11.8	12.5	12.0
Cheque accounts						
Treasury	1.1	3.7	0.5	3.0	23.1	2.8
Post Office Bank	1.1	3.6	0.9	1.7	0.4	2.5
Private banks	—	10.1	—	—	—	—
Other	1.1	1.0	1.2	1.1	1.7	2.5
Other sight liabilities	15.4	11.9	11.0	11.0	10.3	11.3
Term liabilities	385.4	307.6	679.7	678.9	729.6	683.4
Foreign	14.6	7.7	—	—	—	—
Domestic	370.8	299.9	679.7	678.9	729.6	683.4
IMF mark accounts	—	351.7	330.7	330.7	335.5	335.5
Allocations of special drawing rights	—	—	88.2	88.2	88.2	88.2
Equalization accounts	411.6	405.6	506.8	512.9	516.7	520.5
Bank's own funds	507.5	528.0	538.6	539.9	541.2	542.3
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	172.7	172.7	200.3	200.3	200.3	200.3
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	34.8	55.3	38.3	39.6	40.9	42.0
<b>Total</b>	<b>2 556.4</b>	<b>3 014.8</b>	<b>3 429.3</b>	<b>3 448.3</b>	<b>3 523.0</b>	<b>3 493.1</b>

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
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	10.4	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	— 6.5	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	—354.3	3.0	—357.3
1969	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1969									
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	—281.2	18.8	—300.0
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	—278.0	6.8	—284.8
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	—263.0	1.1	—264.1
Oct.	1 246.7	75.9	1 170.8	154.3	18.1	1 307.0	—238.4	2.9	—241.3
Nov.	1 257.3	83.6	1 173.7	159.4	18.1	1 315.0	—224.7	2.8	—227.5
Dec.	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1970									
Jan.	1 393.7	56.6	1 337.1	514.8	359.4	1 492.5	—187.2	1.1	—188.3
Feb.	1 541.8	54.0	1 487.8	515.7	359.4	1 644.1	—184.5	18.2	—202.7
March	1 468.8	53.7	1 415.1	524.1	359.4	1 579.8	—175.2	12.1	—187.3
April	1 484.5	57.4	1 427.1	545.6	356.4	1 616.3	—169.6	6.8	—176.4
May	1 536.6	59.5	1 477.1	538.7	356.4	1 659.4	—166.5	1.2	—167.7
June	1 586.0	85.2	1 500.8	515.2	351.7	1 664.3	—163.2	0.6	—163.8
July	1 642.0	83.3	1 558.7	450.9	330.7	1 678.9	—159.5	1.6	—161.1
Aug.	1 684.8	77.9	1 606.9	439.7	330.7	1 715.9	—149.4	1.0	—150.4
Sept.	1 696.0	78.4	1 617.6	448.3	335.5	1 730.4	—146.7	2.8	—149.5

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, Aug. 31, 1970			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
Gold	189	—	189	189	—	189	—	—
Special drawing rights	—	—	—	93	—	93	—	+93
IMF gold tranche	173	—	173	194	—	194	—	+21
Convertible currencies	893	—98	795	1 094	—408	686	+ 2	—109
Other currencies	—80	5	—75	37	— 8	29	—32	+104
Total	1 175	—93	1 082	1 607	—416	1 191	—30	+109

## 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>						
	1	2	3	4	5	6	7	8	9	10	11
1963	—	325.3	—	1.3	3.0	321.0	57.4	94.2	2.9	148.7	943.7
1964	—	448.4	—	16.4	49.6	382.4	78.5	91.6	2.2	167.9	1 002.7
1965	—	640.6	—	11.9	8.3	620.4	76.2	71.7	31.8	116.1	1 028.5
1966	—	915.2	—	13.8	17.3	884.1	180.3	84.8	71.9	193.2	1 106.2
1967	—	867.5	—	154.7	34.5	678.3	197.3	382.5	56.0	523.8	1 052.1
1968	—	617.7	107.4	163.3	16.3	545.5	186.3	195.3	43.4	338.2	1 159.6
1969	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1969											
July	—	714.1	120.2	124.1	33.2	677.0	169.7	185.8	26.7	328.8	1 119.8
Aug.	—	601.3	115.2	83.3	11.3	621.9	174.9	185.8	25.7	335.0	1 166.6
Sept.	—	684.6	112.2	82.7	9.7	704.4	180.9	187.9	30.8	338.0	1 143.3
Oct.	—	597.2	102.1	121.3	11.7	566.3	184.2	200.3	26.4	358.1	1 144.0
Nov.	—	601.0	96.7	82.7	14.0	601.0	181.4	197.3	25.9	352.8	1 191.4
Dec.	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1970											
Jan.	462.4	36.1	74.6	82.7	12.8	477.6	183.3	189.2	157.4	215.1	1 177.5
Feb.	467.9	8.7	62.7	63.6	82.6	393.1	178.9	196.6	165.0	210.5	1 208.9
March	584.8	4.2	98.1	41.4	50.2	595.5	167.4	191.6	449.6	— 90.6	1 189.6
April	552.8	7.3	58.3	41.4	15.2	561.8	157.2	178.8	437.1	—101.1	1 205.1
May	531.4	8.3	43.8	41.4	7.8	534.3	151.3	176.0	466.5	—139.2	1 258.3
June	589.7	6.5	40.4	41.4	5.2	590.0	150.7	167.6	549.0	—230.7	1 264.8
July	683.2	3.7	17.3	47.0	5.9	651.3	163.3	169.0	579.0	—246.7	1 226.1
Aug.	664.1	12.4	27.5	—	1.1	702.9	162.2	160.8	552.8	—229.8	1 237.6
Sept.	686.6	7.8	22.6	—	2.5	714.5	146.7	162.0	550.5	—241.8	1 225.7

<sup>1</sup> Including special index accounts.<sup>2</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

Sept. 30, 1970

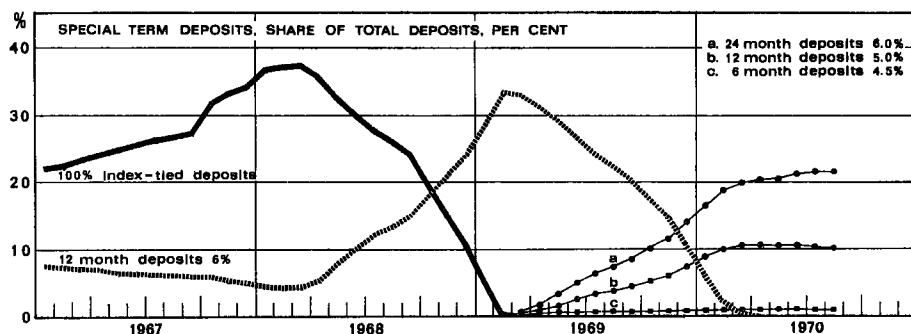
New York	1 \$	4.176	Frankfurt o. M.	100 DM	114.96	Vienna	100 S	16.18
Montreal	1 \$	4.095	Amsterdam	100 Fl	116.04	Lisbon	100 Esc	14.62
London	1 £	9.970	Brussels	100 Fr	8.415	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.25	Zurich	100 Fr	96.60	Madrid	100 Pta	6.03
Oslo	100 Kr	58.42	Paris	100 FF	75.60	Moscow <sup>1</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	55.70	Rome	100 Lit	0.6700	Clearing dollars <sup>2</sup>	1 Cl \$	4.212

<sup>1</sup> Clearing account; also Bucharest.<sup>2</sup> Berlin, Budapest, Sofia.

# DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	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
1962	656.6	800.8	168.5	2 281.2	2 210.8	1 314.7	606.6	293.2	6 706.7	7 676.0
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1969										
July	928.8	1 160.0	404.0	4 802.3	4 087.1	2 815.4	1 052.4	474.8	13 232.2	14 796.2
Aug.	890.0	1 127.0	440.8	4 836.5	4 117.0	2 846.2	1 057.0	477.1	13 334.1	14 901.9
Sept.	957.6	1 213.4	463.2	4 869.2	4 149.2	2 881.6	1 062.7	490.8	13 453.8	15 130.4
Oct.	985.6	1 238.5	425.6	4 922.5	4 184.0	2 906.1	1 073.2	497.8	13 583.9	15 248.0
Nov.	946.1	1 190.5	445.8	4 954.8	4 218.9	2 946.0	1 080.5	507.0	13 707.4	15 343.7
Dec.	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										
Jan.	1 060.3	1 324.0	568.1	5 299.1	4 389.7	3 068.9	1 139.0	528.6	14 425.3	16 317.4
Feb.	1 060.9	1 315.7	575.2	5 381.2	4 450.4	3 131.5	1 164.4	535.9	14 663.4	16 554.3
March	1 098.3	1 371.4	542.4	5 416.5	4 475.8	3 159.0	1 172.9	541.6	14 765.8	16 679.6
April	1 133.1	1 390.8	572.7	5 489.3	4 502.0	3 193.2	1 188.0	544.0	14 916.5	16 880.0
May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2

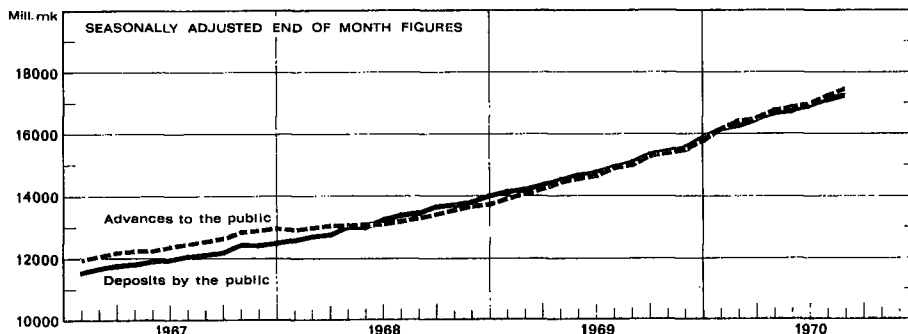




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1962	3 425.7	2 018.5	508.7	1 474.8	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1969									
July	6 343.5	3 595.4	988.4	2 743.4	1 191.8	14 278.9	583.6	14 862.5	2 634.6
Aug.	6 364.7	3 633.8	1 010.5	2 772.6	1 196.2	14 406.2	571.6	14 977.8	2 676.1
Sept.	6 551.2	3 688.9	1 027.5	2 819.4	1 201.4	14 678.8	609.6	15 288.4	2 737.3
Oct.	6 640.0	3 746.8	1 037.3	2 870.5	1 228.3	14 911.9	611.0	15 522.9	2 760.7
Nov.	6 739.5	3 794.8	1 044.8	2 911.3	1 243.9	15 093.5	640.8	15 734.3	2 792.0
Dec.	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970									
Jan.	6 944.4	3 834.9	1 070.5	2 948.1	1 317.7	15 516.9	598.7	16 115.6	3 164.3
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.5
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.7
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.3
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0
Aug.	7 522.5	4 115.0	3 177.7	1 166.5	1 380.9	16 661.2	701.4	17 362.6	3 556.5



## STATE FINANCES

Mill. mk

Revenue	Jan.—July		Expenditure	Jan.—July	
	1969	1970		1969	1970
Income and property tax (net)	1 557	1 832	Wages, salaries, pensions etc.	948	1 038
Gross receipts	(3 513)	(4 152)	Repair and maintenance	135	149
Refunds & local authorities	(—1 956)	(—2 320)	Other consumption expenditure	371	431
Other taxes on income and property	28	29	Total consumption expenditure	1 454	1 618
Employers' child allowance payments	342	375	State aid to local authorities	776	867
Sales tax	1 305	1 512	State aid to industries	559	796
Revenue from Alcohol Monopoly	286	367	of which: agric. price subsidies	(434)	(603)
Customs duties & import charges	219	262	Child allowances	159	151
Export levy	129	—	Share in national pensions and health insurance	237	239
Excise duty on tobacco	241	231	Other transfer expenditure	573	629
»  »  on liquid fuel	308	342	Total transfer expenditure	2 304	2 682
Other excise duties	123	151	Machinery and equipment	144	182
Tax on autom. and motor cycles	191	212	House construction	178	155
Stamp duties	115	129	Land and waterway construction	415	362
Special diesel etc. vehicles tax	28	31	Total real investment	737	699
Other taxes and similar revenue	30	76	Interest on State debt	157	161
Total taxes	4 902	5 549	Index compensations	29	20
Miscellaneous revenue	268	274	Net deficit of State enterprises	95	33
Interest, dividends etc.	113	128	Other expenditure	4	3
Sales and depreciation of property	41	46	Total other expenditure	285	217
Redemptions of loans granted	114	109	Increase in inventories	—5	3
<b>Total revenue</b>	<b>5 438</b>	<b>6 106</b>	Lending	365	359
Foreign borrowing	125	1	Other financial investment	96	160
Domestic borrowing	477	345	<b>Total expenditure</b>	<b>5 236</b>	<b>5 738</b>
<b>Total borrowing</b>	<b>602</b>	<b>346</b>	Redemption of foreign loans	65	72
<b>Deficit (+) or surplus (—)</b>	<b>—282</b>	<b>—332</b>	Redemption of domestic loans	457	310
			<b>Total redemptions</b>	<b>522</b>	<b>382</b>
<b>Total</b>	<b>5 758</b>	<b>6 120</b>	<b>Total</b>	<b>5 758</b>	<b>6 120</b>

State debt	1967	1968	1969	1970			
	Dec.	Dec.	Dec.	May	June	July	Aug.
<b>Foreign debt</b>	1 844	2 074	1 656	1 556	1 544	1 534	1 532
Loans	2 013	2 160	2 316	2 338	2 336	2 344	2 301
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	43	43	47	53
Cash debt (net)	— 12	— 256	— 217	—88	—212	—445	..
<b>Domestic debt</b>	2 173	2 229	2 261	2 296	2 170	1 949	..
<b>Total State debt</b>	<b>4 017</b>	<b>4 303</b>	<b>3 917</b>	<b>3 852</b>	<b>3 714</b>	<b>3 483</b>	<b>..</b>
Total debt, mill. \$	955	1 028	933	922	889	834	..

# FOREIGN TRADE

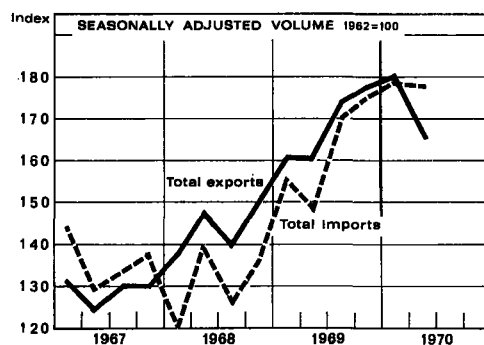
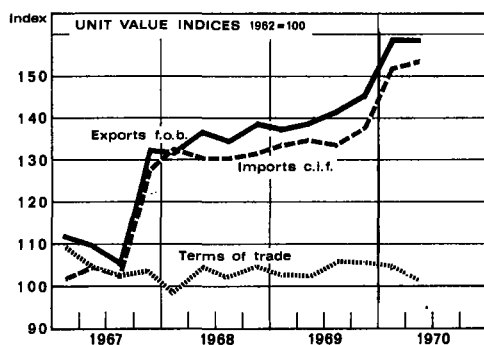
Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1965	4 566.0	5 265.1	-699.1
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	8 344.8	8 495.0	-150.2
1969			
June	704.4	645.8	+ 58.6
July	742.3	648.5	+ 93.8
Aug.	703.7	588.8	+114.9
Sept.	733.0	782.1	- 49.1
Oct.	884.9	865.0	+ 19.9
Nov.	714.4	747.3	- 32.9
Dec.	845.9	922.4	- 76.5
1970*			
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	792.9	- 61.7
April	813.7	982.5	-168.8
May	822.0	908.7	- 86.7
June	806.0	825.4	- 19.4
July	782.3	866.1	- 83.8
Jan.-July			
1969*	4 462.8	4 589.6	-126.8
1970*	5 310.3	5 885.5	-575.2

Indices of exports and  
imports 1962 = 100

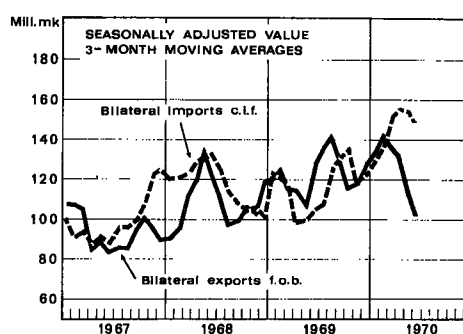
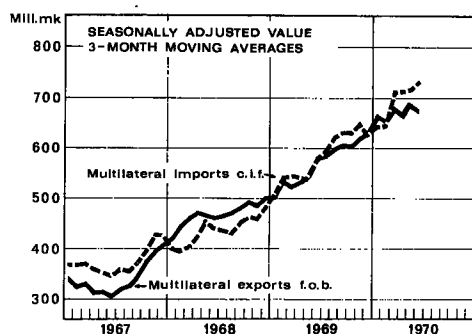
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1967					
July-Sept.	134	124	106	103	103
Oct.-Dec.	139	144	133	128	104
1968					
Jan.-Mar.	120	116	132	133	99
Apr.-June	150	141	137	131	105
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105
1969					
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106
1970*					
Jan.-Mar.	148	154	159	152	105
Apr.-June	173	180	159	154	103



## 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, en- gineering industry products	Other goods	Raw materials and pro- ducer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
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	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	1 126.6	3 683.4	948.3	2 229.4	1 633.9
1969*										
June	27.3	5.5	133.3	260.5	183.1	94.7	290.2	53.3	191.4	110.9
July	17.6	10.3	155.3	268.9	216.3	73.9	302.7	65.3	160.9	119.6
Aug.	21.9	9.3	153.0	289.5	129.8	100.2	285.2	55.0	139.4	109.2
Sept.	24.7	9.8	150.4	287.0	147.1	114.0	344.6	119.3	173.4	144.8
Oct.	24.9	7.9	158.6	337.2	235.1	121.2	366.9	96.9	243.8	157.4
Nov.	26.2	8.5	130.6	291.7	144.2	113.2	337.1	99.4	146.0	164.8
Dec.	58.8	5.3	121.4	301.8	256.8	101.8	434.0	71.9	234.9	181.6
1970*										
Jan.	53.4	1.4	112.0	295.4	199.4	96.4	330.8	133.5	166.2	137.6
Feb.	26.5	1.7	64.3	253.2	147.0	104.4	314.5	69.9	203.0	154.4
March	47.0	0.7	62.7	308.3	191.0	121.5	332.8	54.8	245.5	159.8
April	29.0	3.1	94.9	333.4	219.6	133.7	443.7	73.4	250.8	214.6
May	37.3	9.4	131.4	325.6	212.2	106.1	409.4	110.0	222.8	166.5
June	27.1	10.7	150.6	316.7	192.6	108.3	395.9	90.0	200.1	139.4
July	25.1	10.9	163.1	311.6	182.1	89.5	416.8	72.4	221.9	155.0
Jan.-July										
1969*	203.7	31.1	686.4	1 866.7	1 098.8	576.1	1 915.8	505.8	1 291.9	876.1
1970*	245.4	37.9	779.0	2 144.2	1 343.9	759.9	2 643.9	604.0	1 510.3	1 127.3



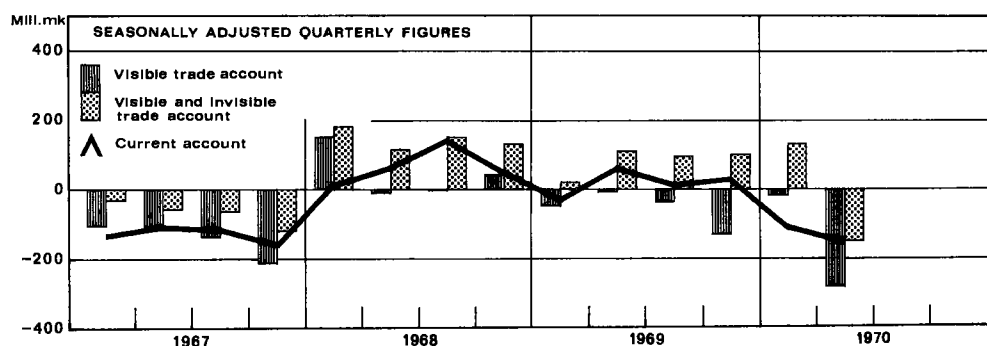
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	66.3	2 960.3	70.2	3 726.0	72.6	3 329.6	74.5	4 381.0
Austria	0.6	26.0	0.8	44.7	1.1	51.7	1.4	81.2
Belgium-Luxembourg	2.3	103.0	2.0	106.3	1.9	85.4	2.2	131.7
Denmark	3.8	170.9	4.0	213.3	3.3	149.3	3.3	194.0
France	4.3	191.4	4.0	210.9	4.0	184.2	3.7	216.8
Federal Republic of Germany	9.8	436.4	10.9	579.1	15.5	712.2	17.1	1 004.9
Italy	2.7	120.0	2.5	133.0	2.4	107.5	2.1	123.1
Netherlands	4.2	189.2	4.6	243.7	3.5	161.2	3.6	210.2
Norway	2.0	90.7	3.2	167.9	2.6	119.0	2.4	138.8
Portugal	0.3	13.2	0.4	21.5	0.6	28.4	0.8	48.1
Spain	0.9	41.3	1.1	56.3	0.3	14.0	0.3	17.6
Sweden	12.8	570.5	15.8	837.7	16.5	754.6	18.1	1 062.4
Switzerland	1.9	85.3	1.8	93.6	3.2	146.9	3.4	202.5
United Kingdom	18.6	828.7	17.3	920.5	17.5	804.6	15.8	932.3
Other	2.1	93.7	1.8	97.5	0.2	10.6	0.3	17.4
<b>OECD countries outside Europe</b>	7.5	331.4	6.2	330.4	6.9	318.0	5.4	319.0
Canada	0.5	20.2	1.0	54.9	0.2	10.3	0.3	19.1
Japan	0.3	11.5	0.3	15.8	1.8	82.9	2.0	117.8
United States	6.7	299.7	4.9	259.7	4.9	224.8	3.1	182.1
<b>Eastern Bloc</b>	18.5	827.0	15.4	814.4	15.3	702.9	16.1	943.9
Czechoslovakia	0.5	22.2	0.5	27.6	0.6	27.9	0.5	28.6
Democratic Republic of Germany	0.6	26.1	0.7	35.1	0.6	29.5	0.6	33.4
People's Republic of China	0.1	5.7	0.7	36.1	0.3	14.6	0.2	11.7
Poland	1.8	82.7	1.3	67.8	1.1	49.5	1.3	77.0
Soviet Union	14.7	655.6	11.3	601.0	12.1	556.1	12.7	744.3
Other	0.8	34.7	0.9	46.8	0.6	25.3	0.8	48.9
<b>Latin America</b>	3.4	153.5	2.8	152.0	2.6	120.4	2.0	125.6
Argentina	0.7	30.7	0.7	39.2	0.3	12.9	0.2	11.1
Brazil	0.4	19.8	0.5	25.3	0.8	39.3	0.5	30.9
Colombia	0.3	12.6	0.2	11.7	0.7	30.5	0.6	39.1
Other	2.0	90.4	1.4	75.8	0.8	37.9	0.7	44.5
<b>Other</b>	4.3	190.6	5.4	287.5	2.6	118.7	2.0	116.0
<b>GRAND TOTAL</b>	100.0	4 462.8	100.0	5 310.3	100.0	4 589.6	100.0	5 885.5
of which								
<b>EFTA countries</b>	40.0	1 785.4	43.4	2 305.2	44.8	2 054.4	45.3	2 663.9
<b>EEC countries</b>	23.3	1 040.0	24.0	1 272.9	27.2	1 250.5	28.7	1 686.7
<b>OECD countries</b>	73.8	3 291.7	76.4	4 056.4	79.5	3 647.6	79.9	4 700.0

# 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
1967	5 194	5 816	-622	+416	- 88	+17	-277	-209	- 3	-489
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
Jan.-Mar										
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
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
Apr.-June										
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
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
July-Sept.										
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
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970	4 503	5 030	-527	+307	+ 1	- 3	-222	-182	-10	-414
Oct.-Dec.										
1967	1 623	1 815	-192	+107	- 12	+16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12

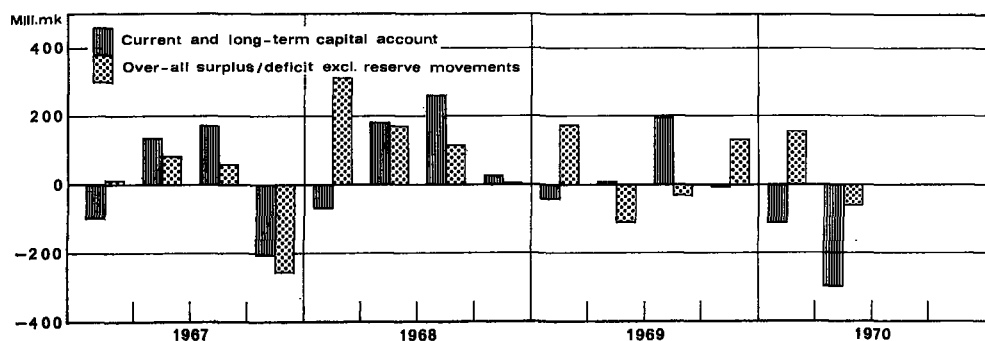


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+ 910	-406	- 33	+13	+484	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+ 192	- 66	+ 12	+ 5	+143	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 <sup>2</sup>	+157	-240	+ 83
+ 315	- 62	+ 2	+ 4	+259	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 251	- 92	- 13	+ 4	+150	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 498	-349	-120	- 3	+ 26	-388	+135	+277	+ 72	+ 96	-326	+230
+ 152	-186	- 34	+ 0	- 68	-205	- 13	-159	+122	-255	+316	- 61
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21

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

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

<sup>2</sup> Including Allocations of special drawing rights 88 million.



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1967	248	254	225	246	241	253	276	236	240	114	121	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1969												
Nov.	290	293	281	291	301	286	319	285	276	133	139	123
Dec.	291	293	282	293	301	285	319	287	277	134	139	122
1970												
Jan.	294	297	284	297	307	288	323	290	280	137	146	123
Feb.	295	298	285	297	308	289	327	289	280	138	146	126
March	296	299	285	297	308	291	329	290	280	138	146	126
April	297	300	286	300	310	291	330	293	281	138	146	126
May	297	299	287	299	313	289	326	293	281	138	146	126
June	296	298	286	297	313	289	324	291	281	138	146	127
July	298	301	285	300	313	292	333	290	282	138	146	127
Aug.	298	302	285	300	314	292	332	291	283	138	146	127

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
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
1969	217	170	112	115	111	108	111	109	110	110	110	112
1969												
Nov.	218	171	112	115	111	109	113	111	111	111	111	112
Dec.	218	171	112	115	111	109	113	112	111	111	111	112
1970												
Jan.	220	173	113	115	116	109	115	115	111	111	112	114
Feb.	221	173	114	115	116	109	115	116	112	112	112	114
March	221	174	114	115	116	109	115	118	113	112	113	114
April	222	174	114	116	114	109	116	119	113	112	113	114
May	222	174	114	116	114	109	116	118	113	113	113	114
June	222	174	114	116	114	109	116	119	113	113	113	115
July	223	175	115	117	114	109	116	118	113	113	113	115
Aug.	223	175	115	118	114	109	116	118	114	113	113	116



## 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							
1967	139	128	125	131	126	134	126	127	127	127
1968	151	142	136	146	141	149	139	141	140	141
1969*	171	154	151	156	150	160	149	150	154	152
1968										
Oct.-Dec.	157	145	141	149	144	152	142	144	144	144
1969*										
Jan.-Mar.	167	151	145	155	150	159	147	149	149	149
Apr.-June	169	154	150	156	150	160	149	150	155	153
July-Sept.	169	155	155	156	150	160	150	150	157	154
Oct.-Dec.	181	155	156	156	150	160	150	150	155	153
1970*										
Jan.-Mar.	184	165	164	164	158	167	155	156	164	160
Apr.-June	186	167	168	164	158	167	157	157	169	164

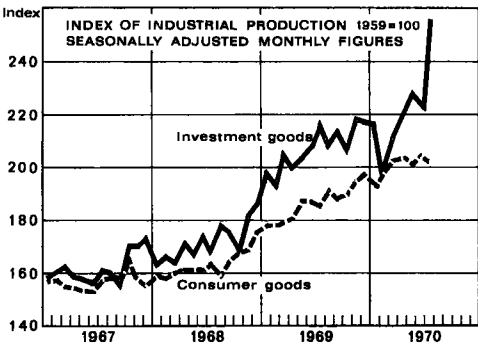
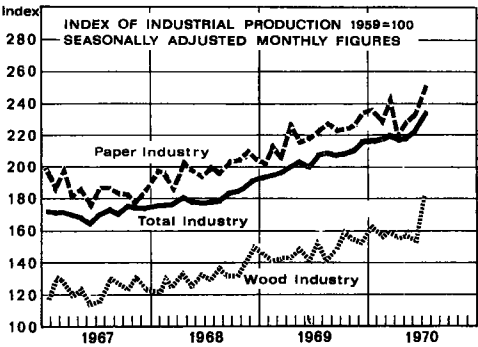
## PRODUCTION

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
1966	107	112	96	87	113	106	109	110	109	110	109
1967	110	115	96	89	117	106	109	113	114	114	114
1968	113	121	98	93	109	108	114	111	118	119	119
1969	122	136	97	101	124	105	123	123	123	123	126
1969											
Jan.-Mar.	119	138	62	146	85	111	115	114	122	122	124
Apr.-June	120	139	89	113	105	107	122	122	123	122	126
July-Sept.	124	127	173	46	157	103	128	121	124	123	126
Oct.-Dec.	126	147	66	100	150	99	129	134	125	125	128
1970*											
Jan.-Mar.	127	151	61	154	95	98	125	122	127	127	130
Apr.-June	129	150	85	123	125	98	131	131	127	128	132

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	
1966	167	160	175	151	151	153	191	214	219	163	166
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969*	205	210	212	187	175	148	222	278	274	199	205
1969*											
Feb.	196	212	204	174	143	146	210	271	229	200	196
March	217	245	225	192	157	164	235	292	269	224	198
April	202	207	207	188	165	160	213	277	261	198	201
May	209	212	213	198	179	169	213	280	288	205	204
June	189	198	190	185	176	129	193	240	271	188	202
July	156	112	170	135	184	134	220	229	256	106	209
Aug.	203	187	209	195	183	118	238	263	281	182	209
Sept.	216	230	221	199	181	142	235	283	294	216	208
Oct.	232	242	239	211	211	165	245	288	305	229	210
Nov.	220	232	230	194	203	146	235	304	284	218	212
Dec.	214	222	293	190	162	145	216	317	291	215	217
1970*											
Jan.	227	234	239	197	163	168	242	328	270	221	217
Feb.	217	219	228	194	155	161	226	336	269	212	218
March	222	228	230	201	162	166	238	305	287	219	220
April	239	256	240	231	195	193	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	216	220
June	215	223	215	210	195	145	209	306	306	211	223
July	176	132	195	147	189	159	247	270	288	126	236



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Labour input 1 000 man-years/months	Unemployment, % of total labour force	Commerce timber fellings 1 000 piled cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	1 904	1.6	46 507	..	..	103
1967	2 209	2 146	1 845	2.9	44 963	..	..	103
1968	2 188	2 100	1 754	4.0	47 733	100	100	109
1969	2 189	2 127	1 752	2.8	52 725	108	117	..
1969								
July	2 327	2 277	1 579	2.2	1 007	106	109	119
Aug.	2 286	2 239	1 691	2.1	1 886	103	119	121
Sept.	2 186	2 147	1 767	1.8	2 778	108	132	124
Oct.	2 171	2 131	1 805	1.8	3 906	117	134	130
Nov.	2 164	2 120	1 773	2.0	4 171	108	121	117
Dec.	2 164	2 113	1 771	2.4	5 724	149	138	119
1970*								
Jan.	2 133	2 074	1 730	2.8	5 012	93	103	115
Feb.	2 130	2 073	1 689	2.7	6 210	93	113	114
March	2 129	2 075	1 713	2.5	5 531	100	122	101
April	2 130	2 078	1 760	2.4	4 718	112	135	118
May	2 175	2 137	1 840	1.7	11 972	..	..	129
June	2 323	2 284	..	1.7	2 567	..	..	127
July	2 348	2 317	..	1.3	1 351	..	..	..

## HOUSE CONSTRUCTION

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1967	28.82	11.51	3.08	8.90	3.02	31.34	12.42	2.93	10.83	3.49	31.40
1968	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969*	38.95	15.38	3.88	15.29	2.12	31.46	12.62	3.05	12.67	1.41	36.49
1969*											
Jan.-Mar.	5.43	2.12	0.59	2.10	0.32	4.85	1.97	0.28	1.92	0.50	32.29
Apr.-June	11.98	4.95	1.88	4.13	0.25	6.26	2.73	0.45	1.84	0.88	37.06
July-Sept.	11.78	4.94	0.86	4.62	0.75	8.52	3.31	0.83	2.56	1.20	38.85
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	10.66	4.25	1.36	4.27	0.32	36.49
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

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

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

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

## STATE FINANCES

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

## FOREIGN TRADE

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

## BALANCE OF PAYMENTS

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

## PRICE INDICES

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

## WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office.

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

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

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *House construction* figures calculated by the Central Statistical Office.

## SYMBOLS USED

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

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1970 were as follows: Social Democrats 52, Conservatives 37, Centre Party 36, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 1.

## INTERNATIONAL ORGANIZATIONS

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

## LAND

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

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

## POPULATION

NUMBER OF INHABITANTS (1968): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.9 and Norway 3.8 million.

DENSITY OF POPULATION (1968): In South Finland 26.2, in North Finland 4.3 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1968): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 532 300 inhabitants, Tampere (Tammerfors) 152 500, Turku (Åbo) 152 000.

EMPLOYMENT (1968): Agriculture and forestry 25 %, industry and construction 34 %, commerce 15 %, transport and communications 7 %, services 19 %.

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

EDUCATION (1968): 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 (1968): births 16.0 ‰, deaths 9.6 ‰, increase 4.4 ‰, net emigration 1.6 ‰. Deaths in France 11.0 ‰ and Great Britain 11.8 ‰.

## TRADE AND TRANSPORT

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

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

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

INDUSTRY (1967): Gross value of industrial production 22 200 mill. marks, number of workers 355 200, salaried employees 89 600, motive power (1967) 4.3 mill. kW. Index of industrial production 182 for 1968 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1970): Length 5 801 km.

MERCHANT FLEET (Aug. 31, 1970): Steamers 55 (66 812 gross reg. tons), motor vessels 387 (588 435 gross reg. tons), tankers 53 (678 938 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 504 (1 335 459 gross reg. tons).

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

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

## FINANCE AND BANKING

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1969). There are two big and four small commercial banks with in all 824 offices, 330 savings banks, 484 co-operative banks and their central bank, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixty-two private insurance companies also grant credits.

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

# FINANCING AND REGULATION OF HIRE PURCHASE IN FINLAND

by Ulla Bredenberg, Lic. Pol. Sc.,

Fellow of the Bank of Finland Institute for Economic Research

## FINANCING OF HIRE PURCHASE

Hire purchase became more generally used in Finland in the 1950's. At first it was financed by importers, producers or distributors, who also took care of the collection of repayments. As sales through hire purchase became more popular industry and commerce began to establish subsidiary companies to finance and manage their hire purchase agreements.

Since there was increasing need of finance for hire purchase towards the end of the decade the three biggest commercial banks in Finland decided to found their own finance companies in 1959. These companies operate with credits granted by the commercial banks. Some other commercial banks carry on financing of hire purchase in connection with their other activities.

Insurance companies have also provided some finance for this purpose, especially for the hire purchase of passenger cars.

The customers of the finance companies consist of producers, importers, wholesalers and big retail stores. The finance companies set limits for the customers within which these can finance their hire purchase sales. The hire purchase agreements concluded between the consumers and the sellers are transferred to the finance companies, which take care of the collection of the repayments when they fall due. The credit risk is not transferred to the finance company but is carried by the seller.

## VOLUME AND STRUCTURE OF HIRE PURCHASE TRADE

Information available on the volume of hire purchase trade in Finland is rather meagre. Figures on sales through hire purchase by wholesalers and retailers exist only for the year

1964. According to these figures, which are based on an enquiry <sup>1</sup> made in connection with the survey on business enterprises in 1965, the value of hire purchase trade totalled 395 million marks and hire purchase claims outstanding approximately 100 million marks in 1964. The per capita value of sales through hire purchase was 150 marks while the outstanding hire purchase liability per person was 50 marks. The corresponding figures per household were 450 marks and 150 marks respectively.

Although there has probably been an increase in both the value of hire purchase sales and the outstanding hire purchase liability per person and household since 1964, sales through hire purchase in Finland are still relatively insignificant in comparison with many other countries.

Total hire purchase sales in the wholesale and retail trade accounted for no more than 2 per cent of the total value of GDP in 1964.

The development of hire purchase trade can, in the absence of other information, be reviewed in the light of information obtained from the finance companies. The estimated <sup>2</sup> minimum value of hire purchase sales financed by the finance companies has been obtained by adding total down-payments to the total value of the transferred agreements. Since figures are only available on the minimum down payments for finance companies owned by the commercial banks, the relevant percentages applied by these have been used for the other finance companies in those cases which are not covered by governmental regulations.

<sup>1</sup> Figures on hire purchase trade by industry were not collected.

<sup>2</sup> In order to produce comparable sales figures, the hire purchase charge should be deducted from the total value of agreements, but its calculation was not regarded necessary at the relevant confidence level.

**TABLE 1. ESTIMATED SALES THROUGH HIRE PURCHASE FINANCED BY THE FINANCE COMPANIES, MILLION MARKS**

	1964	1965	1966	1967	1968	1969
Heavy motor vehicles	176	211	248	271	241	342
Other durables	90	68	63	57	57	56
Total	266	279	311	328	298	398

These statistics suggest that almost 70 per cent of hire purchase trade should have been financed by the hire purchase companies in 1964. When comparisons are made between the figures of this table and those of the 1965 business survey, it has to be borne in mind, however, that these companies provide finance only for trade in heavy motor vehicles and other consumer durables; thus the share of the finance companies in the sales of these articles could be expected to be even higher. Purchases of textiles, books, watches and clocks on the basis of hire purchase continues to be financed entirely by commerce. On the other hand, hire purchase agreements are transferred to the finance companies by industry as well, although this accounts for comparatively little. In addition, it is possible that the figures on hire purchase transactions obtained from the business survey are too low.

Consequently, no far-reaching conclusions on the development of total hire purchase trade after 1964 can be made on the basis of the hire purchase transactions of the finance companies. These will, however, indicate the trend of the development. On the other hand, it is also possible that they reflect structural changes in the financing of hire purchase trade; enterprises are inclined to transfer their hire purchase agreements to the finance companies during a tight financial situation and to take care of their financial commitments themselves when self-financing is easier.

The hire purchase claims of the finance companies were 57 per cent in 1964 of the total claims stated earlier, which suggests that most of the agreements made by commerce are transferred and that the agreements managed by the

commercial enterprises themselves often have a shorter term of payment than those transferred to the finance companies.

In the middle of 1970 the hire purchase claims of the finance companies totalled 219 million marks, of which 191 million was attributable to heavy motor vehicles and 28 million to other durables. The following table illustrates the changes in hire purchase credit in 1964—1969.

**TABLE 2. THE CLAIMS OF THE HIRE PURCHASE COMPANIES AT THE END OF YEAR, MILLION MARKS**

	1964	1965	1966	1967	1968	1969
Heavy motor vehicles	91	107	120	129	127	173
Other durables	42	33	27	24	28	27
Total	133	140	147	153	155	200

The table reveals that the financing of heavy motor vehicles through hire purchase has been steadily increasing each year with the exception of 1968, when the sales of cars dropped as a result of the 1967 devaluation.

The share of the finance companies owned by the commercial banks in the hire purchase claims of all hire purchase companies had been about 80 per cent before 1969 but had reached almost 90 per cent at the end of the last year. The credits granted by the finance companies account for no more than about one per cent of the total of outstanding credits of all credit institutions.

A more detailed picture of the development of hire purchase transactions financed by the hire purchase companies is given in Table 3, which contains the distribution of the value of the transferred hire purchase agreements between the different commodity groups in 1964—1969.

It can be seen that passenger cars have accounted for the greatest share throughout. Tractors have lost some ground to earth-moving machines, but no other substantial changes have occurred in the heavy motor vehicle group. Considerable structural changes have, on the

**TABLE 3. DISTRIBUTION OF THE VALUE OF AGREEMENTS TRANSFERRED TO THE HIRE PURCHASE COMPANIES BETWEEN VARIOUS COMMODITY GROUPS**

	1964	1965	1966	1967	1968	1969
All agreements transferred	Percentage of all agreements transferred					
Heavy motor vehicles	63.7	73.8	77.4	80.4	77.6	84.5
Other durables	36.3	26.2	22.6	19.6	22.4	15.5
Heavy motor vehicles	Percentage of agreements transferred relating to heavy motor vehicles					
Passenger cars	40.2	38.2	30.7	32.7	31.4	43.7
Lorries	25.7	25.3	26.0	24.6	24.9	19.8
Earth-moving machines	9.5	14.6	18.8	14.5	18.0	16.2
Tractors	16.9	14.5	13.2	10.6	12.9	8.0
Delivery vans	2.7	3.9	6.0	9.5	5.1	5.9
Chassis for buses	1.5	0.9	1.3	1.4	0.9	0.6
Other durables	Percentage of agreements transferred relating to other durable					
Furniture	7.1	9.6	12.6	14.5	16.4	17.6
Television sets	35.8	23.0	16.6	13.7	12.0	11.3
Chain saws	7.2	8.7	7.2	6.2	6.5	8.3
Mopeds	8.1	9.0	8.1	7.9	5.5	6.8
Refrigerators	6.1	7.0	6.7	6.6	6.2	5.6
Radios	4.5	4.2	3.7	3.8	3.8	4.4
Office machines	1.3	2.7	3.3	3.0	3.8	4.3
Washing machines	4.2	5.0	4.5	5.3	4.2	4.3
Sewing machines	2.5	3.7	4.6	4.5	3.9	4.1
Tape-recorders	0.8	1.4	1.8	1.9	2.1	2.4
Vacuum cleaners	0.8	1.3	1.6	1.8	1.6	1.8
Motor cycles	3.4	3.2	1.9	2.1	1.1	1.7
Pianos	0.9	1.0	1.3	1.1	0.8	0.9

other hand, taken place in categories of other durables. Television sets, which at the beginning of the period accounted for more than one third of the agreements on other durables, comprised no more than 11 per cent in 1969. In recent years the most important component of this group has been furniture. The differences between the various commodity groups have become less pronounced during the period under review.

Table 3 also sheds some light on the effects of the regulation of hire purchase on the hire purchase sales financed by the companies; these regulations are reviewed in more detail later on. In this connection no attention is paid to the possible simultaneous effect of other factors. As a result of legislation imposed on

hire purchase trade in passenger cars towards the end of 1964 and a further tightening of the terms in 1965 their share of the transferred agreements on heavy motor vehicles showed a declining trend up to 1967. The marked increase in the share of passenger cars in 1969 is partly attributable to the easing of these terms. As for other consumer durables this trend has not been quite as pronounced. Changes in the regulation of hire purchase seem to have affected the sales of no other articles in this category except television sets.

#### ALTERNATIVE WAYS OF CONSUMER FINANCING

From the point of view of the consumer one alternative to hire purchase is offered by the



banks' consumer credits. At the end of 1969, private persons' bank credits outstanding other than those granted for housing or real estate totalled 1 210 million marks or 6 times more than the claims of the hire purchase companies. This figure, however, also includes loans granted for other than consumption purposes, e.g. loans to students. These credits held by private persons accounted for no more than 8 per cent of the total of bank loans.

Another way of financing private purchases which is to some extent comparable to hire purchase is the so-called credit card system, under which the purchaser is granted a 1—2 month period for payment without being able to pay off the debt in installments as with hire purchase. The credit card system was introduced in 1966 and it is managed by a co-operative enterprise representing firms of various sectors and commercial banks. This type of trade on credit differs from hire purchase trade in that in the former the proprietary right is transferred to the buyer immediately whereas in the latter this happens only after the last repayment or at least when a fixed share of the sales price has been paid. At the end of 1969 credits outstanding under the credit card system amounted to approximately 3 million marks, but this approach continues to increase in significance.

## REGULATION OF HIRE PURCHASE TRADE

The rights and obligations of sellers and buyers in a hire purchase transaction are defined in the law on hire purchase trade enacted in 1966. According to the legislation hire purchase regulations govern transactions in personal goods in which at least one re-payment occurs only after that the goods have been delivered. In addition, it is provided that the seller retains the ownership of the goods, or else a right to claim the goods back in case the buyer defaults, until the whole price or at least a fixed part of it has been paid.

The Government has been able to use the regulation of hire purchase credit as a counter-cyclical weapon only in the 1960's. In December

1962 a law on hire purchase in the retail trade vested in the Cabinet a right to change the required minimum down-payments and the maximum re-payment periods when the expansion of hire purchase transactions should appear to endanger the stability of the price level or the country's foreign liquidity position. In accordance with the law a statement from the Bank of Finland on the matter is required if the Bank has not itself taken the initiative. In addition, the law calls for negotiations to be conducted with the representatives of the importers and distributors concerned.

It is stipulated that the seller will lose the ownership of the goods or the right to claim the goods back if he does not conform to the provisions of the law. The seller is also obliged to inform the Ministry of Commerce and Industry on his hire purchase transactions. However, it became evident that this stipulation was not followed in practice and none of the available measures were sufficient to enforce it. Therefore an amendment was added in February 1970 that a seller who neglects his duties may be fined. He may also be obliged to compensate the State for the goods he has sold contrary to the law. This compensation can be as high as the full value of the goods concerned.

In autumn 1964 the Bank of Finland deemed it necessary to apply the new law for the first time to curb the growth in imports of passenger cars. Consequently the Bank proposed to the Cabinet that it should use its right to raise the minimum down-payments and to reduce the maximum re-payment period for the hire purchase trade of passenger cars. However, the negotiations between the importers and sellers of passenger cars resulted in a mutual agreement on the tightening of the relevant hire purchase terms and thus the Cabinet did not consider it necessary to use its right at that time. The agreement in question came into force in November 1964; the minimum down-payment was to be 30 or 40 per cent and the longest re-payment period 22 or 15 months, depending on what kind of terms had earlier been applied to the hire purchase transactions of the cars in question.

The hire purchase terms were further tightened in April 1965. For passenger cars the required down-payment was raised to 60 per cent and the term of repayment was cut to 9 months. The corresponding regulations for passenger cars imported from countries having non-convertible currencies were 40 per cent and 18 months respectively. At the same time, certain other consumer durables and heavy motor vehicles were placed under regulation for the first time. It was decided that the minimum down-payment for lorries, vans and tractors should be 30 per cent and the maximum period of repayment 18 months. In the group of other consumer durables the regulations affected television sets, refrigerators, deepfreezers and washing machines; for these a down-payment of 30 per cent and a repayment term of 12 months was stipulated. In February 1967, however, the term of repayment for heavy lorries was extended to 24 months.

As there had been an improvement in the balance of payments it was possible to ease the hire purchase terms in March 1969. At that time the required down-payment for passenger cars was reduced to 50 or 30 per cent of the sales price while the repayment period was

extended to 12 or 20 months. For heavy lorries and tractors the allowed term of repayment was increased to 30 months and for other lorries and delivery vans to 24 months. The minimum down-payment regulation for these commodities remained unchanged at 30 per cent. Household machinery was entirely freed from hire purchase regulations.

In summer 1970 the Bank of Finland considered the growth in demand for consumer durables excessive for the country's foreign liquidity position and the stability of the price level. On a proposal of the Bank of Finland the Cabinet issued new hire purchase terms in June which re-established the terms for passenger cars and delivery vans that had been in force before the easing of the terms in March 1969. The stipulations on the down-payments and repayment periods for tractors and lorries remained unchanged. The durables that had been fully exempt from hire purchase regulations in March 1969 were again brought under regulation. There is now a 30 per cent minimum down-payment requirement and a 12 month maximum repayment term for television sets, refrigerators, deepfreezes and washing machines.

# ITEMS

**The 17th minister of the Cabinet.** On September 16, 1970, the day after Parliament has passed a law concerning the number of Cabinet ministers and their activities, the President of the Republic appointed Mr Olavi J. Mattila the 17th minister in the Cabinet. Minister Mattila deals with questions concerning the Cabinet Office, the Ministry for Foreign Affairs and the Ministry for Trade and Industry.

**National income.** The Central Statistical Office has recently published the provisional figures of national income for 1969 and revised figures for 1968. The following tables indicate what happened to some items of national income in the period, 1966—1969.

**Table 1. Distribution of the national income, mill. mk**

	1966	1967	1968	1969 p
Compensation of employees	13 972	15 327	17 083	19 072
Income from unincorporated enterprises	3 526	3 598	4 063	4 459
Income from property to households	2 736	2 947	3 279	3 665
Income from property and entrepreneurship to general government	883	971	1 051	1 131
Corporate saving	456	499	839	1 320
Direct taxes on corporations	771	782	832	942
Less interest on the public debt	261	331	388	423
Less interest on consumers' debt	54	70	89	103
National income	22 029	23 723	26 670	30 063
Net factor income abroad	150	209	275	323
Net domestic product at factor cost	22 179	23 932	26 945	30 386

**Table 2. Disposable income, consumption and saving, mill. mk**

	1966	1967	1968	1969 p
Households:				
Disposable income	18 107	19 398	21 567	23 973
Consumption	15 861	17 189	18 682	20 850
Saving	2 246	2 209	2 885	3 123
Corporations:				
Disposable income (= saving)	456	499	839	1 320
General government:				
Disposable income	6 505	7 252	8 343	9 173
Consumption	4 235	4 852	5 693	6 245
Saving	2 270	2 400	2 650	2 928
Total:				
Disposable income	25 068	27 149	30 749	34 466
Consumption	20 096	22 041	24 375	27 095
Saving	4 972	5 108	6 374	7 371

**Table 3. Expenditure on gross national product, mill. mk**

	1966	1967	1968	1969 p
Private consumption expenditure	15 861	17 189	18 682	20 851
General government consumption expenditure	4 235	4 852	5 694	6 245
Gross private capital formation	5 635	5 682	5 949	7 308
Gross general government capital formation	1 507	1 616	1 852	1 837
Increase in stocks and statistical error	1 027	1 048	1 421	2 147
Exports of goods and services	5 824	6 358	8 308	10 096
Less imports of goods and services	6 312	6 635	7 758	9 759
Expenditure on gross domestic product	27 777	30 110	34 148	38 725
Net factor income from abroad	— 150	— 209	— 275	— 323
Expenditure on gross national product	27 627	29 901	33 873	38 402

**Table 4. Annual changes in the volume of fixed capital formation, per cent**

	1966	1967	1968	1969 p
House construction	+ 1	+ 4	— 8	+15
Dwelling	+ 5	+ 1	— 3	+13
Other	— 3	+ 7	—13	+18
Other construction	+ 3	— 1	+ 5	— 7
Machinery and equipment	+ 5	—13	— 4	+20
Volume of fixed capital formation	+ 3	— 3	— 4	+11

**Finland's balance of payments January—June 1970.** According to the preliminary figures of the Bank of Finland Institute for Economic Research total revenue on current account was 5 521 million marks and total expenditure 5 935 million marks in the first half of 1970. Thus the deficit on the current transactions account amounted to 414 million marks or 306 million marks more than in the corresponding period in 1969. In this connection it has to be noted, however, that normal seasonal developments in commodity trade in the first part of the year cause an upward trend in the current account deficit. Therefore the seasonally adjusted figure was smaller, i.e. 230 million marks.

The value of commodity exports grew by 21.7 per cent in January—June as compared with the same period in 1969. The growth was fastest for metal industry products and the so-called »new export» products. However, commodity imports increased at a rate of 27.3 per cent, which was considerably above that of commodity exports. The growth was strongest

in the importation of raw materials and consumer goods. The trade deficit, including the foreign trade adjustment items, amounted to 527 million marks. This was, however, to a considerable extent compensated for by a 305 million mark surplus due to receipts from transport and other services. Interest and transfer payments, on the other hand, accounted for a 192 million mark deficit in the current account in January—June this year.

The 414 million mark deficit on the current transactions account was partly financed by a net capital inflow totalling 26 million marks or 48 million marks less than in the corresponding period in 1969. The major part of the deficit was, however, financed through short-term foreign capital, mostly in the form of commodity credits, the net inflow of which amounted to 412 million marks. These exceptionally great short-term capital imports were partly due to the restoration of a normal situation after the disturbances in the international foreign exchange markets in 1969. The outflow of other short-term capital

was 16 million marks. Considering the Special Drawing Rights of 88 million marks allotted at the beginning of the year which improved the country's foreign liquidity position, a surplus of 96 million marks on the current account is obtained. Thus the gold and foreign exchange reserves of the country increased by 96 million in the first part of 1970.

As the authorized banks increased their foreign net liabilities by 230 million marks, an increase of 326 million marks was registered in the gold and foreign exchange reserves of the Bank of Finland. Convertible currencies and Special Drawing Rights accounted for 150 million marks of this while the increase in other currencies was 176 million marks.

**New one mark coin.** On October 1, 1970, one mark copper-nickel coins were introduced. The coin is struck from mint-copper; the nominal composition by weight is 75 parts of copper and 25 parts of nickel. Its diameter is 24 mm and weight 6.1 g.

**Domestic bond issues.** The Government has authorized the following private bond issues.

The Land and Industry Real Estate Bank Ltd is making an issue of 10 million marks. The bonds are dated October 15, 1970 and will run for a period of 10 years. The rate of interest is 8 ¼ per cent and the price of issue 100 per cent.

Oy Wärtsilä Ab (steel mill, shipyards, engineering works, ceramics division) has been authorized to make an issue of 10 million marks. The loan, with an annual interest rate of 8 ¼ per cent, will run for a period of 12 years starting on September 1, 1970. It is issued at par. These bonds are tax-exempt for persons and the undistributed estates of deceased persons over the years 1970—1980.

Metsäliiton Selluloosa Oy (woodworking industry) has been authorized to launch an issue of 20 million marks. The loan period is 12 years

starting September 1, 1970. The rate of interest is 8 ¼ per cent. The loan is issued at par. These bonds are also tax-free.

**Information for foreign investors.** The Commission for Foreign Investments at the Ministry of Commerce and Industry has in co-operation with the Bank of Finland brought out a new and wholly revised edition of a guide for foreign investors entitled »Establishing a Business in Finland». This booklet contains facts about the Finnish economy supplemented by forecasts in certain important areas. Also included is an account of legislation of interest to foreign investors — company legislation, taxation, regional policy etc — and of foreign exchange regulations. Copies of the English, German and Swedish editions of the booklet and of the mimeographed French version may be obtained on request from the Bank of Finland.

**Publications of the Bank of Finland.** The Bank of Finland Year Book for 1969 has been published in Finnish, Swedish and English. The first section is a review of Finnish economic conditions in 1969. The second section includes the Economic Special Powers Act and measures taken in connection with it. The following three sections deal with credit and capital markets, foreign exchange policy and the balance of payments, and the Bank of Finland's statement. In the sixth section, there is an account of Finland's relations with international financial institutions. The appendices comprise the investment fund law, the law on the establishment of a governmental counter-cyclical fund and the law on the taxation of counter-cyclical deposits. At the end of the book there is a statistical annex. The Year Book has been compiled by the Bank of Finland Institute for Economic Research.

The 1970 issue of Series A of the publications issued by the Bank of Finland Institute for Economic Research has appeared in Finnish and Swedish. It contains the following articles: Cyclical fluctuations in Finland, 1948—1969,

in the light of a NBER-method, by Seppo Kos-  
tiainen, Ralf Pauli and Jouko Varjonen; A small  
model for short-term forecasting of cyclical fluc-  
tuations, by Lauri Korpelainen, Ahti Molander  
and J. J. Paunio; Some aspects of the explana-  
tion and forecasting of short-term fluctuations  
in fixed investment, by Leif Nordberg and Heikki  
Koskenkylä; Changes in note circulation, by  
Markku Puntila.

---

## BANK OF FINLAND

---

### Board of management

Mauno Koivisto

*Governor*

Esko K. Leinonen

A. Simonen

Ahti Karjalainen

Heikki Valvanne

*Absent as Prime Minister*

Jaakko Lassila

Timo Helelä

*ad int.*

---

### Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

---

### Senior officials

Pertti Tammivuori

P.-E. Österlund

*Administration*

*Invisible transactions and  
capital transfers*

A. Kajantie

Helge Lindström

*Internal Audit*

*Credits*

A. Nenonen

K. Eirola

*Foreign correspondence*

*Automatic Data Processing*

K. Ignatius

Eino Suomela

*Personnel*

*Office*

Stig Törnroth

*Cash*

---

### Institute for economic research

Pertti Kukkonen

Markku Puntila

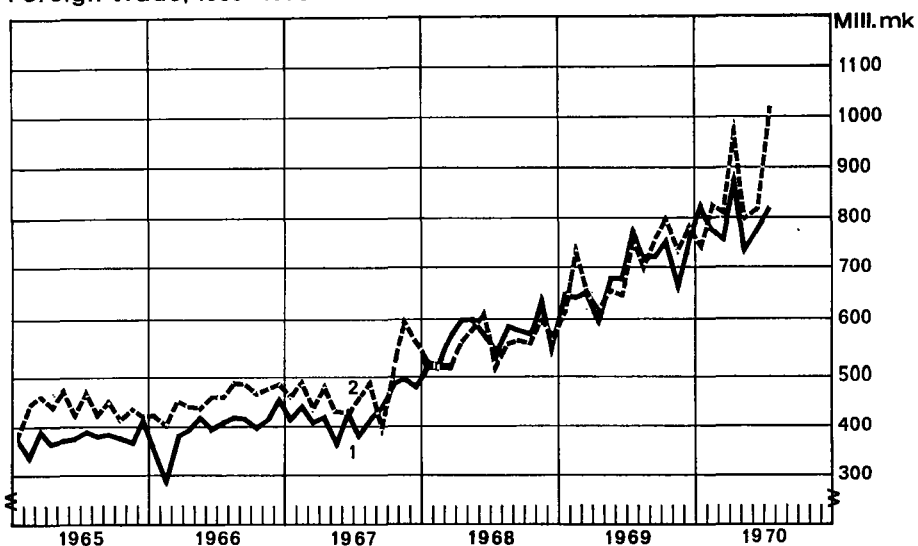
*Director*

*Head of department*

### Foreign trade, 1965-1970

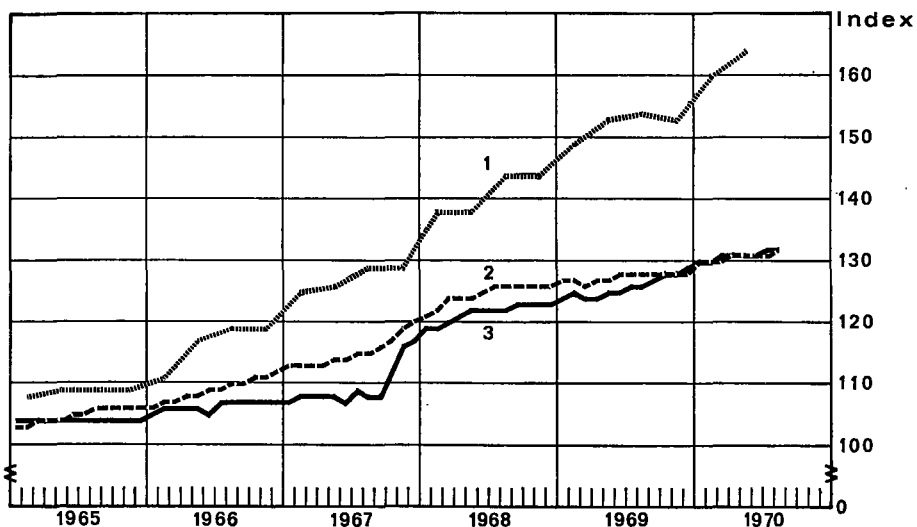
1. Exports f.o.b.
2. Imports c.i.f.

Seasonally adjusted monthly figures



### Prices and wages, 1965-1970

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



### Production, 1965-1970

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

