



# BANK OF FINLAND

*Monthly Bulletin*

**On the occasion of the closing of  
the 1969 accounts**

**New bank legislation**

**Finland's balance of payments January  
—September 1969**

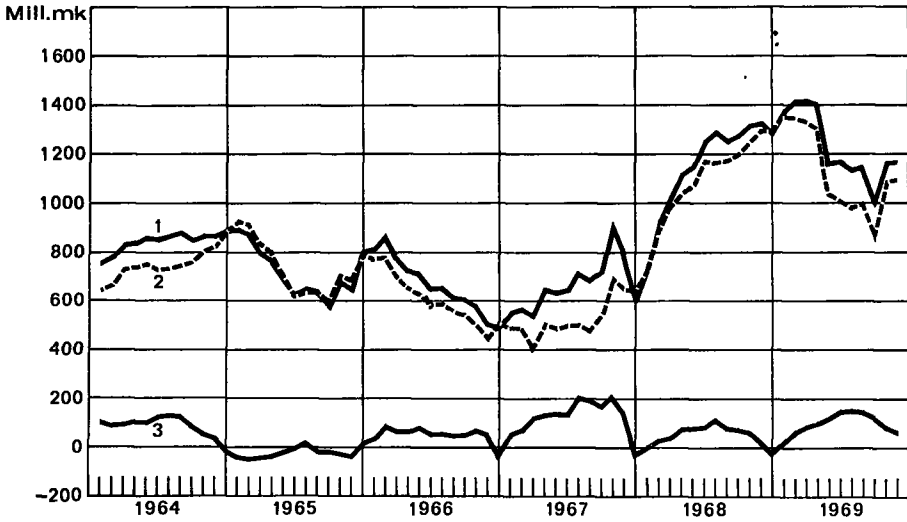
**Currency subscription to Finland's  
quota in the IMF**

**Finnish municipal loan of 1969**

**JANUARY 1970**

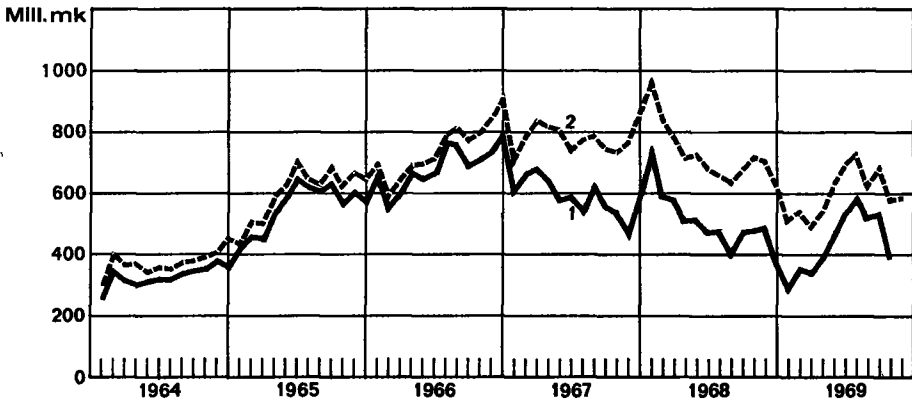
**Vol. 44 No. 1**

Bank of Finland foreign exchange reserve, 1964-1969



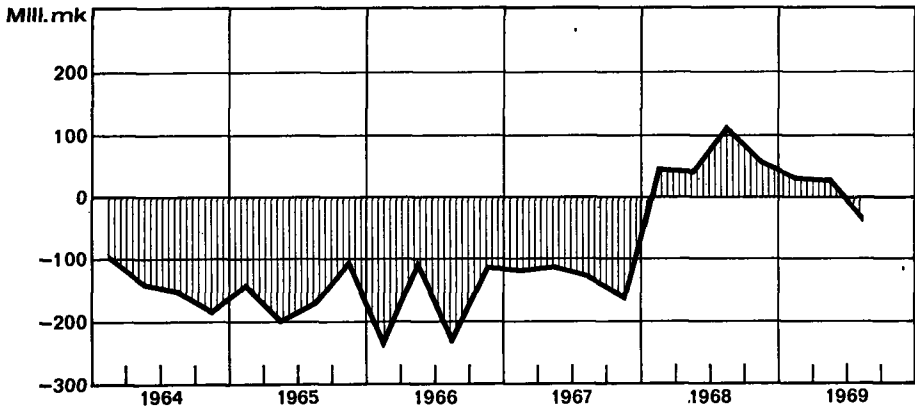
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1964-1969



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

Balance of payments current account surplus/deficit, 1964-1969



Seasonally adjusted quarterly figures

## ON THE OCCASION OF THE CLOSING OF THE 1969 ACCOUNTS

the Acting Governor of the Bank of Finland, Dr. Reino Rossi, has made the following statement

Economic developments in Finland were characterized by a very pronounced upswing in 1969. This was based on the increase of domestic investment on the one hand and of exports and export demand on the other. The agreement on prices and incomes ensured a high degree of competitiveness, which facilitated efforts towards export expansion and diversification. However, the upswing and the acceleration in investment activity also resulted in an unexpectedly high growth of imports. Consequently there will be a small trade deficit in 1969. Moreover, changes occurred in foreign short-term assets and liabilities due to uncertainty in the international foreign exchange market and the considerable gap between the foreign and domestic interest rate levels. As a result, there was temporary outflow of short-term capital in 1969. The tightening of the international capital market ebbed the inflow of long-term capital. The drawings on long-term loans totalled 200 million marks less than in 1968.

The reserves of gold and convertible currencies of the Bank of Finland declined from 1 303 million marks to 1 255 million during the year under review. The decrease in the total foreign exchange reserves of the Bank was slightly more, i.e. from 1 290 million to 1 175 million marks, because of an end of year deficit on the bilateral trade clearing accounts. However, the total foreign exchange reserves of the country rose because the net liabilities of other foreign exchange holders were cut markedly — by the end of November by more than 250 million marks — although the net increase was rather slight in comparison with almost 600 million marks in the previous year.

Foreign bills and bonds held by the Bank of Finland at the end of the year amounted to 165 million marks. The total of foreign assets decreased by 44 million marks. As there was,

on the other hand, a slight increase in foreign liabilities, net foreign assets of the Bank declined by 49 million marks.

At the end of the year the responsibility for the part of the Finnish quota in the International Monetary Fund paid in marks was transferred, by parliamentary decision, from the State to the Bank of Finland. As a result, foreign term liabilities were increased by 352 million marks with a corresponding increase in the Bank's assets.

Owing to brisk investment activity and the upswing bank lending increased sharply in 1969, i.e. by almost treble the 1968 increase. Deposits also displayed more favourable developments than in the previous year. Rediscounted bills declined from 618 million marks to 550 million. The liability of the banking institutions on the special index accounts was 107 million marks at the beginning of the year but increased to 166 million in February as index-tied deposits matured; by the end of the year they declined again to 87 million. The claims of the banks on the Bank of Finland were also reduced. The Bank refunded 46 million marks of cash reserve deposits and the cheque accounts of the banking institutions declined by 29 million marks. Thus the banks' net liability to the central bank was reduced by only 13 million marks.

A further 100 million of the 300 million mark loan arranged in 1966 was repayed by the Treasury in 1969 according to the terms of agreement. The accrual of export levies held on a special account at the Bank of Finland was 128 million marks but as the Treasury at the same time used 292 million marks of export levy funds, there was a net decline of 164 million marks on this account. The

total amount accrued as export levies was 665 million marks, of which 469 million had been used by the end of the year.

The Bank's holdings of domestic non-government bills denominated in Finnish currency increased by 26 million marks during the year. At the end of 1969 these credits totalled 173 million marks; of this, 73 million marks were so-called »new export» credits.

The portfolio of domestic bonds was reduced by 9 million marks, due to net sales of bonds.

The note circulation grew by 139 million marks and by the end of 1969 had reached 1 298 million marks.

Bank of Finland's profits for 1969 amounted to 55.3 million marks, i.e. 9.9 million marks more than in 1968. In accordance with the Regulations of the Bank one-half of the annual profit is transferred to the reserve fund while the disposal of the other half will be decided by Parliament.

January 3, 1970

	1968		1969			
	Dec. 31	Nov. 28	Dec. 8	Dec. 15	Dec. 23	Dec. 31
<b>Assets</b>						
Ordinary note cover	1 477.4	1 416.7	1 487.7	1 491.9	1 460.9	1 433.1
Gold	189.5	189.3	189.3	189.4	189.4	189.4
IMF gold tranche	—	173.3	173.3	173.3	173.3	173.3
Foreign exchange	1 163.0	894.7	963.6	966.5	932.0	905.0
Foreign bills	76.1	99.5	101.6	102.8	106.3	106.3
Foreign bonds	48.8	59.9	59.9	59.9	59.9	59.1
Supplementary note cover	790.3	778.1	731.3	757.2	751.1	730.7
Inland bills discounted						
In foreign currency	25.1	15.9	11.5	11.5	7.3	7.3
In Finnish currency	147.5	161.2	164.0	178.4	175.9	173.1
Rediscounted bills	617.7	601.0	555.8	567.3	567.9	550.3
Other assets	470.5	392.7	395.8	456.5	635.9	851.0
Finnish bonds	135.7	83.5	86.7	118.4	232.5	126.5
Cheque accounts	1.9	2.5	3.3	6.6	1.7	0.2
Finnish coin	11.7	10.9	9.6	8.2	5.2	5.5
Currency subscription to Finland's quota in the IMF	—	—	—	—	—	351.7
Other claims	321.2	295.8	296.2	323.3	396.5	367.1
Total	2 738.2	2 587.5	2 614.8	2 705.6	2 847.9	3 014.8
<b>Liabilities</b>						
Notes in circulation	1 159.6	1 191.4	1 232.7	1 310.0	1 411.4	1 298.4
Liabilities payable on demand	136.5	110.1	111.3	120.5	159.6	123.5
Foreign exchange accounts	62.1	83.6	81.4	82.2	86.4	92.4
Mark accounts of holders abroad	12.4	5.9	5.7	6.0	6.0	0.8
Cheque accounts						
Treasury	3.0	2.8	3.5	1.6	0.2	3.7
Post Office Savings Bank	3.4	5.4	1.3	0.9	0.0	3.6
Private banks	39.2	0.0	2.4	—	49.0	10.1
Other	2.2	1.4	2.4	2.5	2.4	1.0
Other sight liabilities	14.2	11.0	14.6	27.3	15.6	11.9
Term liabilities	546.4	341.7	337.3	329.6	328.8	307.6
Foreign	21.4	12.2	9.4	7.7	7.7	7.7
Finnish	525.0	329.5	327.9	321.9	321.1	299.9
IMF mark accounts	—	—	—	—	—	351.7
Equalization accounts	400.3	424.1	410.8	420.0	420.3	405.6
Bank's own funds	495.4	520.2	522.7	525.5	527.8	528.0
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	150.0	172.7	172.7	172.7	172.7	172.7
Net profit	45.4	—	—	—	—	55.3
Earnings less expenses	—	47.5	50.0	52.8	55.1	—
Total	2 738.2	2 587.5	2 614.8	2 705.6	2 847.9	3 014.8

## BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	361.0	3.0	357.3
1969	1 267.7	92.4	1 175.3	165.4	8.5	1 332.2	—	196.1	3.7	199.8
1968										
Oct.	1 383.1	59.8	1 323.3	123.9	169.9	1 277.3	6.7	350.8	11.1	355.2
Nov.	1 386.1	57.5	1 328.6	122.7	169.6	1 281.7	6.7	358.5	2.4	354.2
Dec.	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	361.0	3.0	357.3
1969										
Jan.	1 448.8	62.7	1 386.1	122.9	30.4	1 478.6	4.2	378.7	0.7	375.2
Feb.	1 468.9	45.4	1 423.5	116.6	30.1	1 510.0	2.5	365.1	2.7	365.3
March	1 466.6	41.3	1 425.3	130.4	30.6	1 525.1	2.5	367.1	1.9	366.5
April	1 454.5	42.9	1 411.6	145.2	27.7	1 529.1	2.5	369.9	9.7	377.1
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	2.5	350.1	0.5	348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	2.5	284.0	5.3	286.8
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	2.5	283.7	18.8	300.0
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	2.5	280.5	6.8	284.8
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	2.1	265.1	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	165.4	8.5	1 332.2	—	196.1	3.7	199.8

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1968			Net holdings, Nov. 28, 1969			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov.
	Gold	190	—	190	189	—	189	—
IMF gold tranche	—	—	—	173	—	173	—	+173
Convertible currencies	1 113	—368	745	737	—103	634	+ 33	—111
Other currencies	— 13	5	— 8	75	4	79	— 9	+ 87
Total	1 290	—363	927	1 174	— 99	1 075	+ 24	+148

## BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions				Other					Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks <sup>1</sup>	Post Office Savings Bank <sup>1</sup>	Mortgage Bank of Finland Oy						
1	2	3	4	5	6	7	8	9	10	
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	-1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969	550.3	92.8	12.2	0.9	444.4	173.1	374.6	24.5	523.2	1 298.4
1968										
Oct.	734.7	148.7	25.7	-0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	+0.0	264.4	129.4	352.7	37.3	444.8	1 039.3
Feb.	438.1	123.5	14.3	+0.0	300.3	134.0	379.3	32.8	480.5	1 080.3
March	439.8	120.5	15.2	1.5	302.6	129.2	374.6	30.6	473.2	1 064.0
April	491.0	109.1	20.1	+0.0	361.8	94.4	367.5	29.0	432.9	1 099.4
May	609.7	119.4	13.7	0.1	476.5	122.8	367.4	28.9	461.3	1 150.0
June	699.6	117.0	37.6	0.4	544.6	137.3	349.9	28.7	458.5	1 177.6
July	714.1	124.1	33.2	0.0	556.8	148.0	327.7	26.7	449.0	1 119.8
Aug.	601.3	83.3	11.3	-1.1	507.8	153.4	322.5	26.8	449.1	1 166.6
Sept.	684.6	80.5	9.7	-0.2	594.6	159.5	319.3	31.0	447.8	1 143.3
Oct.	597.2	121.3	11.7	0.0	464.2	163.9	322.7	26.4	460.2	1 144.0
Nov.	601.0	82.7	14.0	0.1	504.2	161.2	314.2	25.8	449.6	1 191.4
Dec.	550.3	92.8	12.2	0.9	444.4	173.1	374.6	24.5	523.2	1 298.4

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

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

December 31, 1969

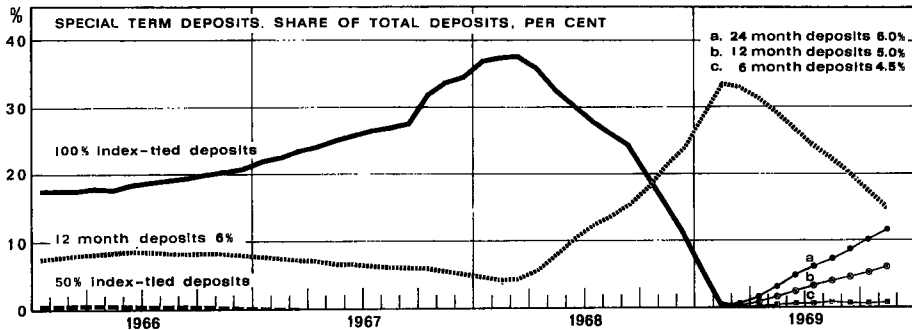
New York	1 \$	4.1970	Frankfurt o. M.	100 DM	113.78	Vienna	100 S	16.27
Montreal	1 \$	3.9090	Amsterdam	100 FI	115.70	Lisbon	100 Esc	14.81
London	1 £	10.0750	Brussels	100 Fr	8.4550	Reykjavik	100 Kr	4.80
Stockholm	100 Kr	81.25	Zurich	100 Fr	97.20	Madrid	100 Pta	6.03
Oslo	100 Kr	58.82	Paris	100 FF	75.45	Moscow <sup>1</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	56.07	Rome	100 Lit	0.6690	Clearing dollars <sup>2</sup>	1 CI \$	4.212

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

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 & their cen- tral bank	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
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1968										
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 598.5	4 031.8	2 775.1	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 636.9	4 045.0	2 798.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 690.5	4 071.2	2 825.8	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 756.1	4 115.1	2 851.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 762.9	4 084.9	2 816.8	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 783.5	4 087.1	2 834.2	1 052.4	474.8	13 232.2	14 796.2
Aug.	873.5	1 127.0	440.8	4 817.3	4 117.0	2 865.4	1 057.0	477.1	13 334.1	14 901.9
Sept.	941.7	1 213.4	463.2	4 849.7	4 149.2	2 901.1	1 062.7	490.8	13 453.8	15 130.4
Oct.	971.0	1 238.5	425.6	4 903.6	4 184.0	2 925.0	1 073.2	497.8	13 583.9	15 248.0
Nov.	923.7	1 190.5	445.8	4 935.4	4 218.9	2 965.3	1 080.5	507.0	13 707.4	15 343.7

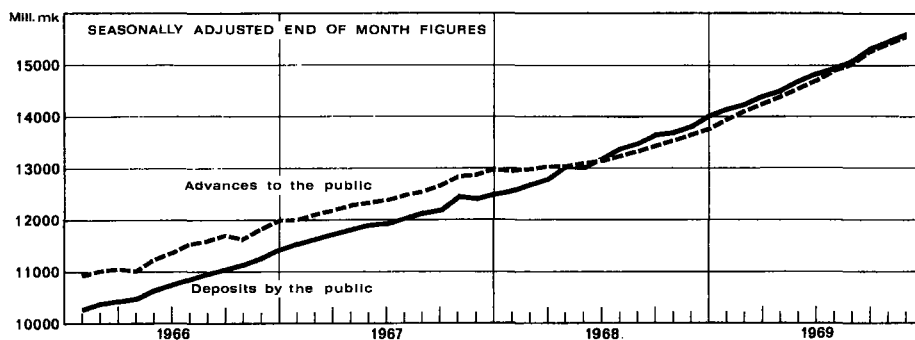




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Bank	Co-op. banks & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1968									
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969*									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	2 495.5
Feb.	5 645.7	3 474.7	951.5	2 907.1	1 045.5	13 479.2	545.3	14 024.5	2 602.3
March	5 704.5	3 491.0	958.5	2 920.4	1 106.1	13 638.4	542.1	14 180.5	2 552.9
April	5 802.0	3 515.4	960.5	2 949.7	1 112.9	13 767.8	572.7	14 340.5	2 612.2
May	5 901.6	3 550.1	969.9	2 984.5	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 006.8	3 561.1	978.9	3 007.2	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 039.2	3 595.4	988.4	3 047.7	1 191.8	14 278.9	583.6	14 862.5	2 634.6
Aug.	6 061.0	3 633.8	1 010.5	3 076.3	1 196.2	14 406.2	571.6	14 977.8	2 675.1
Sept.	6 234.6	3 688.9	1 027.5	3 136.0	1 201.4	14 678.8	609.6	15 288.4	2 737.3
Oct.	6 325.2	3 746.8	1 037.3	3 185.3	1 228.3	14 911.9	611.0	15 522.9	2 760.7
Nov.	6 431.0	3 794.8	1 044.8	3 219.8	1 243.9	15 093.5	640.8	15 734.3	2 792.0



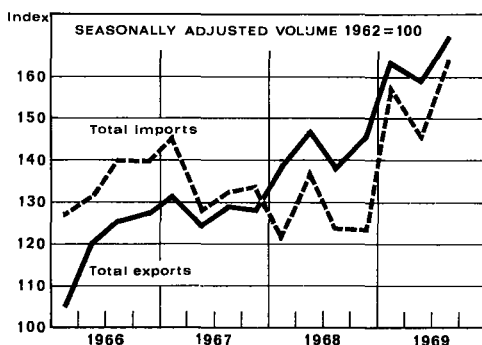
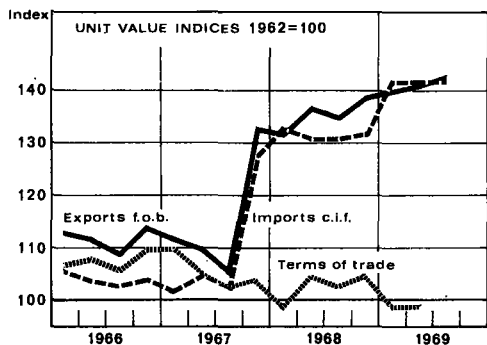


# FOREIGN TRADE

Mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1964	4 131.9	4 816.5	-684.6
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
1968			
Nov.	682.4	609.4	+ 73.0
Dec.	617.3	687.4	- 70.1
1969*			
Jan.	591.4	632.0	- 40.6
Feb.	491.5	667.6	-176.1
March	623.8	640.1	- 16.3
April	555.8	615.7	- 59.9
May	753.7	740.6	+ 13.1
June	704.4	645.8	+ 58.6
July	742.3	648.6	+ 93.7
Aug.	704.3	588.8	+115.5
Sept.	733.0	782.2	- 49.2
Oct.	884.9	865.0	+ 19.9
Jan.-Oct.			
1968*	5 574.4	5 414.1	+160.3
1969*	6 785.1	6 826.4	- 41.3

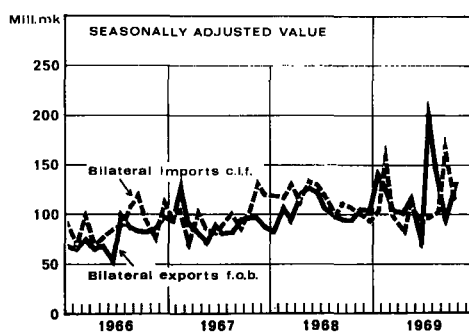
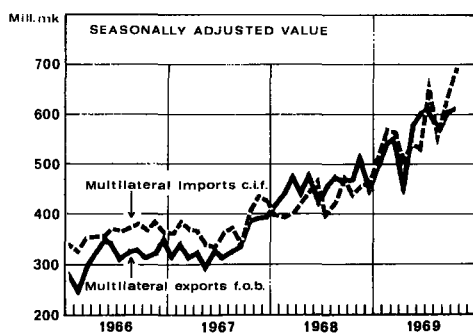
Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1964	109	119	108	103	105
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1966					
July-Sept.	133	133	109	103	106
Oct.-Dec.	141	150	114	104	110
1967					
Jan.-Mar.	110	134	112	102	110
Apr.-June	130	135	110	105	105
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.	138	139	140	142	99
Apr.-June	162	143	141	142	99
July-Sept.	172	145	143	142	101



## FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968*	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
1968*										
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.3	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.7	108.9
March	56.3	1.0	68.3	286.2	116.7	95.3	247.8	51.9	201.0	139.4
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	208.0	87.3	321.5	63.8	217.2	138.1
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	302.8	65.3	160.9	119.6
Aug.	21.9	9.9	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	344.7	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
Jan.-Oct.										
1968*	261.6	47.8	932.6	2 473.7	1 236.0	622.7	2 438.8	717.0	1 209.9	1 048.4
1969*	275.2	58.7	1 148.4	2 780.4	1 610.8	911.6	2 913.4	777.0	1 848.5	1 287.5



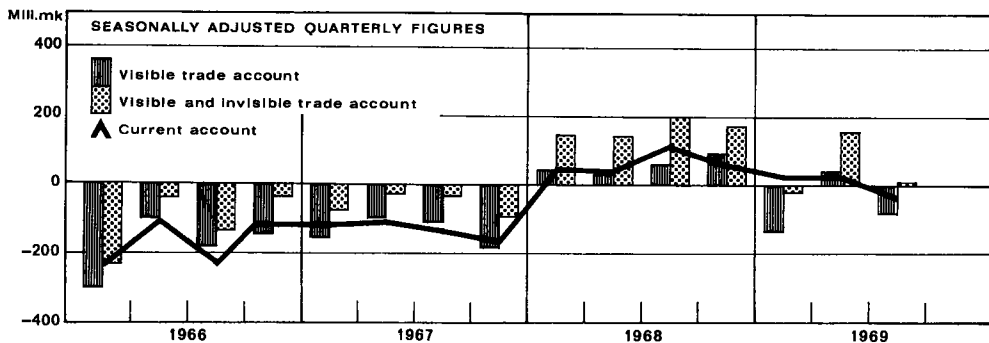
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—October				January—October			
	1968		1969		1968		1969	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	67.2	3 747.8	68.0	4 611.9	69.1	3 739.6	72.8	4 970.5
Austria	0.5	29.1	0.6	39.6	1.0	55.1	1.1	77.6
Belgium-Luxembourg	2.3	130.7	2.5	168.3	2.1	112.9	1.9	130.7
Denmark	3.7	203.2	4.0	269.5	3.5	190.1	3.4	234.6
France	4.0	222.3	4.1	281.1	3.2	171.2	3.6	243.4
Federal Republic of Germany	9.8	547.3	9.9	669.7	15.7	848.0	16.4	1 119.9
Italy	3.0	166.6	2.7	185.5	2.1	115.1	2.2	147.0
Netherlands	4.7	261.1	4.5	305.3	3.6	197.4	3.7	255.0
Norway	2.7	150.5	2.2	150.3	2.4	129.7	2.9	199.8
Portugal	0.2	12.4	0.2	17.1	0.5	28.0	0.6	41.5
Spain	0.8	46.8	1.0	64.9	0.4	20.1	0.3	18.9
Sweden	10.9	606.2	13.6	920.6	15.5	838.1	16.3	1 113.4
Switzerland	1.4	77.3	2.0	133.8	3.3	180.2	3.3	225.3
United Kingdom	21.1	1 176.7	18.6	1 263.3	15.4	834.6	16.8	1 146.9
Other	2.1	117.6	2.1	142.9	0.4	19.1	0.3	16.5
<b>OECD countries outside Europe</b>	6.7	369.9	7.1	482.5	5.1	278.7	6.3	427.8
Canada	0.2	11.6	0.6	39.7	0.2	10.9	0.3	17.3
Japan	0.3	15.6	0.2	17.6	1.4	75.7	1.8	121.9
United States	6.2	342.7	6.3	425.2	3.5	192.1	4.2	288.6
<b>Eastern Bloc</b>	19.0	1 061.1	17.7	1 201.9	21.3	1 155.6	16.4	1 119.6
Czechoslovakia	0.6	36.2	0.3	17.3	0.4	22.7	0.3	22.2
Democratic Republic of Germany	0.5	25.3	0.4	30.5	0.7	38.5	0.6	41.0
People's Republic of China	0.6	35.6	0.5	37.8	0.9	48.1	0.7	46.2
Poland	1.0	58.2	1.6	108.1	1.6	88.1	1.3	90.5
Soviet Union	15.7	872.6	14.2	962.6	17.2	928.8	12.9	879.5
Other	0.6	33.2	0.7	45.6	0.5	29.4	0.6	40.2
<b>Latin America</b>	3.0	167.9	3.0	202.8	2.7	143.4	2.5	168.9
Argentina	1.0	54.6	0.7	47.4	0.2	10.3	0.4	14.2
Brazil	0.7	38.0	0.4	29.5	1.0	52.5	0.9	56.4
Colombia	0.3	16.5	0.3	16.8	0.8	44.8	0.7	48.8
Other	1.0	58.8	1.6	109.1	0.7	35.8	0.7	49.5
<b>Other</b>	4.1	227.7	4.2	286.0	1.8	96.8	2.0	139.6
<b>GRAND TOTAL</b>	100.0	5 574.4	100.0	6 785.1	100.0	5 414.1	100.0	6 826.4
of which								
<b>EFTA countries</b>	40.5	2 255.4	41.2	2 794.3	41.7	2 255.8	44.5	3 039.0
<b>EEC countries</b>	23.8	1 328.0	23.7	1 610.0	26.7	1 444.6	27.8	1 896.0
<b>OECD countries</b>	73.9	4 117.7	75.1	5 094.4	74.2	4 018.3	79.1	5 398.3

# BALANCE OF PAYMENTS

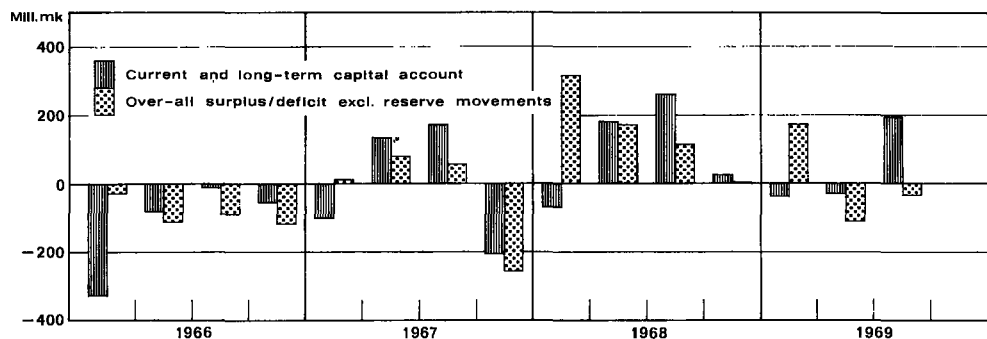
Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1963	3 658	3 878	-220	+243	-100	+74	- 3	- 70	+ 6	- 67
1964	4 109	4 831	-722	+330	-115	+45	-462	-101	- 0	-563
1965	4 542	5 287	-745	+341	-108	+35	-477	-131	+ 1	-607
1966	4 784	5 542	-758	+356	- 96	+25	-473	-150	-10	-633
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
Jan.-Mar										
1966	879	1 247	-368	+ 72	- 23	+11	-308	- 38	- 1	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 6	- 74	- 36	- 4	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 4	- 24	- 40	- 1	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+16	- 67	- 36	- 4	-107
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



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
+ 513	-164	..	-23	+326	+259	-109	- 22	- 16	+112	-112	..
+ 762	-228	- 31	-11	+492	- 71	+112	+ 55	+ 83	+179	-179	..
+ 434	-273	- 66	+ 3	+ 98	-509	+146	+ 34	+ 46	-283	+202	+81
+ 518	-271	- 61	-32	+154	-479	+ 53	-114	+185	-355	+321	+34
+ 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
+ 89	- 60	+ 2	-15	+ 16	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
+ 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
+ 116	- 52	- 36	+ 3	+ 31	- 83	+ 19	-114	+ 64	-114	+121	- 7
+ 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
+ 111	- 67	- 9	+20	+ 55	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
+ 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
+ 202	- 92	- 18	-40	+ 52	- 55	- 6	-122	+ 66	-117	+117	± 0
+ 152	-186	- 34	+ 0	- 68	-205	- 13	-159	+122	-255	+316	-61
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+11

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

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



# PRICE INDICES

Wholesale prices 1949 = 100

Building costs  
1964 = 100

Period	Total	Origin		Purpose			Stage of processing			Total	Building costs	
		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		Wages in building trade	Building materials
1966	241	247	216	245	228	238	271	233	228	108	112	104
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												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116
Feb.	282	287	264	278	285	287	315	268	271	129	139	116
March	281	285	264	278	285	283	313	265	271	129	139	117
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117
June	283	286	270	280	290	284	308	274	273	130	139	117
July	285	288	271	283	291	285	311	277	273	130	139	118
Aug.	285	288	273	283	292	286	312	278	273	131	139	119
Sept.	287	290	275	287	294	285	314	282	274	132	139	122
Oct.	289	291	280	289	301	285	316	283	276	133	139	122
Nov.	290	293	281	291	301	286	319	285	276	133	139	123

Consumer prices 1967 = 100

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100										
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111
March	214	168	110	112	111	108	110	110	110	109	110	111
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111
June	217	170	112	115	111	108	111	108	110	110	110	112
July	217	170	112	115	111	109	111	107	110	110	110	112
Aug.	217	170	112	116	111	108	112	107	110	110	110	112
Sept.	218	171	112	116	111	109	112	108	110	109	111	112
Oct.	218	171	112	115	111	109	113	109	111	110	111	112
Nov.	218	171	112	115	111	109	113	111	111	111	111	112



## 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			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*	164	152	143	156	150	160	149	150	150	150
1968										
Jan.-Mar.	146	137	129	143	137	146	134	136	135	138
Apr.-June	150	139	135	145	140	148	138	140	140	138
July-Sept.	153	144	138	149	144	152	143	144	144	144
Oct.-Dec.	157	145	141	149	144	152	142	144	144	144
1969*										
Jan.-Mar.	163	151	141	155	150	159	147	149	148	150
Apr.-June	160	152	144	156	150	160	149	150	150	150
July-Sept.	167	153	144	156	150	160	150	151	151	151
Oct.-Dec.	167	153	144	156	150	160	150	151	151	151

## PRODUCTION

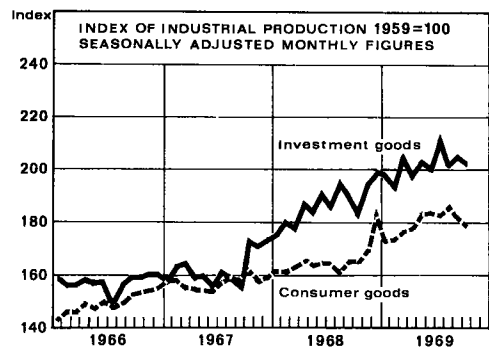
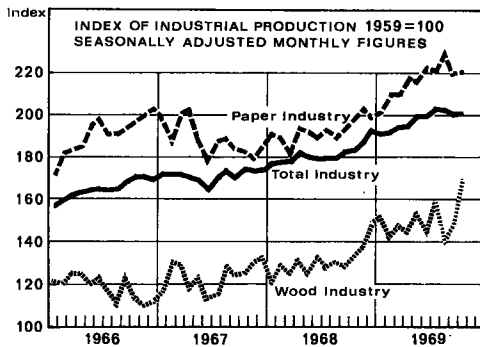
Volume indices of production 1964=100

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	122	98	92	109	107	113	112	118	120	119
1968											
Jan.-Mar.	110	126	64	126	80	112	107	102	117	118	118
Apr.-June	113	121	87	107	118	109	114	110	118	119	118
July-Sept.	114	111	174	41	125	102	114	111	119	120	118
Oct.-Dec.	115	129	66	96	113	106	117	123	120	122	120
1969											
Jan.-Mar.	118	135	64	146	85	107	116	113	122	122	123
Apr.-June	119	131	84	112	105	103	121	122	123	123	124
July-Sept.	122	123	172	45	141	100	122	122	124	124	124

# 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	153	121	191	214	219	163	166
1967	172	163	180	158	160	125	187	233	224	168	172
1968*	182	190	189	166	164	132	194	247	219	189	183
1968*											
March	194	214	200	173	150	144	204	264	225	210	179
April	184	195	188	170	159	150	185	252	207	194	183
May	192	201	197	180	173	152	200	262	227	200	181
June	159	171	160	154	159	114	152	196	225	166	180
July	134	94	147	120	173	112	189	197	176	96	181
Aug.	180	179	183	171	172	119	195	244	234	178	181
Sept.	187	195	194	170	165	123	204	259	246	195	184
Oct.	206	213	212	190	211	138	217	270	239	215	184
Nov.	199	212	208	176	188	134	210	260	223	212	188
Dec.	181	190	189	159	139	130	180	252	216	191	194
1969*											
Jan.	201	218	209	179	152	159	205	269	229	215	192
Feb.	191	206	200	169	142	150	207	248	207	206	193
March	212	239	220	187	157	169	231	266	244	230	196
April	197	202	203	183	165	165	210	253	236	203	196
May	204	207	209	193	179	174	210	255	261	211	200
June	185	192	186	181	175	131	191	219	245	193	200
July	152	110	166	133	184	138	217	209	232	110	204
Aug.	198	182	204	189	182	122	235	240	255	187	204
Sept.	210	223	217	193	180	147	232	258	266	221	202
Oct.	226	235	235	205	211	171	241	263	276	235	206



## 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	Commercial timber fellings 1 000 piled cu. m	Retailers' sales volume index 1954 = 100	Wholesalers' volume index 1954 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	1 904	1.6	46 507	164	179	103
1967	2 209	2 146	1 845	2.9	44 963	168	190	103
1968	2 199	2 110	1 762	4.0	47 733	170	177	109
1968								
June	2 312	2 229	1 774	3.6	1 875	165	170	94
July	2 343	2 258	1 553	3.6	955	165	164	106
Aug.	2 272	2 200	1 683	3.2	1 751	172	185	103
Sept.	2 193	2 122	1 773	3.2	2 279	169	182	101
Oct.	2 173	2 103	1 804	3.2	3 353	187	197	118
Nov.	2 164	2 086	1 824	3.6	3 880	176	180	112
Dec.	2 174	2 087	1 824	4.0	5 541	222	201	104
1969								
Jan.	2 142	2 044	1 782	4.6	5 151	..	..	110
Feb.	2 135	2 042	1 757	4.4	5 405	..	..	105
March	2 134	2 047	1 751	4.1	5 349	..	..	115
April	2 138	2 056	1 781	3.8	4 336	..	..	112
May	2 175	2 113	1 831	2.9	11 075	..	..	111
June	2 306	2 253	1 772	2.3	1 937	..	..	117
July	2 343	2 292	1 588	2.2	1 007	..	..	119
Aug.	2 304	2 257	1 704	2.0	1 886	..	..	121
Sept.	2 206	2 167	1 783	1.8	2 778	..	..	124

## 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											
1966	36.70	15.98	3.65	11.56	3.29	26.91	11.35	2.84	8.39	3.01	36.19
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	7.64	2.86	34.09
1968*											
Jan.-Mar.	4.34	1.72	0.40	1.57	0.35	4.85	2.19	0.24	1.84	0.41	29.47
Apr.-June	8.87	3.80	1.41	2.54	0.37	6.16	2.54	0.51	1.88	0.82	33.70
July-Sept.	9.40	4.31	0.71	2.78	1.04	7.65	3.17	0.89	1.88	1.07	34.29
Oct.-Dec.	8.97	4.17	0.43	2.67	1.30	7.78	3.82	0.94	2.04	0.56	34.09
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	5.56	2.42	0.38	1.64	0.82	37.45

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

## BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net).

## 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 Savings 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 Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin). *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *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 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

## 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 TRANSFOT

NATIONAL INCOME (1968, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 635 (9 %), forestry and fishing 1 947 (7 %), manufacturing 8 941 (30 %), construction 2 748 (9 %), transport and communication 2 225 (7 %), commerce, banking and insurance 3 724 (12 %), public administration 1 418 (5 %), other services 6 211 (21 %), total 29 849. Index of real domestic product 113 (1964 = 100).

FOREST RESOURCES (1960—1968): The growing stock comprised 1 448 million of solid cu. m incl. bark (51 139 million cu. ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 16 364 million cu. ft, 47 % 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 1968 calculated according to the use of wood was 48 million cu. m excl. bark (1 655 million cu. ft).

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

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

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

MERCHANT FLEET (Dec. 31, 1969): Steamers 59 (67 179 gross reg. tons), motor vessels 432 (589 174 gross reg. tons), tankers 5 (584 425 gross reg. tons) general cargos 12 (1 515 gross reg. tons). Total 508 (1 242 293 gross reg. tons).

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

## 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, 1968). There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 co-operative banks and their central bank, six mortgage banks, and Fost Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtytwo 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 %.

# NEW BANK LEGISLATION

by Markku Puntila, D. Pol. Sc.

Head of Department and int. of the Bank of Finland Institute for Economic Research

On the 1st of January, 1970 commercial banks, savings banks, co-operative credit societies, mortgage banks, credit companies and the Post Office Savings Bank became subject to new legislation. In addition, the stipulations concerning the savings fund activity of the co-operative stores were revised and a new Bank Inspection Act came into force. The reform established a uniform legislative basis for all banking institutions accepting deposits and for those credit institutions raising funds through bond issues or similar instruments. At the same time all these institutions, with the exception of the Post Office Savings Bank, for which the Government is responsible, and the savings fund activity of the co-operative stores, came under centralized public control.

## THE BACKGROUND TO THE REFORM

The reform, with the exception of the Post Office Bank Act, is based on the proposals of the committee appointed in 1961 under the chairmanship of Reino Rossi Ph. D., (present Acting Governor of the Bank of Finland) which completed its report in 1967. The membership of the Committee was made up of representatives of the Bank of Finland, the Ministry of Finance, the Bank Inspectorate and the most important groups of credit institutions affected by the reform. Though the law concerning the Post Office Bank was dealt with in a separate Government bill, it was specifically formulated in such a manner as to be in harmony with the other banking legislation.

Finnish bank legislation has hitherto lacked coherence because it has been drafted and revised in separate parts. As a result, various monetary and credit institutions have been subject to different legal regulations. This has become increasingly disturbing as the money

market has become more unified. The aim of the reform was to establish a legislative framework which would remove inequitable discrimination between various groups of monetary and credit institutions and within which the legal rights and obligations of each group would be brought into balance. It was borne in mind that these monetary and credit institutions under public control should provide a risk-free depository for the public's savings. At the same time it was intended that new regulations should be made such as to facilitate the adjustment of the monetary and credit institutions to the needs of a rapidly changing economy.

The legislative reform now implemented affects the major part — i.e. two thirds — of the Finnish credit market as shown in the table below.

<b>Credit institutions affected by the reform</b>	Share of advances to the public outstanding at the end of 1968, per cent
Commercial banks and the Central Bank of the Co-operative banks	31
Savings banks	16
Co-operative banks	13
Mortgage banks	5
Post Office Bank	4
Development credit institutions	2
Total	71
<b>Other credit institutions</b>	
Bank of Finland	2
Insurance companies	13
National Pensions Institute	6
Other	8
Total	100

## THE MAIN CHARACTERISTICS OF THE REFORM

No fundamental changes will take place in the legal regulations governing any group of credit institutions. The legislative changes do not have any major consequences for the position

of the commercial banks. The savings banks will be allowed a wider scope for their activities, which were previously restricted to a great extent. Correspondingly, they will be subject to higher reserve requirements. A complete bank law will govern the activities of the co-operative credit societies in future instead of the previous incomplete legislation; therefore they will be called »co-operative banks» and will be subject to the same reserve requirements as the savings banks. The restrictions on the activities of the mortgage banks have been eased to some extent, with the intention of mitigating the shortage of long-term capital, which has prevailed in the Finnish financial market. Restrictions on the activities of the Post Office Savings Bank have also been relaxed and, in line with this, the name has been changed to the Post Office Bank.

As a result of the reform four different types of banking institutions will compete for deposits from the public. These are: commercial banks in the form of joint stock companies, savings banks similar to foundations, co-operative banks in the form of co-operative societies and the Post Office Bank, for which the Government assumes responsibility. The right of the mortgage banks to accept deposits from the public — a right which never was of great significance for them — has been terminated. The co-operative stores, on the other hand, will be allowed to continue their savings funds activity within their membership. The deposit banks have been forbidden to make bond issues; in the future this will be the sole province of mortgage banks and credit companies. All credit institutions may take debenture loans.

The Credit Company Act concerns those credit institutions undertaking lending activities with funds obtained from the issue of bonds and similar instruments, which have up to now only been governed by the Joint Stock Company Act. This group consists largely of the development credit institutions.

The reform has brought all the various credit institutions under centralized public control,

through an enlarged and reconstituted Bank Inspectorate, which operates under the Ministry of Finance. The Inspectorate's supervising role, which was previously confined to commercial banks and mortgage banks, has been extended to cover also savings banks, co-operative banks and credit companies. The supervision of the savings banks and the co-operative credit societies was previously organized by their central organizations; these inspectorates will continue their supervising activity under the direction of the Bank Inspectorate. The extension of its controls provides the Bank Inspectorate with much greater opportunities to influence the development of the credit institutions. Measures taken by the credit institutions will in many cases be subject to the approval of the Inspectorate. Moreover, through the issue of instructions and its interpretations of the law the Inspectorate can directly influence the course of development of the financial system. The expenses of the new Bank Inspectorate will be covered, as before, by charging each group of credit institution according to the relative cost incurred in its inspection.

#### SOME DETAILS OF SIGNIFICANCE

Permission from the Ministry of Finance is required for the foundation of any credit institution of the above-described types whereas a new branch office may be opened with the consent of the Bank Inspectorate. The deposit banks are also allowed to operate premises which do not have all the facilities of a full branch office within the limits determined by the Bank Inspectorate. The right of the Post Office Bank to establish branch offices is not limited at all.

The new legislation defines more precisely the sphere of the banks' activities by expressly forbidding them from undertaking any non-banking business. At the same time more detailed stipulations are given concerning the right of the banks to own shares in non-financial companies. According to the new stipulations investment by a commercial bank, a savings bank and a co-operative bank in

shares in other companies may not exceed 10 per cent of the bank's own capital. In addition, a bank is not allowed to hold shares totalling more than 20 per cent of the capital of the company concerned. When this percentage is calculated all the savings banks and respectively all the co-operative banks are taken as a single entity. The mortgage banks and the Post Office Bank are forbidden to hold shares in companies engaged in business other than banking unless the activity of the bank necessitates it.

The value of real estate owned by a private deposit bank and used for its activity may not exceed 10 per cent of the total of the bank's balance sheet unless special permission has been granted by the Bank Inspectorate. The corresponding figure for the mortgage banks is 3 per cent. Real estate holdings not used for the activity of a private deposit bank can be at the maximum 3 per cent of the total of the bank's balance sheet and the Bank Inspectorate does not have the power to grant the bank permission to exceed this limit. The same provision applies to the mortgage banks. The law also contains stipulations on indirect holding of shares in companies and of real estate through holding companies. The real estate holdings of the Post Office Bank for use in connection with its banking activity are not subject to any limits; other real estate holdings are, however, forbidden.

The savings and mortgage banks have acquired, through the reform, a limited right to grant guarantees. The rights of the co-operative banks in this field have been reduced by the reform to bring them into line with those of the savings banks.

The reform has made the liquidity requirements similar for all private deposit banks. Their liquid reserves must equal the total of 20 per cent of sight liabilities plus 5 per cent of other liabilities. The liquid reserve is taken to include cash, claims on the Bank of Finland, net claims on the Post Office Bank, commercial banks and foreign banks and, in addition, e.g. bonds issued or guaranteed by the Government or

municipalities. The co-operative stores have a corresponding obligation to hold liquid reserves because of their savings fund activity, but there are no liquidity requirements for the Post Office Bank and for the mortgage banks.

As regards the solvency requirements, they are similar for all the credit institutions covered by the reform with the exception of the Post Office Bank. As the Government is responsible for this bank, a solvency requirement was regarded as unnecessary. The solvency requirement stipulates the ratio between a credit institution's own funds and its obligations; however, no own capital is required for the part of investment that can be regarded as completely risk free. For the commercial banks, which are involved in greater risks than other credit institutions, this ratio is set at 4 per cent. The corresponding figure is 2 per cent for the savings and co-operative banks and 4 per cent for the mortgage banks. A credit company's own funds must be no less than 20 per cent of its obligations. The reason for this is that the activities of these credit companies, mainly development credit institutions, are not restricted by law to any considerable extent and their business typically involves fairly high risk investment. All these credit institutions may, with the permission of the Bank Inspectorate, include, in own capital for the purposes of the solvency requirement debentures that provide a right to the institution's own capital only after its other obligations. However, the granting of this kind of permission is limited to half of the institution's own capital. The mortgage banks and credit companies form an exception, for in their case the amount of debentures that can be counted towards the solvency requirement may double their own capital.

Further, each group of deposit banking institutions has a special guarantee fund to ensure their solvency and, above all, to protect the deposits of the public. These funds are run with special contributory payments collected from the banks. In case of a bankruptcy of a bank these funds are to be used for the payment of such claims on the deposit accounts which cannot be paid by the bankrupt's estate. The guarantee



funds may also be used to grant loans to or otherwise aid banks which are in difficulties but can be considered as viable.

The reform of the legislation will influence the functioning of the credit institutions relatively slowly. This is partly due to the fact that a transition period from two to ten years has been granted to the credit institutions for the part of

provisions involving substantial tightening of the present stipulations. Moreover, the implementation of the legislation depends on further decisions, e.g. as regards the branch office network, and on the interpretations of the Bank Inspectorate. Consequently, no assessment of the success of this comprehensive — and very carefully prepared — reform can be made until several years hence.

## ITEMS

**Finlands Balance of Payments January—September 1969.** According to the preliminary figures of the Bank of Finland Institute for Economic Research total revenue on current account was 7 282 million marks and total expenditure 7 184 million marks in January—September 1969. Thus the surplus on the current transactions account amounted to 98 million marks, which is 134 million marks smaller than the corresponding figure in 1968.

The value of commodity exports increased by 20.3 per cent and amounted to 5 900 million marks. The value of commodity imports grew by 23.6 per cent to reach 5 959 million marks. The trade deficit, including the foreign trade adjustment items, was 108 million marks in comparison with the 32 million marks surplus in the corresponding period last year. The deficit arising from the trade in convertible currencies, excluding adjustment items, was 122 million marks whereas the surplus from trade in non-convertible currencies was 62 million marks. Greatest growth figures were achieved on the export side by metal and engineering industry products, 27 per cent, and other products, 46 per cent. In imports the fastest growing commodity groups were passenger cars and investment goods, which grew by 90 and 43 per cent, respectively.

The surplus in invisible items, i.e. services and interest and transfer payments decreased to 246 million marks. The receipts from transport grew about in line with the corresponding expenditure and the surplus on transport account was 384 million marks. The travel account showed a surplus of 1 million marks as against one of 4 million marks in the previous year. Due to the considerable capital inflow during the last few years interest payments continued to increase throughout January—September 1969; the deficit on interest account grew by 28 million marks to 221 million marks. Drawings on long-term foreign loans totalled 736 million marks during the first three quarters in 1969. The corresponding figure for 1968 was 99 million marks smaller. Amortization of long-term foreign loans amounted to 501 million marks, which was 65 million marks less than in the previous year. The net inflow of long-term foreign loan capital was thus 235 million marks as against 269 million marks in 1968.

Net long-term capital imports, including direct investment and long-term export credits granted by Finland, amounted to 63 million marks in January—September 1969. Net short-term capital imports by firms during the first half of 1969 had been 83 million marks; however, the

flow was reversed during the third quarter due to the increased speculation on foreign exchange markets. The net exports of private short-term capital amounted to 138 million marks during the first three quarters.

The country's gold and foreign exchange reserves increased by 23 million marks during the period under discussion and amounted to 950 million marks by the end of September. The gold and exchange reserves of the Bank of Finland decreased by 268 million marks, with gold and convertible currency holdings declining by 413 million marks while other currency holdings increased by 145 million marks.

**Currency subscription to Finland's quota in the IMF.** The Council of State decided on December 18 that the currency subscription to Finland's quota in the International Monetary Fund shall be transferred from the books of the Treasury Office to the Bank of Finland. The transfer took place on December 31 and, accordingly, the corresponding two new items appear on the Bank's balance sheet as from that date. The aim of this measure was to simplify the procedure in connection with transactions in Finnish marks between the International Monetary Fund and Finland. The so called »gold tranche» of the quota was transferred to the accounts of the Bank on December 31, 1965 (Monthly Bulletin 1/1966).

**Finnish Municipal Loan of 1969.** The Industrial Mortgage Bank of Finland Ltd, the Real Estate Bank in Finland Ltd and the Land and Industry Real Estate Bank Ltd have raised a loan of DM 60 million in Western Europe. The rate of interest is 7 ½ per cent, the price of issue is 97 per cent and the loan period ten years. The loan has been underwritten by a consortium headed by Berliner Handels-Gesellschaft. The proceeds of the loan will be granted as loans to Finnish municipalities and to municipal associations primarily for the purpose of promoting employment projects and for public investment in construction.

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## BANK OF FINLAND

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### Board of management

Mauno Koivisto

*Governor (Absent as Prime Minister)*

Reino Rossi,                      Esko K. Leinonen

*Deputy Governor,  
present Acting Governor*

A. Simonen                      Ahti Karjalainen

*(Absent as a member of  
Government)*                      *(Absent as a member of  
Government)*

Heikki Valvanne              Jouko J. Voutilainen  
*ad int.*

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### Directors

Jouko J. Voutilainen              Timo Helelä

Jorma Aranko

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### 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*

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### Institute for economic research

Lauri Korpelainen,

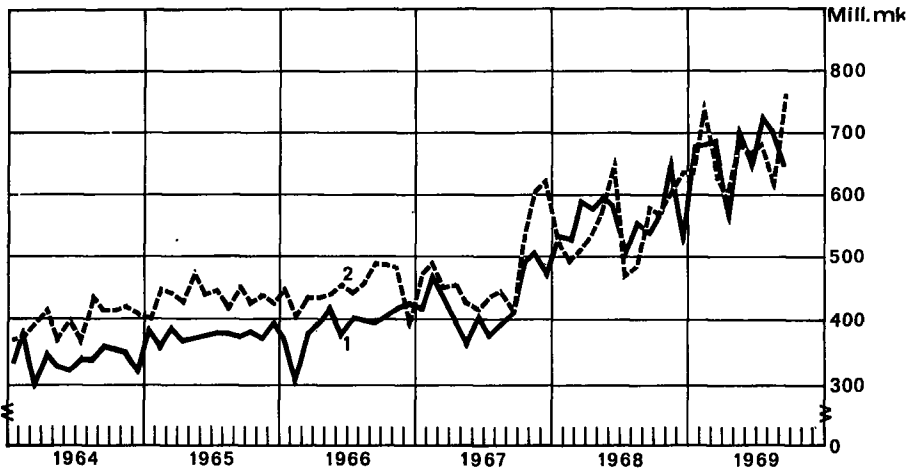
*Director*

Pertti Kukkonen                      Markku Puntila  
*Head of department*                      *Head of department ad int.*

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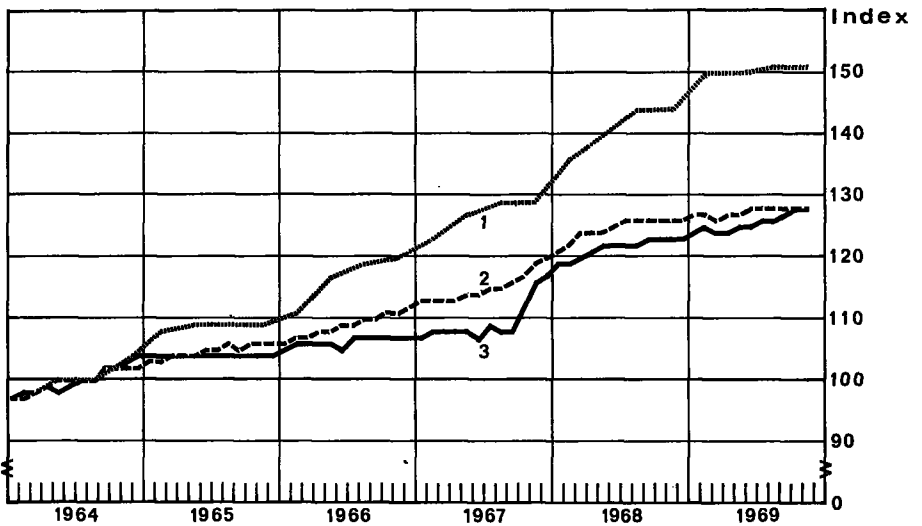
### Foreign trade, 1964-1969

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



### Prices and wages, 1964-1969

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, 1964-1969

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

