



# BANK OF FINLAND

*Monthly Bulletin*

Monetary developments

Finland's balance of payments  
in 1969

Dr. Rossi's resignation

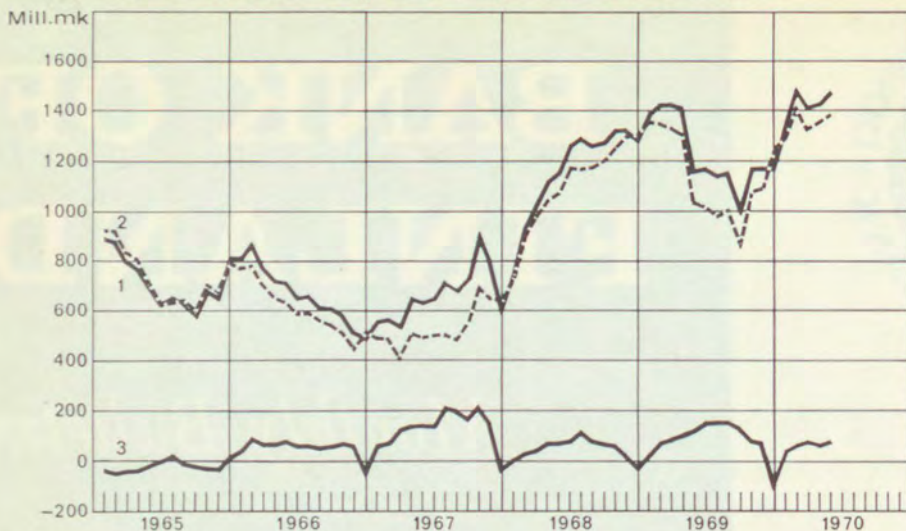
Finland's balance of payments in  
January-March 1970

Supplementary budgets

Trade agreement

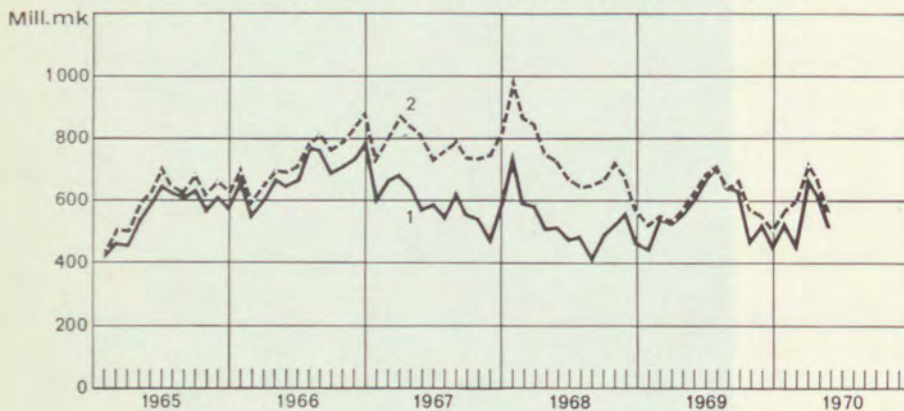
**JULY 1970**  
**Vol. 44 No. 7**

Bank of Finland foreign exchange reserve, 1965-1970



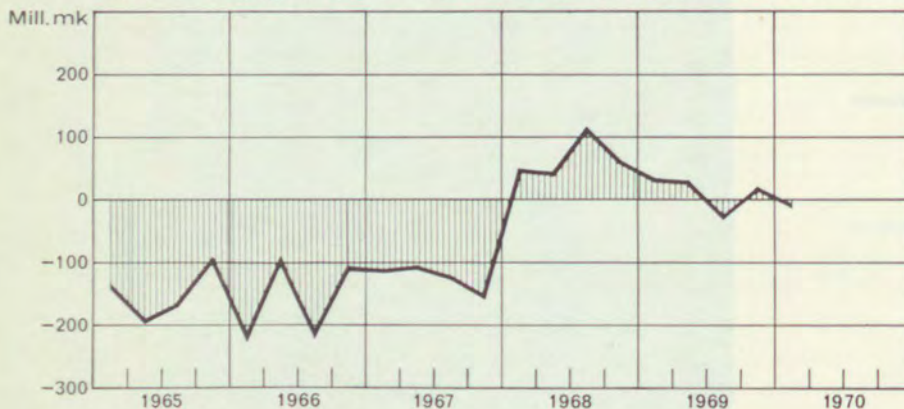
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

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



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

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



Seasonally adjusted quarterly figures

# MONETARY DEVELOPMENTS

## PRINCIPAL FEATURES

In 1968 proceeds from exports grew sharply owing to an international economic upswing and the devaluation of the Finnmark effected in autumn 1967. The impact of the growth in income from exports on domestic demand was checked by the collection of export levies and the so-called stabilization agreement concluded in spring 1968. As a result, the current account showed a marked surplus in 1968. As a net inflow of both long-term and short-term capital took place simultaneously the financial market eased quickly during 1968 in spite of the freezing of the export levy funds in the central bank. The development of the assets and liabilities of the banks was marked by a growth rate of deposits considerably exceeding that of lending, which enabled the banks to reduce their liabilities to the central bank to a considerable extent. At first the increase in deposits was concentrated in demand deposits.

Consequently, conditions in the financial market were fairly relaxed in the beginning of 1969 and the easing during the first months of that year. However, investment activity showed signs of rapid acceleration and because of a simultaneous revival in consumption demand the current account surplus declined despite the continuously strong growth of exports. The rise of the foreign interest rate level together with disturbances in the international foreign exchange market resulted in a net capital outflow during the second and third quarter of 1969. These factors, caused a sharp reversal of conditions in the financial market, although there was at the same time a net use of export levy funds. The effect of these developments on the banks' activities resulted in a growth in lending considerably in excess of that in deposits. This was financed by central bank credit, which was, in addition,

used for a noticeable reduction of the banks' net foreign liability during the second and third quarters.

After calm had been restored to the international foreign exchange market in autumn 1969 the outflow of short-term capital was reversed once again to produce a net inflow at the same time as there was a slight improvement in the current account. As a result, the Bank of Finland's foreign exchange reserves began to mount again and the position of the banks vis-à-vis the central bank was facilitated to some extent.

In 1970 the growth in the Bank of Finland's foreign exchange reserves has continued. This is primarily due to the inflow of short-term capital for the preliminary figures indicate that some weakening has again taken place in the current account. The increase in the Bank of Finland's foreign exchange reserves has not, however, resulted in an easing of the financial market, which has been decisively affected by the accrual of the counter-cyclical and investment deposits, on which an agreement was made in November 1969, as well as by the sale of deposit certificates by the Bank of Finland. Owing to these counter-cyclical policy measures the banks' position towards the central bank has, on the contrary, deteriorated in spite of the fact that the banks have at the same time increased their net foreign liability.

## MONETARY POLICY MEASURES

Until the opening months of 1969 the expansion of total demand was encouraged by monetary policy. When it became clear, during the first quarter of 1969, that the growth of total demand was gaining substantial momentum monetary policy measures were switched

to moderate the speed of the expansion. In the negotiations conducted with the banks during the spring it was concluded that some restriction of the increase in lending was necessary. In September an agreement was made on limiting the growth of bank lending; according to this, the twelve-month growth of lending should not total more than 90 per cent of the growth of deposits over the same period in each bank. At the same time the banks' quotas of central bank credit were cut with the purpose of channelling the increase in the banks' liquidity into a reduction of their outstanding central bank credit.

The agreement concluded with the representatives of industrial organizations in November on investment funds and counter-cyclical deposits in the Bank of Finland involved a

fundamental change in the assumptions on which the September agreement was made. The collection of funds on the basis of the new counter-cyclical policy involves such a reduction in the country's total liquidity that the mentioned 90 per cent growth requirement would have been too severe. Because this requirement would, in addition, have been unevenly distributed between the various banks and groups of banks the agreement was cancelled in March 1970. At the same time, however, the banks' quotas of central bank credit were further reduced. The purpose of the quotas was to maintain the tightness in the financial market that had prevailed at the beginning of the year in spite of a considerable inflow of short-term foreign capital both by the banks and other enterprises.

June 29, 1970

## BANK OF FINLAND

Mill. mk

	1969		1970			
	June 30	Dec. 31	June 8	June 15	June 23	June 30
<b>Assets</b>						
Gold and other foreign assets	1 380.1	1 433.1	1 702.8	1 696.7	1 720.5	1 749.5
Gold	189.2	189.4	189.4	189.4	189.4	189.4
Special drawing rights	—	—	92.9	92.9	92.9	92.9
IMF gold tranche	173.3	173.3	173.3	173.3	173.3	173.3
Foreign exchange	873.7	905.0	1 073.3	1 068.8	1 099.4	1 130.4
Foreign bills	89.5	106.3	113.1	111.5	104.7	102.7
Foreign bonds	54.4	59.1	60.8	60.8	60.8	60.8
Claims on domestic banks	846.9	637.1	606.2	630.0	763.3	636.6
Discounted bills	—	—	542.2	578.7	718.8	589.7
Rediscounted bills	699.6	550.3	9.6	5.0	7.0	6.5
Cheque accounts	147.3	86.8	54.4	46.3	37.5	40.4
Other lending	273.9	317.6	268.4	267.4	274.3	267.8
Inland bills discounted						
In foreign currency	18.3	7.3	—	—	—	—
In Finnish marks	159.9	191.6	150.9	151.0	157.7	150.7
Loans	95.7	118.7	117.5	116.4	116.6	117.1
Other assets	142.1	627.0	833.5	770.4	768.6	867.9
Finnish bonds	52.8	126.5	417.4	356.9	356.5	455.3
Finnish coin	13.7	5.5	11.4	11.4	9.9	10.4
Currency subscription to Finland's quota in the IMF	—	351.7	351.7	351.7	351.7	351.7
Other claims	75.6	143.3	53.0	50.4	50.5	50.5
<b>Total</b>	<b>2 643.0</b>	<b>3 014.8</b>	<b>3 410.9</b>	<b>3 364.5</b>	<b>3 526.7</b>	<b>3 521.8</b>
<b>Liabilities</b>						
Notes in circulation	1 177.6	1 298.4	1 211.3	1 213.4	1 235.2	1 264.8
Liabilities payable on demand	115.5	123.5	71.9	72.3	205.2	99.5
Foreign exchange accounts	49.9	81.0	43.8	44.9	73.1	74.3
Mark accounts of holders abroad	21.3	12.2	11.9	12.0	12.3	10.9
Cheque accounts						
Treasury	5.3	3.7	2.0	0.7	31.9	0.6
Post Office Bank	24.7	3.6	1.2	2.1	73.2	0.9
Private banks	—	10.1	—	—	1.5	—
Other	1.8	1.0	2.1	2.0	1.9	2.1
Other sight liabilities	12.5	11.9	10.9	10.6	11.3	10.7
Term liabilities	450.4	307.6	715.7	663.4	674.0	745.1
Foreign	14.6	7.7	—	—	—	—
Domestic	435.8	299.9	715.7	663.4	674.0	745.1
IMF mark accounts	—	351.7	351.7	351.7	351.7	351.7
Allocations of special drawing rights	—	—	88.2	88.2	88.2	88.2
Equalization accounts	403.5	405.6	419.7	421.8	417.4	416.4
Bank's own funds	496.0	528.0	552.4	553.7	555.0	556.1
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	—	—	27.7	27.7	27.7	27.7
Earnings less expenses (Dec. 31, Net profit)	23.3	55.3	24.4	25.7	27.0	28.1
<b>Total</b>	<b>2 643.0</b>	<b>3 014.8</b>	<b>3 410.9</b>	<b>3 364.5</b>	<b>3 526.7</b>	<b>3 521.8</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									
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	—347.6	0.5	—348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	—281.5	5.3	—286.8
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

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, May 29, 1970			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	May	Jan.-May
	Gold	189	—	189	189	—	189	—
Special drawing rights	—	—	—	93	—	93	1	93
IMF gold tranche	173	—	173	173	—	173	—	—
Convertible currencies	893	—98	795	937	—355	582	—58	—213
Other currencies	—80	5	—75	85	4	89	26	164
Total	1 175	—93	1 082	1 477	—351	1 126	—31	44

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					Notes in circulation
	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)	
				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											
May	—	609.7	152.8	124.1	13.7	624.7	155.6	186.5	29.0	313.1	1 150.0
June	—	699.6	147.3	124.1	37.6	685.2	159.9	187.1	29.1	317.9	1 177.6
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

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

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

June 29, 1970

New York	1 \$	4.180	Frankfurt o. M.	100 DM	115.11	Vienna	100 S	16.18
Montreal	1 \$	4.030	Amsterdam	100 Fl	115.33	Lisbon	100 Esc	14.70
London	1 £	10.020	Brussels	100 Fr	8.420	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.60	Zurich	100 Fr	96.85	Madrid	100 Pta	6.03
Oslo	100 Kr	58.51	Paris	100 FF	75.75	Moscow <sup>1</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	55.78	Rome	100 Lit	0.6650	Clearing dollars <sup>2</sup>	1 CI \$	4.212

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

# DEPOSITS BY THE PUBLIC

Mill. mk

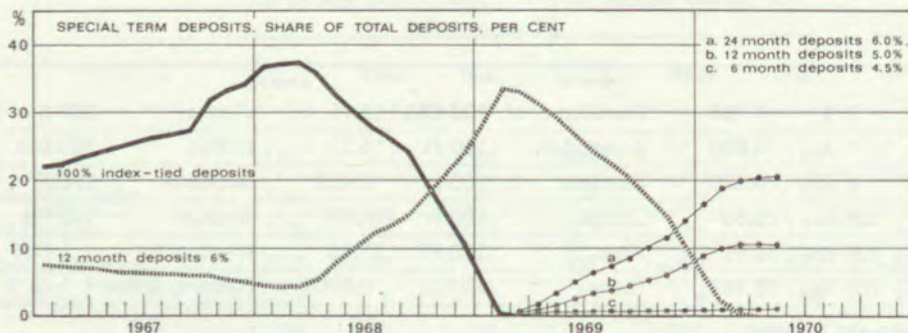
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1961	577.9	720.8	143.8	2 117.7	2 079.6	1 229.6	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 281.2	2 210.8	1 314.7	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	832.7	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*	1 042.8	1 374.6	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 132.0

## 1969\*

May	912.3	1 161.8	421.0	4 779.0	4 115.1	2 828.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 782.4	4 084.9	2 797.3	1 049.5	474.2	13 188.6	14 828.1
July	910.1	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.	873.5	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.	941.7	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.	971.0	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.	923.7	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.	1 042.8	1 374.6	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 132.0

## 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

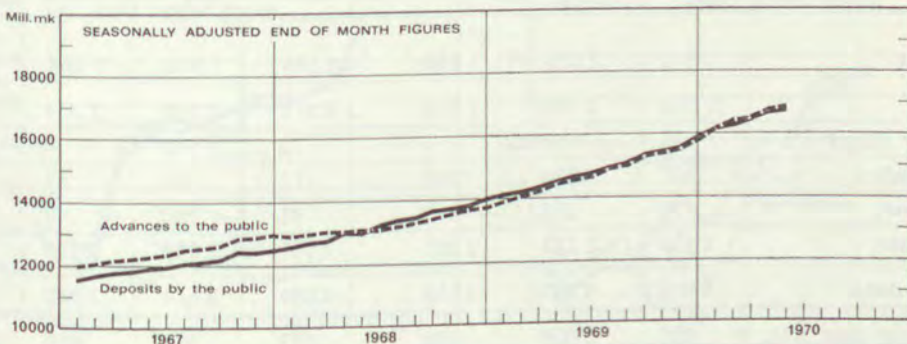




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

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
1961	3 192.0	1 817.6	436.8	1 318.7	515.2	6 928.2	352.1	7 280.3	1 646.1
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	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
1969*									
May	6 194.9	3 550.1	969.9	2 691.2	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 300.1	3 561.1	978.9	2 713.9	1 178.9	14 139.9	593.0	14 732.9	2 730.9
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	2 675.1
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	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
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	3 164.2
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.4
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.6
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.2
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.4



## STATE FINANCES

Mill. mk

Revenue	Jan.—Apr.		Expenditure	Jan.—Apr.	
	1969	1970		1969	1970
Income and property tax (net)	924	1 082	Wages, salaries, pensions etc.	539	588
Gross receipts	(2 038)	(2 416)	Repair and maintenance	62	67
Refunds & local authorities	(—1114)	(—1334)	Other consumption expenditure	210	246
Other taxes on income and property	23	24	Total consumption expenditure	811	901
Employers' child allowance payments	185	199	State aid to local authorities	493	535
Sales tax	692	819	State aid to industries	324	476
Revenue from Alcohol Monopoly	148	189	of which: agric. price subsidies	(262)	(378)
Customs duties & import charges	116	150	Child allowances	80	76
Export levy	104	—	Share in national pensions and health insurance	134	148
Excise duty on tobacco	129	125	Other transfer expenditure	341	374
»    » on liquid fuel	165	185	Total transfer expenditure	1 372	1 609
Other excise duties	58	71	Machinery and equipment	86	110
Tax on autom. and motor cycles	90	109	House construction	107	93
Stamp duties	64	72	Land and waterway construction	239	219
Special diesel etc. vehicles tax	12	15	Total real investment	432	422
Other taxes and similar revenue	16	35	Interest on State debt	85	91
Total taxes	2 726	3 075	Index compensations	18	14
Miscellaneous revenue	153	168	Net deficit of State enterprises	58	35
Interest, dividends etc.	32	42	Other expenditure	3	1
Sales and depreciation of property	24	26	Total other expenditure	164	141
Redemptions of loans granted	32	36	Increase in inventories	—10	+3
<b>Total revenue</b>	2 967	3 347	Lending	153	180
Foreign borrowing	43	1	Other financial investment	33	72
Domestic borrowing	302	212	<b>Total expenditure</b>	2 955	3 328
<b>Total borrowing</b>	345	213	Redemption of foreign loans	36	40
<b>Deficit (+) or surplus (—)</b>	—79	—16	Redemption of domestic loans	242	176
			<b>Total redemptions</b>	278	216
			<b>Total</b>	3 233	3 544

State debt	1967	1968	1969	1970			
	Dec.	Dec.	Dec.	Feb.	March	April	May
<b>Foreign debt</b>	1 844	2 074	1 656	1 585	1 570	1 564	1 556
Loans	2 013	2 160	2 316	2 318	2 339	2 344	2 338
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	112	82	52	43
Cash debt (net)	— 12	— 256	— 217	68	— 180	— 143	..
<b>Domestic debt</b>	2 173	2 229	2 261	2 501	2 244	2 256	..
<b>Total State debt</b>	4 017	4 303	3 917	4 086	3 814	3 820	..
Total debt, mill. \$	955	1 028	933	977	912	915	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Indices of exports and imports 1962 = 100

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

Period	Indices of exports and imports 1962 = 100				Terms of trade
	Volume		Unit value		
	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*	164	153	144	141	102

1969\*

Month	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
March	623.8	639.6	- 15.8
April	555.8	615.7	- 59.9
May	753.7	740.5	+ 13.2
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

1967

Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
July-Sept.	134	124	106	103	103
Oct.-Dec.	139	144	133	128	104

1968

Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
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

1970\*

Month	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	793.4	- 62.2
April	814.0	982.5	-168.5

1969\*

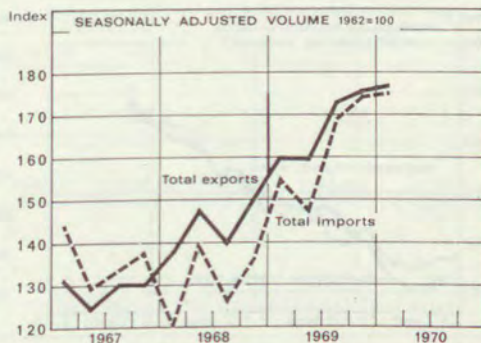
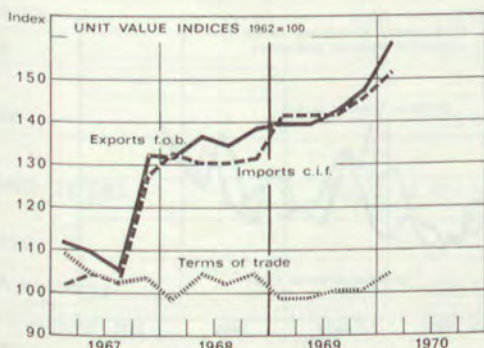
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
Jan.-Mar.	138	139	140	142	99
Apr.-June	162	143	140	142	99
July-Sept.	172	145	143	142	101
Oct.-Dec.	187	177	148	146	101

Jan.-Apr.

Year	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1969*	2 262.5	2 554.6	-292.1
1970*	2 900.3	3 285.8	-385.5

1970\*

Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
Jan.-Mar.	148	154	159	152	105



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.			
	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
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*										
March	56.3	1.0	68.3	286.2	116.7	95.3	247.3	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	321.4	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	302.7	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	333.1	54.8	245.5	160.0
April	29.0	3.1	95.1	333.5	220.2	133.1	443.7	73.4	250.8	214.6
Jan.-Apr.										
1969*	132.2	8.6	272.8	1 037.2	491.4	320.3	1 001.3	323.4	722.4	507.5
1970*	155.9	6.9	334.1	1 190.4	757.6	455.4	1 422.1	331.6	865.5	666.6



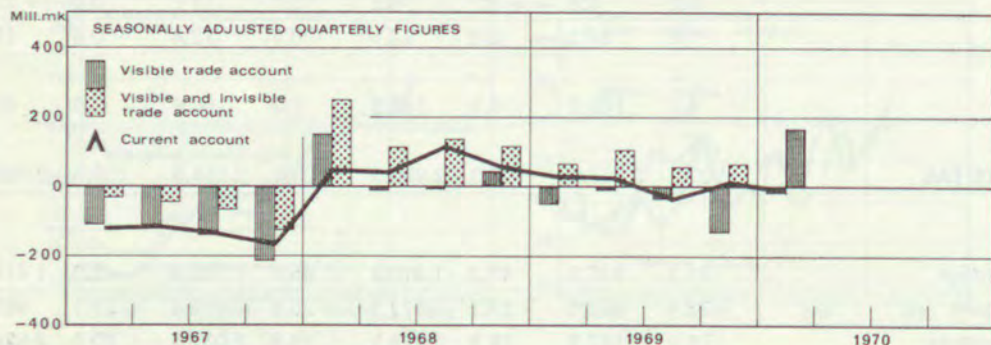
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—April				January—April			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	67.4	1 523.9	70.8	2 054.6	72.1	1 842.3	74.7	2 455.3
Austria	0.7	16.1	1.0	28.3	1.1	28.2	1.4	45.4
Belgium-Luxembourg	1.9	44.1	1.7	50.7	1.6	41.4	2.0	64.9
Denmark	4.1	92.3	3.9	114.3	3.2	80.7	3.4	111.6
France	4.2	95.8	4.0	116.8	3.4	87.0	3.8	123.8
Federal Republic of Germany	10.6	238.5	10.7	309.7	14.9	381.0	17.7	582.6
Italy	2.8	62.3	2.6	76.4	2.4	61.2	2.1	70.3
Netherlands	3.9	89.3	4.1	118.6	3.6	91.9	3.5	114.6
Norway	2.1	47.9	3.2	92.9	2.6	66.6	2.2	73.6
Portugal	0.3	6.9	0.4	12.4	0.6	16.0	0.9	28.4
Spain	0.9	20.7	1.1	30.4	0.4	10.0	0.3	11.1
Sweden	13.5	304.2	17.6	510.0	16.5	421.2	18.5	609.2
Switzerland	2.0	45.7	1.8	51.4	3.3	83.2	3.4	110.6
United Kingdom	18.5	418.2	17.3	501.1	18.3	467.6	15.2	498.5
Other	1.9	41.9	1.4	41.6	0.2	6.3	0.3	10.7
<b>OECD countries outside Europe</b>	7.7	173.8	6.0	174.5	7.7	195.2	5.3	173.1
Canada	0.4	8.3	1.0	29.2	0.2	5.6	0.3	10.6
Japan	0.3	6.6	0.3	8.8	1.7	43.2	1.8	59.9
United States	7.0	158.9	4.7	136.5	5.8	146.4	3.2	102.6
<b>Eastern Bloc</b>	17.0	385.8	15.8	457.3	16.0	409.5	16.1	528.2
Czechoslovakia	0.5	11.7	0.5	15.0	0.6	14.0	0.4	13.9
Democratic Republic of Germany	0.5	12.1	0.6	16.9	0.6	15.3	0.5	16.9
People's Republic of China	0.2	4.9	0.8	24.3	0.3	8.6	0.2	5.1
Poland	1.9	42.1	1.2	33.3	0.8	20.6	0.8	25.9
Soviet Union	13.0	295.4	11.7	338.5	13.2	337.1	13.4	438.7
Other	0.9	19.6	1.0	29.3	0.5	13.9	0.8	27.7
<b>Latin America</b>	3.2	73.2	2.3	67.6	2.2	56.7	1.9	62.7
Argentina	0.8	17.5	0.8	23.8	0.2	4.9	0.1	4.6
Brazil	0.6	13.0	0.5	14.5	0.8	22.2	0.6	18.2
Colombia	0.2	5.5	0.2	6.2	0.7	17.2	0.6	20.4
Other	1.6	37.2	0.8	23.1	0.5	12.4	0.6	19.5
<b>Other</b>	4.7	105.8	5.1	146.3	2.0	50.9	2.0	66.5
<b>GRAND TOTAL</b>	100.0	2 262.5	100.0	2 900.3	100.0	2 554.6	100.0	3 285.8
of which								
EFTA countries	41.2	931.3	45.2	1 310.7	45.5	1 163.4	45.0	1 478.8
EEC countries	23.4	529.9	23.2	672.3	25.9	662.4	29.1	956.2
OECD countries	75.0	1 697.7	76.9	2 229.1	79.8	2 037.5	80.0	2 628.4

# 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
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
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
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
1970	2 073	2 309	-236	+168	- 9	- 3	- 80	- 86	-11	-177
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
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12

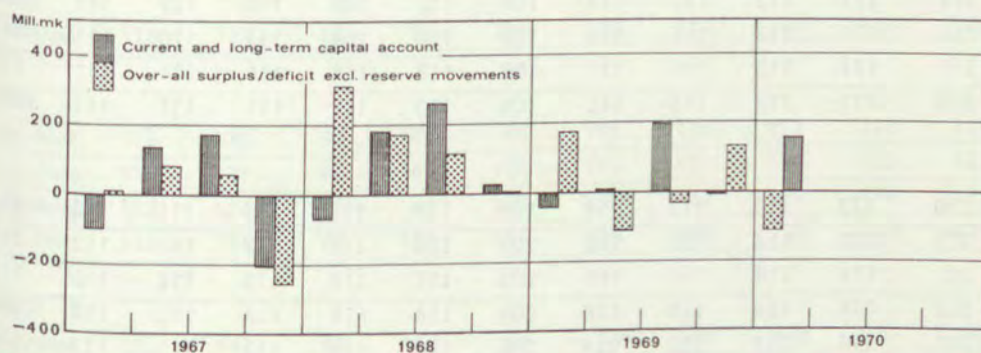


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+ 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
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+ 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
+ 278	-158	- 51	+ 1	+ 70	-107	- 18	+225	+ 57 <sup>2</sup>	+157	-240	+ 83
+ 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
+ 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

Wholesale prices 1949 = 100										Building costs 1964 = 100		
Period	Origin			Purpose			Stage of processing			Total	Wages in building trade	Building materials
	Total	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												
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
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
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
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												
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
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



# 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										
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.	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.	194	164	165	162	158	167	155	157	163	161

# PRODUCTION

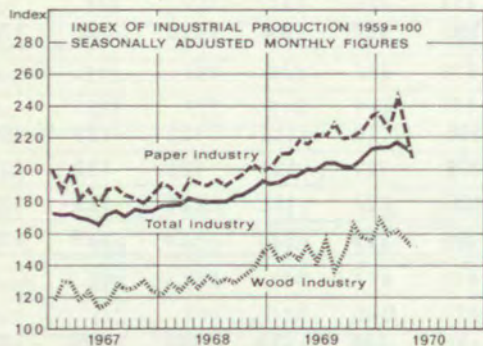
Volume indices of production 1964=100

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	111	118	120	119
1969	121	134	97	101	122	104	123	122	123	123	127
1968											
Oct.-Dec.	115	129	66	96	113	138	117	123	120	122	120
1969											
Jan.-Mar.	118	135	63	146	85	106	115	112	122	121	126
Apr.-June	119	131	85	113	105	105	121	121	123	122	127
July-Sept.	123	124	171	46	157	105	127	122	124	123	126
Oct.-Dec.	125	144	67	100	140	98	129	133	125	125	128
1970*											
Jan.-Mar.	125	147	63	153	96	99	125	119	127	126	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	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
1969*	200	205	208	183	174	152	220	254	248	205	201
<b>1968*</b>											
Nov.	199	212	208	176	188	134	210	260	223	212	188
Dec.	181	190	189	159	139	130	180	252	216	191	194
<b>1969*</b>											
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	184	165	165	210	253	236	203	196
May	205	207	209	193	179	174	210	255	261	211	201
June	185	192	186	181	175	131	191	219	245	193	200
July	152	110	166	133	184	138	217	209	232	110	205
Aug.	198	182	204	190	182	122	235	240	255	187	205
Sept.	211	223	217	194	181	147	232	258	266	221	203
Oct.	227	236	235	207	211	170	241	263	276	235	203
Nov.	216	226	226	191	204	150	232	278	257	224	207
Dec.	209	216	219	186	161	149	213	289	265	221	213
<b>1970*</b>											
Jan.	222	228	234	194	163	170	239	300	244	228	215
Feb.	213	213	224	190	155	168	223	307	244	217	215
March	218	222	226	197	161	168	234	278	259	225	219
April	234	248	236	223	195	195	235	298	280	248	210



## 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	Commer c a timber fellings 1 000 piled cu. m	Retailers' sales volume index 1954 = 100	Whole-salers' 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	2 188	2 100	1 754	4.0	47 733	170	177	109
1969	2 189	2 127	1 752	2.8	52 725	..	..	..
1969								
March	2 125	2 038	1 746	4.1	5 349	..	..	115
April	2 126	2 044	1 774	3.9	4 336	..	..	112
May	2 160	2 097	1 821	2.9	11 075	..	..	111
June	2 296	2 243	1 763	2.3	1 937	..	..	117
July	2 327	2 277	1 579	2.2	1 007	..	..	119
Aug.	2 286	2 239	1 691	2.1	1 886	..	..	121
Sept.	2 186	2 147	1 767	1.8	2 778	..	..	124
Oct.	2 171	2 131	1 805	1.8	3 906	..	..	130
Nov.	2 164	2 120	1 773	2.0	4 171	..	..	117
Dec.	2 164	2 113	1 771	2.4	5 724	..	..	119
1970								
Jan.	2 133	2 074	1 730	2.8	5 012	..	..	..
Feb.	2 130	2 073	1 689	2.7	6 210	..	..	..
March	2 129	2 075	1 704	2.5	5 531	..	..	..

## 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	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
1968*											
Oct.-Dec.	8.97	4.17	0.43	2.67	1.30	7.78	3.82	0.94	2.20	0.40	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
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

# 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 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 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 (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 (May 31, 1970): Steamers 56 (66 867 gross reg. tons), motor vessels 385 (587 534 gross reg. tons), tankers 54 (690 293 gross reg. tons) general cargos 10 (1 379 gross reg. tons). Total 505 (1 346 073 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 Conqair 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, 464 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 4½%, 12 month deposits 5%, 24 month deposits 6%; highest lending rate 10%.

# FINLAND'S BALANCE OF PAYMENTS IN 1969

by Esko Aurikko, Mag. Pol.,

Fellow of the Bank of Finland Institute for Economic Research

## RECENT BACKGROUND

In the 1960's a rapid structural change has continued in the Finnish economy creating, at the expense of primary occupations, new export and service industries. This process has required new investment of such magnitude that domestic savings alone have not been sufficient to finance them. During the past decade — up to 1967 — disequilibrium on the current transactions account has been partly covered by foreign borrowing and partly by running down foreign exchange reserves.

For the second consecutive year in the 1960's there was a surplus recorded on the current transactions account in 1969 which can be explained by the relatively strong competitive power of Finnish export industries.

## CURRENT TRANSACTIONS

In spite of a recession in the United States during the last year, there was a notable increase of about 4.5 per cent of the weighted GNP of the most important OECD countries. As the stabilization measures taken in connection with the devaluation in 1967 were successful in curbing the rise in prices the competitive power of Finnish export industries was preserved in 1969.

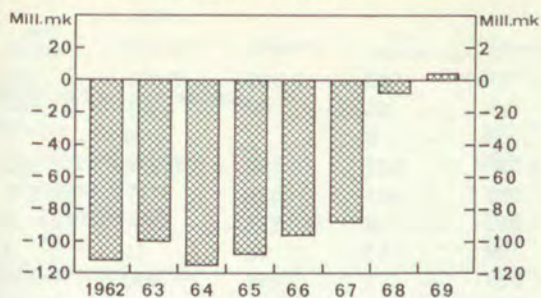
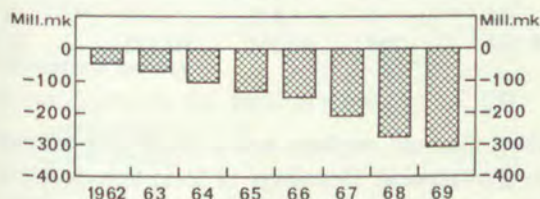
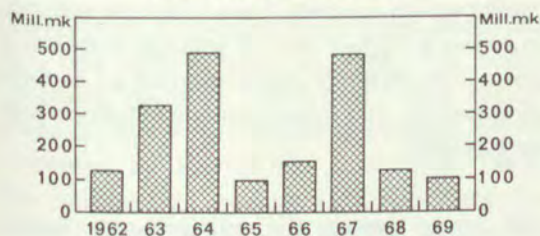
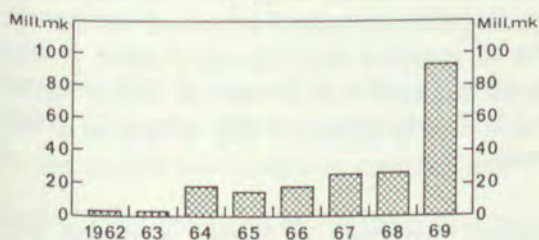
The growth of world trade accelerated considerably in 1969. The value of world trade grew 13 per cent in that year and the corresponding figure for 1968 was approximately 11 per cent. This growth was largely induced by the favourable development in the economies of the industrial countries. As mentioned earlier the increase in volume of GNP in OECD countries weighted by the share of Finnish exports was on the same high level as in 1968 compared with the two earlier years. This

second year of favourable development was seen very clearly in the Finnish exports which grew considerably in 1969. The growth rate of the volume of exports increased 5 percentage units over the previous year to 16 per cent, which means that 1969 was a record year for the growth rate of the volume of Finnish exports in the 1960's.

The volume of export of products based on forestry which still account for nearly 60 per cent of the total value of Finnish exports grew fairly rapidly though slower than the volume of total exports. Wood industry product exports rose in real terms 13 per cent and paper industry products 10 per cent. Exports of metal and engineering industry products grew in volume by 24 per cent and other industrial products, mainly products of the chemical, textile, clothing, footwear and furniture industries 40 per cent respectively. The value of total exports increased by 21.5 per cent. The value of multilateral exports rose by some 24 per cent and those to eastern bloc countries by approximately 12 per cent.

Owing to strong demand conditions abroad and in the home market reflected in the growth of 7.5 per cent in Finland's GNP in 1969 the volume of total imports rose by approximately 23 per cent. The growth was mainly concentrated in the imports of finished goods; investment goods, consumer goods and passenger cars which increased in real terms by some 33 per cent, 30 per cent and 70 per cent respectively. The volume of imports of raw materials and producer goods grew by 17 per cent and that of fuels and lubricants by 10 per cent. The value of total imports rose by 26.5 per cent.

As the value of total exports amounted to 8 345 million marks and that of total imports to 8 505 million marks there was a trade

**CHART 1. TRAVEL ACCOUNT IN 1962-69****CHART 2. NET INTEREST PAYMENTS IN 1962-69****CHART 3. NET IMPORT OF LONG-TERM CAPITAL IN 1962-69****CHART 4. DIRECT INVESTMENT IN FINLAND IN 1962-69**

deficit of 160 million marks. The multilateral trade deficit was 233 million marks whereas the surplus arising from trade in non-convertible currencies was 73 million marks. The visible trade deficit including foreign trade adjustment items (e.g. seamen's taxfree imports, grants in kind and stevedoring costs) was 232 million marks. (For a detailed analysis of foreign trade in 1969 see Bulletin 5/1970).

The development in the other items on the current transactions account, i.e. services and interest and transfer payments, was favourable in 1969 and a surplus of 319 million marks was recorded. On the service account the surplus of transport receipts amounted to 579 million marks which is 98 million marks more than in 1968. Although there occurred a slight decrease in the level of international freight rates the favourable development can be mainly deduced from the growth of 15 per cent of the gross tonnage of the Finnish merchant fleet in 1969.

Receipts from travel increased 33 per cent from the previous year. Expenditure on travel increased less, i.e. 28 per cent. On the travel account, which has shown a persistent deficit in the 1960's, the impact of the relative price change effect of the devaluation is quite marked. The normal deficit of around 100 million marks on the average was reduced to only 8 million marks in 1968 and in the last year a 4 million marks surplus was recorded. (See Chart 1.). As the other items in the service account amounted to a deficit of 13 million marks a surplus of 338 million marks was recorded for the visible and invisible trade account. The corresponding figure for 1968 was 550 million marks.

Because of considerable borrowing abroad and the ensuing capital inflow, interest payments have consistently grown absolutely (See Chart 2.) as well as relatively in their share of total payments on current account. The deficit on interest account increased by 47 million marks to 323 million marks. Net transfer payments resulted in a surplus of 72 million marks largely owing to the 81 million marks loan cancellation by the Swedish Government.

All in all as total income on current account rose 22 per cent and amounted to 10 310 million marks and the corresponding expenditure grew 25 per cent to 10 223 million marks there was a current account surplus of 87 million marks. The surplus in 1968 was 269 million marks.

TABLE 1. GOODS AND SERVICES, AND TRANSFER PAYMENTS, MILLION MARKS

	1968			1969		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	6 874	6 711	163	8 345	8 505	— 160
Adjustment items	— 42	13	— 55	— 49	15	— 64
Non-monetary Gold		6	— 6		8	— 8
Total trade	6 832	6 730	102	8 296	8 528	— 232
Transport	766	285	481	896	317	579
Travel	282	290	— 8	375	371	4
Government	44	28	16	38	31	7
Non-merchandise insurance	204	205	— 1	191	190	1
Other services	227	267	— 40	300	321	— 21
Total goods and services	8 355	7 805	550	10 096	9 758	338
Investment income	71	347	— 276	101	424	— 323
Transfer payments	27	32	— 5	113	41	72
Total current transactions	8 453	8 184	269	10 310	10 223	87

### CURRENT AND LONG-TERM CAPITAL ACCOUNT

Throughout the 1960's Finland has been a net importer of long-term capital (See Chart 3.) owing to the rapid structural change of the Finnish economy. Consequently debt service costs (interest and amortization on long-term loans) have constituted a sizable item in the balance of payments.

International capital and foreign exchange markets were characterized by foreign exchange crises and a high interest rate level especially during the second half of the year. The speculative movements of short-term capital connected with expectations of a revaluation of the DM affected even Finland's foreign exchange reserves in May and September. However, the changes of parities of the French franc and DM and the activation of the SDR's restored calm to the international monetary markets. Following the development experienced in recent years the structure of the Finnish long-term debt has changed so that the share of bond loans and financial and trade credits has consistently increased at the cost of loans granted by foreign governments and international monetary institutions.

Five Finnish bond loans were issued abroad in 1969 amounting to 295 million marks, 72 million marks less than in the previous year. Four of the bond loans were placed on the

West German markets and a small one issued in Switzerland. Drawings of long-term foreign loans totalled 1 055 million marks during 1969. The major part of long-term capital imports occurred in the form of trade and other financial credits which normally have a shorter maturity and also a higher rate of interest than bond loans. The share of loans granted by foreign governments and international institutions was very modest.

Net capital exports through long-term export credits were 180 million marks in 1969 which is some 13 million marks more than in the previous year. This development was caused by the rapid increase of exports of non-forestry based industrial products which often involve supplier's credits. At the end of 1969 the stock of long-term export credits was 600 million marks.

Direct investment in Finland increased considerably in 1969 over the previous year as there was an inflow of 93 million marks of direct investment capital, mainly from EFTA countries and especially from Sweden, compared with the 1968 figure of 27 million marks (See Chart 4.). Direct investment abroad decreased from 86 million marks in 1968 to 46 million marks in 1969 mainly because the large Eurocan-project in Canada has been nearly completed. Accordingly net inflow of direct investment capital was 47 million marks.



TABLE 2. MOVEMENTS OF CAPITAL AND MONETARY GOLD, MILLION MARKS

	1968			1969		
	Assets increase— decrease+	Liabilities increase+ decrease—	Net assets increase— decrease+	Assets increase— decrease+	Liabilities increase+ decrease—	Net assets increase— decrease+
<b>Non-monetary sector</b>						
Private	— 308	+ 788	+ 480	— 578	+ 646	+ 68
Long-term capital	— 255	+ 477	+ 222	— 240	+ 370	+ 130
Loans drawn	—	+ 897	+ 897	—	+ 850	+ 850
Loans repaid	—	— 428	— 428	—	— 511	— 511
Other	— 255	+ 8	— 247	— 240	+ 31	— 209
Short-term capital	— 53	+ 311	+ 258	— 338	+ 276	— 62
Public (central and local governments)	— 2	+ 266	+ 264	— 14	— 15	— 29
Loans drawn	—	+ 348	+ 348	—	+ 205	+ 205
Loans repaid	—	— 134	— 134	—	— 212	— 212
Other	— 2	+ 52	+ 50	— 14	— 8	— 22
<b>Monetary sector</b>						
Banks (including the Bank of Finland)	— 632	— 392	—1 024	+ 31	— 245	— 214
Loans drawn	—	—	—	—	—	—
Loans repaid	—	— 306	— 306	—	— 131	— 131
Other	— 632	— 86	— 718	+ 31	— 114	— 83
Total	— 942	+ 662	— 280	— 561	+ 386	— 175

Drawings on long-term foreign loans amounted to 1 055 million marks in 1969. The corresponding figure for 1968 was 1 245 million marks so that long-term foreign capital inflow decreased by 190 million marks over 1968. Amortizations of long-term foreign loans totalled 723 million marks in the last year which is 145 million marks less than in 1968. Taking into account long-term trade credits and direct investment net long-term capital inflow was 101 million marks, i.e. 28 million marks less than in 1968. Together with a surplus of 87 million marks on the current account there was a surplus of 188 million marks recorded on the current and long-term capital account.

During 1969 the stock of Finland's long-term foreign debt had been increased by 436 million marks to 4 989 million marks.

#### SHORT-TERM CAPITAL AND FOREIGN EXCHANGE RESERVES

In 1969 net inflow of short-term capital decreased from that of a year before. Crises in foreign exchange markets and the high interest level were clearly seen to affect net inflow of short-term capital in spite of the tightness of

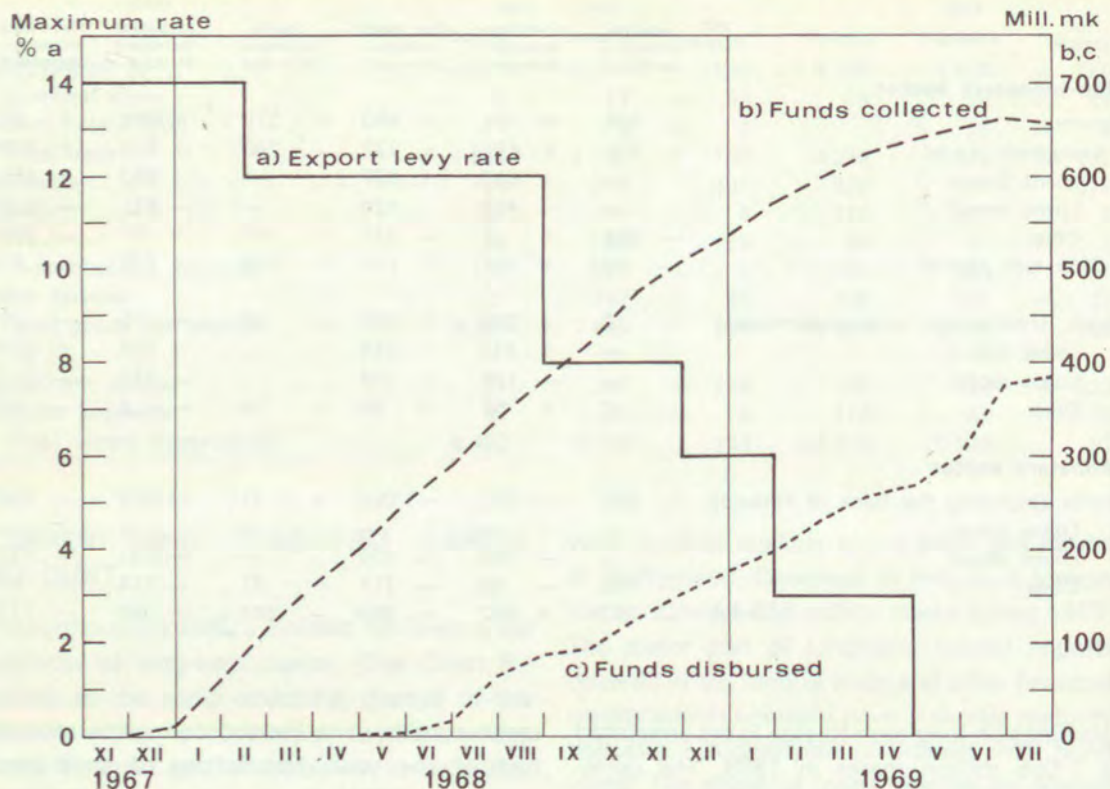
credit conditions in Finland during the second half of the year. Net inflow of short-term capital was 83 million marks during the first half of 1969; however, during the second half of the year leads and lags in short-term trade credits responding to high interest level abroad in addition to speculative waves reversed short-term capital movement so that net outflow of short-term capital in 1969 was only 33 million marks.

In 1969 Finland reconstituted her 131 million marks IMF gold tranche and acquired a super gold tranche of 42 million marks. The gold and foreign exchange reserves of the Bank of Finland decreased from 1 290 million marks to 1 175 million marks at the end of 1969. As the net foreign exchange debt of authorized foreign exchange dealers decreased by 270 million marks there was a 155 million marks improvement in the international liquidity position of Finland as a whole.

#### BALANCE OF PAYMENTS POLICY

As considerable improvement in the balance of payments occurred in 1968 many restric-

CHART 5. EXPORT LEVY, MAXIMUM RATE AND TOTAL FUNDS COLLECTED AND DISBURSED



tive measures for protecting the balance of payments were abolished or moderated in 1969.

From July 1st the maximum foreign currency allowance for tourist travel was raised from 1 000 marks to 3 000 marks a person per trip. Moreover all requests for additional exchange for bona fide tourist travel were granted. Any part of the foreign travel allowance may be exported in foreign exchange or in Finnish banknotes. In addition more liberal border travel regulations have been introduced for residents in the northern parts of Finland.

In accordance with the improvement in the balance of payments installment credit conditions for car imports were relaxed.

The maximum rate of the export levy introduced after the devaluation to limit the windfall gains accruing to export industries was reduced by 3 percentage units from 6 to 3 per cent in January. The collection of the export levy was terminated in April 29, 1969. The inflow of export levy funds on a special State account at the Bank of Finland amounted to approximately 650 million for the whole period of application of the Export Levy Act (See Chart 5.).

**Dr. Rossi's resignation.** On June 12, 1970 at the meeting of the Cabinet the President of the Republic accepted the resignation of the Deputy Governor of the Bank of Finland Mr. Reino Rossi, Ph. D. from August 15. Dr. Rossi will become the Chief General Manager of Suomen Sokeri Osakeyhtiö (Finnish Sugar Corporation).

**Finland's balance of payments in January—March 1970.** According to the preliminary estimates of the Bank of Finland Institute for Economic Research total revenue on current account was 2 554 million marks and total expenditure 2 731 million marks in the first quarter of 1970. The current account deficit was thus 177 million marks, or 49 million marks more than in the first quarter of 1969.

The value of commodity exports increased by 22.1 per cent and that of commodity imports by 19.0 per cent in comparison with January—March 1969. An especially rapid growth took place in the export of metal industry products (46 per cent) and other manufactured products (37 per cent). The growth in imports was concentrated in raw materials (24 per cent) and consumer goods (22 per cent). The visible trade deficit not including the adjustment items was 216 million marks or 16 million marks less than in the corresponding period of the previous year. If the adjustment items (including i.a. stevedoring costs and gifts) are taken into account the deficit amounted to 236 million marks.

The deficit in the visible and invisible trade account, 80 million marks, was 71 million marks less than in 1969. Receipts from both transport and travel grew substantially. Transport expenditure on the other hand actually declined and travel expenditure increased

considerably more slowly than the corresponding income. The transport account surplus was 168 million and the travel account showed a deficit of 9 million marks. When the 97 million mark net deficit of income transfers and investment expenditure is added to the deficit of the visible and invisible trade account a 177 million mark current account deficit is arrived at.

As the net inflow of long-term capital (including long-term export credits and direct investment) was 70 million marks or 17 million marks less than in the corresponding period of the previous year, the deficit in the current and long-term capital account amounted to 107 million marks. Long-term loans were drawn to the amount of 278 million marks and amortization totalled 158 million. Drawings on long-term export credit were 75 million marks and repayments 23 million marks. Long-term direct investment from Finland amounted to 13 million marks while foreign direct investment in Finland totalled 9 million marks.

The net inflow of short-term capital was 176 million marks, or 37 million marks less than in January—March of 1969. When the allocations of Special drawing rights, 88 million marks, are included into the net short-term capital inflow, an overall surplus of 157 million marks is obtained.

The country's gold and foreign exchange reserves increased by 157 million marks in the first quarter of the year. The net liability of the authorized banks grew by 83 million marks. The total increase in the gold and foreign exchange reserves of the Bank of Finland was 240 million marks, of which over one third was due to the allocations of Special drawing rights at the turn of the year. The tied currencies grew by 152 million marks.

**Supplementary budgets.** In the first supplementary budget for 1970, which was passed by Parliament in March, almost 2 million marks was granted for the maintenance of the Finnish troops serving with the United Nations in Cyprus. During the same month a second supplementary budget was sanctioned, which totalled 63 million marks. A transfer of 50 million marks to the government counter-cyclical fund was decided upon this budget. According to the original plan resources to be transferred to this fund were to be placed on a special blocked account with the Bank of Finland (see Item in Bulletin No. 12, 1969) but they were, in fact, invested directly in foreign exchange deposits held by the Treasury.

The third supplementary budget for 1970 was passed by Parliament in June. The expenditure side totalled 218 million marks or about 2 per cent of the expenditure of the ordinary budget. The largest item was an additional 50 million mark transfer to the government counter-cyclical fund. The management of overproduction problems in agriculture necessitated more funds. An amount of 14 million marks was granted for agricultural subsidies and 13 million marks for compensations to be paid to farmers for slaughtered cows; it has been estimated that 26 000 cows will be slaughtered under this procedure. However, the appropriations earmarked for agricultural subsidies turned out to be too small and considerably more funds will be provided in the future supplementary budgets especially for export subsidies of agricultural produce. Fourteen million marks were granted mainly for the payment of compensations to level off the fluctuations of the price of imported sugar. The allocations earmarked for the payment of

housing loans were increased by 22 million marks and those for education by 24 million marks. The plan for the national defence to acquire twelve Saab destroyers from Sweden in 1970—75 was accepted; the total expenditure incurred is 196 million marks, of which the 7 million mark appropriation for this year was granted in this supplementary budget.

The total of the revenue side amounted to 61 million marks. The major part of this, some 40 million marks, was added to repayments of housing loans because the repayment of housing loans by individual owner-occupiers has been made possible through a revision of the law. The purpose of this revision was to accelerate the refunding of loans granted by the State for residential building in order to allow the use of these funds for new housing loans.

**Trade agreement.** On June 12, 1970, an agreement was signed between Finland and the People's Republic of Germany regulating the exchange of goods for one year from July 1, 1970. Each country will deliver goods up to the value of about 90 million marks.

According to the agreement the Finnish export list includes cellulose, paper and cardboard and their products, machines and appliances, steel plates and sheets, electrical products, ships, ships propellers, sawn goods, round timber, plywood and veneers, fertilizers, chemical industry products and textiles.

The import list comprises liquid fuel, coal and coke, chemicals, textiles, electrical products, metal products, rolled products, hunting equipment and sports goods.

BANK OF FINLAND

FINNISH MONETARY BOARD

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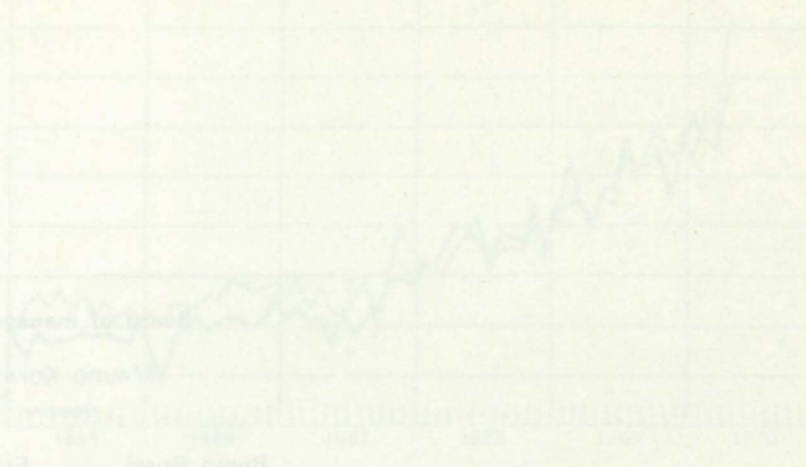
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Assets  
Liabilities

Assets  
Liabilities

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# BANK OF FINLAND

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## Board of management

Mauno Koivisto

*Governor*

Reino Rossi

*Deputy Governor*

Esko K. Leinonen

A. Simonen

Ahti Karjalainen

Heikki Valvanne

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## Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

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## Senior officials

Pertti Tammivuori

*Administration*

P.-E. Österlund

*Invisible transactions and  
capital transfers*

A. Kajantie

*Internal Audit*

Helge Lindström

*Credits*

A. Nenonen

*Foreign correspondence*

K. Eirola

*Automatic Data Processing*

K. Ignatius

*Personnel*

Eino Suomela

*Office*

Stig Törnroth

*Cash*

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## Institute for economic research

Pertti Kukkonen

*Director*

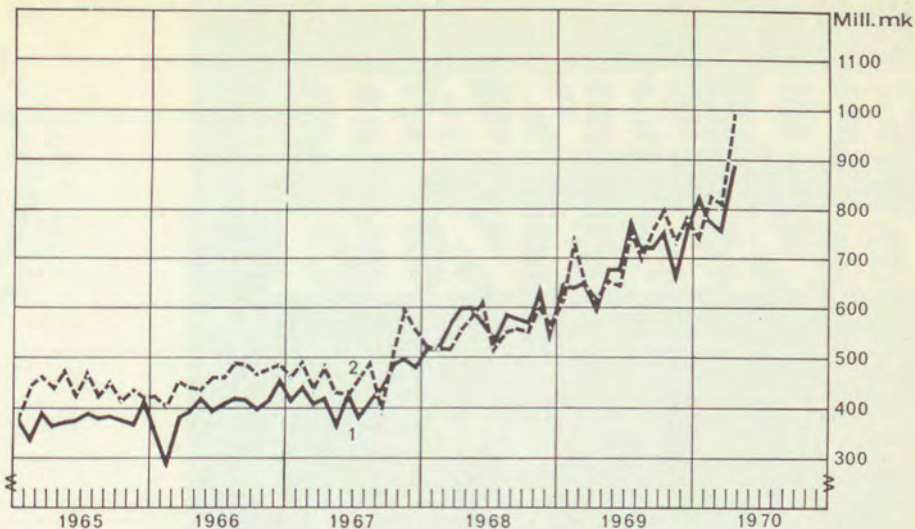
Markku Puntila

*Head of department*

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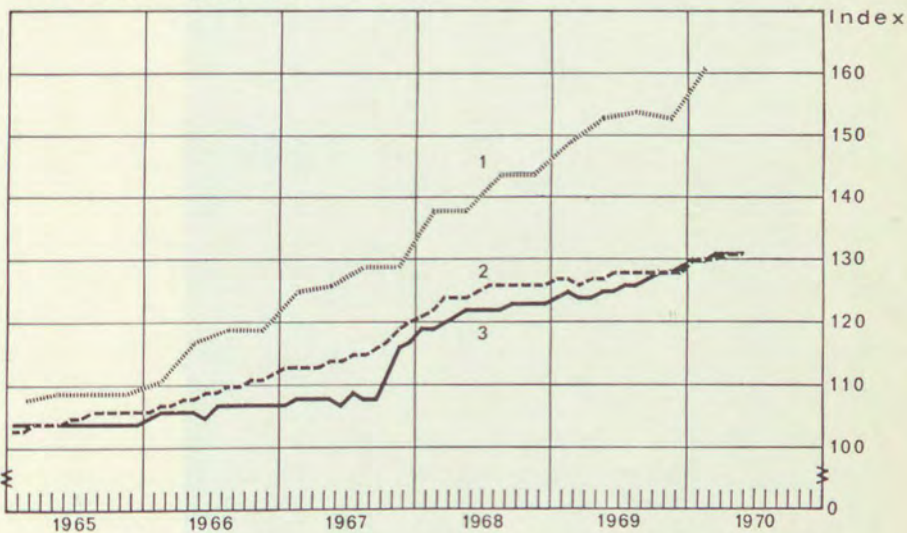
### Foreign trade, 1965-1970

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



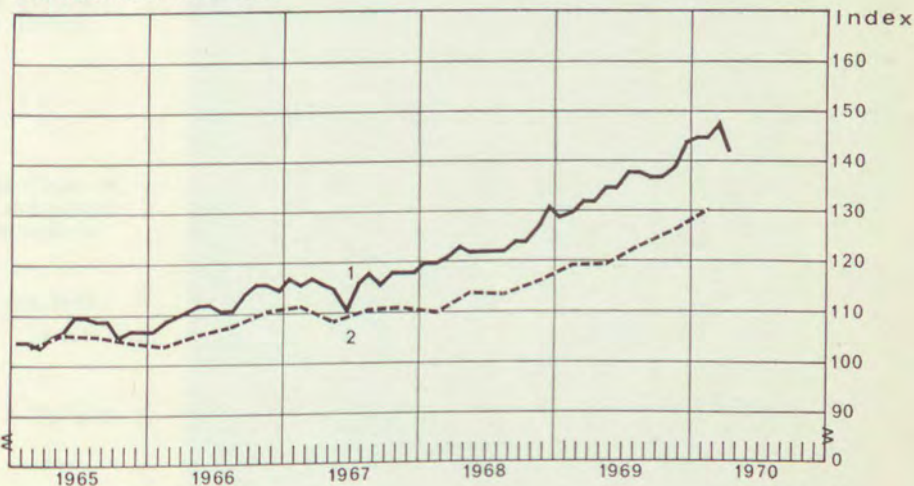
### Prices and wages, 1965-1970

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



BARB OF ISLAND

