



BANK OF FINLAND

Monthly Bulletin

Recent stabilization measures

Finland's balance of payments in 1970

Supplementary budget

Finnish municipal loan of 1971

Domestic bond issue

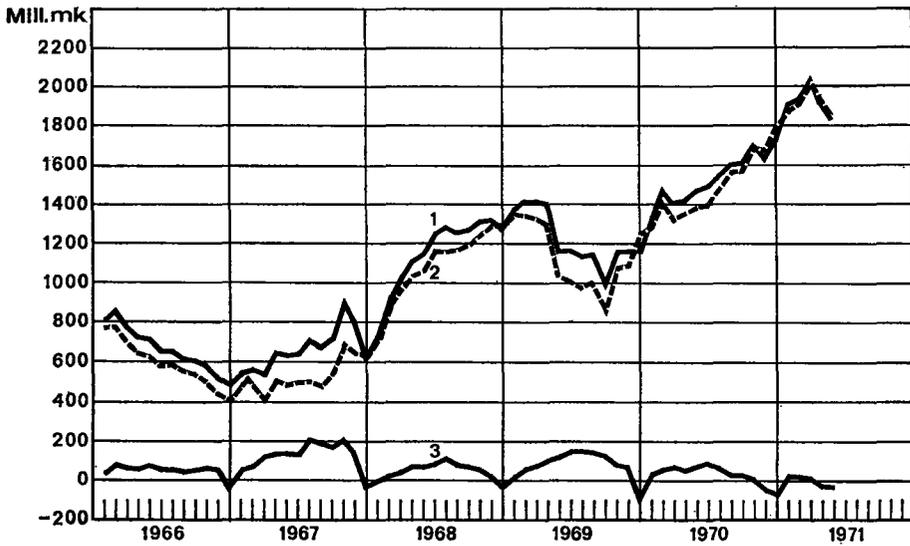
Trade agreement

Silver commemorative coin

JULY 1971

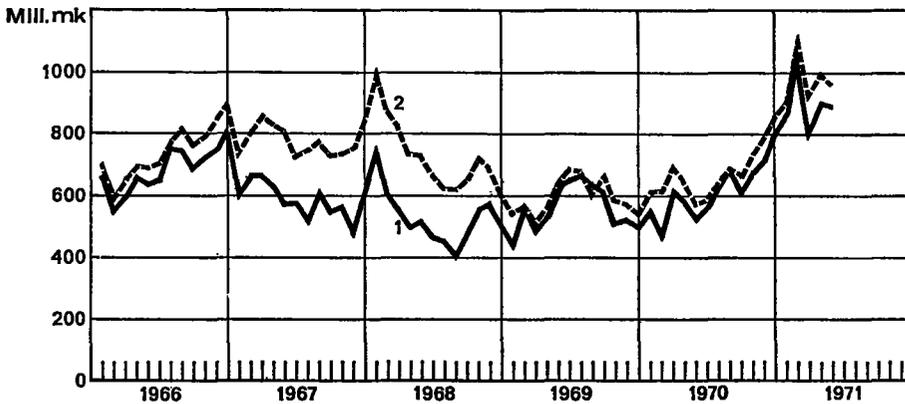
Vol. 45 No. 7

Bank of Finland foreign exchange reserve, 1966-1971



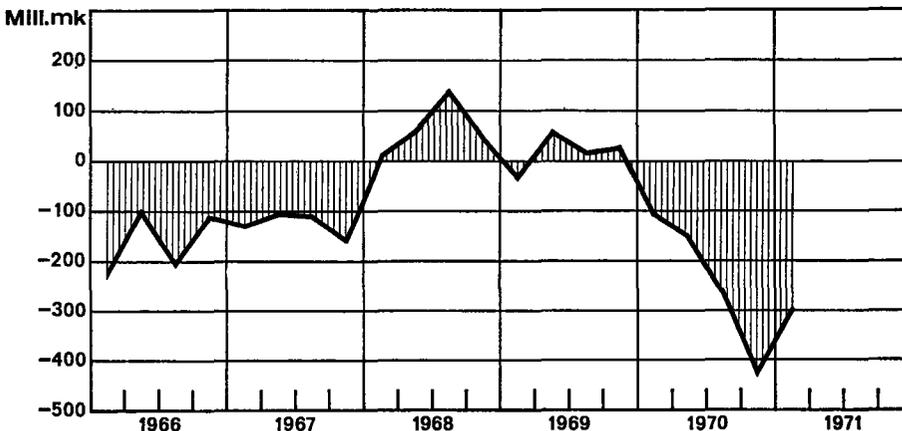
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1966-1971



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

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



Seasonally adjusted quarterly figures

RECENT STABILIZATION MEASURES

The international economic slow-down has caused a slackening in the growth of Finnish export demand and of investment and total output. However, a continuous rise in private consumption was encouraged by the wage and salary increases effected at the beginning of 1971. Consequently, total demand and imports are still so heavy that the current account deficit is causing concern. The economic policy introduced to deal with these circumstances is intended to curb imports, mainly through the regulation of consumption demand. During the latter half of 1971 measures will also be taken to stimulate investment and employment through monetary policy and selective fiscal policy.

TAX INCREASES ON CONSUMER DURABLES

The growth of the sale and imports of consumer durables has substantially exceeded that of total private consumption and total imports. This development is expected to continue during 1971. Therefore on the 6th of June 1971 a supplementary turnover tax of 15 per cent was temporarily levied on domestic as well as imported consumer durables.

IMPORT-EQUALIZATION TAX

Under the prevailing sales tax system domestically produced Finnish goods are subject to an occult tax, which does not burden the imported goods with which they compete. In order to abolish the preferential treatment of foreign-produced goods the Government, on June 6th, 1971 imposed an import-equalization tax. It covers 75 per cent of all imported commodities and its weighted average is 2.3 per cent while the absolute limits are 1.2

and 5.0 per cent, depending on how high the occult tax is in the category concerned.

INVESTMENT AND COUNTER-CYCLICAL DEPOSITS

It has also been the Government's aim to support investment activity and safeguard employment. For this reason the Cabinet has decided to allow the use of investment reserve funds from the beginning of November 1971 for investment in housing or investment in development regions. Firms are obliged to start using their investment funds from the beginning of February 1972 onwards. The purposes for which these funds may be used have also been extended. At the same time new transfers to investment funds will be limited.

The counter-cyclical deposits made by firms in 1969 and 1970 will have to be utilized during 1972 or the first part of 1973. Tax on the use of the counter-cyclical deposits will be postponed if the funds are used for the implementation of measures supporting economic growth and environmental protection.

To secure employment and a sufficient level of total investment direct public investment and investment financed by public funds will be increased from the latter half of 1971 onwards. Residential building will be given a special stimulus by using funds allocated for this purpose as early as next winter. The other investment objectives will be determined in connection with the 1972 budget proposals. Governmental counter-cyclical funds will be used for the financing of these investments in a way to be decided later.

The Government will also expand facilities for the retraining of labour so that roughly one

per cent of the total labour force will attend courses annually. Moreover, the Government has promised to submit bills for the establishment of permanent counter-cyclical policy arrangements based on proposals submitted by a committee which has been investigating the matter.

MONETARY POLICY MEASURES

In connection with and in support of the Government's fiscal policy action, the Bank of Finland introduced certain monetary policy changes. The most significant step was the increase of the interest rate on central bank credit from 7 per cent to 8 ½ per cent from the beginning of June. This involved a rise of one percentage point in all deposit rates of interest with the exception of those on cheque accounts and the postal giro accounts. This increase came into force for new loans on May 24, 1971 and for old loans as soon as their terms allowed.

The increase in interest rates is likely to reduce capital-intensive investment and to increase labour-intensive investment. The efforts to reduce the current account deficit also necessi-

tated the increase in interest rates: in particular, stock holding of imported goods has been made more costly. This measure was also taken to safeguard the real value of deposits and the interest paid on these, which again should secure an undisturbed development of savings and investment.

The Bank of Finland simultaneously announced new instructions for selective credit-granting. Total outstanding personal credits, except credits used for housing or real estate as well as study loans, are for each banking institution to be reduced from their level at the end of 1970 to a maximum of 95 per cent by the end of September and to 85 per cent by the end of December 1971.

The Bank of Finland and the banking institutions have moreover negotiated about the differentiation of lending rates with a view to channelling credit for purposes most appropriate in the present cyclical and balance of payments situation. Plans are also being made to re-organize certain special credit arrangements and to improve the availability of investment credits in general.

June 15, 1971

BANK OF FINLAND

Mill. mk

	1970		1971			
	June 30	Dec. 31	June 8	June 15	June 23	June 30
Assets						
Gold and other foreign assets	1 749	1 965	2 037	2 052	2 098	2 138
Gold	189	121	121	121	121	121
Special drawing rights	93	98	193	193	193	193
IMF gold tranche	173	281	272	272	272	272
Foreign exchange	1 130	1 344	1 330	1 342	1 385	1 425
Foreign bills	103	85	85	88	91	91
Foreign bonds	61	36	36	36	36	36
Claims on domestic banks	637	839	847	791	842	894
Discounted bills	590	827	835	783	841	877
Rediscounted bills	6	9	1	1	1	1
Cheque accounts	41	3	11	7	—	16
Other lending	268	283	318	318	355	347
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	151	137	179	179	217	209
Loans	117	146	139	139	138	138
Other assets	868	689	651	743	772	762
Finnish bonds	455	64	89	172	201	191
Finnish coin	10	8	15	18	18	19
Currency subscription to Finland's quota						
in the IMF	352	518	526	526	526	526
Other claims	51	99	21	27	27	26
Total	3 522	3 776	3 853	3 904	4 067	4 141
Liabilities						
Notes in circulation	1 265	1 344	1 265	1 285	1 344	1 355
Liabilities payable on demand	100	126	77	83	87	141
Foreign exchange accounts	74	94	51	58	61	50
Mark accounts of holders abroad	11	12	10	9	9	9
Cheque accounts						
Treasury	1	2	0	1	1	23
Post Office Bank	1	4	0	1	0	44
Private banks	—	1	—	—	1	—
Other	2	3	4	3	4	4
Other sight liabilities	11	10	12	11	11	11
Term liabilities	745	633	690	750	851	852
Foreign	—	—	—	—	—	—
Domestic	—	633	690	750	851	852
IMF mark accounts	352	518	526	526	526	526
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	416	404	432	428	425	432
Bank's own funds	556	663	690	659	661	662
Capital	300	600	600	600	600	600
Reserve fund	200	0	32	32	32	32
Profits undisposed	28	—	32	—	—	—
Earnings less expenses (Dec. 31, Net profit)	28	63	26	27	29	30
Total	3 522	3 776	3 853	3 904	4 067	4 141

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
1964	974	85	889	76	83	882	9	5	4
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1970									
April	1 485	58	1 427	546	356	1 617	—170	7	—177
May	1 537	60	1 477	539	356	1 660	—167	1	—168
June	1 586	85	1 501	515	352	1 664	—163	1	—164
July	1 642	83	1 559	451	331	1 679	—160	2	—162
Aug.	1 685	78	1 607	440	331	1 716	—149	1	—150
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117
May	1 888	56	1 832	650	526	1 956	—108	1	—109
June	2 011	59	1 952	653	526	2 079	—107	23	—130

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, May 31, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	May	Jan.—May
	Gold	121	—	121	121	—	121	—
Special drawing rights	98	—	98	193	—	193	+ 1	+ 95
IMF gold tranche	280	—	280	272	—	272	—	— 8
Convertible currencies	1 302	—103	1 199	1 271	—20	1 251	—95	+ 52
Other currencies	—63	—8	—71	—24	— 3	—27	—6	+ 44
Total	1 738	—111	1 627	1 833	—23	1 810	—100	+183

BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other					Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	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 ²	Post Office Bank ²							
1	2	3	4	5	6	7	8	9	10	11		
1964	—	448	—	16	50	382	78	92	2	168	1 003	
1965	—	641	—	12	8	621	76	72	32	116	1 029	
1966	—	915	—	14	17	884	180	85	72	193	1 106	
1967	—	868	—	155	35	678	197	383	56	524	1 052	
1968	—	618	107	163	16	546	186	195	43	338	1 160	
1969	—	550	87	93	12	532	192	269	25	436	1 298	
1970	827	9	3	1	4	834	137	246	528	-145	1 344	
1970												
April	553	7	58	41	15	562	157	179	437	-101	1 205	
May	531	8	44	41	8	534	151	176	466	-139	1 258	
June	590	7	40	42	5	590	151	168	549	-230	1 265	
July	683	4	17	47	6	651	163	169	579	-247	1 226	
Aug.	664	12	28	—	1	703	162	161	553	-230	1 238	
Sept.	687	8	23	—	3	715	147	162	551	-242	1 226	
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263	
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279	
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344	
1971												
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255	
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280	
March	785	1	6	—	18	774	95	203	732	-434	1 204	
April	856	1	7	—	0	864	93	155	662	-414	1 259	
May	893	1	4	—	0	898	164	155	597	-278	1 360	
June	877	1	16	—	44	850	209	164	760	-387	1 355	

¹ Including special index accounts.² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

June 30, 1971

New York	1 \$	4.192	Frankfurt o. M.	100 DM	119.91	Vienna	100 S	16.82
Montreal	1 \$	4.104	Amsterdam	100 Fl	117.62	Lisbon	100 Esc	14.80
London	1 £	10.145	Brussels	100 Fr	8.420	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	81.31	Zurich	100 Fr	102.35	Madrid	100 Pta	6.07
Oslo	100 Kr	59.03	Paris	100 FF	76.00	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.94	Rome	100 Lit	0.6725	Clearing dollars ²	1 Cl \$	4.212

¹ Clearing account; also Bucharest.² Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

Mill. mk

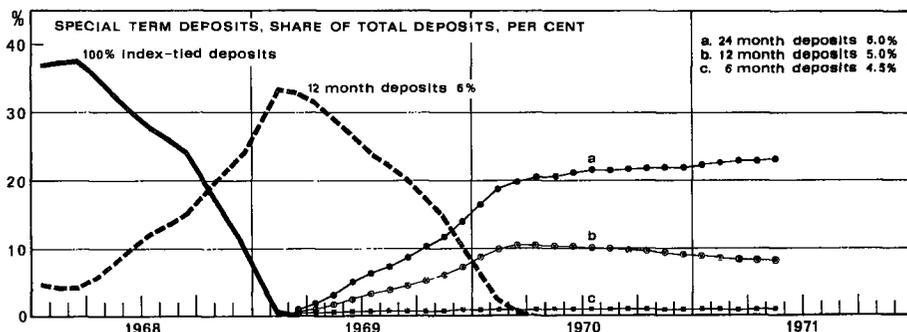
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 361.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970*	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

1970*

May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5
Dec.	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

1971*

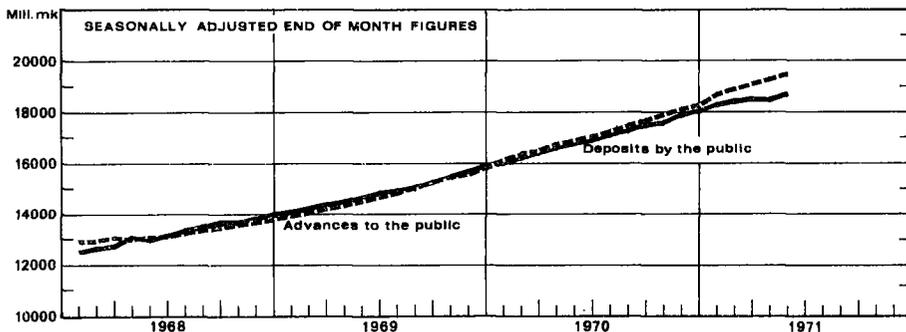
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9



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
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970*	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3
1970*									
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3
1971*									
Jan.	8 084.6	4 379.9	1 276.7	3 438.5	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	1 288.6	3 472.1	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	1 301.1	3 506.6	1 530.0	18 309.0	721.2	19 030.2	3 935.9
April	8 373.9	4 486.8	1 324.0	3 533.8	1 536.2	18 497.8	756.9	19 254.7	3 816.9
May	8 429.1	4 547.2	1 340.0	3 570.6	1 589.4	18 732.4	743.9	19 476.3	4 048.6



STATE FINANCES

Mill. mk

Revenue	Jan.—April		Expenditure	Jan.—April	
	1970	1971		1970	1971
Income and property tax (net)	1 082	1 266	Wages, salaries, pensions etc.	588	658
Gross receipts	(2 416)	(2 777)	Repair and maintenance	67	79
Refunds & local authorities	(—1 334)	(—1 511)	Other consumption expenditure	246	319
Other taxes on income and property	24	34	Total consumption expenditure	901	1 056
Employers' child allowance payments	199	144	State aid to local authorities	535	584
Sales tax	819	951	State aid to industries	476	443
Revenue from Alcohol Monopoly	189	233	of which: agric. price subsidies	(378)	(347)
Customs duties & import charges	150	126	Child allowances	76	88
Export levy	—	—	Share in national pensions and health insurance	148	75
Excise duty on tobacco	125	127	Other transfer expenditure	374	390
» » on liquid fuel	185	210	Total transfer expenditure	1 609	1 580
Other excise duties	71	84	Machinery and equipment	110	103
Tax on autom. and motor cycles	109	110	House construction	93	70
Stamp duties	72	75	Land and waterway construction	219	190
Special diesel etc. vehicles tax	15	19	Total real investment	422	363
Other taxes and similar revenue	35	35	Interest on State debt	91	86
Total taxes	3 075	3 414	Index compensations	14	11
Miscellaneous revenue	168	209	Net deficit of State enterprises	35	66
Interest, dividends etc.	42	52	Other expenditure	1	2
Sales and depreciation of property	26	31	Total other expenditure	141	165
Redemptions of loans granted	36	45	Increase in inventories	+ 3	+11
Total revenue	3 347	3 751	Lending	180	179
Foreign borrowing	1	0	Other financial investment	72	181
Domestic borrowing	212	190	Total expenditure	3 328	3 535
Total borrowing	213	190	Redemption of foreign loans	40	41
Deficit (+) or surplus (—)	—16	—202	Redemption of domestic loans	176	163
Total	3 544	3 739	Total redemptions	216	204
			Total	3 544	3 739

State debt	1968	1969	1970	1971			
	Dec.	Dec.	Dec.	Feb.	March	April	May
Foreign debt	2 074	1 656	1 557	1 543	1 526	1 520	1 535
Loans	2 160	2 316	2 437	2 445	2 446	2 456	2 494
Compensatory obligations	5	4	3	3	3	2	2
Short-term credit	320	158	46	46	46	46	48
Cash debt (net)	— 256	— 217	—284	—388	—475	—513	..
Domestic debt	2 229	2 261	2 202	2 106	2 020	1 991	..
Total State debt	4 303	3 917	3 759	3 649	3 546	3 511	..
Total debt, mill. \$	1 028	933	900	874	849	840	..

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970*	9 686.7	11 076.9	-1 390.2

1970*			
June	805.8	825.3	- 19.5
July	782.2	866.1	- 83.9
Aug.	824.5	798.1	+ 26.4
Sept.	876.0	1 019.6	-143.6
Oct.	912.0	964.7	- 52.7
Nov.	849.7	991.3	-141.6
Dec.	914.4	1 417.8	-503.4

1971*			
Jan.	867.9	878.8	- 10.9
Feb.	655.7	735.4	- 79.7
March	656.5	914.6	-258.1
April	693.8	954.0	-260.2

Jan.-Apr.			
1970*	2 900.1	3 285.3	-385.2
1971*	2 873.9	3 482.8	-608.9

Indices of exports and imports 1962 = 100

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

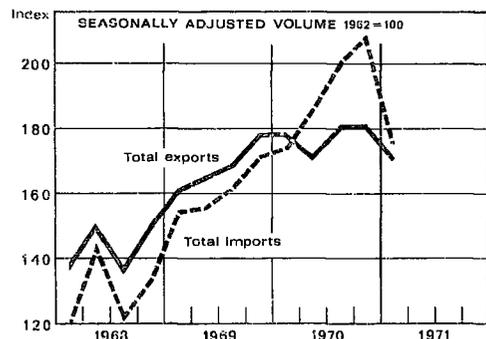
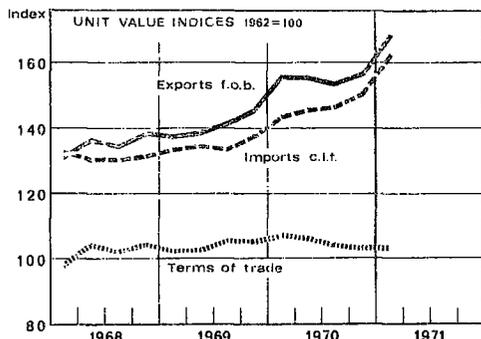
1968					
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105

1969					
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106

1970					
Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

1971 ¹					
Jan.-Apr.	149	167	165	154	107

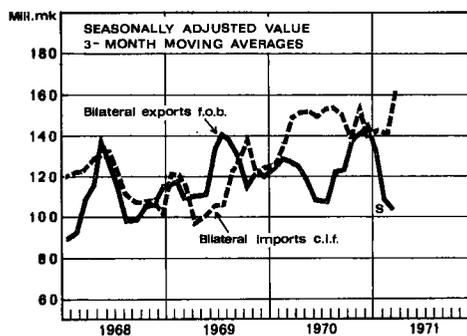
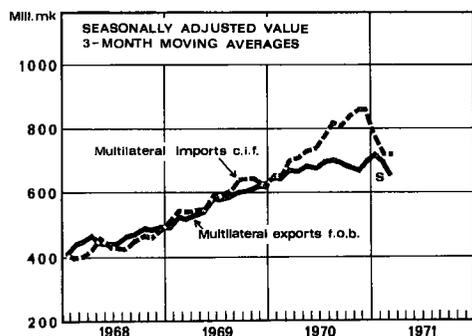
¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri- cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products	Other goods	Raw materials and pro- ducer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970*	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.1	1 249.3	2 905.5	2 004.0
1970*										
June	27.1	10.7	150.6	316.7	192.6	108.1	395.9	89.9	200.1	139.4
July	25.1	10.9	163.1	311.6	182.0	89.5	416.8	72.4	221.9	155.0
Aug.	30.8	12.4	154.2	343.2	163.3	120.6	336.1	142.4	181.7	137.9
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.8	109.1	243.7	187.0
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.3	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.3	265.6	170.0
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.6	142.4	458.6	199.2
1971*										
Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.9	96.5	258.7	154.7
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	288.6	79.7	221.7	145.4
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.9	301.6	190.9
April	27.1	2.6	116.4	296.6	132.5	118.6	361.2	82.8	315.6	194.4
Jan.-Apr.										
1970*	155.9	6.9	333.9	1 190.3	757.1	456.0	1 421.8	331.6	865.5	666.4
1971*	169.2	10.7	407.1	1 213.9	597.7	475.3	1 362.9	336.9	1 097.6	685.4



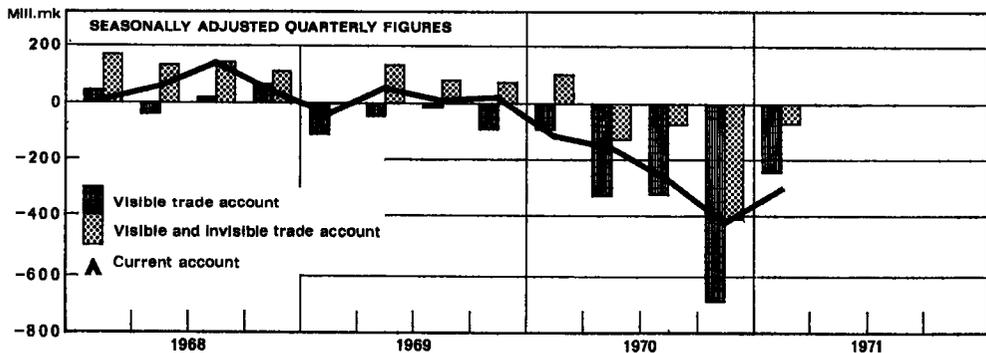
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—April				January—April			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	70.8	2 054.3	71.8	2 063.8	74.7	2 455.2	75.8	2 640.3
Austria	1.0	28.3	1.0	28.0	1.4	45.4	1.7	57.9
Belgium-Luxembourg	1.7	50.7	1.8	53.0	2.0	64.9	1.7	60.9
Denmark	3.9	114.4	3.9	112.6	3.4	111.3	3.7	127.7
France	4.0	116.7	3.9	112.0	3.8	123.8	3.4	119.5
Federal Republic of Germany	10.8	311.9	10.6	305.1	17.7	582.7	16.8	584.9
Italy	2.6	76.4	2.0	57.7	2.1	70.3	2.2	76.3
Netherlands	4.1	118.6	4.4	125.6	3.5	114.6	3.6	126.9
Norway	3.2	92.9	3.8	109.3	2.2	73.9	2.7	95.5
Portugal	0.4	12.4	0.3	8.3	0.9	28.4	0.7	23.2
Spain	1.1	30.4	0.9	26.8	0.3	11.1	0.9	30.6
Sweden	17.6	509.8	15.7	449.6	18.5	609.0	19.2	669.5
Switzerland	1.8	51.4	2.0	58.1	3.4	110.6	3.8	132.7
United Kingdom	17.2	498.8	19.5	560.7	15.2	498.5	15.1	524.1
Other	1.4	41.6	2.0	57.0	0.3	10.7	0.3	10.6
OECD countries outside Europe	6.0	174.5	6.3	181.3	5.3	173.1	7.0	245.4
Canada	1.0	29.2	0.8	22.5	0.3	10.6	0.2	8.5
Japan	0.3	8.8	0.1	4.5	1.8	59.9	2.5	87.8
United States	4.7	136.5	5.4	154.3	3.2	102.6	4.3	149.1
Eastern Bloc	15.8	457.2	13.2	380.7	16.1	527.8	14.9	520.6
Czechoslovakia	0.5	15.0	0.5	14.3	0.4	13.9	0.5	17.1
Democratic Republic of Germany	0.6	16.9	0.5	16.0	0.5	16.9	0.5	18.8
People's Republic of China	0.8	24.3	0.3	9.3	0.2	5.1	0.5	16.1
Poland	1.2	33.3	1.2	33.6	0.8	25.9	1.6	54.5
Soviet Union	11.7	338.5	9.9	285.0	13.4	438.3	11.3	395.2
Other	1.0	29.2	0.8	22.5	0.8	27.7	0.5	18.9
Latin America	2.4	69.8	2.8	78.9	2.0	65.9	0.6	21.6
Argentina	0.8	23.8	1.0	28.4	0.1	4.6	0.1	4.3
Brazil	0.5	14.5	0.7	18.7	0.6	18.2	0.0	0.4
Colombia	0.2	6.2	0.3	7.8	0.6	20.4	0.0	0.1
Other	0.9	25.3	0.8	24.0	0.7	22.7	0.5	16.8
Other	5.0	144.3	5.9	169.2	1.9	63.3	1.7	54.9
GRAND TOTAL	100.0	2 900.1	100.0	2 873.9	100.0	3 285.3	100.0	3 482.8
of which								
EFTA countries	45.1	1 308.3	46.3	1 330.9	45.0	1 478.7	47.0	1 637.1
EEC countries	23.3	674.4	22.7	653.4	29.1	956.2	27.8	968.6
OECD countries	76.8	2 228.8	78.1	2 245.1	80.0	2 628.3	82.8	2 885.7

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
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
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
Jan.-Mar										
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
1971	2 167	2 536	-369	+165	- 13	+18	-199	-133	- 1	-333
Apr.-June										
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
July-Sept.										
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970	2 471	2 690	-219	+196	+109	- 4	+ 82	-110	- 1	- 29
Oct.-Dec.										
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
1970	2 660	3 379	-719	+213	+ 32	+24	-450	-105	- 7	-562

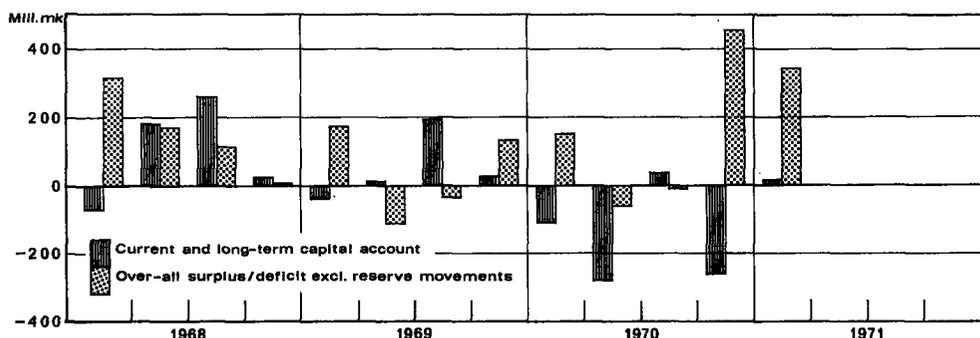


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 ²	+157	-240	+ 83
+ 617	-233	- 15	-20	+349	+ 16	+ 21	+339	- 34 ²	+342	-314	- 28
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-324	+530	- 38	+289	+457	-121	- 336

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

¹ Including Direct investment net.

² Including Allocations of special drawing rights 88 million in 1970 and 85 million in 1971.



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
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
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
Aug.	298	302	285	300	314	292	332	291	283	138	146	127
Sept.	298	302	285	300	316	292	332	289	284	138	146	127
Oct.	299	301	290	300	331	289	331	287	287	138	146	127
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128
1971												
Jan.	305	307	297	305	345	295	341	290	294	141	148	130
Feb.	308	310	298	306	347	301	344	291	297	142	148	130
March	308	312	297	306	348	302	345	292	297	143	148	133
April	308	311	298	307	352	300	342	293	299	148	164	133
May	309	312	298	307	353	300	340	294	299	149	164	133

Period	Consumer prices 1967 = 100											
	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
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
1970	223	175	115	116	115	109	115	121	115	113	113	115
1970												
Aug.	223	175	115	118	114	109	116	118	114	113	113	116
Sept.	224	176	115	118	114	110	115	121	114	112	113	116
Oct.	224	176	115	117	114	110	115	125	114	113	114	116
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118
1971												
Jan.	228	179	117	117	117	111	116	137	115	117	115	122
Feb.	229	180	118	118	117	111	117	138	116	119	115	123
March	231	181	119	119	117	111	118	140	116	120	115	123
April	232	182	120	119	117	111	120	140	116	120	117	124
May	233	183	120	120	117	111	121	140	116	122	117	124

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							Employees in services
1968	151	142	136	147	141	149	139	142	140	141
1969*	164	154	143	156	151	158	150	150	150	150
1970*	186	169	170	162	159	165	163	155	169	163
1969*										
Apr.-June	160	153	144	156	151	158	151	150	150	150
July-Sept.	167	154	144	156	152	158	152	151	151	151
Oct.-Dec.	167	157	144	156	152	158	152	151	151	151
1970*										
Jan.-Mar.	178	166	167	162	159	165	160	155	165	160
Apr.-June	187	169	169	162	159	165	163	155	171	164
July-Sept.	187	171	171	162	159	165	164	155	171	164
Oct.-Dec.	193	171	172	162	159	165	164	155	170	163
1971*										
Jan.-Mar.	206	186	183	170	164	..	..	164	184	175

PRODUCTION

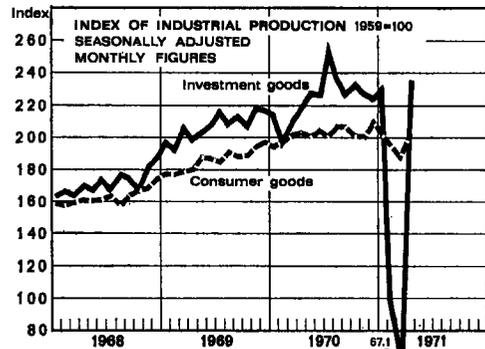
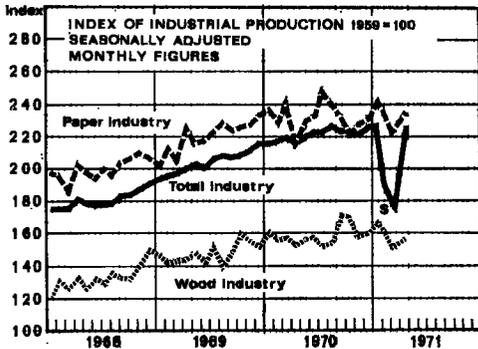
Volume indices of production 1964=100

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
1967	110	115	95	89	117	106	109	113	114	114	114
1968	113	121	97	93	109	108	114	111	118	119	119
1969	122	137	96	102	125	104	123	123	123	123	127
1970*	131	150	94	111	141	98	131	132	129	128	133
1970*											
Jan.-Mar.	126	149	63	155	93	99	120	121	127	127	132
Apr.-June	130	151	75	127	126	99	132	133	127	127	133
July-Sept.	132	139	170	56	176	99	138	132	129	128	133
Oct.-Dec.	135	160	60	107	172	94	135	145	132	130	136
1971*											
Jan.-Mar.	127	142	62	162	99	96	126	128	133	131	138

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	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	205	210	212	187	175	148	222	278	274	199	205
1970*	223	228	231	204	186	159	234	320	295	217	223
1970*											
Jan.	227	234	239	197	163	166	242	328	270	221	217
Feb.	217	219	227	194	155	159	226	336	269	212	218
March	222	228	230	201	162	164	238	305	287	219	220
April	239	256	240	231	195	191	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	217	220
June	215	224	216	211	195	147	209	308	306	213	224
July	174	133	192	147	189	133	247	270	288	127	224
Aug.	221	212	226	210	189	128	248	300	309	200	228
Sept.	233	245	238	217	184	162	243	309	318	232	225
Oct.	241	261	249	217	217	168	239	349	325	245	226
Nov.	237	254	247	209	208	156	239	342	305	238	223
Dec.	235	248	242	213	193	163	215	365	289	234	228
1971*											
Jan.	230	241	243	198	159	166	247	344	292	228	225
Feb.	191	105	203	191	158	164	232	320	284	105	192
March	203	85	213	213	176	184	257	338	287	87	179
April	229	243	233	212	179	172	219	401	267	226	227



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1967	2 205	2 142	63	2.9	30 240	..	..	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970*	2 195	2 154	41	1.9	39 267	114	130	125
1970*								
March	2 129	2 075	54	2.5	4 952	100	121	118
April	2 130	2 078	52	2.4	4 593	111	134	129
May	2 175	2 137	38	1.7	3 382	117	130	127
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	125	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	115	146	131
Oct.	2 171	2 142	29	1.3	2 659	121	142	135
Nov.	2 161	2 131	30	1.4	3 308	116	138	120
Dec.	2 156	2 118	38	1.8	4 719	157	156	125
1971*								
Jan.	2 111	2 061	50	2.4	4 212	96	110	116
Feb.	2 115	2 057	58	2.7	4 932	99	124	..
March	2 122	2 060	62	2.9	5 067	..	..	..
April	2 130	2 073	57	2.7	4 163	..	..	..

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											
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	32.03	12.85	3.15	10.95	3.32	36.40
1970*	41.42	17.96	3.72	15.56	23.6	37.99	16.12	4.22	12.47	3.31	35.98
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.06	5.50	1.72	5.12	1.19	35.98
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.55	3.00	0.49	2.19	0.72	33.46

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

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

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

FOREIGN TRADE

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

BALANCE OF PAYMENTS

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

PRICE INDICES

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

WAGES — PRODUCTION

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

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

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *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 S affected by strike

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 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 (1969): 4.7 million. Sweden 8.0, Switzerland 6.2, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1969): In South Finland 26.3, in North Finland 4.2 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1969): 50% of the population inhabit the rural areas, 50% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 534 000 inhabitants, Tampere (Tammerfors) 155 500, Turku (Åbo) 154 700.

EMPLOYMENT (1969): Agriculture and forestry 24%, industry and construction 34%, commerce 15%, transport and communications 7%, services 20%.

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

EDUCATION (1969): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1969): births 14.5‰, deaths 9.8‰, increase 1.8‰, net emigration 3.0‰. Deaths in France 11.7‰ and Great Britain 11.9‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7%), forestry and fishing 2 683 (7%), manufacturing 11 643 (30%), construction 3 667 (10%), transport and communication 3 719 (10%), commerce, banking and insurance 4 733 (12%), public administration 2 228 (6%), ownership of dwellings 1 694 (4%), services 5 328 (14%), total 38 422. Index of real domestic product 131 (1964 = 100).

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

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

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 223 for 1970 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 5 874 km.

MERCHANT FLEET (May 31, 1971): Steamers 46 (49 900 gross reg. tons), motor vessels 383 (570 349 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 8 (1 208 gross reg. tons). Total 493 (1 326 588 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1970): Passenger cars 712 000, lorries and vans 102 900, buses 8 100 others 5 000. Total 828 000.

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

FINANCE AND BANKING

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

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, 1970). There are two big and five small commercial banks with in all 825 offices, 327 savings banks, 445 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtyone private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1971). Bank of Finland discount rates 6—9%, the rate for discounts or rediscounts for banks 8 ½%. Other credit institutions: term deposits 5%, 6 month deposits 5 ½%, 12 month deposits 6%, 24 month deposits 7%; highest lending rate 11% from May 24, 1971.

FINLAND'S BALANCE OF PAYMENTS IN 1970

by Esko Aurikko, M. Pol. Sc.

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At the end of the 1960's Finland went through a phase of strong economic activity. This upswing, which began in 1968 was caused by a vigorous acceleration in export demand which was caused in turn by the improvement in the international cyclical situation and the devaluation in 1967. As price increases were simultaneously kept under control by stabilization measures pursued since April 1968 the Finnish export industries were able to maintain their competitive position.

In 1970 there were clear signs of overheating in the economy. Bottlenecks in capacity and especially in the availability of skilled workers began to appear and as a result the upswing started to level off in the latter half of the year. This slackening of economic activity was intensified by the slow growth of exports and by economic policies which were intended to reduce the rapid growth of domestic demand and consequently imports. The slow-down was first felt in the export industries as the volume of exports on the whole did not increase in 1970 from the level reached during the latter half of 1969. In spite of the deceleration in domestic demand the value of imports grew approximately twice as fast as that of exports so that after two surplus years a considerable deficit was recorded in the current account.

VISIBLE AND INVISIBLE TRADE

The international economic upswing which had begun in 1968 clearly slowed down in 1970. The growth rate of industrial production in the OECD countries weighted by their shares in Finnish exports was slightly over 3 per cent as against 10 per cent one year earlier.

World trade still continued to expand vigorously in 1970. The growth figure was, however, affected by accelerated inflation which was more widespread and stronger than at any time in the past 20 years. The value of world trade grew by more than 13 per cent according to preliminary calculations. The corresponding figure for 1969 had been 14 per cent.

As mentioned earlier, because of the shortage of capacity in the Finnish export industries and the deterioration in the international cyclical situation the volume of exports rose only modestly. The growth rate of the volume of commodity exports slowed down from 17 per cent in 1969 to 5 per cent in 1970. The accelerated international inflation was reflected in the development of export prices. The preliminary calculations suggest that export prices rose by 11 per cent as contrasted to only 4 per cent a year earlier.

In line with past developments the exports of the products of the metal and engineering industries and other industrial products (primarily the products of the footwear, clothing, furniture and chemical industries) increased more than total commodity exports. The value of metal and engineering industry exports increased by 21 per cent and that of other industrial products by 24 per cent. Wood and paper industry products still formed the most important category of Finnish exports in 1970, but as the increase in the value of these goods was only 12 per cent their share in total exports dropped by over 2 percentage units to approximately 56 per cent.

The value of commodity imports grew by almost twice as much as that of exports in 1970, i.e. by slightly more than 30 per cent.

CHART 1. TRAVEL ACCOUNT IN 1962—1970

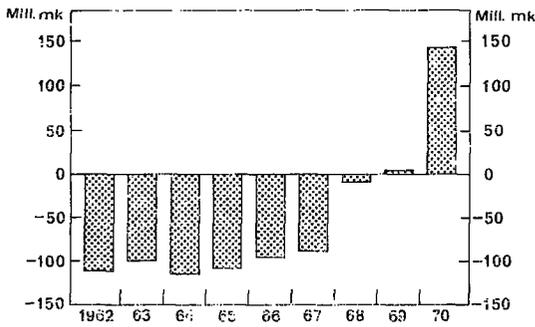


CHART 2. NET INTEREST PAYMENTS IN 1962—1970

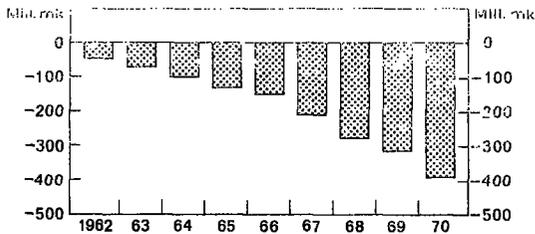


CHART 3. NET IMPORT OF LONG-TERM CAPITAL IN 1962—1970

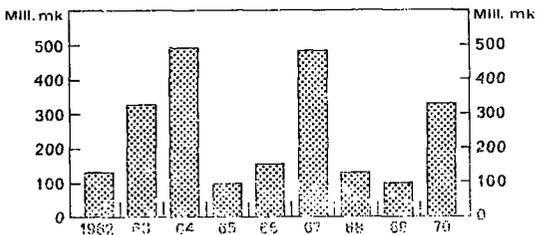
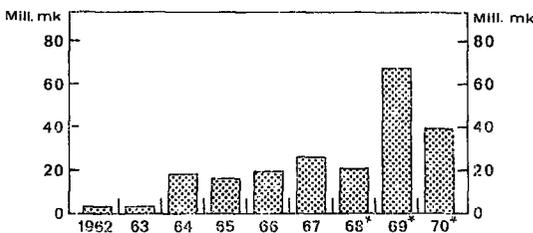


CHART 4. DIRECT INVESTMENT IN FINLAND IN 1962—1970



This record increase in the value of imports was the result of the economic upswing which had already lasted for more than two years, causing a lively import demand and of strong

inflationary pressures abroad and the consequent rapid increases in import prices. The growth rate of real GDP was approximately 7 per cent in 1970 after having been 8.5 per cent in 1969. Accordingly there was a 19 per cent volume increase of imports and an import price increase of no less than 11 per cent.

Of the individual categories of commodity imports the most expansive were raw materials and producer goods on the one hand and investment goods on the other. The increase in the value of the imports of raw materials and producer goods was more than 30 per cent reflecting the limited possibilities for domestic production to meet the sharply expanding demand for production and for the accumulation of inventories. The rise in the import prices of these products was 11 per cent. The continuing strong investment activity explained why the volume of investment goods imports grew more rapidly than the volume of total commodity imports. Considerable price increases partly accounted for the rise in the value of the imports of fuels and lubricants. The restrictive measures adopted during the year partly explained why the importation of the so-called non-productive commodities (consumer goods and passenger cars) expanded somewhat more slowly than productive imports.

All in all as commodity exports in 1970 totalled 9 687 million marks and commodity imports 11 072 million marks there was a deficit of 1 384 million marks recorded on the trade balance. In 1969 the deficit was 160 million marks. Some specific factors account for the deficit in 1970. The year under consideration was the last year of the five-year agreement period 1966—70 with the Soviet Union and exports tend to grow slowly during such a year. In addition there occurred substantial increases in the price of steel and a simultaneous building-up of inventories. Moreover unroasted coffee was temporarily duty free until the end of the year so that coffee imports soared during the last months of the year.

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

	1969			1970		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	8 345	8 505	— 160	9 687	11 071	— 1 384
Adjustment items	— 49	15	— 64	— 53	20	— 73
Non-monetary Good		8	— 8		8	— 8
Total trade	8 296	8 528	— 232	9 634	11 099	— 1 465
Transport	896	317	579	1 116	400	716
Travel	375	371	4	541	399	142
Government	38	31	7	43	35	8
Non-merchandise insurance	191	190	1	240	232	8
Other services	300	321	— 21	391	390	1
Total goods and services	10 096	9 758	338	11 965	12 555	— 590
Investment income	101	424	— 323	141	538	— 397
Transfer payments	113	41	72	35	53	— 18
Total current transactions	10 310	10 223	87	12 141	13 146	— 1 005

The multilateral trade deficit was 1 124 million marks whereas the deficit, explained above, in trade in non-convertible currencies was 260 million marks. The visible trade deficit including foreign trade adjustment items (e.g. seamen's taxfree imports, grants in kind and stevedoring costs) was 1 458 million marks.

The development of the other items on the current transactions account, i.e. services and interest and transfer payments, was favourable in 1970 as in the preceding years. In net terms there was a 460 million marks surplus recorded. A year earlier this figure was 319 million marks. On the service account the surplus of transport receipts amounted to 716 million marks which is 137 million marks more than in 1969. At the same time as the gross tonnage of the Finnish merchant fleet grew during 1970 by 11 per cent there occurred also substantial increases in the level of international freight rates.

Receipts from travel increased 44 per cent over the previous year. As the corresponding expenditure grew by only slightly more than 7 per cent there was a surplus of 142 million marks on the travel account (See Chart 1). The favourable development on this account began after the devaluation in 1967. Consequently there was in 1968 a small deficit on this account and in 1969 for the first time in the 1960's a surplus was recorded on the

travel account. The deficit on this account in the years prior to 1967 averaged around 100 million marks.

As throughout the 1960's Finland has been a net importer of foreign capital interest payments have consistently grown in absolute terms (See Chart 2) as well as in relation to total payments on current account. Net interest payments abroad increased by 74 million marks to 397 million marks in 1970. Net transfer payments amounted to a deficit of 18 million marks.

To sum up, as total income on the current account grew by 17.7 per cent to 12 141 million marks and the corresponding expenditure rose nearly 29 per cent to 13 146 million marks there was a current account deficit of 1 005 million marks. In 1969 there was a surplus of 87 million marks.

LONG-TERM CAPITAL MOVEMENTS

The current account deficit in the Finnish balance of payments 1960—1967, which reflected strong and continuous structural change in the economy, could not be financed by domestic savings alone. Therefore the net inflow of foreign capital has been considerable (See Chart 3) and the service charges due to

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

	Assets increase— decrease+	1969 Liabilities increase+ decrease—	Net assets increase— decrease+	Assets increase— decrease+	1970 Liabilities increase+ decrease—	Net assets increase— decrease+
Non-monetary sector						
Private	— 578	+ 646	+ 68	— 425	+ 1 792	+ 1 367
Long-term capital	— 240	+ 370	+ 130	— 436	+ 817	+ 381
Loans drawn	—	+ 850	+ 850	—	+ 1 385	+ 1 385
Loans repaid	—	— 511	— 511	—	— 558	— 558
Other	— 240	+ 31	— 209	— 436	— 10	— 446
Short-term capital	— 338	+ 276	— 62	+ 11	+ 975	+ 986
Public (central and local governments)	— 14	— 15	— 29	— 9	— 41	— 50
Loans drawn	—	+ 205	+ 205	—	+ 94	+ 94
Loans repaid	—	— 212	— 212	—	— 136	— 136
Other	— 14	— 8	— 22	— 9	+ 1	— 8
Monetary sector						
Banks (including the Bank of Finland)	+ 31	— 245	— 214	— 1 188	+ 633	— 555
Loans drawn	—	—	—	—	—	—
Loans repaid	—	— 131	— 131	—	—	—
Other	+ 31	— 114	— 83	— 1 188	+ 633	— 555
Allocation of Special Drawing Rights	—	—	—	—	+ 88	+ 88
Total	— 561	+ 386	— 175	— 1 622	+ 2 472	+ 850

foreign debt (amortizations and interest) have increased substantially.

The international capital and foreign exchange markets were rather stable in 1970 compared with the previous year. However, some disturbance was caused by the inflationary tendencies in the western industrialized countries. As a result of the recession in the United States and the cessation of the boom in the West-European countries there was a slackening of investment demand and the international capital market eased markedly, especially during the latter half of the year. Interest rates in the international capital market, which had been at record levels in 1969, declined during 1970. This easing in the international capital market had a particular effect on long-term capital imports. In January—June the net inflow of long-term foreign loans was 149 million marks while the corresponding figure for the latter half of the year was more than four times as large, i.e. 639 million marks.

Only three Finnish bond issues were made abroad in 1970. As the capital market of the Federal Republic of Germany became more accessible to foreign borrowers in the latter

half of the year, two loans were launched there and a third one in Luxembourg. These together totalled 205 million marks, which is almost 100 million less than in the preceding year. However, most foreign long-term capital imports took place, like before, in the form of suppliers' credits and direct financial credits. The net inflow of suppliers' credits amounted to 217 million and direct financial credits to 522 million marks. The latter figure was four times as high as in 1969 because of the brisk investment activity. The amortizations on long-term loans granted to Finland by foreign governments and international organizations exceeded the corresponding drawings.

The government, both central and local, accounted for slightly less than one third of outstanding long-term external liabilities at the end of 1970 while industry, primarily the wood-processing, metal and chemical industries, accounted for another third.

In 1970 drawings on long-term foreign loans totalled 1 479 million marks while amortizations were 694 million. Thus the net inflow of long-term loan capital was 785 million marks, which was 453 million marks more than in

1969. The debt service charges — i.e. amortizations and interest — increased by almost 11 per cent to 1 018 million marks. The long-term Finnish foreign debt was 5 774 million marks at the end of the year.

An important feature in other long-term capital movements was the growth of foreign long-term claims in the form of export credits partly as a result of the rapid diversification of exports. The net outflow of long-term capital due to the granting of export credits was 253 million marks, which is 73 million marks more than in 1969 and exceeds the corresponding inflow of suppliers' credits.

After the exceptionally high level of foreign investment in 1969 due to certain big Swedish projects foreign investment in Finland in 1970 was re-established in line with previous trends. (See Chart 4.) Finnish direct investment abroad decreased somewhat in 1970, but if loans granted by Finnish firms to their subsidiaries abroad are included there was a sharp increase. Of these loans the main part, i.e. nearly 200 million marks, were to the Eurocan wood-processing complex in Canada. However, at the moment direct investment from Finland as well as to Finland has only an insignificant effect on the Finnish balance of payments.

Total net imports of long-term capital were 330 million marks. The basic balance, which includes the current account and long-term capital movements, showed a deficit of 675 million. One year earlier this account had shown a surplus.

SHORT-TERM CAPITAL AND FOREIGN EXCHANGE RESERVES

The continuous tightening of conditions in the domestic financial market was reflected by the inflow of short-term capital in 1970. In spite of the restrictive measures taken by the Bank of Finland the net short-term capital inflow, mainly in the form of trade credits, totalled more than 1 100 million marks. In the

previous year there had been a net outflow of short-term capital. The sharp increase in short-term import credits, especially in the latter half of 1970, was the major cause of the record expansion of short-term capital imports. In addition, there was a decline in Finnish short-term trade credits granted to foreigners which had been exceptionally high in 1969 because of expectations of a revaluation of the D-mark.

Short-term capital movements, which together with the basic balance form the so-called overall balance showed a 545 million mark surplus. Thus the country's total foreign exchange reserves increased by that amount from 1 082 million marks to 1 627 million marks by the end of 1970.

The gold and foreign exchange reserves of the Bank of Finland amounted to 1 738 million marks at the end of 1970, which equals slightly less than two months' imports. In 1969 there had been a decline of a little over 100 million marks in these reserves. The net foreign debt of the other foreign exchange holders increased by 18 million marks. At the beginning of 1970 Special Drawing Rights worth 88 million marks were allocated to Finland by the International Monetary Fund. In addition to this, almost another 10 million marks of the SDR's accrued during the year. The central bank paid one quarter of the increase in the Finnish quota to the International Monetary Fund, 68 million marks, in gold raising Finland's gold tranche to 199 million marks.

BALANCE OF PAYMENTS POLICY

During the 1960's the Finnish economy has become gradually more open, as restrictions on trade and capital movements have been reduced. Under the threat of an excessive current account deficit in 1970 the central bank decided to take measures to decrease the pressure on the balance of payments. The hire purchase terms of certain consumer durables and passenger cars were tightened in mid-1970 and later the banking institutions

were instructed to pursue a selective credit policy, especially limiting credits which would stimulate consumption and import demand. Moreover, it was decided at the end of October that only in exceptional cases would permission be granted to the authorized banks for foreign short-term credits and deposits to be drawn upon. The use of foreign short-term credits was also forbidden for the importation of certain goods, which covered approximately

one fourth of total imports and consisted mainly of consumer goods. So cash payment was required for these imports before clearance at the customs or acceptance in a free warehouse or free port. All these measures were intended to prevent commercial banks and importers from financing a growing trade deficit by means of external borrowing in circumstances where domestic liquidity had been deliberately tightened.

ITEMS

Supplementary budget. The second supplementary budget for 1971 was approved by Parliament in June. The expenditure side totalled nearly 173 million marks while it budgeted for new revenue of 56 million marks. The expenditure side contained appropriations especially for certain international purposes, education, transport and communications and for the promotion of business activity. The basic capital stock of the IDA will be increased; to pay the first part of Finland's share of this third increase, almost 8 million marks was set aside in this supplement (earlier 10 million marks had been allocated to this purpose in the ordinary budget). Moreover 12 million marks was appropriated for the subscription of new shares of the IBRD. Almost one million marks was appropriated in order to facilitate the new round of SALT negotiations in Helsinki. Because the U.N. will continue to keep international armed forces in Cyprus at least until the end of the year, over 3 million marks was allocated for the Finnish forces serving there. An amount of 3 million marks was appropriated for the issue of a silver commemorative coin in connection with the European Athletic Championships to be held in Helsinki in August. On the revenue side 10 million marks was expected as the yield from selling this coin. Other budgeted items on the revenue side were among others an increase in the estimated revenue in the State's share of lottery returns and an increase in the surplus of Postal and Telecommunication Services.

Finnish Municipal Loan of 1971. The Industrial Mortgage Bank of Finland Ltd, the Real Estate Bank in Finland Ltd and the Land and Industrial Mortgage Bank Ltd have raised a loan of DM 60 million in Western Europe.

The loan period is 12 years and the rate of interest 8 per cent. It is issued at a price of 99 per cent. The loan has been underwritten by a consortium headed by Berliner Handels-Gesellschaft/Frankfurter Bank. The proceeds of the loan will be granted as loans to Finnish municipalities and to municipal associations for the purpose of constructing a power plant, and schools, and for technical works.

Domestic bond issue. Yhtyneet Paperitehtaat Osakeyhtiö (United Paper Mills Ltd) has been authorized to make an issue of 10 million marks. The loan is current for a period of 10 years starting June 15, 1971. The rate of interest is 8 ¼ per cent. The bonds will be redeemed with effect from June 15, 1972 by ten equal annual instalments. The loan is issued at par.

Trade agreement. On June 11, 1971 an agreement was signed between Finland and Hungary regulating the exchange of goods between the two countries for the period from July 1, 1971 to June 30, 1972. The Finnish export list includes paper and pulp industry products, cellulose, rayon staple fibres and various chemical and metal industry products. Finland's import list comprises iron and steel rolled products, fresh and tinned vegetables and fruits, juices, various textiles and cotton fabrics.

Silver commemorative coin. In connection with the Tenth European Athletic Championships to be held in Helsinki from 10th to 15th August 1971, the Republic of Finland has struck a silver commemorative coin in the denomination of 10 marks to be issued by the Bank of Finland on August 2, 1971. The

description of this coin, which will be legal tender in Finland, runs as follows:

Helsinki. The legend runs in four lines: SUOMI — FINLAND — 10 — MARKKAA.

The obverse shows, in relief, a group of runners approaching the tape and at right, in three lines, the legend: EM X — HELSINKI — 1971.

The coin is round and its edge is blank. Diameter 35 mm; weight 24,20 grammes; alloy: silver 500/1 000, copper 450/1 000 and zinc 50/1 000.

The reverse shows a freely composed relief picture of certain buildings characteristic of

The coin was designed by Heikki Häiväoja.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen
Absent as Prime Minister

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä
ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Senior officials

P.-E. Österlund
*Invisible transactions and
capital transfers*

A. Kajantie
Organization

Helge Lindström
Credits

A. Nenonen
Foreign correspondence

K. Eirola
Automatic Data Processing

K. Ignatius
Personnel

Eino Suomela
Internal Audit

Stig Törnroth
Cash

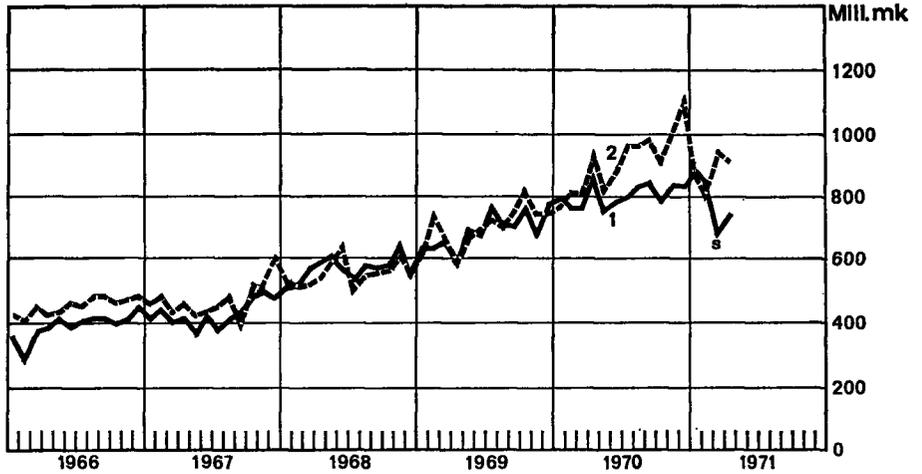
Institute for economic research

Pertti Kukkonen
Director

Markku Puntila
Head of department

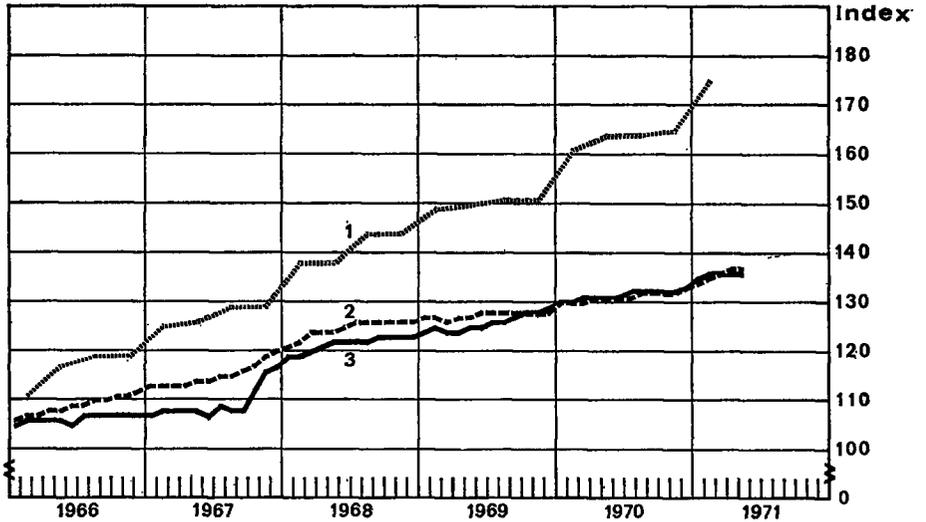
Foreign trade, 1966-1971

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



Prices and wages, 1966-1971

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



Production, 1966-1971

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

