



BANK OF FINLAND

Monthly Bulletin

The budget proposal 1972

**Outlook for the future in Finnish local
government finances**

New Cabinet

Recent trade agreements

Inflow of long-term capital in January—
September 1971

Pekema Oy

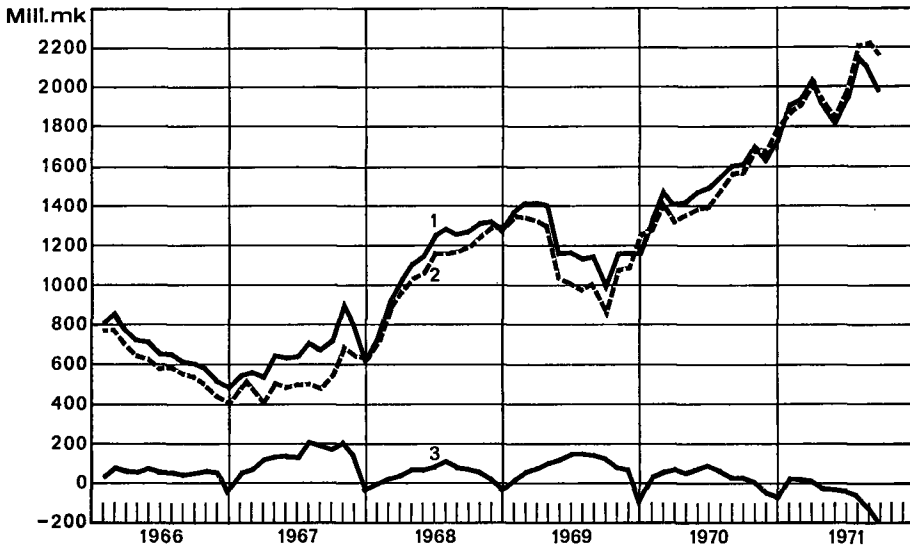
Domestic bond issues

Publications of the Bank of Finland

NOVEMBER 1971

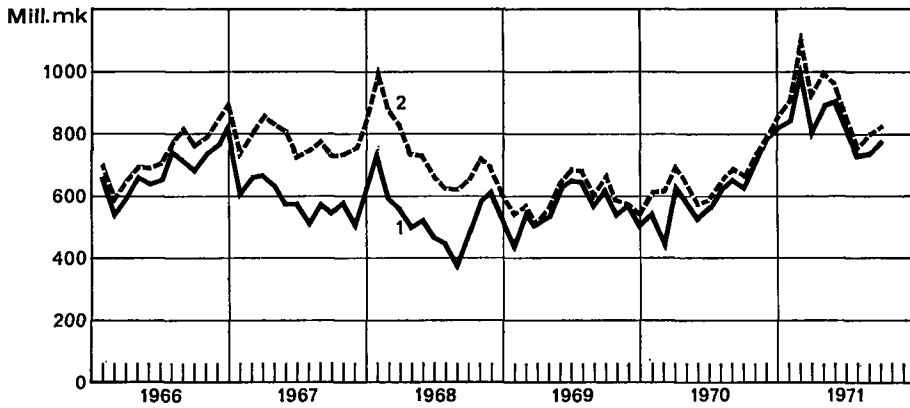
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Bank of Finland foreign exchange reserve, 1966-1971



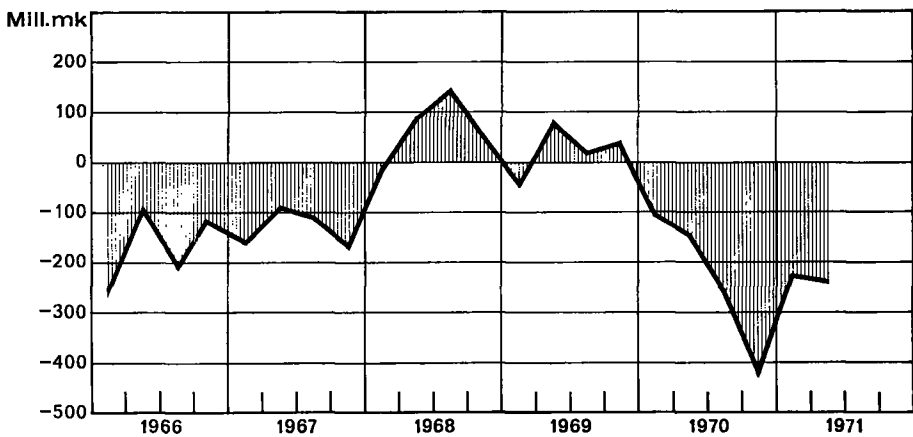
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

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

THE BUDGET PROPOSAL 1972

ECONOMIC POLICY IMPLIED IN THE BUDGET PROPOSAL

It has been forecast that the present recession in the home economy will continue in the closing months of 1971 and in the first part of 1972. If no serious disturbances occur in the international cyclical development, e.g. as a result of the latest monetary crisis, it is likely that an economic upswing will begin in Finland in mid-1972. Then the economic growth rate can be expected to accelerate in the latter half of 1972 so that total production will increase by 3.5 per cent on 1971.

Following the pattern of cyclical developments, unemployment is expected to become worse towards the end of the year and in the first quarter of 1972, i.e. about one percentage unit more than in the corresponding period of 1971. A substantial current account deficit is forecast for this year. The continuing trough in the trade cycle in the beginning of 1972 will mean that some improvement can be expected in the balance of payments for that year.

In light of such a future outlook, it is natural that most attention has been focused on employment considerations and the balance of payments in the budget proposal. The present proposal consistently follows the counter-cyclical and taxation measures taken by the Government last spring, which included e.g. a decision to release the counter-cyclical deposits of the private sector and the imposition of the supplementary turnover tax and the import-equalization tax (See Bulletin No. 7, 1971).

In order to stimulate investment activity the Government has released during the autumn

and ahead of schedule the counter-cyclical deposits of the private sector. The major part of these funds will be used in 1972. It has been proposed that the greater part of the state counter-cyclical deposits be used in 1972 as well.

According to the proposal 730 million marks is earmarked for state housing loans; this involves an increase of 150 million marks on the corresponding appropriation for 1971. In the support of housing special attention will have to be paid to such factors as the promotion of the mobility of labour.

The 1972 budget proposal has been based on the assumption that negotiated rises in wages and salaries which are to be given in March 1972 following decisions in incomes policy will be in line with the increase in productivity. This would mean that the competitive position of the country would remain at the very least unchanged. Adequate productive capacity and the ability to maintain competitive prices are not in themselves sufficient to bring about rapid growth in exports; product development and marketing must also receive attention. Increases in the allowances for these purposes have also been included in the budget proposal.

No significant changes in the revenue rates are envisaged. It is proposed that 500 million marks be raised through loans. As redemption of and interest expenses on domestic debt will amount to approximately 800 million marks, the management of state debt will exert an easing effect on the money market and thus provide scope for the financing of private investment.

STATE BUDGETARY EXPENDITURE BY FUNCTIONAL CATEGORIES, 1970—1972

	Finance accounts 1970, mill. mk	Budget 1971	Budget proposal 1972	Change on 1971	
				Mill. mk	Per cent
General administration	420	485	596	+ 111	+23
Courts, police etc.	375	383	445	+ 62	+16
National defence	597	668	791	+ 123	+19
Education and culture	1 832	1 973	2 231	+ 258	+13
Social security	1 336	1 167	1 352	+ 185	+16
Public health	788	832	1 062	+ 230	+28
Housing and community development	521	689	881	+ 192	+28
Transport and communications	1 441	1 498	1 677	+ 179	+12
Agriculture and forestry	1 425	1 329	1 407	+ 78	+ 6
Other economic activities	480	471	564	+ 93	+20
Other expenditures	1 566	1 508	1 677	+ 169	+11
Total	10 781	11 003	12 683	+1 680	+15

OUTLINES OF THE BUDGET PROPOSAL

Total expenditure in the proposed budget is 12 683 million marks, of which consumption expenditure totals 29 per cent, investment expenditure 20 per cent and transfer expenditure slightly more than 42 per cent. The remainder consists mainly of the expenses due to the management of the state debt. The increase in the total 1972 budgetary expenditure on the 1971 budget is 1 680 million marks, i.e. 15 per cent. This figure exceeds the average rate of increase in state expenditure over the last 10 years. The 1972 budget proposal, however, contains especially high investment expenditure owing to the present cyclical situation. In 1971 state expenditure increased by no more than 6 per cent, partly as a result of a technical reform in the budget, which reduced the increase from 1970 to 1971 by 4 percentage units.

Of the various categories of expenditure, the greatest increase, 19 per cent, is proposed in investment expenditure. The high rate of increase in this type of expenditure can be ascribed to the Government's efforts to encourage economic growth and employment. The 15 per cent rise in consumption expenditure is explained by such factors as the rising wage and price level, and the 14 per cent rise in transfer

expenditure may be attributed in part to the automatic increases in social security payments.

The table above shows the break-down of budgetary expenditure by sphere of activity over the past few years. The increase in expenditure has been greatest in housing and community development, public health and general administration. The sharp rise in health expenditure is caused by improved community health services and changes in the provisions concerning state aid to hospitals and the diversification of hospital services etc. The higher than average growth rate of expenditure on general administration is primarily due to the increase in development aid and real estate expenditure. The increase in expenditure on housing and community development over several years reflects the continuity of the growth and structural policies.

To even out the regional distribution of the gains from economic growth, the amount earmarked for the stimulation of industrial activity in development regions has been increased three-fold. As a result, employment will be underpinned considerably in the regions traditionally characterized by heavy unemployment.

October 20, 1971

	1970		1971			
	Oct. 30	Dec. 31	Oct. 8	Oct. 15	Oct. 22	Oct. 29
Assets						
Gold and other foreign assets	1 893	1 965	2 280	2 319	2 335	2 361
Gold	190	121	205	205	205	205
Special drawing rights	98	98	197	197	197	197
IMF gold tranche	199	281	268	268	268	268
Foreign exchange	1 301	1 344	1 478	1 508	1 524	1 557
Foreign bills	75	85	92	101	101	94
Foreign bonds	30	36	40	40	40	40
Claims on domestic banks	758	839	1 076	1 051	1 155	1 103
Discounted bills	737	827	1 074	1 047	1 147	1 097
Rediscounted bills	8	9	1	1	1	1
Cheque accounts	13	3	1	3	7	5
Other lending	267	283	386	378	380	380
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	150	137	193	186	187	188
Loans	117	146	193	192	193	192
Other assets	796	689	726	722	723	715
Finnish bonds	417	64	160	158	160	152
Finnish coin	15	8	19	19	19	18
Currency subscription to Finland's quota						
in the IMF	326	518	530	530	530	530
Other claims	38	99	17	15	14	15
Total	3 714	3 776	4 468	4 470	4 593	4 559
Liabilities						
Notes in circulation	1 263	1 344	1 320	1 331	1 346	1 373
Liabilities payable on demand	161	126	323	319	425	363
Foreign exchange accounts	63	94	204	231	238	236
Mark accounts of holders abroad	12	12	10	11	10	10
Cheque accounts						
Treasury	70	2	20	13	26	22
Post Office Bank	3	4	72	48	134	79
Private banks	—	1	—	—	—	—
Other	2	3	3	2	3	2
Other sight liabilities	11	10	14	14	14	14
Term liabilities	791	633	1 039	1 033	1 032	1 026
Foreign	—	—	—	—	—	—
Domestic	791	633	1 039	1 033	1 032	1 026
IMF mark accounts	325	518	530	530	530	530
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	535	404	402	401	401	404
Bank's own funds	551	663	681	683	686	690
Capital	300	600	600	600	600	600
Reserve fund	200	0	32	32	32	32
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	51	63	49	51	54	58
Total	3 714	3 776	4 468	4 470	4 593	4 559

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									
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
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96
Oct.	2 227	246	1 981	664	530	2 115	— 92	22	—114

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Sept. 30, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.—Sept.
Gold	121	—	121	205	—	205	—	+84
Special drawing rights	98	—	98	197	—	197	—	+99
IMF gold tranche	280	—	280	268	—	268	—	—12
Convertible currencies	1 302	—103	1 199	1 496	147	1 643	+20	+444
Other currencies	—63	—8	—71	—178	— 4	—182	—57	—111
Total	1 738	—111	1 627	1 988	143	2 131	—37	+504

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												
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	
July.	821	1	7	—	62	767	221	186	870	-463	1 341	
Aug	785	—	15	—	11	789	214	185	912	-513	1 307	
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322	
Oct.	1 097	1	5	—	79	1 024	188	207	950	-555	1 373	

¹ Including special index accounts.

² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE¹

Mk

October 29, 1971

New York	1 \$	4.162	Frankfurt o. M.	100 DM	124.70	Vienna	100 S	17.20
Montreal	1 \$	4.160	Amsterdam	100 Fl	124.22	Lisbon	100 Esc	15.25
London	1 £	10.380	Brussels	100 Fr	8.925	Reykjavik	100 Kr	4.77
Stockholm	100 Kr	82.95	Zurich	100 Fr	104.30	Madrid	100 Pta	6.08
Oslo	100 Kr	60.75	Paris ²	100 FF		Moscow ³	1 Rbl	4.6799
Copenhagen	100 Kr	57.40	Rome	100 Lit	0.6800	Clearing dollars ⁴	1 Cl \$	4.212

¹ Rates for New York, Moscow and Clearing dollars are official, others unofficial.

² 75.30 commercial rate; 76.80 financial rate.

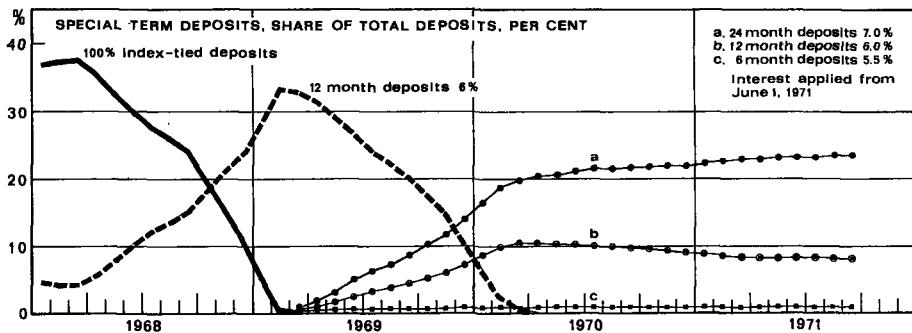
³ Clearing account; also Bucharest.

⁴ Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

Mill. mk

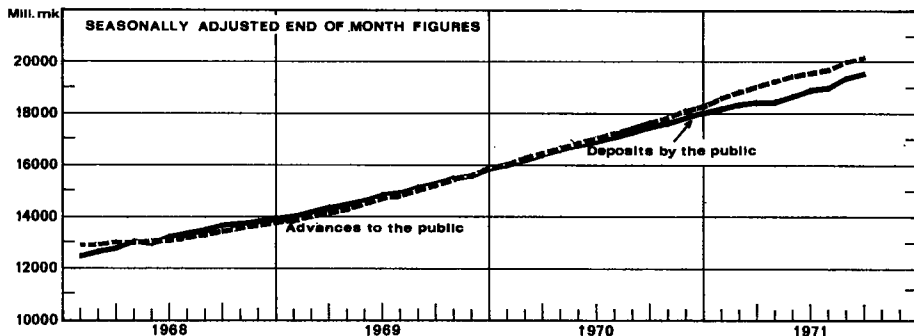
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	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	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1970										
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	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971*										
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9
June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 342.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2



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	4 342.1	1 244.9	3 403.8	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1970									
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	4 342.1	1 244.9	3 403.8	1 454.0	17 749.4	658.9	18 408.3	3 959.6
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
June	8 452.4	4 544.1	1 351.8	3 574.2	1 640.2	18 838.0	724.7	19 562.7	4 167.9
July	8 477.7	4 569.8	1 374.7	3 608.1	1 658.7	18 963.5	725.5	19 689.0	4 153.1
Aug.	8 539.0	4 604.7	1 411.0	3 631.4	1 660.1	19 120.4	725.8	19 846.2	4 280.3
Sept.	8 811.6	4 655.6	1 423.3	3 686.1	1 657.0	19 475.0	758.6	20 233.6	4 315.8



STATE FINANCES

Mill. mk

Revenue	Jan.—Aug.		Expenditure	Jan.—Aug.		
	1970	1971		1970	1971	
Income and property tax (net)	2 040	2 414	Wages, salaries, pensions etc.	1 184	1 331	
Gross receipts	(4 675)	(5 414)	Repair and maintenance	177	206	
Refunds & local authorities	(—2 635)	(—3 000)	Other consumption expenditure	482	581	
Other taxes on income and property	35	54	Total consumption expenditure	1 843	2 118	
Employers' child allowance payments	431	279	State aid to local authorities	1 025	1 098	
Sales tax	1 743	2 025	State aid to industries	915	870	
Revenue from Alcohol Monopoly	428	522	of which: agric. price subsidies	(680)	(641)	
Customs duties & import charges	300	262	Child allowances	206	235	
Counter-cyclical tax	—	84	Share in national pensions and health insurance	273	125	
Excise duty on tobacco	271	289	Other transfer expenditure	715	797	
» » on liquid fuel	346	470	Total transfer expenditure	3 134	3 125	
Other excise duties	175	200	Machinery and equipment	206	217	
Tax on autom. and motor cycles	230	231	House construction	174	141	
Stamp duties	145	150	Land and waterway construction	417	431	
Special diesel etc. vehicles tax	31	36	Total real investment	797	789	
Other taxes and similar revenue ¹	87	100	Interest on State debt	168	167	
Total taxes	6 262	7 116	Index compensations	20	19	
Miscellaneous revenue	314	399	Net deficit of State enterprises	41	112	
Interest, dividends etc.	132	164	Other expenditure	3	5	
Sales and depreciation of property	52	59	Total other expenditure	232	303	
Redemptions of loans granted	116	161	Increase in inventories	19	44	
Total revenue	6 876	7 899	Lending	414	463	
Foreign borrowing	1	0	Other financial investment	185	321	
Domestic borrowing	360	322	Total expenditure	6 624	7 163	
Total borrowing	361	322	Redemption of foreign loans	75	71	
Deficit (+) or surplus (—)	—170	—731	Redemption of domestic loans	368	256	
			Total redemptions	443	327	
Total	7 067	7 490	Total	7 067	7 490	

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1968	1969	1970	1971			
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.
Foreign debt	2 074	1 656	1 557	1 529	1 527	1 533	1 532
Loans	2 160	2 316	2 437	2 480	2 491	2 494	2 486
Compensatory obligations	5	4	3	2	2	2	2
Short-term credit	320	158	46	49	49	50	70
Cash debt (net)	— 256	— 217	—284	—558	—571	—586	..
Domestic debt	2 229	2 261	2 202	1 973	1 971	1 960	..
Total State debt	4 303	3 917	3 759	3 502	3 498	3 493	..
Total debt, mill. \$	1 028	933	900	834	836	837	..

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970	9 686.7	11 071.4	-1 384.7
1970			
Oct.	912.0	964.8	- 52.8
Nov.	849.7	991.5	-141.8
Dec.	914.4	1 412.0	-497.6
1971*			
Jan.	867.9	878.7	- 10.8
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	954.0	-260.2
May	778.7	1 015.8	-237.1
June	830.6	800.9	+ 29.7
July	847.3	864.3	- 17.0
Aug.	809.5	874.3	- 64.8

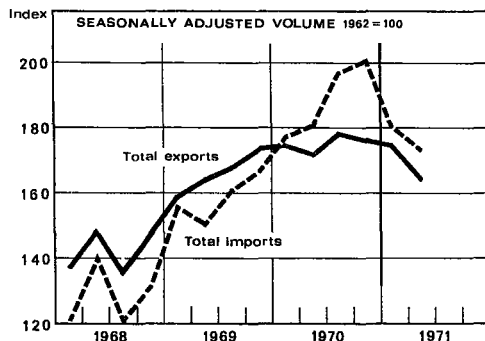
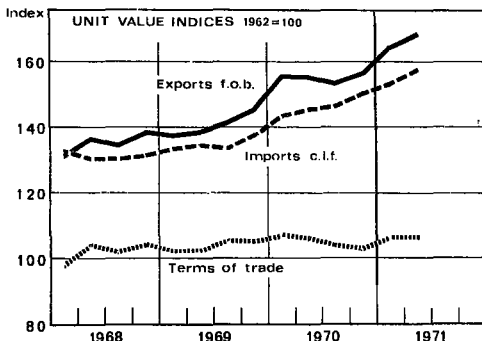
Indices of exports and imports 1962 = 100

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					
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.-Mar.	149	167	165	154	107
Apr.-June	154	179	169	158	107

Jan.-Aug.

1970	6 134.7	6 683.6	-548.9
1971*	6 140.0	7 037.9	-897.9

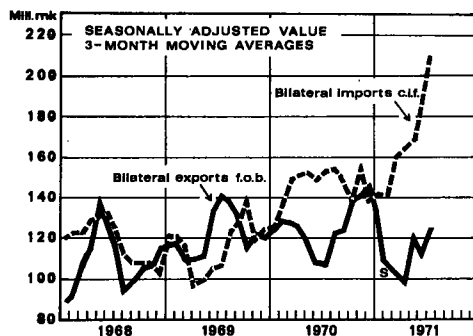
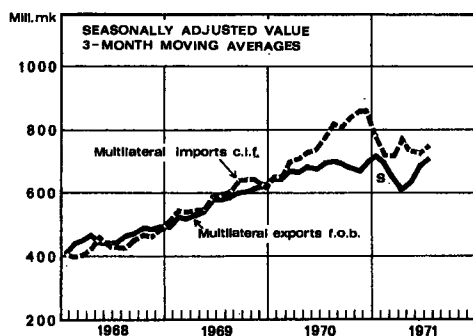
¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f. o. b.						Imports, c. i. f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970	426.3	88.0	1 544.0	3 789.4	2 437.3	1 401.7	4 918.1	1 243.5	2 905.5	2 004.3
1970										
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.6	109.1	243.7	187.1
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.4	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.2	265.6	170.3
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.7	136.6	458.6	199.1
1971*										
Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.9	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	288.6	79.7	221.8	145.5
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.6	301.6	190.9
April	27.1	2.6	116.4	296.6	132.5	118.6	361.2	82.8	315.8	194.2
May	64.1	12.1	133.3	294.6	163.9	110.7	351.4	155.3	352.8	156.3
June	28.3	13.7	155.1	298.3	208.0	127.2	314.7	121.5	220.8	143.9
July	33.0	9.0	159.9	287.8	272.7	84.9	357.5	132.8	223.6	150.4
Aug.	37.9	13.7	148.5	287.5	187.6	134.3	345.4	164.7	213.6	150.6
Jan.-Aug.										
1970	276.2	50.3	933.3	2 487.4	1 507.1	880.4	2 980.0	746.3	1 692.0	1 265.3
1971*	332.5	59.2	1 003.9	2 382.1	1 429.9	932.4	2 731.9	910.9	2 108.7	1 286.4



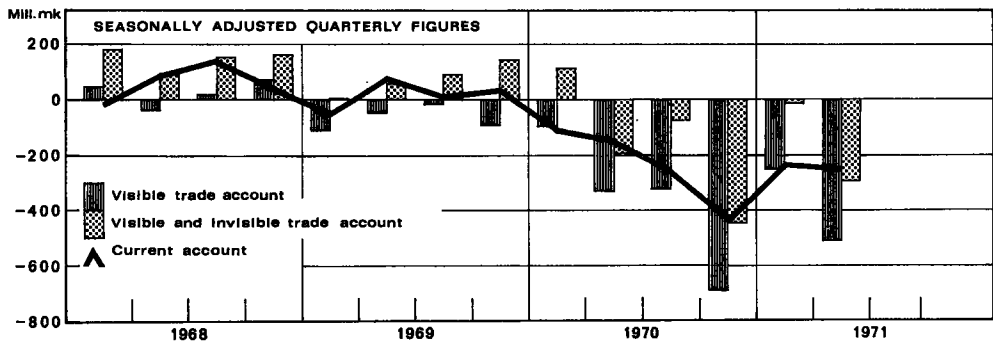
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—August				January—August			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.1	4 362.2	71.9	4 411.7	73.8	4 931.7	73.5	5 173.0
Austria	0.8	50.7	0.9	57.6	1.4	91.6	1.5	105.7
Belgium-Luxembourg	2.0	123.5	1.8	108.4	2.2	145.3	1.6	114.0
Denmark	4.1	251.8	3.9	240.3	3.2	215.4	3.3	233.1
France	3.9	239.4	3.8	235.9	3.6	244.1	3.3	229.6
Federal Republic of Germany	11.0	676.2	10.6	648.0	17.4	1 159.9	16.9	1 186.8
Italy	2.4	148.5	2.1	126.2	2.1	138.6	2.1	144.4
Netherlands	4.7	289.8	4.4	268.2	3.5	235.1	3.4	241.7
Norway	3.1	192.5	4.1	250.8	2.3	155.9	2.5	178.8
Portugal	0.4	23.9	0.2	15.0	0.8	54.6	0.6	40.8
Spain	1.1	65.1	0.9	56.6	0.3	20.8	0.6	40.4
Sweden	16.2	992.7	15.8	968.8	17.6	1 175.0	18.2	1 281.2
Switzerland	1.8	111.1	2.0	123.6	3.4	226.8	3.7	257.7
United Kingdom	17.7	1 083.3	19.2	1 178.2	15.7	1 048.8	15.6	1 101.3
Other	1.9	113.7	2.2	134.1	0.3	19.8	0.2	17.5
OECD countries outside Europe	6.1	372.3	6.4	393.4	5.8	386.7	6.9	486.0
Canada	1.0	58.9	0.8	49.2	0.3	21.3	0.3	17.9
Japan	0.3	18.3	0.1	9.2	2.0	130.5	2.3	164.3
United States	4.8	295.1	5.5	335.0	3.5	234.9	4.3	303.8
Eastern Bloc	14.7	902.7	13.9	856.3	16.4	1 099.0	17.4	1 227.3
Czechoslovakia	0.5	32.9	0.6	38.2	0.5	33.0	0.5	33.7
Democratic Republic of Germany	0.6	39.3	0.6	36.2	0.6	39.4	0.6	41.6
People's Republic of China	0.6	37.0	0.4	27.0	0.2	15.1	0.5	33.6
Poland	1.3	77.2	1.1	65.2	1.4	96.0	2.0	144.0
Soviet Union	10.8	663.1	10.4	636.4	12.9	861.8	13.3	939.1
Other	0.9	53.2	0.8	53.3	0.8	53.7	0.5	35.3
Latin America	2.9	175.8	2.5	155.1	2.2	145.2	0.8	55.3
Argentina	0.7	44.5	0.8	47.8	0.2	11.2	0.1	8.8
Brazil	0.5	30.0	0.7	42.0	0.5	36.1	0.0	2.5
Colombia	0.2	12.6	0.2	14.3	0.7	44.5	0.1	4.9
Other	1.5	88.7	0.8	51.0	0.8	53.4	0.6	39.1
Other	5.2	321.7	5.3	323.5	1.8	121.0	1.4	96.3
GRAND TOTAL	100.0	6 134.7	100.0	6 140.0	100.0	6 683.6	100.0	7 037.9
of which								
EFTA countries	44.2	2 712.5	46.3	2 844.8	44.5	2 973.8	45.6	3 208.8
EEC countries	24.1	1 477.4	22.6	1 386.7	28.8	1 922.9	27.2	1 916.5
OECD countries	77.2	4 734.5	78.3	4 805.1	79.6	5 318.4	80.4	5 659.0

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
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	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
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
1971	2 288	2 781	-493	+180	+ 48	+20	-245	-118	- 1	-364
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

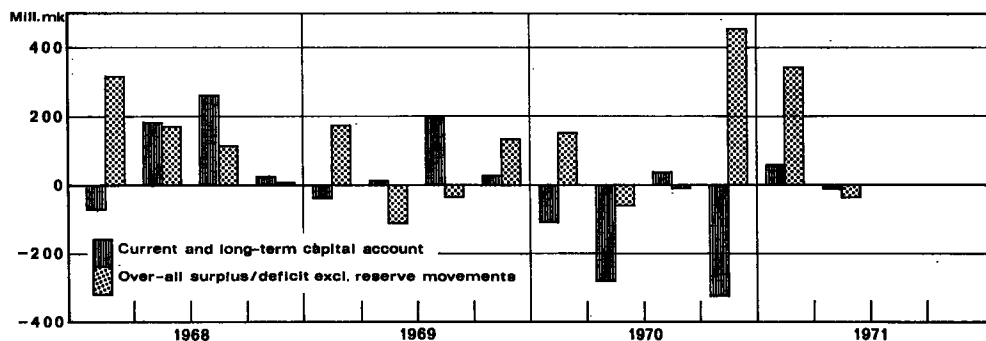


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous 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	- 5	-20	+359	+ 59	+ 20	+329	- 66 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
+ 600	-202	- 10	-31	+357	- 7	-154	+ 80	+ 44	- 37	+ 99	- 62
+ 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	Mach- inery & 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												
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
June	310	313	300	307	359	303	339	295	303	149	164	133
July	312	315	302	309	359	306	344	296	304	150	164	133
Aug.	315	318	303	310	360	309	349	298	305	150	164	133
Sept.	317	319	307	312	374	309	350	299	309	153	170	136

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
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												
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
June	237	186	122	121	118	112	127	140	118	126	119	125
July	239	187	123	122	120	112	128	140	119	126	119	125
Aug.	241	189	124	123	121	112	128	141	122	128	120	125
Sept.	243	190	125	125	120	113	130	143	122	129	121	126

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							
1968	151	142	136	147	141	149	139	142	140	141
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1970										
Jan.-Mar.	181	166	161	162	160	164	160	156	164	160
Apr.-June	180	169	168	163	162	165	165	157	170	164
July-Sept.	180	171	172	164	162	165	166	158	171	165
Oct.-Dec.	187	175	179	165	162	165	168	158	174	167
1971*										
Jan.-Mar.	200	183	184	176	174	176	180	169	185	178
Apr.-June	206	194	193	177	176	177	187	170	196	184
July-Sept.	219	197	196	180	178	180	189	173	197	186

PRODUCTION

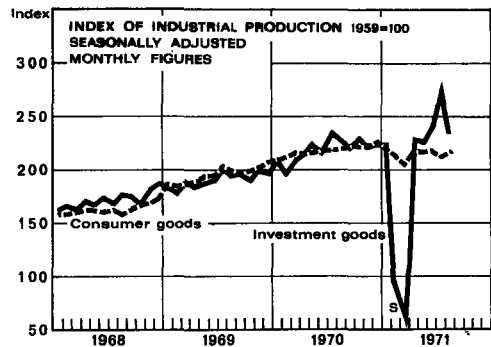
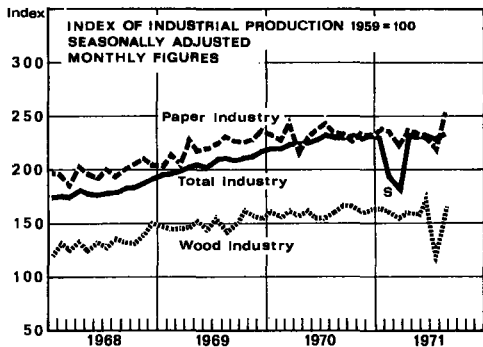
Volume indices of production 1964 = 100

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
1968	113	121	97	93	109	108	114	111	118	119	119
1969	123	138	97	102	123	104	124	123	123	123	127
1970*	132	153	94	111	143	99	131	133	129	129	134
1970*											
Jan.-Mar.	127	152	64	154	92	100	120	122	127	127	133
Apr.-June	131	154	76	127	125	100	132	133	128	128	133
July-Sept.	133	142	170	55	175	100	137	132	129	129	133
Oct.-Dec.	136	163	68	106	179	94	136	145	131	131	136
1971*											
Jan.-Mar.	127	142	62	159	98	96	126	130	132	132	139
Apr.-June	135	159	73	120	128	98	137	141	134	134	140

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	207	194	214	196	173	151	223	285	281	199	207
1970*	228	222	232	220	190	162	234	328	328	226	228
1970*											
May	225	219	227	219	182	172	224	313	329	226	226
June	221	218	217	227	199	150	208	315	339	222	229
July	178	129	192	159	193	136	247	276	314	132	234
Aug.	225	206	227	225	193	131	247	307	338	209	231
Sept.	238	238	239	232	188	165	242	316	347	242	231
Oct.	247	253	250	235	222	172	238	357	358	255	232
Nov	242	247	248	226	213	159	239	350	337	248	230
Dec.	240	242	243	230	198	167	215	374	321	245	233
1971*											
Jan.	236	234	243	217	163	168	247	352	324	238	231
Feb.	196	102	202	209	162	166	231	328	315	109	196
March	208	83	212	234	180	187	256	346	318	90	183
April	234	236	233	233	184	175	218	396	296	235	233
May	233	230	236	225	186	170	229	372	319	234	232
June	225	236	221	226	204	171	203	334	322	240	233
July	173	152	184	152	175	104	222	312	247	139	229
Aug.	229	214	233	224	190	134	266	320	333	218	233



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*								
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	103
March	2 122	2 060	62	2.9	5 067	110	138	120
April	2 130	2 073	57	2.7	4 163	119	140	125
May	2 185	2 135	50	2.3	3 157	135	149	119
June	2 347	2 308	39	1.7	2 408	118	133	124
July	2 360	2 315	45	1.9	1 092	..	..	..
Aug.	2 285	2 243	42	1.8	..	..	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
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	36.56
1970*											
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.65	3.53	0.59	2.48	0.67	41.20
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	32.98
Apr.-June	13.59	5.54	1.59	5.06	0.58	7.89	3.23	0.38	3.46	0.50	37.49

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 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 23.6.

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

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

SYMBOLS USED

* Preliminary 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 (1970): 4.6 million. Sweden 8.0, Switzerland 6.3, Denmark 4.9 and Norway 3.9 million.

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

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

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

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

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

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

TRADE AND TRANSPORT

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

FOREST RESOURCES (1970). The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu.ft.), of which pine 43 % and spruce 38 %, the remaining 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft.). The total removal calculated according to the use of wood was 50.7 mill on cu. m excl. bark (1 791 million cu. ft.).

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

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 528, 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 (Sept. 30, 1971): Steamers 43 (44 867 gross reg. tons), motor vessels 376 (577 542 gross reg. tons), tankers 57 (717 271 gross reg. tons), sailing vessels with auxiliary engines 7 (1 106 gross reg. tons). Total 483 (1 340 786 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 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 16 domestic airports.

FINANCE AND BANKING

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

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 sixty-one 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.

OUTLOOK FOR THE FUTURE IN FINNISH LOCAL GOVERNMENT FINANCES

by Bertil Roslin, D.Pol.Sc.

Traditionally local government holds an important position in the Finnish administrative system. Cities, boroughs and rural districts have extensive authority in matters of a general nature and specific tasks have been passed on to them through legislation. In addition to these three basic forms of local authorities, joint councils and boards have been formed by groups of local authorities to carry out specific tasks, mostly of statutory nature. By far the most important of these are the joint councils, of which there are more than 300 whereas the number of basic local government units is 515. These councils have been established primarily to administer such activities as hospital care, social welfare, education and environmental planning. While cities, boroughs and rural districts may raise revenue through taxation, joint councils must finance their activities by contributions from the participating authorities, state grants-in-aid and loans.

Both the organization and the financial structure of municipal self-government is undergoing a radical change. General municipal legislation is being revised; the revisions are likely to affect the tasks of local authorities, planning of their finances, etc. The possible introduction of only one form of local government unit has been discussed as well. Studies on the optimal size of local government units have been carried out during the 1960's, and a decision on this question can be expected in the near future. The establishment of larger regional units to supplement the existing local government units has also been discussed. These would be better able to develop a co-ordinated hospital network than has been possible with the present organization of local government. A new basis for granting state support to local authorities is being introduced. Previously the amount of central government aid varied among the three types of local authorities but in the new system it

will depend on the financial position of the local authority and local authorities will be classed according to their ability to meet their expenses.

Local government planning is new and increasingly important. Efforts are made to co-ordinate local government planning and macro-economic planning, planning of state finances and regional planning.

GROWTH AND STRUCTURAL CHANGES OF PUBLIC FINANCE

In Finland as in most Western European countries, the importance of the public sector has increased sharply in the last two decades. The expansion of the public sector can be presented in various ways; one of them is to show the ratio of public expenditure to GDP at market prices:

Year	Ratio of public expenditure to GDP	Ratio of central government expenditure to GDP Per cent	Ratio of local government expenditure to GDP
1950	37.1	26.4	10.7
1960	37.8	25.3	12.5
1970	47.3	28.0	19.3

It can be seen from the table that state expenditure has increased in step with GDP. The growth in local government expenditure has exceeded that of GDP both in the 1950's and 1960's. The increase was especially rapid in the opening and closing years of the 1960's. The annual growth rate has depended on both cyclical developments and the increase in the local authorities' revenue.

The table above reveals that almost a half of national income was channelled through the public sector at the beginning of the 1970's. Changes in the share of central government administrative costs on one hand and those of local government and joint councils on the other are shown below.

Year	Share of total administrative expenditure in GDP		Share of central government administrative expenditure in GDP		Share of local government administrative expenditure in GDP	
	Mill.mk	Per cent	Mill.mk	Per cent	Mill.mk	Per cent
1950	496	9.6	268	5.2	228	4.4
1960	1 575	10.4	713	4.7	862	5.7
1970*	5 068	13.2	2 128	5.5	2 940	7.6

This table indicates the same trend found in the previous one: local administration has expanded considerably more rapidly than central government and accounts for the major part of the expansion in the public sector. The development in the 1960's was especially affected by the growth of activities of joint councils; in 1960 their share in GDP was only 0.9 per cent as against 2.1 per cent in 1970. This is at-

tributable to the increase in the statutory tasks of joint councils and the growth of their administrative services especially in the country-side.

The increasing importance of joint councils is illustrated also in the following table, which shows the changes in the distribution of public consumption expenditure among the three categories.

Year	Consumption expenditure of the whole economy	Consumption expenditure of central government		Consumption expenditure of basic local government units		Consumption expenditure of joint councils	
	Mill.mk	Mill.mk	Per cent of total consumption	Mill.mk	Per cent of total consumption	Mill.mk	Per cent of total consumption
1950	4 097	320	7.8	281	6.9	27	0.7
1960	11 192	885	7.9	930	8.3	182	1.6
1970*	29 834	2 907	9.7	3 002	10.1	1 016	3.4

The increase in the consumption expenditure of joint councils is largely a result of the fact that the major reforms of the 1950's and 1960's, such as reorganization and expansion of the hospital system, expansion of vocational training and reforms in social welfare programmes have made it difficult for a single local authority to function effectively and to take advantage of economies of scale.

Public consumption expenditure tends to increase steadily from year to year, because of the statutory nature of many expenditures, especially in the local government sector, and the great share of wage and salary expenditure

in consumption expenditure. Fluctuations in the growth of local government consumption expenditure have been counter-cyclical over the last twenty years. Central government consumption expenditure on the other hand has tended to move in step with the cycle.

General government investment (i.e. gross fixed capital formation, excluding capital formation of local and central government enterprises and state-owned companies) reflects counter-cyclically the developments in employment. These investments are shown in the following table:

Year	Total investment in the economy	Central government investment		Investment of basic local government units		Joint councils' investment	
	Mill.mk	Mill.mk	Per cent	Mill.mk	Per cent	Mill.mk	Per cent
1950	1 220	81	6.6	131	10.8	8	0.7
1960	4 326	497	11.5	254	5.9	38	0.9
1970*	11 159	943	8.5	842	7.5	156	1.4

When this table is examined it should be remembered that local government investment has varied considerably. In 1960 investment was very low because of the prevailing cyclical peak. Investment activity also slowed for the reason that local authorities had been compelled to make major investments in 1958—1959 to encourage employment.

A comparison of the investment and consumption expenditures of central government on the one hand and of local authorities on the other reveals that local government consumption expenditure exceeds that of central government. The share of central government in total investment is greater than that of local authorities, although this difference has decreased as a result of the strong growth of local government capital formation in the latter half of the 1960's. A certain division of labour seems to prevail between the central and local government: local authorities provide a great number of services for society while central government takes care of infrastructure investments. This division is, however, likely to disappear in the 1970's for investment activity of local government is expected to increase as a result of urbanization.

REASONS FOR THE EXPANSION OF LOCAL GOVERNMENT EXPENDITURE

The rapid expansion of the administrative tasks of local authorities can be largely attributed to the fact that the fields of activity which have traditionally belonged to local government have become more important with industrialization, urbanization and economic growth. Education and health services for instance have proved to be basic prerequisites for economic growth, which in turn has enabled local government to develop.

Local government activities have increased because of revisions in legislation. In addition many local authorities, the largest cities in particular, have actively sought wider powers; this expansion has been concentrated in those fields where grants-in-aid from the central

government have been available or which are closely connected with statutory services (e.g. day-care of children and housing allowances for the aged). Migration from the countryside to population centres, where services provided by local government have traditionally been more diversified, has also increased the need of expanded public administration. At the same time thinly populated rural districts have tried to improve their services to prevent a decline in population.

It has been shown that local government investments are often related to certain types of private consumption which have a high positive income elasticity. The rapid growth in the number of passenger cars and a growing demand for housing services have made it necessary for local government to provide better technical services.

The impact of economic growth on the provision of services by local authorities is also reflected in structural changes in administration. The share of general administration in local government consumption expenditure has tended to decline continuously; at the end of the 1960's it accounted for about 15 per cent of total consumption expenditure of local government. The share of education increased in the 1950's but decreased on the following decade and was about 45 per cent at the end of it. Marked expansion has occurred in the health services; about 18 per cent of local government consumption expenditure went to these services at the end of the 1960's. The relative share of the third large item of consumption expenditure, social welfare, has been declining. This can be attributed to such factors as the development of national social security schemes and the increase in average income. At the end of the 1960's approximately 14 per cent of local government consumption expenditure went to social welfare.

The above three fields can be expected to continue expanding in the 1970's due to administrative reforms. As a result of the introduction of comprehensive schools, local authorities will assume responsibility for a large

share of consumption expenditure which was formerly administered by the central government. Although this reform in itself will perhaps not raise local government investment expenditure, investment in education will have to be increased because of migration to population centres. Another fundamental reform will take place in local government health services, which will be concentrated in special service centres. Each centre will serve 10 000—13 000 people, and in all there will be about 450 of them. Although a considerable part of the personnel who will work in these centres is already employed by local government and all existing facilities will be used to as great a degree as possible, both consumption and investment expenditure will increase as a result of this reform. Therefore plans exist to grant funds to the local authorities in the early 1970's for investments aimed at developing the health service network.

The structure of local government expenditure excluding the joint councils was, according to preliminary figures, as follows in 1969:

	Mill. mk	Per cent
Wages, salaries and contributions to social security	1 760	33.1
Purchases of goods and services	894	16.8
Administrative investments (incl. repairs and maintenance)	940	17.7
Investment in government enterprises	237	4.5
Transfer expenditure	742	14.0
Debt management	315	5.9
Lending and other financial investment	268	5.0
Other expenditure	161	3.0
Total	5 317	100.0

As can be seen from the table, wage and salary expenditure forms a comparatively large item of expenditure. Since the provision of public services, especially in those fields that are expected to expand in the future, is labour-intensive, the development of wages and salaries in local government will affect total local government expenditure substantially in the future. The wage policy of local government has recently been delegated to a special board which will negotiate and conclude collective agreements between local government and its

employees. It may therefore be expected that wages and salaries in the local government sector will follow general developments in the labour market.

Investment expenditure has been, and will continue to be, the part of expenditure which can be manipulated most easily in the short run. However, in the long run also investments will reflect the growth of national income.

DEVELOPMENT OF LOCAL GOVERNMENT REVENUE

Structure of local government revenue, excluding joint councils, was in 1969 according to preliminary figures as follows:

	Mill. mk	Per cent
Tax revenue	2 965	55.8
Other income transfers to local government	888	16.7
Sales of commodities and services	361	6.8
Surplus of government enterprises	83	1.6
Other income from property	423	8.0
Borrowing	370	6.9
Other revenue	227	4.2
Total	5 317	100.0

The largest item of revenue is taxation. Its relative share has undergone no significant changes in the last few decades; it has fluctuated around 55 per cent by only a few percentage units and reflected the general development of incomes. Keeping this share unchanged has, however, required constant increases in local tax rates (local taxation in Finland is proportional, not progressive). This development can be seen from the table below:

Year	Average local tax rate
1950	10.53
1960	11.87
1965	12.20
1966	12.49
1967	13.07
1968	13.38
1969	13.74

In spite of the fact that the incomes subject to local taxation have also increased rapidly owing to the high economic growth rate, the average local tax rate has risen very sharply in the latter half of the 1960's. Because the other items of revenue cannot be expected to grow very fast in the future, this trend may be expected to continue, although not quite as markedly as before.

Other income transfers to local authorities consist mainly of grants-in-aid from the central government. The share of these seems also to have remained unchanged for a considerable period. However, a relative increase in state support can be expected in the future as local authorities undertake more tasks of a statutory nature. The new system for granting support to local authorities which will be implemented for the most part in the first half of the 1970's will involve a change in the distribution of these funds. There will be an improvement in the financial position of those local government units which have had financial difficulties. At the same time central and local government finances will become more closely intertwined; plans are being made to link planning in these two sectors.

The revenue item »sales of commodities and services» covers a relatively small share of local government expenditure, mainly for the reason that local government services are primarily designed to provide for only the basic needs of society. The diversification of these services

in the future can be expected to lead to greater revenue.

Revenue from government enterprises and other property vary from year to year and play only minor role in many local government units. The former source of income exists mainly in the larger cities. It may be possible to increase local government revenue from this source and discussions have been held on raising charges.

Borrowing has not become an important source of finance for local government in Finland. Only 20—30 per cent of investment is financed through loans, a small figure in comparison with other countries. One reason for this has been difficulties in raising finance from domestic sources. Only the biggest cities have availed themselves of the opportunity to float loans abroad. In the last few years, however, other local government units have obtained foreign capital through mortgage credit institutions.

No considerable increase in the share of borrowed funds in the financing of local government expenditure is likely in the 1970's. Heavy demand for credit in the domestic money market and the fact that the terms of loans (e.g. short loan periods) are not favourable from the point of view of local government financing, explain this. In addition, local authorities will continue to face obstacles in importing capital from abroad.

ITEMS

New Cabinet. The government of Mr Ahti Karjalainen, which was formed in July 1970 and reconstructed in March 1971, fell on a question of agricultural income and economic policy on October 29. On the same day the President of the Republic took steps to dissolve Parliament and to hold Parliamentary elections on 2nd and 3rd of January, 1972. Simultaneously the President appointed a caretaker Cabinet. The Prime Minister in the new Cabinet is Mr Teuvo Aura, Mayor of the city of Helsinki, the Deputy Prime Minister and Minister of Finance is Mr Päiviö Hetemäki, Member of the Board of Management of the Bank of Finland. Mr Olavi J. Mattila is Minister for Foreign Affairs and Mr Reino Rossi, Minister for Foreign Trade.

Recent trade agreements. Roumania. On September 15, 1971 an agreement was signed between Finland and Roumania governing the exchange of goods in 1972. Finland will export to Roumania machinery and spare parts for machinery principally for the pulp, paper and wood industries, cellulose, various papers, paperboards and paperboard products, stable fibre, textiles, chemicals and milk powder. In return she will import fuel oil, diesel fuel, sunflower seeds, vegetable oils and fats, fresh and frozen fruit and vegetables, wines, chemical products, metals and machines.

Bulgaria. On October 23, an agreement was signed between Finland and Bulgaria regulating the exchange of goods for 1972. The Finnish export list includes paper and board products, machines and equipment, stable fibre and chemicals. Her import list comprises fresh fruit and vegetables, sunflower seeds, tobacco, lead and zinc.

The USSR. On November 2, 1971, an agreement was signed in Moscow between Finland and the USSR governing the exchange of goods for the year 1972. This is the second agreement within the framework of the fifth five-year pact covering the period 1971—1975 and signed in August, 1969. The total exchange of goods in 1972 is estimated to be worth ca. 2 800 million marks (ca. 600 million roubles) which would mean a 10 per cent rise over the current year.

Finland will export complete machinery for a bleached mechanical pulp mill and for three particle board mills, equipment for the two-sided coating of printing paper, various machines for the cellulose, paper, mechanical wood-working and chemical industries, lifting and transport equipment, various pumps and armatures, machinery for power stations, and agricultural machinery. Items which have not been covered in previous agreements include household machinery and appliances and licences for technological processes and equipment. In the export list there are two 4 045 dwt timber transport vessels, four 4 600 dwt ocean-going tankers, one 1 900 dwt motor cargo vessel, two house boats, three 575 dwt vessels for oceanography, various wires, cords and cables, and rayon stable fibres. It is estimated that exports of cellulose and paper as well as agricultural products and consumer goods will increase in 1972.

Among Finnish imports from the USSR there are machines for hydro-electric and nuclear power stations, cutting and pressing machine tools, machines for mining, rolling and metallurgical machines, machines for peat industry and chemical industry, passenger cars, lorries, delivery vans and busses, crude oil and oil products, electric energy, asbestos, scrap steel and rolled products, zinc, lead, aluminium, chemical products, fertilizers, timber, furs and

foodstuffs. A new import item in this agreement is licences for technological processes and equipment.

Payments for construction work done by the Soviet Union in Finland, material deliveries and compensation for construction work done by Finnish firms in the USSR and frontier trade between the two countries will be agreed separately.

Inflow of long-term capital in January—September 1971. According to the preliminary figures of the Bank of Finland Institute for Economic Research, long-term loans of 2 106 million marks were drawn upon in January—September 1971. The corresponding figure one year earlier was 857 million marks. Repayments of long-term foreign loans amounted to 705 million marks in January—September as against 524 million marks one year earlier. The net inflow of long-term capital during the first three quarters of this year was thus 1 068 million marks greater than that during the corresponding period of 1970, i.e. 1 401 million marks.

Four bond issues totalling 209 million marks were floated abroad. The Mortgage Bank of Finland launched a 15 million dollar loan in February and Imatran Voima Oy, a 60 million DM loan in March for the financing of industrial investment. Municipal bonds with a nominal value of 60 million DM were issued in May, and in September Pekema Oy made an issue of 8 million Sfr with a loan period of 15 years. Amortizations of previously issued bonds amounted to 51 million marks in January—September 1971.

Long-term capital flowed into Finland mainly in the form of commodity credits or other financial credits. The net increase in commodity credits was 265 million marks while drawings of direct financial loans amounted to 1 393 million marks, and their net inflow was 1 034 million marks. Repayments of loans granted by the World Bank and foreign governments exceeded the corresponding drawings by 56 million marks.

At the end of September net Finnish long-term foreign borrowing totalled 7 198 million marks. This sum includes a 23 million mark increase caused by changes in the exchange rates of the Swiss franc and Austrian shilling. The interest expenses due to long-term loans amounted to 295 million marks.

Pekema Oy (petro-chemical firm) has been granted a Sfr 8 million loan by a banking consortium headed by von Ernst & Cie. AG. The loan period is 15 years starting September 1, 1971 and the rate of interest, 6 3/4 per cent. The loan is issued at par. The bonds are quoted on the Berne, Zurich, Geneva and Basle Stock Exchanges.

Domestic bond issues. The Government has announced the following two bond issues.

The 1971 issue of bonds with a par value of 9.75 million marks intended for subscription by the labour pensions funds for agricultural, forestry and construction workers has a period of ten years starting from July 1, 1971. The rate of interest is 4 ½ percentage points above the general rate paid on savings accounts deposits by the two largest commercial banks which from June 1, 1971 has been 5 per cent. The loan is priced at par.

The 1971 III issue of 7 ½ per cent bonds amounting to 70 million marks has a period of three years starting from October 1. These bonds are tax-exempt for persons and the undistributed estates of deceased persons over the years 1971—1974. The price of issue is 100 per cent.

The Government has also authorized the following private bond issues.

The Land and Industrial Mortgage Bank Ltd launches an issue of 20 million marks. The bonds are dated September 1, 1971 and will mature in ten years. The rate of interest is

3 ³/₄ percentage points above the highest rate on six-month deposits in the Central Bank of the Co-operative Banks Ltd which from June 1, 1971 has been 5 ¹/₂ per cent. The bonds are issued at par.

The Real Estate Bank in Finland Ltd issues bonds totalling 6 million marks. The loan is current for a period of five years starting from September 1, 1971, and the interest rate is 3 percentage points above the highest rate on six-month deposits in the Central Bank of the Savings Banks Ltd which from June 1, 1971 has been 5 ¹/₂ per cent. The loan is issued at par.

Publications of the Bank of Finland.

The Bank of Finland Year Book for 1970 has been published in Finnish, Swedish and English. The first section is a review of economic conditions in Finland during 1970. The second section explains the 1971 comprehensive incomes policy and the measures taken in

connection with it. The following three sections deal with credit and capital markets, foreign exchange policy and the balance of payments, and the Bank of Finland's statement. In the sixth section, there is an account of Finland's relations with international financial institutions.

»Finnish Bond Issues 1970» has been published in an edition with text and explanatory notes in Finnish, Swedish and English. It contains a detailed description of the 39 loans issued in 1970, including the four which were denominated in foreign currency and floated abroad. In addition the introduction includes statistics on domestic and foreign bonds outstanding at the end of 1960—1970 and sales of domestic bonds in 1960—1970.

The third publication in the series Studies on Finland's Economic Growth has appeared: Eero Heikkonen, *Asuntopalvelukset Suomessa 1860—1965* (Housing in Finland, 1860—1965). Doctoral thesis, published in Finnish with a summary and statistical tables in English. Helsinki, 1971, 297 pp.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Absent as a Member of Government

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Heads of department

Pauli Kanerva

Administration

K. Ignatius

Personnel

Markku Puntila

Monetary policy

Antti Lehtinen

Domestic financial operations

Helge Lindström

Credits and securities

Kalle Koski

Foreign credits

P.-E. Österlund

*Direct investments and
capital transfers*

Leo Lindström

Foreign exchange control

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign correspondence

Väinö Heiskanen

Office

Eino Suomela

Internal Audit

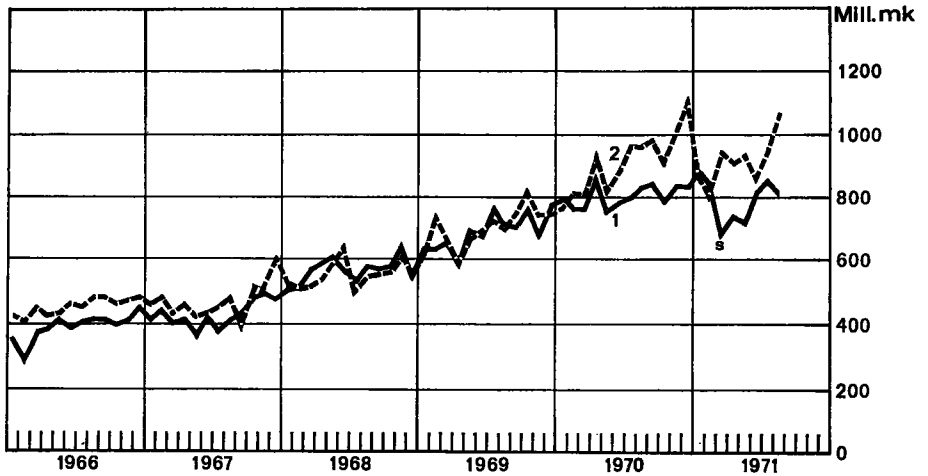
Institute for economic research

Pertti Kukkonen

Director

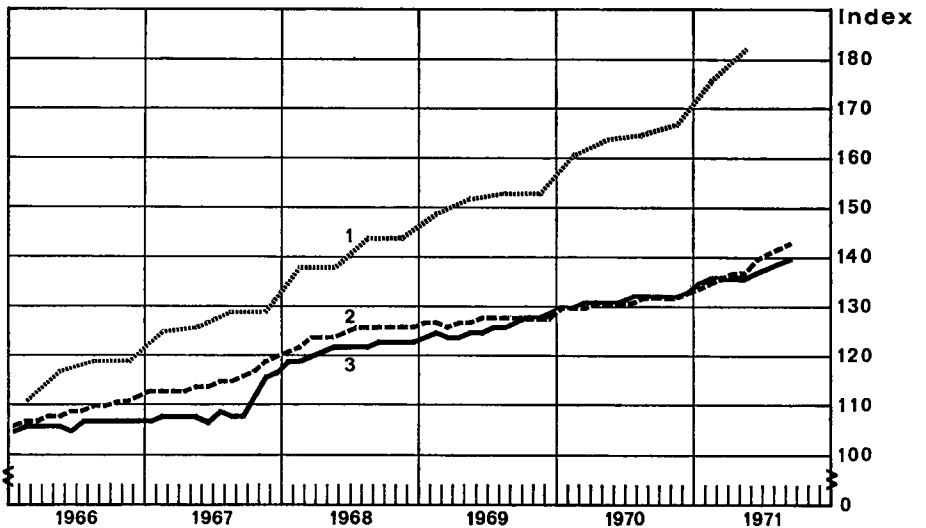
Foreign trade, 1966 - 1971

- 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

