



BANK OF FINLAND

Monthly Bulletin

Recent innovations in Finnish
manpower policy

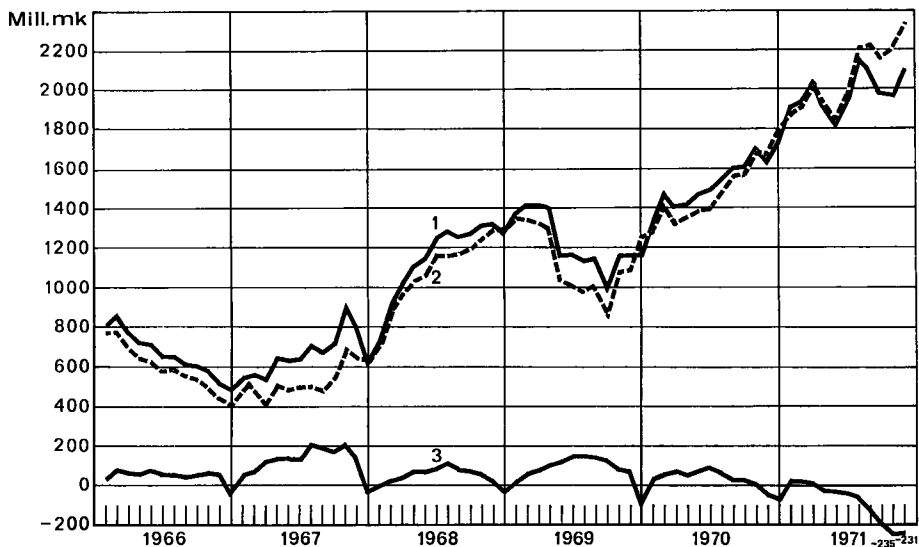
Finnish development credit institutions

New Parliament

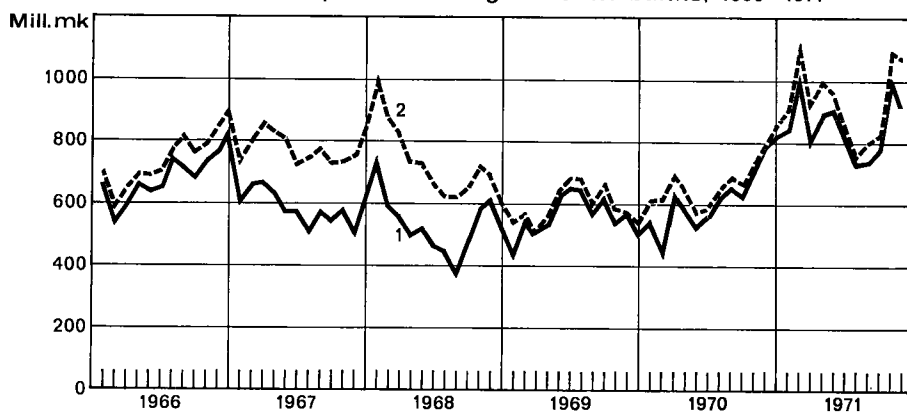
FEBRUARY 1972

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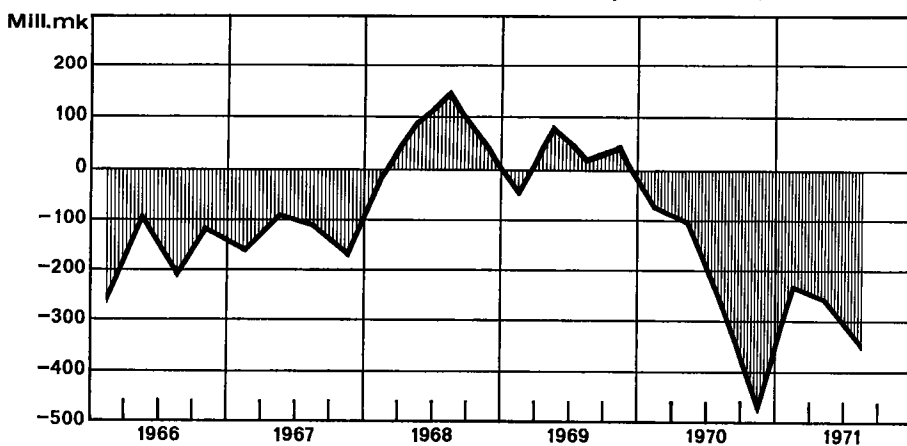
Bank of Finland foreign exchange reserve, 1966-1971



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



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



RECENT INNOVATIONS IN FINNISH MANPOWER POLICY

Two years ago the administration of manpower policy in Finland was reorganized. As a result a separate Ministry of Labour was established on March 1, 1970. (See Bulletin No. 4, 1970). Soon after this, work was begun on the framing of a new Employment Act. This law together with the statute based on it and decisions of the Ministry of Labour regarding application of the Statute came into force on January 1, 1972.

The revision in the law affects the organization of public construction projects connected with the investment programmes of central government, local authorities and the joint councils of local authorities. The law also gives the individual worker greater protection against unemployment and partly reorganizes the administration of manpower policy on the local level.

A considerable part of manpower policy still has its legal base in laws on the employment service, vocational guidance and training. New provisions concerning the promotion of labour mobility were added to the law on the Employment Service.

GENERAL PROVISIONS

The Employment Act rests on the twin goals of safeguarding the livelihood of the country's citizens and promoting balanced economic growth so that high and stable employment can be reached. This requires the use of the tools of general economic policy in the management of the demand for labour. In this context manpower policy can be used to help balance the demand for and supply of labour.

The law indicates that responsibility for high employment does not lie solely with the manpower administration, but rather it is the concern of total economic policy. A shift from an excess supply to a shortage of labour is now taking place in Finland. Thus the legislation also emphasizes the necessity of warding off

a labour shortage in various fields and regions. According to the law, an intensified and improved manpower policy requires that special attention be paid to research and planning in this field.

Legislation also lays stress on the importance of vocational training: the qualifications of those seeking jobs should be improved through vocational training. To dampen the effect of fluctuations on employment, the number of those being trained and the length of training should be adjusted according to the ability of the labour market to absorb manpower. The target of providing retraining or additional vocational education for 1 per cent (approximately 22 000 persons) of the total labour force should be met within the next two years. The module system is being introduced in the training schemes. This system entails creating unified and delimited courses which allow the trainee to advance stage by stage.

THE WORKS OF THE PUBLIC SECTOR

In accordance with the Employment Act, central and local government must time their investment projects so as to dampen the impact of cyclical and seasonal fluctuations. The law contains stipulations on the planning of public construction connected with investment programmes and on the submission of these plans to the Ministry of Labour.

The new Employment Act no longer requires local authorities to provide employment for a certain number of persons. The old law placed an immoderate burden on many municipalities. Although local government authorities may now freely determine the number of their employees, the law indicates that the average number of those employed in summer should not exceed the previous winter's figure. The aim is to keep employment as even as possible and to create permanent working relationships. The

same requirement applies to ordinary central government construction projects. In addition, special employment appropriations may be used continuously for preventing seasonal unemployment in the winter.

Local government has faced financial difficulties in implementing counter-cyclical measures designed to maintain high employment during economic downswings. It was therefore emphasized in the supporting evidence presented with the Employment Bill that local authorities should establish counter-cyclical funds, which should be used, as those of the central government, for the management of counter-cyclical policy and the promotion of employment. Preparations for the creation of a municipal counter-cyclical deposit scheme are under way.

SAFEGUARDING THE LIVELIHOOD OF THE UNEMPLOYED

The livelihood of the unemployed in Finland is safeguarded through unemployment fund and unemployment assistance schemes. The unemployment funds, in which membership is voluntary, are run by trade unions; one half of the costs of these is defrayed by the State

and 43 per cent by the employers. Unemployment assistance is fully financed by the central government. However, the coverage of the system has not been complete.

The aim of the new legislation has been to remove existing anomalies. The stipulations on unemployment assistance are now included in the Employment Act. The following revisions in the law may be mentioned. The age limit for drawing unemployment assistance has been lowered from 17 to 16, and the limit of a maximum of 120 days per annum for receiving assistance has been removed. Assistance is paid to those qualified for either manual or non-manual work. The disabled who would be able to perform normal work in certain suitable jobs are also entitled to unemployment assistance. Other disabled persons are protected through the sickness insurance scheme and the national pension scheme.

It may also be noted that old, permanently unemployed persons are now entitled to unemployment insurance. The various pension laws were revised for this purpose, and the revisions took effect on July 1, 1971. In addition, plans exist to improve the redundancy payment system.

January 20, 1972

	1971		1972			
	Jan 29	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 31
Assets						
Gold and other foreign assets	2 110	2 776	2 892	3 069	3 102	3 087
Gold	121	205	205	205	205	205
Special drawing rights	184	197	282	282	282	282
IMF gold tranche	280	268	268	268	268	268
Foreign exchange	1 408	1 950	1 982	2 159	2 201	2 180
Foreign bills	81	119	118	118	109	115
Foreign bonds	36	37	37	37	37	37
Claims on domestic banks	736	849	853	626	872	737
Discounted bills	731	848	846	619	861	714
Rediscounted bills	2	1	1	1	1	1
Cheque accounts	3	—	6	6	10	22
Other lending	271	340	339	336	331	329
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	123	121	124	122	119	117
Loans	148	219	215	214	212	212
Other assets	769	597	612	669	601	574
Finnish bonds	138	38	51	107	38	10
Finnish coin	14	14	15	18	19	20
Currency subscription to Finland's quota						
in the IMF	518	530	530	530	530	530
Other claims	99	15	16	14	14	14
Total	3 886	4 562	4 696	4 700	4 906	4 727
Liabilities						
Notes in circulation	1 255	1 479	1 428	1 401	1 380	1 369
Liabilities payable on demand	96	358	396	400	620	451
Foreign exchange accounts	66	297	349	351	354	312
Mark accounts of holders abroad	11	30	31	30	29	37
Cheque accounts						
Treasury	2	2	1	3	40	17
Post Office Bank	3	2	0	2	183	71
Private banks	—	9	—	—	—	—
Other	3	3	3	3	3	3
Other sight liabilities	11	15	12	11	11	11
Term liabilities	771	905	975	1 004	1 004	1 003
Foreign	—	—	—	—	—	—
Domestic	771	905	975	1 004	1 004	1 003
IMF mark accounts	518	530	530	530	530	530
Allocations of special drawing rights	174	174	258	258	258	258
Equalization accounts	404	400	391	387	392	391
Bank's own funds	668	716	718	720	722	725
Capital	600	600	600	600	600	600
Reserve fund	32	32	74	74	74	74
Profits undisposed	32	—	42	42	42	42
Earnings less expenses (Dec. 31, Net profit)	4	84	2	4	6	9
Total	3 886	4 562	4 696	4 700	4 906	4 727

BANK OF FINLAND

Mill. mk

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
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
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
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
Nov.	2 364	261	2 103	668	530	2 241	— 90	39	—129
Dec.	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972									
Jan.	2 935	349	2 586	682	530	2 738	— 15	17	— 32

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Dec. 31, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Dec.	Jan.—Dec.
	Gold	121	—	121	205	—	205	—
Special drawing rights	98	—	98	197	—	197	—	+99
IMF gold tranche	280	—	280	268	—	268	—	—12
Convertible currencies	1 302	—103	1 199	1 920	143	2 063	+153	+864
Other currencies	—63	—8	—71	—297	— 3	—300	— 61	—229
Total	1 738	—111	1 627	2 293	140	2 433	+ 92	+806

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	
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
1971	848	1	—	9	2	838	121	234	908	-553	1 479
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
Nov.	1 109	1	19	—	162	967	152	206	929	-571	1 396
Dec.	848	1	—	9	2	838	121	234	908	-553	1 479
1972											
Jan.	714	1	22	—	71	666	117	226	1 002	-659	1 369

¹ Including special index accounts.² Including cash reserve accounts.SELLING RATES FOR FOREIGN EXCHANGE¹

Mk

January 31, 1972

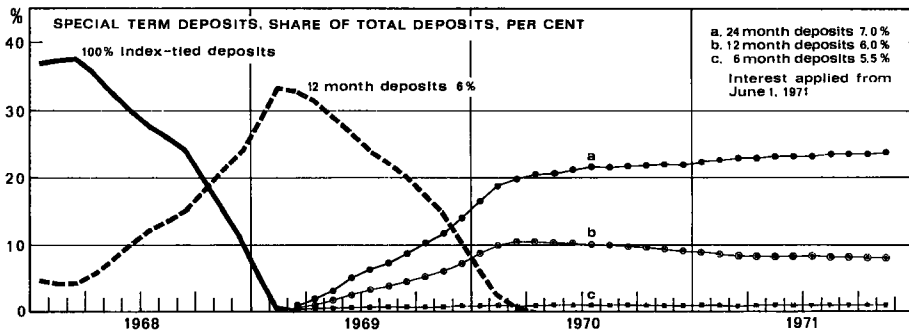
New York ²	1 \$	4.146	Frankfurt o. M.	100 DM	129.20	Vienna	100 S	17.78
Montreal	1 \$	4.130	Amsterdam	100 Fl	130.20	Lisbon	100 Esc	15.25
London	1 £	10.755	Brussels	100 Fr	9.430	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	86.27	Zurich	100 Fr	107.03	Madrid	100 Pta	6.30
Oslo	100 Kr	62.00	Paris ³	100 FF		Moscow ⁴	1 Rbl	4.960
Copenhagen	100 Kr	59.22	Rome	100 Lit	0.7050			

¹ Rates for New York and Moscow are official, others unofficial.² As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.³ 80.75 commercial rate; 81.15 financial rate.⁴ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

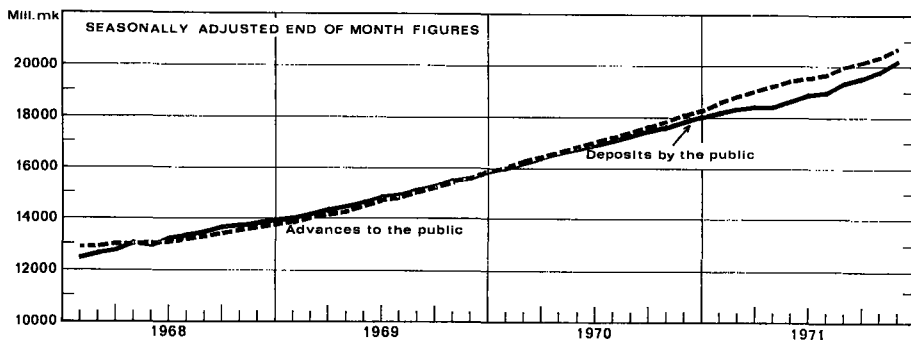
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	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										
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	1 324.8	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
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1963	3 621.3	2 134.5	1 608.9	544.0	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	1 820.7	607.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	2 030.6	716.5	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	2 261.0	783.9	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	2 424.3	869.0	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	2 600.5	940.3	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	2 922.1	1 049.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970	7 963.5	4 342.1	3 403.8	1 244.9	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1970									
Nov.	7 929.1	4 321.3	3 366.9	1 225.6	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec.	7 963.5	4 342.1	3 403.8	1 244.9	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1971									
Jan	8 084.6	4 379.9	3 438.5	1 276.7	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	3 472.1	1 288.6	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	3 506.6	1 301.1	1 530.0	18 309.0	721.2	19 030.2	3 935.9
April	8 373.9	4 486.8	3 533.8	1 324.0	1 536.2	18 497.8	756.9	19 254.7	3 816.9
May	8 429.1	4 547.2	3 570.6	1 340.0	1 589.4	18 732.4	743.9	19 476.3	4 048.6
June	8 452.4	4 544.1	3 574.2	1 351.8	1 640.2	18 838.0	724.7	19 562.7	4 167.9
July	8 477.7	4 569.8	3 608.1	1 374.7	1 658.7	18 963.5	725.5	19 689.0	4 153.1
Aug.	8 539.0	4 604.7	3 631.4	1 411.0	1 660.1	19 120.4	725.8	19 846.2	4 280.3
Sept.	8 811.6	4 655.6	3 686.1	1 423.3	1 657.0	19 475.0	758.6	20 233.6	4 315.8
Oct.	8 956.0	4 712.2	3 739.1	1 452.2	1 662.5	19 770.7	751.3	20 522.0	4 429.1
Nov.	9 071.0	4 770.5	3 793.6	1 483.2	1 760.3	20 156.6	722.0	20 878.6	4 519.9



STATE FINANCES

Mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1970	1971		1970	1971
Income and property tax (net)	2 710	3 251	Wages, salaries, pensions etc.	1 647	1 861
Gross receipts	(6 368)	(7 408)	Repair and maintenance	252	289
Refunds & local authorities	(—3 658)	(—4 157)	Other consumption expenditure	671	806
Other taxes on income and property	58	78	Total consumption expenditure	2 570	2 956
Employers' child allowance payments	601	378	State aid to local authorities	1 372	1 519
Sales tax	2 460	2 826	State aid to industries	1 215	1 210
Revenue from Alcohol Monopoly	590	710	of which: agric. price subsidies	(877)	(879)
Customs duties & import charges	417	370	Child allowances	280	314
Counter-cyclical tax	—	84	Share in national pensions and health insurance	380	165
Excise duty on tobacco	392	420	Other transfer expenditure	963	1 094
» » on liquid fuel	571	659	Total transfer expenditure	4 210	4 302
Other excise duties	257	284	Machinery and equipment	277	320
Tax on autom. and motor cycles	299	267	House construction	235	201
Stamp duties	204	212	Land and waterway construction	589	657
Special diesel etc. vehicles tax	42	47	Total real investment	1 101	1 178
Other taxes and similar revenue ¹	136	201	Interest on State debt	218	218
Total taxes	8 737	9 787	Index compensations	25	23
Miscellaneous revenue	443	541	Net deficit of State enterprises	33	127
Interest, dividends etc.	155	205	Other expenditure	6	8
Sales and depreciation of property	72	81	Total other expenditure	282	376
Redemptions of loans granted	151	196	Increase in inventories	+ 5	+39
Total revenue	9 558	10 810	Lending	591	699
Foreign borrowing	0	7	Other financial investment	219	368
Domestic borrowing	511	401	Total expenditure	8 978	9 918
Total borrowing	511	408	Redemption of foreign loans	121	117
Deficit (+) or surplus (—)	—465	—743	Redemption of domestic loans	505	440
			Total redemptions	626	557
			Total	9 604	10 475

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

State debt	1968	1969	1970	1971		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
Foreign debt	2 074	1 656	1 557	1 532	1 515	1 514
Loans	2 160	2 316	2 437	2 487	2 458	2 390
Compensatory obligations	5	4	3	2	2	2
Short-term credit	320	158	46	70	68	63
Cash debt (net)	— 256	— 217	—284	—605	—479	—623
Domestic debt	2 229	2 261	2 202	1 954	2 049	1 832
Total State debt	4 303	3 917	3 759	3 486	3 564	3 346
Total debt, mill. \$	1 028	933	900	838	856	804

FOREIGN TRADE

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

1971*			
Period	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
Jan.	867.9	878.7	- 10.8
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	959.6	-265.8
May	778.6	1 022.8	-244.2
June	830.6	807.9	+ 22.7
July	847.3	868.4	- 21.1
Aug.	809.6	881.2	- 71.6
Sept.	858.1	1 108.6	-250.5
Oct.	921.1	1 074.6	-153.5
Nov.	964.5	1 024.1	- 59.6

Jan.-Nov.			
Year	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	8 772.3	9 659.4	-887.1
1971*	8 883.7	10 275.8	-1 392.1

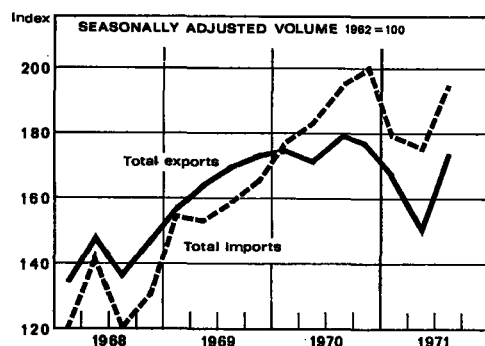
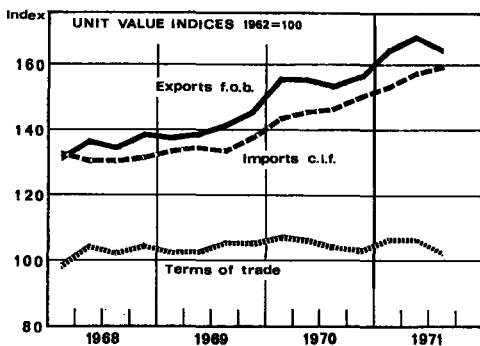
Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106

1969					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
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					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
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					
Period	Volume Exports	Volume Imports	Unit value Exports	Unit value Imports	Terms of trade
Jan.-Mar.	149	167	165	154	107
Apr.-June	154	179	169	158	107
July-Sept.	173	182	165	160	103

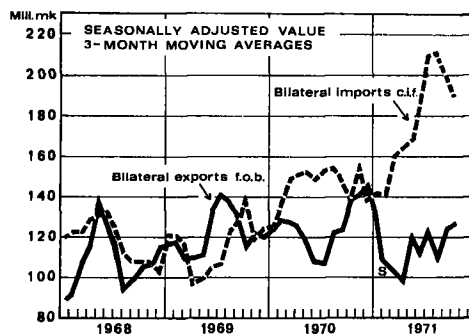
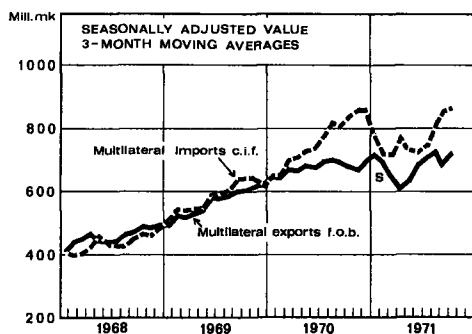
¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



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, 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	2 437.2	1 401.8	4 918.2	1 243.4	2 905.5	2 004.3
1970										
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	221.9	145.4
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	88.5	315.8	194.1
May	64.1	12.1	133.3	294.6	163.8	110.7	351.4	162.3	352.8	156.3
June	28.3	13.7	155.1	298.3	208.0	127.2	314.6	128.4	220.9	144.0
July	33.0	9.0	159.9	287.8	272.7	84.9	356.4	136.9	224.7	150.4
Aug.	37.9	13.7	148.5	287.5	187.6	134.4	345.0	171.7	213.9	150.6
Sept.	47.5	7.4	149.2	305.6	187.5	160.9	460.0	163.8	277.7	207.1
Oct.	45.0	8.0	166.1	351.0	196.4	154.6	434.3	142.3	317.3	180.7
Nov.	47.3	7.3	165.5	322.5	258.6	163.3	412.6	133.7	291.7	186.1
Jan.-Nov										
1970	374.0	80.8	1 390.4	3 463.2	2 174.8	1 289.1	4 300.5	1 106.8	2 446.9	1 805.2
1971*	472.3	81.9	1 484.7	3 361.2	2 072.3	1 411.3	4 037.2	1 381.4	2 997.0	1 860.2



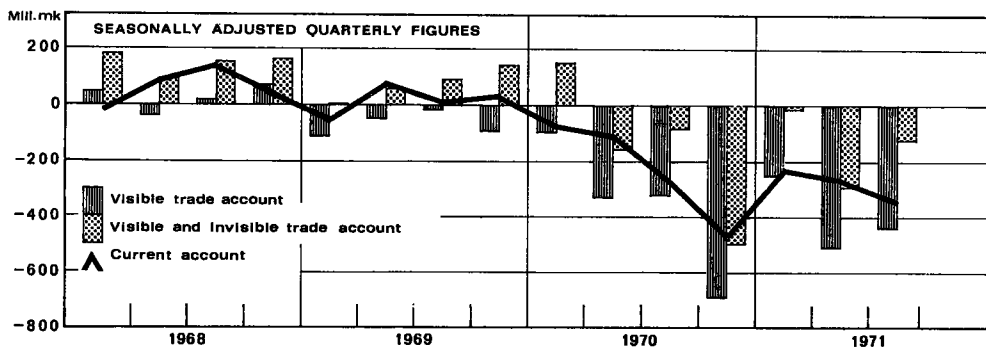
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—November				January—November			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	70.9	6 220.3	72.5	6 441.4	73.5	7 096.7	72.7	7 469.0
Austria	0.8	70.0	1.0	84.7	1.3	127.8	1.5	149.8
Belgium-Luxembourg	1.9	169.8	1.8	164.0	2.0	194.7	1.6	168.6
Denmark	4.2	364.0	4.0	352.2	3.2	309.6	3.3	335.3
France	3.7	328.1	3.8	336.4	3.4	333.3	3.1	317.9
Federal Republic of Germany	10.7	941.4	10.4	920.9	17.0	1 641.2	16.6	1 708.9
Italy	2.3	201.1	2.1	186.6	2.0	190.5	1.9	196.5
Netherlands	4.6	398.7	4.3	386.9	3.7	352.7	3.5	358.4
Norway	3.8	329.4	3.9	347.2	2.4	229.7	2.7	274.1
Portugal	0.4	31.3	0.2	21.2	0.7	71.1	0.6	57.1
Spain	1.0	90.7	0.9	81.5	0.4	34.6	0.8	80.4
Sweden	16.2	1 420.2	16.4	1 453.3	17.7	1 713.1	18.1	1 861.7
Switzerland	1.8	160.9	2.2	194.9	3.4	331.8	3.6	369.2
United Kingdom	17.7	1 553.5	19.2	1 706.2	16.0	1 541.2	15.2	1 567.2
Other	1.8	161.2	2.3	205.4	0.3	25.4	0.2	23.9
OECD countries outside Europe	6.0	529.3	5.9	522.8	6.2	600.6	6.7	685.3
Canada	1.0	84.4	0.7	66.3	0.3	31.5	0.3	28.2
Japan	0.2	22.8	0.2	15.1	1.9	183.1	2.1	212.6
United States	4.8	422.1	5.0	441.4	4.0	386.0	4.3	444.5
Eastern Bloc	15.1	1 327.3	14.0	1 242.4	16.2	1 569.0	18.4	1 895.5
Czechoslovakia	0.5	48.5	0.6	56.8	0.5	45.9	0.5	50.7
Democratic Republic of Germany	0.7	59.6	0.6	57.6	0.6	60.6	0.6	62.1
People's Republic of China	0.6	50.2	0.5	44.1	0.2	21.6	0.4	44.4
Poland	1.2	104.6	1.0	86.4	1.5	146.7	2.0	209.8
Soviet Union	11.3	991.3	10.4	919.2	12.6	1 216.1	14.2	1 460.6
Other	0.8	73.1	0.9	78.3	0.8	78.1	0.7	67.9
Latin America	2.8	243.9	2.4	216.1	2.6	246.4	0.8	85.7
Argentina	0.7	58.7	0.6	57.5	0.1	11.9	0.1	9.4
Brazil	0.5	42.6	0.7	59.3	0.9	81.4	0.1	7.2
Colombia	0.2	16.1	0.2	19.1	0.8	77.1	0.1	12.9
Other	1.4	126.5	0.9	80.2	0.8	76.0	0.5	56.2
Other	5.2	451.5	5.2	461.0	1.5	146.7	1.4	140.3
GRAND TOTAL	100.0	8 772.3	100.0	8 883.7	100.0	9 659.4	100.0	10 275.8
of which								
EFTA countries	44.9	3 940.2	47.0	4 174.0	44.8	4 330.9	45.0	4 626.2
EEC countries	23.2	2 039.2	22.5	1 994.7	28.1	2 712.4	26.8	2 750.4
OECD countries	76.9	6 749.6	78.4	6 964.2	79.7	7 697.3	79.4	8 154.3

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
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 ^f	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
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 ^f	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971*	2 291	2 777	-486	+175	+ 47	+21	-243	-118	- 1	-362
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 ^f	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971*	2 502	2 883	-381	+178	+166	+16	- 21	-120	- 4	-145
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 ^f	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609

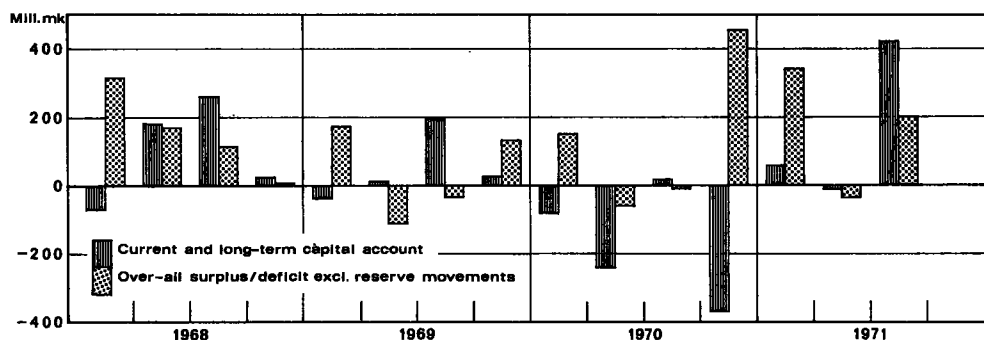


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous 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	- 82	- 9	+225	+ 23 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	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 600	-202	- 11	-32	+355	- 7	-157	+144	- 17	- 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	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 889	-270	- 89	+ 2	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 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	-371	+531	- 35	+332	+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			
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
1971	312	315	302	309	361	304	346	295	303	149	162	134
1971												
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
Oct.	317	320	306	312	375	309	349	299	310	153	170	136
Nov.	319	322	308	314	377	312	354	299	312	153	170	137
Dec.	319	322	307	314	378	309	352	299	312	154	170	137

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
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
1971	237	186	122	121	119	112	125	141	119	125	119	125
1971												
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
Oct.	243	191	125	124	120	114	130	144	123	129	121	126
Nov.	244	192	126	124	120	114	131	144	124	131	123	127
Dec.	245	192	126	124	120	114	131	144	124	132	123	128

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						
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1971*	215	194	193	180	177	179	187	172	194	185
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
Oct.-Dec.	226	203	200	185	181	184	194	177	201	191

PRODUCTION

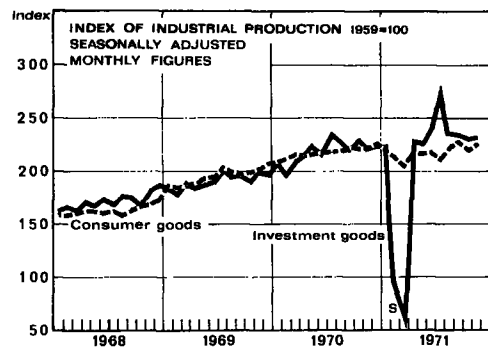
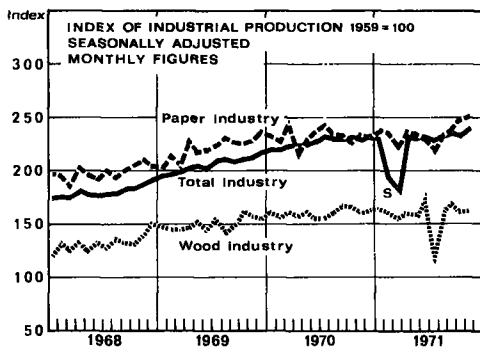
Volume indices of production 1964 = 100

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
1969	123	138	97	102	123	104	124	123	123	123	127
1970*	132	153	94	111	140	98	132	133	129	128	134
1971*	134	151	94	108	137	97	135	139	135	132	140
1970*											
July-Sept.	133	142	170	55	172	100	137	132	129	128	133
Oct.-Dec.	136	163	68	106	176	94	137	145	133	130	136
1971*											
Jan.-Mar.	126	142	57	159	93	93	124	129	133	131	139
Apr.-June	133	154	77	119	125	97	133	140	134	132	140
July-Sept.	135	143	171	53	169	99	142	137	134	132	140
Oct.-Dec.	139	166	69	100	162	98	141	149	140	134	142

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*											
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	174	152	185	153	175	104	222	300	283	140	229
Aug.	229	215	229	232	189	134	247	320	333	219	233
Sept.	244	249	245	238	189	166	246	365	330	253	238
Oct.	250	252	256	231	226	169	259	362	341	255	236
Nov.	254	255	262	234	231	162	257	378	330	258	242



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*								
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	129	139	127
Aug.	2 285	2 243	42	1.8	1 290	124	160	130
Sept.	2 194	2 154	40	1.8	1 794	115	149	124
Oct.	2 178	2 137	41	1.9	2 274	120	142	128
Nov.	2 177	2 130	47	2.2	2 616	117	144	..

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	7.63	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*											
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.67	4.42	1.52	2.90	1.04	42.55
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	37.90
July-Sept.	12.90	6.66	0.61	4.18	0.89	8.78	3.65	1.01	2.64	0.84	40.30

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 — 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
- r Revised
- 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 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish Farmers' Party 18, Swedish Party 10, Liberal Party 7 and Christian League 4.

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 million 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 353 526, 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 (Dec. 31, 1971): Steamers 44 (50 707 gross reg. tons), motor vessels 383 (632 644 gross reg. tons), tankers 58 (732 998 gross reg. tons), sailing vessels with auxiliary engines 5 (662 gross reg. tons). Total 490 (1 417 011 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). Since Dec. 20, 1971 a temporary central rate of 4.10 marks to one U.S. dollar has been applied.

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 (Jan. 1, 1972). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 7 ³/₄ ‰. The range of rates for other credits granted by the Bank of Finland is between 6 and 9 ‰. Other credit institutions: term deposits 4 ¹/₄ ‰, 6 month deposits 4 ³/₄ ‰, 12 month deposits 5 ¹/₄ ‰, 24 month deposits 6 ¹/₄ ‰; highest lending rate 11 %.

FINNISH DEVELOPMENT CREDIT INSTITUTIONS

by Ilpo Santala, LL.M.,

Manager of the Industrialization Fund of Finland Ltd

BACKGROUND AND CHARACTERISTICS

Development credit institutions represent one of the newest types financial institutions in Finland.¹ The oldest development credit institutions are the Industrialization Fund of Finland Ltd (Teollistamisrahasto Oy) and Finnish Export Credit Ltd (Suomen Vientiluotto Oy), which were founded in 1954. The former, however, evolved into a development credit institution only in 1963, the year when the latter started operations. The other development credit institutions, the Tourism Development Fund of Finland Ltd and the Regional Development Fund of Finland Ltd were established in 1965 and 1971.

Institutions of this type exist also in many other countries. Special credit institutions have been set up in many highly industrialized countries to encourage the establishment and to assist the operations of small and medium-size industries. The Finnish development credit institutions have also been formed with these goals, incorporating at the same time certain features of the development credit banks set up by the International Bank for Reconstruction and Development and the International Finance Corporation in developing countries.

The development credit institutions have tried to satisfy the demand for credit from a specific sector in the economy, and recently they have also devoted their attention to specific regions. When credits are granted special attention is paid to the development of the economy and of the structure of production. Apart from finance, the development credit institutions often provide consultative services to their customers.

The legal form of all existing development credit institutions is that of a joint-stock company. Their activities have been defined in the law on credit companies which came into force at the beginning of 1970. A permit from the Ministry of Finance is needed to establish a credit company, and its activities are supervised by the State through the Bank Inspectorate. While the activities of credit companies are not as strictly regulated by law as those of other financial institutions, their solvency requirements are more stringent. Their own funds have to total a minimum of 20 per cent of total liabilities after the deduction of certain debit items whereas the corresponding requirement for other credit institutions is usually 4 per cent. Investments by a credit company in the shares of other corporations may not exceed its own funds.

The shareholders of development credit institutions consist of banks, insurance companies, central government, various organizations and business enterprises. As all the development credit institutions function as joint-stock companies, the highest decision-making authority is the shareholders' meeting. In addition each development credit institution has its Board of Directors and Board of Management.

The total number of persons employed by development credit institutions was 48 at the end of 1970. As each development credit institution has only one office, it is understandable that administration costs are rather small.

EXISTING FINNISH DEVELOPMENT CREDIT INSTITUTIONS

The share capital and total assets of the four existing Finnish development credit institutions are given in the table below.

¹ Other relatively new types of financial institutions in Finland are hire purchase, factoring and leasing institutions, which are not discussed in the present series of articles on Finnish credit institutions.

TABLE 1. SHARE CAPITAL AND TOTAL ASSETS OF DEVELOPMENT CREDIT INSTITUTIONS

	Share capital	Total assets	
	Dec. 31, 1971 Mill. mk	Dec. 31, 1965 Mill. mk	Dec. 31, 1970 Mill. mk
Industrialization			
Fund of Finland Ltd	40.0	59.3	323.4
Finnish Export Credit Ltd	36.0	143.5	716.0
Regional Development Fund	30.0	—	—
Tourism Development Fund of Finland Ltd	3.6	6.0	16.9

The table reveals that the total assets of the development credit institutions have increased five-fold in the last five years.

INDUSTRIALIZATION FUND OF FINLAND LTD

Finnish banks, insurance companies and organizations own shares in the Industrialization Fund. In addition, its shares are held by 23 foreign banks and finance companies. The Industrialization Fund channels finance to small and medium-size industries. The most important criteria in selection of projects to be financed are the expected yield from the investment, the prospects of the enterprise, and the social return of the investment. Lending decisions are based on a thorough investigation of the firm in question. Apart from carrying out these investigations, the Industrialization Fund provides consultative aid in financial and management problems. The average size of loans granted by the Industrialization Fund in 1970 was 700 000 marks and the average loan period 10 years. The rate of interest varies between 8 ½ and 9 ½ per cent, depending i.a. on the guarantee for the loan.

FINNISH EXPORT CREDIT LTD

The majority of shares in Finnish Export Credit Ltd is owned by the State, and the other shareholders are the largest commercial banks and some industrial enterprises producing for export. The activities of the company are financed by the central government and the banks which hold shares in it.

The aim of Finnish Export Credit Ltd is to promote the export of industrial products by facilitating credit-granting by exporters to foreign buyers and, in some cases, by financing construction in export-producing industries.

Advances are given against promissory notes and repayment schedules are set up when granting them. These advances cover 75—85 per cent of the export credit needed. The rate of interest is determined when an advance is made and remains unchanged over the whole loan period. The lending rate of interest on export credits is between 7 and 7 ½ per cent.

TOURISM DEVELOPMENT FUND OF FINLAND LTD

The present shareholders of the Tourism Development Fund of Finland Ltd comprise 79 corporations representing various sectors of the economy. The company assists in the financing of the tourist industry by granting loans, other financial support and guarantees. In addition, it helps firms to prepare investment plans and offers training and consultative facilities in co-operation with other corporations. Thorough investigation precedes any decision to finance an investment project. The loans are long-term and carry a fixed rate of interest. The present interest rate is 8 ½ per cent, and the average size of the loans was 250 000 marks in 1970.

REGIONAL DEVELOPMENT FUND

The Regional Development Fund was created through special legislation in 1971. Its share capital is 30 034 000 marks, of which 30 million marks is held by the State. The goal of the Fund is to provide support in development regions for certain industries, primarily manufacturing, tourist industry and certain workshop business. The Fund grants various kinds of financial support, provides consultative and training facilities and carries out research.

By the end of 1971, loans granted by the Regional Development Fund totalled 72 million marks, funds granted for research and similar

purposes 0.9 million marks and investments in shares 1 million marks. The average size of loans granted was 340 000 marks and the average loan period 9.1 years.

SOURCES OF FUNDS

Table 2 below shows the distribution of the liabilities of development credit institutions in 1965—1970.

TABLE 2. BREAK-DOWN OF TOTAL LIABILITIES OF DEVELOPMENT CREDIT INSTITUTIONS

	Dec. 31, 1965		Dec. 31, 1970	
	Mill. mk	Per cent	Mill. mk	Per cent
Current liabilities	39.3	18.8	110.8	10.5
Debentures	113.0	54.1	621.7	58.7
Bond issues and other long-term loans	32.2	15.5	261.3	24.7
Share capital and reserves	22.8	10.9	51.8	4.9
Other liabilities	1.4	0.7	12.7	1.2
Total	208.7	100.0	1 058.3	100.0

Because the Finnish capital market is small and not fully evolved, development credit institutions have not been able to raise finance through publicly issued domestic bonds. Debentures have therefore been their major source of finance; the share of this type of financing was 58.7 per cent in 1970. These debentures have given their owners a claim on the company's funds after the deduction of other liabilities, and thus they are comparable to the company's own funds when account is taken of the solvency requirements. Banks holding shares in the development credit institutions and the State have been the primary subscribers to these debentures.

All issues of debentures by the development credit institutions have been made in Finland. The Industrialization Fund and Finnish Export Credit have, in addition, raised funds abroad. The long-term loans in Table 2 include 128.2 million marks of loans granted to the Industrialization Fund by the World Bank in 1963—1969. At the end of 1970, 254.2 million marks or 25 per cent of total liabilities of the development credit institutions consisted of foreign credits.

ALLOCATION OF FUNDS

Table 3 indicates that so far the development credit institutions' investments, other than lending, have been of minor importance.

TABLE 3. BREAK-DOWN OF TOTAL ASSETS OF DEVELOPMENT CREDIT INSTITUTIONS

	Dec. 31, 1965		Dec. 31, 1970	
	Mill. mk	Per cent	Mill. mk	Per cent
Outstanding loans	167.7	80.4	1 002.2	94.7
Equity investments	0.3	0.1	3.5	0.3
Claims on domestic banks and cash	25.8	12.4	32.8	3.1
Other assets	14.9	7.1	19.8	1.9
Total	208.7	100.0	1 058.3	100.0

At the end of 1970, long-term (7 years or more) and medium-term loans comprised almost 95 per cent of the total assets of the development credit institutions. The Industrialization Fund and the Tourism Development Fund had invested in shares as well, but together no more than 3.5 million marks. Because of the need for adequate liquidity, 3.1 per cent of total funds were held in bank accounts.

TABLE 4. CREDITS GRANTED TO THE PUBLIC BY DEVELOPMENT CREDIT INSTITUTIONS, BY INDUSTRY

	Dec. 31, 1965		Dec. 31, 1970	
	Mill. mk	Per cent	Mill. mk	Per cent
Manufacture of machinery	93.1	68.5	182.1	34.2
Manufacture of electrical machinery and equipment	2.6	1.9	11.1	2.1
Shipbuilding industry	—	—	265.2	49.8
Manufacture of other transport equipment	3.4	2.5	8.6	1.6
Manufacture of metal products	11.3	8.3	9.7	1.8
Other manufacturing	25.2	18.5	50.3	9.5
Tourist industry	0.4	0.3	5.4	1.0
Total	136.0	100.0	532.4	100.0

It can be seen from Table 4 that 99 per cent of lending by the development credit institutions goes to manufacturing. Credits granted to the shipbuilding industry to encourage exports account for one half of total industrial credits.

Apart from credits granted for shipbuilding, those for the manufacture of machinery and electrical products increased most.

Outstanding advances granted by the development credit institutions have grown rapidly in the last few years. Their share in the outstanding advances of all credit institutions was 3.7 per cent at the end of 1970 as against 2.8 per cent at the end of 1969 and only 1.0 per cent at the end of 1965.

REVENUE AND EXPENDITURE OF DEVELOPMENT CREDIT INSTITUTIONS

Development credit institutions derive the greater part of their revenue from interest in-

TABLE 5. DISTRIBUTION OF REVENUE AND EXPENDITURE OF DEVELOPMENT CREDIT INSTITUTIONS

	1965		1970	
	Mill. mk	Per cent	Mill. mk	Per cent
Revenue				
Interest revenue on				
loans	6.7	77.9	60.0	87.7
Other revenue	1.9	22.1	8.4	12.3
Total	8.6	100.0	68.4	100.0
Expenditure				
Interest expenses	5.6	65.1	47.1	68.8
Salaries	0.4	4.7	1.3	1.9
Depreciation	0.1	1.2	0.4	0.6
Taxes	1.0	11.6	8.6	12.6
Other expenses	0.6	7.0	4.7	6.9
Profit	0.9	10.4	6.3	9.2
Total	8.6	100.0	68.4	100.0

come, commitment fees and commissions. Table 5 shows the distribution of the revenue and expenditure of the development credit institutions in 1965 and 1970.

The share of interest expenses and taxes has increased; the former accounted for 68.8 and the latter 12.6 per cent of total expenditure in 1970. The relative share of salary expenditure has declined substantially and was only 1.9 per cent of total expenditure in the same year.

CO-OPERATION OF DEVELOPMENT CREDIT INSTITUTIONS

Finnish development credit institutions have no central organization of their own. This has not been deemed necessary because the number of development credit institutions is very small and all of them are quite specialized. Because the same individuals have served on the boards of several development credit institutions, co-operation has been adequate. The primary form of co-operation has been in the training of personnel and research.

It is clear that the share of development credit institutions in total long-term credits granted will increase rather quickly, partly because of the recent revision in bank legislation. This may necessitate closer co-operation between the development credit institutions in the future.

ITEMS

New Parliament. On October 29, 1971 Mr. Karjalainen's government fell on a question of agricultural income and economic policy and the President of the Republic took steps to dissolve Parliament. The new Parliament was elected on January 2 and 3 for the next four years. Of the 3 179 000 persons eligible to vote, 81.1 per cent cast ballots. The participation rate was 84.9 per cent in the election of 1966 and 82.2 per cent in the election of 1970. The following table shows the percentage distribution of votes in 1966, 1970 and 1972.

	1966	1970	1972*
Social Democrats	27.2	23.4	25.8
People's Democrats	21.2	16.6	17.0
Centre Party	21.2	17.1	16.4
Conservatives	13.8	18.0	17.6
Finnish Farmers' Party	1.0	10.5	9.2
Swedish Party	6.0	5.7	5.3
Liberal Party	6.5	6.0	5.2
Christian League	0.4	1.0	2.5
Social Democratic League	2.6	1.4	1.0
Others	0.1	0.3	..
Total	100.0	100.0	100.0

The seats in Parliament were divided as follows:

Social Democrats	55	52	55
People's Democrats	41	36	37
Centre Party	49	36	35
Conservatives	26	37	34
Finnish Farmers' Party	1	18	18
Swedish Party	12	12	10
Liberal Party	9	8	7
Christian League	—	1	4
Social Democratic League	7	—	—
Total	200	200	200

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

Markku Puntila

Heads of Department

Pauli Kanerva K. Ignatius

Administration

Personnel

Antti Lehtinen Helge Lindström

Domestic financial operations

Credits and securities

Kalle Koski P.-E. Österlund

Foreign credits

Direct investments and capital transfers

Leo Lindström Stig Törnroth

Foreign exchange control

Cash

K. Eirola A. Nenonen

Automatic Data Processing

Foreign correspondence

Väinö Heiskanen Eino Suomela

Banking services

Internal Audit

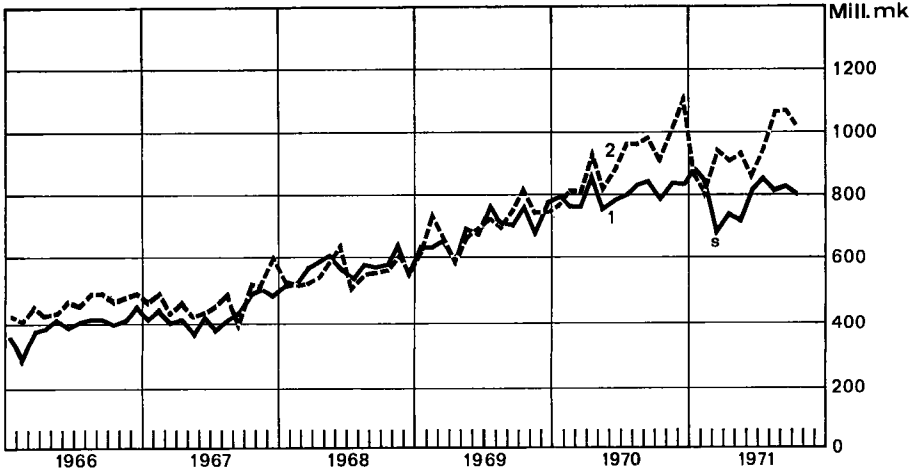
Institute for Economic Research

Pertti Kukkonen

Director

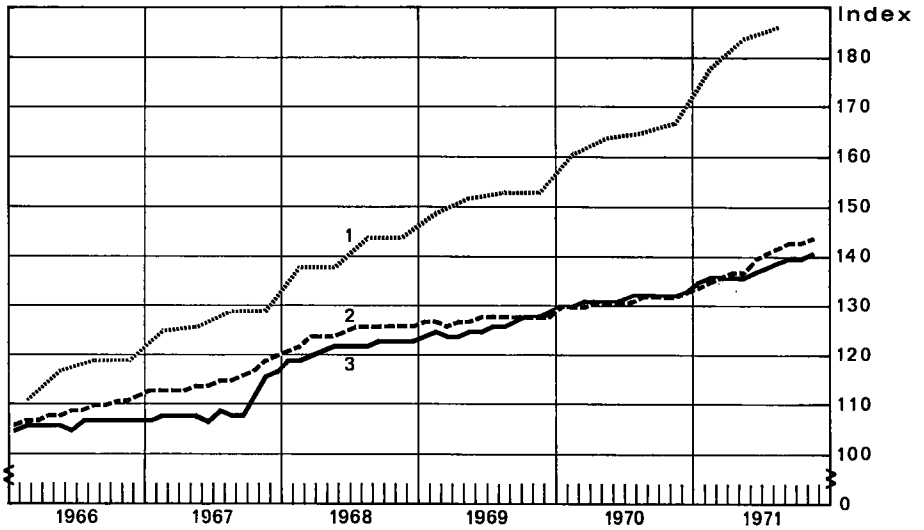
Foreign trade, 1966 - 1971

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

