



BANK OF FINLAND

Monthly Bulletin

**The collective agreements for April
1972—March 1973**

The Bank of Finland

**Board of Management of the Bank of
Finland**

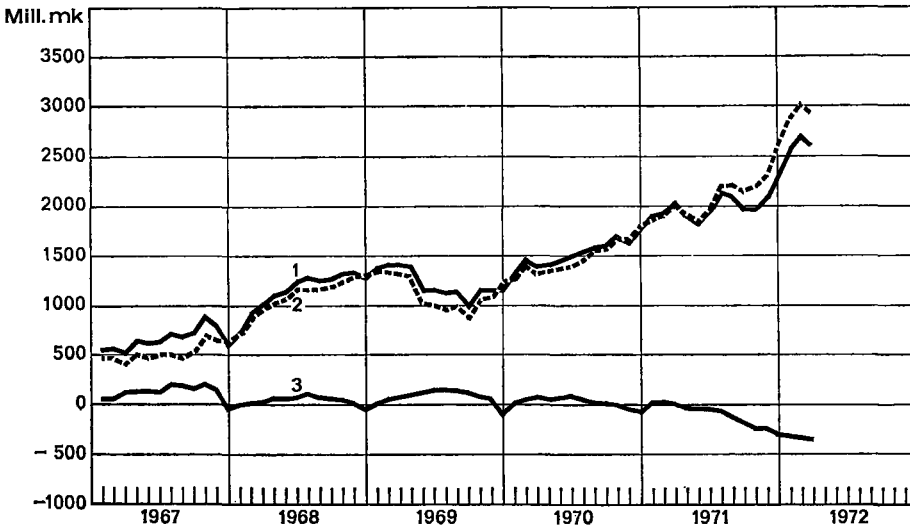
**Finland borrows DM 100 million in the
Federal Republic of Germany**

Rainer von Fieandt

MAY 1972

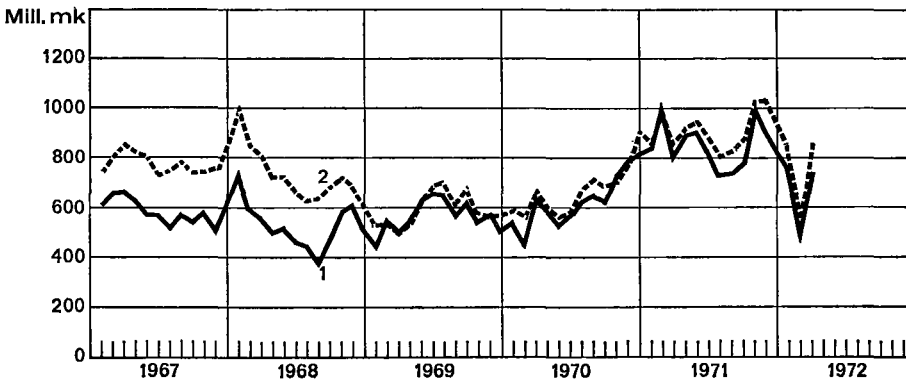
Vol. 46 No. 5

Bank of Finland foreign exchange reserve, 1967-1972



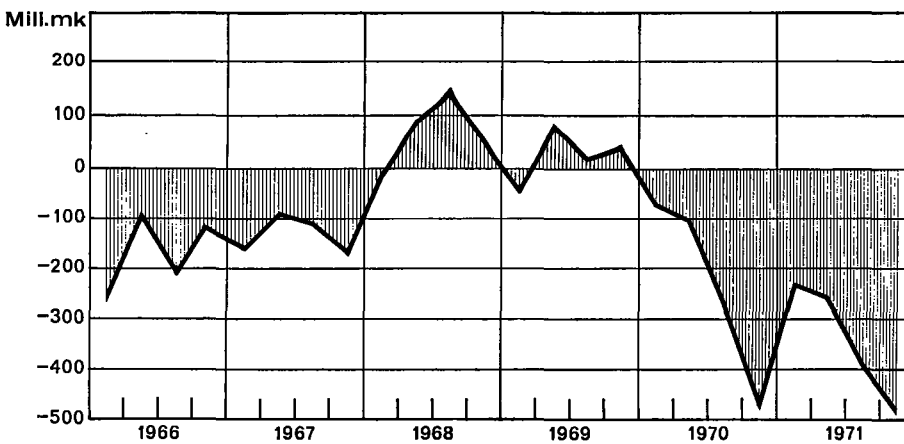
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1967-1972



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 COLLECTIVE AGREEMENTS FOR APRIL 1972— MARCH 1973

The stabilization policy which was first implemented in March 1968 was continued successfully until the end of 1970. In 1969 and 1970 the rise in prices in Finland was very small in comparison with that in other OECD countries; in both years it was under 3 per cent measured by the cost of living index. The increases in wages were also kept—partly because of the economic upswing—in line with the increase in productivity.

The stabilization policy pursued in 1971, which was based on the comprehensive incomes policy agreement in force until the end of March 1972, was not as successful, and the increase in prices accelerated substantially. The rise in nominal wages based on the agreements concluded in the early part of the year caused marked cost pressures as the rise in productivity in the first half of 1971 was less than had been expected. Further, the rise in the international price level and foreign exchange rates, and the measures taken by the public sector—mainly the introduction of the supplementary turnover tax and raising the general level of interest rates—designed to reduce the balance of payments deficit contributed to the rise in prices. The price index of GDP at market prices rose by 8 per cent on average in 1971 and the cost of living index by 6.5 per cent. The rise in the cost of living index from December 1970 to December 1971 was 8.7 per cent.

The increase in nominal wages in 1971 was considerably greater than the rise in productivity. According to preliminary figures, the average increase in wages and salaries was 12.8 per cent in 1971. Of this, about 4 percentage points were due to wage drift. The rise in the level of wages was 15.2 per cent and that in the level of salaries 9.4 per cent. The share of earnings in national income reached 56.3 per cent in comparison with 54.4 per cent in 1970.

The average increase in the index of salary and wage earnings was 15.0 per cent from the last quarter of 1970 to the first quarter of 1972, whereas the rise in the cost of living index over the same period was 8.9 per cent. The real increase in earnings was 5.6 per cent during this period; this figure exceeds the estimated rise in productivity by approximately 3 percentage points.

An agreement was reached between the Finnish Employers' Confederation and the Confederation of Finnish Trade Unions on March 17, 1972 which provided guidelines for wage and salary agreements for the period April 1, 1972—March 31, 1973. The recommendations serve not only the member unions of the central organizations who signed the document but also other trade unions. The agreement called for the continuation of the Special Economic Powers Act. The relevant law was passed by Parliament on March 28, 1972. The act has three major provisions: it (1) forbids index linkages, (2) authorizes the government to control rents and (3) empowers the government to control prices in a way similar to that of previous stabilization laws. The law will remain in force until the end of March 1973.

The recommendations on wage increases agreed by the Finnish Employers' Confederation and the Confederation of Finnish Trade Unions are designed to reduce income differentials and thus to carry on the precedent of previous years. Some social reforms were set forth as well. The period which must elapse before sickness compensation is paid was shortened, and it was agreed that this compensation would be paid for three weeks from the beginning of 1973. In addition, various types of pensions were increased. The general increase in wages was 25 pennies per hour. Moreover, 3 per cent of the wages bill in each sector was to be used for increasing wages

and wage rates. The distribution of this part of the increase is agreed on within each sector. A special compensation to be paid after the annual holidays, amounting to 10 per cent of holiday pay, is included in this. The minimum wage was raised from 550 marks to 602 marks per month.

The collective agreements made by the end of April covered more than 1 170 000 persons. Collective bargaining is still going on for about 170 000 employees.

The increases in the collective agreements have slightly exceeded those proposed in the general recommendations. The general hourly rise has tended to vary between 25 pennies and 50 pennies and the monthly increase between 43 marks and 100 marks, or 4 per cent of the monthly salary.

A new agreement was also reached on agricultural income for the period 1972—1973. It was signed by the government and the Central Union of Agricultural Producers on March 20, 1972. According to the agreement target prices in agriculture were raised on aver-

age by 7.6 per cent from April 1, 1972 onwards. Of this, 3.2 percentage points were meant to compensate farmers for the rise in production costs in agriculture and 4.4 percentage points to secure the development of agricultural income. Regional subsidies were increased and acreage subsidies were raised in line with the rise in target prices. Apart from this, 21 million marks will be distributed as additional regional subsidies. It was also decided to appoint a committee to revise legislation on the development of agricultural income for the period starting April 1, 1973. The committee has now begun its work and is expected to submit its report by the end of October 1972.

The 7.6 per cent rise in the target prices was distributed between milk, beef, eggs and rye. However, the rise in target prices is not passed on entirely to food prices because the state will pay for the rise in the price of rye and use about 70 million marks to subsidize the price of butter. It has been estimated that, after the state subsidies are taken into account, the rise in agricultural prices will push up the cost of living index by 0.9 per cent.

May 2, 1972

BANK OF FINLAND

Mill. mk

	1971		1972				
	Apr. 30	Dec. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	
Assets							
Gold and other foreign assets	2 131	2 776	3 224	3 263	3 194	3 256	
Gold	121	205	205	205	205	205	
Special drawing rights	192	197	282	282	282	282	
IMF gold tranche	272	268	268	268	268	268	
Foreign exchange	1 425	1 950	2 289	2 331	2 204	2 324	
Foreign bills	85	119	113	110	102	105	
Foreign bonds	36	37	67	67	133	72	
Claims on domestic banks	864	849	705	596	839	813	
Discounted bills	856	848	701	589	825	807	
Rediscounted bills	1	1	1	1	1	1	
Cheque accounts	7	—	3	6	13	5	
Other lending	228	340	317	320	316	317	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	93	121	88	89	85	85	
Loans	135	219	229	231	231	232	
Other assets	703	597	638	654	658	645	
Finnish bonds	144	38	69	83	87	72	
Finnish coin	13	14	23	25	25	26	
Currency subscription to Finland's quota							
in the IMF	526	530	530	530	530	530	
Other claims	20	15	16	16	16	17	
	Total	3 926	4 562	4 884	4 833	5 007	5 031
Liabilities							
Notes in circulation	1 259	1 479	1 361	1 378	1 374	1 451	
Liabilities payable on demand	102	358	561	498	726	630	
Foreign exchange accounts	76	297	316	351	346	333	
Mark accounts of holders abroad	11	30	39	37	32	39	
Cheque accounts							
Treasury	2	2	30	26	50	37	
Post Office Bank	0	2	162	62	281	207	
Private banks	—	9	—	—	—	—	
Other	2	3	2	8	6	3	
Other sight liabilities	11	15	12	14	11	11	
Term liabilities	764	905	1 087	1 083	1 078	1 076	
Foreign	—	—	—	—	—	—	
Domestic	764	905	1 087	1 083	1 078	1 076	
IMF mark accounts	526	530	530	530	530	530	
Allocations of special drawing rights	173	174	258	258	258	258	
Equalization accounts	418	400	347	345	298	341	
Bank's own funds	684	716	740	741	743	745	
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)	20	84	24	25	27	29	
	Total	3 926	4 562	4 884	4 833	5 007	5 031

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									
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
Feb.	3 080	360	2 720	695	530	2 885	— 3	26	— 29
March	2 991	370	2 621	708	530	2 799	— 3	30	— 33
April	3 079	372	2 707	707	530	2 884	— 3	37	— 40

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1971			Net holdings, March 31, 1972			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Mar.	Jan.—Mar.
	Gold	205	—	205	205	—	205	—
Special drawing rights	197	—	197	282	—	282	—	+85
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 920	143	2 063	2 196	88	2 284	—11	+221
Other currencies	—297	— 3	—300	—331	—14	—345	—19	—45
Total	2 293	140	2 433	2 620	74	2 694	—30	+261

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											
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
Feb.	522	1	18	—	101	440	116	238	977	-623	1 377
March	786	1	—	5	48	734	89	242	1 110	-779	1 423
April	807	1	5	—	207	606	85	249	1 087	-753	1 451

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

Mk

May 2, 1972

New York ²	1 \$	4.138	Frankfurt o. M.	100 DM	130.19	Vienna	100 S	17.88
Montreal	1 \$	4.166	Amsterdam	100 Fl	128.67	Lisbon	100 Esc	15.35
London	1 £	10.805	Brussels	100 Fr	9.385	Reykjavik	100 Kr	4.75
Stockholm	100 Kr	86.70	Zurich	100 Fr	107.14	Madrid	100 Pta	6.41
Oslo	100 Kr	62.70	Paris ³	100 FF		Moscow ⁴	1 Rbl	4.960
Copenhagen	100 Kr	59.15	Rome	100 Lit	0.7090			

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 82.35 commercial rate; 85.10 financial rate.⁴ Clearing account: also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

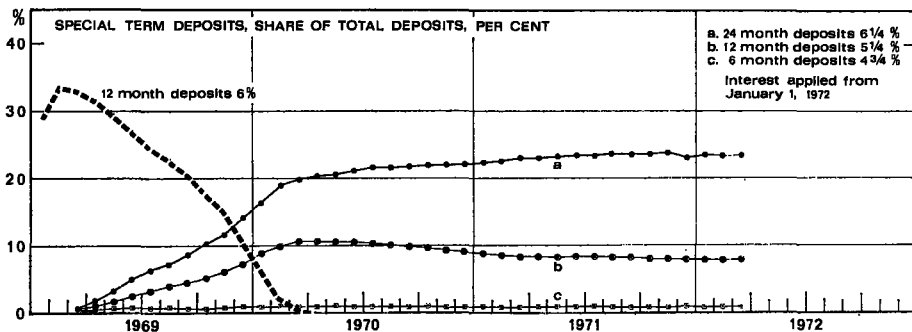
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1965	676.9	843.7	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
1971*	1 343.2	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1971*

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
Dec.	1 343.5	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1972*

Jan.	1 456.2	1 805.2	721.2	6 970.3	5 480.9	3 930.1	1 520.8	648.4	18 550.5	21 076.9
Feb.	1 456.3	1 820.1	772.5	7 021.9	5 540.5	4 008.4	1 548.9	658.5	18 778.2	21 370.8
March	1 421.2	1 767.8	782.6	7 052.8	5 572.5	4 040.8	1 566.2	663.4	18 895.7	21 446.1

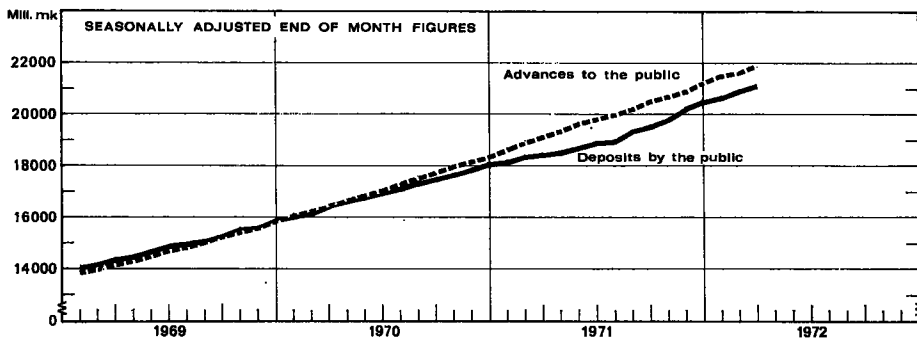


ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 8) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank ¹	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7		
1965	4 597.4	2 609.2	2 030.6	707.4	899.4	10 420.4	423.6	10 844.0	2 074
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971*	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1971									
Feb.	8 153.9	4 417.3	3 472.1	1 408.0	1 516.8	18 228.7	739.4	18 968.1	3 311
March	8 247.5	4 445.0	3 506.6	1 426.3	1 530.0	18 399.6	755.8	19 155.4	3 218
April	8 373.9	4 486.8	3 533.8	1 486.3	1 536.2	18 622.3	794.7	19 417.0	3 168
May	8 429.1	4 547.2	3 570.6	1 538.5	1 589.4	18 896.2	778.6	19 674.8	3 467
June	8 452.4	4 544.1	3 574.2	1 570.8	1 640.2	19 023.2	758.5	19 781.7	3 423
July	8 477.7	4 569.8	3 608.1	1 602.3	1 658.7	19 146.5	770.1	19 916.6	3 298
Aug.	8 539.0	4 604.7	3 631.4	1 668.0	1 660.1	19 327.4	775.8	20 103.2	3 384
Sept.	8 811.6	4 655.6	3 686.1	1 742.1	1 657.0	19 747.3	805.1	20 552.4	3 415
Oct.	8 956.0	4 712.2	3 739.1	1 755.6	1 662.5	20 026.2	799.2	20 825.4	3 495
Nov.	9 071.0	4 770.5	3 793.6	1 737.0	1 760.3	20 352.2	780.2	21 132.4	3 606
Dec.	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1972*									
Jan.	9 262.7	4 851.8	3 884.0	1 782.7	1 808.1	20 838.9	750.4	21 589.3	3 819
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	3 928
March	9 417.3	4 912.2	3 941.0	1 838.6	1 831.1	21 144.3	795.9	21 940.2	..

¹ New series.



STATE FINANCES

Mill. mk

Revenue	Jan.—Feb.		Expenditure	Jan.—Feb.	
	1971	1972		1971	1972
Income and property tax (net)	407	616	Wages, salaries, pensions etc.	317	357
Gross receipts	(1 186)	(1 417)	Repair and maintenance	30	36
Refunds & local authorities	(— 779)	(— 801)	Other consumption expenditure	138	168
Other taxes on income and property	14	18	Total consumption expenditure	485	561
Employers' child allowance payments	61	67	State aid to local authorities	308	326
Sales tax	499	590	State aid to industries	285	270
Revenue from Alcohol Monopoly	95	110	of which: agric. price subsidies	(233)	(206)
Customs duties & import charges	56	46	Child allowances	36	47
Counter-cyclical tax	—	2	Share in national pensions and health insurance	50	36
Excise duty on tobacco	59	74	Other transfer expenditure	193	263
» » on liquid fuel	102	113	Total transfer expenditure	872	942
Other excise duties	40	45	Machinery and equipment	52	101
Tax on autom. and motor cycles	40	37	House construction	32	37
Stamp duties	36	43	Land and waterway construction	80	123
Special diesel etc. vehicles tax	7	10	Total real investment	164	281
Other taxes and similar revenue ¹	15	45	Interest on State debt	61	67
Total taxes	1 431	1 816	Index compensations	9	11
Miscellaneous revenue	107	205	Net deficit of State enterprises	32	20
Interest, dividends etc.	21	33	Other expenditure	0	1
Sales and depreciation of property	14	—	Total other expenditure	102	99
Redemptions of loans granted	27	25	Increase in inventories	+16	+ 2
Total revenue	1 600	2 079	Lending	89	107
Foreign borrowing	0	0	Other financial investment	17	29
Domestic borrowing	154	171	Total expenditure	1 745	2 001
Total borrowing	154	171	Redemption of foreign loans	16	16
Deficit (+) or surplus (—)	144	—66	Redemption of domestic loans	137	167
			Total redemptions	153	183
Total	1 898	2 184	Total	1 898	2 184

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

State debt	1968	1969	1970	1971	1972		
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.
Foreign debt	2 074	1 656	1 557	1 524	1 520	1 524	1 511
Loans	2 160	2 316	2 437	2 467	2 462	2 471	2 499
Compensatory obligations	5	4	3	2	2	2	2
Short-term credit	320	158	46	61	61	60	..
Cash debt (net)	— 256	— 217	— 284	— 528	— 562	— 547	..
Domestic debt	2 229	2 261	2 202	2 002	1 963	1 986	..
Total State debt	4 303	3 917	3 759	3 526	3 483	3 510	..
Total debt, mill \$	1 028	933	900	849	840	847	..

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*	9 897.2	11 738.2	-1 841.0

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
1971*	171	189	164	158	104

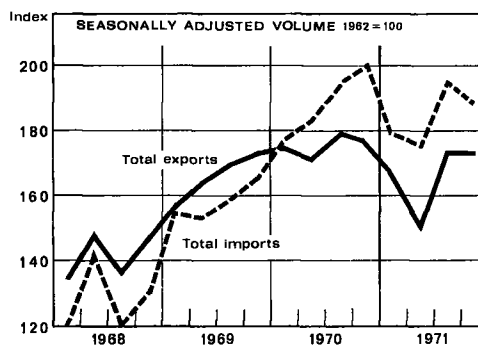
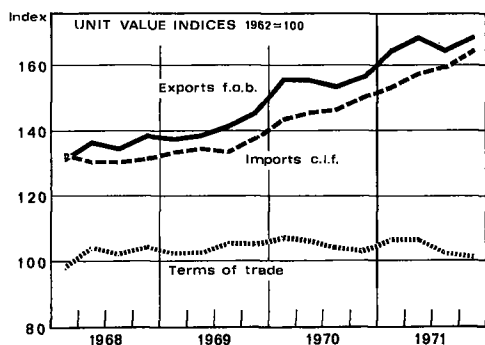
1971*			
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	959.6	-265.8
May	778.6	1 022.8	-244.2
June	830.6	807.9	+ 22.7
July	846.5	868.5	- 22.0
Aug.	809.6	881.2	- 71.6
Sept.	858.1	1 108.9	-250.8
Oct.	921.1	1 074.5	-153.4
Nov.	961.2	1 024.0	- 62.8
Dec.	1 017.6	1 462.2	-444.6

1969					
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
July-Sept.	173	182	165	160	103
Oct.-Dec.	194	220	169	165	102

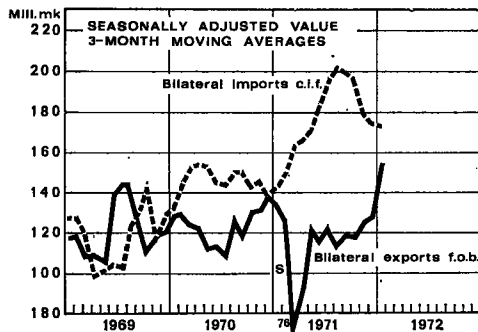
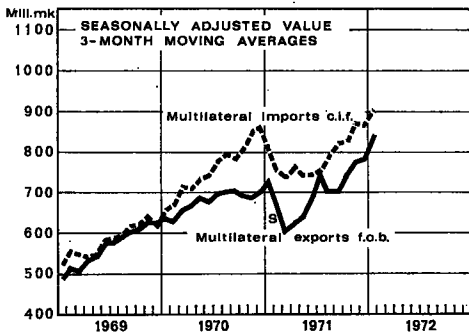
¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



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
1971*	546.8	88.5	1 653.3	3 720.7	2 323.0	1 564.9	4 638.5	1 560.9	3 428.0	2 110.8
1971*										
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	271.9	84.9	356.4	136.9	224.8	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	278.0	207.1
Oct.	45.0	8.0	166.1	351.0	196.4	154.6	434.3	142.3	317.2	180.7
Nov.	47.3	7.3	165.5	322.5	255.3	163.3	412.3	133.9	291.7	186.1
Dec.	74.5	6.6	168.6	359.5	254.8	153.6	601.6	179.3	430.7	250.6
1972*										
Jan.	72.8	3.2	132.7	320.7	226.5	116.4	360.9	136.5	294.3	165.6
Feb.	38.5	3.9	115.4	341.4	312.3	151.7	387.7	84.5	290.7	196.2



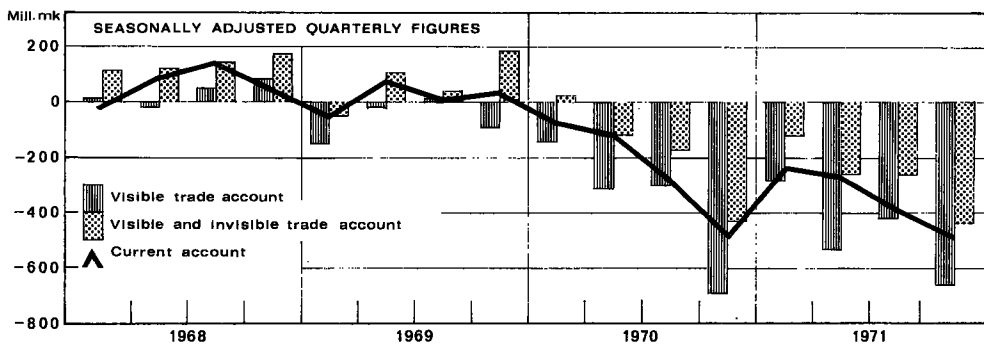
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January — February				January — February			
	1971*		1972*		1971*		1972*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.7	1 092.4	71.2	1 307.2	76.5	1 235.0	75.6	1 447.8
Austria	0.8	13.0	0.8	14.8	1.8	29.7	1.3	24.0
Belgium-Luxembourg	1.7	26.8	1.6	30.1	1.9	30.7	1.7	32.8
Denmark	3.4	52.1	3.6	66.4	3.3	54.0	2.8	54.1
France	3.5	53.5	4.0	74.4	3.6	58.1	5.6	106.9
Federal Republic of Germany	10.0	151.8	9.4	172.5	16.7	269.9	19.5	373.8
Italy	2.5	37.6	1.6	29.8	1.9	30.7	2.0	38.6
Netherlands	4.8	73.7	3.6	65.2	3.6	57.5	3.9	74.3
Norway	4.5	68.8	2.8	50.8	2.7	43.5	2.4	45.9
Portugal	0.3	4.0	0.2	4.6	0.7	10.6	0.6	12.0
Spain	0.9	13.9	1.0	17.7	0.8	13.2	0.5	9.7
Sweden	16.3	248.0	19.2	351.6	19.8	318.9	17.8	341.1
Switzerland	2.2	33.0	2.4	44.5	3.8	61.4	3.3	63.4
United Kingdom	19.0	289.1	18.2	334.1	15.6	252.6	13.9	266.7
Other	1.8	27.1	2.8	50.7	0.3	4.2	0.3	4.5
OECD countries outside Europe	6.1	92.1	6.9	127.0	7.1	114.9	5.8	111.8
Canada	1.1	16.3	1.3	23.9	0.2	3.9	0.3	5.0
Japan	0.2	2.2	0.4	7.8	2.2	35.2	1.5	29.9
United States	4.8	73.6	5.2	95.3	4.7	75.8	4.0	76.9
Eastern Bloc	12.3	187.8	13.9	255.8	14.8	238.4	15.8	303.4
Czechoslovakia	0.4	7.2	0.5	8.8	0.5	7.5	0.6	10.9
Democratic Republic of Germany	0.7	10.5	0.4	8.3	0.5	8.1	0.6	10.6
People's Republic of China	0.2	3.1	0.3	5.1	0.5	7.4	0.1	2.4
Poland	1.3	19.6	0.6	10.9	1.5	24.3	0.6	11.7
Soviet Union	8.9	135.5	11.5	210.7	11.2	181.7	12.2	235.0
Other	0.8	11.9	0.6	12.0	0.6	9.4	1.7	32.8
Latin America	3.0	45.7	1.8	32.9	0.2	4.0	1.6	30.1
Argentina	1.3	19.4	0.4	6.9	0.0	0.9	0.0	0.6
Brazil	0.6	9.6	0.7	13.7	0.0	0.1	0.4	6.2
Colombia	0.2	3.7	0.1	1.7	0.0	0.1	0.8	15.4
Other	0.9	13.0	0.6	10.6	0.2	2.9	0.4	7.9
Other	6.9	105.6	6.2	112.6	1.4	22.0	1.2	23.3
GRAND TOTAL	100.0	1 523.6	100.0	1 835.5	100.0	1 614.3	100.0	1 916.4
of which								
EFTA countries	46.6	710.1	47.3	869.1	47.9	772.6	42.1	807.2
EEC countries	22.5	343.4	20.3	372.0	27.7	446.9	32.7	626.4
OECD countries	77.8	1 184.5	78.1	1 434.2	83.6	1 349.9	81.4	1 559.6

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
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970 ^f	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971*	9 845	11 765	-1 920	+659	+246	+69	-946	-490	- 1	-1 437
Jan.-Mar										
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										
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.										
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.										
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
1971*	2 884	3 569	-685	+108	+ 46	+13	-518	-117	+ 5	-630

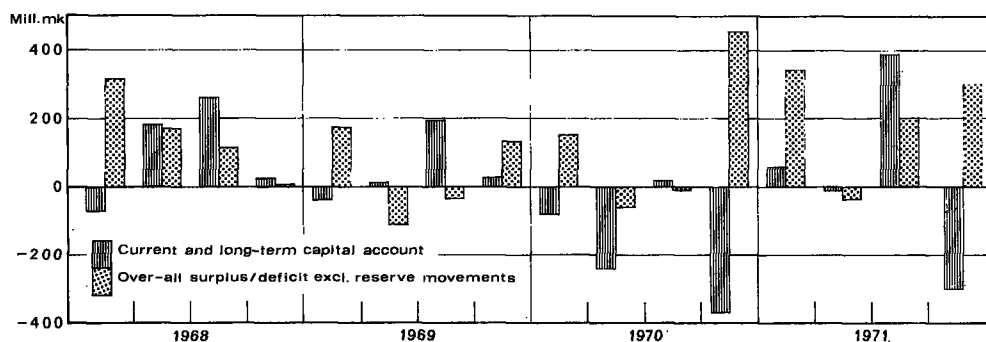


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 1 ²
+2 730	-855	-208	- 87	+1 580	+143	+391	+310	- 38	+806	-555	-251
+ 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
+ 610	-228	- 5	-18	+359	+ 59	+ 20	+329	- 66 ²	+342	-314	- 28
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 595	-200	- 11	-29	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 868	-252	- 89	+ 5	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 657	-175	-103	- 45	+334	-296	+568	-184	+214	+302	-305	+ 3

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 & transp. 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												
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
1972												
Jan.	323	325	315	317	390	312	352	302	318	154	170	137
Feb.	328	331	319	320	394	323	357	306	326	154	170	137
March	330	334	317	321	394	326	360	309	326	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												
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
1972												
Jan.	242	190	125	124	120	115	126	145	121	128	125	128
Feb.	245	192	126	126	120	115	126	147	122	131	126	129
March	247	194	127	127	120	116	126	147	122	133	127	131

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							
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

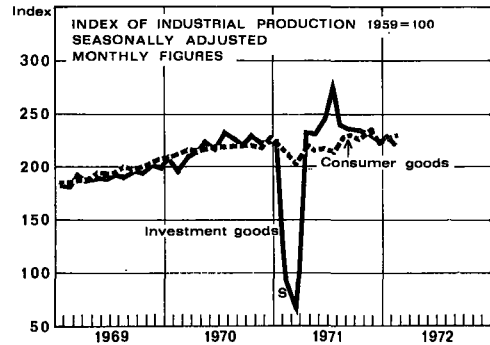
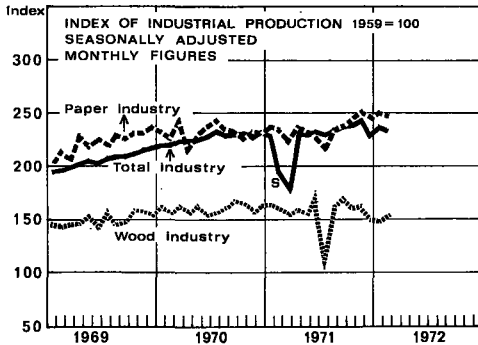
Volume indices of production 1964 = 100

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	95	111	140	98	132	133	129	128	134
1971*	133	151	95	106	138	97	134	139	136	132	140
1971*											
Jan.-Mar.	127	142	57	158	93	93	126	131	133	131	139
Apr.-June	134	154	80	119	129	98	135	142	134	131	140
July-Sept.	135	143	175	55	160	100	138	135	135	132	140
Oct.-Dec.	138	166	66	90	168	97	138	149	140	134	142
1972*											
Jan.-Mar.	135	169	58	119	93	99	131	136	140	135	146

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	
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
1971*	227	208	231	223	190	161	237	351	314	211	227
1970*											
Dec.	240	242	243	230	198	167	215	374	321	245	233
1971*											
Jan.	235	234	244	215	163	168	247	352	324	238	230
Feb.	196	102	202	207	162	166	231	328	315	109	195
March	207	83	212	231	180	187	256	346	318	90	183
April	234	237	233	233	185	175	218	396	296	235	233
May	233	231	236	225	186	170	229	372	319	234	232
June	226	238	223	226	204	172	203	336	321	244	234
July	175	153	186	154	175	104	222	300	283	140	231
Aug.	231	218	229	236	190	134	247	320	333	221	235
Sept.	245	250	245	241	190	166	246	362	330	253	239
Oct.	251	255	256	237	226	169	256	362	344	258	240
Nov.	256	255	261	244	231	162	257	376	323	258	245
Dec.	239	241	242	230	186	155	229	362	267	248	232
1972*											
Jan.	246	246	252	228	170	158	262	406	272	255	238
Feb.	245	245	249	234	173	167	251	388	283	249	235



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
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	2 194	2 153	41	1.9	39 267	114	130	125
1971*	2 199	2 150	49	2.2	36 238	118	137	122
1971*								
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.	2 179	2 138	41	1.9	2 274	120	142	128
Nov.	2 177	2 131	47	2.2	2 616	117	144	123
Dec.	2 175	2 122	53	2.4	3 233	156	155	121
1972*								
Jan.	2 134	2 063	71	3.3	3 009	110	126	130
Feb.	2 132	2 056	76	3.6	3 927

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											
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	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	26.0	37.00	15.67	3.12	13.71	2.91	37.34
1970*											
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.62	5.79	1.79	5.24	1.23	36.56
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	41.76
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	12.67	5.35	1.12	5.03	0.76	37.34

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
- 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. m, 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 (1969): Gross value of industrial production 30 676 mill. marks, number of workers 375 063, salaried employees 95 910, motive power (1968) 4.7 mill. kW. Index of industrial production 227 for 1971 (1969 = 100).

STATE RAILWAYS (Jan. 1, 1972): Length 5 874 km.

MERCHANT FLEET (April 30, 1972): Steamers 41 (43 908 gross reg. tons), motor vessels 384 (786 615 gross reg. tons), tankers 59 (733 446 gross reg. tons), sailing vessels with auxiliary engines 4 (566 gross reg. tons). Total 488 (1 564 535 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1971): Passenger cars 753 000, motor and vans 113 600, buses 8 200, others 5 200. Total 880 000.

FINNISH AIRCRAFT (May 1972): Finnish Airlines. Finnair and Kar-Air have in use 3 DC-8-62s, 2 DC-6s, 8 Super Caravelles, 8 DC-9s and 7 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 17 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, 1971). There are two big and five small commercial banks with in all 833 offices, 306 savings banks, 424 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and fifty-nine 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 $7\frac{3}{4}\%$. The range of rates for other credits granted by the Bank of Finland is between 6 and 9 ‰. Other credit institutions: term deposits $4\frac{1}{4}\%$, 6 month deposits $4\frac{3}{4}\%$, 12 month deposits $5\frac{1}{4}\%$, 24 month deposits $6\frac{1}{4}\%$; highest lending rate 11%.

THE BANK OF FINLAND

by Markku Puntila, D. Pol. Sc.

Director of the Bank of Finland

In the present series of articles on Finnish financial institutions, two articles on Finland's central bank, the Bank of Finland, will be published. The first deals with the tasks and position of the Bank of Finland and the second with monetary policy in Finland.

THE TASKS OF THE BANK OF FINLAND

The most important tasks of the Bank of Finland lie in the field of monetary policy. In addition, the Bank is involved in many other areas of economic, and especially counter-cyclical, policy. The Bank is required by law to submit statements for policy-makers or to participate in the preparation of policy decisions in other ways.

As new means and methods of payment have been developed, the significance of the Bank of Finland as the centre of the country's monetary and payments systems has declined. Nonetheless, it continues to manage note circulation and to function as the clearing centre for domestic banking institutions. In addition, the Bank of Finland is the central organ of the country's foreign exchange market. Foreign exchange rate quotations are fixed in its daily meetings with the banks.

It is also the task of the Bank of Finland to act as an agent for the Government in its relations with such international financial organizations as the International Monetary Fund, the World Bank, the International Finance Corporation, the International Development Association, in all of which Finland is a member. In addition the Bank of Finland is a shareholder in the Bank for International Settlements.

THE ADMINISTRATIVE POSITION OF THE BANK OF FINLAND

The Bank of Finland was founded in 1811, two years after Finland was separated from Sweden and incorporated into the Russian Empire as an autonomous Grand Duchy. The Bank was subordinated to the Senate (Cabinet) at the time of its foundation. In 1868 the Bank was placed under the supervision of the Diet instead of the Senate, and special Bank Supervisors elected by the estates of the Diet began to superintend its activities. A similar administrative arrangement was instituted when the country became independent in 1917. The Constitution provides that »the Bank of Finland shall be managed by Parliament and shall operate under its guarantee and shall be supervised by the Bank Supervisors of Parliament.» The administration of the central bank was thus organized on the same lines as that of the Swedish Riksbank which was subordinated to Parliament at the time of its foundation in 1668.

The present administrative position of the Bank of Finland is defined in more detail by the Regulations for the Bank of Finland, which have the status of law and are passed according to normal legislative procedure. There have been no major revisions in the present Regulations which date from 1925, although many details have been changed. According to the Regulations for the Bank of Finland, the administration of the Bank lies mainly in the hands of the Bank Supervisors of the Parliament and the Board of Management of the Bank.

The Bank Supervisors, of whom there are nine, are elected by Parliament for the life of that Parliament. In the election the principle of proportional representation is followed so that the party affiliations of the Bank Supervisors reflect

the distribution of seats in Parliament. The Bank Supervisors do not have to be members of Parliament, and according to the present Regulations, Bank Supervisors cannot be members of the Cabinet. The primary task of the Bank Supervisors is to superintend the administration and management of the Bank. In addition, certain important decisions on the Bank's activities are made by the Bank Supervisors, e.g. the determination of rates of interest charged by the Bank, especially the rate on central bank credit granted to banking institutions. Similarly the Bank Supervisors determine the rates of interest paid on deposits with the central bank. The Bank Supervisors also decide on the acquisition, building, selling or donating of real estate, on borrowing abroad and on the issue, denomination and design of new bank notes. They decide on the distribution of tasks among the members of the Board of Management of the Bank and appoint the Directors of the Bank and the Managers of the branch offices. Certain decisions concerning Bank personnel are also made by the Bank Supervisors.

The Board of Management of the Bank, which comprises five members besides the Governor, is appointed by the President of the Republic on the basis of the Bank Supervisors' proposal. However, the President is not bound to follow the Bank Supervisors' suggestion. All matters which have not been explicitly delegated to the Bank Supervisors are taken care of by the Board of Management. Consequently, the Board of Management alone decides on the use of many important monetary policy weapons.

The Bank of Finland is formally fully independent of the government. However, the law calls for co-operation between the Bank of Finland and the government when some important economic policy decisions are being made. Thus, e.g., a decision to change the international par value of the mark can be made by the government only at the suggestion of the Bank of Finland. The government may then either approve or reject the Bank's proposal; in the latter case the par value remains unchanged. A similar stipulation applies to the granting of issuing rights for domestic bonds. Issuers other

than the state must have the permission of the Cabinet to issue bonds. Before discussing the application, the Cabinet must have the opinion of the Board of Management of the Bank and cannot grant permission if the Bank opposes the application. In many other economic policy matters the government is obliged to consult the Bank before reaching a decision. Otherwise co-operation between the Bank and the government is unregulated. In practice co-operation is fairly close, depending to some extent on the persons involved. The independence of the Bank from the government is emphasized by the fact that if a member of the Board of Management of the Bank is appointed to a ministerial post, a rather frequent occurrence in the last few years, he must ask the Bank Supervisors for a leave of absence from the Bank. Consequently a minister cannot be a member of the Board of Management of the Bank or a Bank Supervisor.

The independence of the Bank of Finland, especially in matters which fall under the authority of the Board of Management, has allowed the Bank to pursue a fairly autonomous policy. This has served to safeguard the application of an independent and long-term monetary policy in circumstances where the implementation of a firm fiscal policy has often been hampered by the short life of governments typical of the Finnish multi-party system. On the other hand the independence of the central bank has at times been an obstacle to co-operation between the Bank and the government and thus to the co-ordination of monetary and fiscal policy.

STRUCTURAL FEATURES

Apart from the head office in Helsinki, the Bank of Finland has twelve branches in the largest cities of the country. The activities of the Bank are, however, greatly centralized; the tasks of the branch offices are primarily technical and connected with note circulation or payments. For printing bank notes the Bank of Finland has a note-printing works, which carries out

other demanding printing tasks as well. At the head office there is an institute for economic research, which produces background information on the development of the economy for the Bank's policy decisions.

The number of people employed by the Bank at the end of 1959 and 1969 can be seen from the table below.

TABLE 1. THE BANK OF FINLAND'S PERSONNEL

	At the end of the year	
	1959	1969
Head office	415	512
Branch offices	176	205
Note-printing works	176	233
Total	767	950

About 60 per cent of the personnel are women.

THE BANK OF FINLAND'S FINANCIAL ACTIVITIES

The nature of the financial activities of the Bank are reflected in the Bank's balance sheet.

LIABILITIES

The major part of the liabilities of the Bank usually consists of notes in circulation. This item is relatively larger in the Bank of Finland's liabilities than in those of many other central banks. This is mainly due to the fact that in Finland the banks are not obliged either by law or custom to keep permanent cash reserves with the central bank. As the banks are usually continuously indebted to the central bank, it is in their advantage to use all the funds accumulating on their cheque accounts at the Bank of Finland to amortize their central bank debt. Consequently the banks' cheque account balances at the central bank are usually very small. In this respect the figures for the year 1959 shown in table 2 are exceptional because the banks had, owing to easy credit market conditions, more cheque account claims on the central bank than usual.

TABLE 2. BREAK-DOWN OF THE BANK OF FINLAND'S TOTAL LIABILITIES

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Notes in circulation	694.4	57.0	1 298.4	43.1
Foreign liabilities	179.6	14.7	100.9	3.3
Domestic demand liabilities	109.1	9.0	30.3	1.0
Domestic term liabilities	30.3	2.5	299.9	9.9
Own funds ¹⁾	204.7	16.8	933.6	31.0
Other liabilities	—	—	351.7	11.7
Total	1 218.1	100.0	3 014.8	100.0

¹⁾ Incl. equalization accounts.

The major part of the foreign liabilities of the Bank of Finland in the last few years has consisted of liabilities to the Bank's correspondents payable on demand. Long-term foreign liabilities have existed only occasionally, and they have been used to support the country's international liquidity position. In 1959 foreign liabilities still included a considerable amount of loans granted to Finnish enterprises by the World Bank. Subsequently such loans have been channelled through special credit institutions.

Domestic sight liabilities of the Bank of Finland comprise, in addition to the cheque accounts of the private banks, i.e., the cheque account balances of the Treasury and the Post Office Bank. These are generally rather small, but the 1959 figure for domestic demand liabilities includes an exceptionally large Treasury cheque account balance.

Domestic long-term liabilities of the Bank consist mainly of various counter-cyclical reserves. Both the 1959 and 1969 domestic term liabilities include export levy funds collected in connection with devaluation. At the end of 1969, domestic term liabilities also included the banks' cash reserve deposits and entrepreneurial investment deposits. In the last few years counter-cyclical reserves have also been collected from the private sector in the form of counter-cyclical deposits. Deposit certificates sold by the Bank of Finland are at present an important long-term liability.

At the end of 1969 other liabilities of the Bank consisted completely of the IMF mark accounts which had been transferred to the Bank of Finland.

ASSETS

Gold and foreign exchange assets account for the larger part of the foreign assets of the Bank of Finland, the major item on the assets side. The gold tranche in the IMF and special drawing rights are also at present included in this item.

TABLE 3. BREAK-DOWN OF THE BANK OF FINLAND'S TOTAL ASSETS

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Foreign assets	766.9	63.0	1 433.1	47.6
Claims on domestic banks	47.2	3.9	637.1	21.1
Lending to private firms	159.7	13.1	317.7	10.5
Other assets	244.3	20.0	626.9	20.8
Total	1 218.1	100.0	3 014.8	100.0

The structure of the Bank of Finland's assets since the second World War has been characterized by the relatively large share of the banks' central bank liability. The year 1959 was exceptional in this respect, too. The share of the banks' central bank liability at the end of 1969 was of the normal magnitude.

The Bank of Finland has also continuously granted credits directly to enterprises. In the 1950's these credits went mainly to those export enterprises which were well-established customers of the Bank. However, in the early 1960's the Bank gradually abolished this practice. Since then credit-granting to the private sector has taken place mainly through special credit arrangements. These have been organized in co-operation with the commercial banks and the Post Office Bank so that certain projects have been financed partly by the Bank of Finland and partly by these banks.

Other assets primarily comprise investment in domestic bonds, and, at the end of 1969, the Finnmark quota in the International Monetary Fund.

EARNINGS AND EXPENSES

Interest earnings on domestic loans, including lending to the banks, have formed by far the largest revenue item for the Bank of Finland. As has been indicated, the year 1959 was quite exceptional in this respect. The other important sources of revenue have usually been foreign exchange assets and domestic bonds.

TABLE 4. DISTRIBUTION OF THE BANK OF FINLAND'S REVENUE AND EXPENDITURE

	1959		1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Revenue				
Interest on domestic lending	5.6	22.9	43.0	48.9
Interest on foreign exchange claims	10.4	42.4	26.0	29.6
Interest on bonds	3.3	13.5	10.5	11.9
Other revenue	5.2	21.2	8.4	9.6
Total	24.5	100.0	87.9	100.0
Expenditure				
Interest on deposits	—	—	9.0	10.3
Salaries	4.1	16.8	10.5	11.9
Depreciation	4.2	17.1	4.2	4.8
Other expenditure	3.7	15.1	8.9	10.1
Profit for the year	12.5	51.0	55.3	62.9
Total	24.5	100.0	87.9	100.0

Expenditure is distributed much more evenly than revenue among the various items. The largest item of expenditure has generally been wage and salary expenditure. In the years when counter-cyclical reserves held by the Bank have been great, interest payments have sometimes exceeded wage and salary expenditure. In as much as the Bank of Finland is a central bank, the bulk of its liabilities does not bear interest, and thus annual profits are rather high in relation to total expenditure. According to the Regulations for the Bank of Finland, one-half of the annual profits has been transferred to the reserve fund while the other half has, by Parliamentary decision, been transferred to the Treasury.

ITEMS

Board of Management of the Bank of Finland. At their meeting on March 14, 1972, the Bank Supervisors appointed Mr. A. Simonen, Lic. Jur., who is a member of the Board of Management, to the position of Deputy Governor and Acting Governor of the Bank while the Governor, Dr. Mauno Koivisto, is on leave of absence. At present Dr. Koivisto is Minister of Finance.

Finland borrows DM 100 million in the Federal Republic of Germany. In April the Republic of Finland signed an agreement for a bond issue of DM 100 million, to be offered for public subscription in the Federal Republic of Germany. The offer has been underwritten by a consortium headed by Dresdner Bank AG.

The loan is current for a period of 15 years, starting April 1, 1972, with a rate of interest of 7 per cent. The bonds will be redeemed in ten equal annual instalments after a five year grace period. The price at issue is 99 per cent. The bonds are quoted on the Hamburg, Düsseldorf and Frankfurt on Main Stock Exchanges. The proceeds of the loan will be used to finance industrial investment in Finland.

Rainer von Fieandt, Envoy Extraordinary and Minister Plenipotentiary, former Governor of the Bank of Finland, died on April 28 at the age of 81. Mr. von Fieandt was Governor of the Bank from 1955 to 1957 and Prime Minister of Finland in 1957—1958. He was Governor for Finland in the International Monetary Fund from 1955 to 1958 and in the International Bank for Reconstruction and Development from 1958 to 1964. He was a Honorary Trustee of the Per Jacobsson Foundation from 1964.

BANK OF FINLAND

Board of Management

Mauno Koivisto

*Governor, absent as
a Member of Government*

A. Simonen

Ahti Karjalainen

Deputy Governor, Acting Governor

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

ad int.

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*

Kari Nars

Leo Lindström

*Special offices
for international matters*

Foreign exchange control

Stig Törnroth

K. Eirola

Cash

Automatic Data Processing

A. Nenonen

Väinö Heiskanen

Foreign correspondence

Banking services

Eino Suomela

Internal Audit

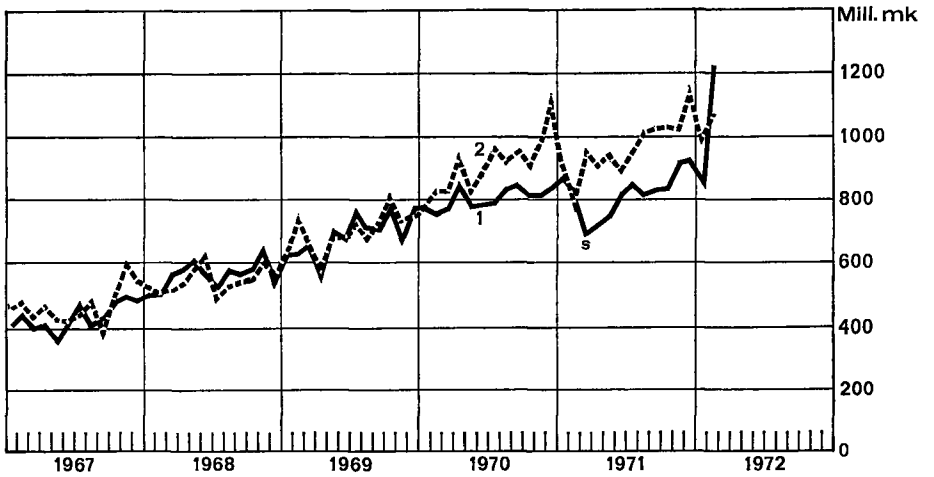
Institute for Economic Research

Pertti Kukkonen

Director

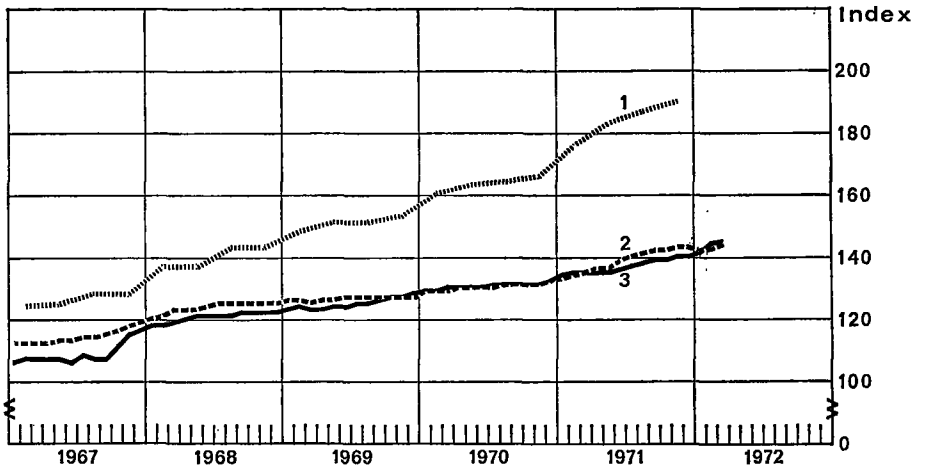
Foreign trade, 1967 - 1972

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



Prices and wages, 1967 - 1972

- 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, 1967 - 1972

- 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

