

BANK OF FINLAND

Monthly Bulletin

On the occasion of the closing of the
1973 accounts

The Finnish employment pensions
scheme

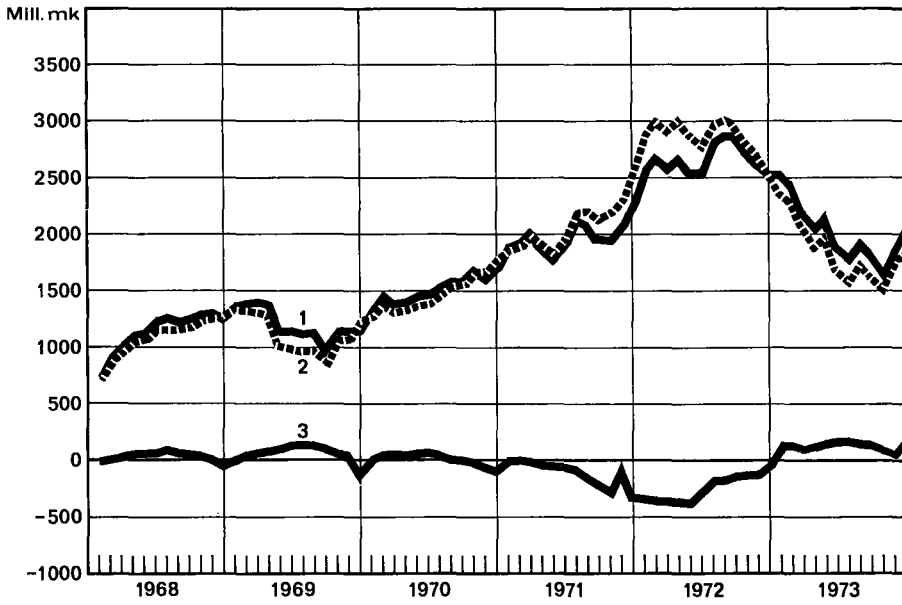
Inflow of long-term capital in January-
September 1973

Supplementary budgets

JANUARY 1974

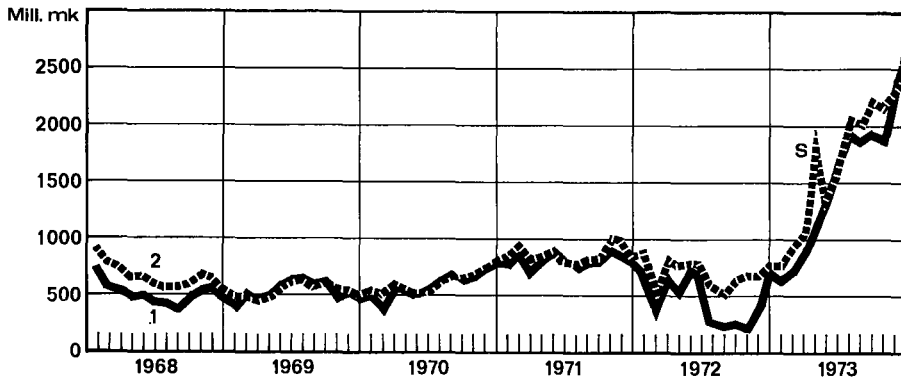
Vol. 48 No. 1

Bank of Finland foreign exchange reserve, 1968 - 1973



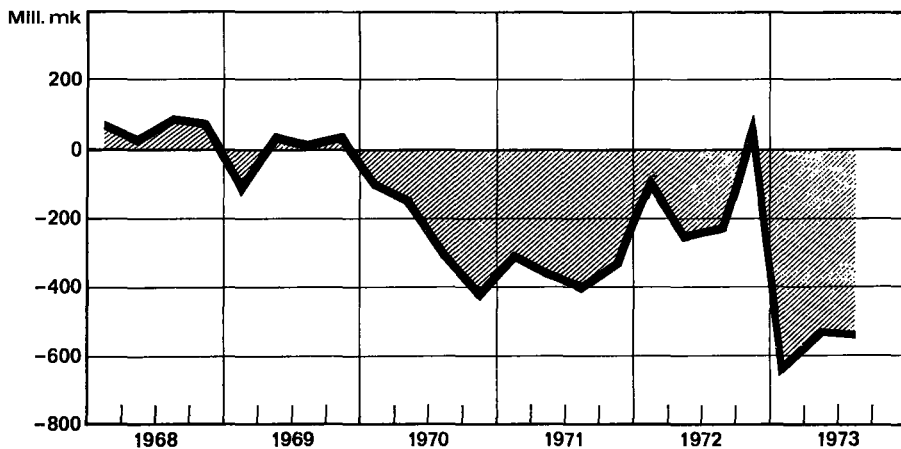
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1968 - 1973



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

Balance of payments current account surplus / deficit, 1968 - 1973



Seasonally adjusted quarterly figures

ON THE OCCASION OF THE CLOSING OF THE 1973 ACCOUNTS

the Governor of the Bank of Finland, Dr. Mauno Koivisto, has made the following statement

During 1973 the cyclical upswing led to capacity constraints and a shortage of labour in most fields, particularly in southern Finland. On the other hand, unemployment remained quite high in northern and eastern Finland. During the past year inflation accelerated further and reached a level which threatens to impede economic development seriously. Imbalances in the economy meant that the growth of the current account deficit was substantial, even for the prevailing cyclical position. The inflow of foreign capital was clearly less significant than in the previous year, and the foreign exchange reserves declined, particularly during the first half of 1973.

During 1973 the growth of total demand was curbed through the gradual implementation of progressively more stringent monetary policy measures. The decline in the foreign exchange reserves contributed to the tightening of the credit market from the opening months of the year. At the end of February the Bank of Finland's share in the financing of domestic delivery credits was reduced. At the end of June, a set of policy measures was agreed upon: for monetary policy this implied a general rise in interest rates from the beginning of July and a lowering of the credit quotas of the commercial banks. Furthermore, general guidelines for credit granting during the coming years were also given so as to strengthen the impact of the other policy measures taken. However, it became necessary to modify the earlier decision and to raise the credit quotas from the beginning of September, since otherwise the credit market would have tightened more sharply than was desired, mainly as a result of the decline in the foreign exchange reserves which had taken place during the summer. During the autumn the Bank of Fin-

land sent the financial institutions supplementary guidelines on granting credit for certain special types of projects.

Even after the currency crises of the first months had passed, general instability continued to colour the international foreign exchange market. Unstable exchange rate developments in these markets meant that the rates for various currencies fluctuated differently against the mark. Until November the average international value of the mark was kept at the level of the beginning of the year. Since then, however, the value of the mark has risen slightly.

Drawings of long-term foreign loans during the first half of the year were just sufficient to cover corresponding amortizations. Towards the end of the year, however, the inflow of long-term capital picked up, but the total net inflow of long-term capital came to less than a half of that in the previous year. For this reason, the increasing burden of the current account deficit fell primarily on the foreign exchange reserves of the Bank of Finland, which declined by 491 million marks during 1973.

The debt of the commercial banks to the central bank, which grew by 1 859 million marks in 1973, was substantially in excess of the credit quotas on which the basic discount rate is charged. This credit was used to finance an expansion in lending, which was quite large in light of the sluggish growth of deposits, and, for its part, aggravated Finland's economic problems. On the other hand, the surplus in state finances, which was desirable from the point of view of cyclical policy, was tied to the Bank of Finland, e.g. in the form of a 500 million mark transfer to the

central government's counter-cyclical reserves. Total funds invested in deposit certificates increased by 660 million marks in 1973. Otherwise, changes in the items of the Bank's balance sheet were of relatively minor importance. The Bank of Finland's profits for 1973 amounted to 98 million marks.

It seems obvious that excessive demand pressures will fall off during the current year, but, apart from seasonal unemployment, no serious employment problems are expected, at least during the first half of the year. In view of the lag before a policy begins to take effect, counter-cyclical measures designed to boost production

and employment are beginning to receive attention. However, there will be no scope for such measures unless we reach incomes policy agreements which will allow the country to maintain its international competitiveness. Irrespective of how energy problems affect international cyclical developments, the rising relative price of imported energy will certainly place new demands on the growth and structural policies of the coming years and may also limit the room for active counter-cyclical measures raising production and promoting employment.

January 3, 1973

BANK OF FINLAND

Mill. mk

	1972		1973				
	Dec. 29	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 31	
Assets							
Gold and other foreign assets	2 912	2 328	2 307	2 328	2 423	2 493	
Gold	205	152	127	121	121	121	
Special drawing rights	283	285	285	285	285	285	
IMF gold tranche	268	268	268	268	268	268	
Foreign exchange	1 929	1 355	1 358	1 375	1 468	1 546	
Foreign bills	110	100	101	99	99	96	
Foreign bonds	117	168	168	180	182	177	
Claims on domestic banks	758	2 673	2 773	2 425	2 973	2 617	
Discounted bills	752	2 623	2 700	2 358	2 835	2 556	
Rediscounted bills	1	—	—	—	—	—	
Cheque accounts	5	50	73	67	138	61	
Other lending	316	355	354	355	370	362	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	44	60	60	62	62	58	
Loans	272	295	294	293	308	304	
Other assets	607	724	738	762	705	598	
Finnish bonds	47	150	170	189	142	33	
Finnish coin	25	37	32	31	26	25	
Currency subscription to Finland's quota							
in the IMF	530	530	530	530	530	530	
Other claims	5	7	6	12	7	10	
	Total	4 593	6 080	6 172	5 870	6 471	6 070
Liabilities							
Notes in circulation	1 730	1 790	1 951	2 037	2 142	1 907	
Liabilities payable on demand	136	308	181	174	343	178	
Foreign exchange accounts	78	99	84	84	82	80	
Mark accounts of holders abroad	43	71	72	64	65	67	
Cheque accounts							
Treasury	1	50	0	0	50	2	
Post Office Bank	2	67	0	1	121	2	
Private banks	—	—	—	—	—	—	
Other	1	2	6	6	5	8	
Other sight liabilities	11	19	19	19	20	19	
Term liabilities	899	2 245	2 244	1 868	2 208	2 214	
Foreign	—	76	76	38	—	—	
Domestic	899	2 169	2 168	1 830	2 208	2 214	
IMF mark accounts	530	530	530	530	530	530	
Allocations of special drawing rights	258	258	258	258	258	258	
Equalization accounts	286	172	221	206	184	171	
Bank's own funds	754	777	787	797	806	812	
Capital	600	600	600	600	600	600	
Reserve fund	74	114	114	114	114	114	
Profits undisposed	—	—	—	—	—	—	
Earnings less expenses (Dec. 31, Net profit)	80	63	73	83	92	98	
	Total	4 593	6 080	6 172	5 870	6 471	6 070

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
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
1972	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973	2 220	147	2 073	803	530	2 346	— 1	2	— 3
1972									
Oct.	2 881	134	2 747	742	530	2 959	— 2	43	— 45
Nov.	2 791	146	2 645	740	530	2 855	— 2	47	— 49
Dec.	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973									
Jan.	2 629	70	2 559	748	530	2 777	— 2	43	— 45
Feb.	2 530	70	2 460	740	530	2 670	— 2	47	— 49
March	2 287	75	2 212	737	530	2 419	— 2	41	— 43
April	2 177	73	2 104	752	530	2 326	— 2	46	— 48
May	2 280	90	2 190	762	530	2 422	— 1	41	— 42
June	1 985	75	1 910	771	530	2 151	— 1	5	— 6
July	1 931	96	1 835	791	530	2 096	— 1	44	— 45
Aug.	2 113	156	1 957	777	530	2 204	— 1	29	— 30
Sept.	2 020	176	1 844	763	530	2 077	— 1	50	— 51
Oct.	1 861	169	1 692	768	530	1 930	— 1	49	— 50
Nov.	2 060	170	1 890	798	606	2 082	— 1	50	— 51
Dec..	2 220	147	2 073	803	530	2 346	— 1	2	— 3

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1972			Net holdings, Nov. 30, 1973			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov.
	Cold	205	—	205	152	—	152	—53
Special drawing rights	283	—	283	285	—	285	—	+2
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 814	463	2 277	1 107	102	1 209	+91	—1 068
Other currencies	— 6	— 3	— 9	78	—14	64	—54	+73
Total	2 564	460	3 024	1 890	88	1 978	—16	—1 046

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	
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	
1972	752	1	5	—	2	756	44	277	909	-588	1 730	
1973	2 556	—	61	—	2	2 615	58	314	2 240	-1 868	1 907	
1972												
Oct.	753	1	29	—	507	276	65	262	949	-622	1 507	
Nov.	787	1	17	—	312	493	57	265	937	-615	1 556	
Dec.	752	1	5	—	2	756	44	277	909	-588	1 730	
1973												
Jan.	621	1	9	—	18	613	40	273	911	-598	1 497	
Feb.	828	1	56	—	162	723	40	275	900	-585	1 521	
March	986	1	17	—	16	988	41	291	891	-559	1 562	
April	2 036	1	—	3	768	1 266	43	293	1 033	-697	1 937	
May	1 363	1	—	4	22	1 338	47	297	1 030	-686	1 795	
June	1 696	1	25	—	1	1 721	50	301	1 211	-860	1 829	
July	2 060	0	60	—	156	1 964	51	297	1 477	-1 129	1 695	
Aug.	1 776	0	8	—	5	1 779	52	295	1 646	-1 299	1 693	
Sept.	2 221	—	22	—	199	2 044	54	296	1 739	-1 389	1 773	
Oct.	2 363	—	54	—	320	2 097	57	302	1 730	-1 371	1 683	
Nov.	2 623	—	50	—	67	2 606	60	302	2 189	-1 827	1 790	
Dec.	2 556	—	61	—	2	2 615	58	314	2 240	-1 868	1 907	

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

SELLING RATES FOR FOREIGN EXCHANGE

Mk

January 3, 1974

New York ¹	1 \$	3.940	Frankfurt o. M.	100 DM	141.35	Vienna	100 S	19.25
Montreal	1 \$	3.960	Amsterdam	100 Fl	137.05	Lisbon	100 Esc	15.00
London	1 £	9.010	Brussels ²	100 Fr		Reykjavik	100 Kr	4.65
Stockholm	100 Kr	83.15	Zurich	100 Fr	118.20	Madrid	100 Pta	6.90
Oslo	100 Kr	67.35	Paris ³	100 FF		Moscow ⁵	1 Rbl	5.160
Copenhagen	100 Kr	61.15	Rome ⁴	100 Lit	0.6350			

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.² 9.350 commercial rate; 9.360 financial rate.³ 81.65 commercial rate; 79.35 financial rate.⁴ Clearing account: also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

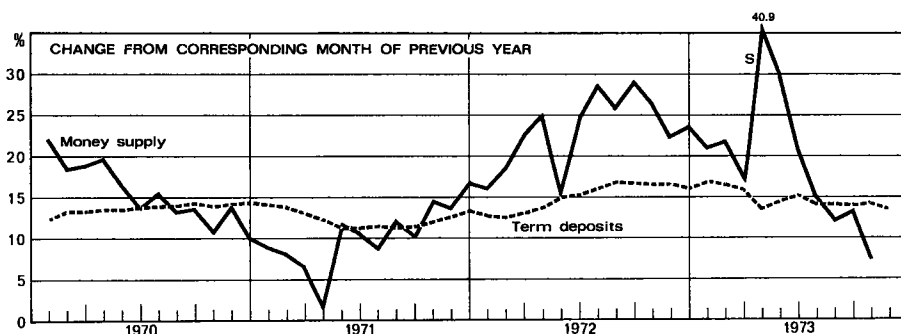
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1966	639.8	849.4	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	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8

1972*

Oct.	1 735.6	2 181.9	793.0	7 567.4	5 934.6	4 311.5	1 693.8	697.2	20 204.5	23 179.4
Nov.	1 689.1	2 140.7	797.0	7 658.3	6 018.3	4 396.2	1 727.8	700.9	20 501.5	23 439.2
Dec.	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8

1973*

Jan.	1 849.2	2 315.5	944.6	8 190.6	6 327.8	4 583.8	1 839.0	729.6	21 670.8	24 930.9
Feb.	1 796.9	2 261.8	1 047.7	8 221.3	6 399.2	4 655.8	1 866.7	737.5	21 880.5	25 190.0
March	1 649.4	2 132.3	989.5	8 197.1	6 412.9	4 672.2	1 869.7	742.3	21 894.2	25 016.0
April	1 660.4	2 144.0	1 488.1	8 028.9	6 325.3	4 647.3	1 892.5	747.5	21 641.5	25 273.6
May	1 919.5	2 512.9	1 037.9	8 259.6	6 462.6	4 712.7	1 893.8	753.0	22 081.7	25 632.5
June	1 816.1	2 292.4	1 092.5	8 345.6	6 490.8	4 699.2	1 926.3	752.0	22 213.9	25 598.8
July	1 754.2	2 236.9	1 041.5	8 326.0	6 506.9	4 735.7	1 950.5	757.7	22 276.8	25 555.2
Aug.	1 677.3	2 192.3	1 025.7	8 401.2	6 610.8	4 831.8	1 874.3	763.4	22 581.5	25 799.5
Sept.	1 630.7	2 155.5	1 098.0	8 442.8	6 689.7	4 924.3	1 994.5	783.9	22 835.2	26 088.7
Oct.	1 690.5	2 234.4	932.0	8 524.6	6 756.3	5 013.2	2 017.6	783.2	23 094.9	26 261.3
Nov.	1 681.9	2 221.5	989.1	8 508.2	6 833.8	5 113.1	2 052.0	785.2	23 292.3	26 502.9



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

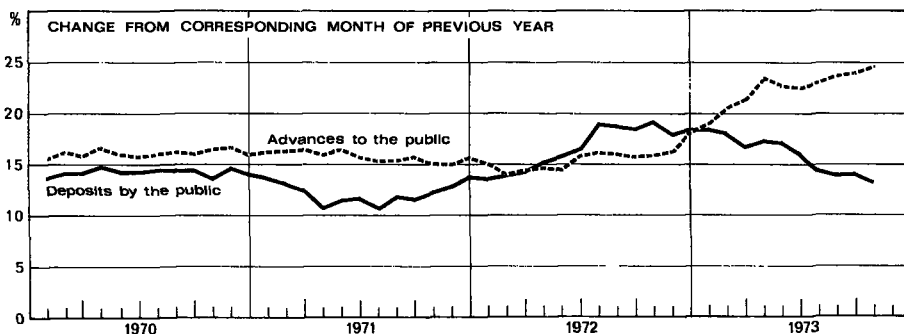
End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7		
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
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	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972*	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959

1972*

Oct.	10 214.8	5 335.2	4 357.3	2 087.0	2 171.6	23 370.8	795.1	24 165.9	4 422
Nov.	10 386.3	5 429.3	4 417.6	2 107.8	2 229.2	23 758.6	811.6	24 570.2	4 418
Dec.	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959

1973*

Jan.	10 788.6	5 590.5	4 525.4	2 344.4	2 438.0	24 878.1	808.8	25 686.9	4 627
Feb.	11 007.4	5 659.5	4 593.6	2 399.7	2 446.4	25 249.9	856.7	26 106.6	4 757
March	11 284.3	5 732.6	4 626.6	2 538.3	2 450.7	25 699.4	933.1	26 632.5	4 644
April	11 839.6	5 829.5	4 681.0	2 648.4	2 490.1	26 490.4	998.2	27 488.6	5 584
May	11 805.2	5 876.4	4 730.2	2 777.4	2 486.8	26 806.2	869.8	27 676.0	5 225
June	12 074.3	5 954.0	4 788.3	2 790.3	2 510.9	27 180.8	937.0	28 117.8	5 170
July	12 238.0	6 005.7	4 833.9	2 854.7	2 547.8	27 520.3	959.8	28 480.1	4 883
Aug.	12 419.3	6 096.5	4 908.2	2 915.1	2 565.5	27 928.1	976.5	28 904.6	4 791
Sept.	12 702.8	6 202.6	5 009.5	3 023.8	2 573.6	28 451.7	1 060.6	29 512.3	5 004
Oct.	12 968.1	6 320.2	5 116.5	3 173.2	2 592.9	29 142.5	1 028.4	30 170.9	4 749
Nov.	13 162.8	6 414.2	5 209.2	3 284.9	2 629.6	29 677.4	1 023.3	30 700.7	..



STATE FINANCES

Mill. mk

Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1972	1973		1972	1973
Income and property tax (net)	3 709	4 940	Wages, salaries, pensions etc.	1 943	2 220
Gross receipts	(7 827)	(9 853)	Repair and maintenance	288	314
Refunds & local authorities	(—4 118)	(—4 913)	Other consumption expenditure	829	1 019
Other taxes on income and property	78	102	Total consumption expenditure	3 060	3 553
Employers' child allowance payments	366	428	State aid to local authorities	1 573	1 979
Sales tax	2 968	3 482	State aid to industries	1 237	1 323
Revenue from Alcohol Monopoly	691	839	of which: agric. price subsidies	(916)	(875)
Customs duties & import charges	358	468	Child allowances	276	277
Counter-cyclical tax	3	—	Share in national pensions and health insurance	214	198
Excise duty on tobacco	421	419	Other transfer expenditure	1 300	1 531
» » on liquid fuel	582	683	Total transfer expenditure	4 600	5 308
Other excise duties	296	361	Machinery and equipment	387	433
Tax on autom. and motor cycles	337	541	House construction	242	273
Stamp duties	225	289	Land and waterway construction	786	859
Special diesel etc. vehicles tax	51	50	Total real investment	1 415	1 565
Other taxes and similar revenue ¹	246	315	Interest on State debt	207	215
Total taxes	10 331	12 917	Index compensations	23	24
Miscellaneous revenue	838	784	Net deficit of State enterprises	112	111
Interest, dividends etc.	241	305	Other expenditure	16	14
Sales and depreciation of property	—	3	Total other expenditure	358	364
Redemptions of loans granted	166	177	Increase in inventories	+65	—5
Total revenue	11 576	14 186	Lending	841	1 121
Foreign borrowing	141	15	Other financial investment	193	234
Domestic borrowing	364	199	Total expenditure	10 532	12 140
Total borrowing	505	214	Redemption of foreign loans	149	150
Deficit (+) or surplus (—)	(—954)	(—1 418)	Redemption of domestic loans	446	692
			Total redemptions	595	842
			Total	11 127	12 982

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

State debt	1969	1970	1971	1972	1973		
	Dec.	Dec.	Dec.	Dec.	August	Sept.	Oct.
Foreign debt	1 656	1 557	1 524	1 517	1 513	1 486	1 446
Lonas	2 316	2 437	2 467	2 268	1 928	1 921	1 818
Compensatory obligations	4	3	2	2	1	1	1
Short-term credit	158	46	61	56	39	39	48
Cash debt (net)	—217	—284	—528	—488	—473	—406	—518
Domestic debt	2 261	2 202	2 002	1 838	1 495	1 555	1 349
Total State debt	3 917	3 759	3 526	3 355	3 008	3 041	2 795
Total debt, mill \$	933	900	849	804	819	819	755

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1967	5 231	5 794	- 563
1968	6 874	6 711	+ 163
1969	8 345	8 505	- 160
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972*	12 082	13 107	-1 025

1972*			
Nov.	1 135	1 257	-122
Dec.	1 175	1 207	- 32

1973*			
Jan.	1 055	1 391	- 336
Feb.	1 079	1 104	- 25
March	1 167	1 384	- 217
April	938	1 287	- 349
May	1 336	1 461	- 125
June	925	1 107	- 182
July	1 094	1 207	- 113
Aug.	1 218	1 404	- 186
Sept.	1 366	1 482	- 116
Oct.	1 538	1 684	- 146

Jan.-Oct.			
1972*	9 772	10 643	- 871
1973*	11 716	13 511	-1 795

Indices of exports and imports 1962 = 100

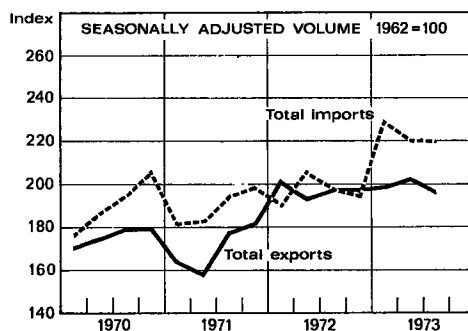
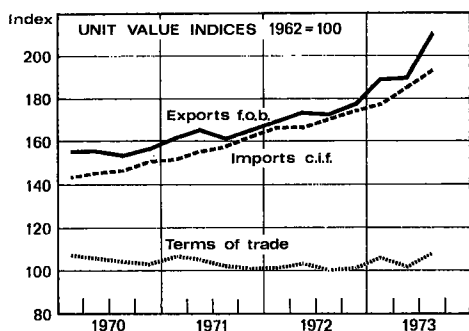
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1967	129	135	115	
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972*	197	196	174	170	102

1971					
Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102

1972					
Jan.-Mar.	192	179	170	167	102
Apr.-June	187	200	174	167	104
July-Sept.	197	190	173	171	101
Oct.-Dec.	212	215	178	175	102

1973 ¹					
Jan.-Mar.	197	222	190	178	107
Apr.-June	190	211	191	186	103
July-Sept.	197	214	211	194	109

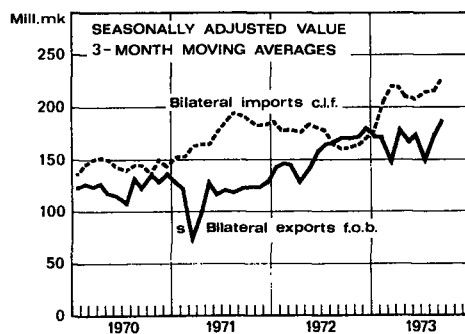
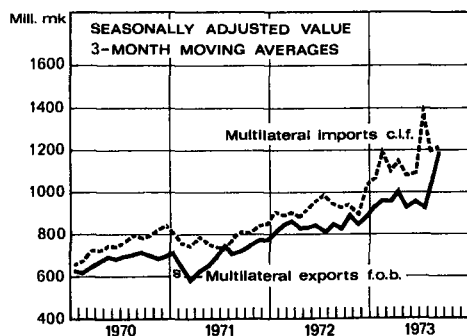
¹ The 1973 figures have been calculated by converting the final 1972 Fisher index with the percentage change in the 1973-1972 Laspeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1967	261	54	866	2 384	1 081	585	2 546	668	1 463	1 117
1968	327	56	1 158	2 994	1 566	773	3 023	874	1 525	1 289
1969	360	72	1 400	3 374	2 012	1 127	3 693	949	2 229	1 634
1970	426	88	1 544	3 789	2 437	1 403	4 918	1 243	2 906	2 004
1971	547	89	1 653	3 721	2 323	1 564	4 639	1 557	3 427	2 111
1972*	634	56	1 824	4 253	3 246	2 069	5 238	1 626	3 586	2 657
1972*										
Nov.	41	9	189	380	310	206	508	162	313	274
Dec.	72	3	186	438	281	195	523	139	303	242
1973*										
Jan.	89	6	175	359	261	165	556	164	364	307
Feb.	24	6	159	398	308	184	444	86	311	263
March	83	3	166	424	271	220	532	101	415	336
April	49	5	142	350	218	174	501	125	344	317
May	71	6	202	463	388	206	580	117	458	306
June	34	3	103	249	369	167	454	123	308	222
July	30	4	193	412	296	159	474	174	343	216
Aug.	34	7	274	510	204	189	587	186	369	262
Sept.	33	12	262	481	325	253	648	173	375	286
Oct.	46	6	287	520	393	286	657	214	487	326
Jan.-Oct.										
1972*	521	44	1 449	3 435	2 655	1 668	4 207	1 325	2 970	2 141
1973*	493	58	1 963	4 166	3 033	2 003	5 433	1 463	3 774	2 841



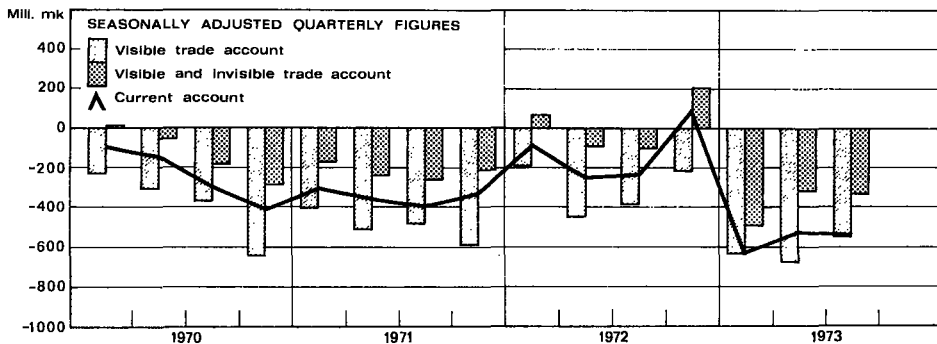
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—October				January—October			
	1972*		1973*		1972*		1973*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	72.0	7 038	71.9	8 422	74.3	7 906	73.6	9 941
Austria	1.0	94	1.2	135	1.5	162	1.7	226
Belgium-Luxembourg	2.0	193	1.9	223	1.8	195	2.2	297
Denmark	3.8	372	4.4	511	3.1	333	3.5	477
France	4.0	391	4.1	482	3.6	386	3.3	450
Federal Republic of Germany	10.3	1 005	10.7	1 259	17.9	1 902	18.9	2 560
Italy	1.4	140	1.7	205	2.0	207	1.9	251
Netherlands	3.5	348	4.0	474	3.7	392	3.4	459
Norway	3.8	370	3.6	425	3.0	314	2.7	358
Portugal	0.3	27	0.4	42	0.8	80	0.8	110
Spain	1.0	97	1.1	130	0.5	56	0.6	85
Sweden	18.2	1 778	15.2	1 779	18.7	1 994	19.6	2 642
Switzerland	2.0	194	2.1	244	3.4	366	3.3	441
United Kingdom	18.3	1 789	19.8	2 317	14.0	1 486	11.2	1 516
Other	2.4	240	1.7	196	0.3	33	0.5	69
OECD countries outside Europe	6.8	659	6.6	770	7.0	747	7.5	1 017
Canada	0.8	73	0.6	69	0.3	28	0.3	44
Japan	0.4	42	0.7	85	2.0	210	2.4	327
United States	4.9	477	4.5	526	4.3	462	4.6	623
Other	0.7	67	0.8	90	0.4	47	0.2	23
CMEA countries	14.6	1 430	13.8	1 619	15.3	1 630	15.3	2 065
Czechoslovakia	0.5	47	0.3	41	0.5	52	0.5	72
Democratic Republic of Germany	0.5	45	0.5	64	0.6	65	0.6	74
Poland	0.9	93	0.9	102	1.3	142	1.3	181
Soviet Union	11.9	1 161	11.4	1 331	11.9	1 265	11.9	1 606
Other	0.8	84	0.7	81	1.0	106	1.0	132
Latin America	2.0	200	2.1	250	1.6	166	1.5	208
Argentina	0.4	38	0.4	49	0.1	11	0.0	5
Brazil	0.7	71	0.7	82	0.5	50	0.5	61
Colombia	0.2	19	0.1	13	0.5	51	0.5	68
Other	0.7	72	0.9	106	0.5	54	0.5	74
Other	4.6	445	5.6	655	1.8	194	2.1	280
GRAND TOTAL	100.0	9 772	100.0	11 716	100.0	10 643	100.0	13 511
of which								
EFTA countries	25.4	2 478	22.6	2 653	27.5	2 931	28.1	3 800
EEC countries	44.2	4 317	47.5	5 560	46.1	4 906	44.7	6 039
OECD countries	78.8	7 697	78.5	9 192	81.3	8 653	81.1	10 958

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
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	-1	-1 422
1972	12 012	13 087	-1 075	+731	+335	+72	+ 63	-586	+43	- 480
Jan.-Mar										
1970 ^f	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971 ^f	2 168	2 536	-368	+208	- 13	+19	-154	-135	- 1	-290
1972	2 870	2 960	- 90	+217	+ 3	+ 1	+131	-142	-22	- 33
1973*	3 301	3 868	-567	+229	- 5	+15	-328	-149	-14	-491
Apr.-June										
1970 ^f	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971 ^f	2 291	2 797	-506	+141	+ 47	+21	-297	-118	- 1	-416
1972	2 856	3 298	-442	+162	+ 57	+46	-177	-155	- 8	-340
1973*	3 182	3 842	-660	+196	+ 48	+ 5	-411	-200	-23	-634
July-Sept.										
1970 ^f	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971 ^f	2 501	2 864	-363	+159	+166	+16	- 22	-119	- 4	-145
1972	2 978	3 195	-217	+170	+191	+19	+163	-140	+20	+ 43
1973	3 635	4 081	-446	+210	+230	-15	- 21	-193	- 8	-222
Oct.-Dec.										
1970 ^f	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971 ^f	2 885	3 565	-680	+152	+ 47	+10	-471	-105	+ 5	-571
1972	3 308	3 634	-326	+182	+ 84	+ 6	-54	-149	+53	-150

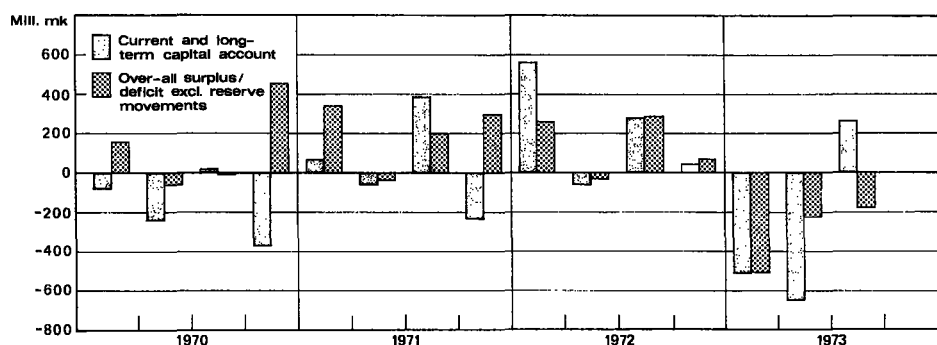


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 ²	+806	-555	-251
+3 014	-1 228	-376	-106	+1 304	+824	+104	- 90	-247 ²	+591	-271	-320
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 609	-228	- 5	-17	+359	+ 69	+ 21	+329	- 77	+342	-314	- 28
+ 968	-273	-115	+17	+597	+564	-152	- 27	-124 ²	+261	-327	+ 66
+ 365	-396	+ 34	-24	- 21	-512	+ 20	+ 7	- 22	-507	+353	+154
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 596	-201	- 11	-30	+354	- 62	-140	+146	+ 19	- 37	+ 99	- 62
+ 655	-180	-192	- 5	+278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 308	-265	- 48	- 9	- 14	-648	+ 94	+323	+ 4	-227	+301	- 74
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 869	-252	- 89	+ 5	+533	+388	- 60	+ 21	-150	+199	- 35	-164
+ 628	-327	- 41	-25	+235	+278	+265	-124	-131	+288	-314	+ 26
+ 835	-353	+ 60	-54	+488	+266	-401	-115	+ 64	-186	+ 66	+120
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 656	-174	-103	- 43	+336	-235	+566	-299	+270	+302	-305	+ 3
+ 763	-448	- 28	- 93	+194	+ 44	-101	+ 36	+ 92	+ 71	+333	-404

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



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			
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
1972	338	342	325	330	400	334	370	318	332	161	182	141
1973												
Feb.	367	370	357	361	413	364	403	351	356	169	190	149
March	372	374	365	367	429	365	405	358	362	171	190	152
April	374	376	369	369	430	367	403	362	365	175	191	160
May	382	383	375	379	438	372	407	377	369	180	191	170
June	389	391	380	390	441	374	415	390	372	183	191	176
July	404	408	390	406	456	389	439	406	382	192	213	179
Aug.	408	412	391	414	456	388	440	414	384	198	213	188
Sept.	421	426	401	437	466	388	466	425	391	202	213	194
Oct.	427	433	408	448	469	390	476	429	397	204	214	198
Nov	430	436	408	452	465	393	478	434	399	205	214	199

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
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
1972	254	199	131	133	125	118	131	147	126	135	128	135
1973												
Feb.	267	210	138	141	131	126	136	151	132	142	132	142
March	269	211	139	142	132	126	137	153	133	142	133	143
April	272	214	140	143	137	127	140	155	135	143	136	145
May	277	218	143	147	137	128	142	157	135	147	137	147
June	280	220	144	150	137	128	143	158	136	148	139	150
July	288	226	148	152	138	128	161	158	137	152	139	151
Aug.	292	229	151	154	138	131	164	159	139	155	141	152
Sept.	295	231	152	156	135	133	167	162	140	154	142	153
Oct.	297	233	153	156	135	135	170	165	140	155	143	154
Nov.	299	235	154	155	135	136	171	167	145	158	145	155

WAGES

Index of salary and wage earnings 1984 = 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							
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972*	254	222	222	197	189	196	212	189	220	206
1973*	329	257	256	223	210	218	239	212	256	237
1972*										
Jan.-Mar.	236	207	206	186	179	186	197	178	205	193
Apr.-June	251	225	219	199	191	194	215	191	223	209
July-Sept.	256	227	228	202	194	201	219	193	229	213
Oct.-Dec.	272	230	235	203	193	202	220	193	229	213
1973*										
Jan.-Mar.	287	235	238	206	198	206	221	195	234	217
Apr.-June	331	260	251	227	213	222	239	213	259	240
July-Sept.	336	264	266	229	215	222	247	219	267	246
Oct.-Dec.	339	268	269	231	216	224	249	220	268	247

PRODUCTION

Volume indices of production 1984 = 100

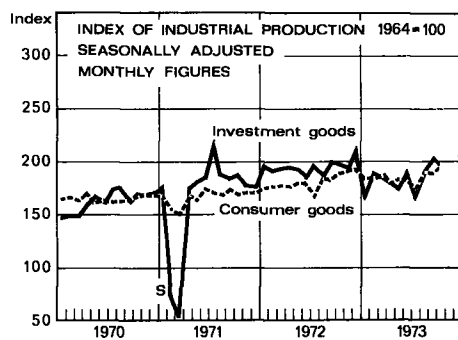
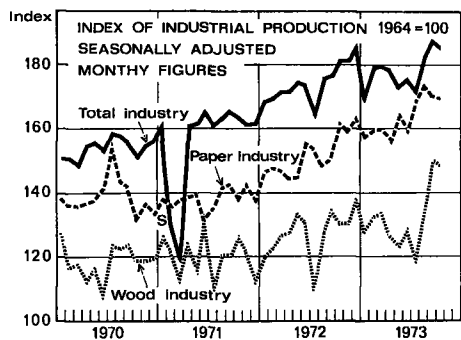
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1970	132	154	96	111	141	98	132	132	129	128	134
1971	136	157	98	106	138	99	134	140	135	135	140
1972*	145	176	95	95	149	103	144	154	142	140	148
1972*											
Jan.-Mar.	142	181	60	132	106	103	132	145	140	138	147
Apr.-June	143	172	86	108	143	106	146	149	141	139	148
July-Sept.	144	157	172	51	169	102	150	152	142	140	148
Oct.-Dec.	151	194	62	90	177	101	150	170	145	141	150
1973*											
Jan.-Mar.	149	195	52	128	119	106	143	161	146	140	154
Apr.-June	149	185	82	118	136	101	153	160	147	144	155

PRODUCTION

Index of industrial production 1970 = 100¹

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	
1971	101	103	102	102	104	103	100	116	105	100	102
1972*	114	120	113	111	110	110	110	137	113	118	113
1972*											
April	112	124	110	112	104	118	94	137	104	120	111
May	116	125	114	116	120	130	100	133	106	125	113
June	110	117	108	110	117	116	97	134	104	114	113
July	78	62	83	69	103	63	107	105	87	61	108
Aug.	114	109	111	118	120	98	111	136	129	110	114
Sept.	115	124	114	113	108	112	109	126	130	122	115
Oct.	126	133	126	123	126	119	124	152	135	132	118
Nov.	125	131	123	125	118	111	121	148	131	132	118
Dec.	116	119	117	111	104	104	111	149	120	122	121
1973*											
Jan.	123	123	125	120	98	126	123	156	128	126	111
Feb.	116	121	117	112	96	117	115	139	122	123	117
March	129	132	130	127	108	132	126	152	138	138	117
April	112	112	111	113	103	111	99	145	124	115	116
May	123	125	120	126	126	132	122	140	96	131	113
June	106	114	103	109	108	111	94	121	70	117	114
July	83	56	88	72	109	65	118	105	109	57	112
Aug.	118	109	116	121	129	105	124	134	138	116	118
Sept.	118	120	119	114	113	120	124	145	128	123	122
Oct.	132	139	132	130	133	142	131	153	140	141	120

¹ New series, see explanations on page 18.



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Unem- ployed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesale- sellers' volume index 1968 = 100
1968	3 438	2 188	2 100	88	4.0	31 859	100	100
1969	3 480	2 189	2 127	62	2.8	35 338	108	117
1970	3 492	2 194	2 153	41	1.9	39 267	114	130
1971	3 507	2 199	2 150	49	2.2	36 238	118	137
1972*	3 541	2 206	2 149	57	2.6	31 441	128	151
1972*								
Dec.	3 558	2 187	2 132	55	2.5	3 328	177	173
1973 ¹								
Jan.	3 430	2 127	2 055	72	3.4	3 257	116	140
Feb.	3 432	2 116	2 047	69	3.3	3 529	117	153
March	3 433	2 111	2 048	63	3.0	4 175	132	176
April	3 434	2 120	2 060	60	2.8	4 088	125	160
May	3 436	2 177	2 128	49	2.3	2 446	131	174
June	3 440	2 365	2 315	50	2.1	1 461	139	151
July	3 444	2 379	2 333	46	1.9	818	134	141
Aug.	3 447	2 303	2 261	42	1.8	1 216	141	175
Sept.	3 449	2 226	2 188	38	1.7	1 606

¹ See explanations on page 18.

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											
1970	41.42	17.96	3.72	15.56	2.36	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	17.04	4.28	39.72	18.02	2.81	14.13	2.96	39.29
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.95	3.23	0.33	3.44	0.75	34.34
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.28	4.21	0.35	2.64	0.68	39.33
July-Sept.	13.44	6.11	0.55	4.89	1.17	9.90	4.49	0.83	3.18	0.75	40.93
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.32	5.94	1.26	4.83	0.77	39.29
1973*											
Jan.-Mar.	10.62	3.99	0.80	4.85	0.50	8.07	3.71	0.42	3.17	0.51	38.65
Apr.-June	16.97	7.85	1.73	5.82	0.62	6.51	3.27	0.33	2.08	0.37	47.39

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 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

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative 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. 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 Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland 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 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 381-9) 3.6 and metal industry (SIC 37-38) 25.9.

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

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corresponding figures derived with the aid of the former sample population.

Commercial timber fellings compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *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. 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, 1978, 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 is as follows: Social Democrats 56, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish People's Unification Party 13, Swedish Party 10, Liberal Party 6, Finnish Farmers' Party 5 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 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

POPULATION

NUMBER OF INHABITANTS (1972): 4.6 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1972): In South Finland 44.4 in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1972): 55 % of the population inhabit the rural areas, 45 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 507 700 inhabitants, Tampere (Tammerfors) 162 800, Turku (Åbo) 158 300.

EMPLOYMENT (1972): Agriculture and forestry 19 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 24 %.

LANGUAGE (1970): Finnish speaking 93.2 %, Swedish speaking 6.6 %, others 0.2 %.

EDUCATION (1972): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 11 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1972): births 12.7 ‰, deaths 9.6 ‰, change + 4.3 ‰, net immigration 1.2 ‰. Deaths in France 10.6 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1972, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 225 (7 %), forestry and fishing 2 721 (6 %), manufacturing 15 147 (31 %),

construction 4 703 (10 %), transport and communication 4 750 (10 %), commerce, banking and insurance 6 174 (13 %), public administration 2 191 (4 %), ownership of dwellings 2 538 (5 %), services 6 891 (14 %), total 48 340. Index of real domestic product 143 (1964 = 100).

FOREST RESOURCES (1972): The growing stock comprised of 1 481 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 619 million m³ was up to the standard required for logs, 55 % of these being pine. The annual growth was 56.2 million m³ and the total removal, calculated on the basis of roundwood consumption, was 54.3 million m³.

AGRICULTURE (1972): Cultivated land 2.7 million hectares. Number of holdings 286 500, of which 189 100 are of more than 5 ha. Measure of self-sufficiency in bread cereals 105 % in the crop year 1972/73.

INDUSTRY (1971): Gross value of industrial production 29 705 mill. marks, number of workers 395 501, salaried employees 105 915, motive power (1971) 5.5 mill. kW. Index of industrial production 101 for 1971 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1973): Length 5 887 km.

MERCHANT FLEET (Oct. 31, 1973): Steamers 30 (29 700 gross reg. tons), motor vessels 382 (765 600 gross reg. tons), tankers 57 (731 700 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 472 (1 627 500 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1972): Passenger cars 818 000, lorries and vans 116 100, buses 8 400, others 5 400. Total 947 900.

FINNISH AIRLINES (March 31, 1973): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Conqair Metropolitan. Companies have scheduled traffic outside of Finland to 25 airports and to 18 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 Feb. 15, 1973 a central rate of 3.90 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, 1972). There are two big and five small commercial banks with in all 837 offices, 302 savings banks, 406 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1973). 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 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ % and 10 ½ %. Other credit institutions: term deposits 5 ¾ %, 6 month deposits 6 ¼ %, 12 month deposits 6 ¾ %, 24 month deposits 7 ¾ %; and sight deposits 1 ¼ %; highest lending rate 12 ½ %.

THE FINNISH EMPLOYMENT PENSIONS SCHEME

by Jouko Janhunen, M. A.

The Central Pension Security Institute

In Finland compulsory earnings-related pension protection is provided by an employment pensions scheme and pensions schemes for State, municipal and church employees, and seamen. The employment pensions scheme was established in 1956 when the basic (national) pensions scheme of 1939 was expanded so as to guarantee a minimum level of living to all pensioners. The labour organizations were of the opinion that the basic pensions scheme with partly flat-rate and partly means-tested benefits did not provide adequate income and that pensions related to past earnings were necessary. After thorough preparation by a special committee and lengthy negotiations between the labour market organizations, Parliament passed the Employees' Pensions Act and the Temporary Employees' Pensions Act, both of which came into force on July 1, 1962. At first the employment pensions scheme covered only employees, but at the beginning of 1970 it was extended to include self-employed persons through the Farmers' Pensions Act and the Self-Employed Persons' Pensions Act.

The Employees' Pensions Act served as the model for the revision of earlier acts concerning earnings-related pensions for State, municipal and church employees. These as well as the seamen's pensions act are outside the scope of the present article on employment pensions for employees and self-employed persons.

A DECENTRALIZED ORGANIZATION

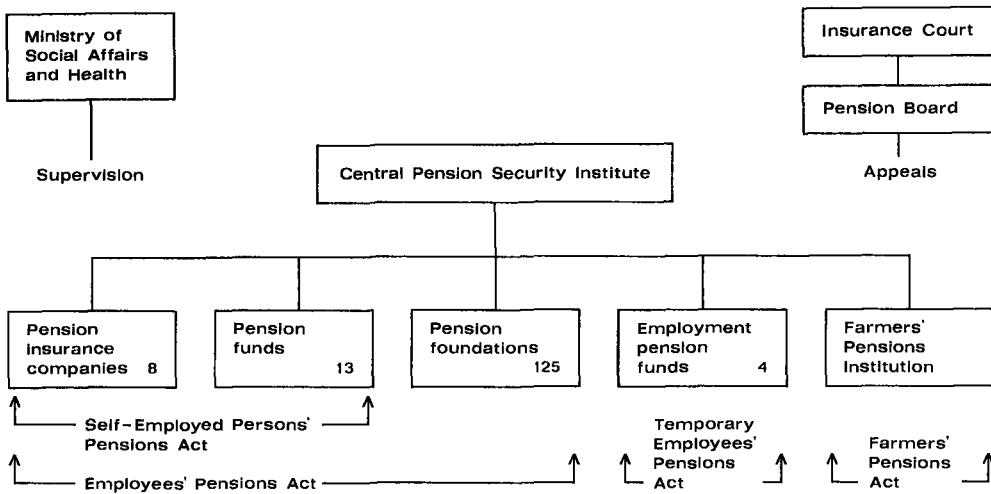
The acts require employers to provide pension protection for their employees. According to the Employees' Pensions Act the employer can do this either by taking out pension insurance with an authorized pension insurance company or by establishing a pension fund or

pension foundation. Pension institutions of these types were selected to administer the compulsory employment pensions because they had earlier taken care of the voluntary employment pension arrangements. A pension fund usually covers the employees of several employers in the same branch, while a pension foundation provides protection for the employees of a single enterprise. It is not possible to establish a fund or foundation unless there are at least 50 employees involved. At the end of 1973, there were eight insurance companies, 13 pension funds and 125 pension foundations. Under the Temporary Employees' Pensions Act the responsibility for pension insurance for people working in construction, dock work, forestry and agriculture rests with four employment pension funds.

Farmers' pension protection is administered by a separate body, the Farmers' Pensions Institution, while the pension insurance of other self-employed persons is administratively linked with other employment pension insurance. The self-employed can take out personal insurance with any insurance company or pension fund which operates under the Employees' Pensions Act. It is also possible to establish an insurance company or pension fund operating under the Self-Employed Persons' Pensions Act.

The operations of institutions providing employment pensions for employees and self-employed persons are coordinated by the Central Pension Security Institute, which takes care of the application of pensions acts, research work, supervision of pension institutions, and the statutory distribution of pension costs among pension institutions. It also keeps national registers on the insured, their contracts of employment, their self-employment activi-

ORGANIZATION OF THE EMPLOYMENT PENSION SCHEME



ties and pension benefits. These registers also include information on the pension benefits accrued under earnings-related pensions schemes outside the employment pensions scheme. This facilitates cooperation between the employment pensions scheme and other pensions schemes. The organizations of employees, employers and self-employed persons as well as experts on matters concerning pensions are represented in the administrative organs of the Central Pension Security Institute. A Pensions Board and an Insurance Court consider appeals. The Ministry of Social Affairs and Health supervises the operations of the employment pensions scheme. The organization of the employment pensions scheme is shown in the chart.

SCOPE OF THE SCHEME

Finland, with a population of 4.6 million, has a labour force of 2.1 million of whom 1.6 million (80 per cent) are covered by the employment pensions scheme. The rest of the labour force is covered by the earnings-related pensions acts outside the employment pensions scheme. Of the 970 000 who are protected under the Employees' Pensions Act, 75 per cent have their pensions guaranteed through pension insurance issued by an insurance company, 17 per cent with insurance from a pension foundation, and 8 per cent with insurance from a pen-

sion fund. Only 2.5 per cent of the self-employed persons belong to a pension fund, others have taken out insurance with an insurance company.

The Employees' Pensions Act applies to every person with a private contract of employment at least one month old whose monthly earnings exceed a certain limit (200 marks in 1974) or to people who regularly work at least 20 hours per week. The Temporary Employees' Pensions Act applies to pensions with short-term contracts of employment in construction, dock work, forestry and agriculture. A self-employed person who is 18 years of age and who has continued his entrepreneurial activity without cessation for four months and has a monthly income above a certain limit (400 marks in 1974) is covered by the Self-Employed Persons Pensions Act. Farmers, fishermen and reindeer breeders who are 18 years of age and have met certain other requirements are protected by the Farmers' Pensions Acts.

PENSION BENEFITS

The employment pensions scheme provide old age, invalidity, unemployment, and survivors' pensions. The first survivors' pensions were paid in 1967, and the first unemployment pensions in 1971. Invalidity protection

was extended at the beginning of 1973 by the provision of partial invalidity pensions. The pension benefits accrued under the scheme are fully vested. Unlike national pensions, the employment pensions are considered to be taxable income.

An old age pension is granted to an insured person who reaches the age of 65 and terminates his contract of employment. Self-employed persons and farmers receive their pensions regardless of whether they continue their entrepreneurial activities. An invalidity pension is awarded to an insured person who, as a result of illness or injury, is judged to be incapable of earning a living when his training, earlier work, age, housing conditions, etc., are taken into account. A full invalidity pension is paid when the person's working capacity has gone down by at least 60 per cent of its former level. If the person's working capacity declines less, but by at least 40 per cent, the insured is entitled to a partial pension. An unemployment pension is paid to an insured person 60 years of age who has received unemployment benefits for a minimum of 200 days in the previous 52 weeks. A survivor's pension is granted to a widow with a child who is entitled to a survivor's pension and to a childless widow who is 40 years old and was married to her husband, for at least three years. A child receives the pension until the age of 18. However, if he is disabled, he continues to receive the benefit.

The size of the old age pension is determined by taking one per cent of the final earnings and multiplying by the number of years the person has participated in the scheme. For the years before the implementation of the pension acts, however, the pension is calculated at 0.5 per cent per annum. Since employment under the age of 23 or over the age of 65 is not counted, the maximum old age pension comes to 42 per cent of the final pay. A minimum pension, ranging between 16 and 22 per cent of earnings in the last year of employment, is paid to certain older persons. The pensions of self-employed persons are determined in the same way, except that years of employment are calculated from the date that the acts came

into force. The earnings on which a farmer's pension is based are determined by taking into account the area he cultivates.

The invalidity and unemployment pensions are calculated in the same way as old age pensions. However, the time between the accident entitling the person to the pension and the initial date for calculating the old age pension is counted as the time of service. The partial invalidity pension is half of the full pension, but is never less than 19 per cent of the final pay. The child supplement is added to the old age, invalidity, and unemployment pensions. The supplement amounts to 20 per cent of the pension for one child and 40 per cent for two or more children under 18. The size of the survivor's pension depends on the number of beneficiaries and the pension the deceased received or was entitled to at the time of his death. The full survivor's pension is equal to the deceased's pension and is paid if there are at least three beneficiaries. If there are two, the survivor's pension is $\frac{3}{4}$ of the full pension and $\frac{1}{2}$ if there is only one beneficiary.

Every pensioner (excluding those entitled to a partial pension) receives at least the flat-rate basic (national) pension in addition to the employment pension and may also receive other social security benefits. The employment pension is co-adjusted with these so that the total pension without the child supplement does not exceed 60 per cent of the final pay and with the child supplement 66 per cent of the final pay. These limits are raised for persons in the lower income brackets.

VOLUNTARY ADDITIONAL BENEFITS

The employment pensions acts allow for the voluntary improvement of the benefits. The most common arrangement is one in which the full old age and invalidity pension is 60 per cent of past earnings, the period entitling the person to the full pension is 30 years, and survivor's pension for three beneficiaries amounts to 60 per cent of the past earnings of the deceased. Additional benefits may be registered with the

Central Pension Security Institute, which means that they are combined with compulsory pensions; index linked and vested. So far, only the additional pensions administered by insurance companies (covering 35 000 employees) have been registered. In all, about 12 per cent of the labour force is covered by voluntary additional benefits. These benefits are most commonly arranged in banking, insurance, and manufacturing, least commonly in agriculture, forestry, and construction.

NUMBER OF PENSIONERS AND PENSION COSTS

During the first decade of the employment pensions scheme the number of pensioners increased many times over. This is an outcome of the gradual entry into force of the scheme and of the introduction of new pension benefits. As the number of pensioners increased, the pension costs grew (see table 1).

TABLE 1. NUMBER OF RECIPIENTS AND TOTAL AMOUNT OF EMPLOYMENT PENSIONS PAID IN 1963—1972

Year	Number of recipients	Total value of employment pensions, mill. mk
1963	3 600	2.9
1964	11 300	12.7
1965	21 100	29.1
1966	35 800	54.7
1967	54 100	86.3
1968	76 800	139.5
1969	100 500	209.6
1970	134 700	286.5
1971	182 000	406.6
1972	233 800	598.2 ¹

¹ In 1972, earnings-related pension benefits outside the employment pensions scheme totalled 1 240 million marks. Most of this was paid under the State Employees' Pensions Act and the Communal Employees' Pensions Act.

The greater part of the pension benefits in the employment pensions scheme are paid by institutions governed by the Employees' Pensions Act and the Temporary Employees' Pen-

sions Act. For instance in 1972 benefits paid by these institutions accounted for 86.5 per cent of total pension benefits paid. One explanation for this is that these pension institutions cover about 70 per cent of all the persons covered by the scheme. The small share of self-employed persons and farmers is a consequence of the fact that they entered the scheme only in 1970 and when determining the pension, the period before enactment of the pensions laws is not taken into account.

Moreover the average employment pension benefit has gone up. Since the first years of the scheme it has increased almost threefold. In September 1973, the average employment pension — excluding voluntary additional benefits — was 224 marks per month. As stated before, every pensioner also receives the basic (national) pension.

One of the aims of the employment pensions scheme is to preserve during retirement the level of living achieved during the active years. Employment pensions and the earnings used for calculating the pension are thus bound to a wage index indicating increases in the general level of earnings. The index is calculated once a year and pensions are increased by the same percentage as the index rises. The increase in the wage index is the main reason why the average employment pension has almost trebled. The development of the wage index is shown in table 2.

FINANCING OF THE EMPLOYMENT PENSIONS

The employer finances his employees' pensions entirely. Public funds are not used at all. In the early phase of the scheme the insurance premium under the Employees' Pensions Act was 5 per cent of the wage bill, while under the Temporary Employees' Pensions Act it was

TABLE 2. DEVELOPMENT OF THE WAGE INDEX IN 1963—1974, 1962 = 100.

Year	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Index	106	116	130	142	152	165	182	197	216	247	274	315
Increase, per cent	6.0	9.4	12.1	9.2	7.0	8.5	10.3	8.2	9.6	14.4	10.9	14.9

4.5 per cent of the wage bill. In 1974, the premium under the Employees Pensions Act is 6.9 per cent of the pay total wage bill if the firm has less than 50 employees. If there are 50 or more, the premium for each employee depends on his age. When there are voluntary additional benefits involved, the employees usually contribute by paying a part of the premium, although not more than half. Under the Temporary Employees' Pensions Act the premium amounts to 8 per cent of the wage bill in 1974. Self-employed persons other than farmers finance all their own pension costs, and the State pays half of the costs of pensions for farmers. Without the State's participation premiums for pensions for farmers would be unreasonably high owing to the age distribution of the farming population. In 1974, the premium under farmers' and other self-employed persons' pensions acts ranges between 2.8 and 6.9 per cent depending on income.

Under the employment pensions scheme some of the premiums are funded, and some are used directly in a pay-as-you-go system. This mode of financing meant that relatively low premiums could be implemented in the early phase of the scheme and only later were they allowed to slide upwards gradually. Only the premiums collected for the old age pensions of persons between ages 23—54 are funded in their entirety. The pensions which are financed through the pay-as-you-go system, e.g., increases resulting from index linkages and all the unemployment pensions, are to be met jointly by all the pension institutions. These pensions are paid out from a common pool. Every year the Central Pension Security Institute carries out clearing operations, i.e., it determines the share of each institution in the pension costs to be met jointly by the institutions in the pool. The pool is of relatively great importance, e.g., in 1972 about 58 per cent of the pension costs were paid out jointly by pension institutions through the pool. An ever increasing part of the premiums collected annually are used in the pay-as-you-go system as is shown in table 3. In 1972, more than half of the premiums collected were spent to meet the pension costs of that particular year.

TABLE 3. SHARES OF THE PENSION COSTS IN THE PREMIUMS COLLECTED IN 1962—1972

Year	Premiums collected, mill. mk	Share of pension costs met by premiums, per cent
1962	98.5	—
1963	197.7	1.5
1964	279.0	4.6
1965	317.5	9.2
1966	338.0	16.2
1967	356.8	24.2
1968	431.0	32.4
1969	517.2	40.5
1970	668.7	42.8
1971	862.5	47.1
1972	1 169.0	51.2

Because all premiums are not used in the pay-as-you-go system, the employment pensions scheme has a premium reserve. At the end of 1972, the reserve totalled about 4 667 million marks. Table 4 illustrates the development of the reserve in 1962—1972.

TABLE 4. PREMIUM RESERVE OF THE EMPLOYMENT PENSIONS SCHEME IN 1962—1972

Year	Premium reserve, ¹ mill. mk
1962	97.9
1963	339.3
1964	764.8
1965	1 112.0
1966	1 441.3
1967	1 795.7
1968	2 196.3
1969	2 621.0
1970	3 164.9
1971	3 844.7
1972	4 667.1

¹ Figures include the reserves of the compulsory pension protection scheme and the additional voluntary pension protection scheme registered in the Central Pension Security Institute. The share of the latter reserve is slightly more than 10 per cent.

The reserves of the employment pensions scheme are about half of all the pension reserves in Finland. The employment pensions reserve is relatively modest when compared with other forms of savings. For instance, the total deposits in banking establishments grew, by 3 798 million marks in 1972. Under the employment pensions scheme only 2 800 marks has been funded for each insured person.

INVESTMENT OF THE ASSETS OF THE SCHEME

When establishing the employment pensions scheme it was considered important that its future assets could be used to promote economic activity and improve employment. Therefore the employment pensions assets managed by pension institutions have been invested in commerce and industry. This is of considerable importance because much capital is needed to change the structure of the economy and to create employment for the manpower released from agriculture.

Pension institutions invest their funds either in insurance premium loans or investment loans. Under the insurance premium loan arrangement, an employer can automatically borrow the funds which have accrued from his own premiums. In practice this means that premiums are paid in promissory notes. The interest rate on insurance premium loans is 7 per cent. As all employers do not borrow the premiums they have paid, the pension institutions have funds to lend as investment loans. In accordance with the wishes of the State and labour market organizations, some assets have also been invested in employment and nuclear power plant bonds, and in the construction of housing. The interest rate on investment loans ranges between 9.75 and 10.0 per cent.

The guarantees for the loans must be good enough to ensure that investment losses do not

occur. A special credit insurance department which works in association with the Central Pension Security Institute has been established to facilitate the arrangement of guarantees. In pension foundations and funds, insurance premium loans, pension liabilities, funding deficits, and investment losses can be guaranteed by credit insurance. About 70 per cent of the assets of pension foundations and funds are in the form of promissory notes, and they are all covered by credit insurance. The loans given by pension insurance companies can be covered by credit insurance, bank guarantees or real-estate-mortgages. In practice credit insurance has proven to be popular with the pension insurance companies. The law does not give the Central Pension Security Institute the right to deny credit insurance to an employer who borrows from his pension institution or who pays his premiums in the form of promissory notes. However, the premium for the credit insurance can be set at whatever level required by the applicant's solvency. At the end of 1971, the credit insurance portfolio totalled 1 255 million marks, of which the share of insurance companies was 456, the share of pension foundations 543, the share of pension funds 248, and the share of employment pension funds 8 million marks. Compared with 1970 the increase in the portfolio was 16 per cent. Altogether credit insurance guarantees about 30 per cent of the total value of loans granted under the employment pensions scheme.

TABLE 5. DISTRIBUTION OF EMPLOYMENT PENSION LOANS BY BORROWER, DEC. 31, 1971

Borrower	Insurance premium loans		Investment loans		Total	
	mill. mk	per cent	mill. mk	per cent	mill. mk	per cent
Agriculture, forestry, fishing	11	0.5	5	0.4	16	0.5
Mining	16	0.8	1	0.1	17	0.5
Manufacturing	1 261	61.5	397	28.0	1 658	47.8
Electricity and power plants	40	2.0	26	1.8	66	1.9
Construction	48	2.3	183	12.9	231	6.7
Commerce	438	21.4	126	8.9	564	16.3
Transport and communications	70	3.4	30	2.1	100	2.9
Real estate	2	0.1	211	14.8	213	6.1
Municipalities, parishes	0	0.0	64	4.5	64	1.8
Services	84	4.1	34	2.4	118	3.4
Private and miscellaneous credits	36	1.8	48	3.4	84	2.4
Banking establishments	43	2.1	70	4.9	113	3.2
State	—	—	224	15.8	224	6.5
Total	2 049	100.0	1 419	100.0	3 468	100.0

Close upon one half of the pension institution loans has been granted to manufacturing. At the end of 1971, manufacturing had received 61.5 per cent of the insurance premium loans. Commerce accounted for another 21.4 per cent. Manufacturing firms received the single largest share of investment loans, i.e., 28 per cent of the total. The second biggest borrower was the State, which took 15.8 per cent. Table 5 contains information on the distribution of employment pension loans by borrower at the end of 1971. Pension institutions had then invested 3 468 million marks, in commerce and industry. The share of insurance premium loans came to 59 per cent.

The importance of the employment pensions scheme as a creditor is not yet considerable even though the share of employment pensions loans in total credits granted has increased continuously. At the end of 1971, total credits amounted to 36 440 million marks, of which employment pensions loans accounted for 8.6 per cent (Table 6). As compared with the

TABLE 6. THE SHARE OF EMPLOYMENT PENSION LOANS IN TOTAL CREDITS GRANTED BY BORROWER, DEC. 31, 1971

Borrower	Total granting of credits, mill. mk	Share of employment pensions loans, per cent
Agriculture, forestry, fishing	3 277	0.5
Mining	227	7.5
Manufacturing	10 486	15.8
Electricity and power plants	1 576	4.2
Construction	781	29.6
Commerce	3 719	15.2
Transport and communications	908	11.0
Real estate	5 234	4.1
Municipalities, parishes	2 141	3.0
Services	918	12.9
Private and miscellaneous credits	7 173	1.2
Total	36 440	8.6

previous year, the share of employment pensions loans had increased by 0.4 percentage point.

FUTURE PROSPECTS

The employment pensions scheme has developed very rapidly during its short existence. Its coverage has been extended from employees to farmers and other self-employed persons; new pension benefits have been introduced to the scheme and existing benefits improved. No doubt this reflects the cooperation of labour market organizations in setting up the scheme and the important role which employment pensions have had in collective bargaining. The scheme is likely to be developed further on this basis. The most important future improvement is the proposed rise in the annual pension accumulation percentage from the 1 per cent to 1.5 per cent.

In the 1970s, both the number of pensioners and total pension costs will increase considerably under the employment pensions scheme. In 1972 there were 233 800 pensioners, yet in 1975 the number is estimated to come to 370 000 and in 1980 to 530 000. In 1972, nearly 600 million marks was paid out in employment pensions. By the middle of the current decade the amount will be 1 120 million marks without any major amendments to pensions acts and in 1980 it will rise to 2 300 million marks. (In the estimates for increases in pension costs it has been assumed that wages and pensions will rise by 8 per cent a year). During the 1970s, the growth of the employment pensions scheme and the earnings-related pensions schemes outside it, will make the various earnings-related pensions the most important form of pension protection.

ITEMS

Inflow of long-term capital in January—September 1973. The net inflow of long-term loan capital, which had been insignificant during the first half of the current year, increased during the third quarter of 1973 and reached the level of recent years. At the end of September, the net inflow of long-term loan capital totalled 528 million marks, whereas in January—September 1972 it had amounted to 1 471 million marks.

Even though import credits made up only 15 per cent of total long-term foreign debt, they accounted for almost half of the growth in foreign debt. Foreign borrowing had been insignificant during the first half of 1973, but it increased during the third quarter of the year, probably because the domestic credit market had become tighter and the international foreign exchange market had settled down somewhat.

During the first three quarters of 1973, drawings of long-term foreign loans amounted to 1 560 million marks, and redemptions came to 1 032 million marks. At the end of September, Finnish long-term foreign debt amounted to 10 774 million marks compared with 9 318 million marks one year earlier.

Drawings of financial loans amounted to 996 million marks during the first three quarters of 1973, while redemptions came to 755 million marks. Net debt in this form amounted to 8 833 million marks at the end of September. Drawings of bond loans totalled 107 million marks, and amortizations came to 112 million marks. Redemptions of loans granted by the World Bank exceeded drawings by 44 million marks. No drawings were made on the loans granted by foreign governments, while redemptions of such loans amounted to 72 million marks. Drawings of other financial loans totalled 859 million marks, and redemptions came to 498 million marks.

Drawings of import credits amounted to 520 million marks during January—September, and redemptions totalled 264 million marks. Total import credit debt came to 1 665 million marks at the end of September. Drawings of loans granted to subsidiaries exceeded corresponding repayments by 31 million marks.

Interest and other expenses on long-term foreign loans amounted to 445 million marks in January—September 1973. When amortization payments are included, total debt service costs amount to 1 476 million marks, which is 366 million marks more than in the corresponding period in 1972.

Capital import deposits at the Bank of Finland totalled 266 million marks at the end of September.

Supplementary budgets. In October Parliament approved the third supplementary budget for 1973, which included only one item, i.e. a 500 million mark transfer to the government's counter-cyclical reserves.

The fourth and last supplementary budget for 1973 was approved by Parliament at the end of December. It involved a 1 205 million mark rise in expenditure and a 1 915 million mark rise in revenue.

About half of the rise in expenditure was used to provide unemployment assistance and to cover the increasing costs of education and health care. Larger state subsidies and greater consumption expenditure were made necessary by a rise in the cost and price level, which was much larger than had been predicted at the time the ordinary budget for 1973 was prepared.

About 40 million marks was earmarked for various activities which are being carried out on the basis of an agreement between Finland and the Soviet Union concerning a common mining project at Kostamus in the U.S.S.R. The funds will be used to start construction of the Finnish part of a railway leading to Kostamus, to purchase the necessary rolling stock and to construct a highway from Finland to Kostamus.

An additional 24 million marks was set aside to defray the costs of operations of the Finnish UN troops in the Middle East for a six-month period. These funds will be used to pay for supplies and munitions.

A total of 15 new posts will be created in the Finnish Delegation to the European Security and Co-operation Conference in Geneva. The ESCC Delegation was formed and sent to Geneva last September, when the second phase of the Conference started. The fourth supplementary budget also covered other necessary expenditures related to the formation and operation of the ESCC Delegation.

The rise on the revenue side was mainly a result of unanticipated tax revenue. The increase in taxes and similar revenue was put at 1 760 million marks, of which 742 million marks is from taxes on income and property, 460 million marks from the turnover tax, 130 million marks from import duties and charges, 115 million marks from excise duties and 130 million marks from taxes on motor cars and motor cycles.

Budgeted State expenditure for 1973 totals 17 177 million marks when the supplementary budgets are included.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Heikki Valvanne

Päiviö Hetemäki

Pentti Uusivirta

Timo Helelä

ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

*Domestic Financial
Operations*

Kalle Koski

Capital Transfers

Kari Nars

Foreign Exchange Policy

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept., ad int.

Heikki Koskenkylä

Research Dept., ad int.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Väinö Heiskanen

Banking Services

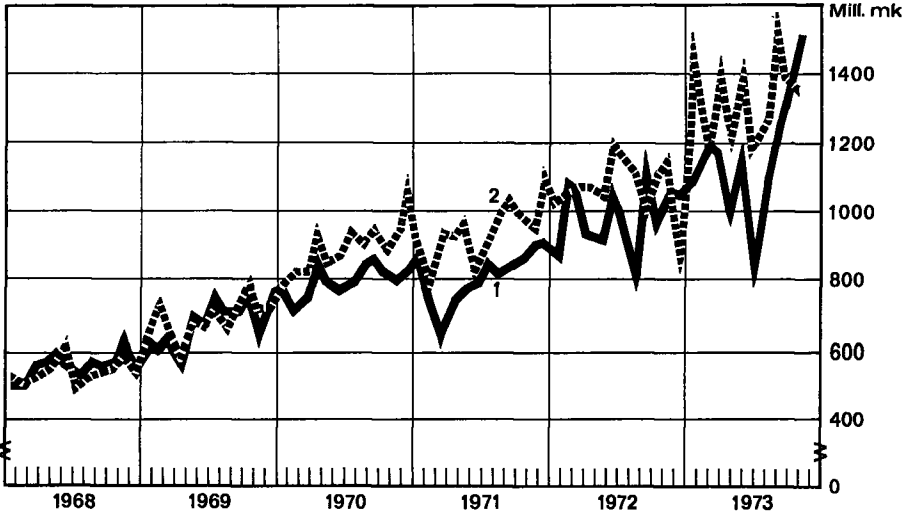
Eino Suomela

Internal Audit

Foreign trade, 1968-1973

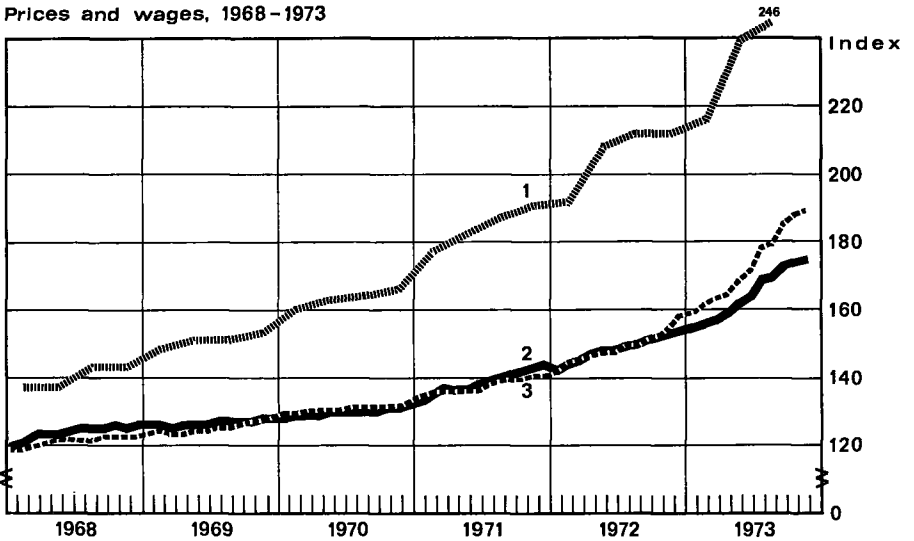
- 1. Exports f.o.b.
- 2. Imports c.i.f.

Seasonally adjusted monthly figures



Prices and wages, 1968-1973

- 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, 1968-1973

- 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

