



# BANK OF FINLAND

*Monthly Bulletin*

**Recent developments in security  
markets**

**The balance of payments and foreign  
exchange policy in 1973**

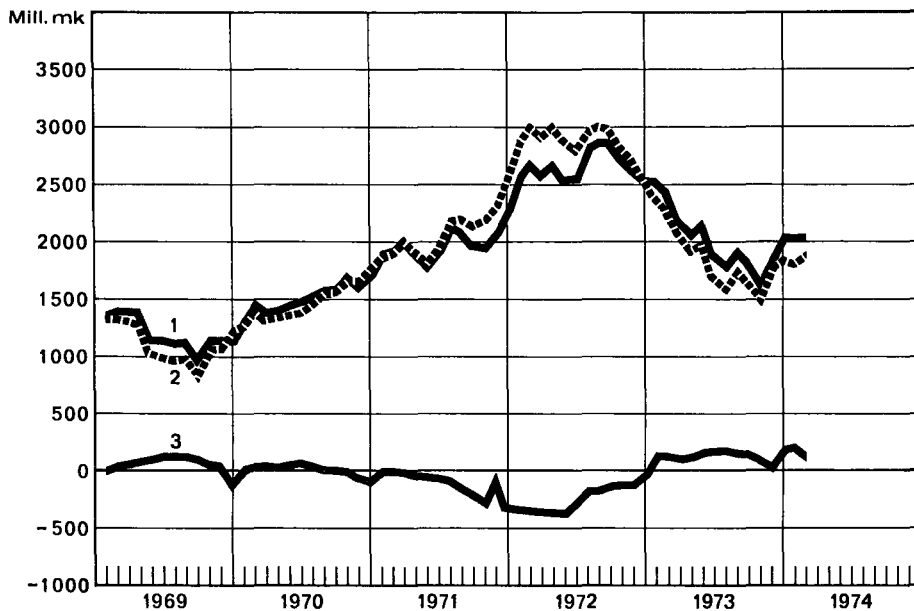
**Inflow of long-term capital in 1973**

**Revised consumer price index (1972 = 100)**

**APRIL 1974**

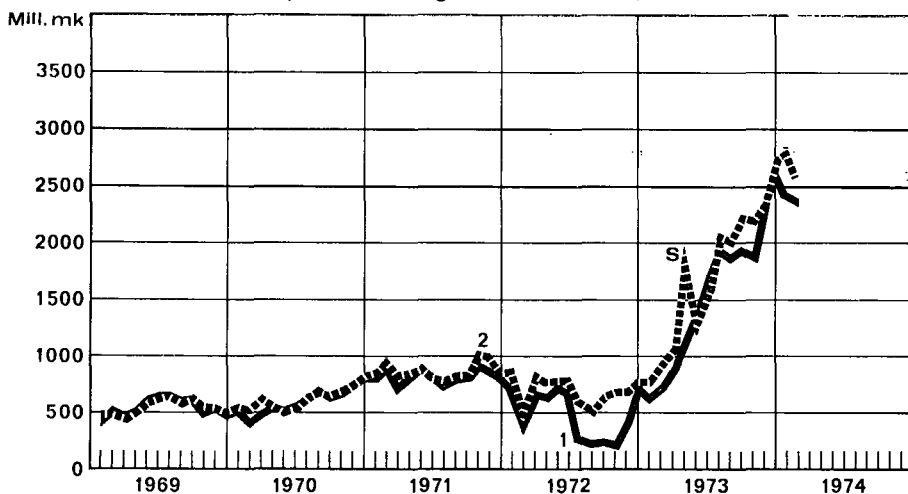
**Vol. 48 No. 4**

Bank of Finland foreign exchange reserve, 1969-1974



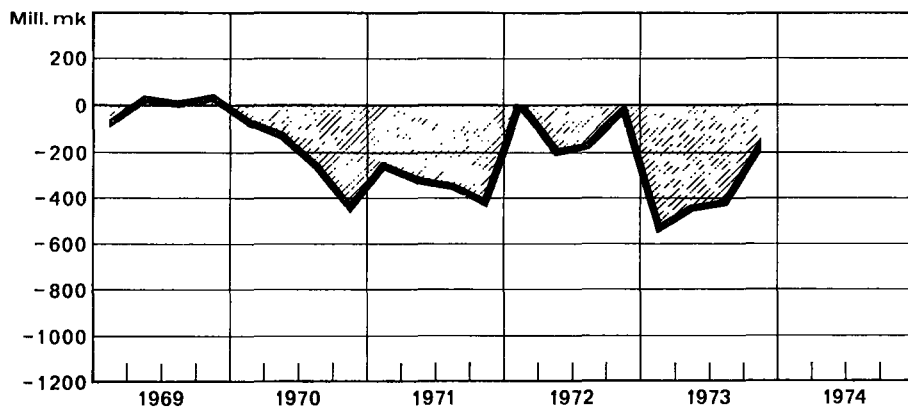
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1969-1974



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

Balance of payments current account surplus/deficit, 1969-1974



Seasonally adjusted quarterly figures

## RECENT DEVELOPMENTS IN SECURITY MARKETS

The vigorous growth experienced by the Finnish economy since 1968 has been coupled with a high level of saving and investment. In credit markets this has been reflected in a substantial expansion of the activities of the financial institutions, and a revival in the security markets. However, in spite of numerous new issues and a rise in the turnover of the Stock Exchange, the rôle of security markets in channelling financial assets has remained quite modest. In fact, the relative share of bonds in total credits has declined in recent years because of the fall in outstanding government loans. These features, which have characterized Finnish security markets since the beginning of the decade, were particularly striking in 1973.

### NEW ISSUE MARKET

From July 1972 to July 1973, the total increase in the share capital of corporations, excluding housing corporations, was about 14 per cent, which is about equal to the growth in 1972. This increase, which also included bonus and rights issues, came to 900 million marks, or to about a fifth of the growth in bank credit during the same period. Although equity financing continues to play a minor rôle, it has increased in importance particularly for companies listed on the Stock Exchange. The total nominal value of new issues launched by these companies in 1973 was 413 million marks, in which the share of payable issues was 335 million marks, while in 1972 it amounted to 164 million marks.

It seems obvious that a number of large enterprises have broken with their former practices and used share issues to finance major investment projects. The tax policy measures which were taken in the late 1960s to make equity financing more attractive have

also contributed to the growth of payable new issues. The growth in demand was also underpinned by the release of funds from governmental bonds and by the general easiness of the financial markets from the middle of 1971 until the first half of 1973.

The central government has traditionally held a key position in the Finnish bond market, mainly because of the stock market regulations and the tax treatment to which private bonds were subject before 1969. However, in recent years the internal structure of the bond market has changed, so that at the end of 1973, the share of central government bonds in total domestic bonds outstanding was less than 50 per cent. This change has been partly a result of a revival in private bond markets, but the principal reason has been the adequacy of government receipts, which has led to the retirement of central government debt.

The revival in private bond issues in 1973 was no doubt linked with the release of funds from central government bonds. However, the total growth of private bonds exceeded by only a slight margin the decline in central government bonds outstanding, so that the total value of bonds in circulation rose by only 69 million marks, or by two per cent. The weak total growth was partly a result of the rise in the interest rate paid on bank deposits. The attractiveness of bonds might also have been reduced by the tendency to issue bonds for longer periods. Furthermore, the banks increased their portfolios of bonds only slightly, which weakened the demand for bonds.

The total amount of bonds floated in Finland during 1973 came to 874 million marks and amortizations to 805 million marks, which

is more than a fifth of the total stock of bonds. The amount of central government bonds outstanding declined by 404 million marks. At the end of 1973, total domestic bonds outstanding amounted to 3 738 million marks, in which the share of the central government was 1 750 million marks and that of the financial institutions 1 316 million marks. The interest rate on fixed-interest bonds floated during 1973 varied between 7½ per cent and 9¼ per cent.

## SECONDARY MARKET

The value of the annual turnover on the Helsinki Stock Exchange grew almost tenfold between 1967 and 1973. However, the turnover of 291 million marks achieved last year is still small by international standards. The unusually vigorous growth can be mainly explained by the very low level at the beginning of the period, which was a result of poor profitability in manufacturing before the devaluation of 1967 and the taxation of equities. Moreover, at that time shares had to compete with index-tied bank deposits for the funds saved. In recent years the real return on shares has increased considerably, as compared with the return on other financial claims. In spite of increased supply of shares, demand remained brisk until the last months of 1973, and the resultant rise in share prices explains most of the growth in the value of the annual turnover on the Helsinki Stock Exchange.

At the end of 1973, the shares of 47 companies were quoted on the Helsinki Stock

Exchange. The total nominal value was nearly 2 500 million marks, or a third of the total value of the share capital of all Finnish companies, excluding housing corporations. In 1973 the annual turnover of shares on the Stock Exchange was 204 million marks, which is less than a tenth of the total value of the share capital of the listed companies. During the few last years, the trade in subscription rights has increased particularly, mainly as a consequence of numerous new share issues. In 1973 transactions of shares and subscription rights made up more than 90 per cent of the annual turnover on the Stock Exchange. Of this, more than a third was the result of dealings in the shares of two commercial banks.

In recent years the growth of the turnover of bonds and debentures has been insignificant, largely because their values have not been affected by price rises. In 1973 the turnover of bonds was 20 million marks, which equalled somewhat more than 0.5 per cent of the total value of domestic bonds outstanding.

During 1973 the share index rose sharply, particularly during the first half of the year and in the autumn, but during the two last months it fell slightly. This fall was partly caused by exceptional factors, but the weaker cyclical outlook and the tightening of the financial markets also contributed. The declines in the share index has continued during the first months of the current year, and the value of the trading in shares has been smaller than in the corresponding period of 1973.

March 26, 1974

## BANK OF FINLAND

Mill. mk

	1973		1974			
	March 30	Dec. 31	March 8	March 15	March 22	March 29
<b>Assets</b>						
Gold and other foreign assets	2 494	2 493	2 536	2 460	2 463	2 405
Gold	205	121	121	121	121	121
Special drawing rights	283	285	285	285	285	285
IMF gold tranche	268	268	268	268	268	268
Foreign exchange	1 531	1 546	1 571	1 490	1 490	1 430
Foreign bills	94	96	111	116	119	122
Foreign bonds	113	177	180	180	180	179
Claims on domestic banks	1 004	2 617	2 431	2 465	2 574	2 633
Discounted bills	986	2 556	2 327	2 357	2 502	2 530
Rediscounted bills	1	—	—	—	—	—
Cheque accounts	17	61	104	108	72	103
Other lending	325	362	360	353	355	359
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	41	58	68	63	66	72
Loans	284	304	292	290	289	287
Other assets	621	598	605	605	677	720
Finnish bonds	47	33	29	29	101	143
Finnish coin	37	25	38	38	38	38
Currency subscription to Finland's quota						
in the IMF	530	530	530	530	530	530
Other claims	7	10	8	8	8	9
<b>Total</b>	<b>4 444</b>	<b>6 070</b>	<b>5 932</b>	<b>5 883</b>	<b>6 069</b>	<b>6 117</b>
<b>Liabilities</b>						
Notes in circulation	1 562	1 907	1 703	1 723	1 716	1 792
Liabilities payable on demand	146	178	218	180	369	333
Foreign exchange accounts	27	80	59	68	70	77
Mark accounts of holders abroad	48	67	75	75	91	91
Cheque accounts						
Treasury	41	2	40	1	50	49
Post Office Bank	16	2	7	1	121	78
Private banks	—	—	—	—	—	—
Other	3	8	5	4	5	7
Other sight liabilities	11	19	32	31	32	31
Term liabilities	879	2 214	2 175	2 140	2 167	2 171
Foreign	—	—	—	—	—	—
Domestic	879	2 214	2 175	2 140	2 167	2 171
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	258	258	258	258	258	258
Equalization accounts	299	171	217	219	195	198
Bank's own funds	770	812	831	833	834	835
Capital	600	600	600	600	600	600
Reserve fund	114	114	163	163	163	163
Profits undisposed	40	—	49	49	49	49
Earnings less expenses (Dec. 31, Net profit)	16	98	19	21	22	23
<b>Total</b>	<b>4 444</b>	<b>6 070</b>	<b>5 932</b>	<b>5 883</b>	<b>6 069</b>	<b>6 117</b>

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)	Cheque account	Term liabilities, net	Net liabilities to the Treasury (7+8) <sup>1</sup>
	1	2	3	4	5	6	7	8	9
1967	701	75	626	98	354	370	4	7	11
1968	1 353	62	1 291	125	34	1 382	3	354	357
1969	1 268	92	1 176	517	360	1 333	4	196	200
1970	1 844	106	1 738	639	518	1 859	2	119	121
1971	2 620	327	2 293	686	530	2 449	2	138	140
1972	2 685	121	2 564	757	530	2 791	1	48	49
1973	2 220	147	2 073	803	530	2 346	2	532	534
1973									
March	2 287	75	2 212	737	530	2 419	41	37	78
April	2 177	73	2 104	762	530	2 326	46	36	82
May	2 280	90	2 190	762	530	2 422	41	34	75
June	1 985	75	1 910	771	530	2 151	5	34	39
July	1 931	96	1 835	791	530	2 096	44	33	77
Aug.	2 113	156	1 957	777	530	2 204	29	32	61
Sept.	2 020	176	1 844	763	530	2 077	50	31	81
Oct.	1 861	169	1 692	768	530	1 930	49	30	79
Nov.	2 060	170	1 890	798	606	2 082	50	530	580
Dec.	2 220	147	2 073	803	530	2 346	2	532	534
1974									
Jan.	2 207	147	2 060	808	530	2 338	1	533	534
Feb.	2 214	143	2 071	817	530	2 358	3	530	533
March	2 104	168	1 936	831	530	2 237	49	529	578

<sup>1</sup> New series, see explanations on page 18.

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1973			Net holdings, Jan. 31, 1974			Change
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	January
	Gold	121	—	121	121	—	121
Special drawing rights	285	—	285	285	—	285	—
IMF gold tranche	268	—	268	268	—	268	—
Convertible currencies	1 189	165	1 354	1 156	294	1 450	+96
Other currencies	210	2	212	230	—4	226	+14
Total	2 073	167	2 240	2 060	290	2 350	+110

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					
	Dis-counted and redis-counted bills	Cheque accounts <sup>1</sup>	Liabilities, Cheque accounts		Net claims on the banks (1+2-3-4)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	Deposit certifi-cates <sup>2</sup>	Notes in circulation
			Private banks <sup>2</sup>	Post Office Bank <sup>2</sup>							
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	836	3	1	4	834	137	246	324	59	203	1 344
1971	849	—	9	2	838	121	234	385	-30	400	1 479
1972	753	5	—	2	756	44	277	73	248	790	1 730
1973	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907
1973											
March	987	17	—	16	988	41	291	56	276	800	1 562
April	2 037	—	3	768	1 266	43	293	49	287	950	1 937
May	1 364	—	4	22	1 338	47	297	47	297	950	1 795
June	1 697	25	—	1	1 721	50	301	48	303	1 130	1 829
July	2 060	60	—	156	1 964	51	297	45	303	1 400	1 695
Aug.	1 776	8	—	5	1 779	52	295	215	132	1 400	1 693
Sept.	2 221	22	—	199	2 044	54	296	309	41	1 400	1 773
Oct.	2 363	54	—	320	2 097	57	302	301	58	1 400	1 683
Nov.	2 623	50	—	67	2 606	60	302	260	102	1 400	1 790
Dec.	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907
1974											
Jan.	2 146	129	—	1	2 274	64	303	237	130	1 310	1 706
Feb.	2 227	113	—	4	2 336	64	304	229	139	1 380	1 744
March	2 530	103	—	78	2 555	72	296	230	138	1 450	1 792

<sup>1</sup> Including special index accounts.<sup>2</sup> Including cash reserve accounts.<sup>3</sup> New series, see explanations on page 18.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

March 25, 1974

New York <sup>1</sup>	1 \$	3.785	Frankfurt o. M.	100 DM	148.30	Vienna	100 S	19.95
Montreal	1 \$	3.900	Amsterdam	100 Fl	140.75	Lisbon	100 Esc	15.25
London	1 £	8.935	Brussels <sup>2</sup>	100 Fr		Reykjavik	100 Kr	4.47
Stockholm	100 Kr	84.60	Zurich	100 Fr	125.30	Madrid	100 Pta	6.44
Oslo	100 Kr	68.00	Paris	100 FF	79.30	Moscow <sup>3</sup>	1 Rbl	5.065
Copenhagen	100 Kr	61.60	Rome	100 Lit	0.6095			

<sup>1</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.<sup>2</sup> 9.610 commercial rate; 9.610 financial rate.<sup>3</sup> Clearing account; also Bucharest.

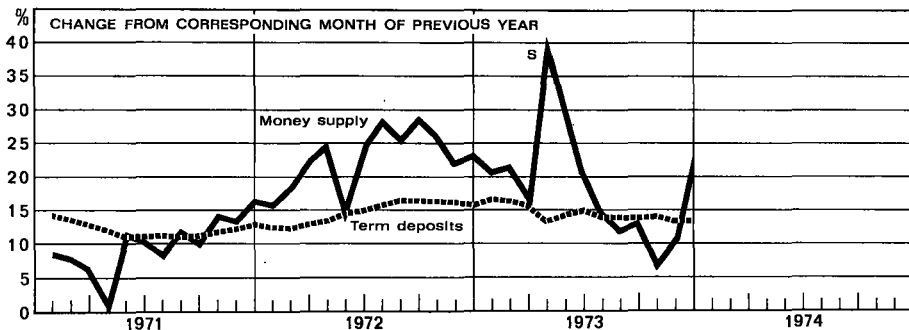
# DEPOSITS BY THE PUBLIC

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	
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	466.0	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	2 371.4	979.2	8 095.8	6 231.8	4 499.8	1 805.6	720.0	21 353.0	24 703.6
1973*	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

## 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
Dec.	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9





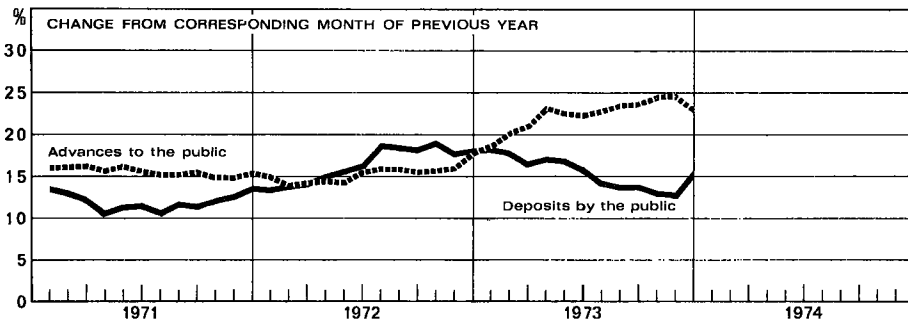
ADVANCES TO THE PUBLIC—MONEY SUPPLY

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	8	9
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	5 503.0	4 482.6	2 244.8	2 374.4	24 472.6	799.5	25 272.1	4 959
1973*	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114

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	4 906
Dec.	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114



## STATE FINANCES

Mill. mk

Revenue	Jan.—Dec.		Expenditure	Jan.—Dec.	
	1972	1973		1972	1973
Income and property tax (net)	3 903	5 087	Wages, salaries, pensions etc.	2 372	2 734
Gross receipts	(9 938)	(12 552)	Repair and maintenance	356	408
Refunds & local authorities	(—6 035)	(—7 465)	Other consumption expenditure	1 046	1 266
Other taxes on income and property	100	131	<b>Total consumption expenditure</b>	<b>3 774</b>	<b>4 408</b>
Employers' child allowance payments	447	527	State aid to local authorities	1 903	2 441
Sales tax	3 760	4 471	State aid to industries	1 553	1 620
Revenue from Alcohol Monopoly	882	1 062	of which: agric. price subsidies	(1 110)	(1 040)
Customs duties & import charges	459	552	Child allowances	367	372
Counter-cyclical tax	2	—	Share in national pensions and health insurance	259	240
Excise duty on tobacco	562	537	Other transfer expenditure	1 573	1 852
»  »  on liquid fuel	768	824	<b>Total transfer expenditure</b>	<b>5 655</b>	<b>6 525</b>
Other excise duties	370	450	Machinery and equipment	505	574
Tax on autom. and motor cycles	415	636	House construction	321	374
Stamp duties	277	349	Land and waterway construction	1 002	1 066
Special diesel etc. vehicles tax	79	78	<b>Total real investment</b>	<b>1 828</b>	<b>2 014</b>
Other taxes and similar revenue <sup>1</sup>	311	389	Interest on State debt	255	274
<b>Total taxes</b>	<b>12 335</b>	<b>15 093</b>	Index compensations	27	29
Miscellaneous revenue	997	947	Net deficit of State enterprises	95	142
Interest, dividends etc.	310	396	Other expenditure	19	21
Sales and depreciation of property	1	3	<b>Total other expenditure</b>	<b>396</b>	<b>466</b>
Redemptions of loans granted	244	268	Increase in inventories	+85	+8
<b>Total revenue</b>	<b>13 887</b>	<b>16 707</b>	Lending	988	1 308
Foreign borrowing	143	28	Other financial investment	279	773
Domestic borrowing	387	210	<b>Total expenditure</b>	<b>13 005</b>	<b>15 502</b>
<b>Total borrowing</b>	<b>530</b>	<b>238</b>	Redemption of foreign loans	179	190
<b>Deficit (+) or surplus (—)</b>	<b>(—681)</b>	<b>(—490)</b>	Redemption of domestic loans	552	763
			<b>Total redemptions</b>	<b>731</b>	<b>953</b>
<b>Total</b>	<b>13 736</b>	<b>16 455</b>	<b>Total</b>	<b>13 736</b>	<b>16 455</b>

<sup>1</sup> Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1970	1971	1972	1973	1974	
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.
<b>Foreign debt</b>	1 557	1 524	1 517	1 395	1 398	1 349
Loans	2 437	2 467	2 268	1 758	1 657	1 655
Compensatory obligations	3	2	2	1	1	1
Short-term credit	46	61	56	39	38	38
Cash debt (net)	—284	—528	—488	—468	..	..
<b>Domestic debt</b>	2 202	2 002	1 838	1 330	..	..
<b>Total State debt</b>	<b>3 759</b>	<b>3 526</b>	<b>3 355</b>	<b>2 725</b>	<b>..</b>	<b>..</b>
Total debt, mill \$	900	849	804	710	..	..

# FOREIGN TRADE

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
1973*	14 605	16600	-1 995

Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
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	190	164	157	104
1972	197	196	174	170	102
1973*	202	222	205	190	108

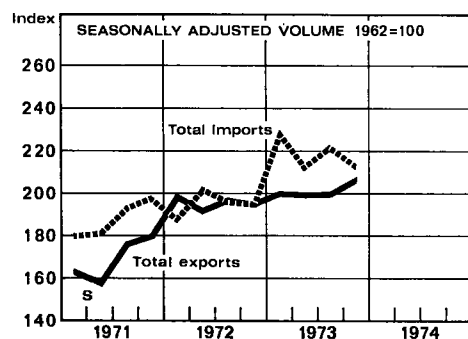
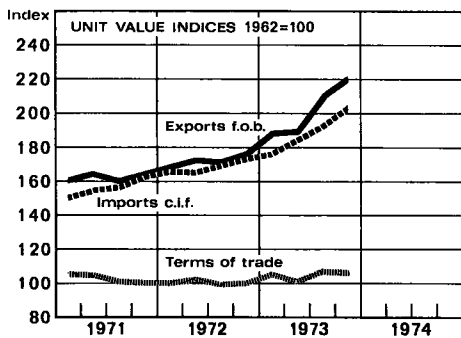
1973*			
Jan.	1 056	1 391	- 335
Feb.	1 079	1 105	- 26
March	1 167	1 384	- 217
April	938	1 288	- 350
May	1 335	1 461	- 126
June	925	1 107	- 182
July	1 094	1 205	- 111
Aug.	1 218	1 404	- 186
Sept.	1 366	1 482	- 116
Oct.	1 538	1 688	- 150
Nov.	1 562	1 622	- 60
Dec.	1 327	1 463	- 136

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 <sup>1</sup>					
Jan.-Mar.	197	222	190	178	107
Apr.-June	190	211	191	186	103
July-Sept.	197	214	211	194	109
Oct. Dec.	226	234	222	205	108

1974*			
Jan.	1 541	1 886	- 345

<sup>1</sup> 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

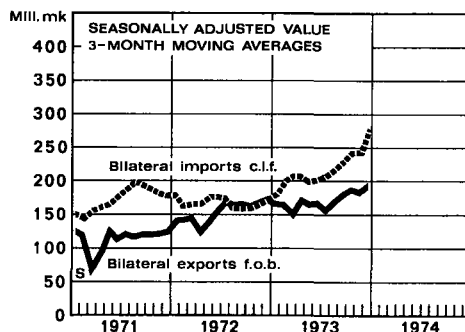
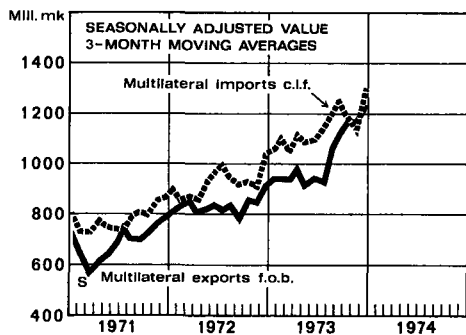
Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1967	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
1973*	621	72	2 473	5 115	3 872	2 452	6 695	2 021	4 463	3 421

## 1973\*

Jan.	89	6	175	359	261	166	556	164	364	307
Feb.	24	6	159	398	308	184	444	86	312	263
March	83	3	166	424	271	220	532	101	415	336
April	49	5	142	350	218	174	500	127	343	318
May	71	6	202	463	388	205	580	117	458	306
June	34	3	103	249	369	167	454	123	308	222
July	30	4	193	412	296	159	474	172	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	218	487	326
Nov.	38	8	283	508	476	249	659	308	356	299
Dec.	90	6	227	441	363	200	604	246	333	280

## 1974\*

Jan.	..	..	..	..	..	..	..	..	..	..
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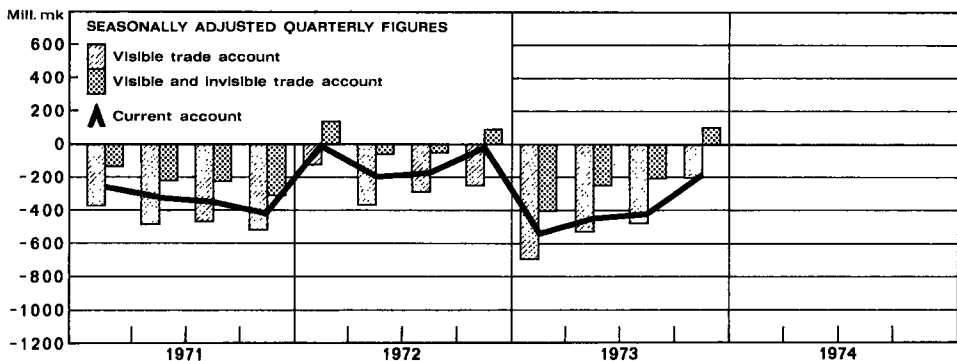
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January				January			
	1973*		1974*		1973*		1974*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	72.2	762	73.9	1 139	74.5	1 036	68.7	1 295
Austria	0.9	10	1.0	16	1.9	27	1.4	26
Belgium-Luxembourg	1.9	20	1.6	25	2.5	35	1.7	32
Denmark	4.6	48	5.9	91	3.6	50	3.0	57
France	5.2	55	4.6	70	3.4	48	3.1	60
Federal Republic of Germany	9.8	104	9.4	145	18.1	252	14.6	275
Italy	2.2	23	1.9	30	1.9	26	1.4	27
Netherlands	4.7	50	3.0	47	3.7	51	5.1	96
Norway	2.2	23	2.5	38	2.5	35	2.8	52
Portugal	0.3	3	0.5	7	0.8	11	0.6	11
Spain	1.2	13	1.5	23	0.5	7	0.8	15
Sweden	14.9	157	17.8	274	18.6	259	21.3	402
Switzerland	2.4	25	1.9	30	3.2	44	3.1	58
United Kingdom	20.0	211	20.4	314	13.2	183	9.5	179
Other	1.9	20	1.9	29	0.6	8	0.3	5
<b>OECD countries outside Europe</b>	8.0	85	7.0	108	8.3	116	8.2	155
Canada	0.7	7	0.8	12	0.3	4	0.2	3
Japan	0.4	4	1.0	16	2.9	40	1.1	21
United States	6.1	65	4.7	73	5.1	71	6.9	131
Other	0.8	9	0.5	7	0.0	1	0.0	0
<b>CMEA countries</b>	12.9	136	11.8	182	12.5	174	17.7	333
Czechoslovakia	0.2	2	0.4	6	0.4	5	0.4	7
Democratic Republic of Germany	0.8	8	0.7	11	0.6	9	0.6	11
Poland	2.5	26	0.6	10	1.4	19	1.5	28
Soviet Union	8.3	88	9.6	148	8.8	122	14.4	272
Other	1.1	12	0.5	7	1.3	19	0.8	15
<b>Latin America</b>	2.4	25	1.7	26	1.8	25	3.0	58
Argentina	0.5	5	0.4	6	0.0	1	0.0	0
Brazil	1.0	11	0.9	14	0.4	5	1.5	29
Colombia	0.1	1	0.1	1	1.2	16	0.8	16
Other	0.8	8	0.3	5	0.2	3	0.7	13
<b>Other</b>	4.5	48	5.6	86	2.9	40	2.4	45
<b>GRAND TOTAL</b>	100.0	1 056	100.0	1 541	100.0	1 391	100.0	1 886
of which								
<b>EFTA countries</b>	20.7	219	23.8	376	27.1	377	29.2	551
<b>EEC countries</b>	49.1	519	47.6	734	46.9	653	38.6	728
<b>OECD countries</b>	80.2	847	80.9	1 247	82.8	1 152	76.9	1 450

# 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
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
1973*	14 526	16 565	-2 039	+857	+308	+24	-850	-787	-47	-1 684
<b>Jan.-Mar</b>										
1970 <sup>f</sup>	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971 <sup>f</sup>	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
<b>Apr.-June</b>										
1970 <sup>f</sup>	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971 <sup>f</sup>	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
<b>July-Sept.</b>										
1970 <sup>f</sup>	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971 <sup>f</sup>	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*	3 638	4 089	-451	+266	+230	-15	+ 30	-189	- 8	-167
<b>Oct.-Dec.</b>										
1970 <sup>f</sup>	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971 <sup>f</sup>	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
1973*	4 405	4 766	-361	+166	+ 35	+19	-141	-249	- 2	-392

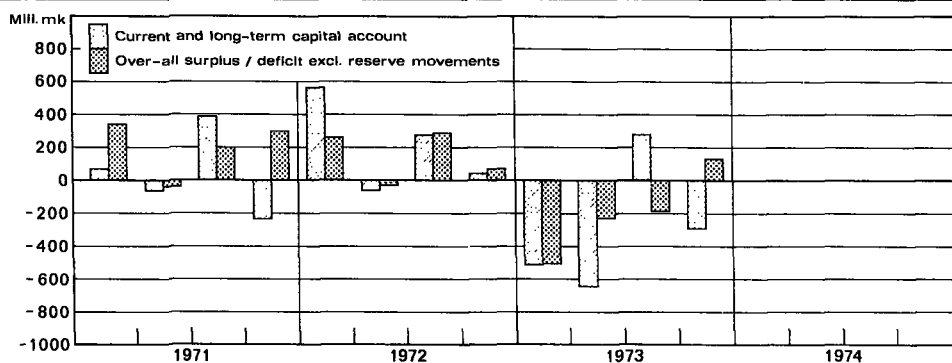


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 <sup>2</sup>	+806	-555	-251
+3 014	-1 228	-376	-106	+1 304	+824	+104	- 90	-247 <sup>2</sup>	+591	-271	-320
+1 865	-1 353	+ 34	-104	+ 442	-1 242	-275	+472	+261	-784	+491	+293
+ 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 <sup>2</sup>	+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
+ 774	-370	+ 60	-16	+448	+281	-401	-257	+191	-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
+ 418	-322	- 12	- 55	+ 29	-363	+ 12	+399	+ 88	+136	-229	+ 93

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

<sup>1</sup> Including Direct investment, net.

<sup>2</sup> 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			
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	398	401	385	403	447	378	435	395	378	188	202	176
1973												
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
Dec.	436	440	418	459	481	394	481	442	404	209	214	200
1974												
Jan.	452	453	448	479	487	407	509	452	417	214	217	209
Feb.	462	461	466	492	496	413	514	471	424	222	217	222

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1972 = 100 <sup>1</sup>									
			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
1973	284	223	111	112	107	111	116	110	109	109	105	111
1973												
April	272	214	107	107	109	108	106	107	107	105	103	108
May	277	218	108	110	109	109	108	109	108	107	104	109
June	280	220	109	112	109	109	109	109	108	108	105	111
July	288	226	112	114	109	109	119	110	109	110	105	113
Aug.	292	229	114	116	109	112	123	111	110	111	106	113
Sept.	295	231	115	117	107	115	125	112	111	111	106	114
Oct.	297	233	115	117	107	116	127	113	112	111	107	115
Nov.	299	235	116	117	107	116	128	114	116	113	108	115
Dec.	303	237	118	161	107	117	131	129	116	115	109	116
1974												
Jan.	305	239	119	116	107	118	133	132	119	116	110	118
Feb.	314	246	122	117	107	121	135	162	122	124	114	118

<sup>1</sup> New series, see item on page 27.



# 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							
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

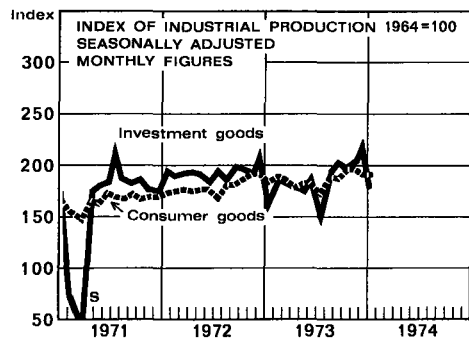
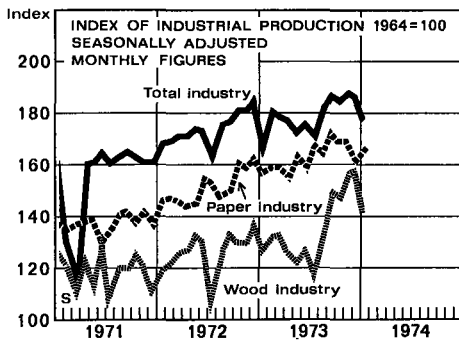
## Volume indices of production 1964 = 100

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	94	95	149	103	144	155	142	141	149
1973*	152	187	90	99	159	104	154	165	150	145	157
1972											
July-Sept.	144	157	174	51	169	102	149	152	142	142	148
Oct.-Dec.	151	194	57	90	177	101	150	171	145	143	151
1973*											
Jan.-Mar.	150	194	53	128	124	107	144	162	147	143	156
Apr.-June	147	180	74	106	133	102	151	161	148	145	157
July-Sept.	152	168	171	53	188	105	159	159	149	146	156
Oct.-Dec.	161	207	61	110	191	101	161	178	153	147	159

# PRODUCTION

Index of industrial production 1970 = 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	
1972*	114	120	113	111	110	110	110	137	113	118	113
1973*	117	117	117	115	113	117	118	139	120	120	117
1972*											
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.	124	125	125	120	98	126	123	156	128	128	111
Feb.	116	121	117	114	96	117	115	139	122	124	118
March	129	132	129	128	108	132	126	152	138	133	117
April	111	112	111	113	103	111	99	145	124	114	115
May	123	126	121	126	126	132	122	140	96	132	113
June	106	114	103	109	109	112	94	121	70	117	115
July	83	53	88	72	109	65	118	104	109	56	112
Aug.	118	112	117	121	129	104	124	134	138	117	118
Sept.	117	121	119	114	113	120	124	145	128	122	122
Oct.	133	140	132	132	138	142	131	153	140	142	120
Nov.	129	138	129	129	125	133	126	148	140	139	122
Dec.	112	114	113	107	108	112	109	134	113	115	121
1974*											
Jan.	128	129	131	125	117	139	130	154	131	132	115



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	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
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	36 264	118	137
1972	3 409	2 173	2 118	55	2.5	31 442	128	151
1973*	3 442	2 215	2 164	51	2.3	30 746	..	..
1973 <sup>1</sup>								
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	138	172
Oct.	3 451	2 222	2 181	41	1.8	2 339	148	191
Nov.	3 453	2 220	2 180	40	1.8	2 813	140	180
Dec.	3 455	2 217	2 170	47	2.1	2 998	..	..

\* 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*											
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	10.17	4.64	0.87	3.22	0.76	41.87
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	48.56
Apr.-June	16.97	7.85	1.73	5.82	0.62	6.51	3.27	0.33	2.08	0.37	47.39
July-Sept.	16.23	7.86	0.84	6.06	0.76	10.34	4.65	0.91	3.31	0.78	52.75

# 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. *The Treasury cheque account* = The cheque account of the Treasury with the Bank of Finland; while *Treasury term liabilities* = Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account — Treasury's IMF and IBRD bills (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). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities (excl. Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account + Deposit certificates + Cash reserve accounts). *Deposit certificates* are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

## 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 361-9) 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. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

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 33, Finnish People's Unification Party 13, Swedish Party 9, Liberal Party 6, Finnish Farmers' Party 5, Christian League 4 and Finnish People's Constitutional Party 2.

## 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 m<sup>3</sup> (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 m<sup>3</sup> was up to the standard required for logs, 55 % of these being pine. The annual growth was 56.2 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 54.3 million m<sup>3</sup>.

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, 1974): Length 5 897 km.

MERCHANT FLEET (Dec. 31, 1973): Steamers 28 (21 300 gross reg. tons), motor vessels 378 (760 000 gross reg. tons), tankers 57 (731 700 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 466 (1 513 500 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 Convair Metropolitans. 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 one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1973). There are two big and five small commercial banks with in all 846 offices, 298 savings banks, 398 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-eight 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 ¼ %. 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 ½ %; highest lending rate 12 ½ %.

# THE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY IN 1973

by Ralf Pauli, M.Pol.Sc.,  
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Bank of Finland

## GENERAL DEVELOPMENTS

With the exception of Sweden most of the Western countries important for Finnish exports experienced one of the strongest booms of the last two decades in 1973, and total demand increased rapidly. This favourable development was marred by a high rate of inflation, which became a major concern in most OECD countries. International foreign exchange and capital markets were rather volatile especially in the first part of 1973, and Euro-currency interest rates rose in the course of the year.

In spite of the strength of foreign demand, the growth of the volume of Finnish exports was modest since firms began to reach capacity ceilings and experience shortages of labour as early as the first half of the year. This was mainly due to the acceleration of exports in 1972. Imports, which had grown only moderately in that year, expanded vigorously in 1973. High domestic activity required imports of raw materials and investment goods, but consumer good and passenger car imports increased as well. These developments led to an increase in the trade deficit, although an improvement in the terms of trade alleviated the imbalance somewhat. The service account surplus increased moderately but interest payments on foreign loans were somewhat greater than in the previous year. The deficit on the current account rose from 480 million marks in 1972 to 1632 million in 1973.

The deficit on current account was a result of temporary factors affecting bilateral trade, unusually high domestic absorption and

underlying structural factors. Last year, the current deficit was only partly financed by imports of long-term capital. The principal reasons for the fall in drawings of long-term loans were the substantial capital imports of the previous year and the uncertainty prevailing in international financial markets which curbed capital imports in the first part of the year.

Although some limitations were placed on drawing of short-term import credits, there was an inflow of some short-term capital. Almost half of the current account deficit was financed by drawing upon the foreign exchange reserves, which fell from their high of 1972.

## EXPORTS

The volume of industrial production increased by roughly eight per cent and the growth in GNP was about five per cent in the market economies most important for Finnish exports in 1973. Demand for Finnish exports thus remained favourable, and was re-inforced by rapidly rising prices in many countries. Finland's export industries were not able to take full advantage of this cyclical upswing because of capacity constraints. The growth in market shares of Finnish exports turned out to be negative for the first time in several years. The forest industry began to reach capacity ceilings and also faced some problems in acquiring sufficient amounts of raw materials, whereas the metal industry experienced shortages of skilled workers. Despite high rates of inflation abroad, unit labour costs increased slightly more in Finland than in her main competitor countries. However, the price

competitiveness of Finnish exports was not a major problem in 1973, as relative unit labour costs had remained roughly stable in 1968—72 after the improvement following the devaluation of the Finnish mark in 1967 and the successful stabilization measures taken subsequently (see Bulletin, October, 1972). Export prices rose 17 per cent, and the value of Finnish exports increased by 21 per cent in 1973.

The metal industry was the only main sector that experienced a decline in export volume. On the other hand, the available evidence suggests that this industry witnessed the highest price increases. No major change took place in the commodity structure of Finnish exports last year. However, the changes in the 1960s can be expected to continue in the long run, i.e., the share of the metal industry will increase at the cost of the forest industry. Last year's temporary drop in the volume of metal industry exports was in part a result of the timing of deliveries of large individual orders. The relatively low level of demand in Sweden also tended to dampen metal industry exports. Booming building activity and steeply rising prices in most export markets were the key factors behind the growth in the value of wood industry exports. While the volume of these exports increased by five per cent, their value grew by 36 per cent. The demand for paper and related products outstripped what the producer countries could supply. The value of Finnish paper industry exports increased by 20 per cent, price rises accounting for one half and volume increases for the other half. The growth of exports of other industrial products was 19 per cent, of which one quarter was the result of volume increases. Exports of chemicals grew faster than that of clothing and foodstuffs.

In the regional distribution of Finnish exports there was a small shift away from the EFTA countries towards the European Community (including the United Kingdom, Denmark and Ireland), owing mainly to the relatively mild revival of economic activity in Sweden. Almost half of Finnish exports went to Community

members. The share of the Socialist countries remained about 15 per cent.

## IMPORTS

With a high level of demand both at home and abroad, the domestic supply of goods and services was quickly taken up, and demand pressure burst over on to imports. The rate of growth of import volume substantially exceeded the rate of the previous year and was twice as high as the growth rate of GDP.<sup>1</sup> The value of commodity imports grew by 26 per cent in 1973. Half of this figure can be attributed to price rises. Prices of raw materials, which had doubled in world markets, were the principal source of the increase in import prices; the change in the cost of energy came so late that it had little effect on the 1973 import figures.

There was no essential change in the commodity structure of imports. The same was true in the previous year, too, although over the longer run there has been a minor shift away from raw materials and semi-finished goods towards investment and consumption goods. The volume of imports of raw materials and semi-finished goods grew in line with the growth of industrial production, but the value of this category of imports increased by as much as 28 per cent owing to price rises. The volume of coal imports grew more than that of liquid fuels. The growth of the value of total fuel imports was slightly below that of total imports. A revival in the import of investment goods took place after the decline of the previous year. Prices in this group were more stable than those of the other main import categories. Although the growth of the volume of imports of investment goods was 15 per cent, it is not expected to reach its cyclical peak until the first part of 1974. Imports of consumer goods and passenger cars continued to expand vigorously until the middle of 1973. Later in the year, policy measures and large stocks kept the volume of imports at a constant level. In late August a licencing

<sup>1</sup> Domestic developments will be discussed more thoroughly in an article which will appear in the May issue of the Bulletin.

## BALANCE OF PAYMENTS, MILLION MARKS

	1971	1972	1973
Exports, f.o.b.	9 845	12 012	14 527
Imports, c.i.f.	11 762	13 087	16 513
TRADE BALANCE	-1 917	-1 075	-1 986
Services, net	973	1 139	1 189
BALANCE OF GOODS AND SERVICES	-944	64	-797
Investment income & transfer payments	-478	-544	-835
CURRENT ACCOUNT	-1 422	-480	-1 632
Long-term capital, net	1 582	1 304	460
BASIC BALANCE	160	824	-1 172
Short-term capital, net	646	-233	388
OVER-ALL BALANCE	806	591	-784
Reserve movements (increase —):			
Bank of Finland	-555	-271	+491
Other foreign exchange holders	-251	-320	+293

For details, see pp. 12—13

scheme was introduced for imports of certain consumer durables in order to prevent speculative buying. This measure was not intended to reduce normal imports. Imports of consumer goods and passenger cars increased by 29 per cent in value terms; some 10 per cent of this growth was due to higher prices.

No major changes took place in the regional distribution of Finnish imports. The share of the enlarged European Community fell somewhat, allowing a minor increase in the shares of all other main regional groups. Finland had a small surplus in trade with the Community even though her total trade balance was in deficit. The share of the Socialist countries showed little change.

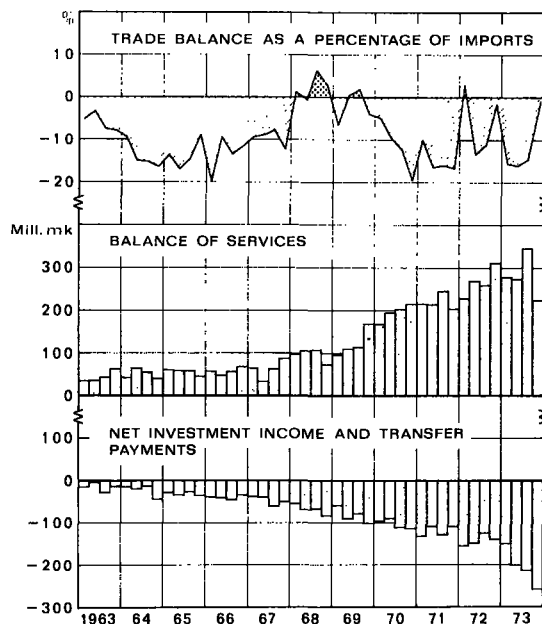
## CURRENT ACCOUNT

The trade account deficit amounted to nearly 12 per cent of the value of imports, which is 4 percentage units more than in the previous year. Although the trade deficit in 1973 was sizeable in relative terms it was smaller than in 1964—66 and 1970—71 (see Chart 1). The

main factors contributing to the trade account deficit were unusually high domestic demand, underlying structural factors, and temporary factors in bilateral trade. The improvement in the terms of trade kept the trade deficit of 1986 million marks from deteriorating even further during 1973. If imports were recorded on a f.o.b. basis, as is the case with exports, the deficit on trade account would have been about 700 million marks.

On fifth of Finnish current account income comes from invisible transactions (i.e. services, investment income and transfer payments), while the share of invisibles is somewhat less on the expenditure side. In 1972 the growth of service receipts was slightly lower than the growth of commodity exports contrary to the trend of the 1960s. This development continued in 1973, the growth rate of services being about 16 per cent and that of commodity exports about 21 per cent. This resulted mainly from a slow down in the growth of travel receipts. In 1973 expenditures on services continued to rise at an increasing rate but still more slowly than commodity imports.

**CHART 1. PRINCIPAL CURRENT ACCOUNT COMPONENTS (SEASONALLY ADJUSTED)**





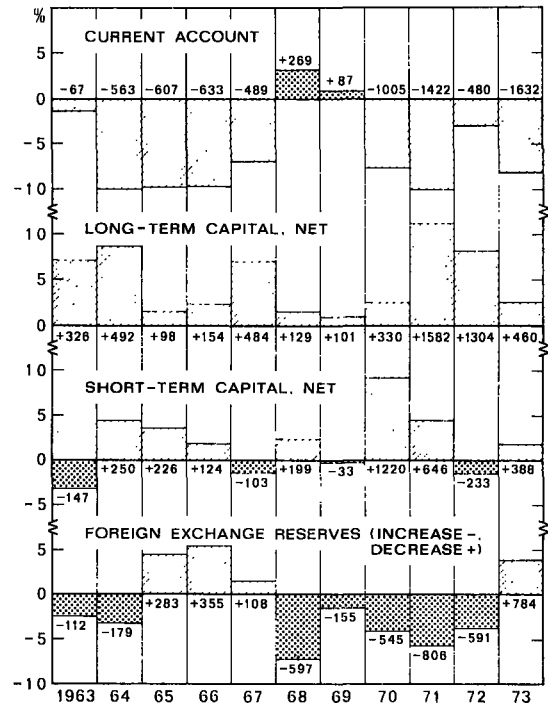
Transportation recovered in 1973, after two relatively weak years. Freight rate increases towards the end of the year and an increase in the volume of the merchandise trade raised freight earnings in 1973. On the other hand, the rise in shipping costs was substantial in 1973. Net receipts from transportation exceeded last year's by about 130 million marks on a c.i.f. basis.

The growth of travel receipts, which during the late 1960s had increased at a rapid pace, decelerated in 1973. A slow-down in growth could be perceived already in 1972 but last year growth fell to less than half of rate of 1972, or to about 14 per cent. This can be partly explained by the levelling off of border trade with Sweden. Furthermore in the past few years emigration to Sweden has been reversed, and this reduces foreign exchange receipts from Finns visiting their home country. The growth of travel expenditure fell from 36 per cent in 1972 to 25 per cent in 1973. In net terms, the travel account surplus remained roughly on the level of the previous year.

The increase in borrowing from abroad that had taken place in 1972 was reflected in increased interest payments, to which rising interest rates also contributed. The fall in foreign exchange holdings meant that investment income did not increase. The investment income deficit rose to about 790 million marks in 1973, compared with 586 million in 1972. Transfer payments produced a net outflow of about 50 million marks in 1973.

The current account deficit amounted to 8.1 per cent of total current expenditures in 1973. The relative deficit was thus greater than in the previous year but smaller than in 1971. Buoyant domestic demand meant that the deficit on current account was greater than its trend value. Here it must be remembered that the deficit reflects the effort to re-structure the pattern of production in Finland.

**CHART 2. PRINCIPAL BALANCE OF PAYMENTS COMPONENTS AS A PERCENTAGE OF CURRENT PAYMENTS AND IN MILLIONS OF MARKS**



#### CAPITAL FLOWS AND RESERVE POSITIONS

The principal balance of payments components are shown in Chart 2 as a percentage of current payments in order to facilitate comparison of the relative importance of the different financing items in various years. In contrast to the two preceding years, the net inflow of long-term capital was quite small in 1973, so that the basic balance deficit had to be financed mainly by drawing upon foreign exchange reserves.

In the first half of 1973, when domestic money markets were relatively easy and uncertainty in foreign exchange markets was particularly great, drawings of long-term foreign loans only slightly exceeded redemptions. Although borrowing from abroad increased towards the end of the year, the net inflow for the year as a whole was about one third of that in the previous year. This development was also partly due to high interest rates in foreign capital markets.

Drawings of new foreign long-term loans amounted to nearly 1 900 million marks in 1973 — one third less than in the previous year — while amortizations were one third greater than in 1972. Drawings exceeded amortizations by just over 500 million marks, raising the gross long-term foreign debt to 10 594 million marks.

Gross debt to foreign governments and international organizations (including the World Bank) was reduced by about 100 million marks. Three Finnish bond issues were floated abroad in 1973, totalling 153 million marks. However, the redemptions of earlier issues were roughly equal in size. The greatest part of the borrowing took the form of other financial credits, including privately placed loans. Outstanding long-term supplier's credits increased as well. Gross long-term debt increased by 6 per cent during 1973; this rate of growth is only a third of the average growth rate of the five preceding years. The ratio of servicing costs, i.e. interest payments and amortizations, to current receipts rose by one percentage unit to about 11 per cent. Other long-term capital movements did not greatly affect the country's foreign indebtedness. Direct investment in Finland was roughly equal to investment abroad by Finnish enterprises, and the amounts involved were below the average of recent years. Amortizations of long-term export credits provided by Finnish firms slightly exceeded the amount of new credits.

Short-term trade credits were affected by the introduction of a cash payment requirement for imports of consumer goods. On the other hand, there was some short-term borrowing at the end of 1973 in place of drawings of long-term loans. Short-term foreign liabilities, including errors and omissions, increased by about 390 million marks. This gave an overall balance deficit of 784 million marks in 1973.

Last year the country's total foreign exchange reserves decreased for first time since 1967. The reduction of the Bank of Finland's reserves was 491 million marks, while that of the

other foreign exchange holdings was 293 million marks. At the end of 1973, total reserves amounted to 2 240 million marks.

## FOREIGN EXCHANGE POLICY

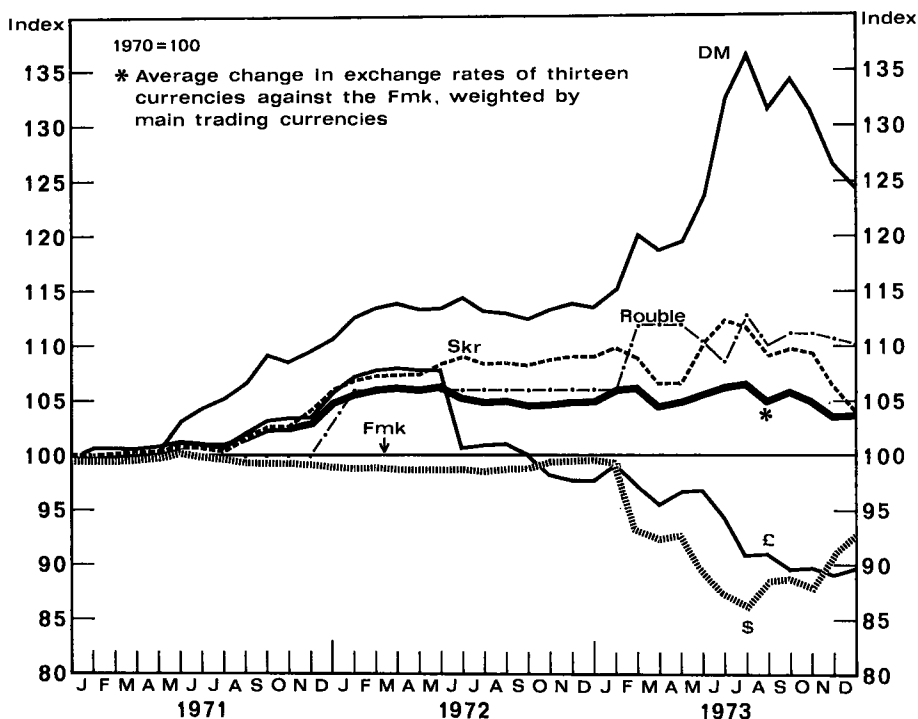
Exchange rate policy was carried out in a setting of recurrent international currency crises. The US dollar was devalued, the Deutschemark was revalued twice, and an increasing number of currencies were allowed to deviate by more than  $2\frac{1}{4}$  per cent from their par values or central rates. Exchange rate developments thus became highly disparate. A major feature of this development was fall in the value of the US dollar in relation to other important currencies until the end of July and the subsequent strengthening of this currency.

In this situation Finland chose the middle road; i.e. she tried to keep the weighted value of the mark against other currencies unchanged. Using the shares of the main trading (invoicing) currencies as weights, the effective rate for the mark fell by less than 0.5 per cent in the first three quarters and rose by about 1 per cent in the last quarter of the year (see Chart 3). This was possible only by relaxing the link with the dollar. In February, when the 10 per cent devaluation of the dollar was announced Finland followed only half-way, changing her central rate from 4.10 to 3.90 marks per dollar. In June the dollar was allowed to fall below its lower fluctuation limit.

Although exchange rate policy was neutral in this sense, exchange rates for individual currencies fluctuated strongly during 1973 (see Chart 3) and notable shifts relative to the average levels of 1972 were recorded. In 1973 the average exchange rates of the dollar and the pound were nearly 10 per cent lower than in 1972 whereas the average 1973 exchange rate of the Deutschemark was 11 per cent above the level of 1972.

Varying expectations about future spot rates created rather pronounced fluctuations in

**CHART 3. EXCHANGE RATE DEVELOPMENTS SINCE JANUARY 1971**



demand and supply in the forward market. The margins set by the Bank fluctuated fairly strongly in 1973 since the Bank has aimed to reach a certain balance between the demand for and supply of US dollars, which is the only currency used in forward dealings between the central bank and the authorized banks. Forward rates were, however, higher than spot rates throughout the year, the difference between three-month selling rates and spot rates being 2.6 per cent on an annual basis at the end of the year.

In 1973 economic policy was in general geared towards avoiding excessive overheating, and monetary policy was progressively tightened. In order to make the squeeze on domestic liquidity in the private sector more effective, measures were implemented to influence borrowing abroad. In June the cash

payment system mainly for imports of consumer goods including passenger cars was introduced. This system covers about one quarter of total imports. At the same time regulations were brought in which made it possible to require deposits in connection with imports of medium-term and long-term capital. According to this arrangement the borrower deposits for a limited period part of the proceeds of the loan on an interest-bearing account with the Bank of Finland. In view of the relatively modest inflow of capital last year, little use was made of this arrangement.

In order to secure Finland's external liquidity, the Bank of Finland negotiated stand-by borrowing facilities in 1973. These can be drawn upon to strengthen the foreign exchange reserves of the Bank.<sup>1</sup>

<sup>1</sup> See Bulletin, September 1973.

## ITEMS

### **Inflow of long-term capital in 1973.<sup>1</sup>**

Finnish long-term foreign debt grew by six per cent in 1973, which is not more than one third of the average growth rate of the preceding five years. This deceleration was a consequence of a sharp decline in drawings of loans, which was caused by the volatile and unsettled situation prevailing in the international capital markets and by the rise in the interest rate level. Furthermore, the decline in drawings of loans may have been affected by the fact that the demand for capital imports was largely satisfied during previous years and that the domestic money market was relatively easy during the first half of 1973.

Total long-term foreign debt amounted to 10 594 million marks at the end of 1973. Of this, central government loans accounted for 1 202 million marks. In addition, the central government had furnished security for loans totalling 3 812 million marks. Loans which the private sector had both drawn and guaranteed thus made up more than half of total long-term foreign debt.

Drawings of new long-term loans amounted to 1 968 million marks in 1973, which was a third less than in the previous year. Redemptions totalled 1 359 million marks, which was a third more than in the previous year. Thus the net inflow of capital came to 609 million marks in 1973.

Drawings of financial loans totalled 1 273 million marks, while redemptions amounted to 1 000 million marks. Thus net debt in this form grew by 273 million marks to 8 680 million marks at the end of the year. The break-down of financial loans by type was as follows:

<sup>1</sup> Redemptions were deducted from, and drawings added to, the end-of-year total debt of 1972, valued at central rates. The exchange rate applied was the average selling rate of the month when the transaction was made.

During the year under review three Finnish bond issues were floated abroad, totalling 153 million marks. As amortizations of outstanding bonds exceeded this amount by 14 million marks, bond debt was reduced to 2 666 million marks in 1973. The first new bond issue was floated by Enso-Gutzeit Oy in July, and it amounted to 100 million French francs. Furthermore, Yhtyneet Paperitehtaat Oy made a bond issue of 8 million Swiss francs in July, and in September Outokumpu Oy launched a 50 million Swiss franc loan. Redemptions of loans granted by the World Bank exceeded corresponding drawings by 39 million marks, so that net debt in this form declined to 522 million marks by the end of the year.

No drawings were made on loans granted by foreign governments, while redemptions of such loans totalled 90 million marks.

Drawings of other financial loans totalled 1 078 million marks, redemptions came to 662 million marks, and the amount outstanding at the end of the year was 5 180 million marks. Eight private placement loans, totalling 421 million marks, were taken abroad; these loans are rather similar to bonds and are here included among other financial loans.

Drawings of import credits amounted to 623 million marks, while redemptions totalled 347 million marks. Total import credit debt came to 1 721 million marks at the end of the year under review.

Drawings on loans granted to subsidiaries amounted to 73 million marks, while the corresponding repayments totalled 13 million marks. Thus net debt in this form came to 194 million marks at the end of the year.

As amortizations on Finnish long-term debt totalled 1 359 million marks during 1973 and interest expenses on this debt amounted to 665 million marks, total debt service costs came to 2 024 million marks. According to preliminary estimates, the ratio of total debt service costs to total current account earnings rose by less than one percentage unit to 11 per cent.

When the total debt at the end of 1973 is converted into Finnish marks at the selling rates of the first and the last day of the year, it can be seen that changes in exchange rates reduced the mark value of the debt by 66 million marks, i.e. 0.6 per cent, during the period under review.

Capital import deposits in the Bank of Finland totalled 214 million marks at the end of 1973.

**Revised consumer price index (1972 = 100).** The Central Statistical Office has prepared a new consumer price index which takes 1972 as the base year. This index has been constructed using data gathered through the 1971 private households survey, which provided detailed information on consumption patterns. The index was last revised in 1968, when the calculation of a consumer price index with a base year of 1967 was started.

The weights used in the new consumer price index are based on the results of the household survey and on other information about consumption habits in 1971. The revised list includes alcoholic beverages, tobacco, sweets, package tours, as well as tipping, lotteries and other types of gambling. For durable consumer goods, sales of second-hand goods have been deducted from purchases of new goods.

In the table below, the new consumer price index (1972 = 100) is compared with the former index (1967 = 100) by sub-groups:

	Consumer price index (1967 = 100), percentage weights	Consumer price index (1972 = 100), percentage weights	Change, in percentage points
1. Food	28.3	24.1	-4.2
2. Beverages and tobacco	7.3	7.9	+0.6
3. Clothing and footwear	9.4	7.7	-1.7
4. Housing	16.1	16.5	+0.4
5. Heat and lighting	3.7	2.6	-1.1
6. Household equipment, appliances and services	5.6	6.2	+0.6
7. Transportation	13.0	15.4	+2.4
8. Education and recreation	6.7	8.0	+1.3
9. Other commodities and services	9.9	11.6	+1.7
TOTAL	100.0	100.0	

The sub-groups shown in the table include a number of representative commodities, the price developments of which are followed to obtain data for each sub-group. These figures are then aggregated and the total index is expressed as one number.

When calculating the consumer price index, primary attention is paid to changes in the prices of commodities and services, which hold a key place in consumption. In addition, data are also gathered on price developments of commodities which are of minor importance in consumption, if the price changes cannot be determined on the basis of changes in other prices. The choice of commodities is also affected by such factors as whether information on price developments is available continuously and whether the commodity concerned is sold throughout the country. The household survey and data on consumption expenditure from the national accounts were used as the bases for the choice. Furthermore, central retail organizations submitted detailed quality and model descriptions, which were used to revise specifications for certain commodities. The revised index includes new commodities, such as rolled cake, deep-frozen chickens, skim-milk, yogurt, canned fruit, mashed potato flakes,

tomato ketchup, baby food, meat pies, freezers, electric mixers, fireproof casseroles, package tours, cassette tape-records and cassettes, pleasure boats, dart boards, playing cards, children's day-care fees, artificial teeth, laboratory charges, swimming hall charges, scales for weighing people, baby napkins, contraceptives, camping fees. Of these new commodities, the majority are included in subgroups 1, 6, 8 and 9. The revision reflects changes that have taken place in the structure of private consumption since the middle of the 1960s. In the food group, the share of pre-cooked and prepared products in consumption has increased, whereas consumption of grain products and potatoes has decreased. As a result of more leisure time, the shares of transportation, education and recreation in consumption have grown.

The revised consumer price index includes 353 commodities, for which an individual index for each commodity is obtained through a computer program. It should be noted that various alcoholic beverages are treated as one commodity, even although more than 20 different kinds of beverages are included. Owing to these changes, the number of commodities is not comparable with the number in former indices.

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## BANK OF FINLAND

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### 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.*

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### 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.*

Heikki Koskenkylä

*Research Dept., ad int.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Väinö Heiskanen

*Banking Services*

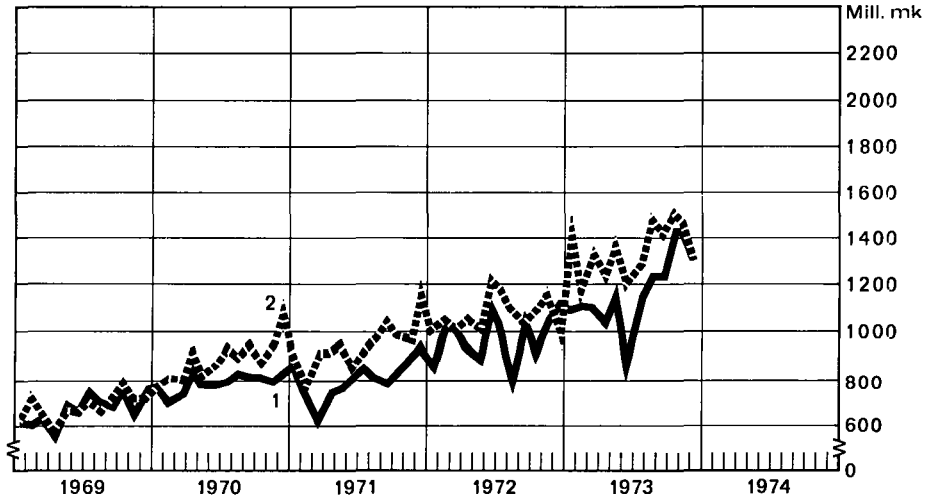
Eino Suomela

*Internal Audit*

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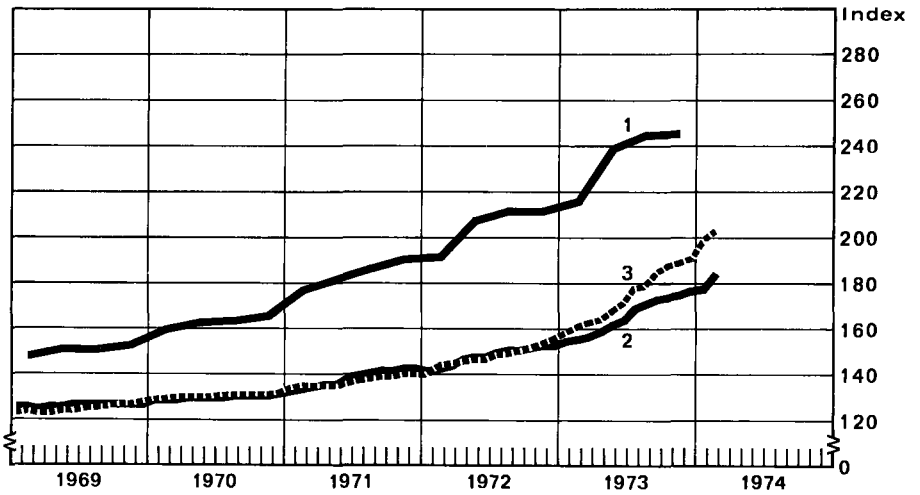
Foreign trade, 1969-1974

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



Prices and wages, 1969-1974

- 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, 1969-1974

- 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

