



# BANK OF FINLAND

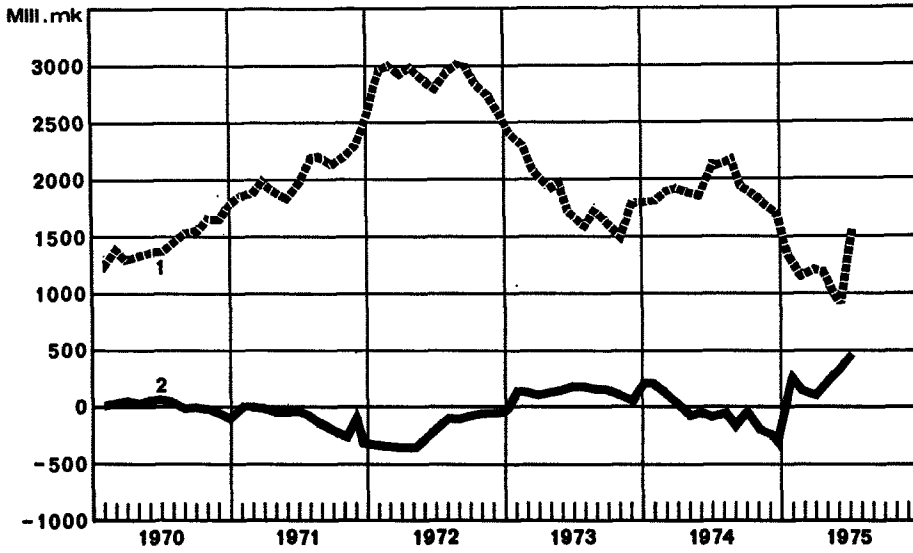
*Monthly Bulletin*

The Finnish fur production  
Finland's health policy  
Supplementary budget  
Publications of the Bank of Finland

**AUGUST 1975**

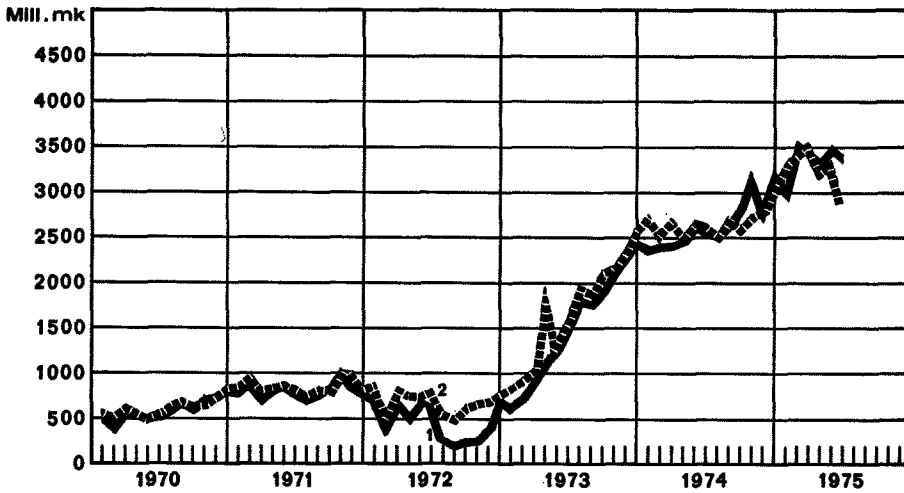
**Vol. 49 No. 8**

**BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1970-1975**



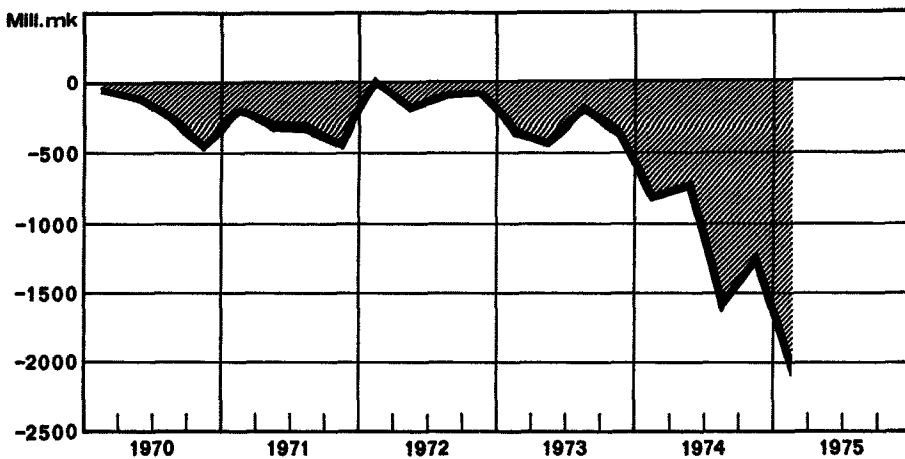
- 1. Gold and convertible currencies
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**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1970-1975**



- 1. Net receivables from the domestic financial sector
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- Seasonally adjusted end-of-month figures

**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1970-1975**



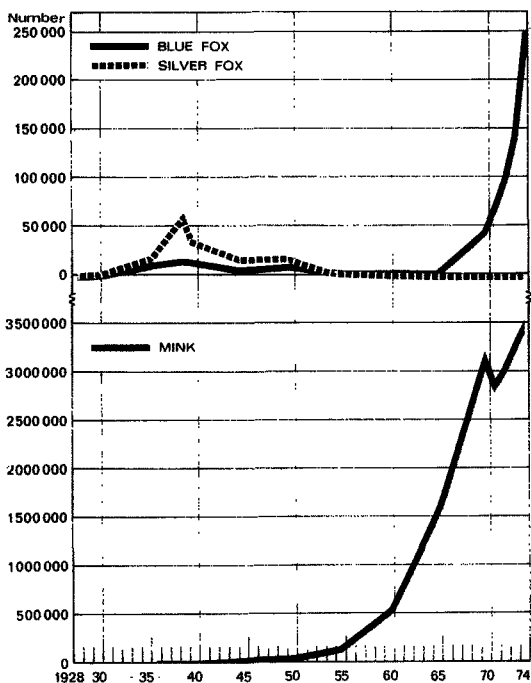
Seasonally adjusted quarterly figures

# THE FINNISH FUR PRODUCTION

Fur production in Finland has a long and well known tradition dating back to the time when it played an important role also in the settlement of the country. However, fur hunting has long failed to meet the increasing demand for furs bought. In the 1950s the total value of furs produced on farms has exceeded that of those traditionally hunted or trapped. Farms concentrated mainly on the breeding of fox in the beginning but later turned to minks. These became fashionable after World War II and were in great demand, so that the demand for hunted skins was reduced to a fraction of its former size. The result of this trend is that, at present, hunting provides only a small part of the country's squirrel and muskrat production; a few decades ago these species still represented about two-thirds of the total value of the hunting catch.

The development of fur production on farms is illustrated in Chart 1. The annual crop means the number of whelps born during the year concerned and still alive in the autumn.

**CHART 1. THE ANNUAL CROP OF WHELPS IN 1928—1974, BY SPECIES**



The value of fur production in the 1970s is indicated by the data on skin sales which Fur Producers Ltd has compiled. It is estimated that these data cover about 90 per cent of Finland's skin sales.

**THE VALUE OF FINNISH FUR PRODUCTION IN THE 1970s, BY SPECIES**

Year	Mink		Fox	
	Number, thousand	Mill. mk	Number, thousand	Mill. mk
1970	2 244	89	28	2
1971	2 944	123	55	5
1972	2 542	142	72	10
1973	2 686	177	99	20

In the early days of fur farming, fox farms were spread all over the country, whereas mink farms have, always been, centred in the municipalities of the coastal Ostrobothnia. One reason for this is that fur farming was originally more profitable in coastal regions, because catches of Baltic herring were available at a lower price than elsewhere. In 1973 there were some 2 900 fur farms in Finland, of which more than 90 per cent were located on the coast of Ostrobothnia. This region made up about 85 per cent of the total crop.

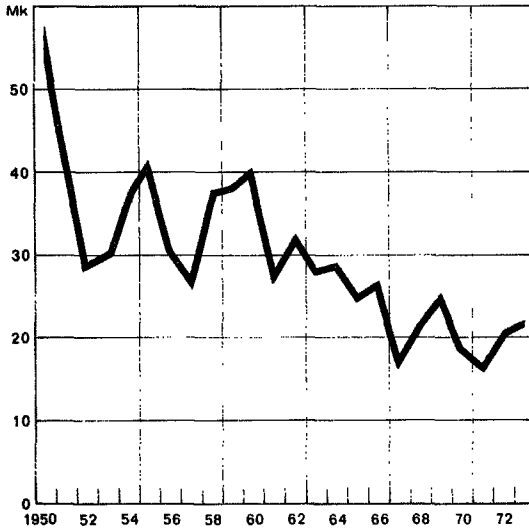
In the early 1950s, mink production was, as a rule, limited almost exclusively to dark, standard-type furs. Towards the end of the decade however came the development of mutations in a wide range of colours. Throughout the period their prices remained higher than those of standard furs.

The unit prices of skins are illustrated in Chart 2 and the unit costs of skin production are presented in the table below; the figures are based on data obtained from the Fur Producers Ltd.

**UNIT COSTS OF SKIN PRODUCTION IN 1962—1973, MK**

1962	29.40
1966	23.10
1968	19.30
1971	18.50
1973	21.90

**CHART 2. UNIT PRICES OF SKINS IN 1950—1973  
(AT 1951 PRICES, DEFLATED BY THE COST OF  
LIVING INDEX, 1951 = 100)**



It can be seen that the profitability of mink farming has decreased over the last ten years. This has limited the scope of activity of fur farmers and, at the same time, made Finland less competitive in the international market. However, the situation has been slightly improved by the increase in the size of production units and in the concentration of fodder production.

## WORLD PRODUCTION AND TRADE

In 1973 Finnish exports of farm furs brought in about 210 million marks of foreign exchange earnings, and in 1974 the amount was 250 million marks, which made up 1.2 per cent of total Finnish exports. It is estimated that between 97 and 98 per cent of the Finnish fur output is exported.

The following table shows the breakdown of the world's mink output by fur producer countries and Finland's position in this breakdown.

**THE BREAKDOWN OF THE WORLD'S MINK  
OUTPUT AND EXPORTS BY COUNTRY**

	Total output, in million	Per cent	Exports, in million	Per cent
Soviet Union	7.7	33	2.0	14
Finland	3.3	14	3.1	21
U.S.A.	3.2	14	1.3	9
Denmark	3.1	13	3.0	20
Norway	1.5	7	1.3	9
Sweden	1.4	6	1.3	9
Canada	1.1	5	1.3	6
Other countries	1.8	8	1.8	12
<b>Total</b>	<b>23.1</b>	<b>100</b>	<b>14.6</b>	<b>100</b>

More recently, the major importing countries have been the Federal Republic of Germany, the U.S.A, Switzerland, Italy and the United Kingdom, in that order.

## THE IMPACT OF FUR FARMING ON EMPLOYMENT

Fur farming is a typical export industry, where small and medium-sized fur farms carry on as family enterprises, whereas larger farms employ a large amount of temporary labour, particularly at times of mating and skin taking. If we estimate that labour input per a produced pelt is three hours, the production of 3.5 million pelts means full employment for more than 6 000 persons, in mink farming alone. In addition, fur farming provides employment for fishermen, in that at present about 25 million kgs of Baltic herring is used as mink feed.

## FODDER

Fodder costs make up the major part of the production costs of pelts. At present the total consumption of fodder is about 236 million kgs per annum, a substantial part of which is valuable and expensive animal protein which is imported. The central government has implemented various measures to facilitate the supply of fodder for fur farming, to keep Finland competitive with countries which have a supply of cheaper raw materials.

(continued on page 24)

	1973		1974		1975	
	Dec. 31	Dec. 31	July 8	July 15	July 23	July 31
<b>Assets</b>						
Gold and foreign exchange receivables.	2 210	1 791	2 127	2 010	2 113	2 168
Gold	121	121	121	121	121	121
Special drawing rights	285	286	286	286	286	286
IMF gold tranche	268	268	—	—	—	—
Convertible currencies	1 228	1 109	1 121	1 020	1 096	1 077
Tied currencies	308	7	599	583	610	684
Other foreign receivables	952	1 123	1 294	1 288	1 281	1 288
Foreign bills	103	252	303	297	290	297
Foreign bonds	319	341	193	193	193	193
Currency subscription to Finland's quota in the IMF	530	530	798	798	798	798
Receivables from financial institutions	2 745	3 414	4 021	3 766	3 946	3 595
Cheque accounts of the commercial banks	19	114	170	169	147	136
Discounted bills	2 556	3 034	3 526	3 259	3 496	3 082
Bonds	121	220	255	282	244	337
Other financial institution receivables	49	46	70	56	59	40
Receivables from the public sector	268	301	313	313	312	315
Bonds	53	71	70	70	70	70
Total coinage	200	224	241	241	241	243
Other public sector receivables	15	6	2	2	1	2
Receivables from corporations	613	631	743	749	763	821
New export bills	47	90	119	119	120	119
Financing of suppliers' credits	271	276	325	327	336	336
Bonds	255	231	238	238	238	283
Other corporate receivables	40	34	61	65	69	83
Other assets	34	37	36	36	36	37
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>8 534</b>	<b>8 162</b>	<b>8 451</b>	<b>8 224</b>
<b>Liabilities</b>						
Foreign exchange liabilities	147	457	198	197	200	199
Convertible accounts	73	62	60	60	60	60
Tied accounts	74	395	138	137	140	139
Other foreign liabilities	788	788	1 385	1 385	1 385	1 385
IMF mark accounts	530	530	1 127	1 127	1 127	1 127
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 082	2 461	2 653	2 606	2 534	2 544
Notes	1 907	2 259	2 442	2 394	2 320	2 330
Coins	175	202	211	212	214	214
Deposit certificates in circulation	1 450	1 040	1 330	840	1 100	800
Claims of financial institutions	13	9	120	125	132	123
Cheque account of Postipankki	2	4	1	5	12	0
Cheque accounts of the commercial banks	7	4	1	1	2	3
Other financial institution claims	4	1	118	119	118	120
Claims of the public sector	535	560	511	608	686	718
Cheque accounts	2	7	2	3	45	0
Counter-cyclical reserves	509	543	388	388	388	300
Import deposits	—	—	119	215	251	416
Other public sector claims	24	10	2	2	2	2
Claims of corporations	239	195	374	387	407	423
Investment deposits	5	34	66	67	67	67
Counter-cyclical withholdings	—	49	0	0	0	0
Capital import deposits	214	98	296	301	327	344
Import levy deposits	6	6	5	6	6	5
Other corporate claims	14	8	7	13	7	7
Other liabilities	16	17	15	13	12	12
Equalization accounts	740	858	958	1 008	999	1 019
Capital accounts	812	912	990	993	996	1 001
Primary capital	600	600	600	600	600	600
Reserve fund	114	163	237	237	237	237
Undisposed profits	—	—	75	75	75	75
Net earnings	98	149	78	81	84	89
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>8 534</b>	<b>8 162</b>	<b>8 451</b>	<b>8 224</b>

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1968	1 309	6	1 303	— 12	125	34	1 382	105	364	259	—
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1974											
May	1 968	77	1 891	— 89	874	788	1 888	208	533	325	1 490
June	2 219	72	2 147	—113	888	788	2 134	209	528	319	1 600
July	2 240	82	2 158	— 96	888	788	2 162	209	575	366	1 600
Aug.	2 274	74	2 200	—220	889	788	2 081	213	530	317	1 360
Sept.	1 989	71	1 918	— 86	899	788	1 943	217	564	347	1 390
Oct.	1 947	70	1 877	—235	922	788	1 776	220	521	301	1 510
Nov.	1 862	64	1 798	—280	936	788	1 666	222	520	298	1 400
Dec.	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975											
Jan.	1 388	56	1 332	306	1 105	788	1 955	302	555	253	990
Feb.	1 249	53	1 196	161	1 106	788	1 675	307	551	244	1 050
March	1 300	66	1 234	132	1 089	788	1 667	307	553	246	1 080
April	1 284	66	1 218	255	999	788	1 684	310	550	240	1 170
May	1 065	67	998	352	1 010	788	1 572	314	556	242	870
June	1 618	67	1 551	483	1 283	1 385	1 932	311	512	201	900
July	1 484	60	1 424	545	1 288	1 385	1 872	315	718	403	800

<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1974			Net holdings, May 31, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	May	Jan.-May
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	289	—	289	+3	+3
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 047	—564	483	320	—1 358	—1 038	—352	—1 521
Total	1 722	—564	1 158	998	—1 358	— 360	—349	—1 518
Non-convertible currencies	—388	— 5	—393	352	— 13	+339	+ 83	+ 732

End of year and month	Domestic financial sector						Corporate sector				
	Dis-counted and redis-counted bills	Cheque account receiv-ables <sup>2</sup>	Other receiv-ables	Cheque account liabilities to the commer-cial banks <sup>3</sup>	Cheque account liabilities to Posti-pankki <sup>3</sup>	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	Notes and coins in cir-culation
	1	2	3	4	5	6	7	8	9	10	11
1968	618	107	—	163	16	—	546	381	43	338	1 246
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1974											
May	2 719	93	—	—	3	—	2 809	370	230	140	2 081
June	2 794	127	—	—	3	—	2 918	378	221	157	2 315
July	2 688	158	—	—	43	—	2 803	389	213	176	2 155
Aug.	2 538	122	—	—	3	—	2 657	400	203	197	2 227
Sept.	2 703	249	—	—	9	—	2 943	415	181	234	2 246
Oct.	2 985	142	—	—	2	—	3 125	425	219	206	2 206
Nov.	3 108	167	—	—	1	—	3 274	422	224	198	2 360
Dec.	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975											
Jan.	2 572	112	269	2	2	23	2 926	631	231	400	2 274
Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
June	3 083	139	347	2	—	128	3 439	722	374	348	2 692
July	3 082	136	377	3	0	120	3 472	821	423	398	2 544

<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

<sup>2</sup> Including special index accounts.

<sup>3</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

July 22, 1975

New York <sup>1</sup>	1 \$	3.700	Frankfurt o. M.	100 DM	148.00	Vienna	100 S	20.97
Montreal	1 \$	3.590	Amsterdam	100 Fl	143.30	Lisbon	100 Esc	14.40
London	1 £	8.065	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	6.44
Stockholm	100 Kr	88.60	Zurich	100 Fr	140.25	Tokyo	100 Y	1.250
Oslo	100 Kr	70.30	Paris	100 FF	86.45	Reykjavik	100 Kr	2.32
Copenhagen	100 Kr	64.25	Rome	100 Lit	0.5670	Moscow <sup>3</sup>	1 Rbl	5.343

<sup>1</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

<sup>2</sup> 9.980 commercial rate; 9.420 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	Posti- pankki	Co-op: stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

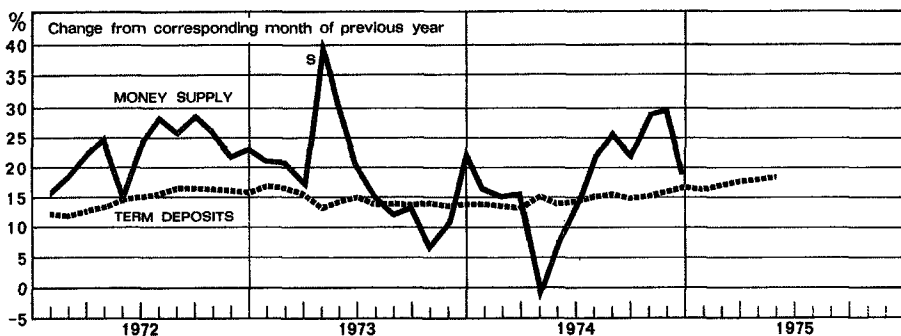
1974<sup>1</sup>

March	1 806	2 380	1 253	9 079	7 271	5 449	2 266	832	24 897	28 530
April	1 839	2 482	1 229	9 081	7 273	5 511	2 269	833	24 966	28 677
May	2 007	2 641	1 179	9 158	7 379	5 599	2 287	839	25 261	29 081
June	1 992	2 628	1 232	9 205	7 484	5 632	2 335	847	25 503	29 363
July	2 155	2 818	1 267	9 244	7 566	5 726	2 366	854	25 756	29 841
Aug.	2 158	2 855	1 201	9 366	7 705	5 839	2 396	860	26 165	30 221
Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

1975\*

Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
April	2 573	3 414	1 762	10 596	8 591	6 668	2 753	964	29 572	34 748
May	2 609	3 509	1 644	10 744	8 713	6 773	2 778	975	29 983	35 136

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





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	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7		
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

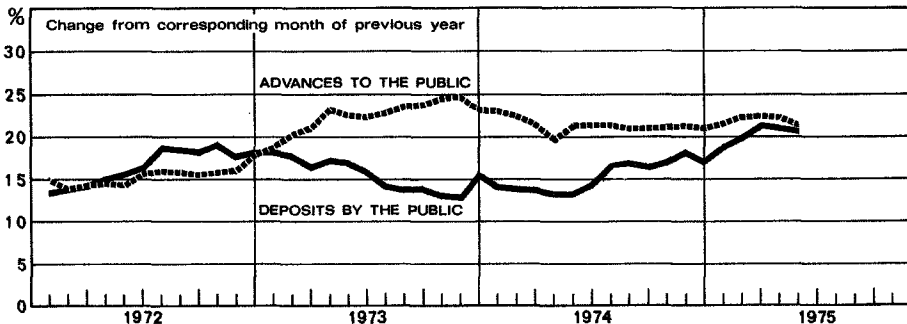
1974<sup>1</sup>

March	13 595	6 772	5 515	3 741	2 827	31 380	1 070	32 450	5 376
April	13 830	6 844	5 574	3 891	2 848	31 915	1 072	32 987	5 456
May	14 111	6 935	5 671	4 016	2 920	32 537	1 116	33 653	5 646
June	14 293	7 015	5 749	4 164	2 981	33 083	1 119	34 202	5 903
July	14 349	7 092	5 840	4 334	3 021	33 534	1 102	34 636	5 967
Aug.	14 500	7 191	5 953	4 359	3 039	33 963	1 079	35 042	6 039
Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	6 145
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	6 089
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	6 378
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

1975

Jan.	16 010	7 892	6 554	4 768	3 350	..	..	38 574	..
Feb.	16 398	7 990	6 668	4 818	3 381	..	..	39 255	..
March	16 773	8 060	6 743	4 847	3 394	..	..	39 817	..
April	16 919	8 162	6 868	4 913	3 556	..	..	40 418	..
May	17 148	8 219	6 944	4 968	3 637	..	..	40 916	..

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



## STATE FINANCES

Mill. mk

Revenue	January—May		Expenditure	January—May	
	1974	1975		1974	1975
Income and property tax (net)	3 249	3 877	Wages, salaries, pensions etc.	1 247	1 648
Gross receipts	(6 177)	(7 884)	Repair and maintenance	164	199
Refunds & local authorities	(—2 928)	(—4 007)	Other consumption expenditure	604	817
Other taxes on income and property	69	81	Total consumption expenditure	2 015	2 664
Employers' child allowance payments	228	287	State aid to local authorities	1 268	1 950
Sales tax	2 087	2 244	State aid to industries	827	1 723
Revenue from Alcohol Monopoly	420	471	of which: agric. price subsidies	(570)	(755)
Customs duties & import charges	187	228	Child allowances	158	243
Counter-cyclical tax	—	—	Share in national pensions and health insurance	92	91
Excise duty on tobacco	223	217	Other transfer expenditure	946	1 132
» » on liquid fuel	305	441	Total transfer expenditure	3 291	5 139
Other excise duties	159	188	Machinery and equipment	241	367
Tax on autom. and motor cycles	159	325	House construction	156	189
Stamp duties	169	197	Land and waterway construction	420	543
Special diesel etc. vehicles tax	25	23	Total real investment	817	1 099
Other taxes and similar revenue <sup>1</sup>	153	201	Interest on State debt	103	87
Total taxes	7 433	8 780	Index compensations	14	18
Miscellaneous revenue	383	892	Net deficit of State enterprises	25	92
Interest, dividends etc.	151	208	Other expenditure	12	12
Sales and depreciation of property	1	7	Total other expenditure	154	209
Redemptions of loans granted	71	80	Increase in inventories	—10	110
Total revenue	8 039	9 967	Lending	500	725
Foreign borrowing	8	17	Other financial investment	213	94
Domestic borrowing	138	244	Total expenditure	6 980	10 040
Total borrowing	146	261	Redemption of foreign loans	92	39
Deficit (+) or surplus (—)	(—808)	(+93)	Redemption of domestic loans	305	242
			Total redemptions	397	281
Total	7 377	10 321	Total	7 377	10 321

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

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Apr.	May.	June
Foreign debt	1 517	1 395	1 152	1 150	1 148	1 132
Loans	2 268	1 758	1 528	1 525	1 529	..
Compensatory obligations	2	1	1	1	1	..
Short-term credit	56	39	37	56	76	..
Cash debt (net)	—488	—468	—571	—409	—224	..
Domestic debt	1 838	1 330	995	1 173	1 382	..
Total State debt	3 355	2 725	2 147	2 323	2 530	..
Total debt, mill \$	804	710	590	651	712	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974*	20 687	25 666	-4 979

1974*			
May	1 848	2 272	- 424
June	1 555	1 813	- 258
July	1 799	2 164	- 365
Aug.	1 550	2 265	- 715
Sept.	1 780	2 425	- 645
Oct.	2 239	2 399	- 160
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*			
Jan.	2 013	2 750	- 737
Feb.	1 551	2 538	- 987
March	1 575	2 096	- 521
April	1 739	2 298	- 559
May	1 594	2 357	- 763

Jan.-May			
1974*	8 237	10 103	-1 866
1975*	8 472	12 039	-3 567

Indices of exports and imports 1969 = 100

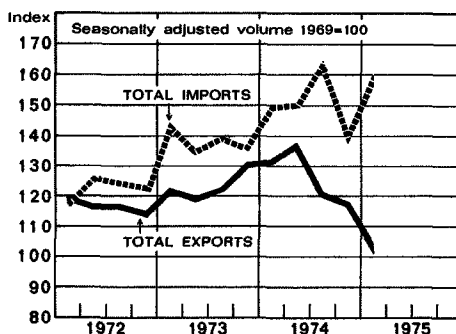
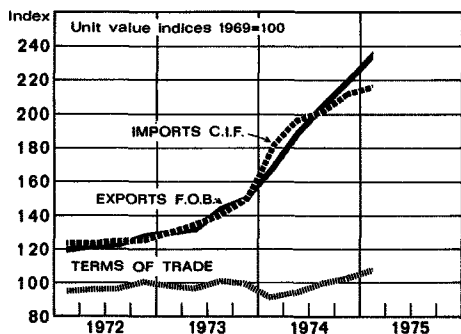
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1970	107	121	108	
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98

1972					
Jan.-Mar.	114	112	121	125	97
Apr.-June	112	124	123	125	98
July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

1973					
Jan.-Mar.	120	140	131	131	100
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	104

1975*					
Jan.-Mar.	104	160	237	217	109



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974*	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24

## 1974\*

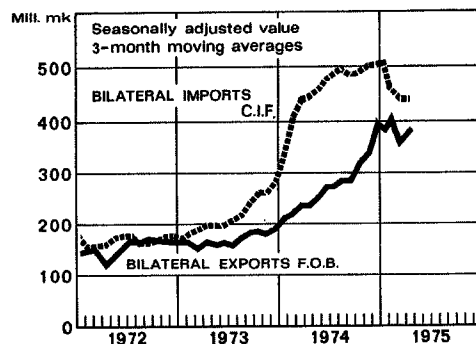
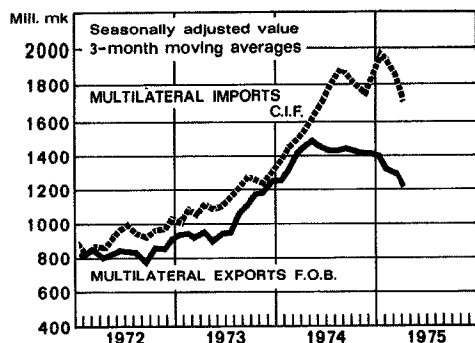
May	47	314	595	414	478	1 499	136	313	320	4
June	10	262	557	340	386	1 244	120	237	209	3
July	18	302	656	456	367	1 350	148	421	244	1
Aug.	25	339	673	168	345	1 537	169	291	266	2
Sept.	32	248	756	275	469	1 516	186	388	335	0
Oct.	27	251	852	618	491	1 550	190	339	319	1
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

## 1975\*

Jan.	71	229	780	480	453	1 682	146	541	380	1
Feb.	13	145	616	390	387	1 573	134	464	366	1
March	69	141	667	292	406	1 270	107	353	366	0
April	12	168	678	428	453	1 387	111	430	369	1
May	59	159	615	347	414	1 365	128	484	376	4

## Jan.-May

1974*	274	1 332	2 924	1 717	1 990	6 489	825	1 436	1 337	16
1975*	224	842	3 356	1 937	2 113	7 277	626	2 272	1 857	7



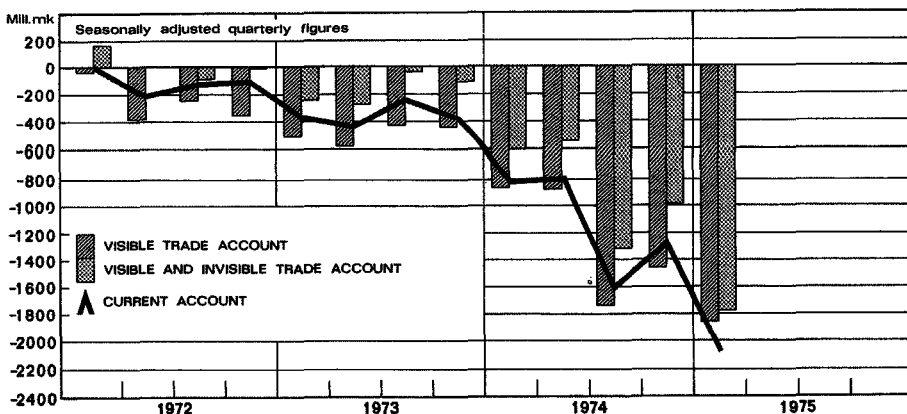
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—May				January—May			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	71.8	5 916	64.0	5 418	66.6	6 730	67.9	8 180
Austria	1.0	81	0.8	66	1.4	141	1.3	160
Belgium-Luxembourg	2.0	171	1.4	118	2.0	203	2.0	242
Denmark	4.2	343	3.5	299	3.3	333	3.4	415
France	4.4	361	3.7	314	3.1	314	3.2	386
Federal Republic of Germany	8.4	693	9.5	806	15.4	1 559	16.4	1 972
Italy	2.1	171	1.4	120	1.5	151	2.0	244
Netherlands	3.4	288	2.6	221	4.2	425	3.0	368
Norway	2.8	232	4.5	378	3.2	322	3.2	381
Portugal	0.4	37	0.2	21	0.8	79	0.6	72
Spain	1.3	103	1.0	85	0.4	45	1.1	135
Sweden	17.6	1 454	17.5	1 478	18.6	1 880	19.2	2 310
Switzerland	1.8	148	1.7	140	3.2	320	3.3	394
United Kingdom	20.3	1 670	14.6	1 238	9.2	931	9.0	1 081
Other	2.1	164	1.6	134	0.3	27	0.2	20
<b>OECD countries outside Europe</b>	6.9	565	5.1	434	7.6	763	9.9	1 191
Canada	0.8	66	0.5	42	0.3	26	0.3	37
Japan	1.1	92	0.4	38	1.2	124	1.8	211
United States	4.3	351	3.7	311	6.1	611	7.8	940
Other	0.7	56	0.5	43	0.0	2	0.0	3
<b>CMEA countries</b>	13.5	1 112	22.2	1 885	21.8	2 205	18.6	2 239
Czechoslovakia	0.4	33	0.5	43	0.3	34	0.4	44
Democratic Republic of Germany	0.5	40	0.7	60	0.5	49	0.8	100
Poland	0.8	69	1.1	98	1.6	166	2.0	242
Soviet Union	11.2	923	19.0	1 610	18.6	1 876	14.5	1 746
Other	0.6	47	0.9	74	0.8	80	0.9	107
<b>Latin America</b>	2.2	186	2.6	215	1.8	183	1.4	165
Argentina	0.6	50	1.3	107	0.1	7	0.1	7
Brazil	0.9	72	0.7	57	0.4	45	0.3	40
Colombia	0.1	10	0.1	6	0.7	74	0.6	69
Other	0.6	54	0.5	45	0.6	57	0.4	49
<b>Other</b>	5.6	458	6.1	520	2.2	222	2.2	264
<b>GRAND TOTAL</b>	100.0	8 237	100.0	8 472	100.0	10 103	100.0	12 039
of which								
<b>EFTA countries</b>	24.0	1 973	24.7	2 096	27.3	2 754	27.6	3 323
<b>EEC countries</b>	46.0	3 785	37.5	3 176	38.8	3 922	39.1	4 713
<b>OECD countries</b>	78.7	6 481	69.1	5 852	74.2	7 493	77.8	9 371

# 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
1972	12 012	13 087	-1 075	+ 731	+336	+ 72	+ 64	- 586	+42	- 480
1973	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974*	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
Jan.-March										
1972	2 870	2 956	- 86	+ 207	+ 3	+ 1	+ 125	- 142	-22	- 39
1973	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974*	4 589	5 663	-1 074	+ 281	+ 10	+ 28	- 755	- 233	-25	-1 013
1975*	5 119	7 359	-2 240	+ 382	- 43	- 34	-1 935	- 316	-49	-2 300
Apr.-June										
1972	2 855	3 296	- 441	+ 170	+ 56	+ 47	- 168	- 156	- 8	- 332
1973	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974*	5 160	6 224	-1 064	+ 199	+ 74	+ 72	- 719	- 239	-12	- 970
July-Sept.										
1972	2 979	3 198	- 219	+ 179	+192	+ 18	+ 170	- 139	+20	+ 51
1973	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974*	5 103	6 809	-1 706	+ 356	+243	- 44	-1 151	- 244	- 8	-1 403
Oct.-Dec.										
1972	3 308	3 637	- 329	+ 175	+ 85	+ 6	- 63	- 149	+52	- 160
1973	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974*	5 753	6 902	-1 149	+ 239	- 1	+ 49	- 862	- 290	-24	-1 176

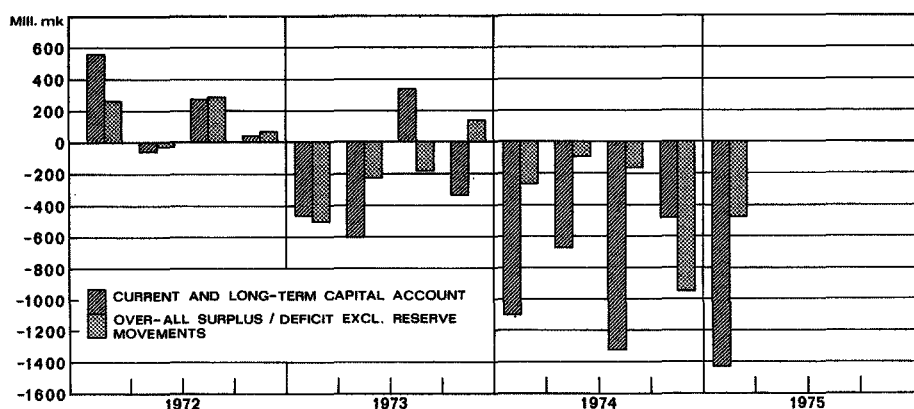


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, 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
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 <sup>2</sup>	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	+ 561	- 31	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+873	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 <sup>2</sup>	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	+ 25	- 76	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+ 285	+279	- 269	+138	+131
+1 206	- 323	+ 25	- 40	+ 868	-1 432	+328	+110	+517	- 477	- 32	+509
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+ 323	- 41	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 182	+ 27	- 96	- 99	+195
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-274	+132	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+ 522	+150	- 163	+202	- 39
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+ 486	- 45	+ 136	-229	+ 93
+ 948	- 280	- 25	+ 10	+ 653	- 523	-189	- 652	+417	- 947	+498	+449

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			
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974	495	498	482	523	536	448	555	495	459	233	231	230
1974												
Sept.	515	521	495	538	554	475	573	514	481	239	239	237
Oct.	524	531	497	549	570	478	595	510	489	241	239	238
Nov.	525	533	496	552	577	477	602	508	491	242	239	240
Dec.	525	535	489	551	578	478	602	507	491	243	239	237
1975												
Jan.	537	546	502	565	589	487	616	518	502	247	243	237
Feb.	546	556	509	571	596	501	620	529	513	246	243	239
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246
May	561	574	512	575	630	525	630	537	535	260	269	246
June	559	572	510	570	633	526	629	532	535	261	269	246

Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 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
1973	284	223	111	112	107	111	116	110	109	109	105	111
1974	333	261	129	130	109	128	144	161	129	128	118	127
1974												
Sept.	348	273	135	142	109	133	147	172	131	130	121	132
Oct.	351	275	136	139	111	137	153	175	133	131	121	134
Nov.	353	277	137	139	111	138	154	172	136	132	123	136
Dec.	354	278	138	138	111	139	154	175	137	133	125	136
1975												
Jan.	364	285	141	139	124	141	155	179	140	136	135	141
Feb.	369	290	143	143	125	142	155	180	145	137	137	146
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150
May	387	304	150	155	129	146	161	183	150	144	141	151
June	388	305	151	155	129	147	161	183	150	145	143	153



# 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	Industry	Construction							
1972	253	222	222	196	189	194	212	188	220	206
1973*	317	260	261	223	213	223	247	214	258	239
1974*	402	316	323	262	251	261	296	250	311	285
1973*										
Jan.-March	287	235	238	206	197	206	224	196	234	217
Apr.-June	331	260	248	227	215	226	249	216	259	241
July-Sept.	313	268	271	229	220	230	259	220	271	249
Oct.-Dec.	340	275	286	231	221	230	261	222	273	251
1974*										
Jan.-March	361	283	292	233	226	233	265	224	278	255
Apr.-June	388	316	320	266	252	265	300	253	315	288
July-Sept.	410	326	336	268	258	268	310	257	327	296
Oct.-Dec.	430	337	343	279	270	279	313	266	330	302
1975*										
Jan.-March	433	338	345	284	274	284	321	271	338	309

# PRODUCTION

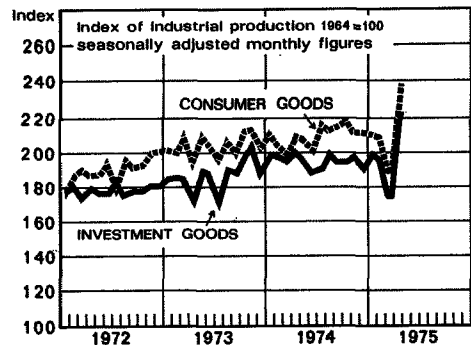
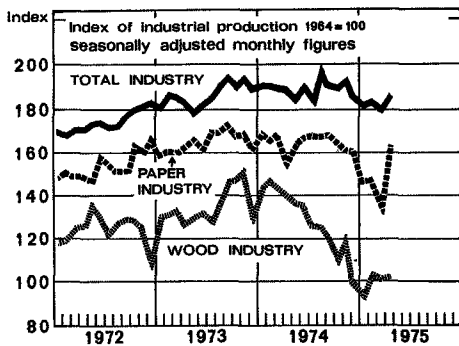
Volume indices of production 1964 = 100

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
1973*	153	187	90	96	162	104	155	169	150	150	154
1974*	159	197	86	96	168	105	161	179	157	156	161
1973*											
July-Sept.	154	169	165	95	198	105	160	166	149	150	154
Oct.-Dec.	160	205	65	57	185	101	157	187	153	152	157
1974*											
Jan.-March	157	205	58	124	135	104	158	170	155	154	158
Apr.-June	155	190	66	113	162	109	163	172	157	156	160
July-Sept.	160	184	162	62	184	104	162	177	157	156	162
Oct.-Dec.	162	207	58	87	192	103	160	195	161	158	164
1975*											
Jan.-March	157	203	50	117	133	106	156	176	163	158	163

# 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	116	114	111	111	109	112	142	115	118	113
1973*	121	123	122	120	114	118	120	151	124	127	121
1974*	123	126	123	123	119	112	120	158	132	131	123
<b>1974*</b>											
Feb.	124	128	125	120	106	134	121	155	132	132	123
March	134	138	136	127	107	139	136	179	145	143	123
April	123	134	121	124	121	130	95	160	143	139	122
May	133	138	132	131	128	139	123	156	142	144	121
June	112	121	111	112	114	110	97	145	122	124	123
July	86	59	92	79	122	65	121	128	92	62	120
Aug.	124	125	123	128	127	92	124	154	144	131	128
Sept.	125	130	124	125	116	106	123	150	142	135	124
Oct.	138	145	135	144	140	111	130	172	147	150	123
Nov.	130	141	128	135	123	102	125	169	134	146	125
Dec.	115	119	114	116	103	75	110	165	107	124	120
<b>1975*</b>											
Jan.	128	143	125	131	111	91	115	176	125	145	118
Feb.	120	133	118	122	99	94	106	168	117	137	119
March	119	129	117	121	96	90	103	169	125	134	117
April	130	148	125	139	118	104	104	179	133	152	120
May	120	132	117	125	116	99	102	161	123	135	114



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un-employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m <sup>1</sup>	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100
1972	3 409	2 173	2 118	55	2.5	34 954	128	151
1973	3 442	2 215	2 164	51	2.3	35 123	138	167
1974*	3 483	2 269	2 229	40	1.8	34 457	143	168
1974*								
April	3 478	2 199	2 154	45	2.0	3 976	137	169
May	3 480	2 236	2 200	36	1.6	3 527	143	175
June	3 483	2 432	2 397	35	1.4	2 308	140	163
July	3 485	2 447	2 409	38	1.6	1 305	146	155
Aug.	3 487	2 355	2 318	37	1.6	1 545	148	185
Sept.	3 489	2 262	2 230	32	1.4	2 021	140	178
Oct.	3 491	2 249	2 219	30	1.3	2 476	151	196
Nov.	3 439	2 239	2 207	32	1.4	2 773	149	186
Dec.	3 495	2 234	2 195	39	1.7	3 079	190	193
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	128	158
Feb.	3 505	2 194	2 146	48	2.2	3 899	126	157
March	3 507	2 191	2 144	47	2.1	4 535	..	..
April	3 509	2 199	2 151	48	2.2	3 799	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings 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											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1974*											
Jan.-March	10.33	3.65	0.68	4.79	0.75	9.00	4.14	0.47	3.39	0.70	49.20
Apr.-June	16.64	7.96	1.62	5.39	0.70	9.96	4.99	0.35	3.73	0.48	54.42
July-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87
1975*											
Jan.-March	12.59	3.31	0.75	5.95	0.75	11.21	4.51	0.45	4.89	1.07	48.79

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights.

*Public sector*: Receivables = Total coinage + Other public sector receivables + Bonds (since Dec. 1974).

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Other financial institution receivables + Bonds (since Dec. 1974).

*Corporate sector*: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds (since Dec. 1974).

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

## DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

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.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

## 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 Postipankki 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 volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres 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. *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 (1973): 4.7 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 4.0 million.

DENSITY OF POPULATION (1973): In South Finland 44.9, in East and Central Finland 14.0, in North Finland 3.9 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1973): 57 % of the population inhabit the rural areas, 43 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 700 inhabitants, Tampere (Tammerfors) 164 400, Turku (Åbo) 162 200.

EMPLOYMENT (1973): Agriculture and forestry 17 %, industry and construction 35 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1972): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1974): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 11 colleges of university standard.

CHANGE OF POPULATION (1973): births 12.2 ‰, deaths 9.3 ‰, change + 4.1 ‰, net immigration 1.2 ‰. Deaths in France 10.7 ‰ and Great Britain 12.0 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1974, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 806 (5 %), forestry and fishing 5 154 (7 %), manufacturing 22 370 (31 %),

construction 7 525 (11 %), transport and communication 6 991 (10 %), commerce, banking and insurance 9 683 (13 %), public administration 3 357 (5 %), ownership of dwellings 3 058 (4 %), services 10 268 (14 %), total 72 212. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1973): The growing stock comprised of 1 501 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, 618 million m<sup>3</sup> was up to the standard required for logs, 56 % of these being pine. The annual growth was 56.9 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 55.4 million m<sup>3</sup>.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 176 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 114 % in the crop year 1973/74.

INDUSTRY (1972): Gross value of industrial production 44 958 mill. marks, number of workers 404 033, salaried employees 114 534, motive power (1971) 5.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1975): Length 5 908 km.

MERCHANT FLEET (June 30, 1975): Steamers 24 (13 200 gross reg. tons), motor vessels 364 (821 300 gross reg. tons) tankers 63 (1 139 600 gross reg. tons). Total 451 (1 974 100 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1974): Passenger cars 936 700, lorries and vans 124 900, buses 8 600, others 6 000. Total 1 076 200.

FINNISH AIRLINES (June 1, 1975): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 9 Super Caravelles, 8 DC-9s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 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, 1974). There are two big and five small commercial banks with in all 857 offices, 294 savings banks, 390 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). 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 %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

# FINLAND'S HEALTH POLICY

by Kari Puro, M.D., Secretary General

Ministry of Social Affairs and Health

## THE ROLE OF HEALTH SERVICES IN THE FINNISH ECONOMY

The health care system produces services which, like other commodities, satisfy certain human needs. Being a productive activity, health care requires inputs of production, or capital and labour force. In 1974 total expenditure, including capital and investment expenditure, on Finland's public health service institutions, i.e., hospitals and health centres, amounted to about 3 200 million marks. Total expenses of the household sector on out-patient care services, included in the sickness insurance scheme, were estimated to exceed 800 million marks. The Social Insurance Institution refunded the households some 488 million marks of this figure. Taking into account the out-patient care expenses not included in the sickness insurance scheme, out-patient expenses were estimated to total about 1 000 million marks. Total expenditure on health and sickness care in Finland thus amounted to about 4 200 million marks in 1974, which is about 5.3 per cent of Finland's gross domestic product at market prices. Because the term health care expenditure can be defined in several ways, the figures presented are not precise but only indicate a trend. For the same reason, it is difficult to make comparisons on an international scale. In most of the industrialized countries of Europe and the U.S.A., the share of health care expenditure in national income is at least the same as in Finland. In addition, the steady growth of the share of health care expenditure in national income is a common feature in these countries.

At present, the Finnish health service system employs some 60 000 persons. This figure includes only the employees of the public and private health service system directly involved with medical treatment. The labour force engaged in health care accounts for 2.4 per

cent of Finland's economically active population.

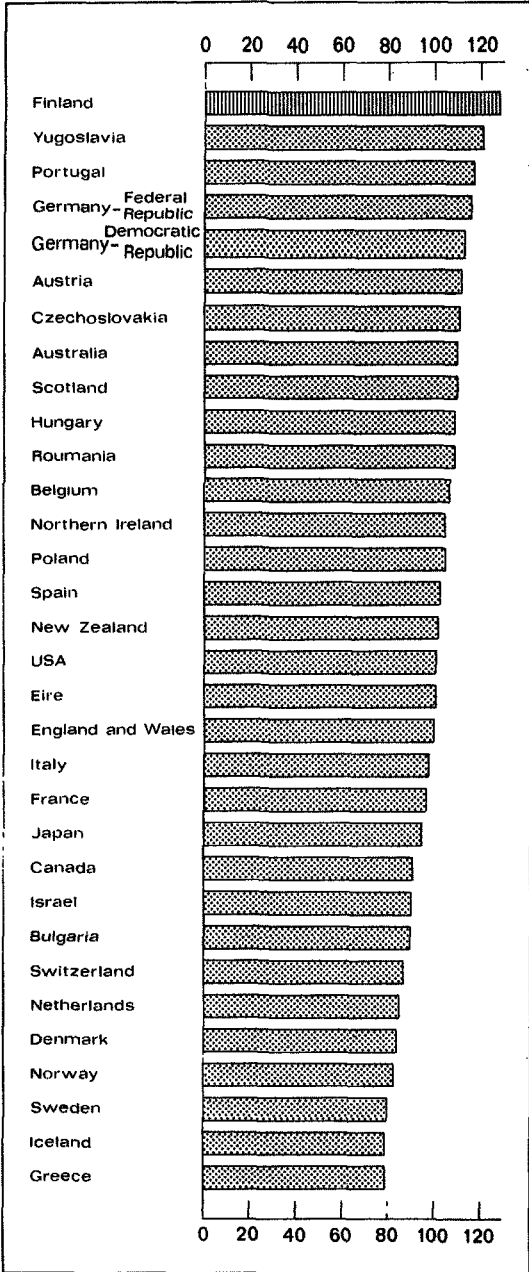
## THE HEALTH STATUS OF THE FINNISH POPULATION AND HEALTH POLICY

International statistics throw light on the relative health of the Finnish population. In most of the European countries, the life expectancy of men is longer than that in Finland (see Chart). The life expectancy of a new-born Finnish boy is more than six years shorter than that of a Swedish boy, despite the fact that the infant mortality rate is about the same in both countries.

The mortality rates of men and women, by age group in different Nordic countries, show that the mortality rate of Finns is notably higher in each age group, except those below 4 years of age, as compared to the other Nordic countries. The mortality rate of Finns is particularly high for men and women between 35 and 54 years of age, and recent developments suggest that the situation is actually deteriorating. In the 1960s, men below 40 years of age were the only age group in Finland whose mortality rate declined, whereas the mortality rates rose slightly for all age groups above 40 years.

During the last couple of decades, Finland's health service policy has centred on constructing hospitals. Finland ranks second after Sweden in the whole world in the range of hospital beds per capita. High-standard hospitals are spread evenly over the country. However, despite the progress made in the hospital system, Finland has not been able to raise the state of health of her population to any notable extent. This situation is less surprising than it may seem. With a view to improving the average level of health in Finland, the cure of major illnesses in hospitals is not most significant, in that many diseases requiring hospital attention are so severe that the

**STANDARDIZED MORTALITY RATIOS OF MALES  
IN CERTAIN COUNTRIES IN 1970  
(ENGLAND AND WALES = 100)<sup>1</sup>**



<sup>1</sup> Source: On the State of the Public Health (The annual report of the Chief Medical Officer of the Ministry for Social Affairs and Health for the year 1972), London 1973.

chances of medicine providing a lasting cure are limited. On the other hand, the vigorous development of the hospital system has meant that preventive medicine and primary health care have received less workers, funds and attention in general.

**GOALS AND MEANS IN THE PRESENT  
HEALTH POLICY**

The facts that the relative health of the Finnish population is exceptionally poor, that the costs of health care are rapidly rising and that increasing importance is attached to health in the national welfare policy have, during the past few years, lead to an overall review of the principles underlying the Finnish health policy. The development of hospital care can no longer be considered the primary task of health policy.

The goals of Finland's health policy may be summarized as follows:

1. The prevention of diseases and the promotion of health at all levels of society.
2. The creation of a balanced system of health services, especially by the active promotion of primary health care.
3. The planned development of a better distribution of health care resources and activities.
4. The removal of regional differences in the availability of health services.
5. The offer of free or inexpensive public health services on a sufficient scale, to eliminate inequalities existing among the population due to different economic resources.

The prevention of diseases is more and more markedly becoming the main aim of Finnish health policy. In developing occupational safety, transportation, environment protection and industry, growing attention is paid to aspects related to the protection of human health. Also within the health care system more emphasis is given to the prevention of diseases and to services aimed at limiting the spread of already existing diseases.

From the point of view of promoting primary health care, a central reform was the new Public Health Act which came into force in 1972.

When presenting the bill to Parliament, the Government stated that the basic aim of the act was to shift the main emphasis of the Finnish health policy to primary health care by creating an administrative and economic frame-

work for the systematic growth of this thus far largely neglected sector of medical care.

The Public Health Act obliges the local authorities to see to the coverage, availability and standard of primary health services. Pursuant to the Act, local authorities are obliged to see to public health work by establishing a health centre, which is responsible for providing the inhabitants of the area with primary health services. The act provides that one health centre organized by local authorities will in general serve a population of between at least 10 000 and 13 000 inhabitants. It has been shown that primary health services cannot, in general, be effectively organized in smaller units.

According to the Act, local authorities are obliged to

1. provide health advice and organize medical check-ups;
2. organize the medical care of the inhabitants of the municipality;
3. see to the organization of patient transportation;
4. carry on preventive work with dental diseases and organize the treatment of dental diseases;
5. maintain school health services.

The Public Health Act was the first step to link the health policy with statutory planning. According to the Act, the Council of State is to give annual confirmation to the national five-year plan prepared by the National Board of Health. When this plan is linked with the State's economic planning and the appropriations granted by Parliament, a systematic public health policy, adjusted to the country's economic resources is more feasible. Planning will also ensure that primary health care will be spread evenly over the country according to the requirements laid down in the Act. The statutory obligation to plan also applies to municipalities maintaining a health centre. Municipalities are to have their own plans for public health work, which are ratified by the National Board of Health.

Steps have been taken to apply the system of planning implemented in public health work

also to the planning of the hospital system. However, the decentralized nature of hospital administration hampers such a process. Most of the hospitals are maintained by federations on a local authorities basis, which makes regional and national co-operation difficult. A new bill concerning the revision of hospital administration has been completed, and it has received general support. Conflicting opinions towards the principles of developing regional administration have, however, prevented the implementation of a revision of hospital administration.

Finnish hospital charges are very low, and on the basis of the Public Health Act, all health centre services are free of charge. The aim of this policy is twofold. Firstly that primary health services will become more available by eliminating service charges and secondly that thereby all citizens will be put on an equal footing. However, charges for health centre services will not be removed immediately, but according to the Decree Respecting the Execution of the Public Health Act, the deadline for the removal of all medical charges is the end of 1979. In addition, persons below 17 years of age will be given free dental care immediately, and the schedule for the removal of charges collected from other citizens for the treatment of dental diseases will be enacted by a further statute.

The services of municipal health centres are financed so that the sickness insurance scheme pays about 10 per cent of the costs of the health centre, while the central government covers between 39 and 70 per cent of the remaining costs. The central government also pays between 39 and 70 per cent of hospital costs, while the rest is covered by the municipalities.

During the past few years Finnish health policy has sought to solve the public health problems by allocating more resources to the prevention of diseases and primary health care as well as the elimination of regional inequalities. Thus far the programme of rapid expansion in the framework needed to organise primary health care has been achieved with the aim of in-



creasing services offered by the system of primary health care and removing the regional differences in the availability of health services.

Such a process for the reasons already outlined is essential if there are to be further advances in public health.

## ITEMS

**Supplementary budget.** In June Parliament approved the second supplementary budget for 1975, which involved a 2 740 million mark rise in expenditure. The appropriations were earmarked for the following: agricultural price subsidies; housing loans; state grants to schools; raising family allowances and promoting employment.

The major increase in expenditure was the allocation of 800 million marks to the Ministry of Agriculture and Forestry. On the basis of the agreement on farmers' income, concluded between the Council of State and the central organizations of agricultural producers in March, direct price subsidies for agricultural produce will be increased by 650 million marks. Additional funds will also be granted for promoting the marketing of agricultural produce, for improving forest fertilization and for the Farming Development Fund.

An additional grant of 200 million marks was earmarked for primary and comprehensive schools, to be used in the take-over of new school buildings. An additional grant of 50 million marks was set aside for private secondary schools and 54 million marks for vocational employment courses.

As a result of the sharp rise in building costs, the requirements for granting housing loans were revised. The authorization to grant loans given to the National Board of Housing in the ordinary Budget for 1975 would, as it turned out, have allowed the financing of only 28 700 dwellings, or 4 300 dwellings less than the original estimate. For this reason, the authorization was increased by 220 million marks, in

order to obviate a sharp decline in state-financed residential construction.

On the basis of the revised collective agreements, family allowances were raised by 30 per cent from the beginning of July 1975, which contributed 70 million marks to the cost of the supplementary budget.

On the whole, the employment situation remained favourable during the first half of the current year. However, there appeared a certain amount of unemployment in the development regions which made it necessary to plan additional state-financed works; 265 million marks was earmarked for the financing of these projects.

26 million marks was set aside to defray the costs of operations of the Finnish UN troops in Cyprus and the Middle East.

The unanticipated growth in wages and other similar income was estimated to increase income and wealth tax revenue by 1 300 million marks, while turnover tax revenue was estimated to grow by 1 000 million marks as a result of rises in commodity prices.

When the first two supplementary budgets are included, budgeted state expenditure for 1975 totals 25 860 million marks and state revenue 24 890 million marks.

**Publications of the Bank of Finland.** The sixth publication in the series *Studies on Finland's Economic Growth* has appeared: Heikki Oksanen — Erkki Pihkala, *Suomen ulkomaankauppa 1917—1949 (Finland's Foreign Trade 1917—1949)*, in Finnish with a summary and statistical tables in English, 1975, 129 pp.

In Series D, the following publications have appeared: D: 36 Juhani Hirvonen, On the Use of Two Stage Least Squares with Principal Components, An Experiment with a Quarterly Model, in English, 1975, 91 pp.; D: 37 Heikki Koskenkylä — Ilmo Pyyhtiä, Pääomakerroin makro- ja mikrotaloudellisena investointikriteerinä (The Use of the Capital-Output Ratio as an Investment Criterion), in Finnish with a summary in English, 1975, 65 pp.

Finnish Bond Issues 1974 has been published in an edition with text and explanatory notes in Finnish, Swedish and English. It contains a detailed description of the 35 loans issued in 1974, including the two which were denominated in foreign currency and floated abroad. In addition the introduction includes statistics on domestic and foreign bonds outstanding at the end of 1964—1974 and sales of domestic bonds in 1964—1974.

(continued from page 2)

## FUTURE EXPECTATIONS

The rationalization of fur farming has come under increasing discussion but a rapid development of research in this field is required. The funds invested in research on fur farming in Finland are clearly smaller than the amounts invested by other Scandinavian countries with less fur production.

The research, experiments and consulting work which has been conducted in the field of fur farming has so far been financed largely by the Association of Finnish Breeders of Fur Animals, namely by the industry itself. However, the government is gradually starting to increase its share in financing. The fact that fur farming is of vital importance in development regions as a means of secondary employment for small enterprises and farms, has drawn more attention to the overall impact of fur farming in these regions.

July 22, 1975

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor*

A. Simonen

*Deputy Governor*

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

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## Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Seppo Lindblom

K. Ignatius

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## Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Pauli Kanerva

Eino Helenius

*Administration*

Pentti Koivikko

*Personnel*

Reino Airikkala

*Monetary Policy*

Antti Lehtinen

*Domestic Financial Operations*

Kalle Koski

*Capital Transfers*

Kari Pekonen

*Foreign Exchange Policy*

Raine Panula

*Foreign Exchange*

Raili Nuortila

*Eastern Trade*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Stig G Björklund

*Banking Services*

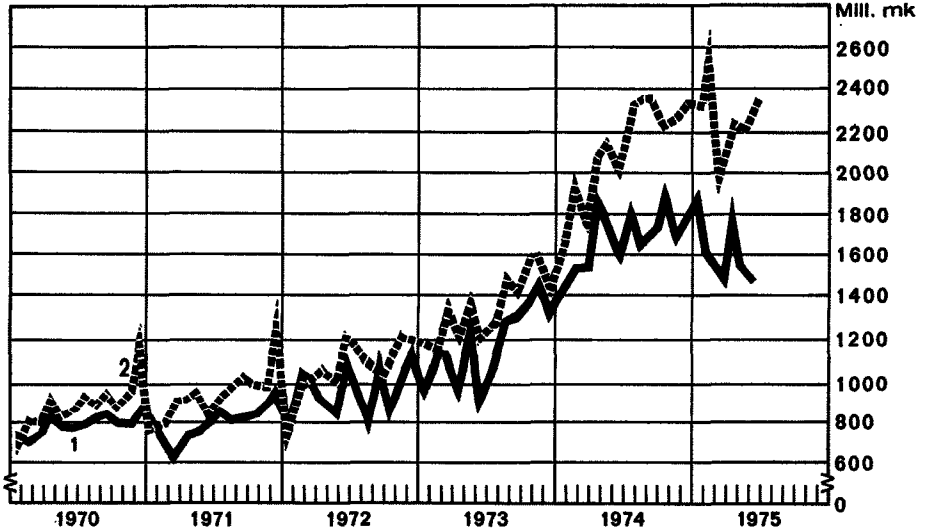
Eino Suomela

*Internal Audit*

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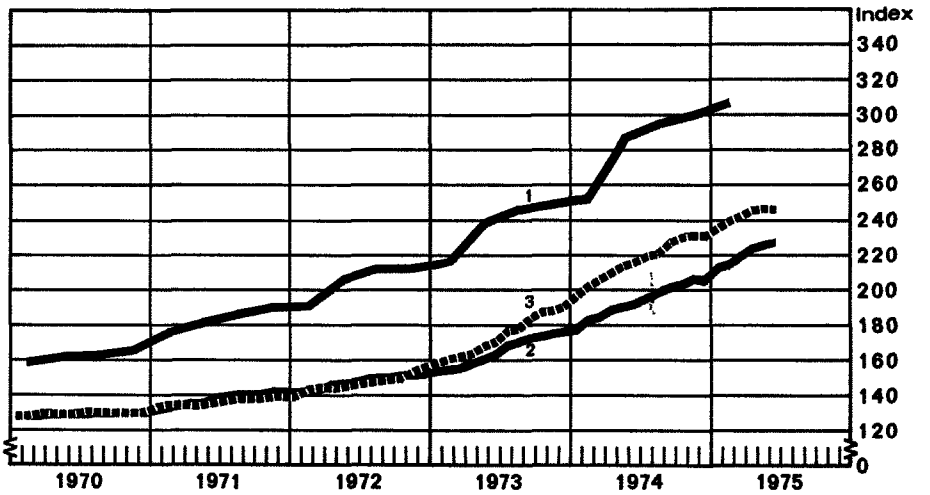
FOREIGN TRADE, 1970-1975

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



PRICES AND WAGES, 1970-1975

- 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, 1970-1975

- 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

