



BANK OF FINLAND

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1969

GUIDELINES FOR THE BANKS' CREDIT POLICY IN 1969—1970

In the negotiations between the Bank of Finland and the banks and their central organizations it was noted that cyclical developments markedly changed towards the end of last year. Due to brisk export demand and a substantial increase in private investment, the growth of total production has quickened, which has been reflected in an improvement in the employment situation. The upswing is expected to continue in the next few months. Although productive capacity is not yet fully utilized in some fields and there is excess supply of labour in some areas, there is an obvious danger of overheating in the economy unless some restrictive measures are taken to prevent it.

Apart from an excessive growth of imports and a weakening in the balance of payments overheating would result in increased cost pressures. Although the incomes policy decisions made for 1969—1970 ensure a good competitive position for Finland in the international market, the release of pent-up demand might result in imbalances that would damage the preconditions for economic growth in the 1970's. As it is, in addition, likely that the international economic outlook will deteriorate in the first years of the next decade, an effort has to be made this year and next to secure a sound base for economic growth during the downswing.

It was therefore considered advisable in the negotiations to implement credit policy designed to dampen cyclical changes; the aims of this policy are to prevent an overheating in the economy and to make provision for financing productive investment during the downswing. In the present circumstances this requires that the banks will not increase their lending by as much as their deposits would allow in 1969 and 1970.

In order to attain these aims the following guidelines for the banks' credit policy in 1969—1970 were agreed on 24th September, 1969 by the Bank of Finland, the commercial banks, the Central Bank of the Co-operative Credit Societies, and the representatives of the central associations of the savings banks and the co-operative credit societies and the Post Office Savings Bank. Each bank is to limit the growth in its lending so that, in any twelve month period, it does not exceed 90 per cent of the growth in its deposits over the same period. The banks having lent in excess of their limit at the moment should be able to adhere to the guidelines by the end of March 1970 at

On page 18, Outlook for Growth in the Finnish Economy 1969—1973

the latest. As regards the central banks of the savings banks and the co-operative credit societies, their special position was taken into account when the guidelines were formulated. Loans financed through state funds are not included in advances governed by the regulations.

In the future quarterly negotiations will be conducted to examine the credit situation and to review the guidelines in the light of cyclical development. When framing the present policy it was assumed that prices and costs will remain stable in the light of the incomes policy agreements and on the assumption that, in the financing of state

expenditure, credits are not used in excess of that planned in the budget proposal for 1970.

At the same time as the new guidelines for the banks' credit policy were announced, the Bank of Finland changed the rediscounting regulations in order to harmonize them with the guidelines. According to the new regulations, the banks' rediscounting quotas will be cut to 85 per cent of their present level at the beginning of October and to 75 per cent at the beginning of 1970. In the event of a bank exceeding its quota it will have to pay a progressive penalty rate of interest to the Bank of Finland.

September 24, 1969

BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	Aug. 30	Aug. 29	Sept. 8	Sept. 15	Sept. 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	I 477.4	I 454.5	I 371.2	I 362.4	I 351.7	I 371.0
Gold	189.5	190.1	189.2	189.2	189.2	189.2
IMF gold tranche	—	—	173.3	173.3	173.3	173.3
Foreign exchange	I 163.0	I 146.9	864.2	854.3	843.7	854.6
Foreign bills	76.1	71.4	90.1	91.1	91.0	93.6
Foreign bonds	48.8	46.1	54.4	54.5	54.5	60.3
<i>Supplementary note cover</i>	790.3	786.9	773.0	765.2	702.6	831.9
Inland bills discounted						
In foreign currency	25.1	31.8	18.3	18.3	18.3	18.3
In Finnish currency	147.5	135.9	153.4	153.2	153.3	159.8
Rediscounted bills	617.7	619.2	601.3	593.7	531.0	653.8
<i>Other assets</i>	470.5	480.7	434.0	392.4	463.2	344.1
Finnish bonds	135.7	238.9	113.4	74.4	143.6	25.9
Cheque accounts	1.9	2.0	1.9	5.4	5.7	8.2
Finnish coin	11.7	17.1	12.8	12.6	12.9	12.9
Other claims	321.2	222.7	305.9	300.0	301.0	297.1
Total	2 738.2	2 722.1	2 578.2	2 520.0	2 517.5	2 547.0
Liabilities						
<i>Notes in circulation</i>	I 159.6	I 054.0	I 166.6	I 114.5	I 114.6	I 105.2
<i>Liabilities payable on demand</i>	136.5	135.8	99.6	94.1	96.1	140.4
Foreign exchange accounts	62.1	72.7	70.5	69.5	71.4	73.3
Mark accounts of holders abroad	12.4	13.6	6.6	6.5	6.5	6.4
Cheque accounts						
Treasury	3.0	0.1	6.8	2.6	1.4	22.0
Post Office Savings Bank	3.4	0.3	2.7	2.1	3.5	26.8
Private banks	39.2	36.9	0.6	—	—	—
Other	2.2	1.3	1.3	2.0	0.8	0.8
Other sight liabilities	14.2	10.9	11.1	11.4	12.5	11.1
<i>Term liabilities</i>	546.4	669.5	400.8	397.3	394.3	385.5
Foreign	21.4	159.5	14.6	14.6	14.6	14.6
Finnish	525.0	510.0	386.2	382.7	379.7	370.9
<i>Equalization accounts</i>	400.3	383.9	408.0	410.0	407.4	409.6
<i>Bank's own funds</i>	495.4	478.9	503.2	504.1	505.1	506.3
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	150.0	150.0	172.7	172.7	172.7	172.7
Profits undisposed	—	—	—	—	—	—
Net profit	45.4	—	—	—	—	—
Earnings less expenses	—	28.9	30.5	31.4	32.4	33.6
Total	2 738.2	2 722.1	2 578.2	2 520.0	2 517.5	2 547.0
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	I 477.4	I 454.5	I 371.2	I 362.4	I 351.7	I 371.0
Supplementary cover						
(Upper limit 500 mill. mk; from Nov. 30, 1966 to Dec. 31, 1968, 700 mill. mk)	700.0	700.0	500.0	500.0	500.0	500.0
Total	2 177.4	2 154.5	1 871.2	1 862.4	1 851.7	1 871.0
Note issue						
Notes in circulation	I 159.6	I 054.0	I 166.6	I 114.5	I 114.6	I 105.2
Liabilities payable on demand	136.5	135.8	99.6	94.1	96.1	140.4
Undrawn on cheque credits	5.6	5.5	5.6	4.8	4.2	4.2
Unused right of note issue	875.7	959.2	599.4	649.0	636.8	621.2
Total	2 177.4	2 154.5	1 871.2	1 862.4	1 851.7	1 871.0

Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

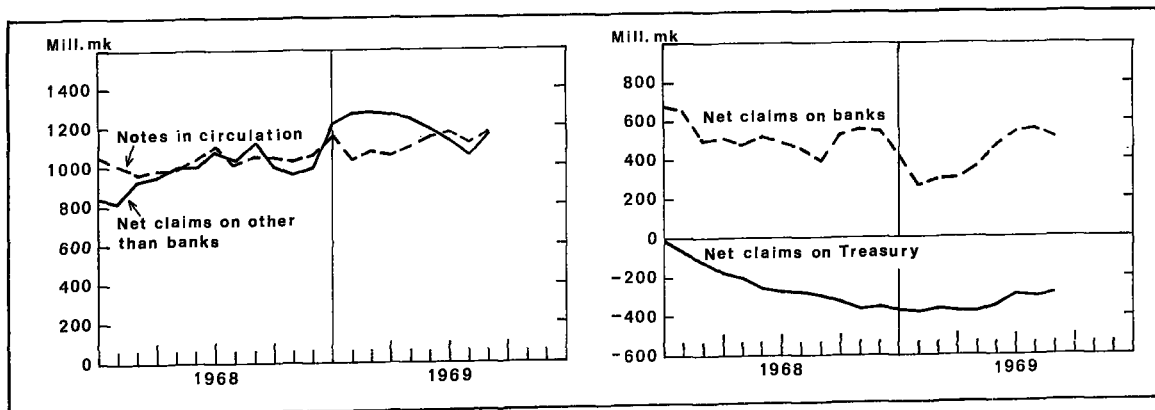
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	— 14.8	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	— 361.0	3.0	— 357.3
1968										
July	1 361.9	69.9	1 292.0	120.5	172.9	1 239.6	6.7	— 277.1	2.6	— 273.0
Aug.	1 337.0	72.7	1 264.3	117.5	173.1	1 208.7	6.7	— 297.2	0.1	— 290.6
Sept.	1 340.0	62.0	1 278.0	119.5	172.6	1 224.9	6.7	— 329.1	1.0	— 323.4
Oct.	1 383.1	59.8	1 323.3	123.9	169.9	1 277.3	6.7	— 350.8	11.1	— 355.2
Nov.	1 386.1	57.5	1 328.6	122.7	169.6	1 281.7	6.7	— 358.5	2.4	— 354.2
Dec.	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	— 361.0	3.0	— 357.3
1969										
Jan.	1 448.8	62.7	1 386.1	122.9	30.4	1 478.6	4.2	— 378.7	0.7	— 375.2
Feb.	1 468.9	45.4	1 423.5	116.6	30.1	1 510.0	2.5	— 365.1	2.7	— 365.3
March	1 466.6	41.3	1 425.3	130.4	30.6	1 525.1	2.5	— 367.1	1.9	— 366.5
April	1 454.5	42.9	1 411.6	145.2	27.7	1 529.1	2.5	— 369.9	9.7	— 377.1
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	2.5	— 350.1	0.5	— 348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	2.5	— 284.0	5.3	— 286.8
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	2.5	— 283.7	18.8	— 300.0
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	2.5	— 280.5	6.8	— 284.8

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1968			Net holdings Aug. 29, 1969			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
	Gold	190	—	190	189	—	189	—	— 1
IMF gold tranche	—	—	—	173	—	173	—	+ 173
Convertible currencies	1 113	— 368	745	639	— 109	530	+ 26	— 215
Other currencies	— 13	5	— 8	155	1	156	— 6	+ 164
<i>Total</i>	1 290	— 363	927	1 156	— 108	1 048	+ 20	+ 121

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1968										
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	0.0	399.3	135.9	249.8	42.3	343.4	1 054.0
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4
Oct.	734.7	148.7	25.7	— 0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	0.0	264.4	129.4	352.7	37.3	444.8	1 039.3
Feb.	438.1	123.5	14.3	0.0	300.3	134.0	379.3	32.8	480.5	1 080.3
March	439.8	120.5	15.2	1.5	302.6	129.2	374.6	30.6	473.2	1 064.0
April	491.0	109.1	20.1	0.0	361.8	94.4	367.5	29.0	432.9	1 099.4
May	609.7	119.4	13.7	0.1	476.5	122.8	367.4	28.9	461.3	1 150.0
June	699.6	117.0	37.6	0.4	544.6	137.3	349.9	28.7	458.5	1 177.6
July	714.1	124.1	33.2	0.0	556.8	148.0	327.7	26.7	449.0	1 119.8
Aug.	601.3	83.3	11.3	— 1.1	507.8	153.4	322.5	26.8	449.1	1 166.6

¹⁾ Including cash reserve accounts.

DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Consumer co-op. societies	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1968										
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 598.5	4 031.8	2 775.1	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 636.9	4 045.0	2 798.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 690.5	4 071.2	2 825.8	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 756.1	4 115.1	2 851.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 762.9	4 084.9	2 816.8	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 783.5	4 087.1	2 834.2	1 052.4	474.8	13 232.2	14 796.2
Aug.	873.5	1 127.0	440.8	4 817.3	4 117.0	2 865.4	1 057.0	477.1	13 334.1	14 901.9

End of month	100 % Index-tied deposits	Long-term deposits 6, 12 and 24 months
1968		
Oct.	2 400.7	2 225.5
Nov.	1 892.3	2 637.7
Dec.	1 412.7	3 083.7
1969*		
Jan.	723.3	3 699.1
Feb.	92.8	4 359.4
March	13.9	4 558.4
April	0.3	4 609.9
May	—	4 644.4
June	—	4 636.5
July	—	4 614.9
Aug.	—	4 614.4

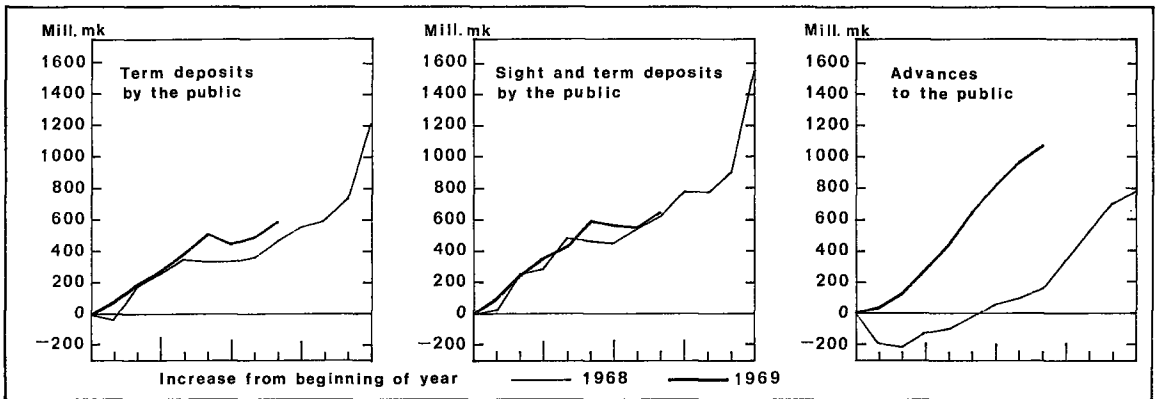
Selling rates for foreign exchange			
Sept. 24, 1969			
		mk	mk
New York	1 \$	4.2130	Zurich 100 Fr 98.10
Montreal	1 \$	3.9060	Paris 100 FF 75.75
London	1 £	10.0350	Rome 100 Lit 0.6700
Stockholm ..	100 Kr	81.45	Vienna 100 S 16.31
Oslo	100 Kr	58.94	Lisbon 100 Esc 14.83
Copenhagen ..	100 Kr	56.00	Reykjavik 100 Kr 4.80
Frankfurt o. M.	100 DM	106.19	Madrid 100 Pta 6.05
Amsterdam ..	100 Fl	116.80	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.3750	Clearing dollars ²⁾ 1 Cl \$ 4.212

¹⁾ Also Bucharest.²⁾ Berlin, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1968									
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969*									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	2 495.5
Feb.	5 645.7	3 474.7	951.5	2 907.1	1 045.5	13 479.2	545.3	14 024.5	2 602.3
March	5 704.5	3 491.0	958.5	2 920.4	1 106.1	13 638.4	542.1	14 180.5	2 552.9
April	5 802.0	3 515.4	960.5	2 949.7	1 112.9	13 767.8	572.7	14 340.5	2 612.2
May	5 901.6	3 550.1	969.9	2 984.5	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 006.8	3 561.1	978.9	3 007.2	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 039.2	3 595.4	988.4	3 047.7	1 191.8	14 278.9	583.6	14 862.5	2 634.6
Aug.	6 061.0	3 633.8	1 010.5	3 076.3	1 196.2	14 406.2	571.6	14 977.8	2 675.1



STATE FINANCES

Mill. mk

Revenue	Jan. — July		Expenditure	Jan. — July	
	1968	1969		1968	1969
Income and property tax (net)	1 374	1 557	Wages, salaries, pensions etc.	798	948
Gross receipts	(3 062)	(3 513)	Repair and maintenance	142	135
Refunds & local authorities	(—1 688)	(—1 956)	Other consumption expenditure ..	366	371
Other taxes on income and property	16	28	<i>Total consumption expenditure....</i>	1 306	1 454
Employers' child allowance payments	295	342	State aid to local authorities	698	776
Sales tax	1 149	1 305	State aid to industries	506	559
Revenue from Alcohol Monopoly ..	295	286	of which: agric. price subsidies	(390)	(434)
Customs duties & import charges	226	219	Child allowances	162	159
Export levy	327	129	Share in nat. pensions & health		
Excise duty on tobacco	217	241	insurance	233	237
» » on liquid fuel	247	308	Other transfer expenditure	467	573
Other excise duties	60	123	<i>Total transfer expenditure</i>	2 066	2 304
Tax on autom. and motor cycles	78	191	Machinery & equipment	163	144
Stamp duties	104	115	House construction	170	178
Special diesel etc. vehicles tax	26	28	Land and waterway construction	480	415
Other taxes and similar revenue	25	30	<i>Total real investments</i>	813	737
Total taxes	4 439	4 902	Interest on State debt	140	157
Miscellaneous revenue	241	268	Index compensations	22	29
Interest, dividends etc.	82	113	Net deficit of State enterprises ..	59	95
Sales and depreciation of property ..	39	41	Other expenditure	1	4
Redemptions of loans granted	98	114	<i>Total other expenditure</i>	222	285
Total revenue	4 899	5 438	<i>Increase in inventories</i>	2	— 5
Foreign borrowing	149	125	<i>Lending</i>	285	365
Domestic borrowing	337	477	<i>Other financial investments</i>	119	96
Total borrowing	486	602	Total expenditure	4 813	5 236
Deficit (+) or surplus (—)	— 171	— 282	Redemption of foreign loans	58	65
Total	5 214	5 758	Redemption of domestic loans ..	343	457
			Total redemptions	401	522
			Total	5 214	5 758

Debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	March	April	May	June	July
Foreign debt	1 340	1 844	2 074	1 965	1 961	1 995	1 988	1 982
Loans	2 075	2 013	2 160	2 241	2 221	2 184	2 179	2 183
Compensatory stock etc.	96	5	5	4	4	4	4	4
Short-term credit	101	167	320	258	244	166	150	133
Cash debt (net)	—85	—12	—256	—290	—292	—125	—250	—397
Domestic debt	2 187	2 173	2 229	2 213	2 177	2 229	2 083	1 923
Total debt	3 527	4 017	4 303	4 178	4 138	4 224	4 071	3 905
Total debt, mill. \$	1 094	955	1 028	998	988	1 005	967	927

BALANCE OF PAYMENTS

Mill. mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	- 88	+ 17	-277	-209	- 3	-489
1968	6 832	6 730	+102	+481	- 8	- 25	+550	-276	- 5	+269
Jan.-Mar.										
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	- 11	-151	- 57	+ 80	-128
Apr.-June										
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
July-Sept.										
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
Oct.-Dec.										
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	- 34	+125	- 84	- 4	+ 37

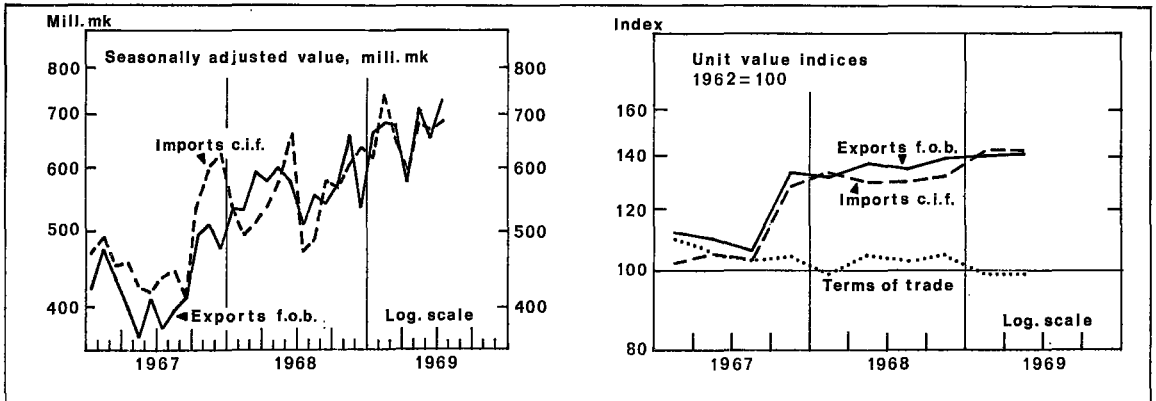
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1965	+ 434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+ 518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+ 910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
1968	+1 245	-868	-167	- 81	+398	+235	- 64	+ 28	+597	-664	+ 67
Jan.-Mar.											
1967	+ 192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+ 214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
1969	+ 311	-201	- 8	- 15	- 41	+112	+147	- 46	+172	-135	- 37
Apr.-June											
1967	+ 315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+ 396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
1969	+ 279	-155	- 98	- 39	+ 7	- 23	- 92	- 6	-114	+252	-138
July-Sept.											
1967	+ 251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
1968	+ 226	-212	- 14	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
Oct.-Dec.											
1967	+ 152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61
1968	+ 409	-302	- 81	- 38	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11

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

¹⁾ Including Direct investment net.

FOREIGN TRADE

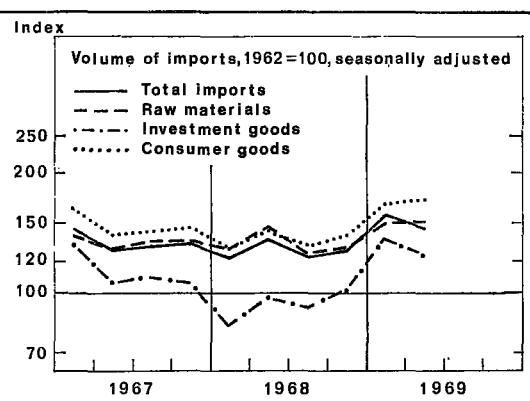
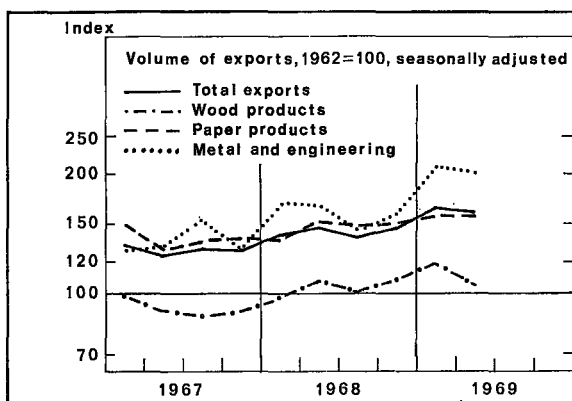
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967	5 231.2	5 794.4	-563.2	115	114	124	111	117	110	105
1968*	6 874.2	6 710.9	+163.3	136	127	144	130	140	132	103
Jan. - June										
1967	2 346.7	2 735.9	-389.2							
1968*	3 216.8	3 331.4	-114.6							
1969*	3 720.5	3 941.8	-221.3							
1968*										
April	557.3	556.3	+ 1.0	137	115	144	130	152	131	105
May	660.8	655.8	+ 5.0							
June	597.5	609.7	- 12.2							
July	518.2	446.7	+ 71.5							
Aug.	575.5	470.2	+105.3							
Sept.	595.6	575.7	+ 19.9	135	134	145	131	132	131	103
Oct.	668.2	590.0	+ 78.2							
Nov.	682.4	609.4	+ 73.0							
Dec.	617.3	687.4	- 70.1							
1969*										
Jan.	591.4	632.0	- 40.6	140	118	151	133	144	142	99
Feb.	491.5	667.6	-176.1							
March	623.8	640.1	- 16.3							
April	555.8	615.7	- 59.9							
May	753.7	740.6	+ 13.1								141	129	152	134	147	142	99
June	704.3	645.8	+ 58.5							



FOREIGN TRADE BY MAIN GROUPS

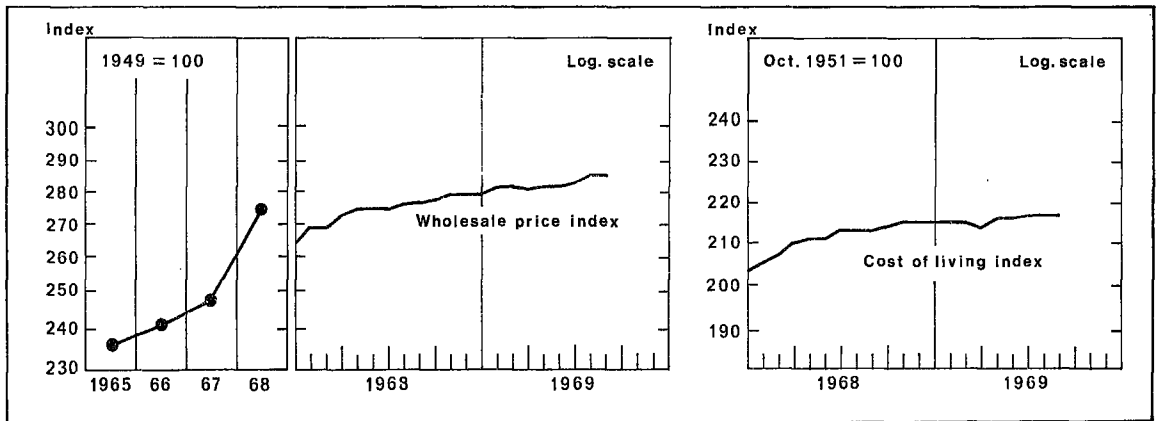
Mill. mk

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
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968*	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
Jan.-June										
1967	127.7	23.6	349.1	1 120.9	480.9	244.5	1 156.5	292.2	749.3	537.9
1968*	171.5	22.9	469.2	1 429.8	774.3	349.1	1 485.1	440.0	753.7	652.6
1969*	186.1	20.8	531.1	1 597.8	882.3	502.4	1 613.8	440.5	1 131.0	756.5
1968*										
April	18.3	3.7	91.3	271.3	119.5	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	157.1	70.7	294.3	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.3	62.7	282.7	74.5	146.4	106.1
July	19.8	5.5	115.1	246.2	88.3	43.3	205.6	51.0	101.3	88.8
Aug.	26.0	7.0	119.6	263.6	92.6	66.7	217.9	76.3	96.4	79.6
Sept.	20.2	6.0	109.2	250.3	130.0	79.9	259.4	88.3	120.4	107.6
Oct.	24.1	6.4	119.5	283.8	150.8	83.6	270.9	61.3	137.9	119.9
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.3	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.7	108.9
March	56.3	1.0	68.3	286.2	116.7	95.3	247.8	51.9	201.0	139.4
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	207.9	87.4	321.5	63.8	217.2	138.1
June	27.3	5.5	133.3	260.5	183.0	94.7	290.2	53.3	191.4	110.9



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan. — June			Whole year		Jan. — June		
	1967	1968*	1968*	1969*		1967	1968*	1968*	1969*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.8	22.7	22.1	20.5	763.8	15.8	15.8	15.4	18.1	713.8
United Kingdom	20.9	20.6	20.0	18.4	685.3	15.2	15.3	14.9	17.4	686.4
Other OECD countries										
in Europe	44.1	46.8	45.0	48.7	1 813.2	53.9	54.5	54.0	54.8	2 159.7
Austria	0.5	0.5	0.4	0.6	22.4	0.9	1.0	1.0	1.1	42.9
Belgium-Luxembourg	2.5	2.4	2.3	2.2	81.9	2.0	2.1	2.2	1.8	70.9
Denmark	3.8	3.7	3.4	4.0	148.3	3.3	3.6	3.5	3.3	129.2
France	4.2	4.0	3.9	4.3	161.7	3.7	3.6	3.2	4.1	160.5
Western Germany	8.6	10.5	9.4	10.0	370.5	16.2	15.5	15.8	15.3	603.9
Italy	3.1	3.0	3.1	2.6	98.8	2.0	2.2	2.3	2.4	94.7
Netherlands	5.1	4.6	4.4	4.0	149.7	3.8	3.6	3.3	3.6	142.8
Norway	2.4	2.6	3.2	2.1	78.0	2.3	2.4	2.3	2.6	102.5
Portugal	0.2	0.2	0.2	0.3	10.9	0.4	0.5	0.5	0.6	24.3
Spain	1.0	0.9	0.8	0.9	33.0	0.5	0.4	0.5	0.3	12.9
Sweden	9.7	10.9	10.5	13.8	513.6	15.4	15.9	15.8	16.2	639.5
Switzerland	1.0	1.5	1.4	1.8	68.5	3.0	3.3	3.2	3.2	125.7
Eastern Bloc	21.2	19.2	20.9	17.3	642.7	20.4	20.9	21.2	15.6	614.2
China	0.8	0.7	0.7	0.1	5.4	0.5	0.4	0.6	0.3	13.7
Czechoslovakia	0.4	0.5	0.4	0.5	20.0	0.6	0.7	0.8	0.6	23.4
Eastern Germany	0.7	0.6	0.6	0.6	21.0	0.9	0.9	0.9	0.7	24.9
Poland	1.4	1.2	0.8	1.7	63.9	1.6	1.6	1.4	1.0	37.9
Soviet Union	17.1	15.5	17.8	13.6	501.5	16.1	16.7	16.9	12.5	493.5
U.S. and Canada	6.0	6.1	6.7	7.4	273.5	4.1	3.7	3.9	5.3	210.7
United States	5.8	5.8	6.5	6.9	257.1	3.9	3.5	3.7	5.1	202.1
Latin America	2.9	2.9	3.0	3.6	134.6	2.7	2.6	2.7	2.5	97.7
Argentina	1.0	0.9	0.9	0.7	26.2	0.2	0.2	0.3	0.4	13.2
Brazil	0.8	0.7	0.6	0.4	16.3	1.2	1.0	1.0	0.8	32.0
Colombia	0.3	0.3	0.3	0.3	10.0	0.8	0.8	0.8	0.6	23.5
Other	3.0	2.3	2.3	2.5	92.7	3.1	2.5	2.8	3.7	145.7
Grand total	100.0	100.0	100.0	100.0	3 720.5	100.0	100.0	100.0	100.0	3 941.8
of which										
EFTA countries	38.5	40.1	39.2	41.0	1 527.1	40.6	42.0	41.3	44.4	1 750.4
EEC countries	23.5	24.5	23.1	23.2	862.5	27.7	27.0	26.8	27.2	1 072.7



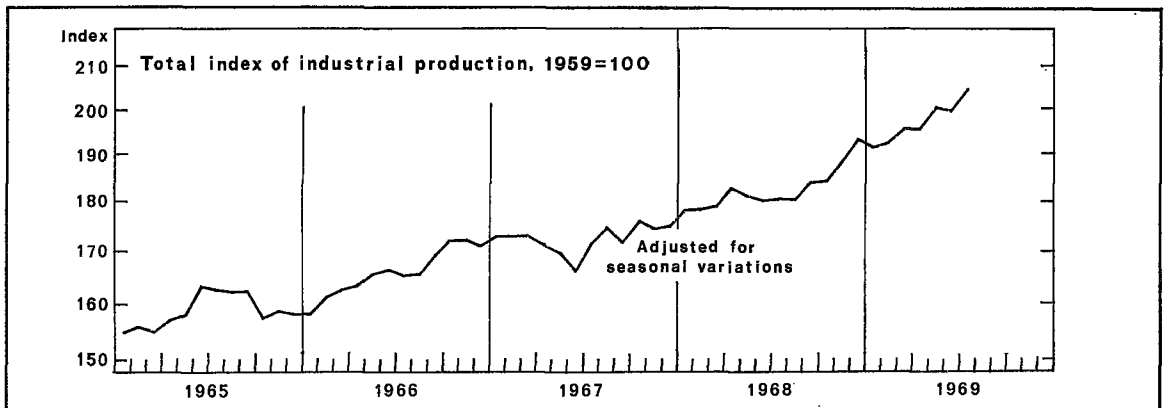
PRICE INDICES

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 processed goods	More elab- orately processed goods			
1966	241	247	216	245	228	238	271	233	228	108	106	104
1967	248	254	225	246	241	253	276	236	240	114	112	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1968												
Aug.	277	282	258	271	277	285	303	263	270	127	135	115
Sept.	278	282	259	273	277	283	305	264	270	127	135	115
Oct.	279	284	260	275	277	284	309	266	270	127	135	115
Nov.	279	285	260	277	277	284	310	267	270	127	135	116
Dec.	279	284	260	277	277	283	309	267	269	127	135	116
1969												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116
Feb.	282	287	264	278	285	287	315	268	271	129	139	116
March	281	285	264	278	285	283	313	265	271	129	139	117
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117
June	283	286	270	280	290	284	308	274	273	130	139	117
July	285	288	271	283	291	285	311	277	273	130	139	118
Aug.	285	288	273	283	292	286	312	278	273	131	139	119

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1968												
Aug.	213	168	110	113	110	107	108	107	110	109	108	110
Sept.	214	168	110	113	110	107	108	108	110	109	108	110
Oct.	215	168	111	114	110	108	109	109	110	109	108	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111
March	214	168	110	112	111	108	110	110	110	109	110	111
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111
June	217	170	112	115	111	108	111	108	110	110	110	112
July	217	170	112	115	111	109	111	107	110	110	112	112
Aug.	217	170	112	116	111	108	112	107	110	110	110	112

PRODUCTION—INTERNAL TRADE

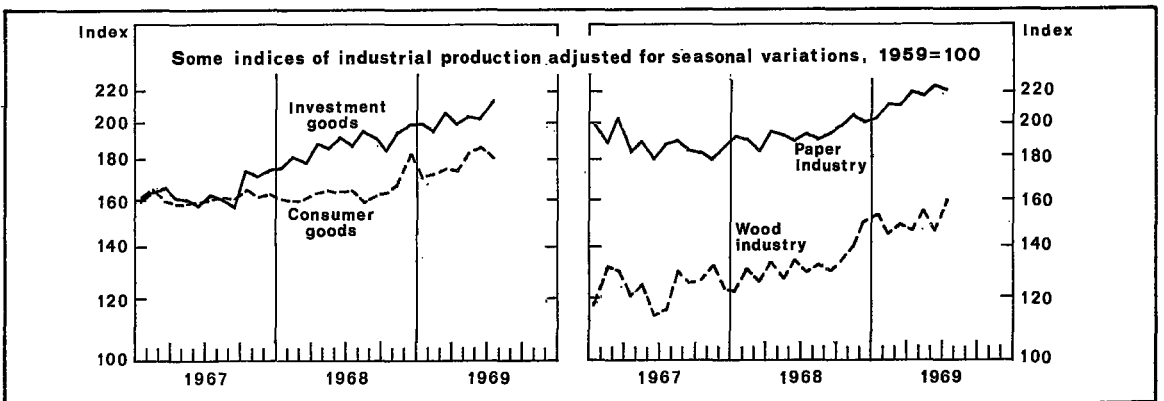
Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967	172	163	169	184	125	187	168	174	172	44 963	181
1968*	182	190	177	192	132	194	189	181	183	47 733	176
1967*											
Dec.	166	165	164	169	113	169	169	163	175	3 389	182
1968*											
Jan.	186	205	181	193	127	194	203	178	178	3 509	137
Feb.	185	210	180	190	142	193	207	178	178	4 977	158
March	194	214	188	199	144	204	210	188	179	4 898	164
April	184	195	177	196	150	185	194	184	183	4 384	174
May	192	201	185	208	152	200	200	195	181	10 331	188
June	159	171	150	177	114	152	166	166	180	1 875	157
July	134	94	138	139	112	189	96	134	181	955	169
Aug.	180	179	172	198	119	195	178	184	181	1 751	190
Sept.	187	195	183	196	123	204	195	185	184	2 279	193
Oct.	206	213	200	219	138	217	215	208	184	3 353	204
Nov.	199	212	196	203	134	210	212	197	188	3 880	184
Dec.	181	190	178	183	130	180	191	178	194	5 541	192
1969*											
Jan.	201	218	197	206	159	205	215	193	192	5 151	159
Feb.	191	206	187	195	150	207	206	181	193	5 405	168
March	212	239	207	215	169	231	230	201	196	5 349	192
April	197	202	190	211	165	210	203	195	196	4 336	195
May	204	207	197	222	174	210	211	206	200	11 075	203
June	185	192	175	208	131	191	193	191	200	1 937	186
July	152	110	156	153	138	217	110	149	204	1 007	188



BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	31.34	12.42	2.93	10.83	3.49	31.40	207	216	217	207
1968*	26.44	11.72	2.58	7.64	2.86	34.09	229	233	245	230
1968*										
Jan.-Mar.	4.85	2.19	0.24	1.84	0.41	29.47	222	226	212	223
Apr.-June	6.16	2.54	0.51	1.88	0.82	33.70	228	231	257	226
July-Sept.	7.65	3.17	0.89	1.88	1.07	34.29	235	235	277	234
Oct.-Dec.	7.78	3.82	0.94	2.04	0.56	34.09	234	242	250	235
1969*										
Jan.-Mar.	4.85	1.97	0.28	1.92	0.50	32.29	242	250	248	245
Apr.-June	5.56	2.42	0.38	1.64	0.82	37.45	245	247	264	247

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1968	1969*	1968*	1969*	1968*	1969*	1968*	1969*	1968*	1969*
Jan.	114	115	885	893	772	797	1 787	1 782	5.8	4.6
Feb.	115	113	723	695	603	607	1 767	1 757	5.2	4.4
March	129	131	777	766	687	695	1 761	1 751	5.0	4.1
April	128	121	995	910	767	792	1 757	1 781	4.7	3.8
May	125	123	1 233	1 381	1 109	1 121	1 807	1 831	3.5	2.9
June	103	117	1 466	1 759	1 263	1 373	1 768	1 772	3.6	2.3
July	123	127	1 703	1 731	1 540	1 632	1 547	1 589	3.6	2.2
Aug.	124	126	1 608		1 495		1 676		3.2	
Sept.	120		1 345		1 106		1 765		3.2	
Oct.	133		1 359		1 005		1 795		3.2	
Nov.	125		1 372		968		1 814		3.6	
Dec.	104		1 197		864		1 812		4.0	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

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

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits and long-term deposits* are included in term deposits.

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 Savings Bank less cash holdings (net) of State departments and funds.

BALANCE OF PAYMENTS

Page 9. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indices* (p. 10): 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. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDICES

Page 13. All indices calculated by the Central Statistical Office.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

* Preliminary . Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties; Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, municipalities and parishes 1.7 %

POPULATION

NUMBER OF INHABITANTS (1968): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.9 and Norway 3.8 million.

DENSITY OF POPULATION (1968): In South Finland 26.2, in North Finland 4.3 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1968): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 532 300 inhabitants, Tampere (Tammerfors) 152 500, Turku (Åbo) 152 000.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

LANGUAGE (1960): Finnish speaking 92.4 %, Swedish speaking 7.4 %, others 0.2 %.

EDUCATION (1968): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1968): births 16.0 ‰, deaths 9.6 ‰, increase 4.4 ‰. Deaths in France 11.0 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1967, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 295 (9 %), forestry and fishing 1 798 (7 %), manufacturing 7 907 (30 %), construction 2 544 (9 %), transport and communication 1 920 (7 %), commerce, banking and insurance 3 507 (13 %), public administration 1 221 (4 %), other services 5 494 (21 %), total 26 686. Index of real domestic product 109 (1964 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81 % in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

RAILWAYS (Jan. 1, 1969): Length 5 709 km, of which 5 680 km are State and 29 km private railways.

MERCHANT FLEET (Aug. 31, 1969): Steamers 63 (83 330 gross reg. tons), motor vessels 429 (1 089 330 gross reg. tons), sailing vessels with auxiliary engines 13 (1 608 gross reg. tons). Total 505 (1 174 268 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1968): Kilometres flown 14.7 million, passengers carried 895 700, passenger kilometres 439.0 million, and ton kilometres of freight and mail 7.6 million.

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). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland 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, 1968) There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 cooperative credit societies and their central bank, six mortgage societies, and POSB. The consumer cooperative societies accept deposits from their members. The National Pension Institute and sixtytwo private insurance companies also grant credits.

RATES OF INTEREST (March 1, 1969). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 %, 6 months' deposits 4 ½ %, 12 months' deposits 5 %, 24 months' deposits 6 %; highest lending rate 10 %.

OUTLOOK FOR GROWTH IN THE FINNISH ECONOMY 1969—1973

BY

KAUKO MANNERMAA, Lic. Pol.

MEMBER OF THE SECRETARIAT AT THE ECONOMIC COUNCIL

The Secretariat of the Economic Council has completed the preparation of a macro-economic outline study¹ whose purpose is to provide material for discussion on the direction of economic policy to be pursued over the coming few years and to pave the way for economic decision-making. The report has been prepared primarily for the Economic Council to facilitate consideration of the alternative lines of future economic policy recommendations.

Preparation of the various studies and reports underlying the study was undertaken by many authorities, organizations representing various industries and research workers. The Economic Council deemed it important that representatives of the various interested groups become versed in the methods employed and ensured their participation by creating several subdivisions under the Council. These subdivisions delivered reports on the methods and the basic assumptions of the study which were then discussed by the Economic Council. Close attention has been paid to the viewpoints expressed by the

Economic Council, the members of the various subdivisions and other authorities and research workers when preparing the report. However, the assumptions set forth in the report do not necessarily represent the opinion of the Economic Council or other persons who have participated in its preparation. The Secretariat assumes complete responsibility for the assumptions expressed and the calculations made.

The report forms a continuation of previous growth reports by the Economic Council. A report published in 1964 dealt with economic growth until 1967. In 1967 a memorandum was produced which surveyed the outlook for growth until 1970. In the future it is purposed to review the quinquennial reports annually.

THE APPROACH EMPLOYED

The report considers the feasibility of implementing certain lines of economic policy and indicates their scope. The range of future economic policy decisions has been determined at various stages of the preparation of the report. Certain important basic assumptions of the study were discussed at an early stage. At that time it was already

1. The Secretariat of the Economic Council, *Outlook for Growth in the Finnish Economy 1969—1973*, Helsinki 1969. To be published in English in the near future.

clear that the study should be based on a wider viewpoint than previously and that the inclusion of alternative incomes policy assumptions would be of great importance.

The conclusion arrived at is that the competitive ability of the Finnish economy depends to a great extent on the progress of structural changes which would accelerate the growth of productivity. A decisive role is played by the volume and structure of real investment and investment in education and research. These questions have not been dealt with at length in the report; it has simply been assumed that the real competitive power of the economy will develop satisfactorily. The basic assumptions have been chosen partly with regard to these viewpoints. The study devotes primary attention to ascertaining the volume of demand and degree of monetary competitive power needed to achieve balanced economic development, facilitating utilization of the growth potential and contributing to the efforts to improve real competitive ability. This enquiry has been made on the basis of a number of alternative forecasts. The feasibility of the various alternatives has been determined by illustrating the course of development on the basis of various assumptions.

Forecasts of the balance of payments current account, employment, and state and municipality finances were used as the basis for consideration of the feasibility of alternative forecasts. It was considered that feasibility requires the absence of major imbalances in the factors mentioned. With regard to the current account this means that long-term equilibrium should obtain without resort to exchange rate changes. As to employment, the comment is made that because of the poor employment situation at the beginning of the study period a high employment rate cannot be reached very quickly. However, it should be achieved by the end of the period.

THE BASIS OF THE CALCULATIONS

The alternative forecasts have been based on estimates of economic developments abroad, changes in private investment, incomes policy to be pursued and the growth and structure of state expenditure and the revenue rates. A quantitative model has been used to formulate macro-economic forecasts on the basis of these estimates and other factors affecting economic growth.

Two alternative forecasts of the development of the Gross Domestic Products of the OECD countries weighted with the Finnish exports in 1969—1973 have been used. The average annual growth rates have been assumed at 4 per cent and 3½ per cent, the first being the principal alternative. A 3 per cent annual rise in the price index of Gross Domestic Product has been assumed to occur in these countries. Finland's terms of trade have been assumed to remain unchanged.

Four various alternatives have been made concerning incomes policy. The alternative annual increases in negotiated wages have been estimated at 3, 4, 5 and 6 per cent. Taking wage drift into account the rise in the level of earnings would, depending on the growth rate of domestic product, be a couple of percentage points more. In the open sectors of the economy the formation of capital incomes is assumed to be determined by the international price level, the rise in the wage level and changes in other costs of production. In the protected sectors capital incomes have been assumed to grow in step with wage and salary incomes.

As regards public expenditure, three alternatives have been made according to which the growth in its volume is 3.8, 4.7 and 5.6 per cent per annum. There are two alternatives concerning the revenue rates; in the first they remain unchanged and in the second they involve some increases in the rates in 1970 and 1971.

Information on the behaviour of private investment obtained through investment surveys was available during preparation of the estimates on investment. Investment is, however, assumed to depend greatly on the development of production and income formation. As private investment activity was rather slack in 1967—1968, it is expected to accelerate substantially as economic growth quickens.

When assessing the preconditions for growth it was assumed that labour supply will not present any obstacles to economic growth since its potential increase during the study period is considerable. Although bottlenecks may arise due to variations in the inter-regional distribution of labour and shortages of opportunities for vocational education, growth potential was estimated to be considerable.

THE RESULTS OF THE CALCULATIONS

Through combining various assumptions altogether 18 different alternatives were obtained for assessment. It was concluded that continuation of the incomes and fiscal policy of the 1960's would not be possible as it would lead to difficulties both in state finances and in the balance of payments. According to some alternatives a satisfactory growth rate and preconditions for balanced growth were possible. These alternatives call for an incomes policy which allows some 4 per cent maximum annual increase in negotiated wages and a rather high volume growth in state expenditure. At the same time, growth and welfare aspects should receive more attention than before in state finances. Some increases in the revenue rates are needed for a successful management of state finances. The acceptable alternatives require, in addition, an acceleration in private investment. However, an acceptable

alternative would be considerably harder to find if the growth in domestic product of the OECD countries is less than the 4 per cent rate assumed.

Only one alternative has been chosen for more detailed study. This alternative is made on the basis of i.a. the following assumptions: the annual growth will be 4 per cent in the OECD countries, the annual increase in state expenditure will be 5.6 per cent, some revenue rates will be increased, negotiated wages will rise by 4 per cent and private investment by 8 per cent annually. This alternative has not, however, been chosen because it is regarded as the "best" alternative but because it provides for a high rate of growth of domestic product and involves no great imbalances.

In accordance with the above alternative total demand and supply would change as displayed in the following table. The growth of domestic product would exceed the average post-war growth rate and also the average rate of the 1960's. Because of the low starting level this does not, however, imply an acceleration in the long-term growth rate but rather a re-establishment of the post-war trend development. Exports will increase roughly in accordance with the previous trend while the growth in imports will be only slightly more than that of exports. Thus the increase in imports relative to the growth of domestic product will be not as great as earlier in the 1960's. A decline in the propensity to import is for the most part due to the assumption that the incomes policy pursued will be moderate and, as a result, the increase in prices will be retarded. The balance of payments current account will show a surplus throughout the study period with the exception of one year. The employment situation will improve continually and a high rate of employment will be reached by the end of the period, assuming that the employment policy will prevent

TOTAL SUPPLY AND DEMAND IN 1968 AND 1973 ACCORDING TO THE ALTERNATIVE STUDIED IN DETAIL

	1968	1973	1973	Average annual change, per cent		
	At the 1968 prices	At the 1968 prices	At current prices	Volume	Prices	Value
	Million marks					
Gross domestic product at market prices	33 720	43 310	49 070	5.1	2.6	7.8
Imports of goods and services	7 780	11 180	11 670	7.5	0.9	8.5
Aggregate supply	41 500	54 490	60 740	5.6	2.1	7.9
Exports of goods and services	8 360	11 590	12 160	6.8	0.9	7.8
Consumption expenditure	24 220	31 340	35 460	5.3	2.5	8.0
— private	18 720	24 310	27 140	5.4	2.2	7.7
— public	5 500	7 030	8 320	5.1	3.4	8.8
Fixed domestic capital formation	7 640	10 640	11 790	6.8	2.1	9.0
Changes in stocks and statistical error	1 280	920	1 330	..	..	..
Aggregate demand	41 500	54 490	60 740	5.6	2.1	7.9

bottlenecks arising from shortages in labour supply in some regions or in the opportunities for vocational education. State finances will exhibit a slight deficit but this is unlikely to prevent the realization of the alternative, although it would rule out an efficient counter-cyclical policy. As to municipality finances, difficulties would arise if this alternative were chosen and maintaining a

balance would require changes to be effected either in municipality income or expenditure.

On balance, however, the results set out in the report may be regarded as rather favourable for they show that there exists a policy mix capable of permitting a relatively fast and more balanced growth in domestic product provided external factors do not develop unfavourably.

ITEMS

Trade between Finland and the USSR in 1971—1975. On August 26, 1969, a new five-year trade agreement between Finland and the Soviet Union during 1971—1975 was signed in Helsinki. This is the fifth such agreement between the two countries. It involves an increase of some 33 per cent in value of trade in comparison with the current agreement for 1966—1970. The value of the exchange of goods for the whole period will be 2 500—2 600 million roubles (ca. 12 000 million Fmk).

Among Finnish exports, the largest commodity group is "ships, spare parts for ship engines, ship repairs", totalling 1 650 million marks. It includes icebreakers, cable vessels, timber transport vessels, tankers, ships for wine transport (new item), ships for gas transport, passenger ferries, river and seagoing ships, hydrographic research ships (new item) and house boats. Exports of machinery and equipment for the pulp and paper industry and for the mechanical wood-working industries will amount to 750 million marks. The group "machinery and equipment" also includes machines for the chemical industry, lifting and transport equipment, various pumps, armatures, radio signalling instruments, electrical equipment and, as new items refrigeration units, agricultural machinery and transportation equipment. In addition, Finland exports pulp, papers and boards and associated products, assorted cables and wires, agricultural products, breeding cattle, minks, various textiles, furniture, hospital equipment, printing material and plastic industry

products (new item). Mention has also been made about the payment for the construction work done by Finnish firms within the territory of the USSR.

The most important item on Finland's import list is "crude oil and oil products", valued at 2 800 million marks. The group "machines and equipment" includes power station and electrotechnical equipment, metal working machine tools, rolling and metallurgical machines, machines for the chemical industry, mining and road building, passenger cars, tractors, lorries, ships, television and radio sets, medical equipment, railway rolling stock, aeroplanes and helicopters for civil aviation. Among the imports various metals, timber, chemicals, fertilizers and food stuffs may further be mentioned. In the import list mention has been made of machines, equipment and fuel for a nuclear power station, equipment and accessories for the construction of a gas pipe line and machines, equipment and material deliveries undertaken by Finnish firms within the territory of the USSR.

Frontier trade between the two countries will be agreed separately.

*

Finland's first nuclear power station. Preliminary agreements on the co-operation in the construction of the first Finnish nuclear power station were signed on September 9, 1969 by the Finnish power company Imatran Voima Osakeyhtiö and the Soviet supplier V/O Teknopromexport

and the Soviet and Finnish Governments. In accordance with these agreements a 440 MWe nuclear power station with pressure vessel reactor will be built in the town of Loviisa. The expected completion date is 1976. A supplier's credit of c. 54 million roubles or approximately 252 million marks will be granted by the Soviet supplier, Teknepromexport; the interest rate is 2½ per cent and the loan period 20 years. The total cost of the station is estimated to be 430—470 million marks of which the share of Finnish supplies and labour costs will be 55—60 per cent. The Soviet Union will supply nuclear fuel for the station but Finnish natural uranium may also be employed, according to the terms of the agreement concluded this year on the peaceful use of atomic energy.

*

Finland's Balance of Payments in January—June 1969. According to the preliminary figures of the Bank of Finland Institute for Economic Research the total revenue on current account rose to 4 617 and total expenditure to 4 716 million marks in the first half of 1969. Thus the deficit on the current account amounted to 99 million marks or 40 million marks more than in the first half of the previous year.

The value of visible exports increased by 15.7 per cent and that of imports by 18.3 per cent. The deficit on trade account including adjustment items rose to 253 million marks. Exports of metal and other industrial goods not based on wood increased the most. On the import side passenger cars and investment goods showed the greatest increase and imports of raw materials also accelerated due to the rapid recovery of domestic industrial production.

The surplus of invisible items, i.e. services, interest and transfer payments was 154 million marks. As travel payments increased slightly more than the corresponding receipts the deficit on travel account increased by 9 million marks to 37 million marks. Surplus on transport account increased by 40 million marks to 276 million marks mainly due to the increased domestic merchant fleet. As net interest payments rose to 141 million marks and net transfer receipts to 73 million marks, which is mainly due to the 81 million marks exemption from payment of long-term crown credits granted by the Swedish Government during the war and immediately after it, the current account showed a deficit of 99 million marks.

Drawings of long-term foreign loans totalled 590 million marks and amortisations 355 million marks. Three bond issues were made abroad totalling 147 million marks. As net exports of other long-term capital rose to 161 million marks the basic account deficit was 25 million marks having shown a surplus of 111 million marks in the first half of 1968. Short-term capital imports mainly in form of short-term trade credits but also including errors and omissions amounted to 83 million marks. Therefore there was an overall surplus, excluding reserve movements, of 58 million marks, by which amount the total gold and foreign exchange reserves of the country increased.

The net liabilities of the authorised foreign exchange dealers decreased by 175 million marks and the gold and foreign exchange reserve of the Bank of Finland by 117 million marks. Gold and convertible currencies decreased by 110 million marks and other currencies increased by 168 million marks.

BANK OF FINLAND

BOARD OF MANAGEMENT

MAUNO KOIVISTO,
Governor (Absent as Prime Minister)

REINO ROSSI, <i>Deputy Governor, present Acting Governor</i>	ESKO K. LEINONEN
A. SIMONEN <i>(Absent as a member of Government)</i>	AHTI KARJALAINEN <i>(Absent as a member of Government)</i>
HEIKKI VALVANNE	JOUKO J. VOUTILAINEN <i>ad int.</i>

DIRECTORS

JOUKO J. VOUTILAINEN	TIMO HELELÄ
JORMA ARANKO	

SENIOR OFFICIALS

PERTTI TAMMIVUORI, <i>Administration</i>	P.-E. ÖSTERLUND, <i>Foreign payments control</i>
A. KAJANTIE, <i>Internal Audit</i>	HELGE LINDSTRÖM, <i>Credits</i>
A. NENONEN, <i>Foreign correspondence</i>	K. EIROLA, <i>Automatic Data Processing</i>
K. IGNATIUS, <i>Personnel</i>	EINO SUOMELA, <i>Office</i>
STIG TÖRNROTH, <i>Cash</i>	

INSTITUTE FOR ECONOMIC RESEARCH

LAURI KORPELAINEN,
Director

PERTTI KUKKONEN, <i>Head of department</i>	MARKKU PUNTILO, <i>Head of department ad int.</i>
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