



BANK OF FINLAND

Monthly Bulletin

**On the occasion of the closing of the
1974 accounts**

**The outlook for the supply of labour
in Finland up to 2000**

**Finland's balance of payments January—
September 1974**

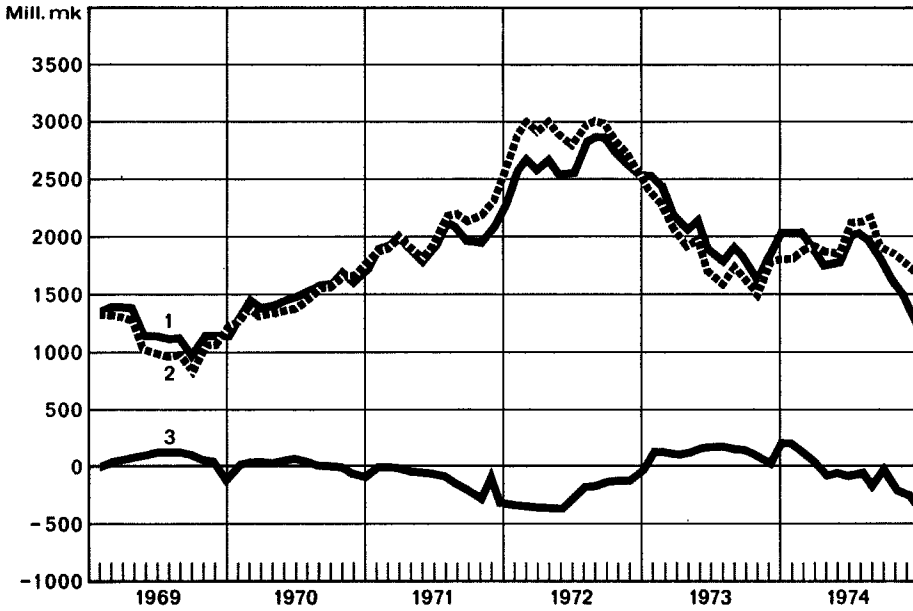
**Inflow of long-term capital in January—
September 1974**

Supplementary budgets

JANUARY 1975

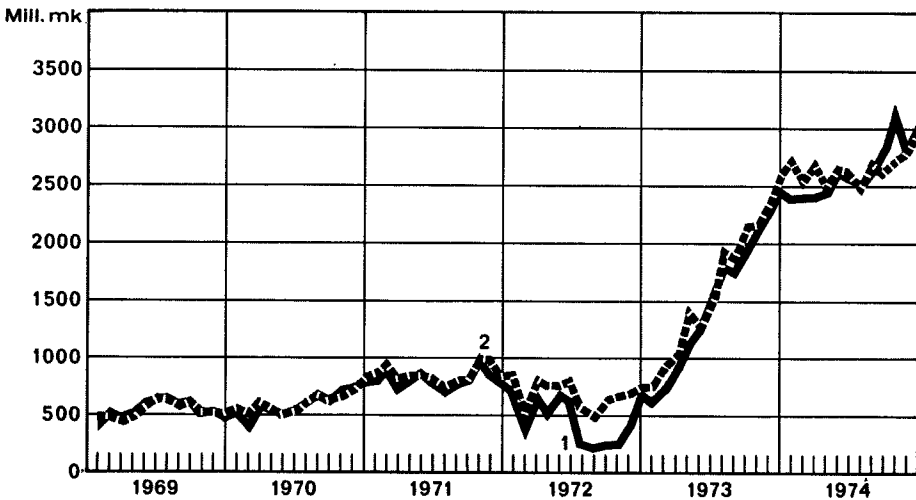
Vol. 49 No. 1

Bank of Finland foreign exchange reserve, 1969-1974



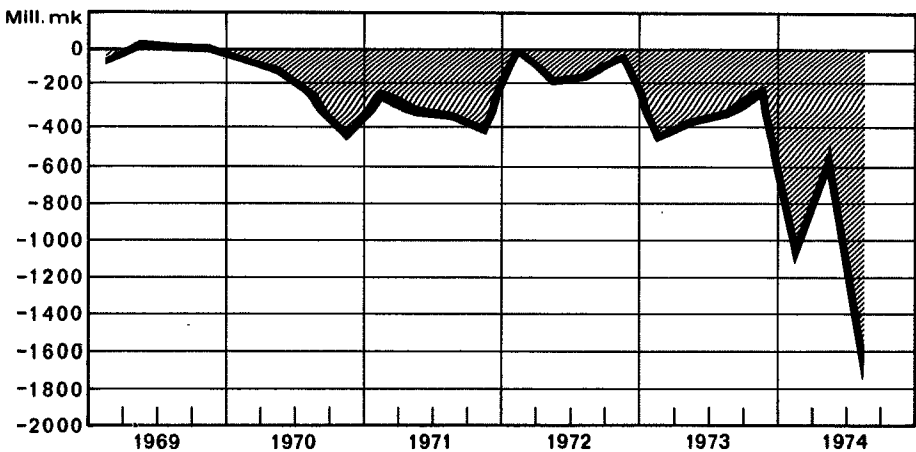
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

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



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

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



Seasonally adjusted quarterly figures

ON THE OCCASION OF THE CLOSING OF THE 1974 ACCOUNTS

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

During the past year the growth of the world economy slowed down as a result of the weakening in demand caused by accelerating inflation and the energy crisis. However, economic growth remained vigorous in Finland, in part because of buoyant export earnings. On the other hand, continuously rapid growth in demand caused price and cost pressures to strengthen and the current account deficit to increase further.

As imbalances were aggravated, it was necessary to continue to implement stringent monetary policy measures. However, while the credit market was kept tight on the whole, it was deemed desirable to secure the expansion of domestic production capacity and the financing of investment in major industrial fields was promoted by selective credit arrangements. For this reason, the Bank of Finland's share in the financing of suppliers' credits was raised in February, and facilities for financing new export credits and export bills were improved. Furthermore, the capacity of the Mortgage Bank of Finland to finance energy saving investment was increased.

In order to prevent excessive tightening in the credit market, the credit quotas of the commercial banks were raised three times during 1974. However, attempts were made to raise the quotas as little as possible. Interest rates were kept at the level to which they had been raised in the middle of the previous year. In November, the Bank of Finland gave general guidelines for credit granting in the near future, in which it emphasized that priority should be given to industrial and related investment, at the cost of other investment.

Throughout 1974 general uncertainty prevailed in the international capital and foreign exchange market. The average international value of the Finnish mark was kept unchanged. Attempts were made to reduce risks caused by changes in foreign exchange rates by extending foreign exchange forward markets to include the rouble. The sharply increased earnings of the oil-producing countries were primarily channelled into short-term investments, which reduced the supply of long-term credits in the international capital market. Accordingly, the major part of Finland's current deficit of more than 4 000 million marks was covered by short-term foreign borrowing. The convertible foreign exchange reserves of the Bank of Finland declined by 107 million marks and the tied currency reserves by 622 million marks during 1974, so that at the end of the year the net convertible foreign exchange reserves came to 1 722 million marks and the net liability on tied currency accounts to 388 million marks.

Because a new Accounting Law came to force in Finland at the beginning of 1974, the balance sheet of the Bank of Finland was revised in connection with the closing of the accounts. The changes from the end of the previous year have been calculated in accordance with the new accounting procedure. The net claims of the Bank of Finland on the commercial banks grew by 576 million marks, during 1974. The receivables of the Bank of Finland from corporations rose by 18 million marks and the claims of corporations on the Bank of Finland fell by 44 million marks. Notes and coins in circulation increased by 379 million marks, whereas deposit certificates

declined by 410 million marks. The profits of the Bank of Finland for 1974 amounted to 149 million marks.

The economic outlook for the current year is not encouraging. The recession prevailing in Western markets continues, and so far there are no signs of a new international upswing. Even if Finland's trade with the Socialist countries increased vigorously, it would still

not prevent a slow-down in the growth of Finnish export earnings. Continuous inflationary pressures and imbalance in Finland's foreign trade limit the range of economic policy tools which can be used, and it will not be possible to implement much easier monetary policy measures, even if the cyclical outlook weakens.

January 7, 1975

	1973	1974
	Dec. 31	Dec. 31
Assets		
Gold and foreign exchange receivables	2 210	1 791
Gold	121	121
Special drawing rights	285	286
IMF gold tranche	268	268
Convertible currencies	1 228	1 109
Tied currencies	308	7
Other foreign receivables	952	1 123
Foreign bills	103	252
Foreign bonds	319	341
Currency subscription to Finland's quota in the IMF	530	530
Receivables from financial institutions	2 745	3 414
Cheque accounts of the commercial banks	19	114
Discounted bills	2 556	3 034
Bonds	121	220
Other financial institution receivables	49	46
Receivables from the public sector	268	301
Bonds	53	71
Total coinage	200	224
Other public sector receivables	15	6
Receivables from corporations	613	631
New export bills	47	90
Financing of suppliers' credits	271	276
Bonds	255	231
Other corporate receivables	40	34
Other assets	34	37
Total	6 822	7 297
Liabilities		
Foreign exchange liabilities	147	457
Convertible accounts	73	62
Tied accounts	74	395
Other foreign liabilities	788	788
IMF mark accounts	530	530
Allocations of special drawing rights	258	258
Notes and coins in circulation	2 082	2 461
Notes	1 907	2 259
Coins	175	202
Deposit certificates in circulation	1 450	1 040
Claims of financial institutions	13	9
Cheque account of Postipankki	2	4
Cheque accounts of the commercial banks	7	4
Other financial institution claims	4	1
Claims of the public sector	535	560
Cheque accounts	2	7
Counter-cyclical reserves	509	543
Other public sector claims	24	10
Claims of corporations	239	195
Investment deposits	5	34
Counter-cyclical withholdings	—	49
Capital import deposits	214	98
Import levy deposits	6	6
Other corporate claims	14	8
Other liabilities	16	17
Equalization accounts	740	858
Capital accounts	812	912
Primary capital	600	600
Reserve fund	114	163
Undisposed profits	—	—
Net earnings	98	149
Total	6 822	7 297

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3 + 4 - 5)	Cheque account	Term liabilities, net	Net liabilities to the Treasury (7+8) ¹
	1	2	3	4	5	6	7	8	9
1967	701	75	626	98	354	370	4	7	11
1968	1 353	62	1 291	125	34	1 382	3	354	357
1969	1 268	92	1 176	517	360	1 333	4	196	200
1970	1 844	106	1 738	639	518	1 859	2	119	121
1971	2 620	327	2 293	686	530	2 449	2	138	140
1972	2 685	121	2 564	757	530	2 791	1	48	49
1973	2 220	147	2 073	803	530	2 346	2	532	534
1973									
Oct.	1 861	169	1 692	768	530	1 930	49	30	79
Nov.	2 060	170	1 890	798	606	2 082	50	530	580
Dec.	2 220	147	2 073	803	530	2 346	2	532	534
1974									
Jan.	2 207	147	2 060	808	530	2 338	1	533	534
Feb.	2 214	143	2 071	817	530	2 358	3	530	533
March	2 104	168	1 936	831	530	2 237	49	529	578
April	1 986	196	1 790	855	530	2 115	51	528	579
May	2 005	203	1 802	874	530	2 146	5	528	533
June	2 231	197	2 034	888	530	2 392	1	527	528
July	2 251	189	2 062	888	530	2 420	48	527	575
Aug.	2 285	305	1 980	889	530	2 339	4	526	530
Sept.	2 008	176	1 832	899	530	2 201	43	521	564
Oct.	1 955	312	1 643	922	530	2 035	2	519	521
Nov.	1 868	350	1 518	936	530	1 924	2	518	520

¹ New series, see explanations on page 18.

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1973			Net holdings, Oct. 31, 1974			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
	Gold	121	—	121	121	—	121	—
Special drawing rights	285	—	285	286	—	286	—	+ 1
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 189	165	1 354	1 202	-350	852	-286	-502
Other currencies	210	2	212	-235	-29	-264	-163	-476
Total	2 073	167	2 240	1 642	-379	1 263	-449	-977

BANK OF FINLAND

Mill.mk

End of year and month	Domestic banks					Other					
	Dis-counted and redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2-3-4)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (6+7-8) ³	Deposit certificates ³	Notes in circulation
			Private banks ²	Posti pankki ²							
1	2	3	4	5	6	7	8	9	10	11	
1967	868	—	155	35	678	197	383	56	524	—	1 062
1968	618	107	163	16	546	186	195	43	338	—	1 160
1969	550	87	93	12	532	192	269	25	436	—	1 298
1970	836	3	1	4	834	137	246	324	59	203	1 344
1971	849	—	9	2	838	121	284	385	-30	400	1 479
1972	753	5	—	2	756	44	277	73	248	790	1 730
1973	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907

1973											
Oct.	2 363	54	—	320	2 097	57	302	301	58	1 400	1 683
Nov.	2 623	50	—	67	2 606	60	302	260	102	1 400	1 790
Dec.	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907

1974											
Jan.	2 146	129	—	1	2 274	64	303	237	130	1 310	1 706
Feb.	2 227	113	—	4	2 336	64	304	229	139	1 380	1 744
March	2 530	103	—	78	2 555	72	296	230	138	1 450	1 792
April	2 677	156	—	80	2 753	79	293	244	128	1 450	1 806
May	2 719	93	—	3	2 809	81	289	230	140	1 490	1 907
June	2 794	127	—	3	2 918	81	297	221	157	1 600	2 134
July	2 688	158	—	43	2 803	84	305	213	176	1 600	1 970
Aug.	2 538	122	—	3	2 657	98	302	203	197	1 360	2 042
Sept.	2 703	249	—	9	2 943	114	301	181	234	1 390	2 060
Oct.	2 985	142	—	2	3 125	121	304	219	206	1 510	2 019
Nov.	3 108	167	—	1	3 274	108	314	224	198	1 400	2 169

¹ Including special index accounts² Including cash reserve accounts³ New series, see explanations on page 18.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

December 27, 1974

New York ¹	1 \$	3.591	Frankfurt o. M.	100 DM	148.50	Vienna	100 S	20.80
Montreal	1 \$	3.645	Amsterdam	100 Fl	142.50	Lisbon	100 Esc.	14.70
London	1 \$	8.395	Brussels ²	100 Fr		Madrid	100 Pta	6.45
Stockholm	100 Kr	87.40	Zurich	100 Fr	142.50	Tokyo	100 Y	1.200
Oslo	100 Kr	68.30	Paris	100 FF	81.00	Reykjavik	100 Kr	3.15
Copenhagen	100 Kr	62.80	Rome	100 Lit	0.5550	Moscow ³	1 Rbl	4.919

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.² 9.820 commercial rate; 9.720 financial rate.³ 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	Pösti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972	1 851.2	2 371.4	979.2	8 095.8	6 231.8	4 499.8	1 805.6	720.0	21 353.0	24 703.6
1973*	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

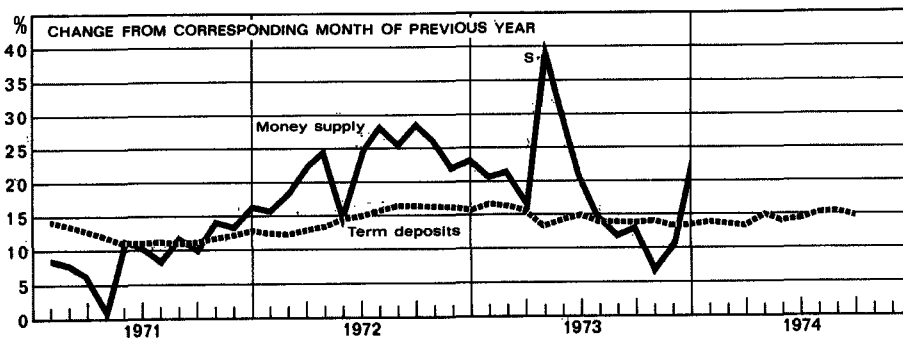
1973*

Sept.	1 630.7	2 155.5	1 098.0	8 442.8	6 689.7	4 924.3	1 994.5	783.9	22 835.2	26 088.7
Oct.	1 690.5	2 234.4	932.0	8 524.6	6 756.3	5 013.2	2 017.6	783.2	23 094.9	26 261.3
Nov.	1 681.9	2 221.5	989.1	8 508.2	6 833.8	5 113.1	2 052.0	785.2	23 292.3	26 502.9
Dec.	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

1974¹

Jan.	1 896.2	2 478.1	1 272.5	9 113.6	7 227.8	5 377.5	2 207.4	814.2	24 740.5	28 491.1
Feb.	1 851.4	2 431.8	1 373.6	9 162.3	7 272.2	5 445.5	2 230.9	825.6	24 936.5	28 741.9
March	1 806.1	2 379.5	1 253.4	9 078.6	7 271.1	5 449.4	2 266.3	831.7	24 897.1	28 530.0
April	1 839.1	2 482.1	1 229.2	9 081.0	7 272.6	5 510.5	2 268.9	833.3	24 966.3	28 677.6
May	2 007.4	2 641.1	1 179.0	9 158.2	7 378.6	5 598.5	2 286.7	839.3	25 261.3	29 081.4
June	1 992.3	2 627.9	1 231.6	9 205.1	7 484.0	5 631.6	2 334.9	847.2	25 502.8	29 362.3
July	2 155.1	2 817.9	1 267.3	9 244.4	7 585.9	5 725.8	2 365.5	854.4	25 756.0	29 841.2
Aug.	2 157.9	2 855.2	1 201.4	9 366.3	7 705.0	5 838.6	2 395.5	859.8	26 165.2	30 221.8
Sept.	2 160.5	2 871.7	1 287.6	9 370.3	7 740.4	5 884.6	2 421.9	874.7	26 291.9	30 451.2

¹ 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	8	9
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972	10 667.3	5 503.0	4 482.6	2 244.8	2 374.4	24 472.6	799.5	25 272.1	4 959
1973*	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114

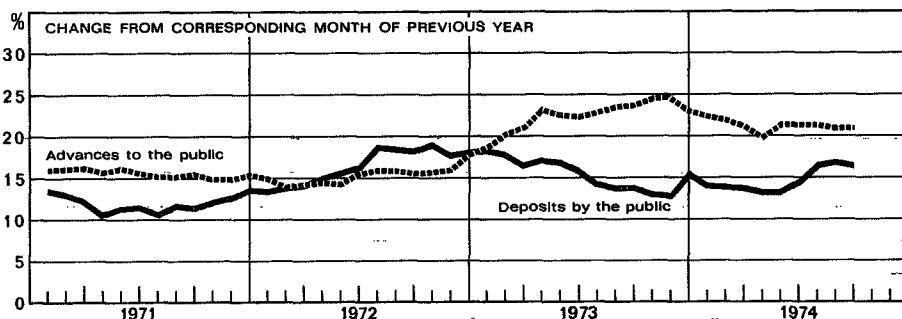
1973*

Sept.	12 702.8	6 202.6	5 009.5	3 023.8	2 573.6	28 451.7	1 060.6	29 512.3	5 004
Oct.	12 968.1	6 320.2	5 116.5	3 173.2	2 592.9	29 142.5	1 028.4	30 170.9	4 749
Nov.	13 162.8	6 414.2	5 209.2	3 284.9	2 629.6	29 677.4	1 023.3	30 700.7	4 906
Dec.	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114

1974¹

Jan.	13 386.6	6 609.8	5 361.4	3 570.9	2 741.2	30 656.7	1 013.2	31 669.9	..
Feb.	13 446.8	6 697.9	5 444.2	3 664.7	2 770.1	31 007.0	1 016.7	32 023.7	..
March	13 595.2	6 771.6	5 514.6	3 740.9	2 827.4	31 379.4	1 070.3	32 449.7	..
April	13 829.9	6 844.2	5 574.4	3 890.5	2 847.7	31 914.6	1 072.1	32 986.7	..
May	14 110.7	6 935.2	5 670.5	4 016.1	2 920.3	32 536.8	1 116.0	33 652.8	..
June	14 292.8	7 014.9	5 749.7	4 164.3	2 980.7	33 083.6	1 118.8	34 202.4	..
July	14 349.5	7 091.4	5 839.7	4 334.5	3 021.2	33 533.7	1 102.6	34 636.3	..
Aug.	14 500.3	7 190.6	5 953.4	4 359.1	3 038.9	33 962.9	1 079.4	35 042.3	..
Sept.	14 826.2	7 340.9	6 102.0	4 424.4	3 086.5	34 609.4	1 170.6	35 780.0	..

¹ New series, see explanations on page 18.



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	16 601	-1 996

1973			
Oct.	1 538	1 689	- 151
Nov.	1 558	1 623	- 65
Dec.	1 331	1 462	- 131

1974*			
Jan.	1 540	1 950	- 410
Feb.	1 471	1 886	- 415
March	1 599	1 865	- 266
April	1 779	2 131	- 352
May	1 848	2 273	- 425
June	1 555	1 814	- 259
July	1 799	2 159	- 360
Aug.	1 550	2 253	- 703
Sept.	1 780	2 420	- 640
Oct.	2 239	2 401	- 162

Jan.-Oct.			
1973*	11 716	13 516	-1 800
1974*	17 160	21 152	-3 992

* New series, see explanations on page 18.

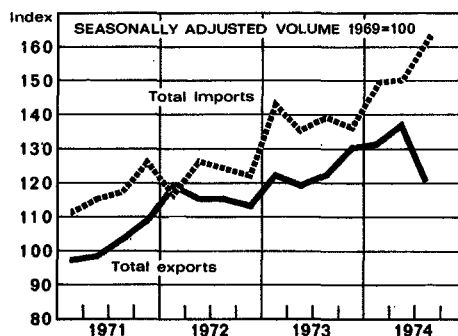
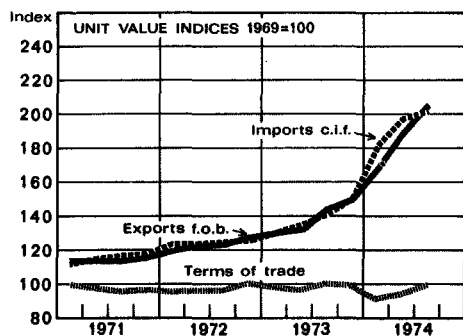
Indices of exports and imports 1969 = 100¹

Period	Indices of exports and imports 1969 = 100 ¹				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973*	127	141	138	139	99

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



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agri-cultural 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	2 921	2 968	67

1973*

Oct.	24	283	537	302	392	984	87	345	270	3
Nov.	21	282	524	376	355	1 046	98	243	230	6
Dec.	72	227	454	243	335	907	104	236	215	0

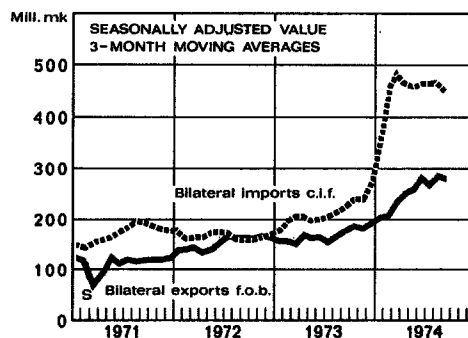
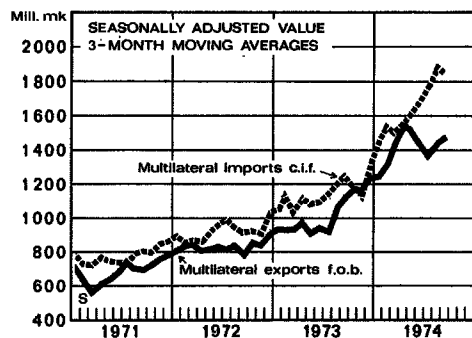
1974*

Jan.	89	249	513	378	311	1 252	172	292	233	1
Feb.	21	249	540	316	345	1 195	199	244	247	1
March	94	229	605	258	413	1 173	170	262	260	0
April	22	291	671	351	444	1 375	146	325	276	9
May	47	314	595	414	478	1 498	138	313	320	4
June	10	262	557	340	386	1 246	119	236	210	3
July	18	302	656	456	367	1 346	146	422	244	1
Aug.	25	339	673	168	345	1 525	169	291	266	2
Sept.	32	248	756	275	469	1 511	187	388	334	0
Oct.	27	251	852	618	491	1 550	192	339	319	1

Jan.-Oct.

1973*	339	1 949	4 288	2 302	2 838	7 963	527	2 442	2 523	61
1974*	385	2 734	6 418	3 574	4 049	13 671	1 638	3 112	2 709	22

New series.



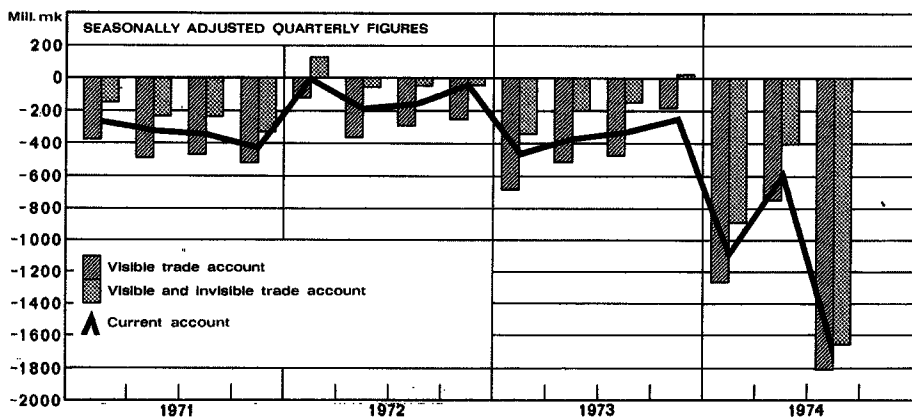
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—October				January—October			
	1973*		1974*		1973*		1974*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.9	8 422	69.2	11 868	73.7	9 956	64.8	13 711
Austria	1.2	135	0.9	157	1.7	226	1.4	293
Belgium-Luxembourg	1.9	223	2.1	364	2.2	297	1.9	408
Denmark	4.4	511	3.7	636	3.5	497	3.4	716
France	4.1	482	4.4	747	3.3	451	3.1	664
Federal Republic of Germany	10.7	1 259	8.3	1 425	19.0	2 570	15.4	3 255
Italy	1.7	205	1.8	307	1.9	251	1.6	328
Netherlands	4.0	474	3.6	615	3.4	459	3.6	772
Norway	3.6	425	2.7	468	2.7	358	2.9	615
Portugal	0.4	42	0.4	61	0.8	110	0.7	151
Spain	1.1	130	1.3	226	0.6	85	0.4	88
Sweden	15.2	1 779	16.8	2 877	19.6	2 642	18.0	3 797
Switzerland	2.1	244	1.7	298	3.3	441	3.1	664
United Kingdom	19.8	2 317	19.6	3 369	11.2	1 520	9.1	1 920
Other	1.7	196	1.9	318	0.5	69	0.2	40
OECD countries outside Europe	6.6	770	6.4	1 107	7.5	1 018	9.2	1 936
Canada	0.6	69	0.7	114	0.3	44	0.5	99
Japan	0.7	85	0.9	163	2.4	328	1.5	307
United States	4.5	526	3.8	656	4.6	623	7.2	1 523
Other	0.8	90	1.0	174	0.2	23	0.0	7
CMEA countries	13.8	1 619	14.9	2 563	15.2	2 056	22.4	4 746
Czechoslovakia	0.3	41	0.4	66	0.6	72	0.4	75
Democratic Republic of Germany	0.5	64	0.5	87	0.5	74	0.5	111
Poland	0.9	102	0.8	141	1.3	182	2.1	454
Soviet Union	11.4	1 331	12.6	2 162	11.8	1 596	18.1	3 820
Other	0.7	81	0.6	107	1.0	132	1.3	286
Latin America	2.1	250	2.9	489	1.5	208	1.6	346
Argentina	0.4	49	0.6	96	0.0	5	0.0	12
Brazil	0.7	82	0.9	155	0.5	61	0.4	77
Colombia	0.1	13	0.1	21	0.5	68	0.4	95
Other	0.9	106	1.3	217	0.5	74	0.8	162
Other	5.6	655	6.6	1 133	2.1	278	2.0	413
GRAND TOTAL	100.0	11 716	100.0	17 160	100.0	13 516	100.0	21 152
of which								
EFTA countries	22.6	2 653	22.7	3 901	28.1	3 800	26.2	5 534
EEC countries	47.4	5 559	44.6	7 660	44.8	6 053	38.2	8 074
OECD countries	78.5	9 192	75.6	12 975	81.2	10 974	74.0	15 647

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1971	9 845	11 762	-1 917	+660	+247	+66	- 944	-477	- 1	-1 422
1972	12 012	13 087	-1 075	+731	+335	+72	+ 63	-586	+43	- 480
1973*	14 525	18 561	-2 036	+996	+341	+29	- 670	-753	-57	-1 480
Jan.-March										
1971 ^r	2 168	2 536	- 368	+208	- 13	+19	- 154	-135	- 1	- 290
1972	2 870	2 960	- 90	+217	+ 3	+ 1	+ 131	-142	-22	- 33
1973*	3 301	3 868	- 567	+257	- 5	+28	- 287	-139	-14	- 440
1974*	4 589	5 663	-1 074	+281	+ 10	+28	- 755	-233	-25	-1 013
Apr.-June										
1971 ^r	2 291	2 797	- 506	+141	+ 47	+21	- 297	-118	- 1	- 416
1972	2 856	3 298	- 442	+162	+ 57	+46	- 177	-155	- 8	- 340
1973*	3 182	3 842	- 660	+215	+ 48	+17	- 380	-190	-22	- 592
1974*	5 160	6 224	-1 064	+199	+ 74	+72	- 719	-239	-12	- 970
July-Sept.										
1971 ^r	2 501	2 864	- 363	+159	+166	+16	- 22	-119	- 4	- 145
1972	2 978	3 195	- 217	+170	+191	+19	+ 163	-140	+20	+ 43
1973*	3 638	4 086	- 448	+268	+240	+10	+ 70	-173	- 9	- 112
1974*	5 107	6 810	-1 703	+353	+243	-45	-1 152	-244	- 6	-1 402
Oct.-Dec.										
1971 ^r	2 885	3 565	- 680	+152	+ 47	+10	- 471	-105	+ 5	- 571
1972	3 308	3 634	- 326	+182	+ 84	+ 6	- 54	-149	+53	- 150
1973*	4 404	4 765	- 361	+256	+ 58	-26	- 73	-251	-12	- 336

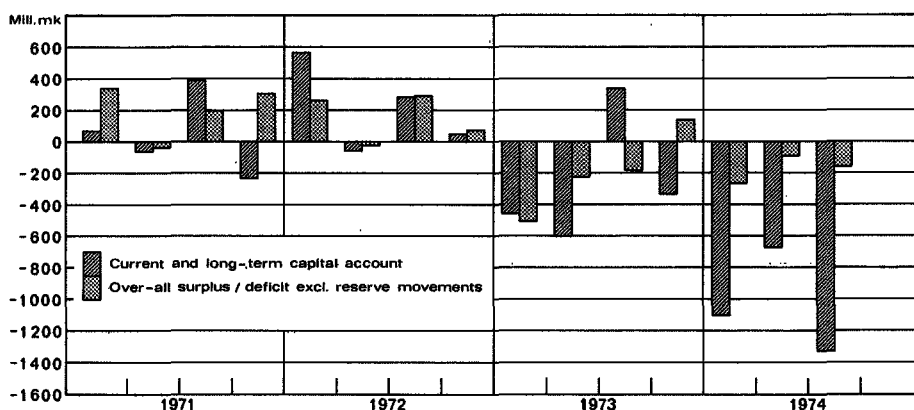


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+2 730	- 855	-208	- 85	+1 582	+ 160	+387	+197	+ 62 ²	+806	-555	-251
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 ²	+591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	+561	- 31	-784	+491	+293
+ 609	- 228	- 5	- 17	+ 359	+ 69	+ 21	+329	- 77	+342	-314	- 28
+ 968	- 273	-115	+ 17	+ 597	+ 564	-152	- 27	-124 ²	+261	-327	+ 66
+ 365	- 396	+ 34	- 24	- 21	- 461	+ 20	+ 7	- 73	-507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+285	+279	-269	+138	+131
+ 596	- 201	- 11	- 30	+ 354	- 62	-140	+146	+ 19	- 37	+ 99	- 62
+ 655	- 180	-192	- 5	+ 278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 308	- 265	- 48	- 9	- 14	- 606	+ 94	+323	- 38	-227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+182	+ 27	- 96	- 99	+195
+ 869	- 252	- 89	+ 5	+ 533	+ 388	- 60	+ 21	-150	+199	- 35	-164
+ 628	- 327	- 41	- 25	+ 235	+ 278	+265	-124	-131	+288	-314	+ 26
+ 774	- 370	+ 60	- 16	+ 448	+ 336	-401	-257	+136	-186	+ 66	+120
+ 543	- 385	- 61	- 22	+ 75	-1 327	+483	+523	+158	-163	+202	- 39
+ 656	- 174	-103	- 43	+ 336	- 235	+566	-299	+270	+302	-305	+ 3
+ 763	- 448	- 28	- 93	+ 194	+ 44	-101	+ 36	+ 92	+ 71	+333	-404
+ 411	- 335	- 12	- 65	- 1	- 337	+ 41	+488	- 56	+136	-229	+ 93

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

¹ Including Direct investment, net.

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



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974												
Jan.	452	453	448	479	487	407	509	452	417	214	217	209
Feb.	462	461	466	492	496	413	514	471	424	222	217	222
March	471	472	468	500	507	423	517	480	437	225	217	227
April	480	481	478	508	517	434	528	490	446	233	235	229
May	487	489	477	518	521	436	539	495	450	235	235	230
June	489	491	481	519	537	438	541	495	454	235	235	230
July	500	503	488	528	544	451	567	505	456	235	235	231
Aug.	505	507	497	532	549	457	567	510	463	235	235	231
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

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												
Jan.	305	239	119	116	107	118	133	132	119	116	110	118
Feb.	314	246	122	117	107	121	135	162	122	124	114	118
March	317	248	123	118	108	123	137	158	123	124	114	121
April	324	255	126	126	108	124	140	159	125	126	115	121
May	328	257	127	128	108	126	141	160	127	127	115	124
June	329	258	128	129	108	126	141	150	128	128	116	125
July	335	263	130	131	108	127	146	151	129	129	119	130
Aug.	340	267	132	135	108	129	146	171	130	130	120	130
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

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							
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972	253	222	222	196	189	194	212	188	220	206
1973*	317	260	261	223	213	223	247	214	258	239
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	254
Apr.-June	388	316	319	265	251	263	298	251	314	286
July-Sept.	404	319	325	268	254	267	303	254	319	290

PRODUCTION

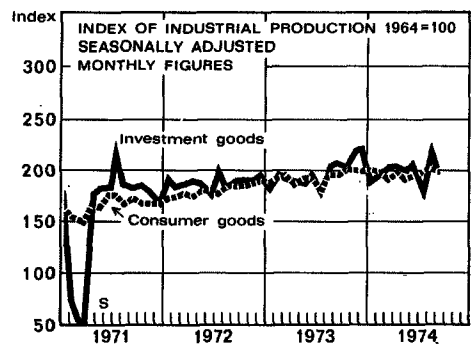
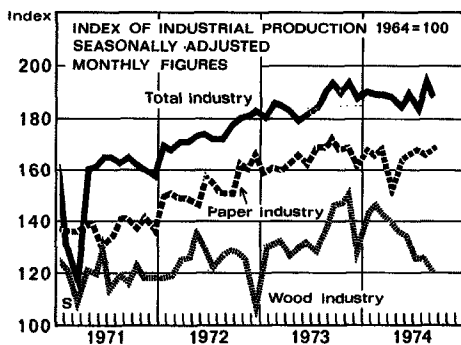
Volume indices of production 1964 = 100

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
1972	145	177	94	95	149	103	143	155	142	143	148
1973*	153	187	89	96	162	104	154	169	150	148	155
1974*	161	200	86	98	177	105	165	179	157	154	162
1973*											
July-Sept.	153	169	164	55	198	105	159	165	149	149	156
Oct.-Dec.	160	205	65	97	185	101	159	186	153	150	158
1974*											
Jan.-March	157	205	59	124	134	104	159	169	155	152	158
Apr.-June	154	188	62	113	156	113	161	170	157	153	160
July-Sept.	163	184	161	62	210	105	169	176	157	154	164
Oct.-Dec.	170	223	59	94	206	99	172	199	161	155	167

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	128	121
1973*											
March	134	138	134	133	109	133	128	165	141	142	120
April	116	117	115	117	104	112	101	157	127	122	119
May	128	132	126	131	126	133	124	151	96	140	116
June	110	121	108	114	110	113	95	131	71	125	119
July	85	56	92	73	110	65	120	115	116	59	120
Aug.	122	118	122	125	130	105	126	145	141	125	123
Sept.	122	126	123	118	114	121	126	157	132	129	125
Oct.	138	146	138	138	139	143	133	166	144	151	124
Nov.	135	145	134	135	126	134	128	161	143	148	126
Dec.	117	119	118	113	109	113	111	146	116	122	122
1974*											
Jan.	134	134	135	131	118	139	132	166	134	141	124
Feb.	124	127	125	121	106	134	121	155	127	132	123
March	134	139	136	128	107	139	136	179	140	144	123
April	123	133	121	126	121	130	95	180	137	138	122
May	132	140	132	131	127	139	123	156	135	145	120
June	113	122	111	113	114	110	97	145	116	126	124
July	86	58	91	79	120	65	121	129	88	61	120
Aug.	123	125	122	126	127	92	123	154	136	131	127
Sept.	123	129	123	122	116	106	123	150	134	133	122
Oct.	137	145	134	143	140	111	130	171	140	150	122



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 ¹	Retailers' sales volume index 1968 = 100	Wholesalers' sales volume index 1968 = 100
1969	3 480	2 189	2 127	62	2.8	40 107	108	117
1970	3 492	2 194	2 153	41	1.9	44 671	114	130
1971	3 507	2 199	2 150	49	2.2	41 264	118	137
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
1973*								
Dec.	3 455	2 216	2 168	48	2.2	3 433	185	187
1974*								
Jan.	3 471	2 187	2 134	53	2.4	3 510	119	156
Feb.	3 474	2 194	2 140	54	2.5	3 923	122	160
March	3 476	2 183	2 138	45	2.1	4 014	131	174
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	..	140	178
Oct.	3 491	2 249	2 221	28	1.2

¹ New series.

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											
1971	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.96	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1973*											
July-Sept.	16.23	7.86	0.84	6.06	0.76	10.71	4.67	0.99	3.47	0.80	55.01
Oct.-Dec.	11.13	4.98	0.45	4.09	0.92	13.85	6.66	1.11	4.51	1.13	51.42
1974*											
Jan.-March	10.33	3.65	0.68	4.79	0.76	8.72	3.98	0.45	3.31	0.69	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
Jyly-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *The Treasury cheque account* = The cheque account of the Treasury with the Bank of Finland; while *Treasury term liabilities* = Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account — Treasury's IMF and IBRD bills (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities (excl. Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account + Deposit certificates + Cash reserve accounts). *Deposit certificates* are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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 with 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 506 700 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 (1971): Finnish speaking 93.2 %, Swedish speaking 6.6 %, 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 (1973, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 378 (6 %), forestry and fishing 3 728 (6 %), manufacturing 18 561 (32 %),

construction 5 788 (10 %), transport and communication 5 617 (10 %), commerce, banking and insurance 7 620 (13 %), public administration 2 624 (4 %), ownership of dwellings 2 770 (5 %), services 8 490 (14 %), total 58 576. Index of real domestic product 153 (1964 = 100).

FOREST RESOURCES (1973): The growing stock comprised of 1 501 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 618 million m³ was up to the standard required for logs, 56 % of these being pine. The annual growth was 56.9 million m³ and the total removal, calculated on the basis of roundwood consumption, was 55.4 million m³.

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

INDUSTRY (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, 1974): Length 5 897 km.

MERCHANT FLEET (Dec. 31, 1974): Steamers 27 (13 800 gross reg. tons), motor vessels 361 (756 700 gross reg. tons) tankers 61 (853 400 gross reg. tons). Total 449 (1 623 900 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1973): Passenger cars 894 100, lorries and vans 119 900, buses 8 400, others 5 700. Total 1 028 100.

FINNISH AIRLINES (April 30, 1974): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 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, 1973). There are two big and five small commercial banks with in all 846 offices, 298 savings banks, 398 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-eight private insurance companies also grant credits.

RATES OF INTEREST (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 ½ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

THE OUTLOOK FOR THE SUPPLY OF LABOUR IN FINLAND UP TO 2000

by Pekka Parkkinen, M. A.
Economic Planning Centre

In the 1950s and 1960s, an excess supply of labour was a persistent feature of the Finnish labour market. Unemployment and under-employment were major problems, and net emigration of labour came to more than 100 000 in the 1960s despite an increase of 85 000 in the number of vacancies.

At the beginning of this decade, the employment situation in Finland was completely reversed: excess supply of labour was replaced by excess demand. It is estimated that in the autumn of 1974 the number of unfilled vacancies was three times as great as the number of unemployed job-seekers. This radical change in the employment situation was a result of rapid economic growth in the early 1960s and changes in the structure of the population.

The Ministry of Labour, the Central Statistical Office of Finland, the Economic Planning Centre and the Ministry of Finance have all forecast that the country will continue to face a shortage of labour in the years to come. When estimates of long-term growth prospects are being made, special attention must be paid to the supply of labour.

POPULATION DEVELOPMENTS IN FINLAND UP TO 2000

Finland's birth rate has fallen sharply since the late 1940s. Net reproduction has been so slow that in the long run the population will decline. In 1973—1974 average net reproduction was not more than 75 per cent.

According to a population forecast for the period 1972—2000 prepared by the Central

Statistical Office of Finland, the birth rate will fall slowly from 1972 to 1985 and then remain constant. In 1973 and 1974 the average birth rate did in fact fall as forecast. It is estimated that after 1985 the birth rate will remain at the level of 1973. The table below shows the total fertility rate¹ in terms of the number of children born per 1 000 women.

1950	1960	1970	1971	1972	1973 ¹	1974 ¹	1980 ²	1985 ²
3156	2713	1827	1703	1600	1510	1700	1510	1495

¹ Preliminary data
² Forecasts

Assuming that the present infant mortality rate remains unchanged, about 2 100 children should be born per 1 000 women to keep the population at the present level.

Developments in Finland's birth rate have been similar to those in most other industrialized countries. In both the Federal Republic of Germany and the German Democratic Republic, the birth rate is about as low as in Finland. In these three countries, the general fertility rate is probably the lowest in the world.

In Finland no exact targets have been set for the birth rate. However, it is generally accepted that the birth rate should be raised to a level which would keep the country's population stable over the long run. The reasoning behind this is that the country's population density is low, and that she has plenty of newable natural resources, particularly forests. Various social policy reasons have also been given. It is believed that society could not function effectively if net reproduction remained as low as it was in 1973.

¹ The average number of children a woman will have if she experiences a given set of age-specific fertility rates throughout her lifetime.

The measures designed to raise the birth rate may push the birth figures higher than was forecast in the 1972 population projection. In 1974, child allowances were raised, maternity holidays extended, increased housing subsidies and tax concessions were granted to families with children, and the number of nursery and kindergarten places was increased. Furthermore, revisions in the labour law are being considered which would make it easier for parents with small children to work outside the home.

However, changes in the birth rate after 1974 will have little meaning for the supply of labour up to 2000, for a person born in 1975 will not enter the labour market until the mid-1990s.

Since the early 1950s, Finland's crude death rate has been between nine and ten persons per 1 000 inhabitants. This figure is quite low compared with other industrialized countries and is a consequence of the fact that the share of the elderly in the population is relatively small. People over 64 years of age make up less than 10 per cent of the population, while in most other industrialized countries they account for between 11 and 15 per cent.

The life expectancy of a newly born baby in Finland is three to five years shorter than in other industrialized countries. Although the infant mortality rate is very low, (only about two per cent of the children born alive die before they reach working age), the mortality rate of people of working age, particularly men, is high: about 80 per cent of women, but only about 60 per cent of men, live until the age of retirement which is 65.

In the population forecast for the years up to 2000, it is assumed that the general mortality rate will fall slightly. However, the annual number of deaths will rise from 45 000 persons to almost 60 000 persons by the end of the century since the number elderly people will grow. Even if the forecast for the mortality rate is wide of the mark, this will little impact on the supply of labour because the labour participation rate for retired people is low.

The table below shows the development of Finland's population and the population of working age (15 to 64 years of age), according to the population projection:

	1970	1980	1990	2000
Population,				
1 000 persons	4 598	4 714	4 703	4 595
Population of working age, 1 000 persons	3 052	3 247	3 299	3 269
The share of people of working age in total population, per cent	66.4	68.9	70.1	71.1

The estimates, which exclude the effects of emigration, suggest that Finland's population will begin to decline towards the end of the 1980s and that the number of people of working age will fall off in the early 1990s. Since the growth in the share of the elderly in the total population will be slower than the fall in the share of children, the share of the population of working age will continue to grow during the current century.

DEVELOPMENTS IN THE SUPPLY OF LABOUR

QUANTITATIVE CHANGES IN THE SUPPLY OF LABOUR

Finland's working age population will begin to decline in the 1990s. Changes in the supply of labour will be similar to those in the population of working age.

THE FINNISH LABOUR FORCE IN 1950—1970 AND THE FORECAST FOR 1980—2000, 1 000 PERSONS

	1950	1960	1970	1980	1990	2000
Total labour force	1 984	2 033	2 118	2 262	2 282	2 182

During the current decade, the supply of labour will grow by more than 140 000 persons. However, the bulk of this growth (120 000 persons) will have occurred by the end of 1974. According to current estimates, the supply of labour will grow by 4 000 persons per annum in 1974—1980, by 2 000 persons in 1980—1990 and fall by 10 000 persons in the 1990s.

THE SUPPLY OF LABOUR OF WORKING AGE BY SOURCE OF SUPPLY

When the supply of labour was being estimated, forecasts were made of the distribution by sex, age, and status (e.g., student, dependent family member and pensioner). The supply of labour will be determined by changes in the population, its age structure, and the share of the economically inactive. The labour force over 65 years of age has not been included in these estimates, since it amounted to only about 32 000 persons in 1970.

Changes in the population and the age structure taking place during the current and coming decade will be favourable from the point of view of the supply of labour. The great number of people born just after the last war will reach the age at which their labour participation rate begins to fall in the 1990s. Changes in the age structure of the population will lead to a decline in the supply of labour in the 1990s.

In Finland the labour participation rate for women is already fairly high by international standards. Nonetheless it is forecast that it will continue to rise, particularly for women between 25 and 54. An increase is still possible, because in 1970 the labour participation rate for men in the same age group was almost 30 percentage points higher than that for women.

The majority of the students are between 15 and 24 years of age. It is estimated that the share of students in the total population will grow sharply, which will mean a corresponding fall in the supply of labour. Because of the extension of compulsory general education and the increase in the number of people participating in vocational training, the average schooling period will be noticeably longer in 2000.

It is estimated that the share of people living on pensions will grow further. Owing to improved pension benefits and certain revisions in the pensions scheme now being implemented, the consumption expenditure of pen-

sioners will increase in relation to that of the economically active population. This fact, together with a continuing fall in the retirement age, will make it possible for an increasing number of persons between 15 and 64 years of age to stop working.

THE SUPPLY OF FINNISH LABOUR OF WORKING AGE IN 1970—2000, 1 000 PERSONS

Year	Number	Total change	Change, by source supply			
			Change in the population and age structure	Change in the share of dependent family members	Change in the share of students	Change in the share of pensioners
1970	2 086					
1971—1980		+156	+188	+133	-68	-97
1980	2 242					
1981—1990		+ 25	+100	+ 39	-54	-60
1990	2 267					
1991—2000		- 97	- 44	+ 54	-62	-45
2000	2 170					

SPECIAL FEATURES OF THE FINNISH LABOUR FORCE

As stated above, women will assume even a more important place in Finland's labour force. The share of women in the labour force rose by almost three percentage points in the 1960s, and came to 42.1 per cent in 1970. It is forecast that this share will rise to 44.6 per cent by 1980 and to 46.4 per cent by 2000.

The average age of the Finnish worker will go up in the 1980s and 1990s. During the current decade, it will be slightly below 38 years, and rise to 39 years by 1990 and to 41 years by 2000. This rise will be caused by the fact that the great number of people born just after the war will have grown older but will still account for a large share of the labour force, and because the labour participation rate for students will have fallen. On this basis, it is estimated that the share of people between 15 and 24 years in the total labour force will fall from the present 22 per cent to less than 10 per cent by 2000.

The educational level of the labour force measured in years of formal schooling will

continue to rise rapidly. During the past decade the labour force increased at an average rate 0.4 per cent per annum, while the average number of years of schooling completed by a member of the labour force increased by 0.7 per cent per annum in the 1960s. In these estimates no account has been taken of the extension of the period of formal schooling at different levels. The educational level of the labour force will rise rapidly, since the average amount of formal schooling received by retiring persons will be substantially shorter than that of new entrants. The share of persons who have only attended primary school is much larger in older age groups than in younger ones; in 1970 more than 50 per cent of the labour force aged between 20 and 30 years had received formal education after primary school, whereas only a fifth of those between 50 and 60 had received such education. Attempts will also be made to improve the educational opportunities of the economically active, which will help to increase the educational level of the labour force.

PROSPECTS FOR BALANCING THE SUPPLY AND DEMAND FOR LABOUR IN FINLAND

Excess demand for labour can be reduced either by increasing the supply of labour or by reducing the demand for labour.

The most vital long-term measure for increasing the supply of labour is raising the birth rate, but about two decades must pass before it affects the labour supply. For manpower and social policy reasons, attempts are being made to raise the birth rate. If Finland's population were to be kept constant without immigration, the number of new-born babies would have to rise by a fifth from the level of 1974.

In the short run, efforts are being made to raise labour participation rates. However, since they are already high by international standards, only modest results can be expected. For example, in the past five years the number of housewives fell from 370 000 to 250 000. The

target of raising the birth rate requires that more mothers stay at home than in the past or that the nursery and day-care network be extended substantially. Since nurseries and day-care centres also require labour, a rise in the labour participation rate for women cannot greatly increase the net labour input.

The retired constitute an important potential labour reserve. The return to work or the continuation of work after reaching retirement age by those who are able and willing to work can be encouraged by revising the way pensions are determined. If pensions were not reduced because of employment or if the reduction were much less than it is now, people could retire in a more flexible way. If the number of suitable vacancies were increased at the same time, the labour participation rate for the retired might rise more than has been forecast.

There has been no support for the idea of increasing the labour supply through immigration, mainly because of the social problems which might arise.

Reducing the demand for labour without holding back the growth of real income can take only place if productivity rises faster than in the past. Productivity can be raised by improving the organization of economic activities and by increasing and intensifying the use of capital. Labour savings can be achieved by making full use of economies of scale, by giving up overlapping activities and by curbing the growth of labour-intensive industrial fields of minor importance. The need for organizational reforms is greatest in the sectors which face no foreign competition. It has also been necessary to use labour effectively in open sectors so that Finnish exports will remain competitive, but there is still room for raising productivity in these sectors by improving management and organization.

Finland's investment rate is high by international standards, and it might be unrealistic to try to raise it further. The demand for labour should be reduced by lowering the

incremental capital-output ratio to the level of other industrialized countries.

The demand for labour depends primarily on the wage level. The higher wages are, the smaller the number of new vacancies. As a result of intensified training programmes, the supply of unskilled labour will fall the most. Since unskilled labour is the lowest paid, it might be necessary to raise minimum wages

rapidly in order to make the distribution of income more even and to restore balance in the labour market. In 1973 weighted average earnings in Finland's open sectors were between 40 and 50 per cent lower than that in Finland's competitor countries. If this difference can be narrowed without compromising the country's external balance, excess demand for labour will fall.

ITEMS

Finland's balance of payments January—September 1974. According to preliminary figures of the Bank of Finland, the current account deficit amounted to 3 385 million marks in January—September 1974. The current account deficit for the third quarter was larger than those for the first two quarters of the year. Because of the continuously volatile state of the international capital market, the net inflow of long-term capital was quite meagre during January—September. The major part of the current account deficit was financed by the inflow of short-term capital. Part of the financial deficit was covered by an increase in Finland's clearing account debt. The convertible foreign exchange reserves were also smaller than at the beginning of the year.

The trade deficit amounted to 3 827 million marks in January—September 1974. When adjustments are made in the import figures for the cost of insurance and freight, the visible trade account deficit comes to about 2 500 million marks. Almost half of the trade deficit occurred in bilateral trade, but the deficit in trade with Western markets was also larger than it was last year. The volume of imports grew by 11 per cent and that of exports by 6 per cent, as compared with the corresponding period of the previous year. As a result of the rise in the price of fuel, import prices rose by 42 per cent. As prices of forest industry products developed favourably, export prices rose by 38 per cent, which meant that the terms of trade weakened by 3 per cent.

Net income from services grew by 14 per cent and covered almost a third of the visible trade deficit in January—September. On the other hand, growing interest payments on foreign loans increased the deficit in other current account items by almost 40 per cent.

The net inflow of long-term foreign capital amounted to 512 million marks in January—September. The inflow of foreign loan capital was held back by instability in foreign exchange markets, high interest rates and reduced availability of credit in the international capital market. Drawings of long-term export credits granted to foreign customers exceeded repayments of outstanding loans by 200 million marks. As other long-term capital items almost offset one another, the total net inflow of long-term capital came to 280 million marks.

The net inflow of short-term capital totalled 2 577 million marks in January—September. The major part of this inflow was the result of an increase in trade credits brought about by the rise in the value of imports. However, the inflow of foreign short-term capital in the form of export credits was also substantial.

Total long-term and short-term net foreign liabilities increased by 2 857 million marks in January—September. The country's foreign exchange reserves declined by 528 million marks. More than half of this decline was caused by the growth of the bilateral clearing account debt, while convertible foreign exchange reserves declined by 215 million marks. Convertible foreign exchange reserves of the Bank of Finland grew by 55 million marks, whereas the total foreign exchange liability of other foreign exchange holders came to 105 million marks at the end of the year.

Finland's net foreign indebtedness came to about 11 500 million marks at the end of September, which is nearly 14 per cent of the gross domestic product.

**MAJOR BALANCE OF PAYMENTS ITEMS,
MILL. MK**

	January—September	
	1974	1973
Trade account	—3 827	—1 649
Service account	1 201	1 052
Visible and invisible trade account	—2 626	— 597
Other current account items	— 759	— 547
Current account	—3 385	—1 144
Long-term capital	280	413
Short-term capital	2 577	— 189
Capital flows	2 857	224
Change in the foreign exchange reserves	— 528	— 920

Inflow of long-term capital in January—September 1974. According to preliminary figures of the Bank of Finland, drawings of long-term foreign loans during the first three quarters of 1974 exceeded those made during the corresponding period in 1973 by only a small margin. During the first quarter of the year, drawings of financial loans almost equalled drawings of import credits, but during the second and third quarters drawings of financial loans clearly exceeded those of import credits. This was mainly caused by a fall in interest rates in the international capital market, which increased the attractiveness of financial loans.

The inflow of long-term capital totalled 1 822 million marks in January—September, while redemptions came to 1 182 million marks. (These figures are not the same as those given in the balance-of-payments statistics because of differences in coverage.) The net inflow of capital thus amounted to 640 million marks compared with 528 million marks in the corresponding period of 1973. The inflow of long-term capital was slight in both years, mainly as a consequence of instability in the international capital market. At the end of September, Finnish long-term foreign debt amounted to 11 234 million marks.

During the first three quarters of 1974, drawings of financial loans totalled 1 189 million marks, while redemptions came to 838 million marks. Net debt in this form amounted to 9 030 million marks at the end of September.

As the international bond market remained sluggish, only two Finnish bond issues, together totalling 65 million marks, were floated abroad during January—September. A US \$ 15 million municipal loan was floated in February, and in May the Industrialization Fund of Finland Ltd launched a 5 million Swiss franc issue. Amortizations of outstanding bonds amounted to 99 million marks. Total bond debt came to 2 632 million marks at the end of September.

Drawings of loans granted by the World Bank amounted to 15 million marks, while redemptions of loans granted by the World Bank and foreign governments totalled 107 million marks. Of the 185 million mark net increase in private placement loans, about half occurred during the third quarter of 1974.

Drawings of import credits amounted to 593 million marks, while corresponding redemptions came to 337 million marks. Total import credit debt came to 1 977 million marks at the end of September. Drawings of loans granted to subsidiaries exceeded corresponding repayments by 33 million marks, and total debt in this form amounted to 227 million marks.

Interest expenses on long-term foreign loans came to 592 million marks at the end of September. When amortization payments are included, total debt service costs amount to 1 774 million marks, which is 298 million marks more than in January—September 1973. The ratio of total debt service costs to total current account earnings was slightly less than 10 per cent.

Supplementary budgets. The fourth and the fifth supplementary budget for 1974 were approved by Parliament in December. The central government withdrew its proposal for the third supplementary budget, because the bill presented in connection with this budget concerning the establishment of a governmental investment fund was not approved during 1974.

The increase in expenditure of 1 885 million marks sanctioned in the fourth supplementary

budget was mainly caused by the fact that prices and wages have risen much more rapidly than was forecast at the time the ordinary budget for 1974 was being prepared. Major increases in expenditure were for the reform of the educational system, health care and agriculture. A total additional grant of 334 million marks was earmarked for primary and comprehensive schools, private secondary schools and vocational institutions; an additional 239 million marks was allotted for municipal hospitals, and 292 million marks was set aside for marketing agricultural produce and stabilizing agricultural prices.

The increase in revenue is put at 3 107 million marks in the fourth supplementary budget. The increase in taxes and similar revenue is estimated to be 2 797 million marks, of which 1 450 million marks is from taxes on income and property, 519 million marks from turnover

tax and 410 million marks from excise duties. These increases are caused by rises in prices and growth in national income which have been more rapid than was predicted.

The fifth supplementary budget for 1974 includes appropriations totalling 290 million marks. The money is to be used to compensate farmers for losses caused by unfavourable weather conditions. Of this amount, 140 million marks will be used to cover the losses of individual farms, 120 million marks to reduce fodder costs and to subsidize the production of milk, and 30 million marks for low-interest loans for farmers who have run into economic straits because of harvest losses.

When the supplementary budgets are included, budgeted State expenditure for 1974 totals 21 340 million marks.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Pertti Tammivuori

ad int.

Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Seppo Lindblom

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Eino Helenius
Administration

Reino Airikkala

Monetary Policy

K. Ignatius

Personnel

Antti Lehtinen

*Domestic Financial
Operations*

Kalle Koski

Capital Transfers

Kari Nars

Foreign Exchange Policy

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Stig G Björklund

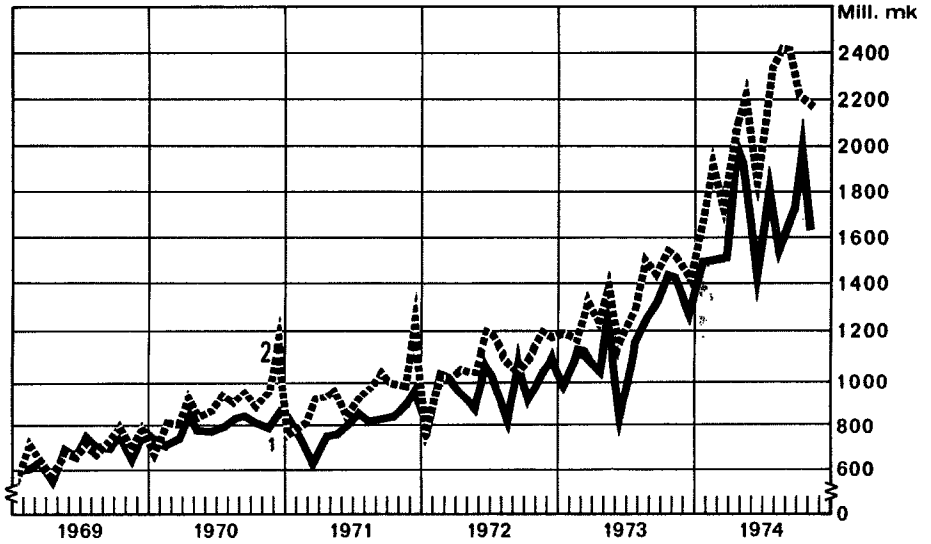
Banking Services

Eino Suomela

Internal Audit

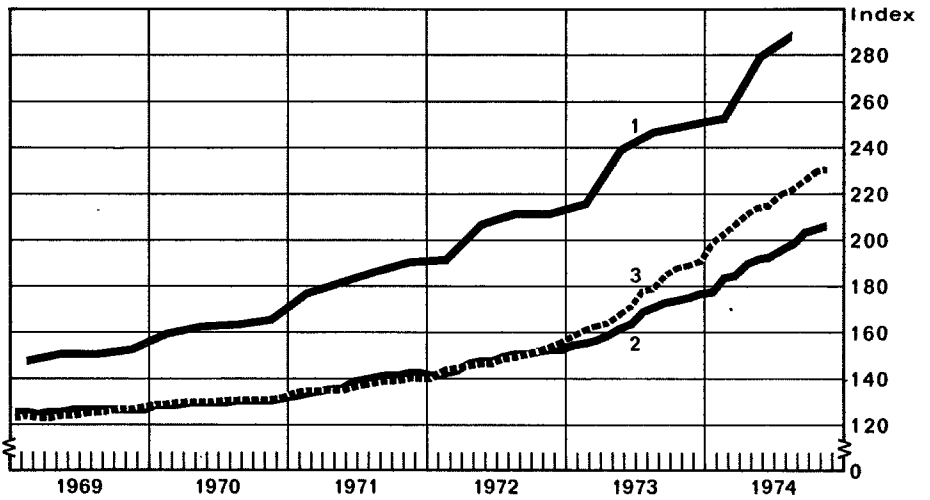
Foreign trade, 1969-1974

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



Prices and wages, 1969-1974

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



Production, 1969-1974

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

