



# BANK OF FINLAND

## MONTHLY BULLETIN

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NOVEMBER

1969

### THE ECONOMIC SITUATION

The upswing that started in western industrial countries in 1967 is still continuing, although the peak was reached in the first half of the current year. The growth rate of production in the OECD-countries important from the point of view of Finnish export (weighted by their shares in Finnish exports) was over 4.5 per cent last year and will be almost 5 per cent this year. In Finland the effects of the boom on exports were noticeable as early as the first half of last year. The growth of total production, on the other hand, did not begin to accelerate until the second half of the year. Exports together with private investment demand have become the most important growth factors.

Rationalisation investment in machinery and equipment started to expand towards the end of 1968. The growth of house construction on the other hand, did not begin until early 1969. Investment in the form of public land and waterway projects contracted this year as a consequence of the measures taken in order to counteract cyclical trends.

The volume of private consumption demand continued in 1968 on the same level as in the previous year, though towards the end of the year a clear recovery was noticeable. This year there has been

a vigorous growth in private consumption mainly due to a growth in disposable income, but also to increased pressure of demand for passenger cars in the last few years.

Exports developed favourably in 1968. The growth was at first evidenced in the export of the products of the metal and woodworking industries, but towards the end of the year the export of paper industry products began to increase. In the first half of this year the volume of exports continued to grow rapidly. The exports of the group "other products" showed an above average growth rate. The growth of metal industry exports has been strong. Paper industry exports grew more rapidly than last year in contrast to the woodworking industry where the growth rate declined. The main structural change in the pattern of exports has been a shift from raw materials to manufactures.

The volume of imports contracted in 1968, mainly due to devaluation. Imports have grown vigorously in the current year. This reversal has been due primarily to a considerable strengthening in private

*On page 18, Prices and Wages in Finland since 1957*

investment and consumption demand. The growth in the import of investment goods was over 40 per cent in the first half of the year. This was, however, mainly a reflection of this year's exceptionally large acquisitions of aircraft and ships and the unusually low level of the previous year. The import of consumption goods proper grew by 16 per cent in the period January—June and the import of passenger cars by as much as 90 per cent. There was a deficit on both trade and current accounts in the first half of this year but the current account for the whole year is expected to show a surplus.

In late 1968 and early 1969 the growth rate of production increased especially in forestry, wood and paper industry and in the investment goods industry connected with these sectors. The growth rate of total production, which last year remained at 3 per cent, has, this year, clearly accelerated. Full capacity utilization has been reached in the investment goods industry which is reflected in the growth of the import of these goods. In other sectors restrictions on capacity have not yet halted the growth of production, though, a lack of skilled labour has arisen in some sectors.

The average unemployment rate for last year, some 4 per cent, was the highest in this decade. Unemployment remained high until the beginning of this year because the increase in economic activity was at first mainly confined to capital intensive industries. This year, owing to the upswing, the employment situation has improved. Unemployment resulting from cyclical trends will perhaps be eliminated by the end of this year, but the continued release of labour from agriculture will prevent the early elimination of structural unemployment. The Government has taken measure to facilitate retraining and increased mobility.

Agreements were reached on incomes policy in March of last year, and wide powers were given to the Government to control prices. The rate of inflation was considerably reduced towards the end of the year. In the first half of this year the annual rate of inflation was less than 2 per cent. According to the stabilization agreement the level of wage and salary earnings will increase this year by 5 per cent, but taking wage drift into account the rise will be 7 per cent. Whereas the cost of living is forecast to increase by some 2 per cent real earnings are expected to rise by almost 5 per cent.

The rapid growth of foreign exchange reserves and a slackness in economic activity improved the banks' liquidity position in 1968 in spite of the accumulation of export levy funds. The easing of the money market was, however, comparatively modest, and the level of rediscounts remained relatively high throughout 1968 and 1969. Early this year the increased demand for credit and the issue of Government bonds both contributed to a tightening in the money market. Disturbances in the international money market and a general rise in interest rates abroad have led to an outflow of short-term capital. This is reflected i.a. in the contraction of the banks' net external liabilities which has further contributed to the tightening of the domestic money market. The growth of advances of the monetary institutions was in the period of January—September 1969 more than three times greater than that of the corresponding period last year. The growth rate of total deposits, on the other hand, has remained rather stable in the same period.

*October 22, 1969*

## BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	Sept. 30	Sept. 30	Oct. 8	Oct. 15	Oct. 23
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	I 477.4	I 459.5	I 257.1	I 260.7	I 322.0	I 307.0
Gold .....	189.5	190.1	189.2	189.2	189.3	189.3
IMF gold tranche .....	—	—	173.3	173.3	173.3	173.3
Foreign exchange .....	I 163.0	I 149.9	743.0	745.7	807.3	791.5
Foreign bills .....	76.1	73.4	91.3	92.2	91.8	92.6
Foreign bonds .....	48.8	46.1	60.3	60.3	60.3	60.3
<i>Supplementary note cover</i> .....	790.3	848.1	862.4	759.9	779.1	775.2
Inland bills discounted						
In foreign currency .....	25.1	31.8	18.3	18.3	16.5	15.8
In Finnish currency .....	147.5	139.1	159.5	159.3	160.0	163.4
Rediscounted bills .....	617.7	677.2	684.6	582.3	602.6	596.0
<i>Other assets</i> .....	470.5	397.5	436.9	481.0	440.7	417.1
Finnish bonds .....	135.7	123.4	118.5	162.1	120.7	94.0
Cheque accounts .....	1.9	23.7	4.9	12.4	12.8	15.3
Finnish coin .....	11.7	17.4	12.9	12.7	12.7	12.9
Other claims .....	321.2	233.0	300.6	293.8	294.5	294.9
<b>Total</b>	<b>2 738.2</b>	<b>2 705.1</b>	<b>2 556.4</b>	<b>2 501.6</b>	<b>2 541.8</b>	<b>2 499.3</b>
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	I 159.6	I 046.4	I 143.3	I 101.6	I 114.2	I 111.5
<i>Liabilities payable on demand</i> .....	136.5	91.0	108.6	94.0	121.8	96.1
Foreign exchange accounts .....	62.1	62.0	83.5	74.4	74.0	75.7
Mark accounts of holders abroad .....	12.4	13.1	6.3	6.1	6.1	6.0
Cheque accounts						
Treasury .....	3.0	1.0	1.1	0.0	0.5	1.8
Post Office Savings Bank .....	3.4	1.8	1.1	1.5	1.6	1.0
Private banks .....	39.2	—	—	—	25.9	—
Other .....	2.2	1.8	1.1	0.8	0.6	0.8
Other sight liabilities .....	14.2	11.3	15.5	11.2	13.1	10.8
<i>Term liabilities</i> .....	546.4	689.1	385.4	380.6	374.9	356.5
Foreign .....	21.4	159.5	14.6	14.6	12.2	12.0
Finnish .....	525.0	529.6	370.8	366.0	362.7	344.5
<i>Equalization accounts</i> .....	400.3	395.7	411.6	417.0	421.6	425.1
<i>Bank's own funds</i> .....	495.4	482.9	507.5	508.4	509.3	510.1
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 .....	—	32.9	34.8	35.7	36.6	37.4
<b>Total</b>	<b>2 738.2</b>	<b>2 705.1</b>	<b>2 556.4</b>	<b>2 501.6</b>	<b>2 541.8</b>	<b>2 499.3</b>
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
<i>Ordinary cover</i> .....	I 477.4	I 459.5	I 257.1	I 260.7	I 322.0	I 307.0
<i>Supplementary cover</i>						
(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
<b>Total</b>	<b>2 177.4</b>	<b>2 159.5</b>	<b>1 757.1</b>	<b>1 760.7</b>	<b>1 822.0</b>	<b>1 807.0</b>
<b>Note issue</b>						
<i>Notes in circulation</i> .....	I 159.6	I 046.4	I 143.3	I 101.6	I 114.2	I 111.5
<i>Liabilities payable on demand</i> .....	136.5	91.0	108.6	94.0	121.8	96.1
<i>Undrawn on cheque credits</i> .....	5.6	6.2	4.9	4.4	4.7	5.2
<i>Unused right of note issue</i> .....	875.7	1015.9	500.3	560.7	581.3	594.2
<b>Total</b>	<b>2 177.4</b>	<b>2 159.5</b>	<b>1 757.1</b>	<b>1 760.7</b>	<b>1 822.0</b>	<b>1 807.0</b>

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

## BANK OF FINLAND

Mill. mk

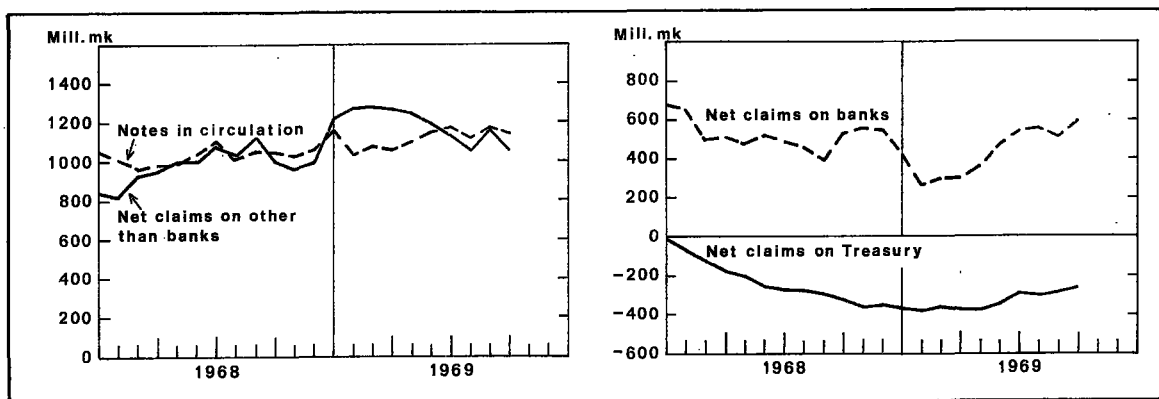
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net 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										
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
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	2.1	—265.1	1.1	—264.1

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1968			Net holdings Sept. 30, 1969			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.-Sept.
Gold .....	190	—	190	189	—	189	—	— 1
IMF gold tranche .....	—	—	—	173	—	173	—	+ 173
Convertible currencies .....	1 113	—368	745	528	—75	453	—77	—292
Other currencies .....	—13	5	—8	132	3	135	—21	+ 143
Total .....	1 290	—363	927	1 022	—72	950	—98	+ 23

## 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 <sup>1)</sup>	Post Office Savings Bank <sup>1)</sup>	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										
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
Sept.	684.6	80.5	9.7	— 0.2	594.6	159.5	319.3	31.0	447.8	1 143.3

<sup>1)</sup> 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										
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
Sept.	941.7	1 213.4	463.2	4 849.7	4 149.2	2 901.1	1 062.7	490.8	13 453.8	15 130.4

End of month	100 % Index-tied deposits	Long-term deposits 6, 12 and 24 months
1968		
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
Sept.	—	4 624.7

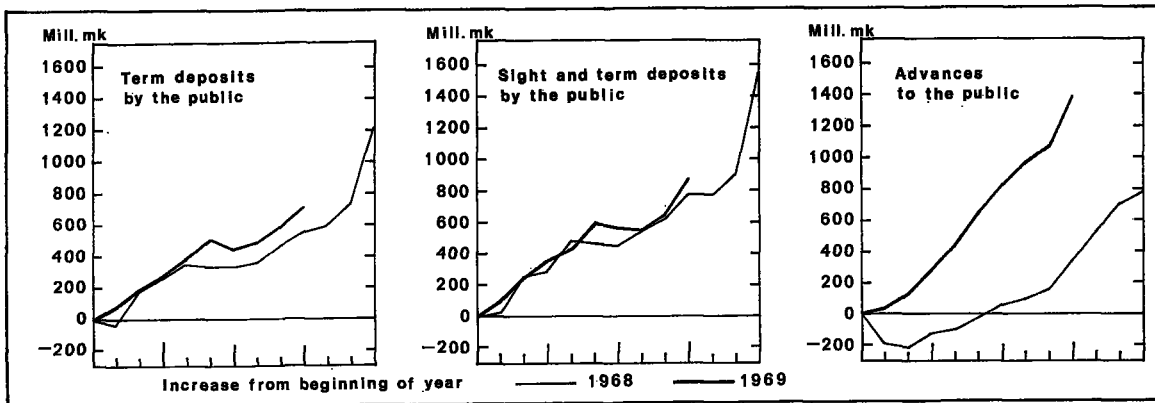
Selling rates for foreign exchange			
Oct. 22, 1969			
		mk	mk
New York ....	1 \$	4.2150	Zurich ..... 100 Fr 97.92
Montreal ....	1 \$	3.9100	Paris ..... 100 FF 75.45
London .....	1 £	10.0800	Rome ..... 100 Lit 0.6730
Stockholm ..	100 Kr	81.70	Vienna ..... 100 S 16.32
Oslo .....	100 Kr	58.98	Lisbon ..... 100 Esc 14.83
Copenhagen ..	100 Kr	56.08	Reykjavik .... 100 Kr 4.80
Frankfurt o. M.	100 DM	113.12	Madrid ..... 100 Pta 6.05
Amsterdam ..	100 Fl	117.34	Moscow, clear. <sup>1)</sup> 1 Rbl 4.6799
Brussels .....	100 Fr	8.4450	Clearing dollars <sup>2)</sup> 1 Cl \$ 4.212

<sup>1)</sup> Also Bucharest.<sup>2)</sup> 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									
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
Sept.	6 234.6	3 688.9	1 027.5	3 136.0	1 201.4	14 678.8	609.6	15 288.4	2 737.3



## STATE FINANCES

Mill. mk

Revenue	Jan. — Aug.		Expenditure	Jan. — Aug.	
	1968	1969		1968	1969
Income and property tax (net) .....	1 532	1 698	Wages, salaries, pensions etc. ....	919	1 085
Gross receipts .....	(3 461)	(3 922)	Repair and maintenance .....	167	158
Refunds & local authorities .....	(-1 929)	(-2 224)	Other consumption expenditure ..	411	412
Other taxes on income and property	22	35	<i>Total consumption expenditure</i> ....	1 497	1 655
Employers' child allowance payments	349	391	State aid to local authorities ....	822	919
Sales tax .....	1 317	1 495	State aid to industries .....	593	670
Revenue from Alcohol Monopoly ..	341	336	of which: agric. price subsidies	(458)	(519)
Customs duties & import charges ....	253	250	Child allowances .....	216	211
Export levy .....	369	129	Share in nat. pensions & health		
Excise duty on tobacco .....	257	283	insurance .....	268	271
» on liquid fuel .....	291	365	Other transfer expenditure .....	539	651
Other excise duties .....	71	149	<i>Total transfer expenditure</i> .....	2 438	2 722
Tax on autom. and motor cycles ....	93	209	Machinery & equipment .....	180	165
Stamp duties .....	119	130	House construction .....	182	193
Special diesel etc. vehicles tax .....	29	29	Land and waterway construction	549	477
Other taxes and similar revenue ....	30	35	<i>Total real investments</i> .....	911	835
<b>Total taxes</b> .....	5 073	5 534	Interest on State debt .....	157	171
Miscellaneous revenue .....	275	313	Index compensations .....	23	30
Interest, dividends etc. ....	86	117	Net deficit of State enterprises ..	50	82
Sales and depreciation of property ..	44	47	Other expenditure .....	1	9
Redemptions of loans granted .....	104	119	<i>Total other expenditure</i> .....	231	292
<b>Total revenue</b> .....	5 582	6 130	<i>Increase in inventories</i> .....	— 12	— 0
Foreign borrowing .....	150	125	<i>Lending</i> .....	333	422
Domestic borrowing .....	350	486	<i>Other financial investments</i> .....	147	105
<b>Total borrowing</b> .....	500	611	<b>Total expenditure</b> .....	5 545	6 031
Deficit (+) or surplus (—) .....	— 27	— 126	Redemption of foreign loans ....	60	69
			Redemption of domestic loans ..	450	515
			<b>Total redemptions</b> .....	510	584
<b>Total</b> .....	6 055	6 615	<b>Total</b> .....	6 055	6 615

Debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	April	May	June	July	Aug.
<b>Foreign debt</b> .....	1 340	1 844	2 074	1 961	1 995	1 988	1 982	1 982
Loans .....	2 075	2 013	2 160	2 221	2 184	2 179	2 183	2 133
Compulsory stock etc. ....	96	5	5	4	4	4	4	4
Short-term credit .....	101	167	320	244	166	150	133	150
Cash debt (net) .....	—85	—12	—256	—292	—125	—250	—397	—234
<b>Domestic debt</b> .....	2 187	2 173	2 229	2 177	2 229	2 083	1 923	2 053
<b>Total debt</b> .....	3 527	4 017	4 303	4 138	4 224	4 071	3 905	4 035
<b>Total debt, mill. \$</b> .....	1 094	955	1 028	988	1 005	967	927	958



## 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

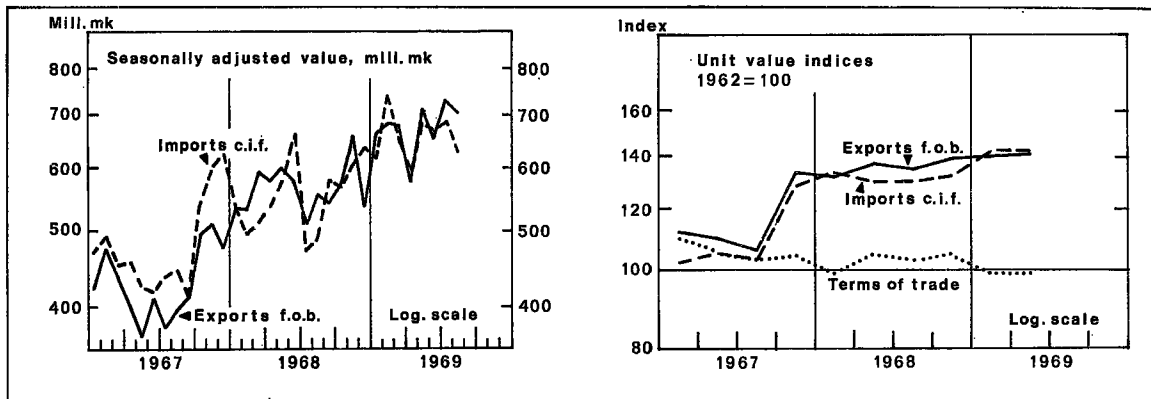
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net <sup>1)</sup>	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital 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 —.

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

FOREIGN TRADE

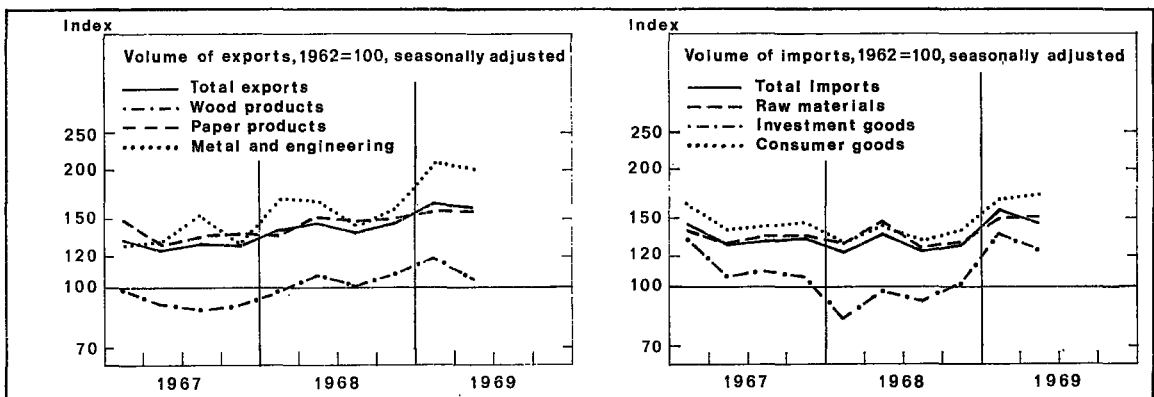
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering 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.- Aug.										
1967	3 131.8	3 567.5	-435.7							
1968*	4 310.5	4 248.4	+ 62.1							
1969*	5 167.2	5 178.9	- 11.7							
1968*										
July	518.2	446.7	+ 71.5	135	134	145	131	132	131	103
Aug.	575.5	470.2	+105.3							
Sept.	595.6	575.7	+ 19.9							
Oct.	668.2	590.0	+ 78.2							
Nov.	682.4	609.4	+ 73.0	139	120	148	131	151	132	105
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							
June	704.4	645.8	+ 58.6							
July	742.3	648.3	+ 94.0							
Aug.	704.3	588.8	+115.5							



## FOREIGN TRADE BY MAIN GROUPS

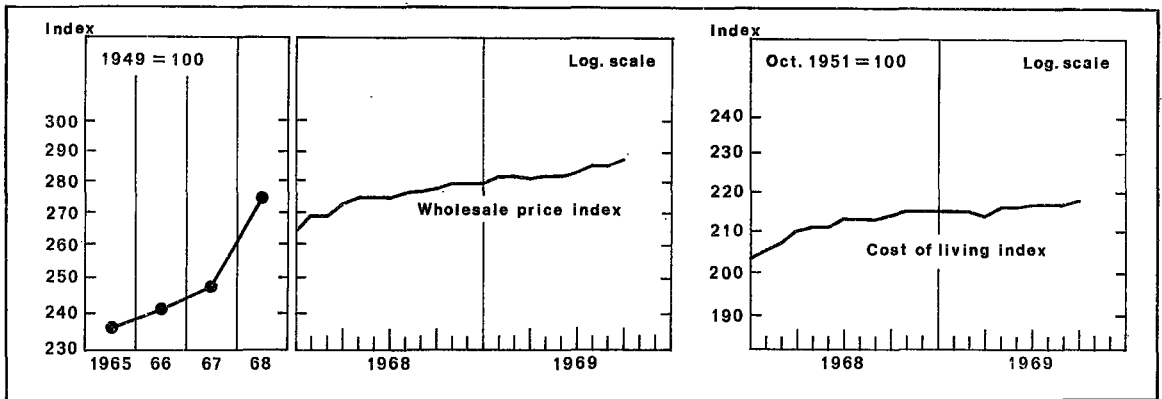
Mill. mk

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.-Aug.										
1967	154.6	36.7	522.4	1 487.9	600.9	329.3	1 541.9	393.1	943.2	689.3
1968*	217.3	35.4	703.9	1 939.7	955.2	459.0	1 908.5	567.4	951.6	820.9
1969*	225.6	41.0	839.4	2 156.2	1 228.6	676.4	2 201.5	560.8	1 431.3	985.3
1968*										
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	208.0	87.3	321.5	63.8	217.2	138.1
June	27.3	5.5	133.3	260.5	183.1	94.7	290.2	53.3	191.4	110.9
July	17.6	10.3	155.3	268.9	216.3	73.9	302.5	65.3	160.9	119.6
Aug.	21.9	9.9	153.0	289.5	129.8	100.2	285.2	55.0	139.4	109.2



## FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan. — Aug.			Whole year		Jan. — Aug.		
	1967	1968*	1968*	1969*		1967	1968*	1968*	1969*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	22.8	22.7	23.2	20.7	1 068.8	15.8	15.8	15.8	18.1	939.9
United Kingdom .....	20.9	20.6	21.2	18.7	965.0	15.2	15.3	15.1	17.4	901.2
<b>Other OECD countries</b> <b>  in Europe</b> .....	44.1	46.8	45.2	48.3	2 498.0	53.9	54.5	53.2	55.1	2 855.7
Austria .....	0.5	0.5	0.4	0.6	30.3	0.9	1.0	1.0	1.1	58.3
Belgium-Luxembourg .....	2.5	2.4	2.4	2.4	126.0	2.0	2.1	2.1	1.9	99.5
Denmark .....	3.8	3.7	3.5	3.9	203.4	3.3	3.6	3.5	3.3	172.9
France .....	4.2	4.0	3.9	4.2	216.5	3.7	3.6	3.2	4.0	205.3
Western Germany .....	8.6	10.5	9.8	9.9	511.8	16.2	15.5	15.8	15.7	812.0
Italy .....	3.1	3.0	3.0	2.7	141.3	2.0	2.2	2.3	2.3	120.7
Netherlands .....	5.1	4.6	4.7	4.4	227.6	3.8	3.6	3.3	3.6	184.3
Norway .....	2.4	2.6	2.9	2.1	108.0	2.3	2.4	2.2	2.7	138.6
Portugal .....	0.2	0.2	0.2	0.3	14.5	0.4	0.5	0.5	0.6	31.8
Spain .....	1.0	0.9	0.8	0.9	48.2	0.5	0.4	0.4	0.3	14.8
Sweden .....	9.7	10.9	10.0	12.8	659.5	15.4	15.9	15.2	16.1	836.3
Switzerland .....	1.0	1.5	1.4	2.0	101.1	3.0	3.3	3.3	3.3	169.7
<b>Eastern Bloc</b> .....	21.2	19.2	19.6	18.3	944.4	20.4	20.9	21.6	15.6	808.3
China .....	0.8	0.7	0.7	0.2	8.8	0.5	0.4	0.5	0.3	17.0
Czechoslovakia .....	0.4	0.5	0.4	0.5	24.9	0.6	0.7	0.8	0.6	31.6
Eastern Germany .....	0.7	0.6	0.6	0.6	30.0	0.9	0.9	0.9	0.7	34.5
Poland .....	1.4	1.2	0.9	1.7	90.4	1.6	1.6	1.5	1.2	63.7
Soviet Union .....	17.1	15.5	16.3	14.6	751.7	16.1	16.7	17.3	12.2	632.4
<b>U.S. and Canada</b> .....	6.0	6.1	6.6	6.9	357.5	4.1	3.7	3.7	4.9	256.3
United States .....	5.8	5.8	6.4	6.5	334.6	3.9	3.5	3.5	4.7	244.6
<b>Latin America</b> .....	2.9	2.9	3.1	3.4	173.8	2.7	2.6	2.9	2.6	134.6
Argentina .....	1.0	0.9	1.0	0.7	37.4	0.2	0.2	0.2	0.3	13.3
Brazil .....	0.8	0.7	0.7	0.4	22.6	1.2	1.0	1.0	0.8	43.3
Colombia .....	0.3	0.3	0.3	0.3	14.3	0.8	0.8	0.9	0.7	36.4
<b>Other</b> .....	3.0	2.3	2.3	2.4	124.7	3.1	2.5	2.8	3.7	184.1
<b>Grand total</b> .....	100.0	100.0	100.0	100.0	5 167.2	100.0	100.0	100.0	100.0	5 178.9
of which										
<b>EFTA countries</b> .....	38.5	40.1	39.4	40.3	2 081.8	40.6	42.0	40.9	44.6	2 308.8
<b>EEC countries</b> .....	23.5	24.5	23.8	23.7	1 223.1	27.7	27.0	26.7	27.5	1 421.8



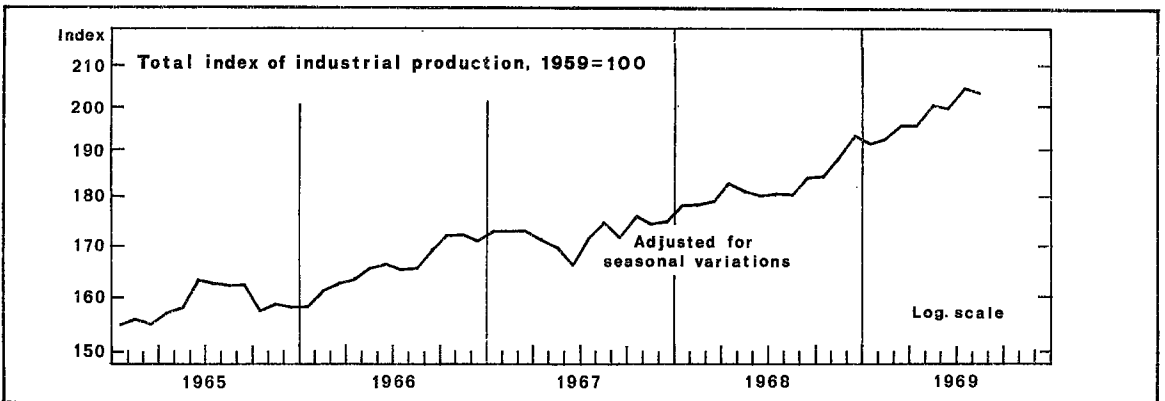
PRICE INDICES

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												
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
Sept.	287	290	275	287	294	285	314	282	274	132	139	122

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	100
1968	212	166	109	111	110	106	107	108	109	110	108	109	109
1968													
Sept.	214	168	110	113	110	107	108	108	110	109	108	110	110
Oct.	215	168	111	114	110	108	109	109	110	109	108	110	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110	110
1969													
Jan.	215	169	111	114	111	108	110	110	110	109	109	111	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111	111
March	214	168	110	112	111	108	110	110	110	109	110	111	111
April	216	170	111	115	111	108	111	109	110	109	110	111	111
May	216	170	111	114	111	108	111	109	110	109	110	111	111
June	217	170	112	115	111	108	111	108	110	110	110	112	112
July	217	170	112	115	111	109	111	107	110	110	112	112	112
Aug.	217	170	112	116	111	108	112	107	110	110	110	112	112
Sept.	218	171	112	116	111	109	112	108	110	109	111	112	112

PRODUCTION — INTERNAL TRADE

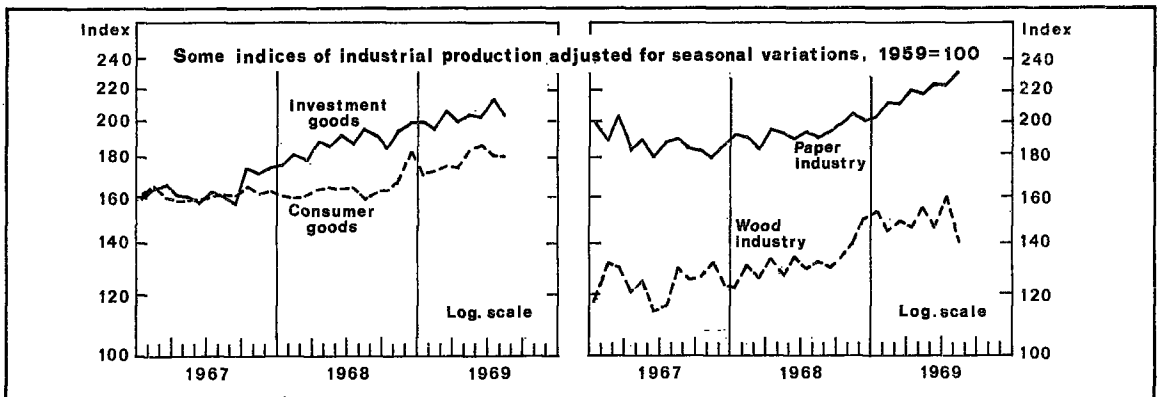
Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	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
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
Aug.	198	182	192	216	122	235	187	198	204	1 886	205



**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	1 588	3.6	2.2
Aug.	124	126	1 608		1 495		1 676	1 704	3.2	2.1
Sept.	120	137	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 (1968, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 635 (9 %), forestry and fishing 1 947 (7 %), manufacturing 8 941 (30 %), construction 2 748 (9 %), transport and communication 2 225 (7 %), commerce, banking and insurance 3 725 (12 %), public administration 1 418 (5 %), other services 6 212 (21 %), total 29 849. Index of real domestic product 113 (1964 = 100).

FOREST RESOURCES (1960—1968): The growing stock comprised 1 448 million of solid cu. m incl. bark (51 139 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 16 364 million cu. ft, 47 % of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft.). The total removal in 1968 calculated according to the use of wood was 48 million cu. m excl. bark (1 655 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 (1967): Gross value of industrial production 22 190 mill. marks, number of workers 355 167, salaried employees 86 737, motive power (1966) 4.5 mill. kW. Index of industrial production 172 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 (Sept. 30, 1969): Steamers 62 (81 386 gross reg. tons), motor vessels 434 (1 101 576 gross reg. tons), sailing vessels with auxiliary engines 13 (1 608 gross reg. tons). Total 509 (1 184 570 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 1967 expenditure amounted to 4 526 mill. marks. Total revenue was 4 481 million, of which income from taxation 2 357 million. The municipal income tax (non-progressive) averaged 13.07 % 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 POSE. 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 %.

# PRICES AND WAGES IN FINLAND SINCE 1957

BY

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## PRICE EXPERIENCE

During 1958—1968 the price level (as measured by the GNP deflator) rose altogether by 75 per cent in Finland, i.e. by a good 5 per cent per year on average. In all OECD-countries prices rose on average by less than 3 per cent per year in the corresponding period and by about 3.5 per cent in the European members of OECD. Thus Finland's competitive position in regard to the OECD-countries in Europe weakened, during the period under review, by about 1 1/2 per cent per year and by even more if all OECD-countries are considered. This development made devaluation, which occurred in autumn 1967, inevitable.

Table 1 gives the average percentage changes in the price level per annum in the period of 1958—1968 in Finland.

Table 1. AVERAGE PERCENTAGE CHANGES IN THE PRICE LEVEL, 1958—1968

1958—1963	1964—1968	1958—1968
+4.6	+6.1	+5.2

It can be seen from the table that price increases have been clearly stronger in the second than in the first half of this period. Similar development has also been characteristic of other OECD-countries, for, while in 1958—1963 price increases in all OECD-countries were slightly more than 2 per cent on average, they easily exceeded 3 per cent in 1964—1968. In the OECD-countries in which development deviated from this

pattern extensive stabilization measures were taken in the middle of the 1960's. It was possible through these measures to hold back price increases, but it happened, in general, at the expense of increased unemployment.

It is intended, in the following, to investigate the causes of the acceleration of price increases. First, however, the changes in the price structure will be reviewed.

## RELATIVE PRICES

Table 1. above does not fully explain the action of the price mechanism in 1958—1968, and does not reveal the relative changes of prices between different price components. Table 2 gives the average changes of some of the most important price components in 1958—1968.

Table 2. AVERAGE PERCENTAGE CHANGES IN THE MAJOR PRICE COMPONENTS, 1958—1968

	1958—1963	1964—1968	1958—1968
GNP: deflator	+4.6	+6.1	+5.2
Wholesale price ind.	+3.0	+5.6	+4.2
— Machinery and transp. equipment	+4.7	+5.6	+5.1
— Consumer goods	+3.2	+6.6	+4.7
— Domestic goods	+3.1	+5.8	+4.3
— Imported goods	+2.3	+5.3	+3.9
Building cost index	+3.7	+6.2	+4.8

As regards the different price components price increases have clearly been much stronger in the second half of the period under review. Marked changes have occurred in relative prices, these changes

being stronger in the first half of this period. In particular it can be noted that the rise in the GNP price index has been about one percentage unit higher on average than the rise in the wholesale price index. This is partly a result of the fact that the rise in export prices is, due to devaluations of 1957 and 1967, more vigorous than the rise in the general price level. Moreover, the rise in the prices of services, which do not enter the wholesale price index, has been greater than the average.

Table 2 also illustrates that prices of consumer goods have increased more than wholesale prices in general, due primarily to the above average rise in the prices of foodstuffs.

Changes in relative prices are mainly due to differences in the development of productivity especially in the periods when wage agreements have been mainly negotiated on a national level. The following table illustrates the productivity increase for 1958—1968 in some industries of importance from the point of view of this study (as measured by the rate of change of the ratio of GNP to labour input):

Table 3. PERCENTAGE INCREASES IN PRODUCTIVITY BY SECTOR, 1958—1968

	1958—1963	1964—1968	1958—1968
Whole Economy	+23.6	+20.5	+49.0
Services	+11.0	+ 6.9	+18.8
Manufacturing	+27.3	+25.2	+59.3
House construction	+ 8.9	+17.4	+27.8

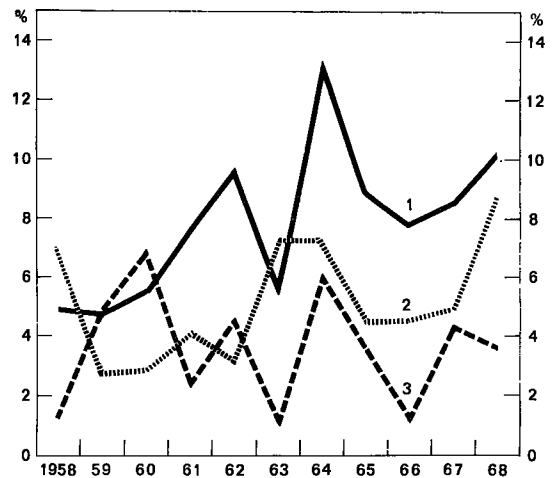
It is clear from Table 3. that the increase in productivity in the service sector has been quite slow in comparison with the average increase for the whole economy. The same is true of house construction. In spite of this (according to Table 2.) the rise in building cost has been slower than average.

WAGE COSTS AND PRODUCTIVITY

The average level of salary and wage earnings rose by over 130 per cent in the

study period. The concurrent rise in productivity was only 49 per cent, i.e. the rise in average wage earnings has been 81 percentage units higher than that of productivity. This expresses itself mainly through price increases, the rise in GNP prices being 75 per cent. Figure 1. gives the percentage changes per annum in the indices of wage earnings, productivity and the GNP price index for the period 1958—1968.

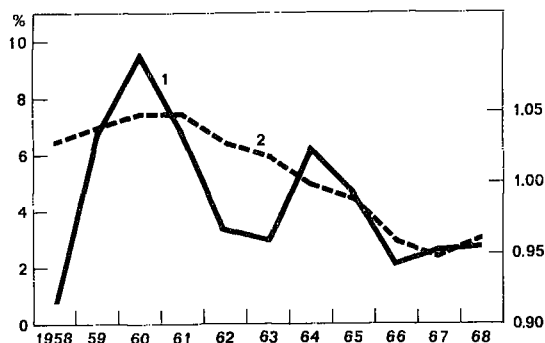
FIGURE 1. ANNUAL PERCENTAGE CHANGES IN THE INDICES OF WAGE EARNINGS, PRODUCTIVITY AND THE GNP PRICE INDEX, 1958—1968



1. Rate of change of wage earnings
2. Rate of change of GNP deflator
3. Rate of change of labour productivity

It appears from the figures above that the increased cost pressures were not entirely reflected in increased prices, as the ratio of national income to total wages declined during the study period, i.e. there was a rise in the share of the wage bill in national income. However, as can be seen from Figure 2. which shows the annual percentage change in real GNP and the ratio of GNP (in value terms) to total wages, the share of wages in national income has been insensitive to changes in demand. The GNP/wage bill ratio increased in 1958—1960, was constant in 1961 and

FIGURE 2. ANNUAL PERCENTAGE CHANGE IN REAL GNP AND THE RATIO OF GNP (IN VALUE TERMS) TO TOTAL WAGES, 1958—1968



1. Rate of change of real GNP, per cent
2. GNP/wage bill (1957 = "1")

decreased thereafter until 1967. In 1968 the share of wages decreased somewhat as a consequence of the distribution effects of the devaluation of autumn 1967. The absence of any short-term connection between the demand situation and the share of wages in GNP implies that the former cannot have had any clear influence on the rate of inflation in the period 1958—1968. It can also be stated in this connection that the average annual growth rate of real national income for the years 1958—1963 was 5.1 per cent whereas for the years 1964—1968 it was only 3.7 per cent, implying that the pressure of demand was lower in the second half of the study period than in the first. Thus, if demand factors are of any importance, they should have tended to reduce the growth rate of the price level in 1964—1968.

The reason for the increasing momentum of inflation may be found in cost factors. Table 4 gives the average percentage changes in the level of wage and salary earnings, in productivity of labour and

wage costs per unit of output for the period of 1958—1968 (as measured by the ratio of wage bill to real GNP).

Table 4. LABOUR COSTS AND PRODUCTIVITY, 1958—1968

	1958—1963	1964—1968	1958—1968
Level of salary and wage earnings	+6.4	+9.8	+8.0
Productivity of labour	+3.6	+3.8	+3.7
Unit labour costs	+4.2	+7.4	+5.6

It appears from the table that the average growth rate of the level of salary and wage earnings showed an increase during the period 1963—1968 compared to the years 1958—1963. The slight concurrent rise in productivity was not sufficient to compensate for the rise in wage costs, which is evidenced by the accelerating increase in wage costs per unit in the second half of the study period.

In conclusion it can be stated that economic development in 1964—1968, characterized by a fall in the rate of growth of production and productivity from the level of the years 1958—1963, resulted in a greater rise in wage costs per unit than in the earlier period which in turn led to the rapid rise in prices.

#### RECENT DEVELOPMENTS

The pace of inflation in OECD-countries has recently accelerated. In Finland, however, the rapid rise in the price level, has through the incomes policy measures and price control been curtailed so that the wholesale price index showed in September 1969 a rise of only slightly over 3 per cent on the corresponding month in 1968 and the rise in the cost of living index was less than 2 per cent.

## ITEMS

**Finland borrows DM 75 million in the Federal Republic of Germany.** On October 1, 1969, the Republic of Finland signed an agreement for a bond issue of DM 75 million, to be offered for public subscription in the Federal Republic of Germany. The offer has been underwritten by a consortium headed by Dresdner Bank AG.

The loan is current for a period of 15 years, with interest at a rate of  $7\frac{1}{2}$  per cent payable semi-annually. The bonds will be redeemed with effect from October 1, 1973, by annual instalments of DM 6 250 000. The price at issue is  $97\frac{3}{4}$  per cent. The bonds are quoted on the Hamburg, Dusseldorf and Frankfurt on Main, Stock Exchanges.

This is the Republic of Finland's second offer of bonds in the Federal Republic of Germany this year. The former offer, for the same amount, was made in May.

\*

**Domestic bond issues.** The Government has announced the issue of the 1969 bonds for subscription by the Labour Pensions Funds of farming, forest works, and construction, totalling 10.5 million marks. The loan extends for a period of ten years starting July 1, 1969, and carries interest at a rate of  $8\frac{1}{4}$  per cent payable half-yearly. The loan is priced at par.

The Government has also given authorization for the following private bond issues.

Villayhtymä Oy (amalgamated wool industry) was authorized to make a bond

issue of 10 million marks. The bonds are dated June 30, 1969 and will run for a period of ten years. The rate of interest is 6 per cent. The loan is issued at par.

The Industrial Mortgage Bank of Finland Ltd was authorized to launch a bond loan of 30 million marks for public subscription. The loan, with an annual interest rate of 8 per cent, is current for a period of ten years starting September 16, 1969. It is issued at par.

The Real Estate Bank in Finland Ltd was authorized to make an issue of 10 million marks for public subscription. The bonds are dated September 16, 1969 and will run for ten years at a rate of 8 per cent. The loan is issued at par.

The same bank was authorized to launch a bond loan of 5 million marks. The loan is current for a period of 24 years starting November 15, 1969, and carries interest at a rate of  $7\frac{3}{4}$  per cent. It is priced at par.

The Land and Industry Real Estate Bank Ltd has made an issue of 10 million marks for public subscription. The bonds dated September 16, 1969 will run for ten years at a rate of 8 per cent. The loan is priced at par.

\*

**National income.** The Central Statistical Office has recently published the provisional figures of national income for 1968 and revised figures for 1967. The following tables indicate some items of the national income in 1965—1968.

TABLE 1. DISTRIBUTION OF THE NATIONAL INCOME, MILL. MK

	1965	1966	1967	1968 p
Compensation of employees .....	12 724	13 972	15 327	17 078
Income from unincorporated enterprises .....	3 613	3 526	3 598	4 010
Income from property to households .....	2 534	2 736	2 947	3 304
Income from property and entrepreneurship to general government .....	810	883	971	1 024
Corporate saving .....	435	456	499	629
Direct taxes on corporations .....	725	771	782	862
Less interest on the public debt .....	238	261	331	372
Less interest on consumers' debt .....	43	54	70	91
National income .....	20 560	22 029	23 723	26 444
Net factor income abroad .....	131	150	209	276
Net domestic product at factor cost .....	20 691	22 179	23 932	26 720

TABLE 2. DISPOSABLE INCOME, CONSUMPTION AND SAVING, MILL. MK

	1965	1966	1967	1968 p
Households:				
Disposable income .....	17 063	18 107	19 398	21 467
Consumption .....	14 982	15 861	17 189	18 802
Saving .....	2 081	2 246	2 209	2 665
Corporations:				
Disposable income (= saving) .....	435	456	499	629
General government:				
Disposable income .....	5 761	6 505	7 252	8 425
Consumption .....	3 759	4 235	4 852	5 612
Saving .....	2 002	2 270	2 400	2 813
Total:				
Disposable income .....	23 259	25 068	27 149	30 521
Consumption .....	18 741	20 096	22 041	24 414
Saving .....	4 518	4 972	5 108	6 107

TABLE 3. EXPENDITURE ON GROSS NATIONAL PRODUCT, MILL. MK

	1965	1966	1967	1968 p
Private consumption expenditure .....	14 983	15 861	17 189	18 802
General government consumption expenditure ....	3 759	4 235	4 852	5 612
Gross private capital formation .....	5 235	5 635	5 682	6 035
Gross general government capital formation ....	1 470	1 507	1 616	1 785
Increase in stocks and statistical error .....	874	1 027	1 048	1 147
Exports of goods and services .....	5 496	5 824	6 358	8 355
Less imports of goods and services .....	5 989	6 312	6 635	7 805
Expenditure on gross domestic product .....	25 828	27 777	30 110	33 931
Net factor income from abroad .....	— 131	— 150	— 209	— 276
Expenditure on gross national product .....	25 697	27 627	29 901	33 655

TABLE 4. ANNUAL CHANGES IN THE VOLUME OF FIXED CAPITAL FORMATION, PER CENT

	1965	1966	1967	1968 p
House construction .....	+14	+1	+ 4	— 8
Dwelling .....	+ 9	+5	+ 1	— 3
Other .....	+19	—3	+ 7	—13
Other construction .....	+ 8	+3	— 1	+ 1
Machinery and equipment .....	+ 9	+5	—13	— 2
Volume of fixed capital formation .....	+11	+3	— 3	— 4

# BANK OF FINLAND

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STIG TÖRNROTH,  
*Cash*

## INSTITUTE FOR ECONOMIC RESEARCH

LAURI KORPELAINEN,  
*Director*

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