



BANK OF FINLAND

Monthly Bulletin

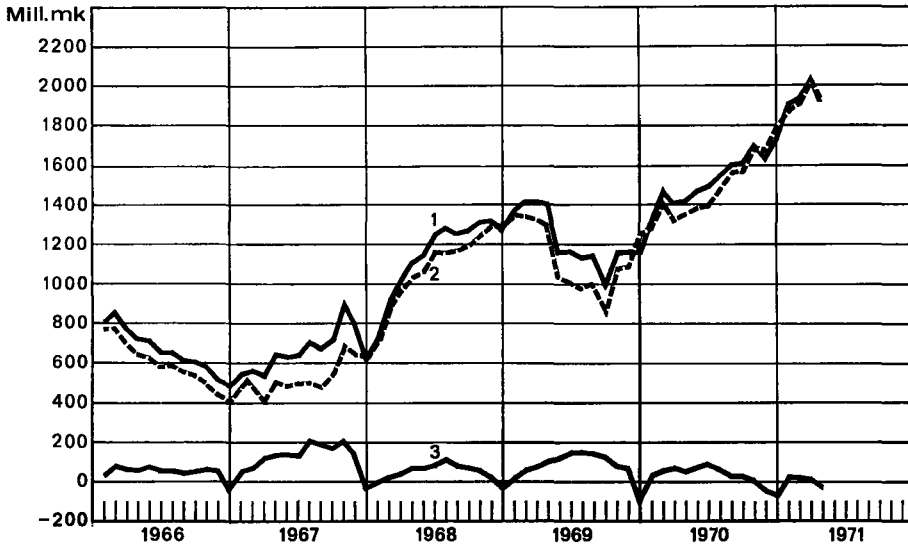
**Economic, technical and industrial
co-operation between Finland and
the Soviet Union**

Public finance in 1970

**Finland's balance of payments in
January—March 1971**

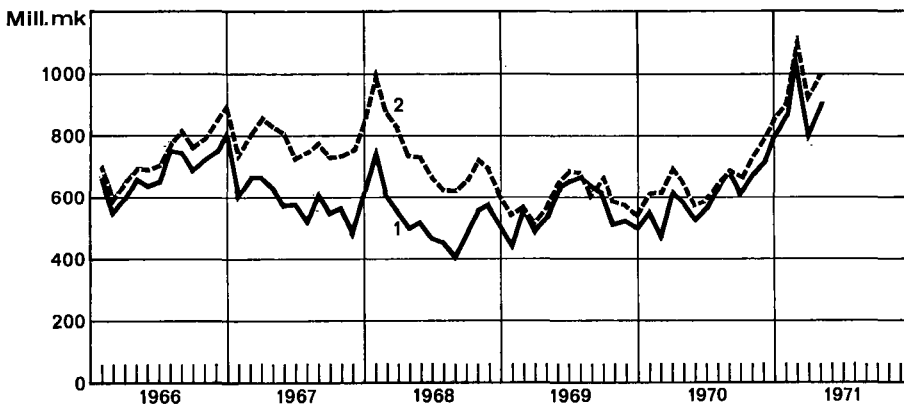
**JUNE 1971
Vol. 45 No. 6**

Bank of Finland foreign exchange reserve, 1966-1971



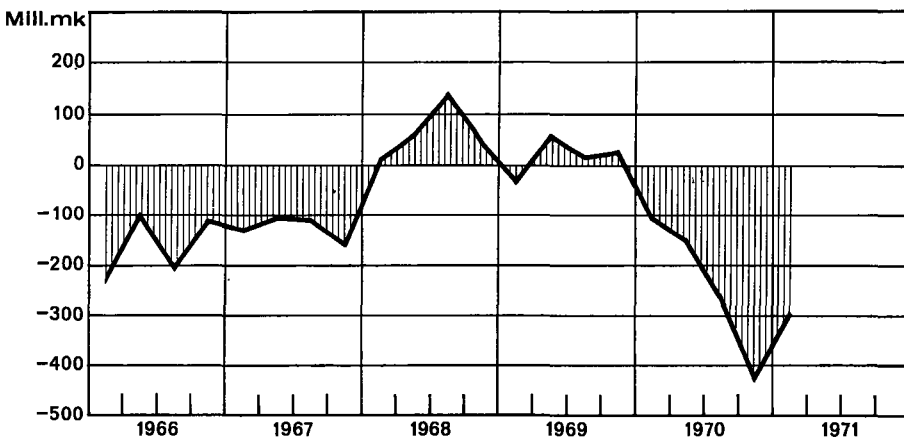
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1966-1971



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

Balance of payments current account surplus/deficit, 1966-1971



Seasonally adjusted quarterly figures

ECONOMIC, TECHNICAL AND INDUSTRIAL CO-OPERATION BETWEEN FINLAND AND THE SOVIET UNION

The beginning of 1971 has been a significant period in the development of economic relations between Finland and the Soviet Union. A new five-year trade agreement, which defines the targets for mutual trade between the two countries, came into force at the beginning of the year. In the ninth meeting of the permanent Commission for Economic Co-operation between the Finnish and Soviet governments in Moscow on the 15th and 16th of April, 1971, decisions were reached i.a. regarding the delivery of natural gas and a nuclear power station from the Soviet Union to Finland, and Finland's participation in construction work on USSR territory.

The treaty concerning the importation of natural gas from the Soviet Union was signed on April 20, 1971. According to this treaty the parties shall take preliminary measures for the conclusion of an agreement on the actual deliveries between V/O Sojuznefteexport and a Finnish import firm. The following amounts of gas will be imported within twenty years, beginning January 1, 1974:

Year	Million normal cu.m.
1974	500
1975	1 000
1976	1 100
1977	1 200
1978	1 300
1979—1993 annually	1 400

The aim of the companies is to increase the annual deliveries to 3 000 million cubic metres. As regards the terms of delivery of these additional amounts the stipulations of the treaty will be followed. The agreement will be valid for five years after the agreed period unless one of the parties renounces it at least three years before the termination of the agreed period.

The treaty defines the price of natural gas and how it depends on the change in the prices of competing fuels. It has also been agreed that the Finnish Rautaruukki Oy and the Soviet V/O Promsyrjeimport will investigate the possibilities to deliver large gas pipes from Finland to the Soviet Union. The deliveries have been planned to be 60 000—75 000 tons annually over a period of ten years. In addition, a working group of the Commission for Economic Co-operation was given the task of studying the opportunities open for new forms of co-operation in the production of steel pipes.

A treaty on the construction of another nuclear power station of the same size as the first one (440 MW) ordered in 1969 was also signed. It involves an enlargement of the first unit of the nuclear power station to be built in Loviisa. The relevant details will be stipulated in a future agreement to be concluded between the Soviet V/O Technopromexport and the Finnish Imatran Voima Oy. The price of the new station will be roughly the same as that of the first one.

One of the outcomes of the negotiations was also that Finnish firms were offered an opportunity to participate in the construction of a forestry centre in Pääjärvi in 1971—1973. Commercial negotiations have already been started on this project. Payment will be in the form of extra deliveries of timber. If this project is completed to the satisfaction of both sides similar construction projects will probably be offered to Finland elsewhere in the Soviet Union in the future.

Furthermore, an agreement on the development of economic, technical and industrial co-operation between Finland and the Soviet Union was signed. It provides a framework for the existing forms of co-operation and a basis for its development and diversification.

The treaty has been formulated in fairly general terms. Some of the branches in which both parties are known to be interested are listed and guidelines for future co-operation are given. No new rights or obligations for either party are involved in the new agreement.

The introduction of the treaty deals with the general principles which each country applies in its economic relations with each other and with other countries. It also ties this agreement to other treaties concluded between Finland and the Soviet Union. Article 1 defines the general basis for co-operation. It states that the sincere aim of the parties is to develop and deepen economic, technical and industrial co-operation between the countries in every possible way. Co-operation shall take place in mutual trade, industry, communications, agriculture and forestry, fishing and all the sectors of the economy where the prerequisites for co-operation exist, especially in regard to raw material resources and the specialization of production. Article 2 specifies the aims of co-operation in the fields of activity mentioned above. According to Article 4 co-operation in practice will be effected

between enterprises and organizations under the protection of the governments of the two countries. In addition, Article 5 emphasizes the importance of developing technical and scientific co-operation between the countries. Article 6 emphasizes the significance of the permanent Commission for Economic Co-operation and the necessity to maintain a firm connection between the Commission and the other organs of economic co-operation which may be set up in the future. The new agreement will be subject to later ratification; this is stipulated in the last article of agreement, i.e. Article 7.

This treaty will be of great significance for the future development of the economic co-operation between Finland and the Soviet Union. Apart from providing a basis for present and future co-operation it also paves the way for its expansion to such new sectors as technology and industry. The agreement also testifies to the willingness of both countries to develop international trade and economic co-operation despite their different economic and social systems.

May 25, 1971

	1970		1971			
	May 29	Dec. 31	May 7	May 14	May 21	May 28
Assets						
Gold and other foreign assets	1 723	1 965	2 046	1 978	1 953	2 012
Gold	189	121	121	121	121	121
Special drawing rights	93	98	192	192	193	193
IMF gold tranche	173	281	272	272	272	272
Foreign exchange	1 081	1 344	1 345	1 274	1 246	1 302
Foreign bills	126	85	80	83	85	88
Foreign bonds	61	36	36	36	36	36
Claims on domestic banks	584	839	873	815	897	898
Discounted bills	531	827	870	810	892	893
Rediscounted bills	9	9	2	1	1	1
Cheque accounts	44	3	1	4	4	4
Other lending	274	283	230	231	229	298
Inland bills discounted						
In foreign currency	5	—	—	—	—	—
In Finnish marks	151	137	95	96	95	164
Loans	118	146	135	135	134	134
Other assets	827	689	672	704	682	726
Finnish bonds	411	64	110	143	121	165
Finnish coin	11	8	13	14	13	14
Currency subscription to Finland's quota in the IMF	352	518	526	526	526	526
Other claims	53	99	23	21	22	21
Total	3 408	3 776	3 821	3 728	3 761	3 934
Liabilities						
Notes in circulation	1 258	1 344	1 260	1 270	1 301	1 360
Liabilities payable on demand	77	126	75	80	78	72
Foreign exchange accounts	48	94	47	50	45	45
Mark accounts of holders abroad	12	12	11	14	15	11
Cheque accounts						
Treasury	1	2	1	1	1	1
Post Office Bank	3	4	1	0	1	0
Private banks	—	1	—	—	—	—
Other	2	3	3	3	4	3
Other sight liabilities	11	10	12	12	12	12
Term liabilities	671	633	678	579	579	690
Foreign	5	—	—	—	—	—
Domestic	666	633	678	579	579	690
IMF mark accounts	352	518	526	526	526	526
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	411	404	424	414	417	424
Bank's own funds	551	663	685	686	687	689
Capital	300	600	600	600	600	600
Reserve fund	200	0	32	32	32	32
Profits undisposed	28	—	32	32	32	32
Earnings less expenses (Dec. 31, Net profit)	23	63	21	22	23	25
Total	3 408	3 776	3 821	3 728	3 761	3 934

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)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7-8)
	1	2	3	4	5	6	7	8	9
1964	974	85	889	76	83	882	9	5	4
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1970									
April	1 485	58	1 427	546	356	1 617	—170	7	—177
May	1 537	50	1 477	539	356	1 660	—167	1	—168
June	1 586	85	1 501	515	352	1 664	—163	1	—164
July	1 642	83	1 559	451	331	1 679	—160	2	—162
Aug.	1 685	78	1 607	440	331	1 716	—149	1	—150
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117
May	1 888	56	1 832	650	526	1 956	—108	1	—109

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, April 30, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	April	Jan.—Apr.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	98	—	98	192	—	192	+ 9	+ 94
IMF gold tranche	280	—	280	272	—	272	— 8	— 8
Convertible currencies	1 302	—103	1 199	1 355	— 9	1 346	—24	+147
Other currencies	—63	—8	—71	—17	— 4	—21	—36	+ 50
Total	1 738	—111	1 627	1 923	—13	1 910	—59	+283

End of year and month	Domestic banks						Other				Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	
				Private banks ²	Post Office Bank ²						
1	2	3	4	5	6	7	8	9	10	11	
1964	—	448	—	16	50	382	78	92	2	168	1 003
1965	—	641	—	12	8	621	76	72	32	116	1 029
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	-145	1 344
1970											
April	553	7	58	41	15	562	157	179	437	-101	1 205
May	531	8	44	41	8	534	151	176	466	-139	1 258
June	590	7	40	42	5	590	151	168	549	-230	1 265
July	683	4	17	47	6	651	163	169	579	-247	1 226
Aug.	664	12	28	—	1	703	162	161	553	-230	1 238
Sept.	687	8	23	—	3	715	147	162	551	-242	1 226
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344
1971											
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280
March	785	1	6	—	18	774	95	203	732	-434	1 204
April	856	1	7	—	0	864	93	155	662	-414	1 259
May	893	1	4	—	0	898	164	155	597	-278	1 360

¹ Including special index accounts.

² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

May 28, 1971

New York	1 \$	4.200	Frankfurt o. M.	100 DM	118.60	Vienna	100 S	16.82
Montreal	1 \$	4.168	Amsterdam	100 Fl	118.10	Lisbon	100 Esc	14.85
London	1 £	10.155	Brussels	100 Fr	8.465	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	81.35	Zurich	100 Fr	102.45	Madrid	100 Pta	6.07
Oslo	100 Kr	59.06	Paris	100 FF	76.05	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	56.06	Rome	100 Lit	0.6735	Clearing dollars ²	1 Cl \$	4.212

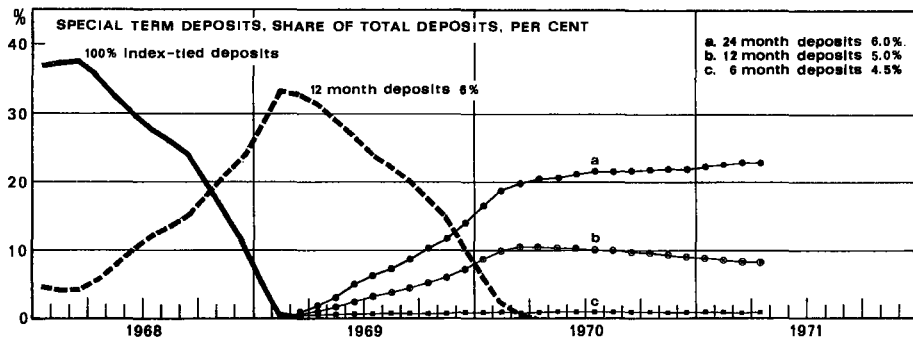
¹ Clearing account; also Bucharest.

² Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

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. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
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	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8
1970*										
April	1 133.1	1 390.8	572.7	5 489.3	4 502.0	3 193.2	1 188.0	544.0	14 916.5	16 880.0
May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5
Dec.	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8
1971*										
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

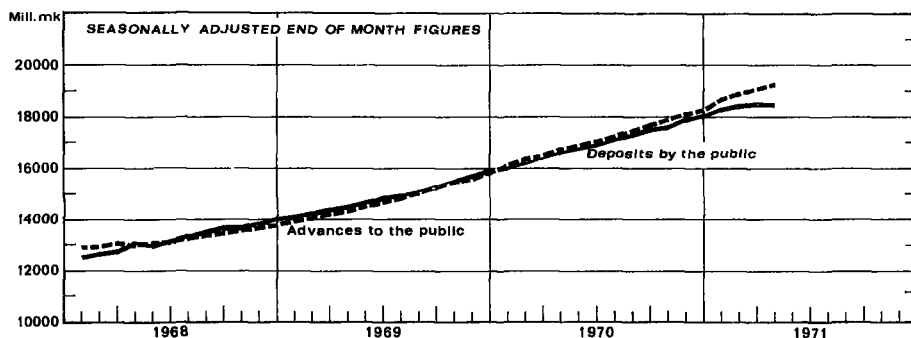
End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970*	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3

1970*

April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.3
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3

1971*

Jan.	8 084.6	4 379.9	1 276.7	3 438.5	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	1 288.6	3 472.1	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	1 301.1	3 506.6	1 530.0	18 309.0	721.2	19 030.2	3 935.9
April	8 373.9	4 486.8	1 324.0	3 533.8	1 536.2	18 497.8	756.9	19 254.7	3 816.9



STATE FINANCES

Mill. mk

Revenue	Jan.—Mar.		Expenditure	Jan.—Mar.	
	1970	1971		1970	1971
Income and property tax (net)	813	1 011	Wages, salaries, pensions etc.	438	488
Gross receipts	(1 822)	(2 152)	Repair and maintenance	46	54
Refunds & local authorities	(—1 009)	(—1 141)	Other consumption expenditure	182	249
Other taxes on income and property	19	25	Total consumption expenditure	666	791
Employers' child allowance payments	147	90	State aid to local authorities	418	460
Sales tax	599	712	State aid to industries	371	366
Revenue from Alcohol Monopoly	132	168	of which: agric. price subsidies	(297)	(292)
Customs duties & import charges	104	91	Child allowances	76	87
Export levy	—	—	Share in national pensions and health insurance	102	64
Excise duty on tobacco	97	92	Other transfer expenditure	270	284
» » on liquid fuel	138	152	Total transfer expenditure	1 237	1 261
Other excise duties	52	61	Machinery and equipment	82	82
Tax on autom. and motor cycles	67	72	House construction	72	52
Stamp duties	52	56	Land and waterway construction	150	139
Special diesel etc. vehicles tax	8	13	Total real investment	304	273
Other taxes and similar revenue	25	25	Interest on State debt	83	80
Total taxes	2 253	2 568	Index compensations	13	11
Miscellaneous revenue	130	156	Net deficit of State enterprises	24	56
Interest, dividends etc.	23	34	Other expenditure	1	0
Sales and depreciation of property	20	23	Total other expenditure	121	147
Redemptions of loans granted	29	37	Increase in inventories	—1	6
Total revenue	2 455	2 818	Lending	114	139
Foreign borrowing	0	0	Other financial investment	17	25
Domestic borrowing	194	174	Total expenditure	2 458	2 642
Total borrowing	194	174	Redemption of foreign loans	32	33
Deficit (+) or surplus (—)	+4	—161	Redemption of domestic loans	163	156
			Total redemptions	195	189
Total	2 653	2831	Total	2 653	2 831

State debt	1968	1969	1970	1971			
	Dec.	Dec.	Dec.	Jan.	Feb.	March	April
Foreign debt	2 074	1 656	1 557	1 551	1 543	1 526	1 520
Loans	2 160	2 316	2 437	2 439	2 445	2 446	2 456
Compensatory obligations	5	4	3	3	3	3	2
Short-term credit	320	158	46	46	46	46	46
Cash debt (net)	— 256	— 217	—284	—428	—388	—475	..
Domestic debt	2 229	2 261	2 202	2 060	2 106	2 020	..
Total State debt	4 303	3 917	3 759	3 611	3 649	3 546	..
Total debt, mill. \$	1 028	933	900	865	874	849	..

FOREIGN TRADE

Mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970*	9 686.7	11 076.9	-1 390.2

1970*	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
May	822.0	908.7	- 86.7
June	805.8	825.3	- 19.5
July	782.3	866.1	- 83.8
Aug.	824.5	798.1	+ 26.4
Sept.	876.0	1 019.6	-143.6
Oct.	912.0	964.7	- 52.7
Nov.	849.7	991.3	-141.6
Dec.	914.4	1 417.8	-503.4

1971*	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
Jan.	867.9	878.3	- 10.4
Feb.	655.7	735.9	- 80.2
March	656.5	914.6	-258.1

Jan.-Mar.	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970*	2 086.5	2 302.8	-216.3
1971*	2 180.1	2 528.8	-348.7

¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.

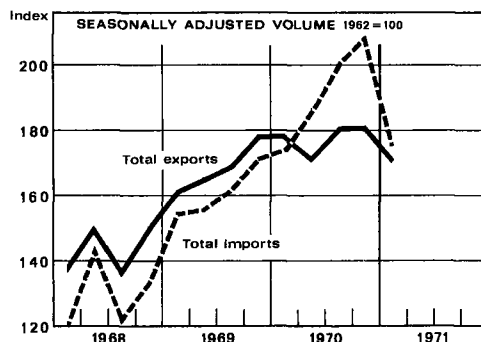
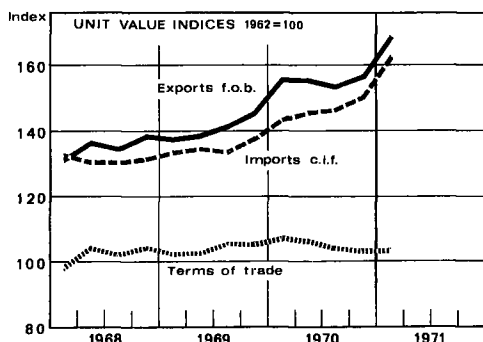
Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106

1968	Exports	Imports	Exports	Imports	Terms of trade
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105

1969	Exports	Imports	Exports	Imports	Terms of trade
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106

1970	Exports	Imports	Exports	Imports	Terms of trade
Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

1971 ¹	Exports	Imports	Exports	Imports	Terms of trade
Jan.-Mar.	146	158	169	163	104



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
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
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970*	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.1	1 249.3	2 905.5	2 004.0

1970*

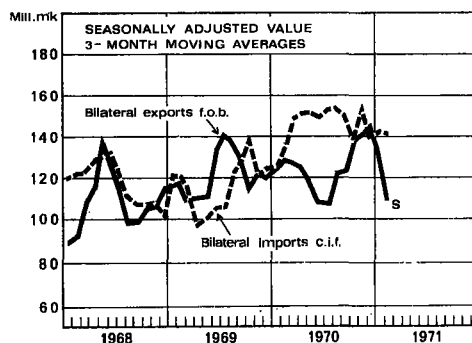
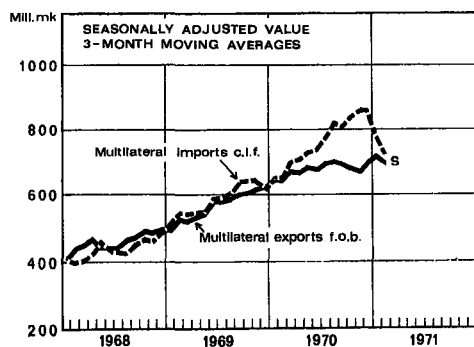
May	37.3	9.4	131.4	325.6	212.0	106.3	409.4	110.0	222.8	166.5
June	27.1	10.7	150.6	316.7	192.6	108.1	395.9	89.9	200.1	139.4
July	25.1	10.9	163.1	311.6	182.1	89.5	416.8	72.4	221.9	155.0
Aug.	30.8	12.4	154.2	343.2	163.3	120.6	336.1	142.4	181.7	137.9
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.8	109.1	243.7	187.0
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.3	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.3	265.6	170.0
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.6	142.4	458.6	199.2

1971*

Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.5	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	289.1	79.7	221.7	145.4
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.9	301.6	190.9

Jan.-Mar.

1970	126.9	3.7	239.0	856.9	537.6	322.4	978.1	258.2	614.8	451.7
1971	142.1	8.1	290.7	917.3	465.2	356.7	1 001.8	254.1	782.0	490.9



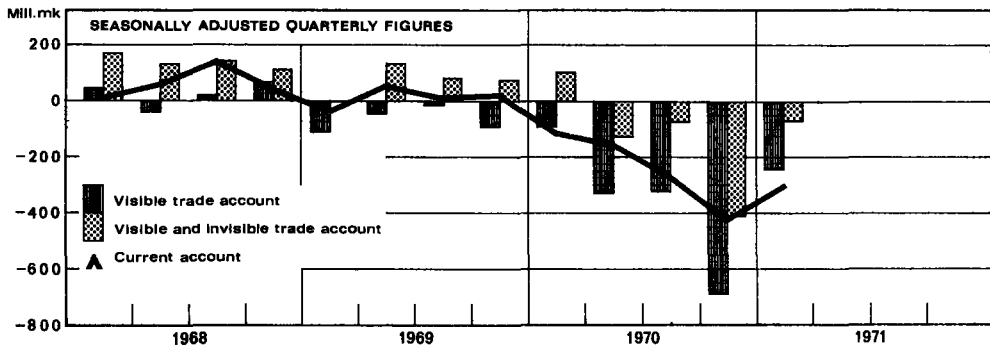
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—March				January—March			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	72.0	1 502.1	72.1	1 572.8	74.7	1 720.5	76.4	1 931.0
Austria	1.0	19.9	1.0	21.4	1.3	29.6	1.8	44.4
Belgium-Luxembourg	1.8	37.5	1.9	40.8	1.9	43.7	1.8	45.4
Denmark	4.0	84.0	3.8	83.2	3.3	75.2	3.6	90.1
France	4.1	86.4	3.7	79.7	3.7	86.2	3.5	89.0
Federal Republic of Germany	11.0	229.8	10.7	234.1	17.7	408.1	16.7	421.3
Italy	2.7	56.3	2.1	46.8	2.0	46.0	2.2	56.7
Netherlands	4.0	83.6	4.4	96.7	3.5	80.1	3.8	97.2
Norway	3.4	70.4	4.1	89.7	2.3	53.0	2.8	71.3
Portugal	0.5	9.8	0.3	6.0	0.8	18.4	0.7	17.4
Spain	1.1	23.5	1.0	20.7	0.4	8.2	0.7	18.6
Sweden	18.0	375.3	16.0	347.9	19.1	440.6	19.2	485.7
Switzerland	1.8	37.8	2.1	46.5	3.2	75.0	3.9	97.8
United Kingdom	17.1	356.7	19.1	417.3	15.1	347.3	15.4	389.8
Other	1.5	31.1	1.9	42.0	0.4	9.1	0.3	6.3
OECD countries outside Europe	6.2	130.0	6.4	140.3	5.0	115.7	6.9	173.6
Canada	1.1	23.0	0.8	18.9	0.4	9.3	0.2	6.3
Japan	0.3	7.2	0.2	3.5	1.6	38.1	2.3	57.5
United States	4.8	99.8	5.4	117.9	3.0	68.3	4.4	109.8
Eastern Bloc	15.2	316.9	12.3	267.1	16.4	379.7	15.0	379.7
Czechoslovakia	0.5	9.9	0.5	10.0	0.3	7.9	0.5	11.8
Democratic Republic of Germany	0.5	11.1	0.6	13.1	0.5	11.6	0.5	13.2
People's Republic of China	0.7	14.6	0.2	3.8	0.2	4.3	0.6	14.0
Poland	1.1	23.6	1.2	25.4	0.7	17.0	1.4	36.6
Soviet Union	11.5	239.7	9.1	198.6	13.8	318.1	11.5	290.8
Other	0.9	18.0	0.7	16.2	0.9	20.8	0.5	13.3
Latin America	2.4	51.3	2.8	61.5	1.9	44.7	0.3	7.2
Argentina	0.8	16.7	1.0	22.0	0.0	1.1	0.1	1.3
Brazil	0.5	11.3	0.6	13.6	0.6	13.6	0.0	0.2
Colombia	0.2	5.2	0.3	6.4	0.6	14.6	0.0	0.1
Other	0.9	18.1	0.9	19.5	0.7	15.4	0.2	5.6
Other	4.2	86.2	6.4	138.4	2.0	42.2	1.4	37.3
GRAND TOTAL	100.0	2 086.5	100.0	2 180.1	100.0	2 302.8	100.0	2 528.8
of which								
EFTA countries	45.7	954.0	46.6	1 015.4	45.2	1 040.0	47.4	1 199.7
EEC countries	23.7	493.8	22.8	498.1	28.8	664.1	28.1	709.6
OECD countries	78.2	1 632.1	78.5	1 713.1	79.7	1 836.2	83.3	2 104.6

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
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970	9 635	11 100	-1 465	+782	+142	+ 2	-539	-391	-18	-948
Jan.-Mar										
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
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
1971	2 167	2 536	-369	+165	- 13	+18	-199	-133	- 1	-333
Apr.-June										
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
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
July-Sept.										
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970	2 471	2 690	-219	+196	+109	- 4	+ 82	-110	- 1	- 29
Oct.-Dec.										
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970	2 661	3 380	-719	+279	+ 32	+ 9	-399	- 99	- 7	-505

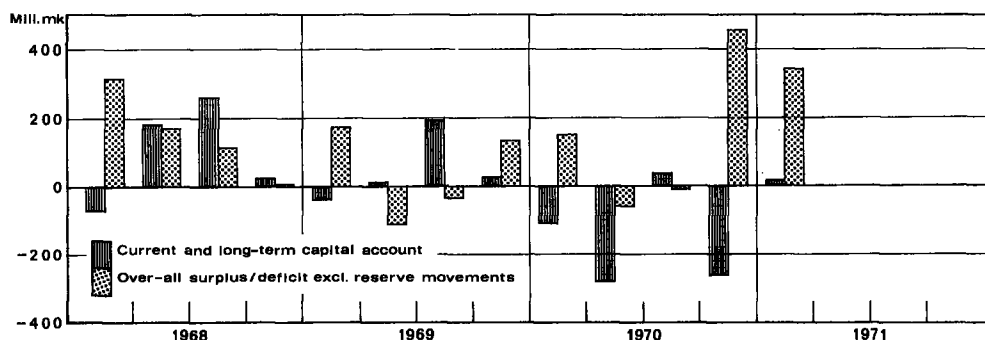


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	-694	-253	-202	+330	-618	+756	+217	+190 ²	+545	-563	+ 18
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 ²	+157	-240	+ 83
+ 617	-233	- 15	-20	+349	+ 16	+ 21	+339	- 34 ²	+342	-314	- 28
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-267	+535	- 58	+247	+457	-121	- 336

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

¹ Including Direct investment net.

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



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes-tic goods	Im-ported goods	Pro-ducer goods	Machin-ery & transport equipm.	Con-sumer goods	Raw materials and com-modities	Simply pro-cessed goods	More elab-orately processed goods			
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
July	298	301	285	300	313	292	333	290	282	138	146	127
Aug.	298	302	285	300	314	292	332	291	283	138	146	127
Sept.	298	302	285	300	316	292	332	289	284	138	146	127
Oct.	299	301	290	300	331	289	331	287	287	138	146	127
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128
1971												
Jan.	305	307	297	305	345	295	341	290	294	141	148	130
Feb.	308	310	298	306	347	301	344	291	297	142	148	130
March	308	312	297	306	348	302	345	292	297	143	148	133
April	308	311	298	307	352	300	342	293	299	148	164	133

Period	Consumer prices 1967 = 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
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969	217	170	112	115	111	108	111	109	110	110	110	112
1970	223	175	115	116	115	109	115	121	115	113	113	115
1970												
July	223	175	115	117	114	109	116	118	113	113	113	115
Aug.	223	175	115	118	114	109	116	118	114	113	113	116
Sept.	224	176	115	118	114	110	115	121	114	112	113	116
Oct.	224	176	115	117	114	110	115	125	114	113	114	116
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118
1971												
Jan.	228	179	117	117	117	111	116	137	115	117	115	122
Feb.	229	180	118	118	117	111	117	138	116	119	115	123
March	231	181	119	119	117	111	118	140	116	120	115	123
April	232	182	120	119	117	111	120	140	116	120	117	124

WAGES

Index of salary and wage earnings 1964=100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Manufacturing	Construction							
1968	151	142	136	147	141	149	139	142	140	141
1969*	164	154	143	156	151	158	150	150	150	150
1970*	186	169	170	162	159	165	163	155	169	163
1969*										
Apr.-June	160	153	144	156	151	158	151	150	150	150
July-Sept.	167	154	144	156	152	158	152	151	151	151
Oct.-Dec.	167	157	144	156	152	158	152	151	151	151
1970*										
Jan.-Mar.	178	166	167	162	159	165	160	155	165	160
Apr.-June	187	169	169	162	159	165	163	155	171	164
July-Sept.	187	171	171	162	159	165	164	155	171	164
Oct.-Dec.	193	171	172	162	159	165	164	155	170	163
1971*										
Jan.-Mar.	206	186	183	170	164	..	..	164	184	175

PRODUCTION

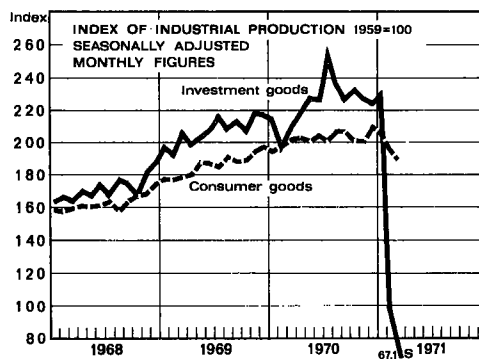
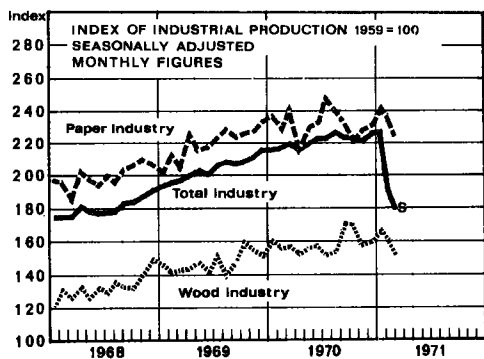
Volume indices of production 1964=100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1967	110	115	95	89	117	106	109	113	114	114	114
1968	113	121	97	93	109	108	114	111	118	119	119
1969	122	137	96	102	125	104	123	123	123	123	127
1970*	131	150	94	111	141	98	131	132	129	128	133
1970*											
Jan.-Mar.	126	149	63	155	93	99	120	121	127	127	132
Apr.-June	130	151	75	127	126	99	132	133	127	127	133
July-Sept.	132	139	170	56	176	99	138	132	129	128	133
Oct.-Dec.	135	160	66	107	172	94	135	145	132	130	136
1971*											
Jan.-Mar.	127	142	62	162	99	96	126	128	133	131	138

PRODUCTION

Index of industrial production 1959 = 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	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	205	210	212	187	175	148	222	278	274	199	205
1970*	223	228	231	204	186	159	234	320	295	217	223
1969											
Dec.	214	222	293	190	162	145	216	317	291	215	217
1970*											
Jan.	227	234	239	197	163	166	242	328	270	221	217
Feb.	217	219	227	194	155	159	226	336	269	212	218
March	222	228	230	201	162	164	238	305	287	219	220
April	239	256	240	231	195	191	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	217	220
June	215	224	216	211	195	147	209	308	306	213	224
July	174	133	192	147	189	133	247	270	288	127	224
Aug.	221	212	226	210	189	128	248	300	309	200	228
Sept.	233	245	238	217	184	162	243	309	318	232	225
Oct.	241	261	249	217	217	168	239	349	325	245	226
Nov.	237	254	247	209	208	156	239	342	305	238	223
Dec.	235	248	242	213	193	163	215	365	289	234	228
1971*											
Jan.	230	241	243	198	159	166	247	344	292	228	225
Feb.	191	105	203	191	158	164	232	320	284	105	192
March	203	85	213	213	176	184	257	338	287	87	179



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1967	2 205	2 142	63	2.9	30 240	..	..	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970*	2 195	2 154	41	1.9	39 267	114	130	125
1970*								
Jan.	2 133	2 074	59	2.8	3 873	94	103	116
Feb.	2 130	2 073	57	2.7	4 945	93	113	111
March	2 129	2 075	54	2.5	4 952	100	122	118
April	2 130	2 078	52	2.4	4 593	111	134	129
May	2 175	2 137	38	1.7	3 382	117	130	127
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	124	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	115	146	131
Oct.	2 171	2 142	29	1.3	2 659	121	142	135
Nov.	2 161	2 131	30	1.4	3 308	116	137	120
Dec.	2 156	2 118	38	1.8	4 719	157	156	125
1971*								
Jan.	2 111	2 061	50	2.4	4 212	..	..	..
Feb.	2 115	2 057	58	2.7	4 932	..	..	..

HOUSE CONSTRUCTION

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1968	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969	38.95	15.38	3.88	15.29	2.12	32.03	12.85	3.15	10.95	3.32	36.40
1970*	41.42	17.96	3.72	15.56	23.6	37.99	16.12	4.22	12.47	3.31	35.98
1969											
July-Sept.	11.78	4.94	0.86	4.62	0.75	9.69	3.67	0.96	3.04	1.31	38.14
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	11.23	4.48	1.46	4.15	0.63	36.40
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.—June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47
Oct.—Dec.	9.07	4.23	0.44	3.24	0.78	14.06	5.50	1.72	5.12	1.19	35.98

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 par 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. *Claims on Treasury* = Treasury bills covering certain IMF and IBRD accounts + 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 discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand-by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

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 banks, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Bank less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland 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.

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 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: food industry ISIC no. 20, weight 11.2, wood industry no. 25, weight 6.6, paper industry no. 27, weight 13.1, chemical industry no. 31, weight 5.2, non-metallic mineral industry no. 33, weight 3.6 and metal industry nos. 34—38, weight 23.5

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — HOUSE CONSTRUCTION

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. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *House construction* figures calculated by the Central Statistical Office.

SYMBOLS USED

* Preliminary 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 and was raised in 1556 to the dignity of a Grand Duchy. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. 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 1970 were as follows: Social Democrats 52, Conservatives 37, Centre Party 36, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 1.

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 %. 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 (1969): 4.7 million. Sweden 8.0 Switzerland 6.2, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1969): In South Finland 26.3, in North Finland 4.2 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1969): 50 % of the population inhabit the rural areas, 50 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 534 000 inhabitants, Tampere (Tammerfors) 155 500, Turku (Åbo) 154 700.

EMPLOYMENT (1969): Agriculture and forestry 24 %, industry and construction 34 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1969): 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.

CHANGE OF POPULATION (1969): births 14.5 ‰, deaths 9.8 ‰, increase 1.8 ‰, net emigration 3.0 ‰. Deaths in France 11.7 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7 %), forestry and fishing 2 683 (7 %), manufacturing 11 643 (30 %), construction 3 667 (10 %), transport and communication 3 719 (10 %), commerce, banking and insurance 4 733 (12 %), public administration 2 228 (6 %), ownership of dwellings 1 694 (4 %), services 5 328 (14 %), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1960—1969): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu.ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % 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 1970 calculated according to the use of wood was 51 million cu. m excl. bark (1 758 million cu. ft).

AGRICULTURE (1970): Cultivated land 2.7 million hectares. Number of holdings 297 300, of which 188 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 123 % in the crop year 1969/70.

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 223 for 1970 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 5 874 km.

MERCHANT FLEET (Apr. 30, 1971): Steamers 47 (49 777 gross reg. tons), motor vessels 380 (562 849 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 492 (1 319 031 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1970): Passenger cars 712 000, lorries and vans 102 900, buses 8 100 others 5 000. Total 828 000.

FINNISH AIRCRAFT (March 1971): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 3 DC-6s, 8 Super Caravelles, 3 DC-9s and 9 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 16 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 U.S. dollar).

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, 1970). There are two big and five small commercial banks with in all 825 offices, 327 savings banks, 445 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtyone private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1971). Bank of Finland discount rates 6—9 %, the rate for discounts or rediscounts for banks 8 ½ %. Other credit institutions: term deposits 5 %, 6 month deposits 5 ½ %, 12 month deposits 6 %, 24 month deposits 7 %; highest lending rate 11 % from May 24, 1971.

PUBLIC FINANCE IN 1970

By Antero Arimo, M. Pol. Sc.

Fellow of the Bank of Finland Institute for Economic Research

THE 1970 BUDGET

The economic upswing that had started in 1968 was still in progress at the time when the Government submitted the 1970 budget proposal to Parliament in September 1969. As a result of the strengthening of export demand in 1968 domestic investment accelerated considerably in 1969. The State supported the expansion of investment by channelling export levy funds collected after the devaluation to those projects which would stimulate economic growth, i.a. to the development of power production and the telecommunication network. At the same time it was possible to reduce public fixed investment for the unemployment rate was decreasing comparatively rapidly and thus scope was provided for the expansion of private investment activity. As the national income increased, state revenue rose faster than expenditure despite the fact that the revenue rates were kept unchanged. The 1970 budget proposal attempted to limit the increase in state expenditure on goods and services; the impact of total state expenditure on demand was to be approximately neutral. The Government estimated that the growth in real national income in 1970 would be 6 per cent. In addition, the employment situation was expected to improve. It had been estimated that the average unemployment rate would drop from 2.8 per cent in 1969 to 2 per cent in 1970.

When the budget proposals were being prepared the negotiations between the various interested organizations on the continuation of the so-called stabilization policy were taken into consideration as much as possible. One of the prerequisites for a centralized incomes policy was, as in the previous year, that no increase be effected in the revenue rates. It was, however, agreed in the stabilization negotia-

tions that certain prices and service charges should be raised at the beginning of 1970 mainly because these had fallen behind in general cost developments. The most important of these were a 12 per cent average increase in the prices of alcoholic beverages and an average 5 per cent increase in the tariffs on postal and telegraphic services. Certain other changes in the revenue rates that had been agreed on previously were also made at the same time. The corporate income tax was decreased by 2 percentage units to 47 per cent. On the basis of the Kennedy Round import tariffs were also reduced.

As the revenue rates remained almost the same as in the previous year, attempts were made to limit the growth of expenditure. The favourable cyclical situation provided a good basis for checking the increase in the State's own demand, i.e. in consumption and real investment expenditure. As for transfer expenditure, a sharp increase could be expected in agricultural subsidies for excess production was causing continuous concern although measures had been taken to reduce output. The demand for housing had increased strongly, especially during the boom. Consequently, appropriations for residential building loans were raised by almost one fifth. Total proposed expenditure was 10 209 million marks, which was 11 per cent more than the ordinary budget passed by Parliament for 1969. During parliamentary discussion appropriations for e.g. agricultural subsidies were increased and the total of approved expenditure reached 10 297 million marks.

In order to reduce agricultural output the measures to reduce the area under cultivation which had been introduced in 1969 were continued and by the end of 1970 the amount of cultivated land had been cut by 130 000 ha

or almost 5 per cent. In June Parliament sanctioned the payment of a special subsidy for slaughtered milk cows when passing the third supplementary budget. This decision cut the number of milk cows by about 50 000 in 1970. In spite of this, the export subsidies for agricultural produce and other expenditure intended to promote the marketing of these products had to be increased later in the year. When passing the fifth supplementary budget in December Parliament allocated another 140 million marks as export subsidies for i.a. butter and wheat. The excess stocks of butter and grain were reduced in 1970, because of exports and the decline of agricultural production.

The employment situation developed favourably in 1970. The average unemployment rate was 1.9. per cent. This decline in the rate was caused not only by the increase in economic activity but also by emigration, primarily to Sweden. Net emigration was between 35 000 and 40 000 in 1970. People emigrated mainly from the Northern and Eastern parts of the country, where unemployment is heavy but the higher wages offered in Sweden also tempted skilled labour from the South. At the same time the State tried to facilitate structural change in the economy by arranging professional courses and promoting the mobility of labour. About 11 500 completed the courses in 1970. Manpower mobility was hampered by the difficult housing situation in the Southern population centres. Shortage of skilled labour began to check the growth of production in some sectors, e.g. in the metal and textile industries and in house building.

In these circumstances it had to be presupposed that the public sector would not be competing with the private sector for labour. It was possible to reduce the number of those employed through state and municipal spending by almost 10 000 persons. The volume of public fixed investment (excl. enterprises) was cut by almost 9 per cent; the volume of investment in road and waterway construction declined by 10 per cent and that in house building was reduced by nearly as much, namely by 9 per cent. State fixed investment decreased even more, i.e. by 12.5 per cent.

The volume of public consumption increased by slightly more than 6 per cent or by a little over one percentage unit more than in the previous year. The acceleration in the growth rate was caused by the fact that the increase in state consumption expenditure had been deliberately curbed in 1969. Municipal consumption expenditure on the other hand grew at the same rate as in 1969. Civil service salaries were raised on the basis of the stabilization agreement. The increase effected was 18 pennies per hour, or a corresponding amount, and not less than one per cent of an employee's total wage or salary. Apart from this, 1 per cent of total salaries was to be distributed as special increases. Because of the structure of civil service salaries this amounted to a rise of 3 ½ per cent, i.e. less than the increase in the general wage level. Civil servants, however, also obtained the last part of the general increase agreed in 1963. As a result, the total increase in civil service salaries was 5 per cent in 1970.

The State granted 430 million marks for housing loans in the 1970 budget. In the third supplementary budget another 22 million was earmarked for this purpose. When passing this supplementary budget Parliament decided to revise the legislation so as to make it possible to accelerate the re-payment of housing loans. In 1970, however, the amortization of housing loans did not substantially increase as a result of this revision. More than 49 000 new dwellings were completed in 1970, of which approximately 21 500 or 44 per cent were state-subsidized. In 1965 the corresponding percentage was only 32 per cent. No marked changes occurred in the volume of residential building from 1965 to 1968, although state loans were increased considerably. The growth in the number of completed dwellings in 1969 was almost entirely ascribable to the expansion of state-subsidized housing. In this year more than 47 per cent of all dwellings completed were subsidized by the State.

As the economy continued to grow briskly in 1970 indications of overheating began to appear. It had already been agreed by the Government and the central industrial organi-

MONTHLY STATE CASH REVENUE AND EXPENDITURE AND THEIR CUMULATIVE DIFFERENCE IN 1969 AND 1970

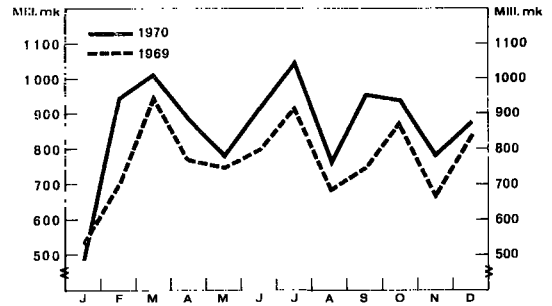
zations in 1969 that firms should accumulate investment and counter-cyclical deposits at the Bank of Finland. About 300 million marks of these deposits had accrued by the end of 1970. The State also participated in the accumulation of counter-cyclical funds by transferring a total of 100 million marks to the government counter-cyclical fund which had been set up at the end of 1969. These transfers were made in two equal amounts in the second and third supplementary budgets. The funds transferred were then invested in foreign claims.

Altogether five supplementary budgets were passed during the year. Three of them were presented during the first half of the year and two in the autumn. Apart from agricultural subsidies and transfers to the government counter-cyclical fund, appropriations were granted for education and the communal health service among other things. In the last supplementary budget grants were also earmarked for employment purposes, mainly because of unemployment caused by seasonal developments. On the revenue side the main increases were in the yield from various taxes. As economic activity proved to be more lively than had been forecast — the volume increase in the GDP at market prices was almost 7 ½ per cent in 1970 — it became clear that the estimated yield from taxation in the ordinary budget was too cautious. The budgeted expenditure, including supplementary budgets, amounted to 11 070 million marks or 7 per cent more than in 1969 (10 351 million marks).

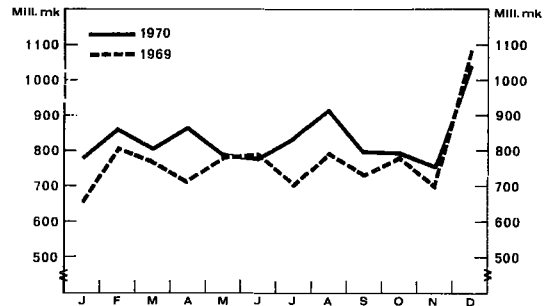
FINANCE ACCOUNTS

The enclosed chart shows how state revenue and expenditure and their cumulative difference developed in 1970 in comparison with the corresponding figures for 1969. In the first quarter there was a 12 per cent increase in revenue and a less than 10 per cent increase in expenditure on the corresponding period in 1969. The growth rate of revenue remained unchanged in the first half of the year whereas that of expenditure slowed down to slightly more than 8 per cent. Tax and similar revenue

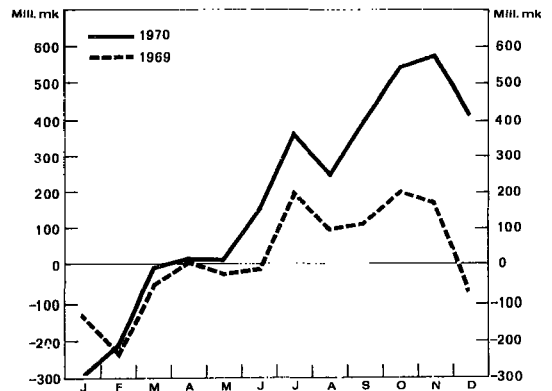
Revenue (excluding borrowing)



Expenditure (excluding redemption)



**Cumulative difference
(revenue minus expenditure)**



increased by 13 per cent; a large increase occurred e.g. in the yield from income and property taxation (17 ½ per cent) and in that from the sales tax (16 per cent). In the latter half of the year a more than 13 per cent increase was recorded in revenue while the growth of expenditure totalled only slightly more than 6 per cent. The revenue surplus increased considerably more rapidly during the latter part of 1970 than in the corresponding period in 1969 as shown by the curve standing for the cumulative difference between revenue and expenditure.

Table 1 displays the distribution of cash revenue and expenditure divided into their major categories (for a more detailed distribution see Bulletin No. 4, 1971, page 8). The increase in the yield from taxation and similar revenue was quite marked, more than 13 per cent. A higher than average growth occurred in the proceeds from income and property taxation and from the sales tax, approximately 17 per cent in both. The earnings of the State Alcohol Monopoly increased by one fourth. This is reflected in the sharp increase in the item »Other taxes and similar revenue». Although the prices of alcoholic beverages were raised at the beginning of the year, their consumption grew considerably. Income from customs tariffs and import charges grew by about 11 per cent in spite of the reductions in tariffs effected at the beginning of the year within the framework of the Kennedy Round for the volume of imports increased by 19 per cent and the value by 30 per cent on 1969. The yield from excise duties increased by less than average because the total income from the excise tax on tobacco was the same as in 1969.

On the expenditure side consumption expenditure increased by 11 per cent, which meant a considerable increase in the growth rate on the previous year when it had been 6 per cent. Wage and salary expenditure and pensions grew by 10 per cent or by the same rate as in the previous year whereas other consumption expenditure increased substantially after it had declined in the previous year. Transfer expend-

TABLE 1.
STATE CASH REVENUE AND EXPENDITURE

Revenue	1969	1970
	Million marks	
Total taxes on income and property	2 272	2 652
Sales tax	2 410	2 821
Customs duties and import charges	415	460
Export levy	128	—
Excise duties	1 272	1 368
Other taxes and similar revenue	1 802	2 109
Other revenue	767	821
Redemptions of loans granted	203	206
	<hr/>	
Total revenue	9 269	10 437
Borrowing	933	747
	<hr/>	
Total	10 202	11 184
Expenditure		
Consumption expenditure	2 604	2 887
Transfer expenditure	4 221	4 636
Real investment	1 308	1 258
Interest on State debt and index compensations	294	287
Other expenditure	68	46
Lending	686	668
Other financial investment	163	238
	<hr/>	
Total expenditure	9 344	10 020
Redemptions	735	679
Surplus	123	485
	<hr/>	
Total	10 202	11 184

iture grew by approximately 10 per cent. The greatest increase in this category took place in state subsidies to industries, which were for the major part due to excess production in agriculture. State support for local government also increased by more than average or slightly over 12 per cent. The greater part of these funds were intended for the maintenance of schools and hospitals. The growth in transfer expenditure was checked as there were no more refunds of the additional taxes paid on incomes and property which had been collected in 1964; in 1969 expenditure on this had amounted to 101 million marks. The reduction in real investment continued for the second subsequent year and the rate was 4 per cent in 1970. The growth in

»Other financial investment» was caused by the transfer of a 100 million marks to the government counter-cyclical fund.

Revenue (excluding borrowing) increased by almost 13 per cent and expenditure (excluding amortization) by more than 7 per cent. Thus revenue exceeded expenditure by 417 million marks.

EXPORT LEVY FUNDS

The collection of export levies was discontinued in 1969. Altogether 665 million marks had been collected (see Bulletin No. 8, 1970, page 24), of which the following amounts were used in 1969 and 1970:

	1969	1970	Remainder
	Million marks		
Purpose 1	86.0	23.8	0.1
Purpose 2	42.1	37.8	112.5
Purpose 3	163.2	6.8	0.3
Purpose 4	1.0	4.5	2.5
Purpose 5	—	—	2.2
Purpose 6	—	4.9	0.1
Total	292.3	77.8	117.7
Not appropriated			0.6
Left on deposit in the export levy account at the Bank of Finland			118.3

The distribution of the used export levy funds into the categories of Table 1 was the following:

	1969	1970	Remainder
	Million marks		
Transfer expenditure	16.7	12.9	4.9
Real investment	35.3	30.4	13.6
Lending	147.5	14.3	99.2
Other financial investment	92.8	20.2	—
Total	292.3	77.8	117.7
Not appropriated			0.6
Left on deposit in the export levy account at the Bank of Finland			118.3

STATE BORROWING

The marked improvement in state finances was also reflected in state borrowing in 1970. Sales of government bonds intended for public

subscription amounted to 438 million marks as against 530 million marks in 1969. The most important government loans were three bond issues made in the spring, each bearing a 7 ½ per cent interest rate and having a loan period of four years. The sales of these three issues totalled 245 million marks. In addition, a three-year loan was launched in October, which had a 7 ½ per cent interest rate and was sold to the amount of 159 million marks. At the very end of the year two loans were made to the Post Office Bank; their total value was 110 million marks. In addition, a 44 million mark insurance company loan and some other loans totalling 69 million marks were made in 1970. Domestic government bonds were sold up to the value of 662 million marks, i.e. 65 million marks less than in the previous year. As the amortization of domestic loans amounted to 541 million the net effect on the money market was slightly restrictive. State finances would have allowed considerably lower net borrowing but the overheating in the economy, which had resulted in a current account deficit, persuaded the Treasury to support the general monetary policy. Foreign borrowing consisted of only one DM loan, which was launched towards the end of the year. As the amortization of long-term foreign loans totalled 138 million marks there was a decrease in the State's total foreign liabilities.

The composition of the 1969 and 1970 surpluses is explained in Table 2.

TABLE 2. SHORT-TERM FINANCING

	1969	1970
	Million marks	
Net change in prepayments received and made etc.	— 12	—250
Private funds (decr. —)	+ 3	— 3
Short-term credit (decr. —)	—153	—163
Current account debt to the Post Office Bank (decr. —)	— 46	—138
Export levy account at the Bank of Finland (decr. +)	+164	+ 78
Cash, postal giro and cheque accounts (incr. —)	— 79	— 9
Surplus (—)	—123	—485

The state cash surplus was quite considerable in 1970. »Net change in prepayments received and made etc.« involved primarily an increase in the liquid funds of the State, which had been invested mainly in domestic assets. The amortization of short-term liabilities included a

reduction of short-term foreign debt by 51 million marks, which left the state with no more debt of this nature. A part of the surplus was also used for the re-payment of the current account debt to the Post Office Bank.

Finland's balance of payments January—March 1971. According to the preliminary figures of the Bank of Finland Institute for Economic Research total revenue on current account was 2 750 million marks and total expenditure 3 083 million in the first quarter of 1971. Thus there was a current account deficit of 333 million marks, which was 156 million marks more than in the corresponding period in 1970.

The value of commodity exports grew by 4.4 per cent and that of commodity imports by 9.8 per cent on the first quarter of 1970. The trade deficit, including the adjustment items, was 369 million marks. The trade deficit in the first quarter of 1970 had been 235 million marks. The use of these figures for purposes of comparison is difficult because of such special factors as e.g. the strike in the metal industry this year.

The service account surplus totalled 170 million marks. The development of both the travel and transport items was similar to that in the early part of the previous year. The travel account deficit grew by 4 million marks to 13 million if compared with the first quarter of 1970. The surplus on the transport account declined by 3 million marks to 165 million marks. This figure is, however, an estimate.

The deficit on the visible and invisible trade account was 199 million marks as against 80 million in the corresponding period one year

earlier. The net deficit due to interest payments and income transfers increased by 37 million marks to 134 million marks. Thus, as stated, there was a current account deficit of 333 million marks in the first quarter of 1971.

The net inflow of long-term capital grew strongly in the first quarter of 1971 and totalled 349 million marks at the end of it, i.e. 280 million marks more than at the end of March 1970. Drawings on long-term loans totalled 617 million marks and amortizations 233 million marks. Net claims due to long-term export credits have been estimated to amount to 15 million marks. The outflow of long-term capital in the form of direct investment was 37 million marks and the corresponding inflow 25 million.

There was a decline in short-term capital imports as a result of a decrease in the exceptionally high import liabilities which had accrued in the latter half of 1970. The net inflow in the first quarter was 241 million marks, i.e. 64 million marks more than in January—March 1970. By adding to this the Special Drawing Rights allocated by the International Monetary Fund and totalling 85 million marks we obtain an overall surplus of 342 million, which equals the growth in the country's total gold and foreign exchange reserves in January—March. The gold and foreign exchange reserves of the Bank of Finland increased by 314 million marks and the net foreign liability of the authorized banks declined by 28 million marks.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen

Absent as Prime Minister

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Senior officials

P.-E. Österlund

*Invisible transactions and
capital transfers*

A. Kajantie

Organization

Helge Lindström

Credits

A. Nenonen

Foreign correspondence

K. Eirola

Automatic Data Processing

K. Ignatius

Personnel

Eino Suomela

Internal Audit

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

Director

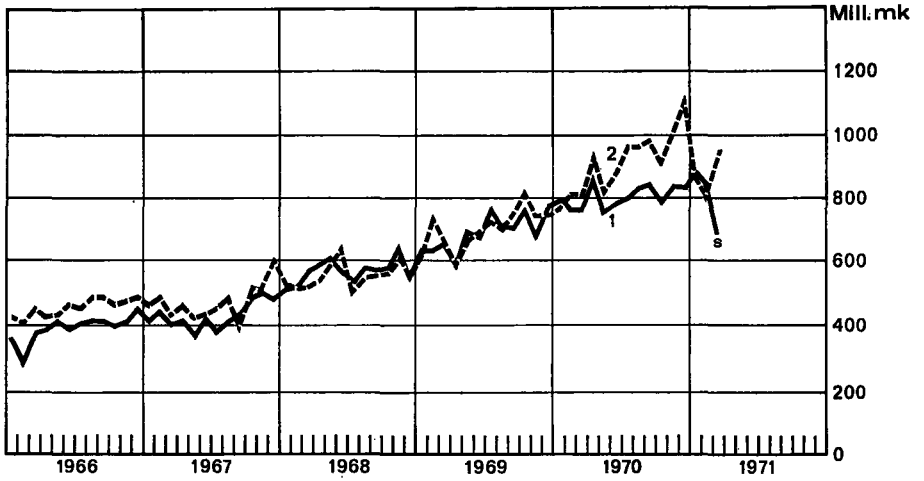
Markku Puntila

Head of department

Foreign trade, 1966 - 1971

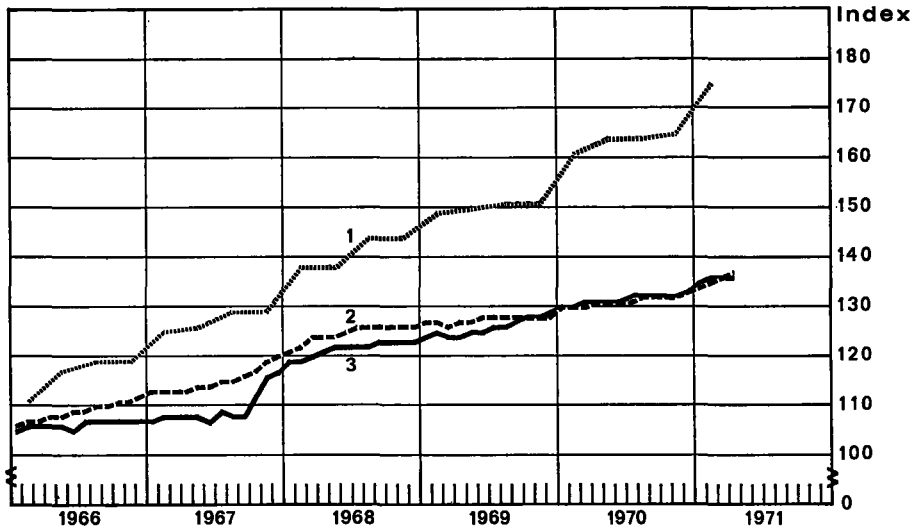
- 1. Exports f.o.b.
- 2. Imports c.i.f.

Seasonally adjusted monthly figures



Prices and wages, 1966 - 1971

- 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, 1966 - 1971

- 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

