



BANK OF FINLAND

Monthly Bulletin

Tourism

Public finance in 1971

New majority Government

Inflow of long-term capital in
January—June 1972

Investment capital flows in
January—June 1972

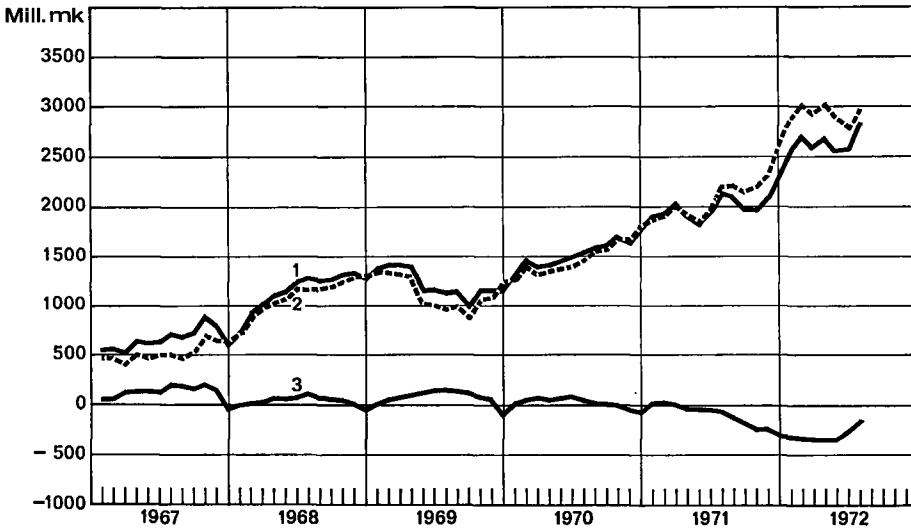
Mortgage Bank of Finland Oy raises
US\$ 20 million in Japan

Domestic bond issues

SEPTEMBER 1972

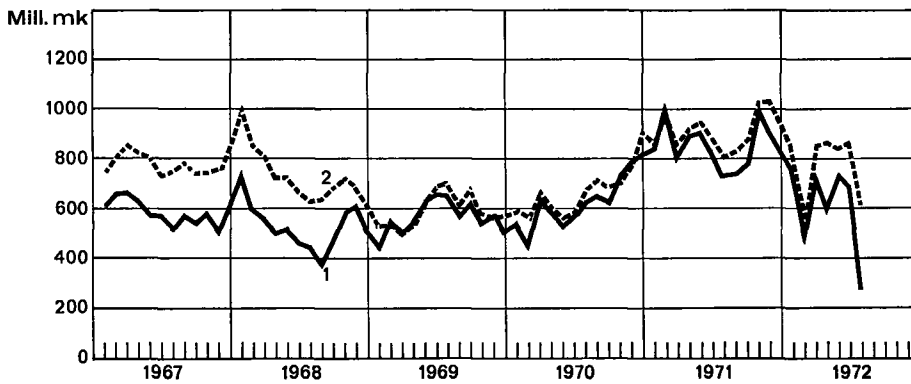
Vol. 46 No. 9

Bank of Finland foreign exchange reserve, 1967-1972



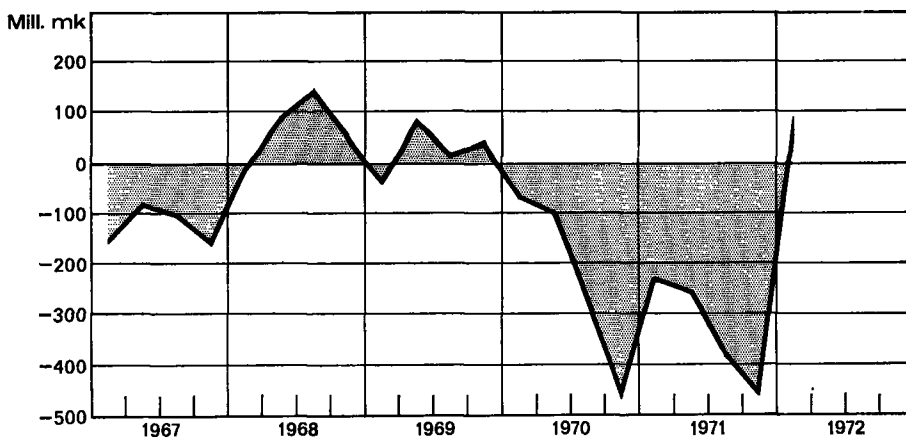
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1967-1972



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

Balance of payments current account surplus/deficit, 1967-1972



Seasonally adjusted quarterly figures

TOURISM

In the last few years, tourism has emerged as an industry of some importance in Finland and appears to have bright prospects for the future. Only four years ago, the share of tourism in total current account receipts was little more than 3 per cent, i.e. about one half the average for all OECD countries. Since then tourism's share in export receipts has doubled, and in 1971 receipts from tourism accounted for 1.5 per cent of GDP. Although travel expenditure abroad grew vigorously during this period, the chronic deficit on travel account has been eliminated. Tourism is becoming a source of net foreign exchange earnings and can greatly stimulate economic activity in the development regions of the north and east. The growth of domestic tourism, which is vital for the industry, has kept pace with the expansion of tourism from abroad.

Finland enjoys certain features which allow her to take advantage of the world-wide growth of tourism: spaciousness, natural beauty and proximity to the population centres of continental Europe. The rather late expansion of tourism in Finland may well be the result of the importance previously given to climatic conditions in the choice of a holiday trip. In light of the desire of the international travel industry to find new places of interest, one need not marvel at the fact that the number of tourists coming to Finland annually is rising at a very rapid rate.

Some special factors have helped boost the number of foreign visitors in the last few years. Since the devaluation of 1967, Finland has been fairly inexpensive for tourists, and this may have affected the travel balance favourably. In addition, improvements in facilities have made it possible to accommodate a growing number of tourists. There are numerous daily

sea and air services to and from Sweden. The expansion of ferry services across the Baltic as well as the introduction of direct charter flights have made it easier for Continental visitors to reach Finland, but here the demand has not yet been fully satisfied.

The consequences of the rampant growth of mass tourism are being recognized by the authorities, and it is already widely agreed that excessive growth may damage the very assets which attract travellers. The solution to this potential problem can be found in planning; the sensible use of areas for recreation on the one hand and conservation on the other.

As over 50 per cent of the travel between Finland and other countries takes place in the three months of June, July and August, increasing the capacity of hotels, motels, holiday villages, etc., may create economic problems. Nevertheless, efforts to extend the summer season to about five months and attempts to market winter holidays are meeting with success.

As a consequence of the creation of a common Nordic passport area in 1958, no statistics are available on the nationality of travellers arriving from other Nordic countries. The modest number of non-Scandinavians, 177 000 in 1971, arriving directly from outside the common passport area provides only very limited information on tourism in light of total arrivals from abroad of 3.7 million. It is worth noting, however, that the increase over the previous year of 20 per cent was twice that for the Nordic area as a whole. In direct arrivals statistics, passengers from West Germany were the largest group, with citizens of the United States second and those of the United Kingdom third. Figures from July, 1972 indicate that the rate of growth has continued.

TRAVEL ACCOUNT 1967—1971, MILL. MK

	Receipts	Expenditure	Net
1967	175	263	— 88
1968	282	290	— 8
1969	375	371	+ 4
1970	541	399	+142
1971	724	477	+247

One source of information on international travel is foreign exchange statistics. It is of interest to note that over 60 per cent of tourist receipts are in Swedish Kronor. This is largely a result of special factors quite independent

of pure tourism. A substantial part of these receipts arises from Finns working in Sweden who spend their holidays in Finland. It is also possible that some wage transfers are recorded in the travel statistics. Undoubtedly Finland has become more popular with the Swedes themselves. This is especially true of the Åland Islands, situated less than 100 miles from the Swedish capital. Finland's relative price advantage over Sweden attracts shoppers as well as tourists.

September 4, 1972

BANK OF FINLAND

Mill. mk

	1971		1972			
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 31
Assets						
Gold and other foreign assets	2 372	2 776	3 285	3 313	3 295	3 286
Gold	205	205	205	205	205	205
Special drawing rights	197	197	283	283	283	283
IMF gold tranche	268	268	268	268	268	268
Foreign exchange	1 580	1 950	2 310	2 339	2 329	2 317
Foreign bills	86	119	110	109	101	103
Foreign bonds	36	37	109	109	109	110
Claims on domestic banks	800	849	585	509	720	494
Discounted bills	785	848	563	501	703	488
Rediscounted bills	—	1	1	1	1	1
Cheque accounts	15	—	21	7	16	5
Other lending	379	340	303	302	303	303
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	214	121	63	62	63	63
Loans	165	219	240	240	240	240
Other assets	714	597	731	684	683	684
Finnish bonds	149	38	159	111	109	110
Finnish coin	15	14	26	27	28	28
Currency subscription to Finland's quota						
in the IMF	530	530	530	530	530	530
Other claims	20	15	16	16	16	16
	Total					
	4 265	4 562	4 904	4 808	5 001	4 767
Liabilities						
Notes in circulation	1 307	1 479	1 467	1 463	1 459	1 474
Liabilities payable on demand	182	358	615	521	731	479
Foreign exchange accounts	133	297	153	153	148	144
Mark accounts of holders abroad	9	30	31	32	31	31
Cheque accounts						
Treasury	14	2	40	37	40	43
Post Office Bank	11	2	377	288	500	249
Private banks	—	9	—	—	—	—
Other	4	3	3	0	1	1
Other sight liabilities	11	15	11	11	11	11
Term liabilities	995	905	1 060	1 056	1 050	1 048
Foreign	—	—	—	—	—	—
Domestic	995	905	1 060	1 056	1 050	1 048
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	173	174	258	258	258	258
Equalization accounts	406	400	250	255	247	251
Bank's own funds	672	716	724	725	726	727
Capital	600	600	600	600	600	600
Reserve fund	32	32	74	74	74	74
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	40	84	50	51	52	53
	Total					
	4 265	4 562	4 904	4 808	5 001	4 767

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
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
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1971									
June	2 011	59	1 952	653	526	2 079	—107	23	—130
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96
Oct.	2 227	246	1 981	664	530	2 115	— 92	22	—114
Nov.	2 364	261	2 103	668	530	2 241	— 90	39	—129
Dec.	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972									
Jan.	2 935	349	2 586	682	530	2 738	— 15	17	— 32
Feb.	3 080	360	2 720	695	530	2 885	— 3	26	— 29
March	2 991	370	2 621	708	530	2 799	— 3	30	— 33
April	3 079	372	2 707	707	530	2 884	— 3	37	— 40
May	2 941	370	2 571	725	530	2 766	— 3	32	— 35
June	2 865	282	2 583	732	530	2 785	— 3	36	— 39
July	3 028	181	2 847	748	530	3 065	— 3	35	— 38
Aug.	3 073	175	2 898	743	530	3 111	— 3	— 43	— 46

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1971			Net holdings, July 31, 1972			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.—July
	Gold	205	—	205	205	—	205	—
Special drawing rights	197	—	197	283	—	283	—	+86
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 920	143	2 063	2 236	176	2 412	+249	+349
Other currencies	—297	— 3	—300	—145	—15	—160	+ 94	+140
Total	2 293	140	2 433	2 847	161	3 008	+343	+575

BANK OF FINLAND

Mill. mk

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	
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	
1971	848	1	—	9	2	838	121	234	908	-553	1 479	
1971												
June	877	1	16	—	44	850	209	164	760	-387	1 355	
July	821	1	7	—	62	767	221	186	870	-463	1 341	
Aug	785	—	15	—	11	789	214	185	912	-513	1 307	
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322	
Oct.	1 097	1	5	—	79	1 024	188	207	950	-555	1 373	
Nov.	1 109	1	19	—	162	967	152	206	929	-571	1 396	
Dec.	848	1	—	9	2	838	121	234	908	-553	1 479	
1972												
Jan.	714	1	22	—	71	666	117	226	1 002	-659	1 369	
Feb.	522	1	18	—	101	440	116	238	977	-623	1 377	
March	786	1	—	5	48	734	89	242	1 110	-779	1 423	
April	807	1	5	—	207	606	85	249	1 087	-753	1 451	
May	796	1	6	—	74	729	79	254	1 067	-734	1 450	
June	860	1	—	6	154	701	67	261	1 096	-768	1 555	
July	616	1	19	—	347	289	63	256	1 072	-753	1 513	
Aug.	488	1	5	—	249	245	63	256	1 057	-738	1 474	

¹ Including special index accounts.² Including cash reserve accounts.SELLING RATES FOR FOREIGN EXCHANGE¹

Mk

Aug. 31, 1972

New York ²	1 \$	4.136	Frankfurt o. M.	100 DM	129.79	Vienna	100 S	17.99
Montreal	1 \$	4.210	Amsterdam	100 Fl	128.35	Lisbon	100 Esc	15.46
London	1 £	10.135	Brussels	100 Fr	9.425	Reykjavik	100 Kr	4.75
Stockholm	100 Kr	87.60	Zurich	100 Fr	109.50	Madrid	100 Pta	6.53
Oslo	100 Kr	63.35	Paris ³	100 FF		Moscow ⁴	1 Rbl	4.960
Copenhagen	100 Kr	60.10	Rome	100 Lit	0.7121			

¹ Rates for New York and Moscow are official, others unofficial.² As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.³ 82.75 commercial rate; 86.00 financial rate.⁴ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

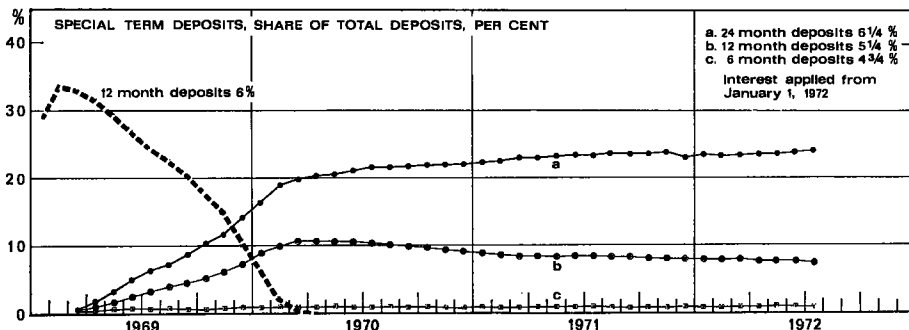
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1965	676.9	843.7	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	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971*	1 343.2	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1971*

June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 342.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3
Dec.	1 343.5	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4

1972*

Jan.	1 456.2	1 805.2	721.2	6 970.3	5 480.9	3 930.1	1 520.8	648.4	18 550.5	21 076.9
Feb.	1 456.3	1 820.1	772.5	7 021.9	5 540.5	4 008.4	1 548.9	658.5	18 778.2	21 370.8
March	1 421.2	1 767.8	782.6	7 052.8	5 572.5	4 040.8	1 566.2	663.4	18 895.7	21 446.1
April	1 374.8	1 714.7	798.0	7 112.5	5 611.9	4 080.0	1 577.5	670.2	19 052.1	21 564.8
May	1 497.3	1 882.8	763.6	7 206.3	5 662.4	4 133.3	1 586.1	674.5	19 262.6	21 909.0
June	1 542.5	1 927.3	850.0	7 236.5	5 675.7	4 106.5	1 599.3	674.5	19 292.5	22 069.8
July	1 655.1	2 046.3	779.9	7 341.4	5 728.4	4 150.2	1 619.5	677.1	19 516.6	22 342.8

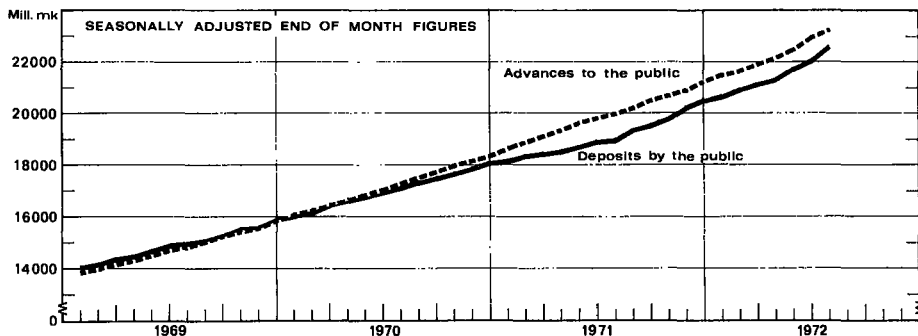


ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank ¹	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1965	4 597.4	2 609.2	2 030.6	707.4	899.4	10 420.4	423.6	10 844.0	2 074
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971*	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	4 025
1971									
June	8 452.4	4 544.1	3 574.2	1 570.8	1 640.2	19 023.2	758.5	19 781.7	3 423
July	8 477.7	4 569.8	3 608.1	1 602.3	1 658.7	19 146.5	770.1	19 916.6	3 298
Aug.	8 539.0	4 604.7	3 631.4	1 668.0	1 660.1	19 327.4	775.8	20 103.2	3 384
Sept.	8 811.6	4 655.6	3 686.1	1 742.1	1 657.0	19 747.3	805.1	20 552.4	3 415
Oct.	8 956.0	4 712.2	3 739.1	1 755.6	1 662.5	20 026.2	799.2	20 825.4	3 495
Nov.	9 071.0	4 770.5	3 793.6	1 737.0	1 760.3	20 352.2	780.2	21 132.4	3 606
Dec.	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	4 025
1972*									
Jan.	9 262.7	4 851.8	3 884.0	1 782.7	1 808.1	20 838.9	750.4	21 589.3	3 821
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	3 930
March	9 417.3	4 912.2	3 941.0	1 838.6	1 831.1	21 144.3	795.9	21 940.2	3 950
April	9 583.6	4 954.0	3 976.1	1 879.5	1 869.7	21 432.3	830.6	22 262.9	3 964
May	9 671.5	5 011.3	4 034.2	1 918.8	1 908.3	21 725.5	818.6	22 544.1	4 018
June	9 887.3	5 052.3	4 074.7	1 943.4	1 975.1	22 074.8	858.0	22 932.8	4 275
July	9 867.9	5 101.2	4 124.7	1 963.3	2 086.5	22 332.1	811.5	23 143.6	4 247

¹ New series.



STATE FINANCES

Mill. mk

Revenue	Jan.—June		Expenditure	Jan.—June	
	1971	1972		1971	1972
Income and property tax (net)	1 818	2 194	Wages, salaries, pensions etc.	997	1 114
Gross receipts	(4 086)	(4 675)	Repair and maintenance	135	140
Refunds & local authorities	—(2 268)	—(2 481)	Other consumption expenditure	453	510
Other taxes on income and property	39	40	Total consumption expenditure	1 585	1 764
Employers' child allowance payments	211	209	State aid to local authorities	812	915
Sales tax	1 470	1 733	State aid to industries	626	730
Revenue from Alcohol Monopoly	370	345	of which: agric. price subsidies	(477)	(536)
Customs duties & import charges	198	202	Child allowances	174	185
Counter-cyclical tax	42	2	Share in national pensions and health insurance	99	122
Excise duty on tobacco	202	234	Other transfer expenditure	604	801
» » on liquid fuel	327	358	Total transfer expenditure	2 315	2 753
Other excise duties	132	158	Machinery and equipment	159	238
Tax on autom. and motor cycles	206	211	House construction	105	145
Stamp duties	114	136	Land and waterway construction	300	447
Special diesel etc. vehicles tax	27	31	Total real investment	564	830
Other taxes and similar revenue ¹	55	136	Interest on State debt	140	149
Total taxes	5 211	5 989	Index compensations	15	16
Miscellaneous revenue	277	561	Net deficit of State enterprises	109	49
Interest, dividends etc.	133	175	Other expenditure	3	7
Sales and depreciation of property	46	—	Total other expenditure	267	221
Redemptions of loans granted	132	108	Increase in inventories	28	+35
Total revenue	5 799	6 833	Lending	319	420
Foreign borrowing	0	137	Other financial investment	301	126
Domestic borrowing	287	293	Total expenditure	5 379	6 149
Total borrowing	287	430	Redemption of foreign loans	57	74
Deficit (+) or surplus (—)	—414	—703	Redemption of domestic loans	236	337
			Total redemptions	293	411
Total	5 672	6 560	Total	5 672	6 560

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1969	1970	1971	1972			
	Dec.	Dec.	Dec.	Apr.	May	June	July
Foreign debt	1 656	1 557	1 524	1 631	1 626	1 616	1 581
Loans	2 316	2 437	2 467	2 451	2 441	2 428	2 443
Compensatory obligations	4	3	2	2	2	2	2
Short-term credit	158	46	61	60	60	60	..
Cash debt (net)	—217	—284	—528	—485	—499	—548	..
Domestic debt	2 261	2 202	2 002	2 028	2 004	1 942	..
Total State debt	3 917	3 759	3 526	3 659	3 630	3 558	..
Total debt, mill \$	933	900	849	884	877	860	..

FOREIGN TRADE

Mill. mk

Value 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	11 071.4	-1 384.7
1971*	9 897.2	11 734.4	-1 837.2

1971*

Aug.	809.6	881.1	- 71.5
Sept.	858.0	1 108.8	-250.8
Oct.	921.1	1 074.6	-153.5
Nov.	961.2	1 023.6	- 62.4
Dec.	1 017.6	1 458.9	-441.3

1972*

Jan.	872.3	957.5	- 85.2
Feb.	963.2	958.7	+ 4.5
March	1 049.9	1 036.0	+ 13.9
April	856.9	1 092.7	-235.8
May	891.6	1 080.3	-188.7
June	1 122.7	1 118.0	+ 4.7

Jan.-June

1971*	4 483.2	5 319.0	-835.8
1972*	5 756.6	6 243.2	-486.6

Indices of exports and
imports 1962 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1966	122	135	112	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104

1970

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

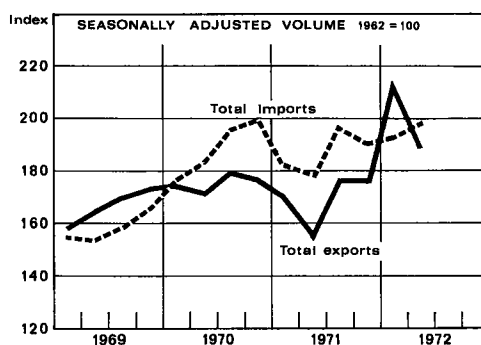
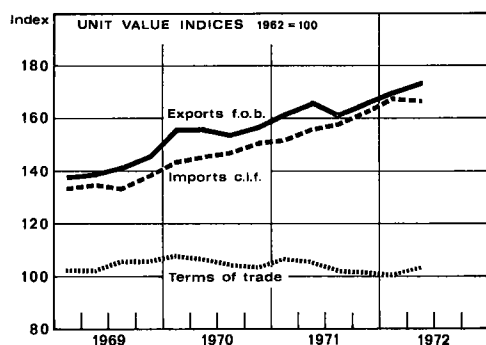
1971

Jan.-Mar.	152	169	162	152	107
Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102

1972¹

Jan.-Mar.	192	179	170	168	101
Apr.-June	187	200	174	167	104

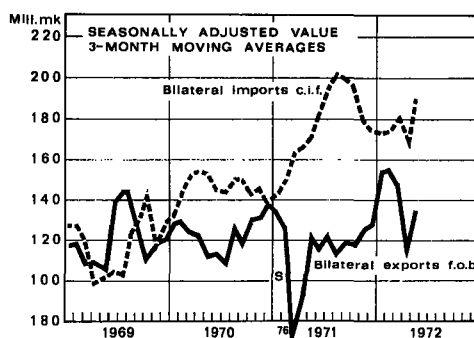
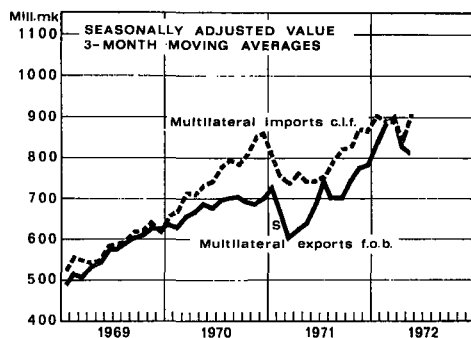
¹ The 1972 figures have been calculated by converting the final 1971 Fisher index with the percentage change in the 1972-1971 Laspeyres index.



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	4 918.2	1 243.4	2 905.5	2 004.3
1971*	546.8	88.5	1 653.3	3 720.7	2 323.0	1 564.9	4 638.6	1 556.5	3 428.4	2 110.9
1971*										
Aug.	37.9	13.7	148.5	287.5	187.6	134.4	344.9	171.7	213.9	150.6
Sept.	47.5	7.4	149.1	305.6	187.5	160.9	460.0	163.7	278.0	207.1
Oct.	45.0	8.0	166.1	351.0	196.3	154.7	434.3	142.3	317.3	180.7
Nov.	47.3	7.3	165.5	322.5	255.3	163.3	412.4	133.4	291.7	186.1
Dec.	74.5	6.6	168.6	359.5	254.8	153.6	601.7	175.5	431.1	250.6
1972*										
Jan.	72.8	3.2	132.7	320.7	226.5	116.4	360.8	136.6	294.4	165.7
Feb.	38.5	3.9	115.4	341.4	312.4	151.6	387.3	84.5	290.9	196.0
March	88.3	0.7	114.3	377.9	287.4	181.3	439.6	76.7	279.6	240.1
April	32.6	3.4	118.5	309.8	235.5	157.1	395.6	104.7	364.7	227.7
May	64.6	3.5	127.7	268.7	273.9	153.2	419.3	125.7	318.3	217.0
June	47.5	5.3	153.3	371.2	375.5	169.9	463.4	158.4	290.8	205.4
Jan.-June										
1971*	261.6	36.5	695.6	1 806.8	969.6	713.1	2 028.9	633.0	1 671.7	985.4
1972*	344.3	20.0	761.9	1 989.7	1 711.2	929.5	2 466.0	686.6	1 838.7	1 251.9



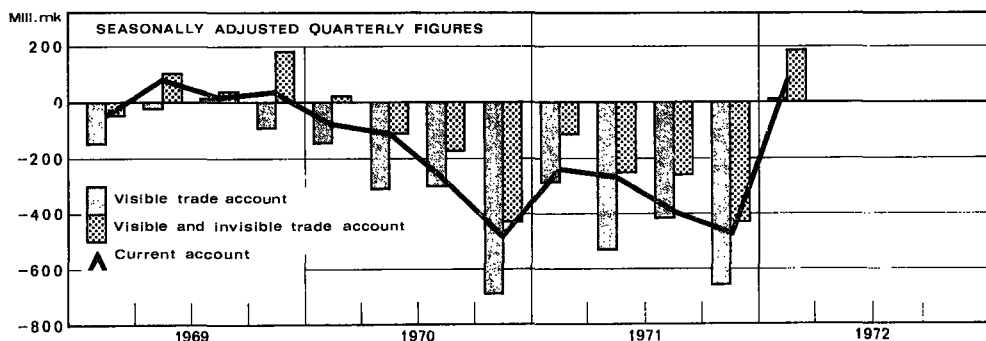
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January — June				January — June			
	1971*		1972*		1971*		1972*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.3	3 194.8	72.8	4 190.5	74.3	3 952.3	75.2	4 695.2
Austria	0.9	41.8	0.9	49.9	1.5	80.1	1.5	91.0
Belgium-Luxembourg	1.8	79.1	1.6	95.0	1.6	87.4	1.9	116.6
Denmark	3.9	176.4	3.5	200.6	3.4	178.7	3.1	194.7
France	4.0	178.8	3.9	224.8	3.3	176.8	4.0	252.8
Federal Republic of Germany	10.6	477.7	10.1	580.9	17.2	912.6	18.1	1 127.5
Italy	2.2	97.9	1.6	90.5	2.1	112.7	2.0	126.1
Netherlands	4.3	192.5	3.4	194.3	3.5	186.1	3.6	226.2
Norway	3.4	153.1	4.3	246.9	2.6	136.2	2.8	177.4
Portugal	0.3	12.0	0.3	15.2	0.6	32.5	0.7	44.8
Spain	0.9	42.2	0.9	54.6	0.7	35.9	0.7	42.5
Sweden	15.7	703.0	19.9	1 144.5	18.6	992.2	18.7	1 168.0
Switzerland	2.1	92.8	2.1	120.5	3.6	190.5	3.3	206.5
United Kingdom	19.3	863.6	17.8	1 025.6	15.3	816.4	14.5	902.5
Other	1.9	83.9	2.5	147.2	0.3	14.2	0.3	18.6
OECD countries outside Europe	6.3	284.4	6.5	373.3	7.3	388.3	6.5	407.4
Canada	0.7	31.4	0.9	50.1	0.2	13.6	0.3	18.2
Japan	0.1	6.6	0.4	22.5	2.6	137.1	1.8	115.4
United States	5.5	246.4	5.2	300.7	4.5	237.6	4.4	273.8
Eastern Bloc	14.4	643.3	14.3	826.8	16.2	861.7	15.1	942.6
Czechoslovakia	0.7	29.3	0.5	30.6	0.5	23.9	0.5	29.2
Democratic Republic of Germany	0.6	27.1	0.4	25.0	0.5	28.7	0.6	37.2
People's Republic of China	0.5	22.5	0.4	22.4	0.5	28.3	0.3	19.8
Poland	1.1	50.9	0.8	48.1	1.8	95.1	0.9	54.0
Soviet Union	10.6	475.7	11.5	659.8	12.4	659.1	11.8	736.1
Other	0.9	37.8	0.7	40.9	0.5	26.6	1.0	66.3
Latin America	2.6	117.5	2.0	114.1	0.8	41.3	1.7	103.3
Argentina	0.9	38.2	0.4	20.1	0.2	8.3	0.2	9.4
Brazil	0.6	28.7	0.8	44.1	0.0	0.6	0.5	28.5
Colombia	0.3	12.4	0.1	7.4	0.0	1.3	0.5	32.5
Other	0.8	38.2	0.7	42.5	0.6	31.1	0.5	32.9
Other	5.4	243.2	4.4	251.9	1.4	75.4	1.5	94.7
GRAND TOTAL	100.0	4 483.2	100.0	5 756.6	100.0	5 319.0	100.0	6 243.2
of which								
EFTA countries	45.7	2 050.2	48.9	2 812.2	45.8	2 435.5	44.7	2 793.2
EEC countries	22.9	1 026.0	20.6	1 185.5	27.7	1 475.5	29.6	1 849.1
OECD countries	77.6	3 479.2	79.3	4 563.8	81.6	4 340.6	81.7	5 102.6

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
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	- 1	-1 422
Jan.-Mar										
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970 ^f	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
1972*	2 871	2 959	- 88	+219	+ 3	+ 6	+140	-144	-23	- 27
Apr.-June										
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970 ^f	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971*	2 291	2 777	-486	+175	+ 47	+21	-243	-118	- 1	-362
July-Sept.										
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970 ^f	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971	2 502	2 883	-381	+178	+166	+16	- 21	-120	- 4	-145
Oct.-Dec.										
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970 ^f	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971	2 884	3 566	-682	+109	+ 47	+10	-516	-104	+ 5	-615

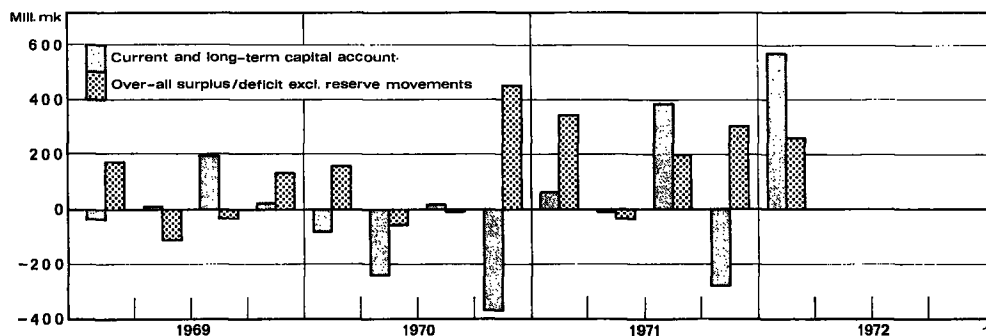


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 055	-723	-180	- 51	+101	+188	+284	-311	- 6	+155	+115	-270
+1 479	- 694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 ²	+806	-555	-251
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 610	-228	- 5	-18	+359	+ 59	+ 20	+329	- 66	+342	-314	- 28
+ 988	-273	-115	+17	+597	+570	-152	- 27	-130 ²	+261	-327	+ 66
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 595	-200	- 11	-29	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 868	-252	- 89	+ 5	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 657	-175	-103	- 43	+336	-279	+564	-297	+314	+302	-305	+ 3

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

¹ Including Direct investment, net.

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



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
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
1971	312	315	302	309	361	304	346	295	303	149	162	134
1971												
Nov.	319	322	308	314	377	312	354	299	312	153	170	137
Dec.	319	322	307	314	378	309	352	299	312	154	170	137
1972												
Jan.	323	325	315	317	390	312	352	302	318	154	170	137
Feb.	328	331	319	320	394	323	357	306	326	154	170	137
March	330	334	317	321	394	326	360	309	326	154	170	137
April	334	337	321	324	395	330	364	313	329	157	174	140
May	335	338	322	326	397	329	365	313	330	162	187	140
June	335	338	322	325	400	331	366	313	331	162	187	140
July	339	343	325	329	401	337	373	318	333	163	187	142

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
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
1971	237	186	122	121	119	112	125	141	119	125	119	125
1971												
Nov.	244	192	126	124	120	114	131	144	124	131	123	127
Dec.	245	192	126	124	120	114	131	144	124	132	123	128
1972												
Jan.	242	190	125	124	120	115	126	145	121	128	125	128
Feb.	245	192	126	126	120	115	126	147	122	131	126	129
March	247	194	127	127	120	116	126	147	122	133	127	131
April	251	197	129	131	126	117	128	148	123	133	127	133
May	253	199	130	131	126	117	131	147	125	134	129	135
June	254	199	131	132	126	118	131	148	126	134	129	135
July	256	201	132	134	126	118	132	146	126	138	129	137

WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries			By institutional sectors				All salary earners	All wage earners	All employ-ees
	Wage earners in			Employ-ees in services	State employ-ees	Municipal employ-ees	Employ-ees in private sector			
	Agri-culture	Manu-factur-ing	Con-struction							
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1971*	210	195	195	180	176	178	188	171	195	185
1970										
July-Sept.	180	171	172	164	162	165	166	158	171	165
Oct.-Dec.	187	175	179	165	162	165	168	158	174	167
1971*										
Jan.-Mar.	200	184	182	176	173	174	180	169	185	178
Apr.-June	210	193	193	177	175	175	188	169	195	183
July-Sept.	211	199	200	180	178	179	192	172	200	188
Oct.-Dec.	220	205	206	185	181	184	196	177	204	192
1972*										
Jan.-Mar.	229	205	206	186	182	186	196	177	205	193

PRODUCTION

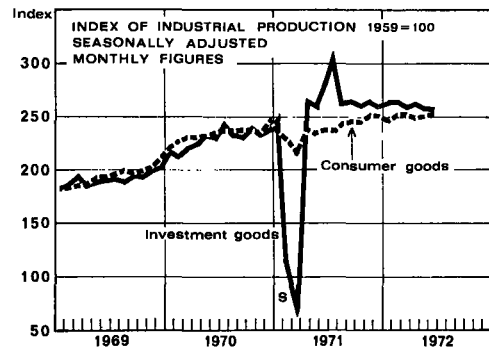
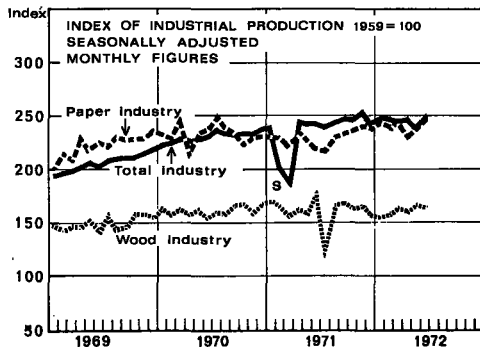
Volume indices of production 1964 = 100

Period	Gross domestic product	Indus-trial production	Agri-culture	For-estry	House construction	Land and waterway construction	Trans-port and communi-cations	Commer-ce, banking and insurance	Own-ership of dwell-ings	Public admin. and defence	Services
1969	123	138	97	102	123	104	124	123	123	123	127
1970	132	154	96	111	141	98	132	132	129	128	134
1971*	135	158	96	106	137	97	134	139	136	134	140
1971*											
Apr.-June	136	161	86	119	129	98	135	142	135	133	140
July-Sept.	138	150	175	55	161	99	138	135	136	134	140
Oct.-Dec.	139	173	66	90	164	97	136	148	138	135	142
1972*											
Jan.-Mar.	139	175	59	133	101	101	132	144	141	138	146
Apr.-June	141	168	85	109	137	104	141	146	142	138	147

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	
1968	182	175	191	164	163	132	202	253	240	177	181
1969	207	194	214	196	173	151	223	285	281	199	207
1970	232	230	223	235	182	164	234	336	341	233	232
1971*	238	235	229	241	192	164	231	363	360	231	238
1971*											
April	246	268	230	252	187	179	213	410	339	259	246
May	245	261	232	244	189	174	223	385	365	257	244
June	237	269	221	245	207	176	198	348	367	267	244
July	183	172	188	166	177	106	217	311	324	154	242
Aug.	241	246	229	252	192	138	241	331	381	242	245
Sept.	256	283	244	258	192	170	241	374	378	278	248
Oct.	264	288	256	257	229	173	250	375	394	282	248
Nov.	269	289	260	264	234	166	251	389	370	283	256
Dec.	251	274	242	250	188	159	223	375	305	272	245
1972*											
Jan.	257	286	246	249	171	164	256	418	308	277	249
Feb.	258	280	245	257	175	171	245	402	321	273	248
March	277	295	261	280	190	188	262	423	372	287	245
April	254	270	236	265	183	180	218	386	349	267	248
May	259	271	242	271	213	191	231	394	350	270	250
June	244	247	226	262	207	164	220	371	340	250	251



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
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	2 194	2 153	41	1.9	39 267	114	130	125
1971*	2 199	2 150	49	2.2	36 238	118	137	122
1971*								
May	2 185	2 135	50	2.3	3 157	135	149	119
June	2 347	2 308	39	1.7	2 408	118	133	124
July	2 360	2 315	45	1.9	1 092	129	139	127
Aug.	2 285	2 243	42	1.8	1 290	124	160	130
Sept.	2 194	2 154	40	1.8	1 794	115	149	124
Oct.	2 179	2 138	41	1.9	2 274	120	142	128
Nov.	2 177	2 131	47	2.2	2 616	117	144	123
Dec.	2 175	2 122	53	2.4	3 233	156	155	121
1972*								
Jan.	2 134	2 063	71	3.3	3 009	110	126	121
Feb.	2 128	2 055	73	3.4	3 927	110	137	116
March	2 126	2 053	73	3.4	4 658	119	152	125
April	2 142	2 078	64	3.0	3 774	114	143	125
May	2 192	2 141	51	2.3	2 842	123	152	130
June	2 358	2 306	52	2.2	1 854

CONSTRUCTION OF BUILDINGS

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											
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	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	26.0	37.00	15.67	3.12	13.71	2.91	37.64
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.65	3.05	0.49	2.22	0.73	32.98
Apr.-June	13.59	5.54	1.59	5.06	0.58	7.89	3.23	0.38	3.46	0.50	37.90
July-Sept.	12.90	6.66	0.61	4.18	0.89	8.78	3.65	1.01	2.64	0.84	41.76
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	12.67	5.35	1.12	5.03	0.76	37.64
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.75	3.16	0.33	3.34	0.73	34.01

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *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

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.

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

STATE FINANCES

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

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *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. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Not available
- Nil
- S affected by strike

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden 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 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish Farmers' Party 18, Swedish Party 10, Liberal Party 7 and Christian League 4.

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 (1970): 4.6 million. Sweden 8.0, Switzerland 6.3, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1970:.) In South Finland 43.5, in East and Central Finland 14.2, in North Finland 4.0 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1970): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 517 000 inhabitants, Tampere (Tammerfors) 156 400, Turku (Åbo) 153 300.

EMPLOYMENT (1970): Agriculture and forestry 23 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1970): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 8 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1970): births 14.0 ‰, deaths 9.6 ‰, change — 3.7 ‰, net emigration 8.0 ‰. Deaths in France 10.6 ‰ and Great Britain 11.8 ‰.

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 (1970). 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 remaining 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 calculated according to the use of wood was 50,7 million cu. m excl. bark (1 791 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 (1970): Gross value of industrial production 35 577 mill. marks, number of workers 502 981, salaried employees 103 449, motive power (1970) 5.1 mill. kW. Index of industrial production 238 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1972): Length 5 874 km.

MERCHANT FLEET (July 31, 1972): Steamers 39 (43 719 gross reg. tons), motor vessels 391 (806 870 gross reg. tons), tankers 59 (733 446 gross reg. tons), sailing vessels with auxiliary engines 3 (499 gross reg. tons). Total 492 (1 584 534 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1971): Passenger cars 753 000, lorries and vans 113 600, buses 8 200, others 5 200. Total 880 000.

FINNISH AIRCRAFT (May 1972): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 2 DC-8s, 8 Super Caravelles 8 DC-9s and 7 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 17 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). Since Dec. 20, 1971 a temporary central rate of 4.10 marks to one U.S. dollar has been applied.

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, 1971). There are two big and five small commercial banks with in all 833 offices, 306 savings banks, 424 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1972). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 7 ³/₄ %. The range of rates for other credits granted by the Bank of Finland is between 6 and 9 %. Other credit institutions: term deposits 4 ¹/₄ %, 6 month deposits 4 ³/₄ %, 12 month deposits 5 ¹/₄ %, 24 month deposits 6 ¹/₄ %; highest lending rate 11 %.

PUBLIC FINANCE IN 1971

by Katarina Franssila, M.Pol.Sc.,

Economic Department of the Ministry of Finance

THE STATE BUDGET IN 1971

When the budget for 1971 was being prepared, the peak in the domestic boom had already been passed. However, it was expected that total production would still expand quite vigorously in the first half of 1971. Some discomfiting features marred the economic outlook: the growth rate of exports was slackening and the current deficit was growing precipitously. Moreover, it became increasingly difficult to fill vacancies in population centres even though unemployment was increasing in the development regions as a consequence of the slow-down in the growth of production and the decline in net emigration. On the whole, however, the unemployment rate was forecast to increase only slightly.

The major target for the budget was to secure continued balanced economic growth. Because of the current account deficit, it was not deemed appropriate to increase total demand through state finances in the first part of 1971. Instead, state construction projects were timed for the latter part of the year and state loans were made available for the same period, in order to maintain employment in the event this would be necessary.

No conclusion had been reached in the incomes policy negotiations at the time the budget was being prepared. In order to help clear the way for reaching a new agreement, the government proposed that revenue rates be kept largely unchanged. However, a rise in the excise duty on liquid fuels was suggested, mainly for reasons of traffic policy. An increase in railway tariffs was also envisaged in order to curb the growth in the deficit of the State Railways.

According to previous stipulations, corporate taxation was reduced by 4 percentage points

to 43 per cent at the beginning of 1971. Customs tariffs were also cut at the beginning of the year on the basis of the Kennedy Round agreement. Taxation of lottery winnings was revised. The passenger tax, which had been levied in 1968—1970, was removed. In connection with the 1971 budget, the Government proposed that the financing of social welfare be re-arranged. The social security contribution of employers was raised from 6.75 per cent to 7.25 per cent, and the allocation of this revenue between the state budget (child allowance contribution) and the National Pensions Institute (national pension and health insurance contributions) was changed. The share of child allowance fees was cut to one half, and a corresponding increase was made in the share of national pension fees. As a result, state revenue declined by about 350 million marks, and expenditure fell as a result of the smaller share of the central government in national pension expenditure.

The total budget proposal was 10 956 million marks, which exceeded the 1970 budget by 6.4 per cent. The growth of expenditure was relatively small because of the above-mentioned re-organization of the financing of social security; this arrangement reduced social security expenditure in the budget proposal by 15 per cent in comparison with the corresponding items in the ordinary budget for 1970. The greatest percentage increase occurred in investment expenditure; the increase in real investment (investment in construction and machinery) was mainly a result of the anticipated rise in unemployment, whereas financial investment was mostly affected by housing appropriations and investment in state-owned companies, which was designed to further structural change in the economy. During consideration by Parliament, total budgetary

expenditure was raised to 11 004 million marks. The three supplementary budgets, passed later in the year, raised total expenditure to 11 944 million marks, which was 8 per cent more than total expenditure in 1970.

The comprehensive incomes policy recommendation made at the end of 1970 led to an excise duty on certain types of margarine, approved by Parliament in the ordinary budget, and a special counter-cyclical tax on the wood-processing industry. The returns from the tax were to be deposited on a blocked account at the Bank of Finland and used only as provided by law: to finance forest improvement, to build rental housing and to promote vocational training. The estimated yield from the counter-cyclical tax, and the corresponding funds made available by the law, were budgeted in the first supplementary budget for 1971. At the close of the year, the counter-cyclical tax funds on the blocked account at the Bank of Finland totalled 114 million marks. On the basis of the first supplementary budget, 150 million marks was transferred to the Government counter-cyclical fund and subsequently invested in short-term foreign claims.

During the spring 1971 it became clear that the current account deficit would increase considerably and hobble seriously the expansive economic policy. In order to steer the growth of consumption demand away from products with a high import content, the Government submitted a bill to Parliament proposing a supplementary 15 per cent sales tax on certain commodities. Parliament enacted this law and the supplementary sales tax was in force until the end of 1971. Although the effect of the tax was weakened by increased purchases of the commodities liable to the tax before the enforcement of the law and after its expiration, the demand for durable consumer goods, particularly passenger cars, was restrained materially.

In order to restore the competitiveness of domestic products, a special import-equalization tax was levied on imported goods, so that the tax treatment of these items would be

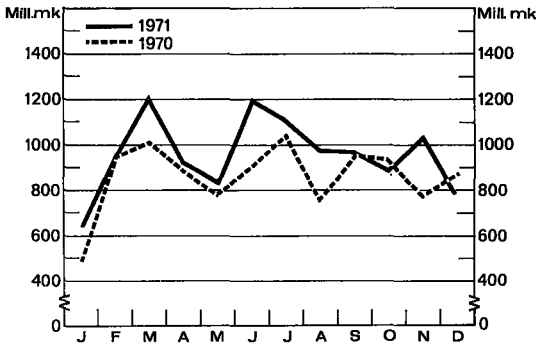
analogous to that of domestic goods. The new tax equalled the sales tax hidden in the prices of domestic products. The tax was collected until the end of 1971 on the basis of this law; at the end of 1971, a new law for 1972 was introduced, but it did not differ substantially from the previous one.

The fiscal and monetary policy measures which were taken during the first half of 1971 were mainly aimed at channelling demand towards domestic products and at stimulating saving. However, at the same time it was apparent that the growth of total output would decelerate considerably more than had been expected at the time the budget was prepared; this was partly caused by lengthy strikes in the metal industry and in construction during the first months of the year, but even more by the slackening of export demand and investment. In order to encourage investment, it was decided that the counter-cyclical reserves of the private sector could be released from the autumn of 1971 onwards. Other measures of fiscal and monetary policy were also taken to revive investment and to maintain employment.

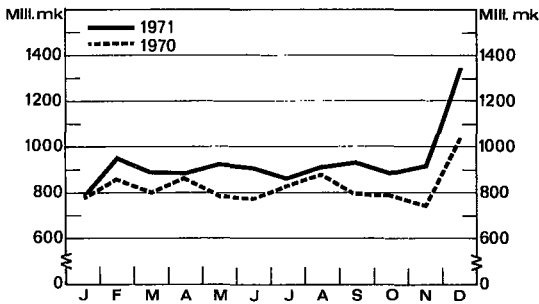
During the first half of 1971, the employment situation did not show any clear signs of worsening. However, towards the end of the year, unemployment increased rapidly, particularly in the northern and eastern parts of the country. To improve the employment situation the Government was forced to finance more projects than had been originally foreseen. Hence employment appropriations occupied a place of importance in the supplementary budgets. During the latter half of the year, the number of persons employed in projects financed by these appropriations totalled about 41 000, which was 3 000, or 7 per cent, more than during the corresponding period of the previous year. Simultaneously, vocational training courses for unemployed people were continued: most of the courses were organized for metal and textile workers. Attempts were made to increase the regional mobility of the labour force, by such measures as granting relocation subsidies and building temporary quarters for newly-settled workers. According

MONTHLY STATE CASH REVENUE AND EXPENDITURE AND THEIR CUMULATIVE DIFFERENCE IN 1970 AND 1971

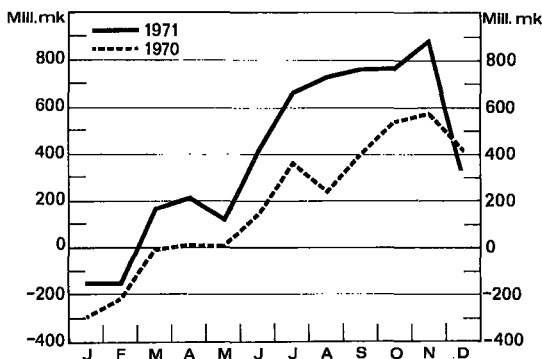
Revenue (excluding borrowing)



Expenditure (excluding redemption)



**Cumulative Difference
(revenue minus expenditure)**



to the law, 75 million marks of the yield from the above-mentioned counter-cyclical tax was earmarked for financing rental housing in regions where a dearth of housing restricted the supply of labour.

The budget for 1971 contained several appropriations which were designed to increase the demand for labour in development regions, thus promoting a regional balance between the demand for and the supply of labour. The most important of these measures was the founding of the Regional Development Fund for financing entrepreneurial activity in development regions. (See Bulletin No. 8/1971).

In the ordinary 1971 budget, 580 million marks was set aside for financing housing loans. The ceiling for loans to be granted was put at 520 million marks in the ordinary budget, but as the employment situation deteriorated, the maximum was raised by 60 million marks in the third supplementary budget. Furthermore, the Government authorized the Ministry of Housing to grant in 1971 as much as 40 million marks of the housing loans for 1972. According to preliminary reports, 50 500 dwellings were completed in 1971, which is 700 dwellings more than in the previous year; about 22 500 of these were supported by state loans. The increase in the number of completed dwellings was entirely attributable to state-supported building. The share of state-supported dwelling in total production rose to 44 per cent, as against 42 in 1970 and 47 in 1969.

The incomes policy agreements made at the end of 1970 contained recommendations on target prices for agricultural products; attention was also paid to the problems of balancing the supply of and demand for agricultural products. By means of the excise duty on certain types of margarine, the price differential between butter and margarine was altered so as to increase the consumption of butter. The measures taken in the previous year to promote consumption and to curb production were continued; butter was sold at a reduced price to farm households and to manufacturers, and special marketing fees were levied on milk

and wheat. During the 12-month period starting on April 1, 1971, the marketing fee on milk was collected only from so-called collective producers, since by this time dairies received a quantity of milk below the maximum set by the law. New agreements on subsidies designed to reduce the area under cultivation were also made in 1971, and at the end of the year these non-cultivation compensations covered 172 000 hectares or about 7 per cent of the country's arable land; one year earlier the corresponding share was 5 per cent. Despite all the contractive measures, total agricultural production fell by only about half a per cent. Although the decrease in butter production and the increase in the domestic consumption of butter reduced the need to export butter, the price support for agriculture remained at the same level as in 1970; this was a result of the rise in the price subsidy for butter and of the greater need to support the exports of eggs and pork.

STATE FINANCE ACCOUNTS

The State's financial position, which had already begun to ease in 1969, was rather good at the beginning of 1971 and further improved during the year. The sharp rise in earnings, as well as the accelerated increase in prices, raised the nominal tax base and hence revenue, in spite of unfavourable general economic developments. Real investment was not greatly affected by unemployment, until the last months of the year when the use of employment appropriations was increased markedly. The deceleration in the growth of agricultural production also checked the growth of agricultural support. During the first half of 1971, state revenue increased by 15 per cent on the previous year; and the growth in expenditure was 10 per cent over the same period. In the latter half of the year the increase in revenue slackened somewhat, while the growth in expenditure was substantially unchanged. During January—November, the growth rate in revenue was 3 percentage units greater than that of expenditure. However, revised timing in the collection of income and property taxes

held the increase in total revenue in 1971 to not more than 11 per cent, while expenditure grew by 12 per cent, largely due to the exceptional concentration of investment expenditure in December. The differences in the growth of revenue and expenditure are reflected in the development of the revenue surplus. As the chart on page 22 shows, the surplus grew very sharply during the first half of the year, but growth decelerated in the latter half of the year, so that the revenue surplus for 1971 was smaller than that for the previous year.

Tax revenue accruing to the Treasury was 10 per cent more than in the previous year. The share of new taxes (supplementary sales tax, import-equalization tax, counter-cyclical tax, excise duty on margarine) in increased tax receipts was more than 2 percentage units. On the other hand, the revision in the collection of the social security contribution and that of income and property tax, which reduced net proceeds from these sources, held back the growth in revenue by 5 percentage points. The change in the distribution of the social security contribution is indicated by the smaller »other taxes and similar revenue» item in 1971 in comparison with 1970. The relatively largest increases in tax revenue occurred in income and property tax and in sales tax. The yield from customs duties and import charges declined on account of a reduction in tariffs and a decrease in the volume of imports (Table 1).

On the expenditure side, the relatively largest increase — as much as 46 per cent — was in lending and other financial investments, the share of which in state total expenditure was 11 per cent. In recent years this item has generally been 8 per cent of expenditure. The major part of this increase was a result of loans granted to state-owned companies and increases in share capital. These two causes account for 30 percentage units of the rise in financial investments. Real investment, the value of which had fallen in 1970, grew by 12 per cent. Consumption expenditure increased by nearly 14 per cent; the growth in wage and salary expenditure was 11 per cent, and in pensions

TABLE 1.
STATE CASH REVENUE AND EXPENDITURE

Revenue	1970	1971
	Million marks	
Total taxes on income and property	2 652	3 063
Sales tax	2 821	3 212
Customs duties and import charges	460	414
Counter-cyclical tax	—	114
Excise duties	1 368	1 523
Other taxes and similar revenue	2 109	2 064
Other revenue	821	952
Redemptions of loans granted	206	255
Total revenue	10 437	11 597
Borrowing	747	559
Total	11 184	12 156
Expenditure		
Consumption expenditure	2 887	3 279
Transfer expenditure	4 636	4 758
Real investment	1 258	1 414
Interest on State debt and index compensations	287	293
Other expenditure	46	197
Lending	668	849
Other financial investment	238	476
Total expenditure	10 020	11 266
Redemptions	679	641
Surplus	485	249
Total	11 184	12 156

expenditure 18 per cent. In 1971 the adjustment of civil service salaries was based on new collective agreements legislation. As far as wage and salary increases were concerned, this collective agreement accorded with the general incomes policy recommendations. On the basis of this agreement, civil servants' salaries rose more than 8 per cent on the level of 1970. In 1971 transfer expenditure grew by only 2 per cent, whereas in the 1960's it had grown faster than total state expenditure. The low growth in 1971 was mainly caused by the revision in the social security contribution, but the growth was also checked by a 3 per cent reduction in state aid to agriculture.

STATE BORROWING

The financial position of the state remained so favourable throughout 1971 that long-term loans were needed only to turn over maturing state debt. State borrowing totalled 559 million marks, which was 20 per cent less than in

1970. With the exception of the highway construction loan, which was granted by the World Bank and of which 20 million marks was drawn in 1971, all new state borrowing took place on the domestic money market. The sale of government bonds, intended for public subscription, made up 323 million marks of total new domestic bonds; of these bonds, 33 million marks were bonds having a period of ten years, and the remainder, a period of three or four years. At the end of the year, the Post Office Bank subscribed for banking institutions bonds, bearing a variable rate of interest, to a total of 130 million marks; the rest of the bonds were subscribed for mainly by insurance companies and pensions institutions. As new domestic borrowing exceeded redemptions by only 37 million marks, the net effect on the money market was almost imperceptible. At the end of the year, long-term state debt amounted to 2 469 million marks, and short-term credits to 61 million marks. Amortization of foreign loans totalled 140 million marks. As a result of changes in exchange rates, the state's total foreign liabilities, figured in marks, did not decrease correspondingly; at the end of 1971 they totalled 1 524 million marks, as against 1 557 million marks at the end of the previous year.

The surplus of state revenue over expenditure was reduced to one half of that of the previous year. The main part of the 249 million mark surplus was used to discharge the state's current account debt with the Post Office Bank (Table 2).

TABLE 2. SHORT-TERM FINANCING

	1970	1971
	Million marks	
Net change in prepayments received and made etc.	—250	— 36
Private funds (incr. +)	— 3	+ 4
Short-term credit (incr. +)	—163	+ 9
Current account debt to the Post Office Bank (decr. —)	—138	—203
Export levy and counter-cyclical tax accounts at the Bank of Finland (decr. +)	+ 78	+ 1
Cash, postal giro and cheque accounts (incr. —)	— 9	— 24
Surplus (—)	—485	—249

ITEMS

New majority Government. Mr. Rafael Paasio's Social Democratic minority Government, which was formed on February 23 of this year, resigned on July 19. Negotiations lasting about seven weeks on the formation of a majority Government were concluded on September 4, when Mr. Kalevi Sorsa (Soc. Dem.) formed a new Cabinet in which the Social Democrats hold seven seats, the Centre Party five, the Swedish Party two and the Liberal Party one. In addition, there is one minister in the new Cabinet who is without party commitments. The parties represented in the Cabinet hold 107 of the 200 seats in Parliament. The Deputy Prime Minister and Minister for Foreign Affairs is Dr. Ahti Karjalainen (Centre Party), Member of the Board of Management of the Bank of Finland. The Ministers of Finance are Dr. Johannes Virolainen (Centre Party) and Mr. Esko Niskanen (Soc. Dem.), and Mr. Jussi Linnamo (Soc. Dem.) holds the foreign trade portfolio.

Inflow of long-term capital in January—June 1972. The inflow of long-term capital remained strong. In the first half of 1972, the net inflow of long-term capital was even somewhat greater than the record inflow of the latter half of the previous year. Direct financial loans to the private sector made up the major part of the 1 170 million mark net inflow in the first half of 1972, but the amount of bond issues, figured in marks, was also much larger than that in the corresponding period of the previous year. Commodity credits increased as well, so that during the period under review, they reached twice the amount of the previous year. On the other hand, redemptions of loans granted by the World Bank exceeded drawings on these loans.

According to preliminary figures of the Bank of Finland, 1 623 million marks of long-term foreign loans were drawn upon in the first half of 1972, while redemption totalled 453 million marks. Hence the net inflow of long-term capital amounted to 1 170 million marks. In January-June 1971 the net inflow totalled 782 million marks, drawings 1 217 million marks and redemptions 435 million marks.

The Finnish bond issues which were floated abroad came to 366 million marks or 165 million marks more than during the first six months of the previous year. In January, Imatran Voima Oy launched a DM 75 million loan. Outokumpu Oy made a bond issue of 20 million dollars in February, and a third issue of municipalities bonds of 15 million dollars was made in March. Furthermore, a bond issue of 100 million DM was made by the government in April. Amortizations of outstanding bonds amounted to 45 million marks during the period under review.

Drawings of financial loans amounted to 928 million marks in January—June, and their net inflow was 731 million marks. The share of commodity credits in the total capital inflow was 166 million marks in net terms.

Drawings of loans previously granted by the World Bank totalled 19 million marks, while redemptions of loans granted by the World Bank and foreign governments amounted to 68 million marks.

At the end of June, Finnish long-term foreign debt was 9 018 million marks. Interest expenses on long-term foreign loans amounted to 245 million marks in January—June 1972. Debt service costs, i.e. interest expenses and amortizations, thus totalled 698 million marks

in the first half of 1972 as against 628 million marks in the corresponding period one year earlier.

It is important to view the annual figures not only against last year's performance but also in light of overall trends and central bank policy. Particularly in the last two years, foreign indebtedness has been allowed to rise relatively fast because the rate of domestic saving, high as it is, has not been quite sufficient to finance the desired level of capital investment. Finland has managed to strengthen its credit standing on the international capital market and has improved its debt structure by arranging loans with increasingly long repayment periods, which on an annual basis put less strain on the balance of payments. While business conditions have been depressed, the Bank of Finland has supported borrowing likely to boost capital investment and employment, but in the upturn which is on the way borrowing will probably fall for various reasons. Another criterion consistently followed by the Bank is that foreign borrowing should be for investment projects promising to benefit the economy as a whole and to provide a return that will allow the debt to be serviced without difficulty. Though the costs of servicing in Finland's long-term foreign debt have risen in recent years, they are not particularly high by international standards. In 1971 they were only a little over 10 per cent of current account receipts and are not expected to rise very much from their present level in the next few years.

Investment capital flows in January—June 1972. The inflow of investment capital in the first half of 1972 was twice as large as the inflow in the corresponding period of 1971.

Outflow of investment capital remained on the level of the previous year, and was quantitatively even slightly smaller than the inflow. Thus, while there was considerable net outflow of investment capital in 1971, 1972 witnessed a slight net inflow.

According to the permits granted by the Bank of Finland, foreign direct investment in Finland amounted to 77.4 million marks in January—June 1972. At the same time, subsidiaries drew 32.4 million marks from foreign parent companies in the form of loans, so that the total net inflow of investment capital amounted to 109.8 million marks. The corresponding figure for the first half of 1971 was 49.7 million marks.

Of the total inflow, 15.6 million marks was invested in production and 94.4 million marks in marketing. In the period under review, the net result in other activities was disinvestment totalling 0.2 million marks as a consequence of repatriations in excess of new investment. Investment originating in EFTA countries totalled 39.3 million marks of which 31.8 million marks came from Sweden. EEC countries invested 11.7 million marks in Finland, the United States 48.9 million marks, and all other countries 9.9 million marks.

The number of permits granted to foreign firms for new investment in Finland totalled 37.

According to statistics based on permits granted by the Bank of Finland, Finnish direct investment in other countries and loans granted or arranged by Finnish parent companies for their subsidiaries amounted to 100.7 million marks. The share of loans in this was 68.1 million marks. Finnish direct investment abroad in the first half of 1971 was 102.6 million marks.

Investment in and lending to productive enterprises totalled 72.0 million marks, while 11.7 million marks went to marketing and 17.0 million marks to enterprises engaged in other activities. Firms in EFTA countries received 27.4 million marks of which 15.7 million marks went to Switzerland. Firms in EEC countries received 9.3 million marks, those in Canada 59.1 million marks, and those in other countries a total of 4.9 million marks.

Finnish firms were granted 28 permits for new investment abroad.

The net inflow of investment capital thus totalled 9.1 million marks in the first half of 1972. In the corresponding period in 1971, the outflow of investment capital exceeded the inflow by 52.9 million marks.

Mortgage Bank of Finland Oy raises US\$ 20 million in Japan. A loan agreement was signed on August 28, 1972, according to which the Mortgage Bank of Finland Oy will make an issue of US\$ 20 million, equivalent to 82 million Finnmarks, in Japan. The rate of interest will be 8 per cent, the price of issue 98 per cent and the loan period 15 years. The loan was arranged by Smith, Barney & Co. and the Long-Term Credit Bank of Japan, and it was privately placed with eight Japanese banks. The loan is guaranteed by the Bank of Finland.

The proceeds of the loan will be used to finance industrial projects with a view to the further diversification of Finnish industry.

Domestic bond issues. The Government has authorized the following private bond issues.

The Land and Industrial Mortgage Bank Ltd has made one issue of 30 million marks and two issues of 10 million marks. The bonds of the 30 million mark loan will run for a period of ten years and those of other two for five years. The rate of interest is $3\frac{3}{4}$ (for the 30 million loan), $3\frac{1}{2}$ (for one 10 million loan) and 3 (for the other 10 million loan) percentage points above the highest rate paid on six-month deposits in the Central Bank of the Co-operative Banks Ltd, which from January 1, 1972 has been $4\frac{3}{4}$ per cent. The loans are issued at par.

A. Ahlström Osakeyhtiö (pulp and paper, woodworking, engineering works, glass, plastics and packaging) makes an issue of 10 million marks. The loan is current for a period of ten years starting from September 15, 1972, and the interest rate is $8\frac{1}{2}$ per cent. The loan is issued at par.

BANK OF FINLAND

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Deputy Governor

Ahti Karjalainen

*Absent as a Member
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Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

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Jorma Aranko

Pertti Tammivuori

Markku Puntila

Heads of Department

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

Domestic financial operations

Helge Lindström

Credits and securities

Kalle Koski

Foreign credits

P.-E. Österlund

*Direct investments and
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Kari Nars

Foreign exchange policy

Leo Lindström

Foreign exchange control

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Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign correspondence

Väinö Heiskanen

Banking services

Eino Suomela

Internal Audit

Institute for Economic Research

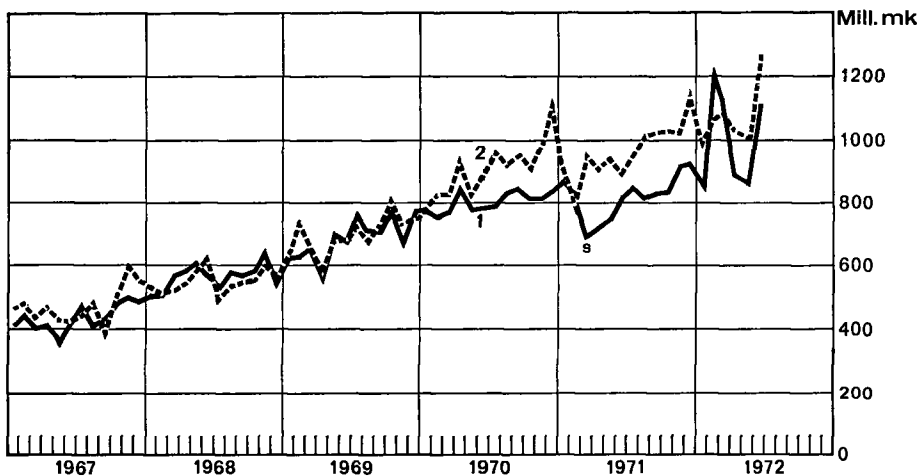
Pertti Kukkonen

Director

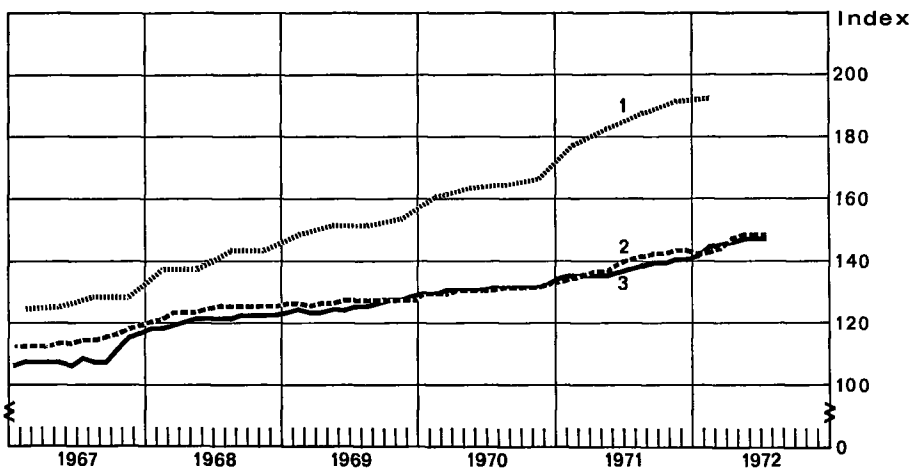
Henri J. Vartiainen

Head of research department

Foreign trade, 1967 - 1972



Prices and wages, 1967 - 1972



Production, 1967 - 1972

