

# BANK OF FINLAND

*Monthly Bulletin*

**An examination of the Finnish manpower policy in the Manpower and Social Affairs Committee of the OECD**

**Public finance in 1974**

**Direct investment in 1974**

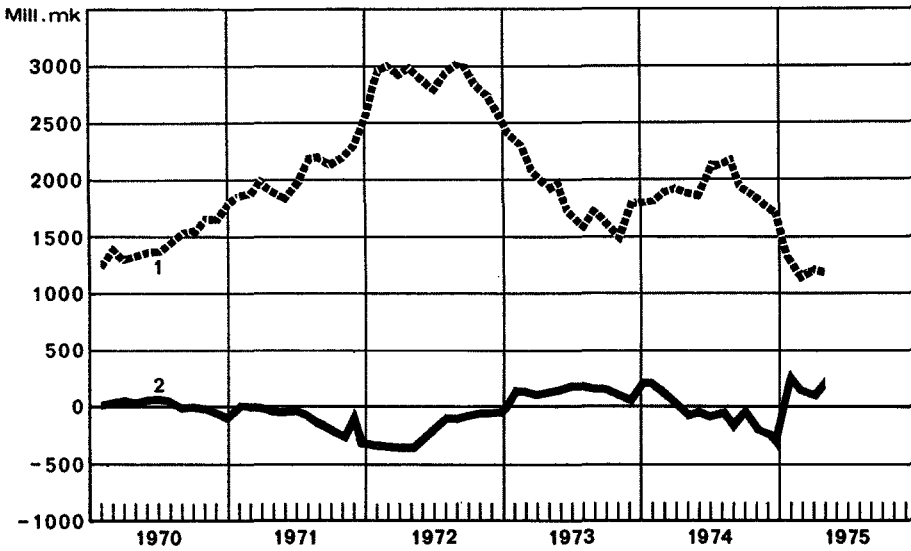
**Inflow of long-term capital in January-March 1975**

**Finland's travel account in 1974**

**JUNE 1975**

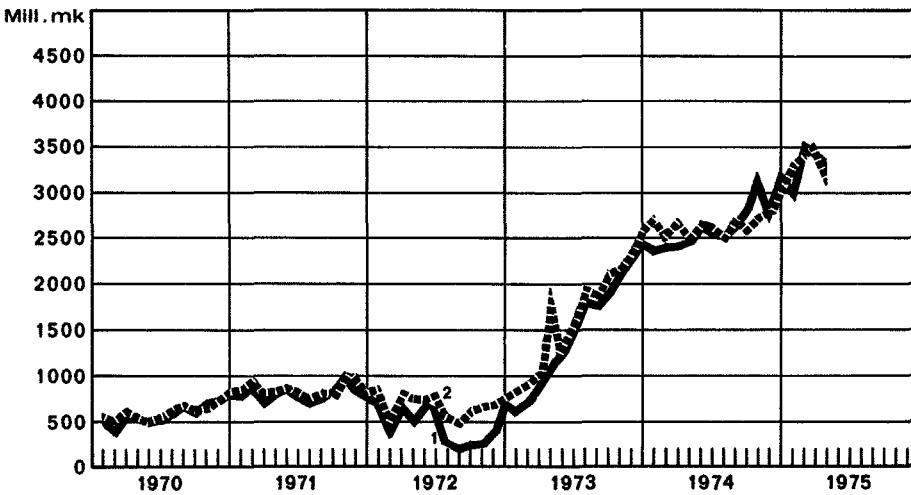
**Vol. 49 No. 6**

**BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1970-1975**



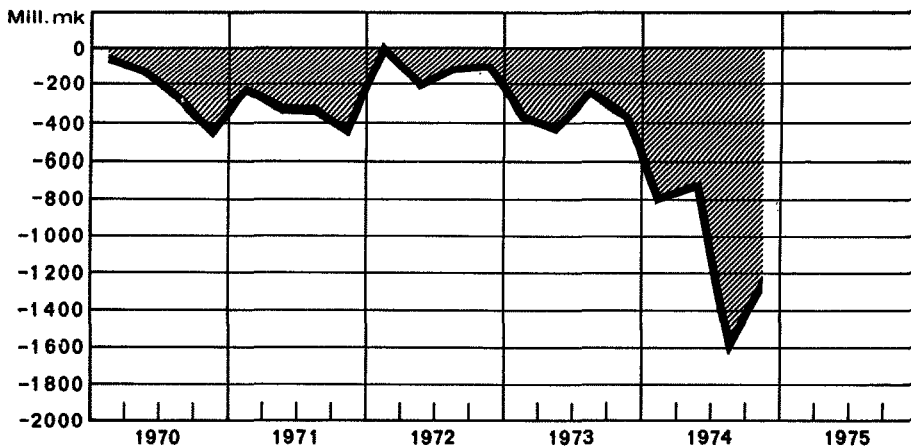
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**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1970-1975**



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Seasonally adjusted quarterly figures

# AN EXAMINATION OF THE FINNISH MANPOWER POLICY IN THE MANPOWER AND SOCIAL AFFAIRS COMMITTEE OF THE OECD

Since it was set up, one of the tasks of the Manpower and Social Affairs Committee (MSA), has been to conduct surveys on the manpower policies of member countries. The surveys have two different purposes. One is to help the member country's labour administration in developing its methods and forms of activity, through a critical evaluation of the particular objectives and problems of the country concerned. The other is to increase the exchange of experiences. Methods and forms of activity found efficient in the country under survey, are considered for possible adaptation in other countries.

Because these surveys have been carried out exhaustively by the MSA, they have taken a great deal of time to prepare. The survey has usually been based on two reports, one of them a basic report prepared by the authorities of the member country concerned, the other a problem-oriented report drawn up by a team of experts appointed by the committee. The results have been discussed at the MSA's regular meetings, with at least one day set aside for the process. The exhaustive nature of both the survey and the preparatory work, has limited the surveys to a only a couple of member countries each year.

When Finland joined the OECD in 1969, some basic reforms concerning our country's manpower policy were under way. This seemed a very suitable juncture for Finland to become an object of the MSA's survey. The preparatory work for the survey of Finland began in 1973, and the discussion of the results took place at the MSA's meeting in Paris, April 16, 1975.

The survey carried out in Finland differed from previous procedure in two respects. First, the team conducting the project, in cooperation with the Finnish authorities, prepared only one

integrated report for the survey. Secondly, the report concentrated specifically on those problems which arise in implementing both manpower policies and other policies. In preparing the report, the team had comprehensive discussions not only with the Finnish manpower authorities, but also with several other authorities and representatives of labour market organisations. The three members of the team were from Sweden, the U. K. and the OECD's Secretariate. While the report was under preparation, the Ministry of Labour was working on the Manpower Policy Programme. Consequently, these two projects may well be mutually beneficial (see Bulletin 7/74).

On the basis of the report the following areas were covered in the meeting: anti-cyclical policy, regional policy, external migration policy, provision for disadvantaged persons, the relationship between education and employment policies, and the interrelation of the manpower policies of government and enterprises. In this article, it is not possible to handle more than a few of the most essential questions. The report will allow more detailed study, when it comes out later this year.

Regarding the anti-cyclical policies, special attention was paid to difficulties which were peculiar to the Finnish economy, in the attempts to level out cyclical fluctuations. The report placed special emphasis on increasing opportunities for employment training and using it as means of levelling out employment fluctuations, rather than undertaking more expensive public works. With this aim in mind, the report gave high priority to a merge of the present dual system of unemployment benefit in Finland. The committee had extensive discussions on the matter, and several member countries put their points of view. The Finnish representatives pointed out that since the latter

part of the 1960's. Finland's labour administration has aimed intensively at the development of employment training, at the same time as improving plans for public works. It was also emphasized that the use of public works solely to provide employment is, at present, rather limited. Public works are mainly a reflection of industrial and traffic policy, but aspects of manpower policy do have a strong affect on their timing. This influence comes in the form of a regulation in the Employment Act that timing should be supervised by the manpower authorities.

Regional policy, too was the cause of much discussion. The main question at issue was the advisability of designating special growth centres in the developing regions. In their report, the team had been in favour of growth centres, and representatives of some member countries reported on positive experiences of the growth centre policies of their countries. In Finland, no growth centres are nominated and, even the present reform of the regional policy legislation, currently taking place in our country is based on the development of wider regional units. On the other hand it was stated that some localities of the developing regions in Finland are able to attract new enterprises merely by virtue of natural advantages over other localities.

The team also paid attention to the location policy adopted by state enterprises which has, in fact, in Finland for some time served as means for regional development. In this, as in dealing with the problems of emigration, they emphasized the importance of foreign capital to support production in the developing regions. They pointed out in particular the joint industrial projects of Finland and Sweden in the developing regions of Finland, as a means of helping to balance migration from Finland to Sweden. To regulate and balance the migration flows, the survey drew attention to the need to reform the Labour Market Agreement between the Nordic countries which dates back to 1954. To achieve better equilibrium, not only in the migration flows, but also in economic and social development

in the contracting countries, an agreement to adopt more effective methods was thought advisable.

Particular attention was paid to the need to co-ordinate manpower and education policies. Problems are especially apparent in the development of secondary and higher education and of the recurrent education for adults. Very thorough plans have been worked out in Finland during the last few years to provide such facilities. The development of secondary education in particular is closely connected with the present comprehensive school reform, which is due to be finished by the end of this decade. In choosing which is the best course to steer in the development programme, the problems are twofold. One is in the interaction of employment and education at all levels of education. The other is in assigning importance to the relationship between different forms of education, the secondary and adult education particularly, and in directing resources in the near future.

In discussions, the Finnish representatives pointed out, among other things, that particularly the re-evaluation of the relations between employment and education is an essential question in the extensive preparatory work in prescribing general and vocational education. This is being carried out according to the Policy Programme accepted by the State Council, which aims at a reform of secondary education so that vocational education too can offer an equal opportunity for continuing studies up to the university level. A committee report on adult education has recently come out, and later this year the State Council is expected to give instructions for the main guidelines. Generally, the committee's views correspond to those expressed in the OECD regarding the strategy of positive discrimination as it is termed. According to this, priority is given to those who have had least education. Because the secondary education reform will be very expensive the expansion of adult education can only take place gradually during the next years.

May 20, 1975

	1973	1974	1975			
	Dec. 31	Dec. 31	May 8	May 15	May 23	May 30
<b>Assets</b>						
Gold and foreign exchange receivables	2 210	1 791	1 788	1 659	1 542	1 555
Gold	121	121	121	121	121	121
Special drawing rights	285	286	286	286	287	289
IMF gold tranche	268	268	268	268	268	268
Convertible currencies	1 228	1 109	602	486	389	387
Tied currencies	308	7	511	498	477	490
Other foreign receivables	952	1 123	1 001	1 002	990	1 010
Foreign bills	103	252	277	280	268	288
Foreign bonds	319	341	194	192	192	192
Currency subscription to Finland's quota in the IMF	530	530	530	530	530	530
Receivables from financial institutions	2 745	3 414	3 916	3 909	4 088	3 857
Cheque accounts of the commercial banks	19	114	175	160	158	136
Discounted bills	2 556	3 034	3 444	3 456	3 649	3 417
Bonds	121	220	264	264	256	268
Other financial institution receivables	49	46	33	29	25	36
Receivables from the public sector	268	301	317	313	314	314
Bonds	53	71	75	74	75	75
Total coinage	200	224	236	237	238	238
Other public sector receivables	15	6	6	2	1	1
Receivables from corporations	613	631	690	688	689	690
New export bills	47	90	110	112	113	115
Financing of suppliers' credits	271	276	300	300	299	306
Bonds	255	231	240	240	240	240
Other corporate receivables	40	34	40	36	37	29
Other assets	34	37	37	36	36	37
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>7 749</b>	<b>7 607</b>	<b>7 659</b>	<b>7 463</b>
<b>Liabilities</b>						
Foreign exchange liabilities	147	457	198	203	206	205
Convertible accounts	73	62	67	68	66	67
Tied accounts	74	395	131	135	140	138
Other foreign liabilities	788	788	788	788	788	788
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 082	2 461	2 312	2 346	2 410	2 479
Notes	1 907	2 259	2 109	2 142	2 207	2 275
Coins	175	202	203	203	203	204
Deposit certificates in circulation	1 450	1 040	1 470	1 260	1 200	870
Claims of financial institutions	13	9	87	87	111	137
Cheque account of Postipankki	2	4	0	1	0	1
Cheque accounts of the commercial banks	7	4	2	3	2	2
Other financial institution claims	4	1	85	83	109	134
Claims of the public sector	535	560	550	552	556	556
Cheque accounts	2	7	0	2	5	2
Counter-cyclical reserves	509	543	543	543	543	543
Import deposits	—	—	5	5	6	9
Other public sector claims	24	10	2	2	2	2
Claims of corporations	239	195	443	436	434	446
Investment deposits	5	34	63	63	63	65
Counter-cyclical withholdings	—	49	120	120	120	120
Capital import deposits	214	98	243	239	239	244
Import levy deposits	6	6	10	7	5	4
Other corporate claims	14	8	7	7	7	13
Other liabilities	16	17	13	15	12	12
Equalization accounts	740	858	928	957	974	999
Capital accounts	812	912	960	963	968	971
Primary capital	600	600	600	600	600	600
Reserve fund	114	163	237	237	237	237
Undisposed profits	—	—	75	75	75	75
Net earnings	98	149	48	51	56	59
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>7 749</b>	<b>7 607</b>	<b>7 659</b>	<b>7 463</b>

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-8)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1968	1 309	6	1 303	— 12	125	34	1 382	105	364	259	—
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1974											
March	2 030	86	1 944	— 9	831	788	1 978	205	578	373	1 450
April	1 974	72	1 902	—113	855	788	1 856	207	579	372	1 450
May	1 968	77	1 891	— 89	874	788	1 888	208	533	325	1 490
June	2 219	72	2 147	—113	888	788	2 134	209	528	319	1 600
July	2 240	82	2 158	— 96	888	788	2 162	209	575	366	1 600
Aug.	2 274	74	2 200	—220	889	788	2 081	213	530	317	1 360
Sept.	1 989	71	1 918	— 86	899	788	1 943	217	564	347	1 390
Oct.	1 947	70	1 877	—235	922	788	1 776	220	521	301	1 510
Nov.	1 862	64	1 798	—280	936	788	1 666	222	520	298	1 400
Dec.	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975											
Jan.	1 388	56	1 332	306	1 105	788	1 955	302	555	253	990
Feb.	1 249	53	1 196	161	1 106	788	1 675	307	551	244	1 050
March	1 300	66	1 234	132	1 089	788	1 667	307	553	246	1 080
April	1 284	66	1 218	255	999	788	1 684	310	550	240	1 170
May	1 065	67	99	352	1 010	788	1 572	314	556	242	870

<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1974			Net holdings, March 31, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Mar.	Jan.-Mar.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	286	—	286	—	—
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 047	—564	483	559	—1 041	—482	—364	—965
Total	1 722	—564	1 158	1 234	—1 041	193	—364	—965
Non-convertible currencies	—388	— 5	—393	132	—37	95	—58	+488

End of year and month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receiv-ables <sup>2</sup>	Other receiv-ables	Cheque account liabilities to the commer-cial banks <sup>3</sup>	Cheque account liabilities to Posti-pankki <sup>3</sup>	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1968	618	107	—	163	16	—	546	381	43	338	1 246
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1974											
March	2 530	103	—	—	78	—	2 555	368	230	138	1 959
April	2 677	156	—	—	80	—	2 753	372	244	128	1 977
May	2 719	93	—	—	3	—	2 809	370	230	140	2 081
June	2 794	127	—	—	3	—	2 918	378	221	157	2 315
July	2 688	158	—	—	43	—	2 803	389	213	176	2 155
Aug.	2 538	122	—	—	3	—	2 657	400	203	197	2 227
Sept.	2 703	249	—	—	9	—	2 943	415	181	234	2 246
Oct.	2 985	142	—	—	2	—	3 125	425	219	206	2 206
Nov.	3 108	167	—	—	1	—	3 274	422	224	198	2 360
Dec.	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975											
Jan.	2 572	112	269	2	2	23	2 926	631	231	400	2 274
Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479

<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

<sup>2</sup> Including special index accounts.

<sup>3</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

May 23, 1975

New York <sup>1</sup>	1 \$	3.545	Frankfurt o. M.	100 DM	151.90	Vienna	100 S	21.46
Montreal	1 \$	3.445	Amsterdam	100 Fl	147.80	Lisbon	100 Esc	14.66
London	1 £	8.245	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	6.40
Stockholm	100 Kr	90.60	Zurich	100 Fr	142.65	Tokyo	100 Y	1.220
Oslo	100 Kr	72.05	Paris	100 FF	88.60	Reykjavik	100 Kr	2.37
Copenhagen	100 Kr	65.50	Rome	100 Lit	0.5690	Moscow <sup>3</sup>	1 Rbl	5.064

<sup>1</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

<sup>2</sup> 10.240 commercial rate; 9.910 financial rate.

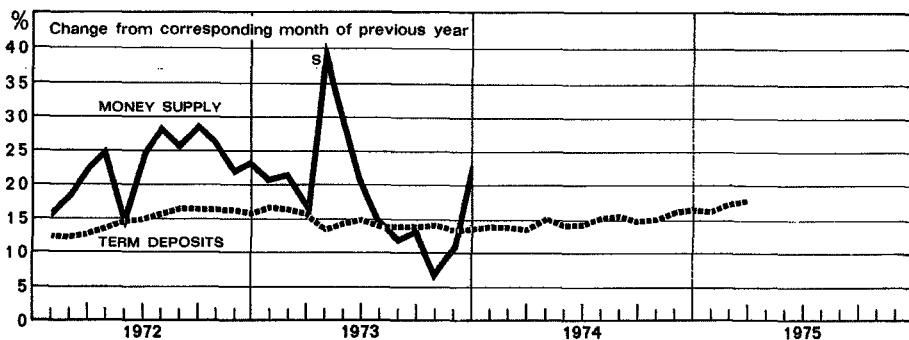
<sup>3</sup> Clearing account: also Bucharest.

# 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	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487
1974 <sup>1</sup>										
Feb.	1 851	2 432	1 374	9 162	7 272	5 446	2 231	826	24 936	28 742
March	1 806	2 380	1 253	9 079	7 271	5 449	2 266	832	24 897	28 530
April	1 839	2 482	1 229	9 081	7 273	5 511	2 269	833	24 966	28 677
May	2 007	2 641	1 179	9 158	7 379	5 599	2 287	839	25 261	29 081
June	1 992	2 628	1 232	9 205	7 484	5 632	2 335	847	25 503	29 363
July	2 155	2 818	1 267	9 244	7 566	5 726	2 366	854	25 756	29 841
Aug.	2 158	2 855	1 201	9 366	7 705	5 839	2 396	860	26 165	30 221
Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487
1975*										
Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656

<sup>1</sup> New series, see explanations on page 18.





# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Post-pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 114
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	..

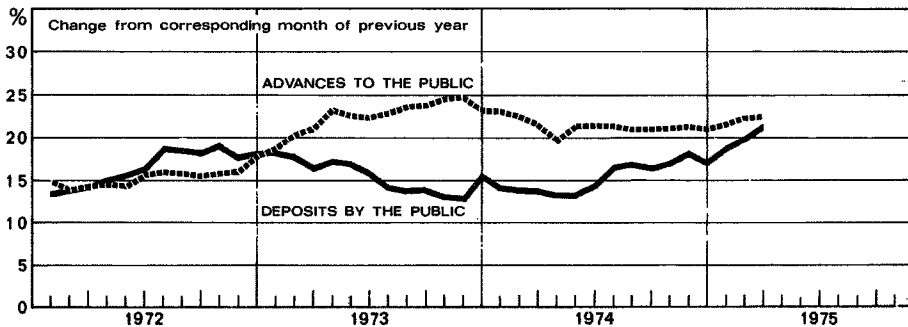
1974<sup>1</sup>

Feb.	13 447	6 698	5 444	3 665	2 770	31 007	1 017	32 024	..
March	13 595	6 772	5 515	3 741	2 827	31 380	1 070	32 450	..
April	13 830	6 844	5 574	3 891	2 848	31 915	1 072	32 987	..
May	14 111	6 935	5 671	4 016	2 920	32 537	1 116	33 653	..
June	14 293	7 015	5 749	4 164	2 981	33 083	1 119	34 202	..
July	14 349	7 092	5 840	4 334	3 021	33 534	1 102	34 636	..
Aug.	14 500	7 191	5 953	4 359	3 039	33 963	1 079	35 042	..
Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	..
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	..
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	..
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	..

1975

Jan.	16 010	7 892	6 554	4 768	3 350	..	..	38 574	..
Feb.	16 398	7 990	6 668	4 818	3 381	..	..	39 255	..
March	16 773	8 060	6 743	4 847	3 394	..	..	39 817	..

<sup>1</sup> New series, see explanations on page 18.



## STATE FINANCES

Mill. mk

Revenue	January—March		Expenditure	January—March	
	1974	1975		1974	1975
Income and property tax (net)	2 089	2 400	Wages, salaries, pensions etc.	730	933
Gross receipts	(3 821)	(4 812)	Repair and maintenance	93	102
Refunds & local authorities	(—1 732)	(—2 412)	Other consumption expenditure	350	480
Other taxes on income and property	39	44	Total consumption expenditure	1 173	1 515
Employers' child allowance payments	135	147	State aid to local authorities	776	1 227
Sales tax	1 160	1 309	State aid to industries	515	1 024
Revenue from Alcohol Monopoly	219	242	of which: agric. price subsidies	(371)	(444)
Customs duties & import charges	108	120	Child allowances	110	156
Counter-cyclical tax	—	—	Share in national pensions and health insurance	53	54
Excise duty on tobacco	138	132	Other transfer expenditure	514	657
»  »  on liquid fuel	135	253	Total transfer expenditure	1 968	3 118
Other excise duties	91	103	Machinery and equipment	140	194
Tax on autom. and motor cycles	94	134	House construction	83	105
Stamp duties	100	113	Land and waterway construction	235	287
Special diesel etc. vehicles tax	18	15	Total real investment	458	586
Other taxes and similar revenue <sup>1</sup>	88	107	Interest on State debt	74	67
Total taxes	4 414	5 119	Index compensations	14	18
Miscellaneous revenue	229	560	Net deficit of State enterprises	12	10
Interest, dividends etc.	62	91	Other expenditure	11	2
Sales and depreciation of property	1	5	Total other expenditure	111	97
Redemptions of loans granted	39	42	Increase in inventories	—26	+72
<b>Total revenue</b>	4 745	5 817	Lending	230	352
Foreign borrowing	8	6	Other financial investment	106	56
Domestic borrowing	104	194	<b>Total expenditure</b>	4 020	5 796
<b>Total borrowing</b>	112	200	Redemption of foreign loans	69	17
<b>Deficit (+) or surplus (—)</b>	(—548)	(—12)	Redemption of domestic loans	220	192
			<b>Total redemptions</b>	289	209
Total	4 309	6 005			

<sup>1</sup> Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.
<b>Foreign debt</b>	1 517	1 395	1 152	1 156	1 153	1 150
Loans	2 268	1 758	1 528	1 527	1 525	1 525
Compensatory obligations	2	1	1	1	1	1
Short-term credit	56	39	37	46	57	..
Cash debt (net)	—488	—488	—571	—398	—481	..
<b>Domestic debt</b>	1 838	1 330	995	1 176	1 102	..
<b>Total State debt</b>	3 355	2 725	2 147	2 332	2 255	..
Total debt, mill \$	804	710	590	667	643	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974*	20 687	25 666	-4 979

1974*			
March	1 599	1 866	- 267
April	1 779	2 131	- 352
May	1 848	2 272	- 424
June	1 555	1 813	- 258
July	1 799	2 164	- 365
Aug.	1 550	2 266	- 716
Sept.	1 780	2 425	- 645
Oct.	2 239	2 399	- 160
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*			
Jan.	2 014	2 752	- 738
Feb.	1 550	2 537	- 987
March	1 576	2 096	- 520

Jan.-Mar.			
1974*	4 610	5 698	-1 088
1975*	5 140	7 385	-2 245

Indices of exports and imports 1969 = 100

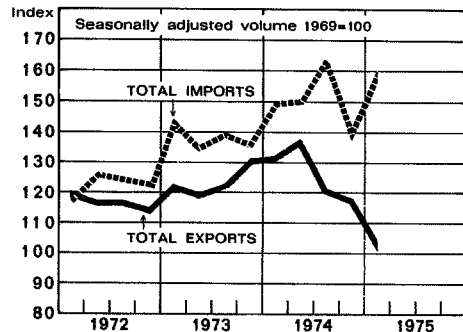
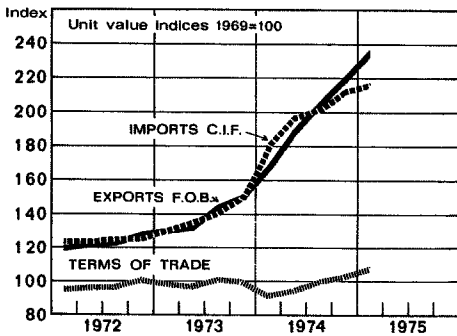
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1970	107	121	108	
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98

1972					
Jan.-Mar.	114	112	121	125	97
Apr.-June	112	124	123	125	98
July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

1973					
Jan.-Mar.	120	140	131	131	100
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	140

1975*					
Jan.-Mar.	104	160	237	217	109



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Exports, f.o.b.

Imports, c.i.f.

Period	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974*	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24

## 1974\*

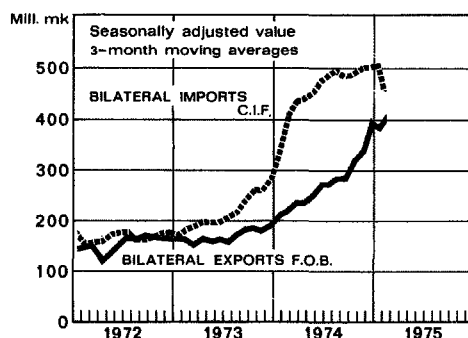
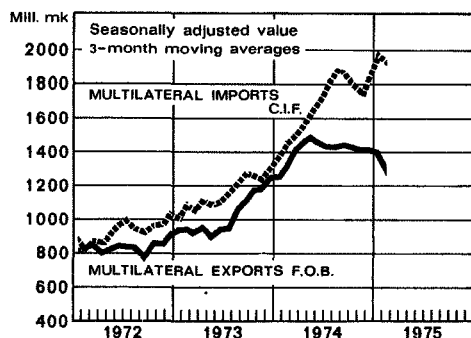
March	94	229	605	258	413	1 173	171	262	260	0
April	22	291	671	351	444	1 376	145	325	276	9
May	47	314	595	414	478	1 498	137	313	320	4
June	10	262	557	340	386	1 244	120	237	209	3
July	18	302	656	456	367	1 350	148	421	244	1
Aug.	25	339	673	168	345	1 537	169	291	267	2
Sept.	32	248	756	275	469	1 516	186	388	335	0
Oct.	27	251	852	618	491	1 550	190	339	319	1
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

## 1975\*

Jan.	71	229	780	480	454	1 686	146	539	380	1
Feb.	13	145	616	390	386	1 573	134	464	365	1
March	69	141	667	292	407	1 270	107	353	366	0

## Jan.-Mar.

1974*	204	727	1 658	952	1 069	3 616	543	798	739	2
1975*	153	515	2 063	1 162	1 247	4 529	387	1 356	1 111	2



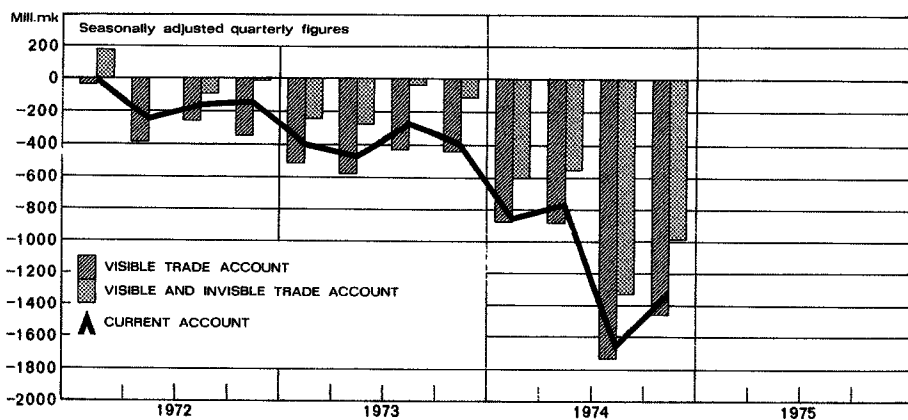
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—March				January—March			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	73.7	3 398	63.0	3 240	66.2	3 771	67.9	5 018
Austria	1.1	51	0.8	40	1.4	78	1.3	99
Belgium-Luxembourg	1.7	79	1.4	71	1.8	103	2.1	153
Denmark	4.7	217	3.5	180	3.3	186	3.7	271
France	4.3	199	3.7	193	3.1	177	3.2	233
Federal Republic of Germany	9.0	415	9.6	493	15.1	863	17.0	1 258
Italy	2.0	94	1.4	72	1.5	83	1.9	141
Netherlands	3.4	158	2.5	127	4.6	260	3.0	221
Norway	2.8	130	3.8	198	2.9	165	3.1	230
Portugal	0.5	20	0.3	13	0.7	41	0.5	40
Spain	1.3	59	1.0	54	0.5	30	1.1	78
Sweden	17.9	826	16.2	831	19.2	1 094	18.5	1 364
Switzerland	1.9	86	1.8	95	3.2	183	3.3	244
United Kingdom	21.0	969	15.4	792	8.6	493	9.1	675
Other	2.1	95	1.6	81	0.3	15	0.1	11
<b>OECD countries outside Europe</b>	6.7	310	5.9	305	7.2	411	10.4	765
Canada	0.9	40	0.5	26	0.2	14	0.4	26
Japan	1.2	55	0.5	27	1.1	62	1.7	126
United States	3.8	177	4.4	225	5.9	334	8.3	611
Other	0.8	38	0.5	27	0.0	1	0.0	2
<b>CMEA countries</b>	12.4	570	21.3	1 094	22.5	1 282	17.6	1 299
Czechoslovakia	0.4	17	0.5	24	0.3	19	0.3	24
Democratic Republic of Germany	0.5	24	0.7	35	0.5	27	1.0	71
Poland	0.9	41	1.2	62	1.5	86	1.8	131
Soviet Union	10.0	462	18.0	924	19.6	1 115	13.4	993
Other	0.6	26	0.9	49	0.6	35	1.1	80
<b>Latin America</b>	2.3	106	2.5	127	2.1	121	1.7	125
Argentina	0.6	25	1.0	50	0.0	2	0.0	1
Brazil	0.9	43	0.9	44	0.7	39	0.4	31
Colombia	0.1	5	0.0	2	0.9	52	0.8	60
Other	0.7	33	0.6	31	0.5	28	0.5	33
<b>Other</b>	4.9	226	7.3	374	2.0	114	2.4	178
<b>GRAND TOTAL</b>	100.0	4 610	100.0	5 140	100.0	5 699	100.0	7 385
of which								
<b>EFTA countries</b>	24.3	1 120	23.1	1 185	27.5	1 568	26.8	1 980
<b>EEC countries</b>	47.3	2 180	38.2	1 966	38.0	2 168	40.0	2 956
<b>OECD countries</b>	80.4	3 709	69.4	3 568	73.4	4 182	78.3	5 783

# 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
1972	12 012	13 087	-1 075	+ 732	+335	+ 72	+ 64	- 586	+42	- 480
1973*	14 525	16 560	-2 035	+ 996	+341	+ 28	- 670	- 753	-57	-1 480
1974*	20 604	25 609	-5 005	+1 088	+326	+126	-3 465	-1 006	-58	-4 529
Jan.-March										
1972	2 870	2 956	- 86	+ 207	+ 3	+ 1	+ 125	- 142	-22	- 39
1973*	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974*	4 589	5 663	-1 074	+ 281	+ 10	+ 28	- 755	- 233	-25	-1 013
Apr.-June										
1972	2 855	3 296	- 441	+ 170	+ 56	+ 47	- 168	- 156	- 8	- 332
1973*	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974*	5 160	6 224	-1 064	+ 199	+ 74	+ 72	- 719	- 239	-12	- 970
July-Sept.										
1972	2 979	3 198	- 219	+ 179	+192	+ 18	+ 170	- 139	+20	+ 51
1973*	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974*	5 103	6 809	-1 706	+ 356	+243	- 44	-1 151	- 244	- 8	-1 403
Oct.-Dec.										
1972	3 308	3 637	- 329	+ 176	+ 84	+ 6	- 63	- 149	+52	- 160
1973*	4 405	4 765	- 360	+ 247	+ 58	- 26	- 81	- 251	-12	- 344
1974*	5 752	6 913	-1 161	+ 252	- 1	+ 70	- 840	- 290	-13	-1 143

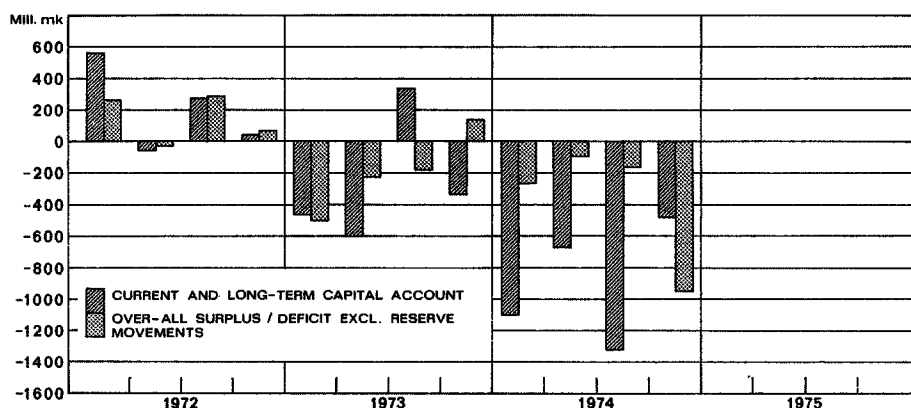


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 <sup>2</sup>	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	+ 561	- 31	- 784	+491	+293
+2 730	-1 557	-224	- 18	+ 931	-3 598	+940	+ 977	+206	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 <sup>2</sup>	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	+ 25	- 76	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+ 285	+279	- 269	+138	+131
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+ 323	- 41	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 182	+ 27	- 96	- 99	+195
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-274	+132	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+ 522	+150	- 163	+202	- 39
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+ 486	- 45	+ 136	-229	+ 93
+ 942	- 294	- 26	+ 15	+ 637	- 506	-179	- 12	-250	- 947	+498	+449

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

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

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



# PRICE INDICES

## Wholesale prices 1949 = 100

## Building costs 1964 = 100

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974	495	498	482	523	536	448	555	495	459	233	231	230
1974												
July	500	503	488	528	544	451	567	505	456	235	235	231
Aug.	505	507	497	532	549	457	567	510	463	235	235	231
Sept.	515	521	495	538	554	475	573	514	481	239	239	237
Oct.	524	531	497	549	570	478	595	510	489	241	239	238
Nov.	525	533	496	552	577	477	602	508	491	242	239	240
Dec.	525	535	489	551	578	478	602	507	491	243	239	237
1975												
Jan.	537	546	502	565	589	487	616	518	502	247	243	237
Feb.	546	556	509	571	596	501	620	529	513	246	243	239
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246

## Consumer prices 1972 = 100

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1972 = 100									
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1973	284	223	111	112	107	111	116	110	109	109	105	111
1974	333	261	129	130	109	128	144	161	129	128	118	127
1974												
July	335	263	130	131	108	127	146	151	129	129	119	130
Aug.	340	267	132	135	108	129	146	171	130	130	120	130
Sept.	348	273	135	142	109	133	147	172	131	130	121	132
Oct.	351	275	136	139	111	137	153	175	133	131	121	134
Nov.	353	277	137	139	111	138	154	172	136	132	123	136
Dec.	354	278	138	138	111	139	154	175	137	133	125	136
1975												
Jan.	364	285	141	139	124	141	155	179	140	136	135	141
Feb.	369	290	143	143	125	142	155	180	145	137	137	146
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150



# WAGES

## Index of salary and wage earnings 1964 = 100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in			Employees in services	State employees	Municipal employees	Employees in private sector			
	Agriculture	Industry	Construction							
1972	253	222	222	196	189	194	212	188	220	206
1973*	317	260	261	223	213	223	247	214	258	239
1974*	402	316	323	262	251	261	296	250	311	285
1973*										
Jan.-March	287	235	238	206	197	206	224	196	234	217
Apr.-June	331	260	248	227	215	226	249	216	259	241
July-Sept.	313	268	271	229	220	230	259	220	271	249
Oct.-Dec.	340	275	286	231	221	230	261	222	273	251
1974*										
Jan.-March	361	283	292	233	226	233	265	224	278	255
Apr.-June	388	316	320	266	252	265	300	253	315	288
July-Sept.	410	326	336	268	258	268	310	257	327	296
Oct.-Dec.	430	337	343	279	270	279	313	266	330	302
1975*										
Jan.-March	433	338	345	284	274	284	321	271	338	309

# PRODUCTION

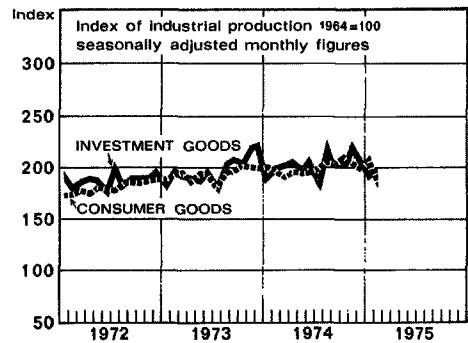
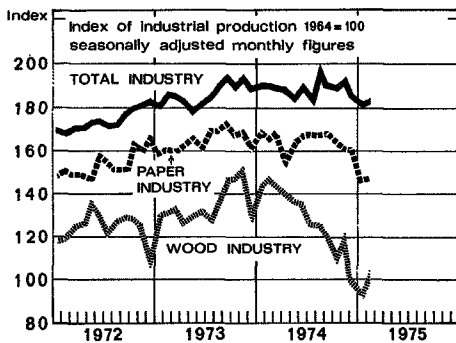
## Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1972	145	177	94	95	149	103	143	155	142	143	148
1973*	153	187	90	96	162	104	155	169	150	150	154
1974*	159	197	86	96	168	105	161	179	157	156	161
1973*											
July-Sept.	154	169	165	95	198	105	160	166	149	150	154
Oct.-Dec.	160	205	65	57	185	101	157	187	153	152	157
1974*											
Jan.-March	157	205	58	124	135	104	158	170	155	154	158
Apr.-June	155	190	66	113	162	109	163	172	157	156	160
July-Sept.	160	184	162	62	184	104	162	177	157	156	162
Oct.-Dec.	162	207	58	87	192	103	160	195	161	158	164
1975*											
Jan.-March	157	203	50	117	133	106	156	176	163	158	163

# PRODUCTION

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1972	114	116	114	111	111	109	112	142	115	118	113
1973*	121	123	122	120	114	118	120	151	124	127	121
1974*	123	126	123	123	119	112	120	158	132	131	123
1973*											
Dec.	117	119	118	113	109	113	111	146	116	122	125
1974*											
Jan.	134	135	135	131	118	139	133	167	139	141	124
Feb.	124	128	125	120	106	134	121	155	132	132	123
March	134	138	136	127	107	139	136	179	145	143	123
April	123	134	121	124	121	130	95	160	143	139	122
May	133	138	132	131	128	139	123	156	142	144	121
June	112	121	111	112	114	110	97	145	122	124	123
July	86	59	92	79	122	65	121	128	92	62	120
Aug.	124	125	123	128	127	92	124	154	144	131	128
Sept.	125	130	124	125	116	106	123	150	142	135	124
Oct.	138	145	135	144	140	111	130	172	147	150	123
Nov.	130	141	128	135	123	102	125	169	134	146	125
Dec.	115	119	114	118	103	75	110	165	107	124	120
1975*											
Jan.	128	143	125	131	111	91	115	176	125	145	118
Feb.	120	133	118	122	99	94	106	168	117	137	119
March	119	129	117	121	96	90	103	169	125	134	117



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un-employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m <sup>1</sup>	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100
1971	3 507	2 199	2 150	49	2.2	41 264	118	137
1972	3 409	2 173	2 118	55	2.5	34 954	128	151
1973	3 442	2 215	2 164	51	2.3	35 123	138	167
1974*	3 483	2 269	2 229	40	1.8	34 457	143	168
1974*								
March	3 476	2 183	2 138	45	2.1	4 014	131	174
April	3 478	2 199	2 154	45	2.0	3 976	137	169
May	3 480	2 236	2 200	36	1.6	3 527	143	175
June	3 483	2 432	2 397	35	1.4	2 308	140	163
July	3 485	2 447	2 409	38	1.6	1 305	146	155
Aug.	3 487	2 355	2 318	37	1.6	1 545	148	185
Sept.	3 489	2 262	2 230	32	1.4	2 021	140	178
Oct.	3 491	2 249	2 219	30	1.3	2 476	151	196
Nov.	3 439	2 239	2 207	32	1.4	2 773	149	186
Dec.	3 495	2 234	2 195	39	1.7	3 079	190	193
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	128	159
Feb.	3 505	2 194	2 145	49	2.2	3 899	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1973*											
Oct.-Dec.	11.13	4.98	0.45	4.09	0.92	14.11	6.79	1.14	4.58	1.13	51.42
1974*											
Jan.-March	10.33	3.65	0.68	4.79	0.76	8.72	3.98	0.45	3.31	0.69	49.20
Apr.-June	16.64	7.96	1.62	5.39	0.70	9.96	4.99	0.35	3.73	0.48	54.42
Jyly-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights.

*Public sector*: Receivables = Total coinage + Other public sector receivables + Bonds (since Dec. 1974).

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Other financial institution receivables + Bonds (since Dec. 1974).

*Corporate sector*: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds (since Dec. 1974).

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

## DEPOSITS BY THE PUBLIC —

## ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

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

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

## STATE FINANCES

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

## FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9). The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase exports by countries of sale.

## BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

## PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

## WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office.

Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

## LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

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

## SYMBOLS USED

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

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected 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. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1972 is as follows: Social Democrats 56, People's Democrats 37, Centre Party 35, Conservatives 33, Finnish People's Unification Party 13, Swedish Party 9, Liberal Party 6, Finnish Farmers Party 5, Christian League 4 and Finnish People's Constitutional Party 2.

## INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

## LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

## POPULATION

NUMBER OF INHABITANTS (1973): 4.7 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 4.0 million.

DENSITY OF POPULATION (1973): In South Finland 44.9, in East and Central Finland 14.0, in North Finland 3.9 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1973): 57 % of the population inhabit the rural areas, 43 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 700 inhabitants, Tampere (Tammerfors) 164 400, Turku (Åbo) 162 200.

EMPLOYMENT (1973): Agriculture and forestry 17 %, industry and construction 35 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1972): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1974): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 11 colleges of university standard.

CHANGE OF POPULATION (1973): births 12.2 ‰, deaths 9.3 ‰, change + 4.1 ‰, net immigration 1.2 ‰. Deaths in France 10.7 ‰ and Great Britain 12.0 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1974, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 806 (5 %), forestry and fishing 5 154 (7 %), manufacturing 22 370 (31 %),

construction 7 525 (11 %), transport and communication 6 991 (10 %), commerce, banking and insurance 9 683 (13 %), public administration 3 357 (5 %), ownership of dwellings 3 058 (4 %), services 10 268 (14 %), total 72 212. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1973): The growing stock comprised of 1 501 million m<sup>3</sup> (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 618 million m<sup>3</sup> was up to the standard required for logs, 56 % of these being pine. The annual growth was 56.9 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 55.4 million m<sup>3</sup>.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 178 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 114 % in the crop year 1973/74.

INDUSTRY (1972): Gross value of industrial production 44 958 mill. marks, number of workers 404 033, salaried employees 114 534, motive power (1971) 5.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1975): Length 5 908 km.

MERCHANT FLEET (March 31, 1975): Steamers 24 (13 200 gross reg. tons), motor vessels 365 (794 400 gross reg. tons) tankers 61 (993 700 gross reg. tons). Total 450 (1 801 300 gross reg. tons).

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

FINNISH AIRLINES (June 1, 1975): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 9 Super Caravelles, 8 DC-9s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1974). There are two big and five small commercial banks with in all 857 offices, 294 savings banks, 390 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ¼ %. Other credit institutions: term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

# PUBLIC FINANCE IN 1974

by Erkki J. Tassia, M.Pol.Sc.,

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## THE STATE BUDGET

When the budget for 1974 was under preparation in the summer of 1973, the data available on economic developments indicated that total production would continue to grow at a rapid rate. However, the fact that industry was operating at almost full capacity tended to point to a gradual falling off in the growth of production. It was forecast that, in the event of a further increase in the current account deficit and a steady rise in the price level, the Finnish economy would soon be likely to experience severe disturbances.

Although an overall reduction was still expected in the rate of unemployment, differences in the employment situation between various regions and industrial categories remained pronounced. It was evident that northern and eastern Finland would continue to be the unemployment regions and that the growth in the demand for labour would still centre in the industrialized parts of southern Finland.

The purpose of fiscal policy in 1974 was to implement still more rigid measures both to restore the balance between supply and demand and to reduce inflationary pressures and regional differences in employment. It was estimated that the relatively good liquidity position of the central government should allow the implementation of these measures.

A cornerstone of the government strategy to curb inflation was to reach a long-term comprehensive incomes policy agreement, effective as of the beginning of April 1974. This objective was then achieved. To facilitate the negotiations, the Government's budget proposal promised to reduce income taxes by a total of 400 million marks in 1974 and by another 400 million marks in 1975. In view of

the state of the prevailing economic cycle, the reduction in advance collection of taxes was to wait until the beginning of July 1974. However, in connection with the incomes policy negotiations, tax concessions for 1974 were raised to 980 million marks.

The Government's budget proposal included several measures designed to promote employment. It was proposed that substantial appropriations be set aside to stimulate industrial activity and residential construction in the development regions. Similarly, state subsidies, loans and interest subsidy credits for various investment projects were increased.

Another item in the Government's budget proposal was that state expenditure should be financed without significant rises in revenue rates. On the contrary it was stated that income tax rates would be lowered. However, because of a rise in costs, it was thought necessary to raise railway, postal and telegraphic tariffs.

With the twin objectives of encouraging balanced population growth and sustaining the real value of earnings for the economically active population, particular attention was paid in the budget proposal to the position of families with children. The system of levelling-off the costs incurred by families with children was partly revised, and the appropriations set aside for that purpose were increased by more than 25 per cent. Child allowances won particular attention, as did the prospects for developing the system of children's day-care.

The Government's budget proposal came to 17 127 million marks and exceeded the ordinary budget for 1973 by 14.5 per cent. After process by Parliament, total budgeted expenditure came to 17 202 million marks. In the course of the year, the Government pre-

sented five supplementary budgets, four of which went successfully through the Parliamentary process while the third was turned down. The supplementary budgets totalled about 24 per cent of the ordinary budget. The price of energy tripled during the latter half of the year, thus accelerating the overall rate of inflation, and adding to both state revenue and state expenditure. Agricultural price subsidies were increased by more than 800 million marks, and addition, 290 million marks was earmarked to offset losses caused by poor harvests. An additional 300 million marks was allotted for promoting employment, and almost 200 million marks was earmarked for investment projects of state enterprises. Total budgeted expenditure for 1974 amounted to 21 340 million marks, which meant a 24 per cent increase in the previous year.

The growth of total production decelerated by about two percentage points in 1974, being one percentage point smaller than was estimated when the budget proposal was under preparation. As a result of the sharp rise in the world market prices of forest industry products, export earnings grew more vigorously than had been expected. However, while import prices rose even more rapidly, the terms of trade weakened by one per cent. Moreover, as the volume of imports grew clearly while the volume of exports declined, the visible trade account deficit in 1974 came to more than double the deficit of the previous year.

The employment situation was good in 1974. The rate of employment rose rapidly particularly during the first half of the year. The shortage of labour remained severe in southern Finland and in larger population centres elsewhere in the country, but towards the end of the year the demand for labour weakened markedly in certain fields. Taking the country as a whole, on average 40 000 workers were employed in projects financed by the central government's employment appropriations, whereas the corresponding figure for 1973 had been 42 000. The rate of unemployment fell by 0.6 percentage point on the previous year, being on average 1.7 per cent in 1974.

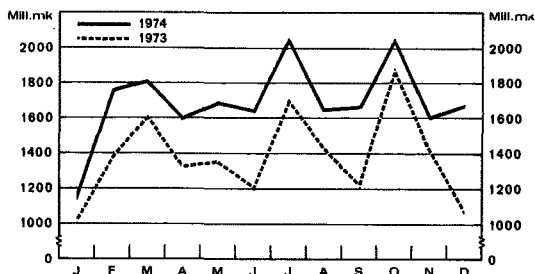
In the course of the year, several attempts were made to curb inflationary cost and price developments. Revisions were made to the taxation of fuel; from the beginning of May the turnover tax on fuel was removed and replaced by an excise duty, based on volume and independent of price developments. As a whole, this revision meant reduced duties on fuel. In addition, the turnover tax on basic food stuffs was removed in October until the end of 1975. In order to check further rises in housing costs, the excise duty on light and heavy fuel was removed from the middle of November 1974, first until the end of March 1975 and, later, until the end of the year.

Income tax rates were revised as of the beginning of June, resulting in a total of 980 million marks in tax concessions on the annual level, compared with the 1973 rates. Three fourths of these concessions were made by reducing the advance collection of taxes, and the remainder will be returned to taxpayers at the end of 1975. The concessions granted during 1974 made up 1.5 per cent of the disposable income of the household sector. But despite these tax concessions, households were taxed more heavily on their income, so that, taking this sector as a whole, the total amount of direct taxes collected by the central and local government showed a clearly faster growth than total wage earnings.

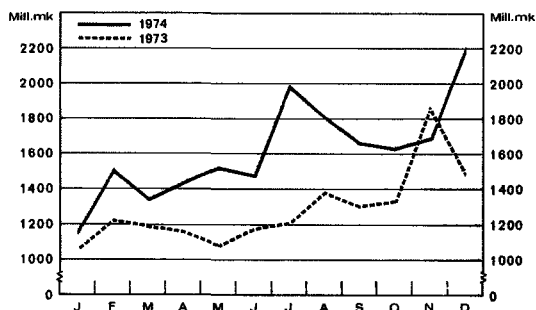
As a counter to the phenomenon of overheating, which was evident particularly in the construction sector, the investment tax on lower priority construction in southern Finland was extended until the end of September and, for larger population centres, even until the end of 1974. In spite of this tax, it was the third consecutive year that construction of buildings remained very vigorous. Overheating was most prevalent in population centres, particularly in southern Finland. The result was a further increase in capacity constraints and an acceleration in cost rises during the first half of the year. Because of the rise in building costs, the National Board of Housing was authorized to grant new housing loans up to 1 300 million marks, which was 250 million

## MONTHLY STATE CASH REVENUE AND EXPENDITURE AND THEIR CUMULATIVE DIFFERENCE IN 1973 AND 1974

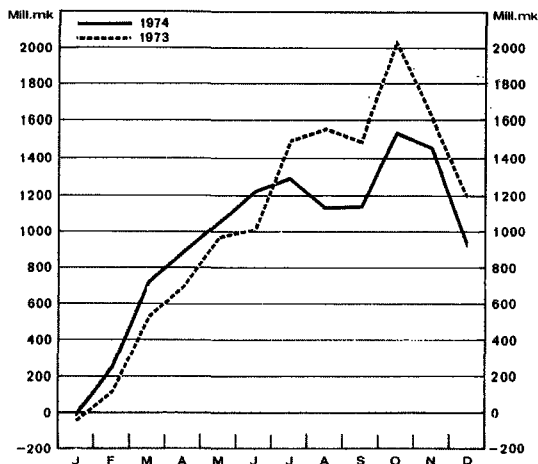
### Revenue (excluding borrowing)



### Expenditure (excluding redemption)



### Cumulative Difference (revenue minus expenditure)



marks more than in the previous year. The number of dwellings completed in 1974 came to more than 72 000, which was an unprecedented total. Of these, 36 000 were financed by state housing loans. The corresponding figures for the previous year were 62 000 and 37 000.

During the first half of 1974, export earnings of the woodprocessing industries grew substantially. It was the view of the Government that these earnings tended to contribute to domestic demand and inflationary pressures. To dampen these pressures, the Government decided to collect from Finnish forest industry firms counter-cyclical withholdings totalling 300 million marks, of which half was to be deposited in the Bank of Finland and subsequently repaid to the firms. The other half, or 150 million marks, was to be transferred to the counter-cyclical reserves of the central government, as a pool for promoting timber production and the wood-processing industries. However, towards the end of 1974, the particularly rapid slackening in exports of sawn timber, gave clear signs that the forest industry would be unable to remit the total amount of counter-cyclical withholdings. Consequently, the withholdings were reduced to 240 million marks and the repayment of the deposits was speeded up. At the same time, it was decided to pay the central government's share in withholdings directly to the Treasury.

## STATE FINANCE ACCOUNTS

The central government's liquidity position remained good throughout 1974, although it weakened slightly towards the end of the year compared with the previous year. Accelerating inflation raised the tax base and boosted the growth of tax revenue. On the other hand, the concessions granted for income taxes and certain indirect taxes during the latter half of the year limited the growth of tax revenue. Moreover, the sharp overall rise in costs increased state expenditure, which grew more rapidly than state revenue. The cumulative



TABLE 1.

## STATE CASH REVENUE AND EXPENDITURE

Revenue	Million marks	
	1973	1974
Total taxes on income and property	5 218	6 972
Sales tax	4 471	5 412
Customs duties and import charges	552	547
Excise duties	1 811	2 102
Other taxes and similar revenue	3 041	3 369
Other revenue	1 346	1 687
Redemptions of loans granted	268	304
	<hr/>	
Total revenue	16 707	20 393
Borrowing	238	269
	<hr/>	
Total	16 945	20 662
<b>Expenditure</b>		
Consumption expenditure	4 408	5 464
Transfer expenditure	6 525	9 066
Real investment	2 014	2 425
Interest on State debt and index compensations	303	265
Other expenditure	171	295
Lending	1 308	1 481
Other financial investment	773	465
	<hr/>	
Total expenditure	15 502	19 461
Redemptions	953	666
Surplus	490	535
	<hr/>	
Total	16 945	20 662

difference in the growth of revenue and expenditure was positive throughout the year. The surplus was at its largest in October, when it was 1 549 million marks but was still a quarter smaller than in the previous year (see Chart). The surplus for the whole year was 932 million marks, compared to 1 204 million marks in the previous year.

Total state revenue was 22 per cent larger than in 1973 (Table 1). The growth of income and property tax receipts by 34 per cent was substantially above the average growth for all items, because progressive tax scales were now applied to rapidly rising nominal incomes. Taxes and duties collected on imports were smaller than in the previous year, although the value of imports rose by 50 per cent in 1974. If we disregard structural changes, the decline in the accrual of these taxes can be said to stem from a reduction of two fifths in the EEC

duties. The total accrual of taxes on motor cars and motor cycles was about 18 per cent smaller than in the previous year, when it had grown by more than 50 per cent.

The growth in state expenditure was accelerated by transfer expenditure, which increased by two fifths and made up almost 50 per cent of state expenditure. State subsidies to different industries, particularly agricultural price subsidies, increased especially rapidly or by 75 per cent. State grants to local authorities also grew relatively rapidly (by 34 per cent). Transfers of state funds to local authorities were boosted by the introduction of the comprehensive school system, because its costs will be largely covered by the central government. The growth in state grants was, to a large extent, affected by the implementation of the National Health Act, which has widened the range of local health centre services quite substantially.

The unusually satisfactory state of employment allowed the central government to reduce the number of its land and waterway construction projects. Taking real investment, however, investment in machinery and equipment increased notably, particularly in state enterprises. State lending, the major part of which or 1 030 million marks was used for housing loans, grew by only 13 per cent. Residential construction which was entirely financed by the private sector, expanded vigorously, thus contributing to the shortage of labour. This, together with rising costs, tended to hold back state-financed residential construction and caused a postponement in the payment of state housing loans. Of other lending, the fastest growth occurred in loans granted to Export Credit Ltd, which received 118 million marks. Other financial investments declined by 40 per cent, mainly because there were no funds transferred to the central government's counter-cyclical fund in 1974. In the previous year, 500 million marks was transferred to this fund, and at the end of 1974, the unused counter-cyclical reserves totalled about 540 million marks. Total cash expenditure grew by 26 per cent and amounted to 19 461 million marks.

## STATE BORROWING

Although state expenditure grew faster than revenue, the state's liquidity position still remained good in 1974. Accordingly, no new long-term loans would have been needed to finance expenditure. However, the amount of new long-term loans increased by 13 per cent on the previous year, totalling 269 million marks, in which the share of foreign loans was only 16 million marks. These loans were credits granted by the International Bank for Reconstruction and Development, and they were used to finance the construction of highways and forest improvement projects. Domestic borrowing grew by a fifth and amounted to 253 million marks, 90 million marks of which was in the form of government bonds with a life of ten years and intended for public subscription, while 51 million marks was for the building of an atomic power station. Insurance institutions and employment pension funds granted the central government various loans with a life of 10 to 15 years and totalling 68 million marks.

Because the state's new borrowing has been insignificant in recent years, redemptions of governmental domestic loans declined by 40 per cent and amounted to 462 million marks. The state's domestic debt declined by 208 million marks. Redemptions of foreign loans totalled 204 million marks. As a result of changes in foreign exchange rates, the state's foreign liabilities fell more than net redemption payments. At the end of 1974, the

state's total foreign liabilities came to 1 152 million marks, whereas they totalled 1 395 million marks one year earlier.

At the end of 1974, the state's total debt amounted to 2 717 million marks or to 13 per cent of state revenue in the same year. In 1973 the corresponding figure was 19 per cent. Taking into account funds on the state's tied accounts as well as cash, postal giro and cheque account funds, the state's net debt amounted to 2 147 million marks at the end of 1974, as against 2 725 million marks one year earlier.

The surplus of state revenue over expenditure, 535 million marks, was almost 50 million marks larger than in the previous year. The major part of this surplus was in the form of short-term financing reserves, the total of which, at the end of the year, was the equivalent of about one month's state expenditure (Table 2).

**TABLE 2.**

### SHORT-TERM FINANCING

	Million marks	
	1973	1974
Net change in prepayments received and made etc.	-495	-430
Private funds (incr.+)	+0	-2
Short-term credit (decr.—)	-15	-1
Export levy and counter-cyclical tax accounts at the Bank of Finland (decr.+)	+20	+17
Cash, postal giro and cheque accounts (incr.—)	-0	-119
Surplus (—)	-490	-535

## ITEMS

**Direct investment in 1974.** In 1974 both the gross inflow and the gross outflow of investment capital almost equalled the gross flows of the previous year. However, the net flows of investment capital doubled on the previous year, because the repatriation of investment capital by Finnish firms was notably smaller than in 1973. The net inflow of investment capital came to 112.7 million marks in 1974, almost reaching the peak figure of 1972, whereas the net outflow of investment capital amounted to 111.7 million marks, or to only about half of the record outflow of 1972. Although the net inflow and the net outflow of investment capital were in balance in 1974, the total balance of direct investment, when payments of interest expenses and dividends are taken into account, showed a deficit of 74.6 million marks.

According to data on payments made, the inflow of investment capital in the form of own capital amounted to 84.0 million marks and repatriations to 20.1 million marks. Drawings of loans by foreign subsidiaries totalled 56.2 million marks and amortizations 7.4 million marks. Thus the total net inflow of investment capital in 1974 came to 112.7 million marks or to more than double the 52.9 million marks inflow of 1973.

Of the total net inflow of investment capital, 14.8 million marks were invested in industrial enterprises, 83.7 million marks in sales enterprises and 14.2 million marks in other enterprises. Table 1 shows the countries of origin of foreign investment in Finland. Sweden's share in the inflow of investment capital from the EFTA region was as high as 90 per cent.

Foreign-owned enterprises in Finland transferred 69.7 million marks in the form of dividends to their parent companies and paid 8.4 million marks in interest expenses on loans

granted by their parent companies. In 1973 the corresponding amounts were 71.6 million marks and 5.6 million marks.

In all, 74 permits were granted last year to foreign firms for new investment in Finland, whereas 22 enterprises, which had been partly foreign-owned, ceased their activities or were sold to Finnish nationals.

**TABLE 1. INFLOW OF INVESTMENT CAPITAL IN THE FORM OF OWN CAPITAL AND LOANS OF FOREIGN PARENT COMPANIES TO SUBSIDIARIES IN FINLAND IN 1974, MILL. MK**

From	Investment	Repatriation	Investment, net	Loans, net	Total
EFTA countries	47.0	9.6	37.4	34.9	72.3
EEC countries	22.4	7.2	15.2	8.3	23.5
North America	13.8	3.3	10.5	2.9	13.4
Other countries	0.8	—	0.8	2.7	3.5
Total in 1974	84.0	20.1	63.9	48.8	112.7
Total in 1973	64.5	71.6	—7.1	60.0	52.9
Total in 1972	108.5	2.4	106.1	23.1	129.2

Finnish direct investment in foreign countries in the form of own capital amounted to 69.9 million marks in 1974, while the repatriation of Finnish capital came to 8.8 million marks. Drawings of loans granted amounted to 61.2 million marks and amortizations to 10.6 million marks. The total net outflow of investment capital thus came to 111.7 million marks, compared to a total of 57.4 million marks in the previous year.

Of the net outflow of Finnish investment capital, 68.4 million marks was invested in production, 14.7 million marks in trade and 28.6 million marks in other types of activities. Table 2 shows the regional break-down of Finnish investment.

According to data obtained by the Bank of Finland, Finnish subsidiaries abroad transferred 2.5 million marks to Finland in the form of dividends in 1974, whereas these transfers amounted to 1.1 million marks in 1973.

Amortizations of loans granted by Finnish parent companies to subsidiaries abroad totalled less than 50 000 marks in both 1973 and 1974.

Finnish firms were granted 89 permits for new investment abroad. On the other hand, six enterprises abroad, which had been totally or partly Finnish-owned, ceased their activities last year or were sold to foreign nationals.

**TABLE 2. OUTFLOW OF INVESTMENT CAPITAL IN THE FORM OF OWN CAPITAL AND LOANS OF FINNISH PARENT COMPANIES TO SUBSIDIARIES ABROAD IN 1974, MILL. MK**

To	Investment	Repayment	Investment, net	Loans, net	Total
EFTA countries	7.8	8.7	-0.9	2.5	1.6
EEC countries	52.4	—	52.4	17.0	69.4
North America	4.7	0.1	4.6	0.7	5.3
Other countries	5.0	—	5.0	30.4	35.4
Total in 1974	69.9	8.8	61.1	50.6	111.7
Total in 1973	99.6	80.6	19.0	38.4	57.4
Total in 1972	125.5	0.2	125.3	86.5	211.8

The total balance of direct investment, in which the payments of dividends and interest expenses have been taken into account, in addition to investment capital flows proper, thus showed a 74.6 million mark deficit in 1974. In 1973 the deficit in the total balance of direct investment came to 74.2 million marks.

**Inflow of long-term loan capital in January—March 1975.** As a consequence of an easing in the international capital market, the inflow of long-term foreign loan capital was brisk during the first quarter of the current year. At the end of March drawings of new foreign loans amounted to 1 206 million marks and redemptions to 310 million marks. Thus the net inflow of long-term foreign capital during the first quarter of the year exceeded the total net inflow of the first three quarters in 1974. The total long-term foreign debt amounted to 12 491 million marks at the end of March.

After a revival in the international capital market, three Finnish bond issues were floated abroad, totalling 264 million marks, or 200 mil-

lion marks more than the total amount floated last year. In January the City of Helsinki launched an 18 million EUA (European unit of account) issue. In March Pekema Oy floated a 7 million Kuwait dinar loan and Imatran Voima Oy a 20 million EUA loan. During the period under review, drawings of other financial loans totalled 399 million marks and amortizations 186 million marks.

Drawings of long-term import credits during the first quarter of the current year came to more than double the amount drawn during the corresponding period of the previous year. However, the total amount of redemptions was slightly smaller than in 1974. Total debt service costs, i.e., interest expenses and amortizations, on long-term foreign loans, came to 585 million marks during the first quarter of 1975, or to 15 per cent less than during the corresponding period in 1974. The ratio of total debt service costs to total current account earnings was slightly more than 9 per cent.

**BREAKDOWN OF FINLAND'S LONG-TERM FOREIGN DEBT ON MARCH 31, 1975 MILL. MK**

	Debt Dec. 31, 1974	Drawings	Amortizations	Net change	Debt March 31, 1975
Financial loans	9 498	663	206	+457	9 955
Individual financial loans	5 067	337	158	+179	5 246
from foreign governments	161	—	3	-3	158
Bond issues and other financial loans	4 431	326	48	+278	4 709
bond issues	2 561	264	20	+244	2 805
private placement loans	1 396	56	1	+55	1 451
loans from the World Bank	474	6	27	-21	453
Imports credits	2 097	543	104	+439	2 536
Total	11 595	1 206	310	896	12 491

**Finland's travel account in 1974.** According to preliminary figures of the Bank of Finland, total foreign exchange revenue from tourism in 1974 almost reached the level of the previous year and amounted to 1 166 mil-

lion marks. Travel expenditure grew by 2 per cent and totalled 841 million marks. The rapid growth in the surplus on the travel account during 1970—1972, which was on average 110 million marks annually, has stopped, at least for the time being. The surplus on the travel account came to 326 million marks in 1974, or to slightly less than in 1973, when it amounted to 341 million marks.

The smaller growth in travel revenue and expenditure was the result of an estimated 7 per cent fall in the number of tourists, compared to the previous year. On the other hand, inflation tended to sustain the growth in the foreign exchange value of travel services. There has been a clear slackening in shopping excursions from Sweden to Finland, partly due to the rapidly rising prices in Finland.

Foreign exchange receipts and expenditure brought about by passenger transport are presented separately in the transport item of

the balance of payments. While receipts from fares came to 57 million marks both in 1972 and 1973, they fell to 43 million marks in 1974. Fare expenditure amounted to 39 million marks in 1972, compared to 50 million marks in 1973 and 68 million marks in 1974.

The share of the Swedish krona in Finnish travel revenue and expenditure declined last year.

#### MAJOR CURRENCIES ON THE TRAVEL ACCOUNT IN 1972—1974, AS A PERCENTAGE OF TOTAL RECEIPTS AND EXPENDITURE

Unit of currency	Travel receipts			Travel expenditure		
	1972	1973	1974	1972	1973	1974
Skr	67	63	60	30	28	21
DM	8	11	12	13	16	14
US \$	10	9	10	15	12	15

The breakdown is only based on the distribution of sales and purchases of travel currencies, and it does not, as such, indicate the travel accounts of individual countries, or the destinations or countries of origin of travellers.

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor*

A. Simonen

*Deputy Governor*

Ahti Karjalainen

*Absent as a Member  
of Government*

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Pertti Tammivuori

*ad int.*

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## Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Seppo Lindblom

K. Ignatius

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## Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Pauli Kanerva

Eino Helenius  
*Administration*

Pentti Koivikko

*Personnel*

Reino Airikkala

*Monetary Policy*

Antti Lehtinen

*Domestic Financial  
Operations*

Kalle Koski

*Capital Transfers*

Raine Panula

*Foreign Exchange*

Raili Nuortila

*Eastern Trade*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Stig G Björklund

*Banking Services*

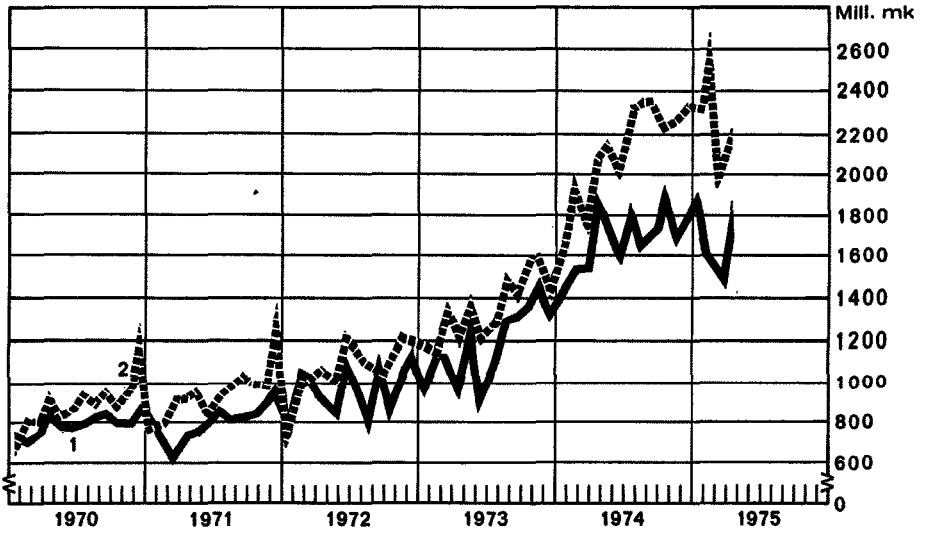
Eino Suomela

*Internal Audit*

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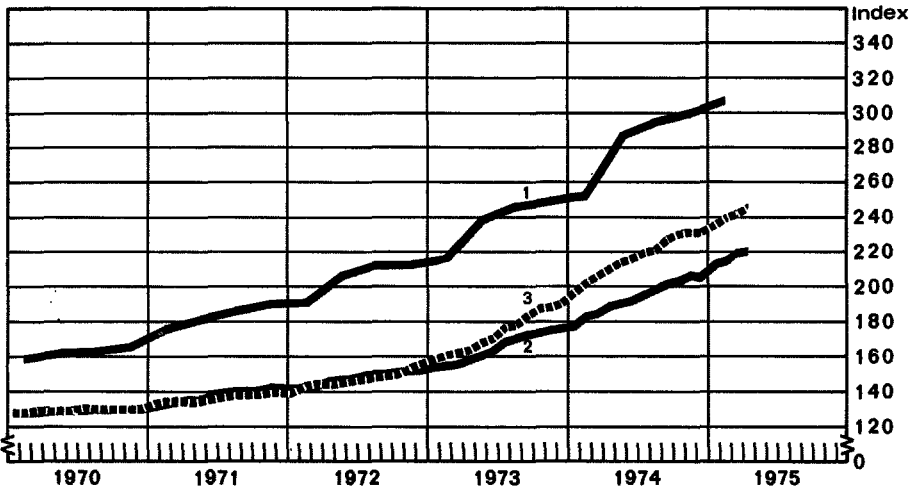
FOREIGN TRADE, 1970-1975

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



PRICES AND WAGES, 1970-1975

- 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, 1970-1975

- 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

