



BANK OF FINLAND

Monthly Bulletin

**The target programme for raising forest
output in Finland**

Public finance in 1975

Direct investment in 1975

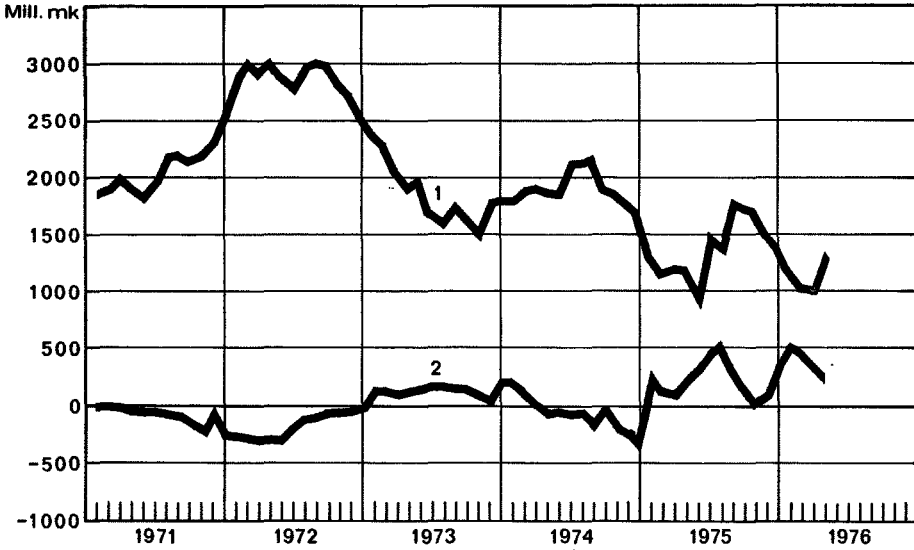
The new 100 mark bank-note

Publications of the Bank of Finland

JUNE 1976

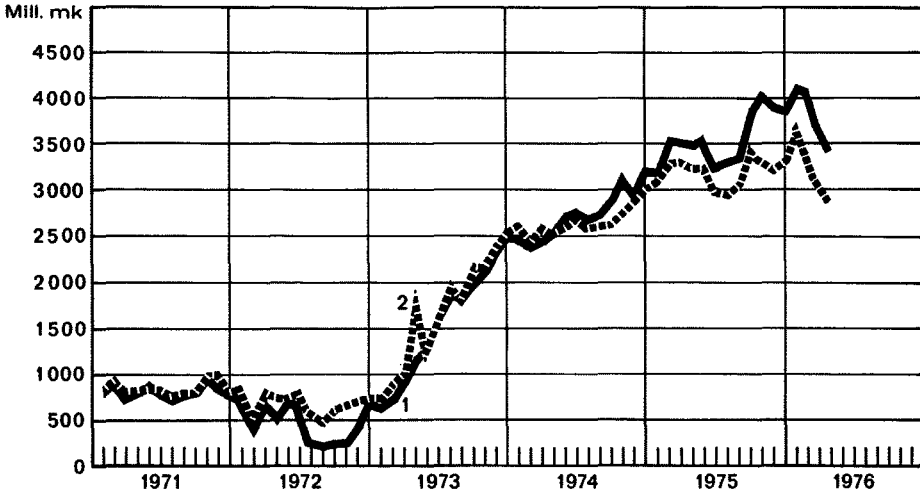
Vol. 50 No. 6

BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1971-1976



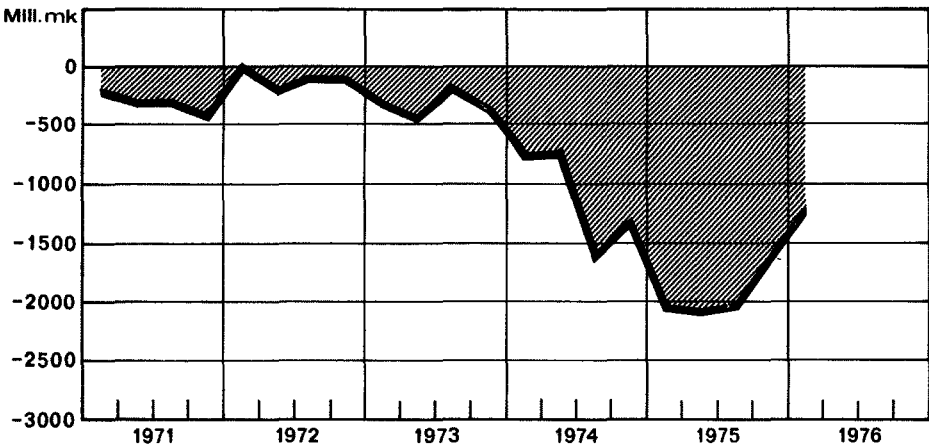
- 1. Gold and convertible currencies
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BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1971-1976



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BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1971-1976



Seasonally adjusted quarterly figures

THE TARGET PROGRAMME FOR RAISING FOREST OUTPUT IN FINLAND

The Forestry Financing Council, founded at private instigation as a working group representing Finnish forestry interests, drew up its first programme for financing basic improvements of forests (MERA I) in 1964. The Council revised its programme (MERA II) in 1966 and prepared a new programme (MERA III) in 1969, for the period 1970—1975. All these programmes were submitted to the Council of State.

The experience gained from these projects was considered valuable, and it was realised that there was a need for a national programme on forest output targets. As a result, a couple of years before the conclusion of the third programme, plans were made to extend it further, and to take into account new facts and methodological problems which the earlier programmes had revealed. Silvicultural and forest improvement projects, which had been achieving more and more throughout the 1960s, had proved less successful in the 1970s. It could also be seen that, although the programmes have to be drawn up for a period of several years, circumstances may well alter leaving the programme outdated for the last years of the period. The fact that the programmes have not been drawn up or confirmed by the Central Government has been another defect. They have also been, perhaps intentionally, a little over-extensive.

At the beginning of 1975, the Council of the Ministry of Agriculture and Forestry¹ started to prepare a target programme for forest output. The programme for 1976 was completed in the spring of 1975 and that for the period 1977—1981 in March 1976. It is intended that a programme will be drawn up each year to cover the following five years. At the same time,

¹ The Council assists the Ministry with fundamental and far-reaching problems of forestry. The Ministry of Finance, the National Board of Forestry, the Forest Research Institute, the central forestry boards, the forest industry, the Central Organization of Agricultural Producers, the Association of Finnish Rural Workers, and farmers owning forests are all represented on the Council. The Minister of Agriculture and Forestry acts as its chairman.

efforts are being made to improve and supplement the contents of the programmes and to ensure that they are practicable; estimates of the development of labour inputs, for instance, are being obtained from local sources. On the whole, the programmes are primarily designed to serve major decision-makers.

THE BASIS FOR THE PROGRAMME

As a starting period for preparing a target programme for raising Finnish forest output, the last two years were rather exceptional in that, as a result of the international cyclical recession, Finland's production and exports of processed wood products, as well as fellings of raw timber, were slightly smaller in 1974 than in the previous year, and in 1975 they were exceptionally small. Indeed, the volume of fellings in 1975 was more than a quarter below its potential long-term level. However, long-term estimates suggest that the state of international demand for wood-based products will not set any limits to the expansion of Finnish forest output.

Silvicultural and forest improvement works have reached the stage where the major and the best parts of the peat lands have been drained once, so supplementary drainage and maintenance work is in turn. In forest seeding and planting, the main target has been reached: an adequate amount of new stands has been established and activities now centre on the seedling stand improvement. Apart from fertilization, the forest improvement works cannot anymore increase short-term felling potential to the extent that has been possible up to now.

Since the majority of Finnish forests is privately owned, increases in forest output depend primarily on expansion undertaken by individual forest-owners. Experience obtained so far indicates that a higher level of state grants produces an increase in labour and

capital inputs by forest-owners themselves. For this reason, it is still justified to provide selective state grants for forest improvement, so as to plan and focus the measures taken to stimulate forest output in a nationally appropriate way. With state aid it is also possible to implement forest improvement projects which are microeconomically unprofitable, particularly in regions where there are important employment and other social effects stemming from the works.

FOREST PROJECTS ESTIMATES

The Council made the following estimate for silvicultural and forest improvement works to be undertaken under the prevailing premises (i.e. the basic level of input):

Type of project	1975	1976	1977	1981	Average annual change in 1976—1981 per cent
Seeding and planting	119	124	131	150	+ 4.0
Seedling stand improvement	468	368	405	398	+ 1.6
Fertilization	243	214	268	308	+ 7.5
Drainage of peat lands	194	188	176	143	— 5.3
	Kilometres				
Clearing of forest ditches	3 400	5 250	7 340	11 100	+ 16.2
Forest road construction	3 352	3 800	3 770	3 860	+ 0.3

The seeding and planting undertaken depends on the progress of renewal felling activity and on the willingness of landowners both to afforest fields no longer used for farming and to renew their less productive forest areas. Regarding to the species-composition of the existing forests and to the pattern of industrial demand for the various types of wood, it seems to serve the purpose to cultivate at least 10 per cent of the area with bred birch (*Betula verrucosa*) in addition to the normal spruce (*Picea abies*) and pine (*Pinus sylvestris*). The number of forest drainage projects undertaken will continue to decline at a rate of about five per cent per annum, since the amount of work outstanding is falling, and the projects remaining are the most difficult ones.

EXPENDITURE

The following estimates were made of total expenditure incurred by the silvicultural and forest improvement projects included in the programme, and of the state's financing requirements:

	1975	1976	1977	1981
	Actual costs	Estimated costs	costs in 1976 prices	in 1976
	Million marks			
Projects undertaken by private forest-owners	303.9	374.3	439.7	443.7
State grants	88.5	99.8	124.9	113.0
State loans and advances	89.2	113.2	142.7	134.2
Counter-cyclical tax and withholding funds	13.2	13.0		
Landowner's own funds	113.0	148.3	172.1	196.5
Projects undertaken by forest industry companies	69.0	76.7	82.3	81.3
State projects	89.7	85.5	108.2	125.6
Total	462.6	536.5	630.2	650.6

It is estimated that the financing structure of projects undertaken by private forest-owners will change: the share of landowners' own capital and labour will increase and, of the reduced state financing, the emphasis will be more on loans.

THE NEED FOR A BOOST IN TIMBER PRODUCTION

As a result of measures implemented so far, the potential long-run annual cut of Finnish forests increased between 1955 and 1974 from 50 to 60 million cubic metres of wood with bark. In the same period, the consumption of industrial roundwood, including imported roundwood, increased from 25 to 45 million cubic metres of wood. The level of silvicultural and forest improvement activity as estimated in the foregoing can increase the potential cut by about 0.2 million cubic metres a year. The Council deems it necessary that the measures designed to boost timber production should aim at increasing the potential cut by between 0.4 and 0.5 million cubic metres a year.

(continued on page 27)

	1975		1976			
	May 30	Dec. 31	May 7	May 14	May 21	May 31
Assets						
Gold and foreign exchange receivables	1 555	1 950	2 226	2 184	2 075	2 114
Gold	121	121	121	121	121	121
Special drawing rights	289	278	270	270	271	271
IMF gold tranche	268	—	—	—	—	—
Convertible currencies	387	1 089	1 494	1 397	1 273	1 235
Tied currencies	490	462	341	396	410	487
Other foreign receivables	1 010	1 274	1 452	1 450	1 451	1 465
Foreign bills	288	272	284	282	283	297
Foreign bonds	192	204	342	342	342	342
Currency subscription to Finland's quota in the IMF	530	798	826	826	826	826
Receivables from financial institutions	3 857	4 164	4 282	4 042	4 772	4 415
Cheque accounts of the commercial banks	136	133	172	179	207	176
Discounted bills	3 417	3 385	3 082	3 111	3 237	3 235
Bonds	268	327	359	369	333	426
Call money market advances	—	—	638	346	944	540
Other financial institution receivables	36	319	31	37	51	38
Receivables from the public sector	314	339	343	344	344	352
Bonds	75	70	70	70	72	74
Total coinage	238	256	269	270	270	270
Other public sector receivables	1	13	4	4	2	8
Receivables from corporations	690	933	1 157	1 170	1 176	1 175
New export bills	115	128	128	129	130	129
Financing of suppliers' credits	306	402	474	474	473	473
Bonds	240	223	208	208	208	208
Other corporate receivables	29	180	347	359	365	365
Other assets	37	47	48	46	46	47
Total	7 463	8 707	9 508	9 236	9 864	9 568
Liabilities						
Foreign exchange liabilities	205	172	93	95	99	99
Convertible accounts	67	78	45	45	45	46
Tied accounts	138	94	48	50	54	53
Other foreign liabilities	788	1 385	1 922	1 922	1 922	1 922
IMF mark accounts	530	1 127	1 664	1 664	1 664	1 664
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 479	2 855	2 663	2 698	2 729	2 775
Notes	2 275	2 617	2 429	2 464	2 494	2 539
Coins	204	238	234	234	235	236
Deposit certificates in circulation	870	250	—	—	—	—
Claims of financial institutions	137	29	655	360	940	553
Cheque account of Postipankki	1	1	3	1	2	0
Cheque accounts of the commercial banks	2	3	1	1	1	2
Call money market deposits	—	—	648	355	934	549
Other financial institution claims	134	25	3	3	3	2
Claims of the public sector	556	1 301	1 414	1 367	1 349	1 360
Cheque accounts	2	2	1	2	3	0
Counter-cyclical reserves	543	155	55	55	55	55
Import deposits	9	1 135	1 320	1 272	1 253	1 266
Other public sector claims	2	9	38	38	38	39
Claims of corporations	446	539	523	504	500	488
Investment deposits	65	73	68	67	66	67
Counter-cyclical withholdings	120	—	—	—	—	—
Capital import deposits	244	450	441	423	422	415
Import levy deposits	4	8	8	8	8	2
Other corporate claims	13	8	6	6	4	4
Other liabilities	12	15	14	13	12	13
Equalization accounts	999	331	318	365	393	433
Capital accounts	971	1 830	1 906	1 912	1 920	1 925
Primary capital	600	1 400	1 400	1 400	1 400	1 400
Reserve fund	237	237	334	334	334	334
Undisposed profits	75	—	97	97	97	97
Net earnings	59	193	75	81	89	94
Total	7 463	8 707	9 508	9 236	9 864	9 568

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+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
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
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

1975

May	1 065	67	998	352	1 010	788	1 572	314	556	242	870
June	1 618	67	1 551	483	1 283	1 385	1 932	311	512	201	900
July	1 484	60	1 424	545	1 288	1 385	1 872	315	718	403	800
Aug.	1 879	60	1 819	327	1 266	1 385	2 027	322	871	549	700
Sept.	1 810	53	1 757	186	1 274	1 385	1 832	322	1 019	697	820
Oct.	1 778	50	1 728	61	1 315	1 385	1 719	324	1 189	865	740
Nov.	1 611	79	1 532	123	1 311	1 385	1 581	333	1 383	1 050	400
Dec.	1 448	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

1976

Jan.	1 277	86	1 191	533	1 373	1 385	1 712	335	1 318	983	160
Feb.	1 113	82	1 031	482	1 390	1 385	1 518	334	1 380	1 046	—
March	1 184	157	1 027	378	1 442	1 413	1 434	338	1 465	1 127	—
April	1 393	47	1 346	281	1 449	1 413	1 663	341	1 390	1 049	—
May	1 627	46	1 581	434	1 465	1 922	1 558	352	1 360	1 008	—

¹ 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, 1975			Net holdings, March 31, 1976			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Mar.	Jan.-Mar.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	278	—	278	272	—	272	—6	—6
IMF gold tranche	—	—	—	—	—	—	—	—
Convertible currencies	1 011	—1 759	—748	634	—1 282	—648	255	100
Total	1 410	—1 759	—349	1 027	—1 282	—255	249	94
Non-convertible currencies	368	—1	367	378	— 7	371	—139	4

End of year and month	Domestic financial sector						Corporate sector				
	Dis-counted and redis-counted bills	Cheque account receiv-ables ²	Other receiv-ables	Cheque account liabilities to the commer-cial banks ³	Cheque account liabilities to Posti-pankki ³	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	Notes and coins in circu-lation
	1	2	3	4	5	6	7	8	9	10	11
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	1 413
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
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1975											
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
June	3 083	139	347	2	—	128	3 439	722	374	348	2 692
July	3 082	136	377	3	0	120	3 472	821	423	398	2 544
Aug.	3 068	135	369	4	2	282	3 284	816	305	511	2 635
Sept.	3 565	196	424	2	1	274	3 908	827	401	426	2 620
Oct.	3 568	115	606	2	1	269	4 017	876	413	463	2 571
Nov.	3 519	172	622	2	1	2	4 308	888	530	358	2 678
Dec.	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1976											
Jan.	3 085	147	543	2	3	2	3 768	973	540	433	2 614
Feb.	3 035	196	1 408	5	0	709	3 925	1 031	548	483	2 677
March	3 035	202	1 421	1	1	843	3 813	1 098	427	671	2 544
April	3 053	193	1 098	1	0	683	3 660	1 126	523	603	2 676
May	3 235	176	1 004	2	0	551	3 862	1 175	488	687	2 775

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

² Including special index accounts.

³ Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

May 21, 1976

New York ¹	1 \$	3.903	Frankfurt o. M.	100 DM	151.10	Vienna	100 S	21.10
Montreal	1 \$	3.978	Amsterdam	100 Fl	142.60	Lisbon	100 Esc	12.85
London	1 £	6.990	Brussels ²	100 Fr		Madrid	100 Pta	5.76
Stockholm	100 Kr	87.80	Zurich	100 Fr	156.55	Tokyo	100 Y	1.305
Oslo	100 Kr	70.70	Paris	100 FF	82.50	Reykjavik	100 Kr	2.15
Copenhagen	100 Kr	64.00	Rome	100 Lit	0.465	Moscow ³	1 Rbl	5.170

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

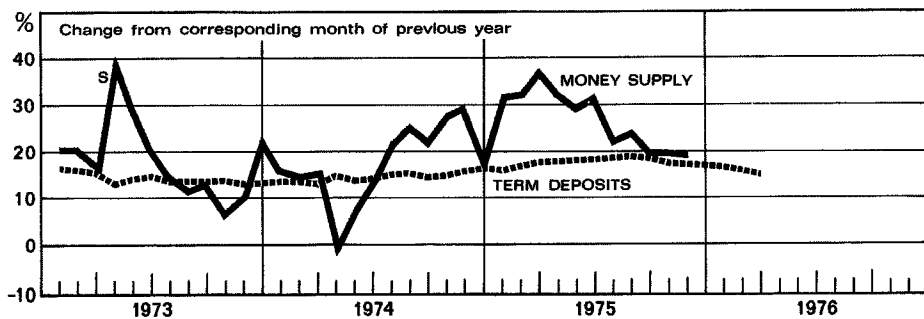
² 9.900 commercial rate; 9.750 financial rate.

³ Clearing account: also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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
1975	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260
1975										
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
April	2 573	3 414	1 762	10 596	8 591	6 668	2 753	964	29 572	34 748
May	2 609	3 509	1 644	10 744	8 713	6 773	2 778	975	29 983	35 136
June	2 822	3 809	1 640	10 851	8 826	6 796	2 833	985	30 291	35 740
July	2 721	3 662	1 462	10 921	8 974	6 946	2 863	1 005	30 709	35 833
Aug.	2 566	3 533	1 669	11 046	9 155	7 091	2 920	1 021	31 233	36 435
Sept.	2 546	3 531	1 582	10 959	9 203	7 177	2 929	1 056	31 324	36 437
Oct.	2 686	3 653	1 417	11 011	9 225	7 206	2 939	1 058	31 439	36 509
Nov.	2 659	3 642	1 652	11 234	9 326	7 280	2 985	1 057	31 882	37 176
Dec.	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260
1976*										
Jan.	3 268	4 301	2 038	11 872	9 891	7 685	3 229	1 117	33 794	40 133
Feb.	2 854	4 176	2 258	11 930	10 021	7 777	3 262	1 132	34 122	40 556
March	3 004	4 332	2 032	11 837	10 031	7 752	3 224	1 139	33 983	40 347



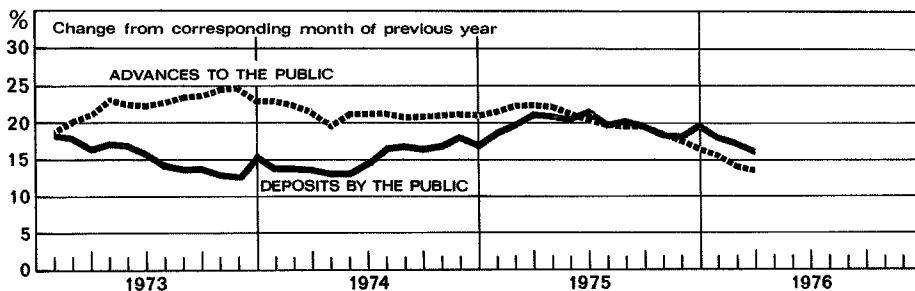
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
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	6 115
1974	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283
1975	17 773	9 108	7 799	5 488	4 129	43 003	1 294	44 297	9 450

1975									
Month	1	2	3	4	5	6	7	8	9
March	16 773	8 060	6 743	4 847	3 394	38 548	1 269	39 817	7 403
April	16 919	8 162	6 868	4 913	3 556	39 139	1 279	40 418	7 245
May	17 148	8 219	6 944	4 968	3 637	39 640	1 276	40 916	7 335
June	17 303	8 312	7 019	4 983	3 660	39 951	1 326	41 277	7 801
July	17 291	8 419	7 125	5 054	3 704	40 339	1 254	41 593	7 331
Aug.	17 307	8 582	7 249	5 063	3 776	40 674	1 303	41 977	7 517
Sept.	17 734	8 749	7 450	5 104	3 815	41 456	1 396	42 852	7 391
Oct.	17 811	8 785	7 542	5 275	3 900	41 907	1 406	43 313	7 321
Nov.	17 852	8 997	7 673	5 420	4 046	42 585	1 403	43 983	7 643
Dec.	17 773	9 108	7 799	5 488	4 129	43 003	1 294	44 297	9 450

1976*									
Month	1	2	3	4	5	6	7	8	9
Jan	17 769	9 279	7 900	5 551	4 223	43 456	1 266	44 722	..
Feb.	17 868	9 311	7 937	5 605	4 230	..	..	44 951	..
March	17 902	9 448	8 009	5 688	4 249	..	..	45 296	..



STATE FINANCES

Revenue	Jan.—March	
	1975	1976
Income and property tax (net)	2 400	3 124
Gross receipts	(4 812)	(5 991)
Refunds & local authorities	(—2 412)	(—2 867)
Other taxes on income and property	44	56
Employers' child allowance payments	147	164
Sales tax	1 309	1 462
Revenue from Alcohol Monopoly	242	324
Customs duties & import charge	120	148
Counter-cyclical tax	—	—
Excise duty on tobacco	132	187
» » on liquid fuel	253	270
Other excise duties	103	142
Tax on autom. and motor cycles	134	158
Stamp duties	113	145
Special diesel etc. vehicles tax	15	16
Other taxes and similar revenue ¹	107	156
Total taxes	5 119	6 352
Miscellaneous revenue	560	515
Interest, dividends etc.	91	54
Sales and depreciation of property	5	1
Redemptions of loans granted	42	116
Total revenue	5 817	7 038
Foreign borrowing	6	—
Domestic borrowing	194	249
Total borrowing	200	249
Deficit (+) or surplus (—)	(—12)	(—369)
Total	6 005	6 918

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

Expenditure	Mill. mk	
	Jan.—March	
	1975	1976
Wages, salaries, pensions etc.	933	1 179
Repair and maintenance	102	132
Other consumption expenditure	480	519
Total consumption expenditure	1 515	1 830
State aid to local authorities	1 227	1 450
State aid to industries	1 024	943
of which: agric. price subsidies	(444)	(590)
Child allowances	156	197
Share in national pensions and health insurance	54	64
Other transfer expenditure	657	772
Total transfer expenditure	3 118	3 426
Machinery and equipment	194	248
House construction	105	107
Land and waterway construction	287	349
Total real investment	586	704
Interest on State debt	67	75
Index compensations	18	19
Net deficit of State enterprises	10	10
Other expenditure	2	7
Total other expenditure	97	111
Increase in inventories	+72	—16
Lending	352	553
Other financial investment	56	125
Total expenditure	5 796	6 733
Redemption of foreign loans	17	29
Redemption of domestic loans	192	156
Total redemptions	209	185
Total	6 005	6 918

State debt	1973	1974	1975	1976		
	Dec.	Dec.	Dec.	Feb.	March	April
Foreign debt	1 395	1 152	1 603	1 591	1 595	1 617
Loans	1 758	1 528	1 645	1 643	1 711	1 738
Compensatory obligations	1	1	1	1	1	1
Short-term credit	39	37	85	64	65	..
Cash debt (net)	—468	—571	—242	—471	—318	..
Domestic debt	1 330	995	1 489	1 237	1 459	..
Total State debt	2 725	2 147	3 092	2 828	3 054	..
Total debt, mill \$	710	590	798	737	793	..

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
1975*	20 247	28 002	-7 755

1975*			
March	1 576	2 096	- 520
April	1 739	2 301	- 562
May	1 594	2 356	- 762
June	1 380	2 046	- 666
July	1 651	2 263	- 612
Aug.	1 135	2 167	-1 032
Sept.	1 710	2 236	- 526
Oct.	1 840	2 458	- 618
Nov.	1 672	2 247	- 575
Dec.	2 371	2 547	- 176

1976*			
Jan.	1 563	2 131	-568
Feb.	1 478	2 000	-522
Marc	1 967	2 250	-283

Jan.-March			
1975*	5 155	7 381	-2 226
1976*	5 008	6 381	-1 373

Indices of exports and
imports 1969 = 100

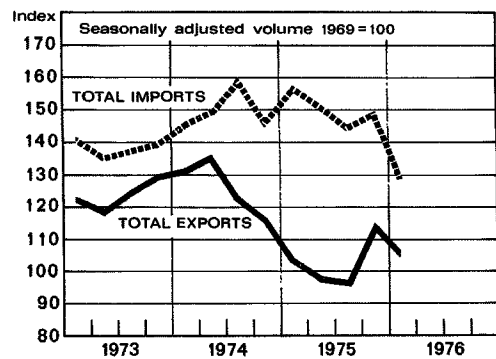
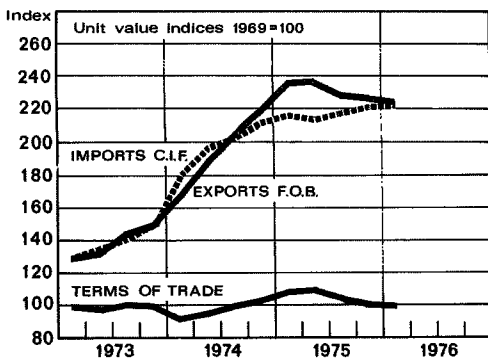
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974	126	151	196	200	98
1975	105	151	232	218	106

1973					
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	142	102
Oct.-Dec.	140	149	151	151	100

1974					
Jan.-Mar.	131	146	169	184	92
Apr.-June	131	147	190	199	95
July-Sept.	119	158	206	204	101
Oct.-Dec.	125	152	221	213	104

1975					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	219	105
Oct.-Dec.	124	153	228	223	102

1976*					
Jan.-Mar.	106	134	226	224	101



FOREIGN TRADE BY MAIN GROUPS

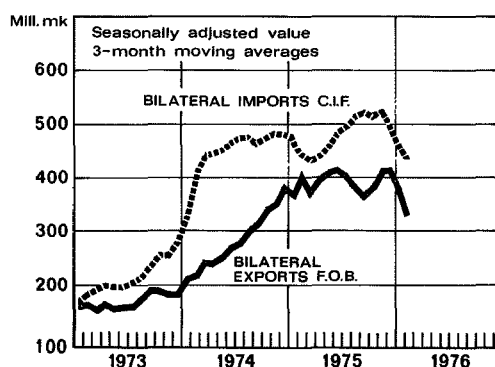
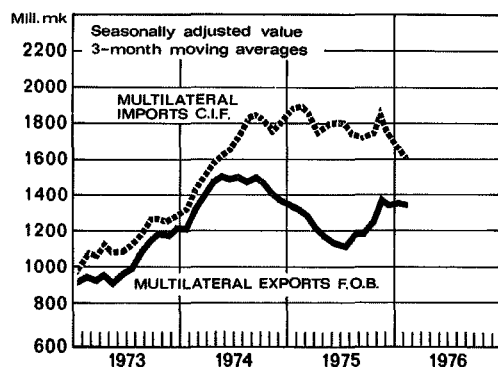
Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	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
1975*	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63

1975*										
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 390	111	430	369	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 300	147	329	265	5
July	28	194	534	560	335	1 391	126	421	299	26
Aug.	18	139	451	226	301	1 279	170	433	276	9
Sept.	44	202	585	442	437	1 384	137	363	344	8
Oct.	25	199	570	505	541	1 554	154	412	337	1
Nov.	17	213	579	395	468	1 361	170	426	289	1
Dec.	82	234	659	877	519	1 513	140	565	323	6

1976*										
Jan.	114	190	477	436	346	1 191	133	494	312	1
Feb.	14	196	592	287	389	1 262	114	327	291	6
March	125	214	780	338	510	1 340	91	461	353	5

Jan.-March										
1975*	153	515	2 063	1 177	1 247	4 522	387	1 359	1 111	2
1976*	253	600	1 849	1 061	1 245	3 793	338	1 282	956	12



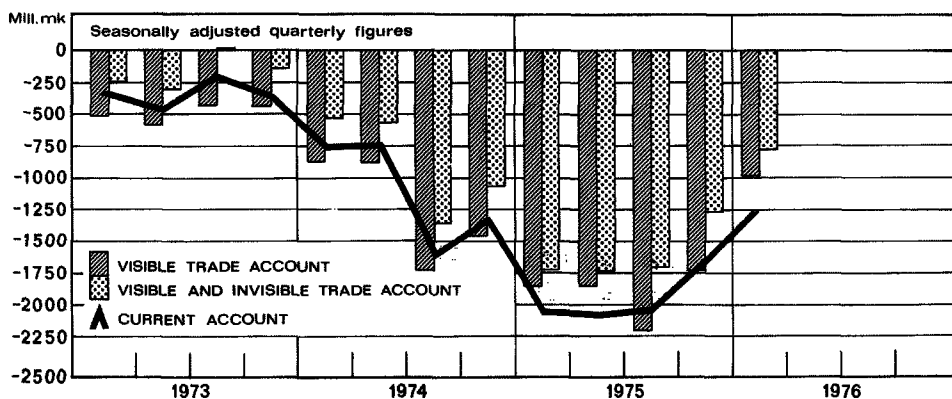
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—March				January—March			
	1975*		1976*		1975*		1976*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	62.8	3 239	68.5	3 428	68.0	5 022	68.4	4 366
Austria	0.8	40	0.7	35	1.3	99	1.7	106
Belgium-Luxembourg	1.4	71	1.7	84	2.1	153	1.9	120
Denmark	3.5	180	3.9	197	3.7	271	3.0	193
France	3.7	193	4.4	220	3.1	232	2.9	189
Federal Republic of Germany	9.5	492	10.4	523	17.1	1 259	16.1	1 027
Italy	1.4	72	2.0	99	1.9	141	2.3	147
Netherlands	2.5	127	3.2	161	3.0	221	3.1	198
Norway	3.8	198	4.4	218	3.1	230	4.0	255
Portugal	0.3	13	0.5	26	0.5	40	0.3	21
Spain	1.0	54	1.1	53	1.1	78	1.0	64
Sweden	16.1	831	16.9	847	18.5	1 368	19.9	1 268
Switzerland	1.8	95	2.2	108	3.3	244	3.3	211
United Kingdom	15.4	792	15.8	792	9.2	675	8.6	549
Other	1.6	81	1.3	65	0.1	11	0.3	18
OECD countries outside Europe	5.9	304	5.0	252	10.3	763	6.9	440
Canada	0.5	25	0.6	32	0.4	26	0.4	24
Japan	0.5	27	1.0	50	1.7	126	1.4	90
United States	4.4	225	3.3	165	8.2	609	5.1	325
Other	0.5	27	0.1	5	0.0	2	0.0	1
CMEA countries	21.2	1 094	17.8	895	17.6	1 297	20.0	1 276
Czechoslovakia	0.5	24	0.6	32	0.3	24	0.6	39
Democratic Republic of Germany	0.7	35	0.7	36	1.0	71	0.5	33
Poland	1.2	62	1.3	64	1.8	131	1.4	87
Soviet Union	17.9	924	14.5	727	13.4	991	16.4	1 049
Other	0.9	49	0.7	36	1.1	80	1.1	68
Latin America	2.5	127	2.4	118	1.7	124	2.1	135
Argentina	1.0	50	0.3	15	0.0	1	0.0	0
Brazil	0.9	44	0.5	25	0.4	31	0.8	52
Colombia	0.0	2	0.1	5	0.8	60	0.8	53
Other	0.6	31	1.5	73	0.5	32	0.5	30
Other	7.6	391	6.3	315	2.4	175	2.6	164
GRAND TOTAL	100.0	5 155	100.0	5 008	100.0	7 381	100.0	6 381
of which								
EFTA countries	23.0	1 186	24.7	1 238	26.9	1 983	29.3	1 872
EEC countries	38.1	1 965	42.0	2 104	40.0	2 955	38.1	2 429
OECD countries	68.7	3 543	73.5	3 680	78.3	5 785	75.3	4 806

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
1973 ^r	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974 ^r	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
1975*	20 183	27 879	-7 696	+ 962	+101	+257	-6 376	-1 414	-83	-7 873
Jan.-March										
1973 ^r	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974 ^r	4 589	5 683	-1 094	+ 338	+ 10	+ 5	- 741	- 233	-25	- 999
1975*	5 127	7 356	-2 229	+ 261	- 43	- 34	-2 045	- 316	-51	-2 412
Apr.-June										
1973 ^r	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974 ^r	5 159	6 198	-1 039	+ 282	+ 74	+ 47	- 636	- 239	-11	- 886
1975*	4 696	6 683	-1 987	+ 243	+ 13	+ 7	-1 724	- 383	-15	-2 122
July-Sept.										
1973 ^r	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974 ^r	5 104	6 838	-1 734	+ 251	+243	- 36	-1 276	- 243	- 4	-1 523
1975*	4 482	6 645	-2 163	+ 262	+142	+ 70	-1 689	- 309	- 8	-2 006
Oct.-Dec.										
1973 ^r	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974 ^r	5 753	6 879	-1 126	+ 204	- 1	+ 89	- 834	- 291	-29	-1 154
1975*	5 878	7 195	-1 317	+ 196	- 11	+214	- 918	- 406	- 9	-1 333

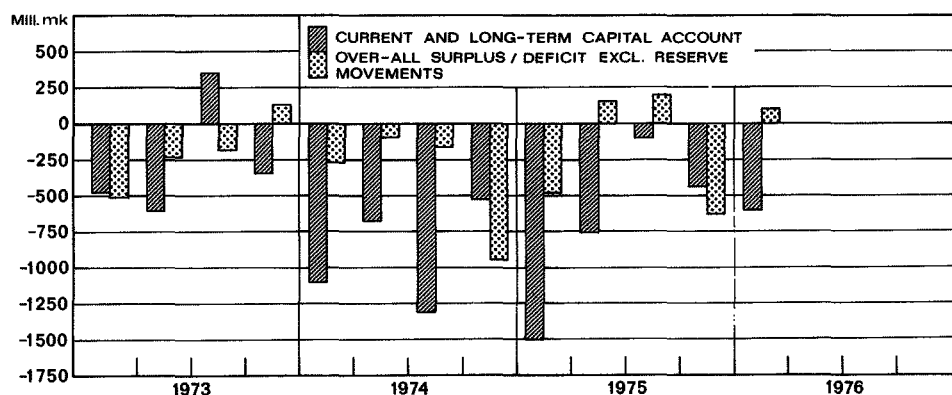


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+6 729	-1 445	-214	+ 52	+5 122	-2 751	+796	+1 413	-205	- 747	-444	+1 191
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 24	- 26	- 91	-1 090	+288	+ 124	+409	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+ 758	- 35	- 477	- 32	+509
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+ 191	+ 91	- 227	+301	- 74
+ 758	- 362	-114	+ 13	+ 295	- 591	+349	+ 58	+ 88	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+ 758	+297	+ 157	-668	+511
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 549	- 379	- 61	- 25	+ 84	-1 439	+502	+ 312	+462	- 163	+202	- 39
+2 121	- 274	+ 3	+ 55	+1 905	- 101	+135	- 52	+223	+ 205	+ 91	-296
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+ 221	+220	+ 136	-229	+ 93
+ 942	- 274	- 24	+ 15	+ 659	- 495	-209	-157	- 86	- 947	+498	+449
+1 532	- 415	-144	- 22	+ 951	- 382	+491	- 51	-690	- 632	+165	+467

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			
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975	562	575	513	570	637	532	629	536	539	259	264	246
1975												
June	559	572	510	570	633	526	629	532	535	261	269	246
July	564	578	510	564	634	547	643	531	538	262	270	247
Aug.	567	580	518	566	651	547	630	540	546	263	270	247
Sept.	568	582	516	567	664	545	629	540	550	264	272	247
Oct.	573	588	517	568	671	556	629	541	562	265	272	248
Nov.	577	592	518	570	676	560	631	543	566	265	272	250
Dec.	578	595	514	574	677	559	632	546	567	266	272	251
1976												
Jan.	591	610	517	582	688	578	644	555	583	270	273	260
Feb.	599	617	531	587	691	591	647	565	593	271	273	261
March	605	624	532	589	691	604	656	572	597	272	273	261
April	610	630	535	597	696	606	669	575	598	275	273	268

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
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975	392	308	153	157	135	150	162	184	150	145	144	156
1975												
June	388	305	151	155	129	147	161	183	150	145	143	153
July	394	310	153	157	137	148	164	184	151	145	144	156
Aug.	399	313	155	161	137	152	164	185	153	146	144	159
Sept.	405	318	157	165	137	154	165	185	153	148	150	161
Oct.	411	323	160	166	148	158	166	187	155	148	151	166
Nov.	415	326	161	168	149	159	166	188	156	152	152	168
Dec.	418	328	162	169	149	160	166	188	157	154	152	169
1976												
Jan.	426	335	166	167	161	163	168	189	159	166	154	172
Feb.	432	339	168	167	161	163	168	191	160	169	156	181
March	436	343	170	174	161	163	169	191	161	170	157	182
April	440	345	171	176	161	164	169	192	161	171	160	182

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							
1973	317	260	261	219	213	217	247	212	258	238
1974*	404	317	326	256	251	252	298	248	313	285
1975*	515	387	392	310	309	306	363	299	384	347
1974*										
Jan.-March	361	284	292	229	226	225	265	222	278	254
Apr.-June	388	316	320	260	251	256	300	251	315	287
July-Sept.	410	326	336	263	258	259	310	255	326	295
Oct.-Dec.	463	342	354	273	271	270	321	264	340	307
1975*										
Jan.-March	474	353	361	278	277	275	330	269	350	314
Apr.-June	507	391	394	313	312	308	370	303	392	353
July-Sept.	514	398	401	317	318	309	374	307	396	357
Oct.-Dec.	553	405	412	332	331	331	379	317	403	365

PRODUCTION

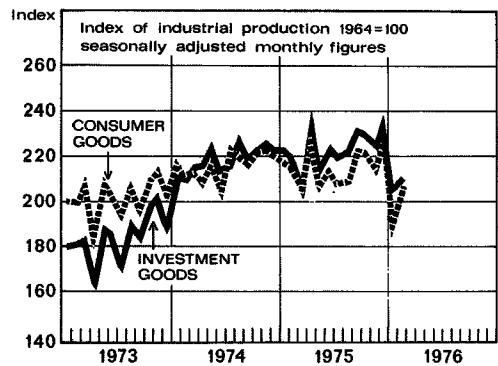
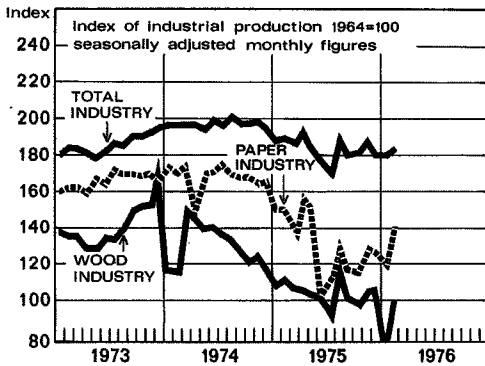
Volume indices of production 1964 = 100

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
1973	154	187	90	96	162	105	155	171	150	151	157
1974	161	200	90	96	168	102	164	179	158	161	165
1975	161	195	92	83	171	105	160	187	166	166	169
1974											
Jyly-Sept.	160	179	165	62	176	100	166	176	157	161	164
Oct.-Dec.	166	212	63	87	199	100	167	197	162	163	167
1975*											
Jan.-March	161	206	51	119	162	104	159	180	164	165	168
Apr.-June	160	197	74	100	161	108	164	182	165	165	170
July-Sept.	158	168	171	48	178	104	157	185	165	167	169
Oct.-Dec.	164	207	73	64	185	105	160	201	170	169	171
1976*											
Jan.-March	158	202	53	90	149	108	154	182	172	170	172

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	
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
1975*	121	147	117	127	112	92	96	154	125	147	120
1974*											
June	118	137	116	115	110	119	99	146	133	139	130
July	89	66	94	81	117	70	123	128	100	69	128
Aug.	130	141	127	132	123	100	126	155	157	147	131
Sept.	130	147	129	129	112	115	126	152	153	151	129
Oct.	144	164	140	148	134	120	133	174	160	169	129
Nov.	137	159	132	139	118	111	127	170	145	164	129
Dec.	120	135	118	120	100	82	112	166	114	139	127
1975*											
Jan.	134	163	130	136	107	100	118	180	135	163	123
Feb.	125	152	123	125	96	102	108	169	125	153	123
March	124	148	122	125	92	98	105	170	135	150	122
April	137	172	131	145	115	113	106	181	143	172	127
May	127	151	123	129	112	107	104	162	133	153	121
June	110	143	103	119	109	91	64	135	126	140	116
July	77	67	79	74	115	48	79	97	75	68	112
Aug.	120	139	116	125	112	85	97	141	133	139	124
Sept.	123	157	116	135	118	95	88	147	131	156	118
Oct.	133	170	122	150	142	98	93	151	132	169	118
Nov.	127	160	120	134	120	90	100	160	130	159	123
Dec.	118	142	113	126	106	82	87	158	98	144	118



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	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Whole- salers' volume index 1972 = 100
1973	3 442	2 215	2 164	51	2.3	35 123	110	111
1974	3 483	2 268	2 229	39	1.7	34 457	114	114
1975*	3 513	2 272	2 221	51	2.2	29 133	..	..
1975*								
Feb.	3 505	2 194	2 146	48	2.2	3 899	106	111
March	3 507	2 191	2 144	47	2.1	4 535	114	121
April	3 509	2 199	2 151	48	2.2	3 799	124	128
May	3 511	2 238	2 199	40	1.8	2 646	119	121
June	3 513	2 445	2 400	45	1.8	2 381	116	108
July	3 514	2 448	2 400	48	2.0	934	120	107
Aug.	3 516	2 326	2 278	48	2.1	1 026	117	115
Sept.	3 517	2 257	2 208	49	2.2	1 272	119	128
Oct.	3 519	2 258	2 206	52	2.3	1 700	..	..
Nov.	3 520	2 250	2 189	61	2.7	1 884	..	..
Dec.	3 521	2 244	2 172	72	3.2	2 028	..	..
1976*								
Jan.	3 523	2 198	2 107	91	4.1	1 684	..	..
Feb.	3 525	2 192	2 101	91	4.2	2 332	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings- works under con- struction
	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
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	22.35	3.26	21.30	3.52	46.50	21.54	2.75	17.04	3.14	52.84
1975*	51.42	19.65	3.79	21.62	3.39	47.59	20.49	2.76	18.34	3.93	53.73
1974											
Oct.-Dec.	11.73	4.58	0.40	5.21	0.81	15.83	7.31	1.05	5.89	1.01	52.84
1975*											
Jan.-March	12.59	3.31	0.75	5.95	0.75	11.21	4.51	0.45	4.89	1.07	48.79
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.06	4.95	0.33	3.60	0.75	54.13
July-Sept.	12.21	4.84	0.79	4.72	1.13	10.95	4.45	0.85	3.73	1.29	54.64
Oct.-Dec.	10.71	4.04	0.59	4.36	1.00	13.86	5.97	1.02	5.50	0.77	53.73

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.

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 = Call money market advances + Bonds + Other financial institution receivables. Other liabilities = Call money market deposits + Other financial institution claims.

Corporate sector: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds.

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.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

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 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 39, Conservatives 35, Swedish Party 10, Liberal Party 9, Christian League 9, Finnish Farmers Party 2, Finnish People's Unification Party 1 and Finnish People's Constitutional Party 1.

INTERNATIONAL ORGANIZATIONS

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

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. 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 (1974): 4.7 million. Sweden 8.2, Switzerland 6.5, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1974): In South Finland 45.8, in East and Central Finland 16.9, in North Finland 3.8 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1974): 58 % of the population inhabit the rural areas, 42 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 504 280 inhabitants, Tampere (Tammerfors) 165 668, Turku (Åbo) 163 336.

EMPLOYMENT (1974): Agriculture and forestry 16 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1973): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1975): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1974): births 13.3 ‰, deaths 9.6 ‰, change + 4.1 ‰, net immigration 0.3 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

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 (1974): The growing stock comprised of 1 511 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 606 million m³ was up to the standard required for logs, 59 % of these being pine. The annual growth was 56.9 million m³ and the total removal, calculated on the basis of roundwood consumption, was 52.9 million m³.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 176 000 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, 1976): Length 5 919 km.

MERCHANT FLEET (March, 31, 1976): Steamers 24 (13 300 gross reg. tons), motor vessels 358 (896 400 gross reg. tons) tankers 58 (1 125 500 gross reg. tons). Total 440 (2 035 200 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1974): Passenger cars 936 700, lorries and vans 124 900, buses 8 600, others 6 000. Total 1 076 200.

FINNISH AIRLINES (Feb. 10, 1976): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 10 Super Caravelles, 9 DC-9s, 3 DC-9-51s, 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, 1975). There are two big and five small commercial banks with in all 864 offices, 283 savings banks 384 co-operative banks, six mortgage banks, Posti-pankki and five development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine 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 ½ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ % and 10 ½ %. Other credit institutions; term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

PUBLIC FINANCE IN 1975

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

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THE STATE BUDGET

In the summer of 1974, when the budget for 1975 was under preparation, economic forecasts suggested that output growth would be slightly slower in 1975 than in 1974. The growth of production would be inhibited in some sectors by a slackening in demand, and in others by the still prevalent shortage of labour and productive capacity. The rate of inflation and the current account deficit were expected to remain the major problems for economic policy. With unemployment growing in several regions and sectors, it was also considered necessary to increase public investment. Unemployment was expected to remain most severe in northern and eastern Finland, while in southern Finland there would still be a significant shortage of labour.

The aim of economic policy in 1975 was to put forward such measures as would specifically encourage industrial investment. This would ensure that during the coming upswing there would be sufficient additional capacity available to expand production of exports and of import substitutes. On the other hand, in order that this investment could be adequately financed, intensive measures would be needed to encourage domestic saving. It was envisaged that the balance between domestic supply and demand would be restored mainly through an expansion and diversification of the supply of goods. The Government's budget proposal included several measures designed to reduce the prevailing imbalances; the State's financial position was considered good enough to permit the implementation of these measures.

Following the general line concluded in connection with the comprehensive incomes policy

agreement in the spring of 1974, the Government proposed a reduction in the level of personal income tax in 1975. It was estimated that this, together with other revisions in income and property taxation then being considered by Parliament, would reduce the 1975 central government income tax revenue by about 500 million marks from that which would have been yielded by the continued application of the 1974 tax scales. The changes made by Parliament increased this figure to 850 million marks. On the other hand, the advance taxation values of fringe benefits were raised, increasing the income tax accrual by about 130 million marks. The revenue calculations in the budget also took into account the effects of measures implemented at the end of 1974, which had freed basic foodstuffs from purchase tax until the end of 1975 and had suspended, until the end of March 1975, the charging of the excise duty of light and heavy fuels. (Later on it was decided that this, too, would not be re-imposed until the end of the year). It was also deemed necessary to increase railway and postal and telegraph tariffs, in order to improve the operating margins of the corresponding administrations. The net effects of the changes in taxes and state charges in the budget proposal were estimated to be a reduction in the consumer price index and a strain of more than 1 200 million marks of state finances.

The Government's budget proposal included several measures designed to promote employment, the mobility of labour and the vocational training course system. Substantial appropriations were proposed for residential construction and for the encouragement of industry in the development regions. Similarly, there were increases in state grants, loans and

interest subsidies for various investment projects. An increase over the 1974 level of 40 per cent was proposed for state subsidies to municipalities and municipal federations. Increased state subsidies to municipalities were needed chiefly because of the introduction of the comprehensive school system and the implementation of a national public health and hospital scheme. In addition, state grants for children's day-care and for home-help activities were increased substantially. In order to encourage population growth and to secure reasonable progress for the incomes of the economically active population, special attention was paid in the budget proposal to the position of families with children. Substantial increases were proposed in child allowances, in certain other social expenditure, and in state grants to private schools. The Government's budget proposal totalled 21 734 million marks, exceeding the ordinary budget for 1974 by 26 per cent. After passage through Parliament, total budgeted expenditure amounted to 21 828 million marks.

In the course of the year, the Government presented three supplementary budgets, totalling 28 per cent of the ordinary budget. Inflation had been more rapid than forecast, and both state revenue and expenditure had increased. Agricultural price subsidies were increased by more than 820 million marks; the Investment Fund of Finland, founded in 1975, received 500 million marks of previously-accrued cash surpluses, for the purposes of financing industrial investment and consolidating the structure of investment (These funds were not actually used to any great extent in 1975.); State grants to primary and comprehensive schools were increased by almost 440 million marks. An additional 335 million marks was allotted for investment promoting employment, while the share capitals of state-owned companies were raised by a total of 330 million marks. Another 230 million marks was earmarked for the Regional Development Fund Ltd, in the form of loans and an increase in its share capital, to be used to finance corporate investment. Total budgeted expenditure for 1975 amounted to 27 893 million

marks, which was 31 per cent more than in 1974.

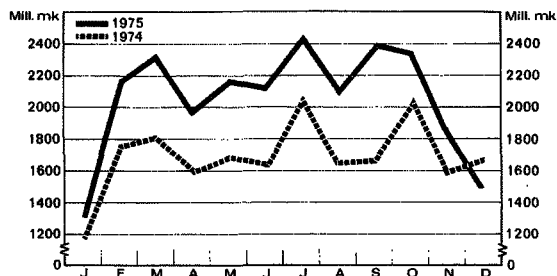
Because of the unfavourable development of the balance-of-payments current account, the Council of State introduced a temporary import deposit scheme in March 1975. Under this scheme a six-month deposit, varying between 5 and 30 per cent of the c.i.f. value, had to be made for certain commodities. This deposit obligation covered almost half of Finnish imports, measured by value. Attempts to improve the current account also involved the issuing of credit policy guidelines and an agreement between the central government and local authorities to hold back the growth of public expenditure. However, mainly because of a decline in the volume of exports, the visible trade account deficit remained large, and amounted to 7 700 million marks. Although the invisible trade account showed a surplus, transfer payments added to the current account deficit so that it totalled almost 7 900 million marks.

Construction of buildings remained almost as strong as in the previous year, centering primarily on buildings other than dwellings. However, the number of dwellings completed, about 69 000, was still substantially larger than the long-run annual target. Dwellings partly financed by the state accounted for about half of the completions in 1975.

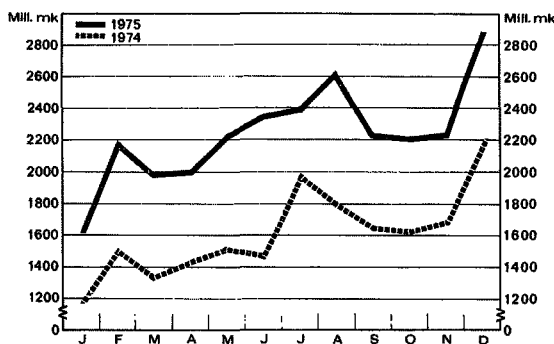
The employment situation remained good until the autumn of 1975, when it began to deteriorate. Owing to the good employment situation during the first half of the year, the average unemployment rate for the whole year was, at 2.2 per cent, less than half a percentage point higher than in 1974. In the course of the summer there was a sizeable increase in the number of industrial workers laid-off or on short-time working. As a result, the number of industrial workers unemployed at the end of 1975 was more than double the figure for the end of 1974. In the country as a whole, an average of 38 000 workers were employed in projects financed by the Government's employment appropriations, while the corresponding

MONTHLY STATE CASH REVENUE AND EXPENDITURE AND THEIR CUMULATIVE DIFFERENCE IN 1974 AND 1975

Revenue (excluding borrowing)



Expenditure (excluding redemption)



Cumulative Difference (revenue minus expenditure)



figure in 1974 had been 39 000. The number of persons taking part in employment courses was 26 000, which was 4 500 more than in the previous year.

In order to curb price and cost pressures, certain indirect taxes had been temporarily removed at the end of 1974. Price control was continued in a form which was slightly less severe than in the previous year, but it was still fairly extensive. It was estimated that the increases in indirect taxes and state charges implemented in 1975 raised the consumer price index by 3.0 per cent, while the impact of the agreement on agricultural income was some 2.1 per cent. The consumer price index rose from December 1974 to December 1975 by 18.0 per cent, one percentage point more than in the previous year.

An Act on separate taxation for married couples was passed in the summer of 1975. It was estimated that the introduction of separate taxation would reduce the total revenue from taxes for 1976 by some 1 200 million marks. A bill concerning a revision of tax scales, which was presented in the autumn of 1975, involved another 600 million marks in tax concessions. Total state revenue from taxes would thus have been 1 800 million marks lower than it would have been if the tax schedules had been left unchanged. However, since the liquidity position of the Central Government deteriorated and a proposal for increasing the purchase tax was subsequently rejected, the income tax scales were revised so that additional tax concessions amounted to only 350 million marks.

STATE ACCOUNTS

The Government's liquidity position, which had started weakening at the end of 1974, deteriorated further in 1975. Although the rapid rate of inflation had enlarged the tax base, the concessions granted for income taxes and certain indirect taxes curbed the growth of tax revenue. Moreover, the sharp overall rise in costs increased state expenditure, which hence

TABLE 1. STATE CASH REVENUE AND EXPENDITURE

Revenue	Million marks	
	1974	1975
Total taxes on income and wealth	6 972	7 977
Sales taxes	5 412	6 127
Customs duties and import charges	547	635
Excise duties	2 102	2 531
Other taxes and similar revenue	3 369	4 347
Other revenue	1 687	2 825
Redemptions of loans granted	304	337
	<u>Total revenue</u>	<u>20 393</u>
Borrowing	269	988
	<u>Total</u>	<u>20 662</u>
		<u>25 767</u>
Expenditure		
Consumption expenditure	5 464	7 097
Transfer expenditure	9 066	12 805
Real investment	2 425	3 144
Interest on State debt and index compensations	265	270
Other expenditure	295	777
Lending	1 481	2 369
Other financial investment	465	589
	<u>Total expenditure</u>	<u>19 461</u>
Redemptions	666	496
Surplus (+), Deficit (—)	+ 535	—1 780
	<u>Total</u>	<u>20 662</u>
		<u>25 767</u>

grew much faster than revenue. March was the only month when the cumulative difference in the growth of revenue and expenditure was slightly positive, 21 million marks. Expenditure for the whole year exceeded revenue by 2 271 million marks, whereas in 1974 revenue had exceeded expenditure by 932 million marks.

Total state revenue (excluding borrowing) was 22 per cent larger than in 1974 (Table 1). Total collection of direct taxes (income and wealth taxes, local taxes, and sickness insurance and basic pensions contributions) increased by 27 per cent from the previous year. This growth was restrained by the granting of tax concessions. While the net accrual of state income and wealth taxes increased by only 14 per cent, the share of taxes received by other tax authorities (municipalities, parishes, and the Social Insurance Institution) grew by 36 per cent. Although aggregate domestic demand increased, in money terms, by almost one fifth, the total accrual of purchase tax grew by only 13 per cent, because of the removal of the tax

from certain commodities. As it was known that the tax on cars and motor cycles would be increased at the beginning of 1976, the motor trade remained vigorous until the end of 1975. Total receipts from motor taxes were 47 per cent larger than in 1974, a year which had seen a decline of almost 20 per cent.

Even though the Government made a decision in the spring of 1975 to cut down projected expenditure by 950 million marks, state expenditure (excluding debt redemption) increased by 39 per cent and totalled 27 050 million marks. The growth in state expenditure was accelerated by transfer expenditure, which increased, for the second year running, by two fifths and made up almost 50 per cent of state expenditure. State subsidies to various industries increased by 57 per cent. This sharp increase was caused by the payment of cost guarantee compensation on long-term export deliveries, of compensation for harvest losses in 1974, and of price subsidies for liquid fuels. State grants to local authorities also increased relatively rapidly (by 43 per cent). This was largely due to the implementation of the Public Health Act and the expansion of the comprehensive school system, and particularly to the speeding-up of the payment of state grants to local authorities.

Because the employment situation began to deteriorate only towards the end of 1975, it was possible to keep the growth of the volume of land and waterway construction quite small. On the other hand, there was a notable increase in real investment, particularly in construction of buildings and purchases of machinery and equipment by state enterprises. State lending, the major part of which, 1 536 million marks, was used for residential construction, grew by 60 per cent. The Regional Development Fund Ltd was granted a 180 million mark loan, while other financial investments increased by 27 per cent. Of the money held in the Governmental Counter-Cyclical Fund, which had last received an inflow of cash in 1973, 415 million marks was used in 1975, and unused funds totalled about 130 million marks at the end of the year.

STATE BORROWING

The Government's liquidity position weakened substantially in 1975 as a result of the extremely rapid growth of state expenditure. Long-term borrowing, which amounted to 988 million marks, almost four times the amount of the previous year, was not adequate to cover expenditure. It became necessary to use most of the short-term financial reserves accrued from the surpluses of previous years and, at the end of the year, to draw, on the Postipankki for short-term credit. Foreign loans accounted for 534 million marks of total borrowing; of this amount, 356 million marks was drawn directly for the Investment Fund of Finland, on the basis of the right to borrow abroad granted to the Fund on its establishment. Other major foreign loans were a yen-loan of 123 million marks and a 31 million mark loan from the International Bank for Reconstruction and Development. Domestic borrowing increased by four fifths and amounted to 454 million marks. Of this, more than 390 million marks was in the form of loans intended for public subscription, mainly with a loan period of five years, while the others were sold to insurance companies and labour pension funds.

Since the Government's borrowing had been insignificant in previous years, redemptions of domestic loans declined by 24 per cent and totalled 351 million marks. The state's domestic debt increased by 103 million marks. Redemptions of foreign loans declined by 29 per cent and amounted to 145 million marks. As a result of changes in foreign exchange rates,

the state's foreign debt grew more than its net borrowing. At the end of 1975, the state's foreign debt totalled 1 603 million marks.

At the end of 1975, the state's total debt amounted to 3 334 million marks, which was 13 per cent of the year's state revenue, the same ratio as in the previous year. Taking into account export levy funds held in the state's blocked accounts, as well as cash, postal giro and cheque account funds, the state's net debt amounted to 3 092 million marks at the end of 1975, as against 2 147 million marks one year earlier.

State revenue (incl. borrowing) was 1 780 million marks less than expenditure (incl. redemption), whereas in 1974 there had been a surplus of 535 million marks. To finance the deficit, short-term financial reserves accrued through surpluses of previous years were reduced and a short-term loan of 289 million marks was drawn from the Postipankki.

TABLE 2. SHORT-TERM FINANCING

	Million marks	
	1974	1975
Net change in prepayments received and made etc.	-430	+1 253
Private funds (incr. +)	- 2	+ 151
Short-term credit (decr. —)	- 1	+ 48
Current account debt from Postipankki	—	+ 289
Export levy and counter-cyclical tax accounts at the Bank of Finland (decr. +)	+ 17	+ 6
Cash, postal giro and cheque accounts (incr. —)	-119	+ 33
Surplus (—)	-535	+1 780

ITEMS

Direct investment in 1975. The tightness of the domestic capital market was reflected in the amount of direct investments made by foreign enterprises in Finland in 1975: the net inflow of investment capital more than doubled on the previous year. However, Finnish direct investment abroad did not quite reach the level of the previous year, totalling only about a third of the net inflow of investment capital. As a result, the total balance of direct investment showed in 1975 a surplus for the first time ever, despite the payment of substantial dividend and interest expenses.

According to data on payments made, the inflow of investment capital in the form of own capital amounted to 182.1 million marks and repatriations to 17.2 million marks. Drawings of loans by foreign subsidiaries totalled 132.0 million marks and amortizations 21.2 million marks. The net inflow of investment capital thus amounted to 275.7 million marks, while it was 131.4 million marks in 1974.

Of the net inflow of investment capital, 76.0 million marks was invested in industrial enterprises, 174.1 million marks in sales enterprises and 25.6 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 77 per cent.

Foreign-owned enterprises in Finland transferred 97.7 million marks in the form of dividends to their parent companies and paid 12.7 million marks in interest expenses on loans granted by their parent companies. In 1974 the corresponding amounts were 69.7 million marks and 8.4 million marks.

In all, 70 permits were granted in 1975 to foreign firms for new investment in Finland, whereas 17 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 1975, MILL. MK

From	Investment	Repatriation	Investment, net	Loans, net	Total
EFTA countries	102.5	9.9	92.6	47.4	140.0
EEC countries	37.2	6.3	30.9	23.8	54.7
North America	39.5	1.0	38.5	24.0	62.5
Other countries	2.9	—	2.9	15.6	18.5
Total in 1975	182.1	17.2	164.9	110.8	275.7
Total in 1974	102.7	20.1	82.6	48.8	131.4
Total in 1973	66.5	71.6	—5.1	60.0	54.9
Total in 1972	114.9	2.4	112.5	23.1	135.6

Finnish direct investment in foreign countries in the form of own capital amounted to 173.1 million marks in 1975, while the repatriation of Finnish capital totalled 3.3 million marks. Drawings of loans granted amounted to 43.3 million marks and amortizations to 111.2 million marks. The amount of amortizations was so large, mainly because part of the investments made were paid by receipting an equal amount of loans, which have been recorded as amortizations of loans. The net outflow of investment capital thus amounted to 101.9 million marks, as against 111.7 million marks in the previous year.

Of the net outflow of Finnish investment capital, 74.8 million marks was invested in production, 9.4 million marks in trade and 17.7 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 to Finland in 1975 13.3 million marks in the form of dividends and 1.5 million marks in the form of interest earnings from loans granted by Finnish parent companies to subsidiaries abroad. In 1974 payments of dividends amounted to 2.5 million marks, while interest earnings from subsidiary loans totalled less than 50 000 marks.

Finnish firms were granted a total of 67 permits for new investment abroad. On the other hand, 21 enterprises abroad, which had been totally or partly Finnish-owned, ceased their activities in 1975 or were sold to foreign nationals.

TABLE 2. OUTFLOW OF FINNISH INVESTMENT CAPITAL IN THE FORM OF OWN CAPITAL AND LOANS OF FINNISH PARENT COMPANIES TO SUBSIDIARIES ABROAD IN 1975, MILL. MK

To	Investment	Repatriation	Investment, net	Loans, net	Total
EFTA countries	12.5	0.5	12.0	— 0.1	11.9
EEC countries	53.6	2.8	50.8	12.1	62.9
North America	96.9	—	96.9	—79.5	17.4
Other countries	10.1	0.0	10.1	— 0.4	9.7
Total in 1975	173.1	3.3	169.8	—67.9	101.9
Total in 1974	69.9	8.8	61.1	50.6	111.7
Total in 1973	99.7	80.6	19.1	38.4	57.5
Total in 1972	125.8	0.2	125.6	86.5	212.1

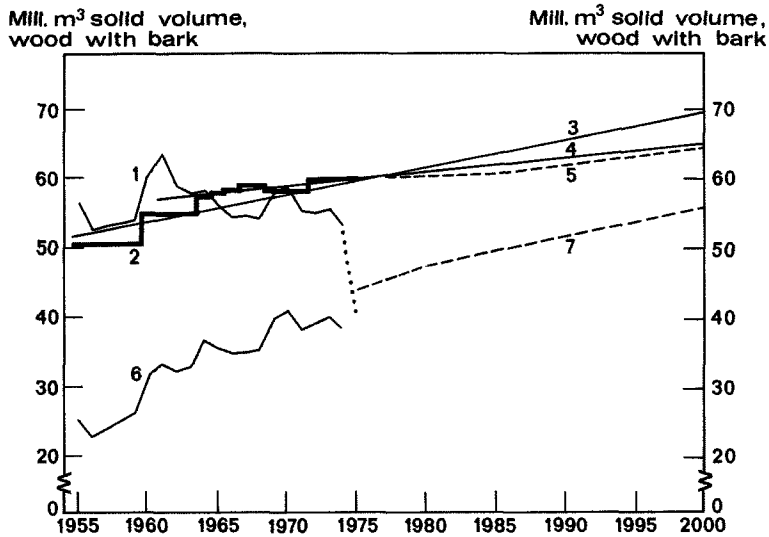
The total balance of direct investment, in which the payments of dividends and interest expenses have been taken into account, in addition to investment capital flows proper, showed a surplus of 78.3 million marks in 1975. In 1974 the total balance of direct investment showed a deficit of 55.9 million marks.

The new 100 mark bank-note. On May 12, 1976, the Bank of Finland issued a new 100 mark note. The old note of 1963 will remain legal tender.

Although the outward appearance of the new bank note is, on the whole, similar to the older note, there are numerous differences which should be noted. Of these, the most important are the following: the new note is printed on bluish-grey paper containing blue and green fibres; the middle part of the note incorporates a vertical thread; the watermark, on the right of the note, is a portrait of J. V. Snellman; the colouring both on the face and on the back of the note, is somewhat altered, and there are other differences of detail, including the design of the background.

Publications of the Bank of Finland. In Series A, the following publications have appeared: A: 39 Heikki Koskenkylä—Ilmo Pyyhtiä, Pääomakerroin, työn tuottavuus ja työpaikan hinta Suomen teollisuudessa vuosina 1960—1973 (The Capital-Output Ratio, Labour Productivity and Investment Costs of New Jobs in Finnish Industry in 1960—1973), in Finnish, 1975, 71 pp.; A: 40 Alpo Willman, Suhdanneherkkyys, omavaraisuus ja ympäristövaikutusten kriteeri investointikriteereinä (Cyclical Sensitivity, National Self-sufficiency, and Environmental Considerations as Investment Criteria), in Finnish, 1975, 87 pp.; A: 41 Reino Airikkala—Tuomas Sukselainen, Suomen maksutaseen kehityslinjat vuosina 1950—1974 (Basic Trends in the Finnish Balance of Payments, 1950—1974), in Finnish, 1976, 120 pp.

ESTIMATE OF THE ALLOWABLE CUT UNTIL THE YEAR 2000



1 Total drain in 1955—1975. 2 Allowable cut in 1955—1975. 3 Increase in the allowable cut 400 000 cubic metres per year. 4 200 000 cubic metres per year. 5 Estimate of the development of the allowable cut on the basic level of input. 6 Consumption of domestic industrial roundwood by the industrial sector in 1955—1974. 7 Availability to the industrial sector of domestic roundwood, assuming the basic level of input and a decline of 10 million cubic metres by the year 2000 in consumption of other roundwood.

PRINCIPLES OF LAND UTILIZATION

With regard to land utilization planning, the Council has assumed the approach that forestry exerts a greater social importance than the protection of nature and hence forest output should be given priority in regions best suitable for this purpose. When planning the establishment of recreational areas, the principle of multiple uses should be followed.

In the protection of nature, attention should be paid both to the needs of society and to those of forestry. The target should be that the present actively tended forest area will not be reduced by any great amount, and that intensified measures should be taken to achieve an increment in timber production in regions which are primarily used for this purpose, offsetting the decline implied by environmental measures. Productive forest areas should be expanded by draining peat land and by afforesting fields which are being released from agriculture.

MANPOWER AND TRAINING POLICIES IN FORESTRY

It is estimated that the total labour input needed in 1981 by the silvicultural and harvesting projects included in the programme will be about 45 000 man-years. Such a labour input involves the availability to the forestry sector of some 20 000 permanent workers and between 40 000 and 50 000 seasonal workers. These figures have been calculated on the assumption that the allowable forest cut increases by between 0.4 and 0.5 million cubic metres a year, and that the total amount of silvicultural and forest improvement projects grows by between four and five per cent annually. Productivity, in turn, is estimated to rise by four per cent a year.

An overall national shortage of labour will become prevalent towards the end of the 1970s; hence, competition for labour between different industrial categories will increase. It will become especially difficult for the forestry

sector to secure its labour supplies, because the rural population is declining rapidly. It is therefore necessary to ensure that a sufficient population and manpower basis is preserved in regions dominated by agriculture and forestry. Moreover, it is urgently required that, irrespective of cyclical conditions, continuous work be made available for forest workers, and that their social conditions be improved.

The aim of vocational training in forestry should be that all workers becoming permanently engaged in the industry should be provided with basic training, and that there should be sufficient complementary training available to all categories of workers, including forest-owners and seasonal workers.

MEASURES PROPOSED

The Council has suggested that revisions be made in the Forest Improvement Act and Statute, and in the Private Forest Act. The revisions proposed would not imply any fundamental changes, but the main points were an extension of the scope of certain measures, the granting of some minor additional privileges to landowners, and a simplification of certain procedures required. In addition, the Council acknowledges the need to expand regional planning of private forestry and to strengthen the activities of forestry boards.

May 21, 1976

BANK OF FINLAND

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Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Directors

Markku Puntila

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Eino Helenius

Pentti Koivikko

Senior officials

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Director, ADP-planning

Reino Airikkala

Monetary Policy

Antti Lehtinen

*Domestic Financial
Operations*

Kari Pekonen

Foreign Exchange Policy

Raine Panula

Foreign Exchange

Raili Nuortila

Eastern Trade

Kalle Koski

Capital Transfers

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Foreign Exchange Control

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Heikki Koskenkylä

Research Dept.

Heikki T. Hämäläinen

Administration and Legal Affairs

A. Nenonen

Foreign Correspondence

Eino Suomela

Internal Audit

K. Eirola

Automatic Data Processing

Pauli Kanerva

*Personnel Administration and
General Affairs*

Stig G Björklund

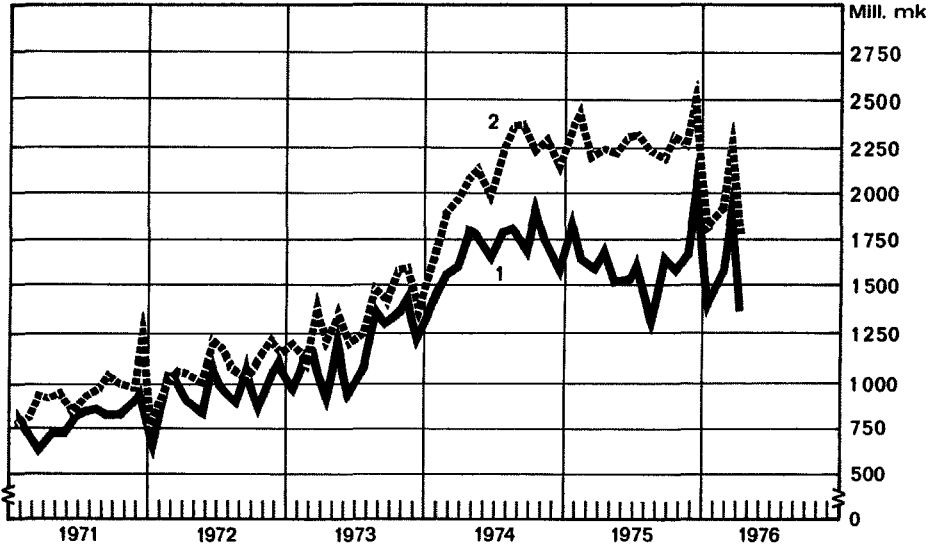
Banking Services

Antti Luukka

Cash

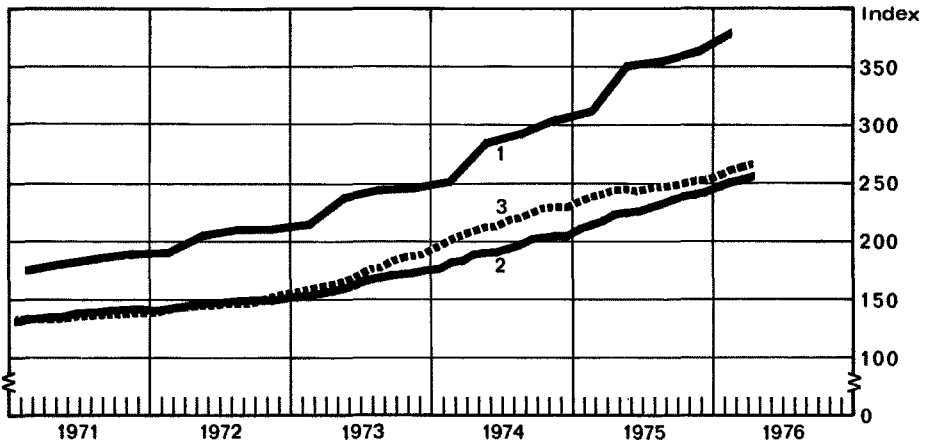
FOREIGN TRADE, 1971-1976

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



PRICES AND WAGES, 1971-1976

- 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, 1971-1976

- 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

