



BANK OF FINLAND

Monthly Bulletin

The inquiry into the financial needs
of Finnish firms

Alcohol policy and the consumption of
alcohol beverages in Finland in 1951—1975

New credit facility agreement

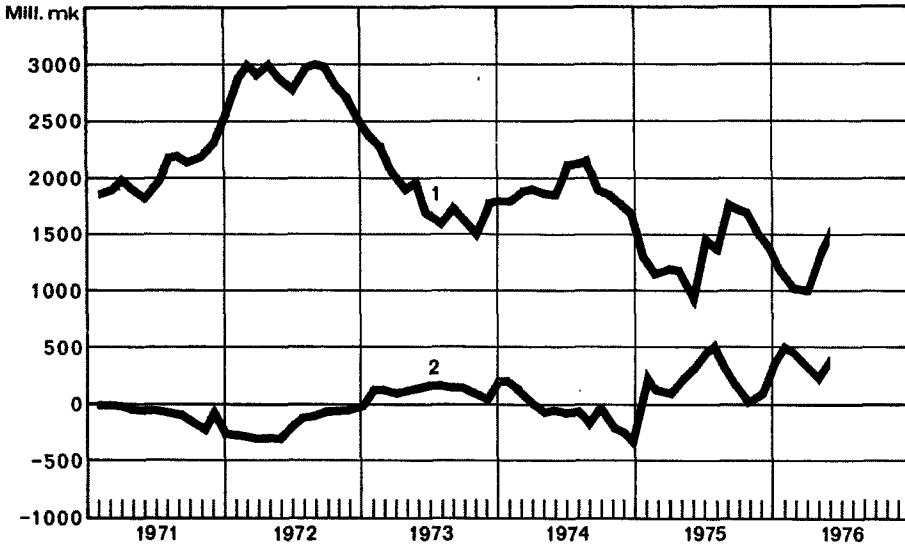
Finland's long-term foreign debt
in January—March 1976

Consumer price indices by region
and by population group

JULY 1976

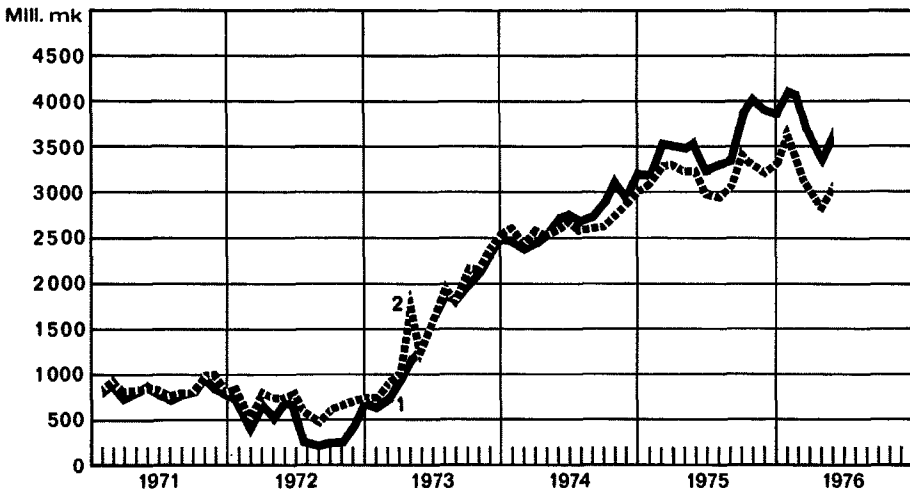
Vol. 50 No. 7

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



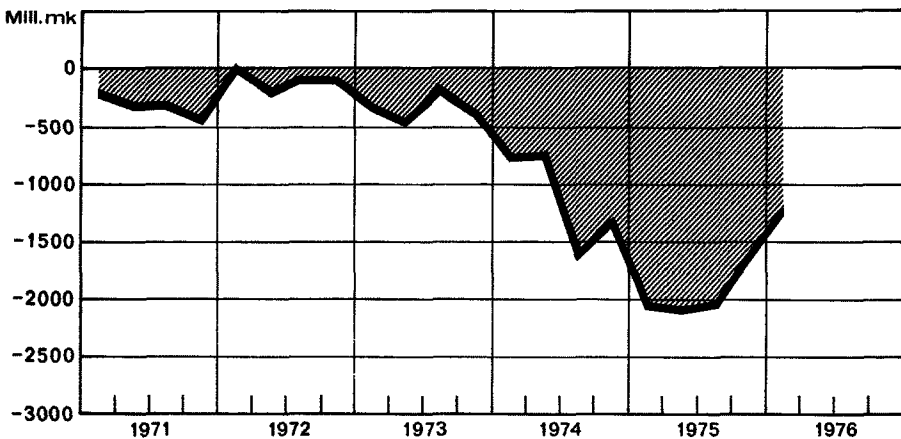
- 1. Gold and convertible currencies
- 2. Non-convertible currencies

BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1971-1976



- 1. Net receivables from the domestic financial sector
 - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

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



Seasonally adjusted quarterly figures

THE INQUIRY INTO THE FINANCIAL NEEDS OF FINNISH FIRMS

The Bank of Finland's annual inquiry into the financial needs of firms is designed to estimate the country's future needs for foreign loans. The latest inquiry is based on questionnaires sent at the end of 1975 to a sample of selected enterprises, comprising the largest in terms of total turnover, investment, and earlier drawings of long-term foreign loans. The questionnaires were also sent to a number of special credit institutions and public corporations.

On the basis of the inquiry, the total demand for long-term foreign capital is estimated to be about 4 900 million marks in 1976 and about 5 000 million marks in 1977. The estimates were made at constant 1975 end-of-year prices. The major part, 52 per cent, of the imported long-term foreign capital will go to the manufacturing sector. The energy sector will account for 23 per cent of the total demand in 1976, but only for 13 per cent in 1977; however, the share might be underestimated because of the inadequacy of long-term financial plans. It is also estimated that the share of social services will decline substantially in the current year although this is not certain since, the Central Government not being included in the sample, its demand for foreign capital was estimated in the same way as that of other excluded organizations.

The enterprises and public corporations included in the sample are proposing to cover a large part of their investment projects¹ in 1976—1977 by using imports of long-term foreign capital: the share will be 39 per cent in 1976. It will be particularly large in the chemical industries (67 per cent in 1976 and 74 per cent in 1977) and in transport, storage and communication: (68 per cent and 81 per cent). About 56 per cent of all extension investment by enterprises and public corpora-

tions in 1976 is expected to be financed by importing long-term foreign capital. Of the firms' total use of finances, including investment, amortizations of loans and suppliers' credits, the distribution of profits, net changes in previously granted suppliers' credits, and other possible uses, imports of long-term foreign capital are estimated to cover 20 per cent in 1976.

State-owned companies will account in 1976 for 38 per cent of the total investment of enterprises and public corporations included in the sample; however, their demand for long-term foreign capital will be 47 per cent of the total. It is, therefore, clear that state-owned companies plan to use more foreign capital, relative to their investment, than do enterprises and public corporations on average. It is estimated that 40 per cent of total lending by the special credit institutions included in the sample will be covered by imports of long-term foreign capital in 1976.

77 enterprises, public corporations and special credit institutions participated in the inquiry, with 95 per cent returning their questionnaires completed. These firms accounted for 78 per cent of total drawings of long-term foreign loans in 1975. The estimate of the total demand for imports of long-term foreign capital has been based on the assumption that the ratio between the drawings made by firms included in the sample and those of the firms excluded will remain the same as in 1975. However, it should be noted that the inquiry gives no more than an outline of the demand for foreign capital according to the firms' own estimates, and that the data obtained are in no way binding on the firms. For example, imports of long-term foreign capital were estimated, on the basis of the previous inquiry, to amount to 5 100 million marks in 1975; actual drawings of long-term foreign loans totalled 6 700 million marks. Of course, another factor contributing to this difference between the esti-

¹ The concept of investment employed in the inquiry includes increases in working-capital.

mated and the actual amount was the use of constant, October 1974, prices in the estimation process.

Expansion of the survey results — from sample to total estimate — was undertaken only for the foreign finance sections of the inquiry. The domestic sections, such as, total investment and overall use of finance, are treated

in terms of sample results only, since the coverage of the sample is not sufficiently broad to extrapolate any figure for total demand. Comparison between domestic and foreign components for financial sources and investment projects have also, therefore, been made purely with the sample results, and not with any estimate of economy-wide demands.

June 23, 1976

	1975		1976			
	June 30	Dec. 31	June 8	June 15	June 23	June 30
Assets						
Gold and foreign exchange receivables	2 244	1 950	1 854	1 747	1 859	1 992
Gold	121	121	121	121	121	121
Special drawing rights	286	278	265	265	265	265
IMF gold tranche	—	—	—	—	—	—
Convertible currencies	1 211	1 089	1 059	959	1 058	1 160
Tied currencies	626	462	409	402	415	446
Other foreign receivables	1 283	1 274	1 466	1 465	1 458	1 456
Foreign bills	293	272	297	296	289	288
Foreign bonds	192	204	342	342	342	341
Currency subscription to Finland's quota in the IMF	798	798	827	827	827	827
Receivables from financial institutions	3 569	4 164	4 562	4 501	5 147	4 665
Cheque accounts of the commercial banks	139	133	204	186	188	196
Discounted bills	3 083	3 385	3 492	3 510	3 525	3 358
Bonds	277	327	374	422	318	394
Call money market advances	—	—	455	349	1 113	698
Other financial institution receivables	70	319	37	34	3	19
Receivables from the public sector	311	339	348	349	349	350
Bonds	70	70	73	74	74	72
Total coinage	239	256	271	272	271	272
Other public sector receivables	2	13	4	3	4	6
Receivables from corporations	722	933	1 191	1 195	1 207	1 215
New export bills	112	128	134	135	135	130
Financing of suppliers' credits	314	402	476	480	454	487
Bonds	238	223	206	201	201	201
Other corporate receivables	58	180	375	379	387	397
Other assets	38	47	47	47	48	48
Total	8 167	8 707	9 468	9 304	10 068	9 726
Liabilities						
Foreign exchange liabilities	210	172	94	100	96	102
Convertible accounts	67	78	47	49	46	48
Tied accounts	143	94	47	51	50	54
Other foreign liabilities	1 385	1 385	1 923	1 923	1 923	1 923
IMF mark accounts	1 127	1 127	1 665	1 665	1 665	1 665
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 692	2 855	2 729	2 764	2 899	2 969
Notes	2 483	2 617	2 493	2 528	2 660	2 730
Coins	209	238	236	236	239	239
Deposit certificates in circulation	900	250	—	—	—	—
Claims of financial institutions	130	29	416	332	1 117	686
Cheque account of Postipankki	—	1	0	0	0	0
Cheque accounts of the commercial banks	2	3	3	1	1	1
Call money market deposits	—	—	410	327	1 114	681
Other financial institution claims	128	25	3	4	2	4
Claims of the public sector	512	1 301	1 453	1 409	1 340	1 320
Cheque accounts	3	2	1	0	0	0
Counter-cyclical reserves	388	155	55	55	55	55
Import deposits	119	1 135	1 340	1 296	1 228	1 208
Other public sector claims	2	9	57	58	57	57
Claims of corporations	374	539	461	378	375	413
Investment deposits	66	73	67	66	65	66
Counter-cyclical withholdings	1	—	—	—	—	—
Capital import deposits	292	450	389	306	305	341
Import levy deposits	7	8	2	2	2	3
Other corporate claims	8	8	3	4	3	3
Other liabilities	13	15	13	15	13	12
Equalization accounts	964	331	450	451	466	458
Capital accounts	987	1 830	1 929	1 932	1 839	1 843
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	—	—
Net earnings	75	193	98	101	105	109
Total	8 167	8 707	9 468	9 304	10 068	9 726

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

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

1976

Jan.	1 277	86	1 191	533	1 373	1 385	1 712	335	1 318	983	
Feb.	1 113	82	1 031	482	1 390	1 385	1 518	334	1 380	1 046	160
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	—
June	1 546	48	1 498	392	1 456	1 923	1 423	350	1 320	970	—

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, April 30, 1976			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Apr.	Jan.-Apr.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	278	—	278	272	—	272	—	—6
IMF gold tranche	—	—	—	—	—	—	—	—
Convertible currencies	1 011	—1 759	—748	952	—1 835	—883	—235	—135
Total	1 410	—1 759	—349	1 345	—1 835	—490	—235	—141
Non-convertible currencies	368	—1	367	281	— 10	271	—100	— 96

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 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)	
	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

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
June	3 358	196	1 111	1	0	685	3 979	1 215	413	802	2 969

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

June 18, 1976

New York ¹	1 \$	3.903	Frankfurt o. M.	100 DM	151.80	Vienna	100 S	21.20
Montreal	1 \$	4.015	Amsterdam	100 Fl	142.90	Lisbon	100 Esc	12.60
London	1 £	6.940	Brussels ²	100 Fr		Madrid	100 Pta	5.76
Stockholm	100 Kr	87.80	Zurich	100 Fr	157.00	Tokyo	100 Y	1.305
Oslo	100 Kr	70.50	Paris	100 FF	82.50	Reykjavik	100 Kr	2.15
Copenhagen	100 Kr	63.90	Rome	100 Lit	0.460	Moscow ³	1 Rbl	5.163

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

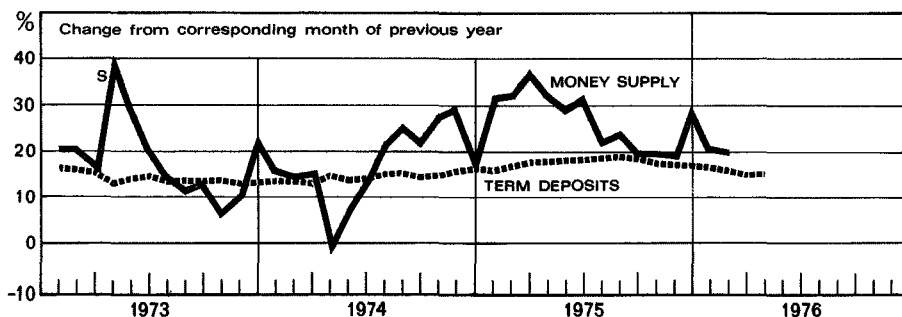
End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1969	1 057	1 374	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

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
April	3 038	4 121	2 155	11 894	10 082	7 820	3 270	1 148	34 214	40 490



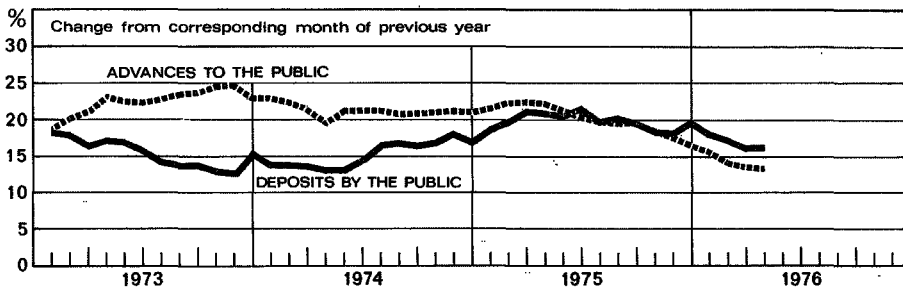
ADVANCES TO THE PUBLIC—MONEY SUPPLY

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	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
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	43 988	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	8 621
Feb.	17 868	9 311	7 937	5 605	4 230	43 633	1 318	44 951	8 771
March	17 902	9 448	8 009	5 688	4 249	43 912	1 384	45 296	..
April	18 049	9 576	8 079	5 950	4 267	45 921	..



STATE FINANCES

Mill. mk

Revenue	Jan.—April		Expenditure	Jan.—April	
	1975	1976		1975	1976
Income and property tax (net)	3 007	3 848	Wages, salaries, pensions etc.	1 281	1 625
Gross receipts	(6 234)	(7 847)	Repair and maintenance	146	183
Refunds & local authorities	(-3 227)	(-3 999)	Other consumption expenditure	675	749
Other taxes on income and property	62	78	Total consumption expenditure	2 102	2 557
Employers' child allowance payments	219	264	State aid to local authorities	1 542	1 909
Sales tax	1 741	1 906	State aid to industries	1 402	1 324
Revenue from Alcohol Monopoly	358	486	of which: agric. price subsidies	(587)	(791)
Customs duties & import charge	170	187	Child allowances	156	197
Counter-cyclical tax	—	—	Share in national pensions and health insurance	72	85
Excise duty on tobacco	169	210	Other transfer expenditure	856	1 054
» » on liquid fuel	341	380	Total transfer expenditure	4 028	4 569
Other excise duties	144	199	Machinery and equipment	275	336
Tax on autom. and motor cycles	209	231	House construction	140	151
Stamp duties	155	193	Land and waterway construction	425	492
Special diesel etc. vehicles tax	22	28	Total real investment	840	979
Other taxes and similar revenue ¹	156	214	Interest on State debt	73	82
Total taxes	6 753	8 224	Index compensations	18	19
Miscellaneous revenue	804	611	Net deficit of State enterprises	52	60
Interest, dividends etc.	170	115	Other expenditure	6	11
Sales and depreciation of property	6	2	Total other expenditure	149	172
Redemptions of loans granted	61	132	Increase in inventories	+70	-27
Total revenue	7 794	9 084	Lending	543	714
Foreign borrowing	12	16	Other financial investment	75	216
Domestic borrowing	195	264	Total expenditure	7 807	9 180
Total borrowing	207	280	Redemption of foreign loans	30	33
Deficit (+) or surplus (-)	(+28)	(+5)	Redemption of domestic loans	192	156
			Total redemptions	222	189
			Total	8 029	9 369

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

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	44
Cash debt (net)	-468	-571	-242	-471	-318	-406
Domestic debt	1 330	995	1 489	1 237	1 459	1 377
Total State debt	2 725	2 147	3 092	2 828	3 054	2 994
Total debt, mill \$	710	590	798	737	793	776

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*

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
March	1 967	2 250	-283
April	1 452	1 844	-392

Jan.-April

1975*	6 894	9 683	-2 789
1976*	6 460	8 225	-1 765

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
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

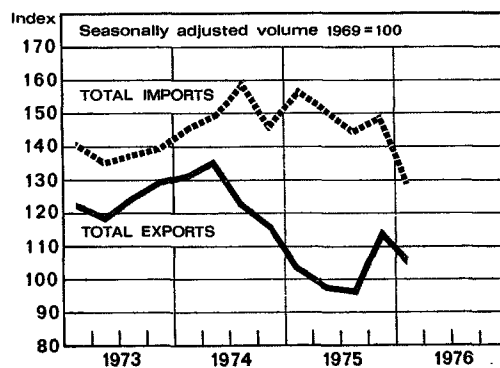
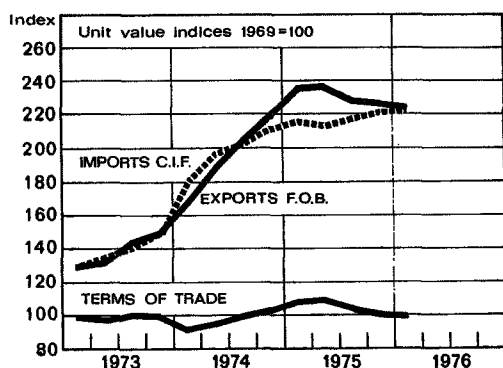
Jan.-Mar.	131	146	169	184	92
Apr.-June	131	147	190	199	95
July-Sept.	119	158	206	204	101
Oct.-Dec.	126	152	221	213	104

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
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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	2 282	24
1975*	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63

1975*

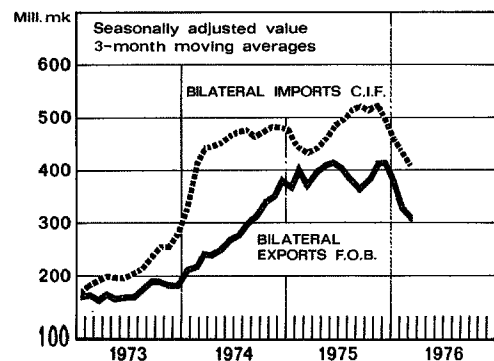
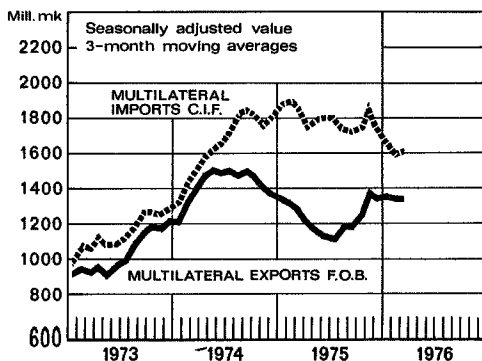
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 300	147	329	265	5
July	28	194	534	560	335	1 391	126	421	299	26
Aug.	18	139	451	226	301	1 279	170	433	276	9
Sept.	44	202	585	442	437	1 384	137	363	344	8
Oct.	25	199	570	505	541	1 554	154	412	337	1
Nov.	17	213	579	395	468	1 361	170	426	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
April	19	140	397	475	421	1 027	66	433	318	0

Jan.-April

1975*	165	683	2 741	1 605	1 700	5 912	498	1 789	1 481	3
1976*	272	740	2 246	1 536	1 666	4 820	404	1 715	1 274	12



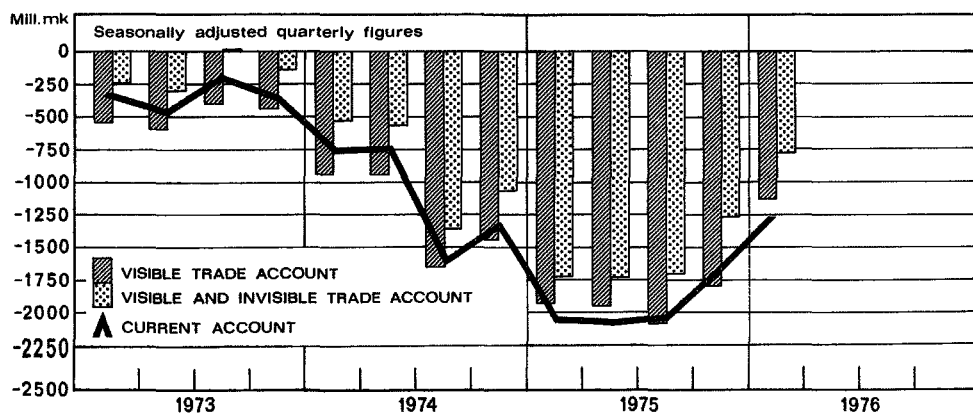
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—April				January—April			
	1975*		1976*		1975*		1976*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	63.8	4 398	67.4	4 356	68.2	6 606	69.4	5 706
Austria	0.8	55	0.7	44	1.3	128	1.6	128
Belgium-Luxembourg	1.4	96	1.6	105	2.1	204	1.9	154
Denmark	3.5	240	3.9	252	3.5	341	3.0	251
France	3.7	253	4.0	256	3.1	303	2.9	235
Federal Republic of Germany	9.6	663	9.9	643	16.8	1 625	17.1	1 404
Italy	1.4	97	1.9	122	2.0	190	2.3	187
Netherlands	2.6	181	3.1	200	3.1	297	3.0	246
Norway	4.4	305	4.3	279	3.1	304	3.8	316
Portugal	0.3	18	0.4	27	0.6	54	0.3	27
Spain	1.1	73	0.9	58	0.9	88	1.3	109
Sweden	17.1	1 179	17.8	1 150	19.1	1 851	19.9	1 638
Switzerland	1.7	120	1.9	123	3.3	319	3.4	282
United Kingdom	14.7	1 013	15.8	1 019	9.1	885	8.6	705
Other	1.5	105	1.2	78	0.2	17	0.3	24
OECD countries outside Europe	5.1	352	5.2	337	9.7	943	6.7	551
Canada	0.5	32	0.6	41	0.4	34	0.4	32
Japan	0.4	31	0.9	59	1.4	139	1.5	122
United States	3.7	253	3.2	203	7.9	768	4.8	396
Other	0.5	36	0.5	34	0.0	2	0.0	1
CMEA countries	21.5	1 481	18.5	1 194	17.9	1 733	19.8	1 627
Czechoslovakia	0.4	30	0.6	37	0.3	33	0.6	45
Democratic Republic of Germany	0.6	44	0.6	40	0.9	87	0.5	37
Poland	1.2	81	1.5	96	1.8	179	1.2	101
Soviet Union	18.4	1 266	15.1	974	13.9	1 342	16.6	1 369
Other	0.9	60	0.7	47	1.0	92	0.9	75
Latin America	2.9	197	2.1	134	1.6	157	1.9	154
Argentina	1.5	100	0.3	20	0.0	3	0.0	3
Brazil	0.7	50	0.4	25	0.4	39	0.7	57
Colombia	0.1	6	0.1	5	0.7	69	0.7	55
Other	0.6	41	1.3	84	0.5	46	0.5	39
Other	6.7	466	6.8	439	2.6	244	2.2	187
GRAND TOTAL	100.0	6 894	100.0	6 460	100.0	9 683	100.0	8 225
of which								
EFTA countries	24.5	1 688	25.2	1 628	27.5	2 662	29.2	2 402
EEC countries	37.6	2 591	40.7	2 631	39.8	3 851	38.8	3 191
OECD countries	68.9	4 750	72.6	4 693	77.9	7 549	76.1	6 257

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

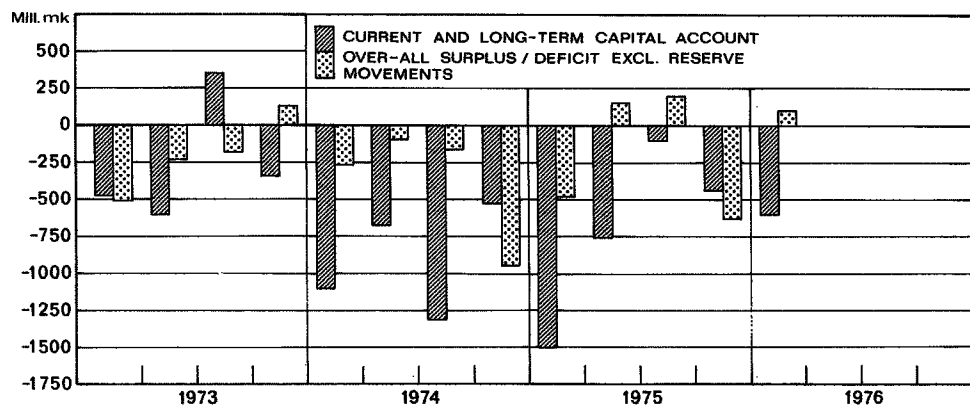


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous 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	Machinery & 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												
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
May	610	629	537	598	696	604	666	576	598	282	292	268
Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con- sumer prices Oct. Dec. 1957 = 100	Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
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												
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
May	441	346	171	176	161	164	169	201	161	172	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							
1974	395	317	325	256	252	250	298	248	314	285
1975*	506	384	389	310	312	302	363	300	383	347
1974										
Jan.-March	353	284	292	230	226	226	265	223	278	254
Apr.-June	379	316	319	260	252	253	301	251	315	287
July-Sept.	401	327	336	262	259	256	310	255	327	295
Oct.-Dec.	454	342	354	273	271	267	322	263	340	306
1975*										
Jan.-March	464	354	361	278	280	272	330	269	350	315
Apr.-June	479	391	395	313	315	304	371	304	392	354
July-Sept.	511	390	395	317	322	306	375	308	395	357
Oct.-Dec.	556	400	404	331	334	327	381	319	403	366
1976*										
Jan. March	571	417	416	350	346	346	399	334	422	383

PRODUCTION

Volume indices of production 1964 = 100

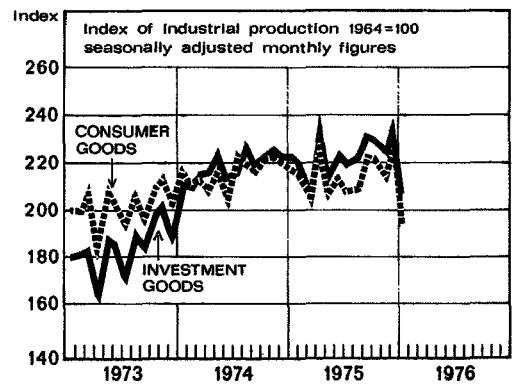
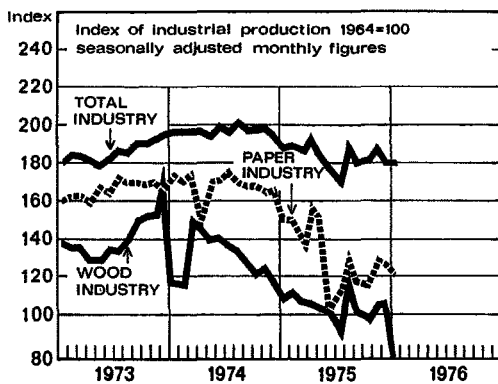
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1973	154	187	90	96	162	105	155	171	150	151	157
1974	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

PRODUCTION¹

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	
1971	101	103	102	102	104	103	100	116	105	100	102
1972	114	116	114	111	111	109	112	142	115	118	113
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
1975*											
Jan.	135	164	132	128	110	81	118	181	141	161	124
Feb.	128	155	126	123	104	86	108	162	129	156	126
March	125	147	123	121	100	81	105	168	128	151	124
1976*											
Jan.	123	152	119	122	108	68	94	145	103	148	118
Feb.	123	145	120	120	105	80	105	150	107	142	120
March	138	171	134	137	103	103	111	154	118	168	120

¹ See explanation on page 18.



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	118	119
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	124	130
Nov.	3 520	2 250	2 189	61	2.7	1 884	104	117
Dec.	3 521	2 244	2 172	72	3.2	2 028	143	126
1976*								
Jan.	3 523	2 198	2 107	91	4.1	1 684
Feb.	3 525	2 190	2 100	90	4.1	2 332
March	3 527	2 187	2 102	85	3.9	3 269

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.

The volume index has been revised as from the beginning of 1975. Annual figures are published according to the old basis. Monthly figures are based on new indicators.

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 (9.8 %) 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 3.6 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 56.4 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 268 000, 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 ¼ %. 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 %.

ALCOHOL POLICY AND THE CONSUMPTION OF ALCOHOL BEVERAGES IN FINLAND IN 1951 — 1975¹

by Salme Ahlström-Laakso, D.Pol.Sc., and Esa Österberg, M.Pol.Sc.

Social Research Institute of Alcohol Studies

After the repeal of the Finnish Prohibition Act in 1932, an alcohol monopoly was established in Finland. On the basis of the 1932 Alcohol Act, the manufacture, import, export, distribution and pricing of alcoholic beverages were awarded as a monopoly to a State corporation, the State Alcohol Monopoly (Alko). The term »alcoholic beverage» was applied to any substance containing more than 2.25 per cent of ethyl alcohol by weight.

However, the monopoly was not made complete; it was moderated by regulations under which the State Alcohol Monopoly could entrust the manufacture and the serving of alcoholic beverages to private persons or corporations. In fact, Alko has never manufactured beer and most to the serving of alcoholic beverages has taken place in restaurants other than those owned by Alko. On the other hand, the greater part of the alcohol consumed by Finns has been purchased from retail shops, and until 1969 Alko was the only organization permitted to retail alcoholic beverages.

A committee to prepare a reform of alcohol legislation was appointed as long ago as 1938. However, the implementation of the reform took as much as three decades, and it was not until 1968 that Parliament passed a new Alcohol Act. Although a number of revisions were made to the 1932 Act, the responsibilities of Alko remained virtually unchanged.

According to the new Alcohol Act, »the management and organization of alcohol affairs should be designed to keep as small as possible the harm and damage caused by

alcohol». In the previous Alcohol Act, the corresponding fundamental paragraph had been formulated as follows: »Trade in alcoholic beverages should be arranged so that, while hampering illegal sales, the consumption of alcoholic beverages is, at the same time, reduced to as little as possible and drunkenness, with its harmful effects, is prevented.»

Although the regulation of the harmful effects of alcohol has been laid down in legislation as the major goal of Alko, the microeconomic and public finance considerations related to the manufacture and distribution of alcoholic beverages imply that the harmful effects have never been — and can never be — the only factor regulating Alko's activities. On the other hand, the social damage related to the consumption of alcoholic beverages implies that Alko cannot operate according to the same principles as other state-owned companies, nor in the same way as private companies.

This article will describe the activities of Alko between 1951 and 1975. Attention will be paid to measures taken by Alko to affect the availability of alcoholic beverages; developments in alcohol consumption will be examined; and certain factors will be discussed which have influenced both consumption developments and policy formulation.

THE NETWORK OF ALKO'S SHOPS

Under the 1932 Alcohol Act, the establishment of liquor shops in rural areas was not permitted. In 1951 there were 65 cities and towns in which a liquor shop could be set up, while there were 77 of them in 1968.

¹ This article is based on data released by Alko, and on studies made by the Social Research Institute of Alcohol Studies and the Finnish Foundation for Alcohol Studies.

As Table 1 shows, both in 1951 and 1968 Alko had a liquor shop in almost all of the places where this was permitted by law. In fact, the number of places with a liquor shop increased in 1951—1968 in accordance with changes in the municipal status of certain communities.

The purchase of alcoholic beverages was also facilitated by heavy migration from rural to urban areas. While about 33 per cent of the Finnish population lived in towns and cities in 1951, the corresponding share in 1968 was 49 per cent. Furthermore, the mobility of population had increased because of a rapid growth in the stock of cars (registered passenger cars totalled about 40 000 in 1951 and about 580 000 in 1968). However, in 1968 almost 50 per cent of the Finnish population still lived in communities where the establishment of a liquor shop was not permissible.

One of the most important revisions in the 1968 Alcohol Act was the regulation which permitted the establishment of liquor shops in rural areas as well. The establishment of a liquor shop was made subject to approval by the Municipal Council, but in practice this stipulation has not hampered the expansion of the network of liquor shops. On the contrary, municipalities have competed to obtain a liquor shop so that, because of alcohol policy considerations, Alko has been, forced to reject some applications for new shops.

Table 1 shows the effect of the introduction of the new Alcohol Act. In 1969, 29 places obtained a liquor shop for the first time, while in 1951—1968 liquor shops had been established in 14 new places. Although the ex-

TABLE 1. NUMBERS OF LIQUOR SHOPS AND PLACES WITH A LIQUOR SHOP IN 1951—1975

Year	Number of liquor shops	Number of liquor shops in rural areas	Number of places with a liquor shop
1951	87	—	61
1957	101	—	66
1962	114	—	67
1968	132	—	75
1969	161	26	104
1972	180	43	124
1975	194	50	134

pansion of the network of liquor shops was much slower after the initial rush, the number of communities with a liquor shop increased from 75 to 134 between 1968 and 1975. Of the new shops, 50 were established in rural areas.

According to the new Alcohol Act, it is permissible to retail alcoholic beverages during ordinary shop hours. However, in 1969 the Board of Administration of Alko made a decision to restrict the opening hours of liquor shops: since then, liquor shops have been kept open, as a rule, between 10 a.m. and 5 p.m. from Monday to Thursday, between 10 a.m. and 6 p.m. on Fridays, and between 9 a.m. and 2 p.m. on Saturdays. However, even including this restriction, the opening hours of liquor shops became two hours per week longer than they had been before the 1968 Act.

THE SERVING OF ALCOHOLIC BEVERAGES

Under the 1932 Alcohol Act, the serving of alcoholic beverages was permissible, as a rule, in cities and towns. Exceptionally Alko could grant a licence to a first-class restaurant or tourist hotel situated in a rural municipality.

During 1951—1968 Finnish restaurants were divided into four categories, according to the strength of the alcoholic beverages that they were permitted to serve. A restaurant with an A-licence was allowed to serve any alcoholic beverage, B₁-licences allowed the serving of wines, beer and liqueurs with alcohol content not more than 25 per cent by weight and B₂-licences that of wines and beer, while a restaurant with a C-licence could serve only beer.

It can be seen from Table 2 that, at the beginning of the 1950s, A-licences had been granted to about 70 per cent of all restaurants, only a few of which were in the countryside. Moreover, beer-only restaurants were very rare too, although they had been the most common type of restaurant in 1934. However, beer

TABLE 2. THE NUMBER OF LICENSED RESTAURANTS IN 1951—1975

Year	A-licences	B-licences	C-licences	Total licences	Licences granted in rural areas
1951	251	92	10	353	12
1957	313	99	14	426	18
1962	401	126	27	554	35
1968	572	196	143	911	176
1969	915	168	3	1 086	238
1972	1 116	204	—	1 320	346
1975	1 240	230	—	1 470	402

restaurants had got a bad reputation in the 1930s, and they were strongly attacked by the temperance movement. With the shortage of food-stuffs during World War II forcing a suspension of beer production, these restaurants died away naturally, and after the War it was not considered necessary to revive them.

Restaurants with A-licences accounted for most of the increase in the number of restaurants in the 1950s, and they continued to increase rapidly well into the 1960s. In discussions concerning the Finnish restaurants policy in the 1960s it was often claimed that Alko had, to too great an extent, favoured the establishment of luxury and expensive restaurants, into which ordinary people had no access. As Table 2 indicates, there were changes in the restaurants policy in the 1960s: beer restaurants were revived and B-licences were granted to an ever-increasing extent. The number of beer restaurants increased particularly rapidly during the latter half of the 1960s, and they were also established in rural areas.

As with the retail of alcoholic beverages, the new Alcohol Act set, in principle, all municipalities, urban and rural, in an equal position with regard to the serving of alcohol. In Finland this revision is known colloquially as the repeal of the rural prohibition act. Another important reform concerning restaurants was also implemented in 1969, when the system of C-licences, entitling the serving of beer only, was discontinued.

The year 1969 implied great changes in the Finnish restaurant system. Although the number of restaurants increased by only one fifth, the structural change was even greater. The number of restaurants with an A-licence increased by 60 per cent and the number of fairly cheap A-restaurants by as much as 111 per cent (from 261 to 550). The number of rural restaurants grew by 45 per cent, while the number of A-restaurants in rural municipalities increased by 99 per cent (from 98 to 195). In the 1970s the number of restaurants has continued to increase, and the number of restaurants in the countryside has grown particularly rapidly.

The average size of restaurants has remained almost unchanged during the last decade, at between 150 and 160 seats. On the other hand, there have been qualitative improvements in the catering business. In particular, the 1970s have seen the establishment of new types of restaurant, and specialization has started to play an important role in catering, so that the consumer's options in the choice of a favourite drinking place have increased substantially.

A restaurant has the right to choose its own customers. Previously it was quite common for a restaurant to apply higher age limits than those prescribed by law, and to make some stipulations concerning its customers' clothing. For a long time it was impossible or very difficult for single women or female parties to get into restaurants; in some restaurants it was not possible to obtain alcoholic drinks without eating. The availability of alcoholic beverages has improved markedly, since such requirements have either been totally given up or substantially moderated. The relaxation of regulations concerning the serving of alcohol has also caused an increase in the services offered by restaurants.

The serving of alcoholic beverages has regularly accounted for about 60 per cent of restaurant turnover. (The corresponding share in Sweden was about 26 per cent in 1972.) At present, it is permissible to start serving

alcoholic beverages in restaurants at noon, although beer can be served from 9 a.m. As a rule, restaurants have to be closed by 1 a.m.

THE DISTRIBUTION NETWORK FOR MEDIUM BEER

The beers manufactured in Finland are classified as light beer (alcohol content not more than 2.25 per cent by weight), medium beer (alcohol content between 3.0 and 3.7 per cent by weight), or strong beer (alcohol content between 3.7 and 6.0 per cent by weight). The category »strong beer» is further divided into A-beer, corresponding to international export beers (alcohol content between 3.7 and 4.5 per cent by weight), which first came on sale in 1953, and a British-type porter (alcohol content between 5.0 and 6.0 per cent by weight); the sale of this started in 1957, but consumption of it has remained very small.

During 1951—1968 the distribution of medium beer was subject to the same restrictions as that of other alcoholic beverages: it could be bought only in Alko's liquor shops or in licensed restaurants. The enactment of a Medium Beer Act was one part of the 1968 reform of alcohol legislation. This Act authorized Alko to grant food shop the right to sell medium beer in retail and a cafeteria the right to serve it. In Finland, this event has been called the »liberation of medium beer».

Right from the beginning, Alko has been fairly liberal in granting permits for the retail or service of medium beer. In fact, it can be claimed that by the beginning of the 1970s, the right to distribute medium beer had been

granted to almost every food shop and cafeteria that had applied for it and that fulfilled the requirements set by law. The decline in the distribution network of medium beer, indicated in Table 3, was caused mainly by a fall in the number of food shops and cafeterias not by any less liberal attitude on the part of Alko.

THE ASSORTMENT OF BEVERAGES

Over the years, the assortment of beverages offered to Alko's customers has been both diversified and considerably changed. When Alko started its operations in 1932, it could offer 164 different articles, while there were 454 articles on its list in 1974. During this period, about 1 200 new varieties were included and about 900 excluded from Alko's price list. Throughout its existence, Alko has offered its customers a wide variety, although consumers' purchases have been centred on very few lines.

TABLE 4. PERCENTAGE SHARES OF DOMESTIC AND FOREIGN PRODUCTS IN THE TOTAL VALUE OF ALKO'S SALES IN 1959 AND 1974, BY TYPE OF BEVERAGE

	Strong alcoholic beverages	Wines	Long drinks	Beer	Total
A. 1959					
Alko's products	58.1	2.2	—	—	60.3
Products of private plants	0.8	1.6	0.4	18.7	21.5
Domestic products, total	58.9	3.8	0.4	18.7	81.8
Imports bottled by Alko	5.1	4.0	—	—	9.2
Imports bottled abroad	7.2	1.9	—	0.0	9.0
Imported products, total	12.3	5.9	—	0.0	18.2
Grand total	71.2	9.7	0.4	18.7	100.0
B. 1974					
Alko's products	35.7	2.8	—	—	38.5
Products of private plants	2.9	2.3	2.9	34.5	42.6
Domestic products, total	38.6	5.2	2.9	34.5	81.2
Imports bottled by Alko	6.3	4.9	—	—	11.2
Imports bottled abroad	6.3	1.1	—	0.2	7.6
Imported products, total	12.6	6.0	—	0.2	18.8
Grand total	51.2	11.2	2.9	34.7	100.0

TABLE 3. THE DISTRIBUTION NETWORK FOR MEDIUM BEER IN 1969—1975

Year	Retail outlets	Retail outlets in rural municipalities	Service outlets	Service outlets in rural municipalities
1969	17 431	9 878	2 716	1 195
1971	15 560	9 034	3 406	1 647
1973	13 550	7 374	3 319	1 524
1975	11 965	6 965	3 086	1 393

CHART 1. ALCOHOLIC BEVERAGE PRICES RELATIVE TO THE GENERAL PRICE LEVEL IN 1951—1975, BY CATEGORY OF BEVERAGE, 1951=100

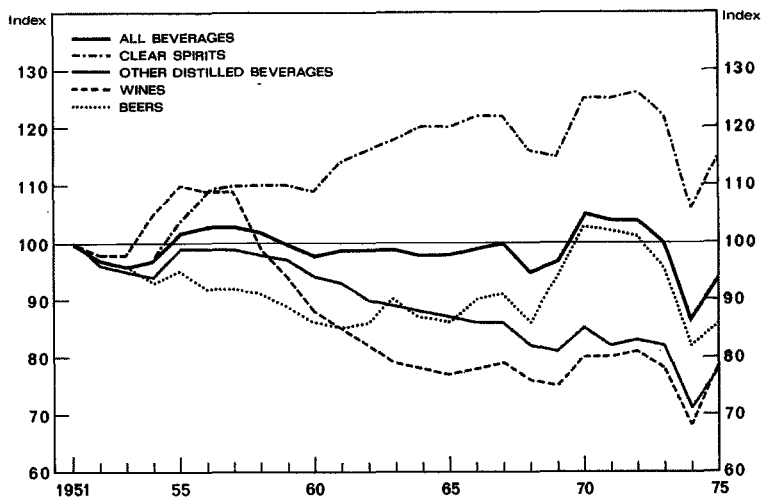


Table 4 shows the breakdown of Alko's total sales in 1959 and 1974, by domestic and foreign products. The ratio between domestic and foreign products has remained fairly stable. On the other hand, the share in Alko's sales of alcoholic beverages produced by private domestic plants has increased substantially: from 22 per cent to 43 per cent in the 15-year period. This was mainly due to the fact that beer is not produced by Alko and the share of beer in total sales has increased from 19 per cent to 35 per cent. Although the share of private domestic plants has grown in other categories as well, Alko still dominates the production of strong beverages.

PRICE POLICIES

The real prices of alcoholic beverages have remained almost unchanged since 1951. However, in recent years annual fluctuations have increased, mainly as a result of two factors (Chart 1). First, the general rate of inflation has been rapid in the 1970s (on average 15 per cent per annum in 1972—1975); with the nominal prices of alcoholic beverages remaining nearly unchanged, the real prices

have fallen rapidly. Secondly, it has been difficult for Alko to increase the nominal prices of alcoholic beverages, because, in their incomes policy negotiations, labour market organizations have tried to prevent all price increases — and in the control of alcohol prices they seem to have succeeded better than elsewhere. Even though price increases would have been justified from the viewpoint of alcohol policy, the curbing of inflation has been given the greatest priority, and so the prices of alcoholic beverages have lagged behind on many occasions.

Price relations between different categories of beverage have altered considerably. The changed price structure reflects mainly the policy of favouring light beverages, particularly wines, at the cost of distilled spirits. However, since the passing of the 1968 Alcohol Act, price relations have remained fairly stable.

Despite the problems involved, price policy has been regarded in the 1970s as the most important and effective measure for curbing the growth of alcohol consumption. Alko's price policy also affects state finances, the taxation of alcoholic beverages being an important source of revenue. In the 1950s and 1960s, the yield of taxes on alcoholic beverages

accounted for eight to nine per cent of total state revenue. In the first half of the 1970s, the corresponding share was between nine and ten per cent.

PERSONAL CONTROL

During 1951—1968, persons aged not less than 21 years had the right to purchase alcoholic beverages in Alko's shops, although in restaurants the age limit was 18 years. In addition, in the 1940s a special certificate entitling the bearer to purchase alcoholic beverages was introduced in Finland, and it had to be applied for from the Alko authorities. Without this certificate, no alcoholic beverages could be bought, and the certificate was only valid for use in one specified Alko shop.

In 1949 it became possible to buy beer and light wines without a certificate, and in 1952 the certificate requirement was waived for fortified wines as well. As a result of this, however, many of the more disorderly misusers of alcohol took to drinking fortified wines, and it was therefore necessary in 1958 to re-impose the certificate requirement for most such wines.

The 1968 Alcohol Act reduced the age limit for alcohol purchases to 18 years for light beverages (less than 17 per cent alcohol content by weight), and to 20 years for the stronger beverages. The 18-year age limit also governs both the retail and serving of medium beer.

Until 1971, a purchase certificate had to be presented in order to be able to buy strong alcoholic beverages, including most of the fortified wines. However, the regulations were moderated at the beginning of 1969, so that the bearer was no longer restricted to one, named, Alko shop. It should also be noted that, until 1957, each purchase made with a certificate was registered. After that year, the registration of purchases was required only for those customers suspected of being misusers of alcohol.

The prohibition of sales of alcohol forms one part of the Finnish alcohol control system. When the use of purchase certificates and the registration of suspected misusers were discontinued in 1971, sales prohibitions became more difficult. In fact, the issuing of sales prohibitions is gradually dying out.

The 1932 Alcohol Act laid down the maximum quantity of alcoholic beverages that a customer was permitted to buy at any one time. The stipulations incorporated in the new Alcohol Act are not so precise, but the Board of Administration of Alko is authorized to issue corresponding regulations. When the new Alcohol Act came into force, the Board substantially relaxed the restrictions concerning the maximum allowable amount of alcoholic beverages per purchase.

THE AVAILABILITY AND CONSUMPTION OF ALCOHOLIC BEVERAGES

Changes in alcohol policy restrictions tend to affect developments in the consumption of alcoholic beverages in two ways: through concrete changes in availability and through changes in cultural attitudes towards the purchase and consumption of alcohol. For example, a concrete improvement in the availability of alcoholic beverages occurs whenever the physical distance decreases between the consumer and the nearest retail or service outlet, or whenever the prices of alcoholic beverages fall in terms of hourly wages. Changes in cultural attitudes are implied whenever a relaxation in alcohol policy restrictions reduces the social pressures related to shopping in Alko's shops, and those which society exerts on the use and the users of alcoholic beverages.

From the consumers' point of view, the access to alcoholic beverages improved notably during 1951—1975, both in the form of concrete improvements in availability and as a reduction in the social pressures related to the purchase and consumption of alcohol. Improvements in availability seem to have been

focussed before 1969 mainly on light beverages and since 1969 on all alcoholic beverages. 1969 was the year which saw the greatest improvement in the availability of alcohol: medium beer was liberated; the rural prohibition act was repealed; the age limits on the purchase of alcoholic beverages were lowered; and the structure of the restaurant system was altered substantially. It also marked some kind of a turning point in the reformulation of Finnish cultural attitudes related to the consumption and purchase of alcoholic beverages. It is true that these changes were already taking place to some degree, but the events of 1969 somehow implied that the changes became officially sanctioned through the enactment of the new alcohol legislation.

Consumers have also reacted to the changes occurring in the availability of alcoholic beverages. There has been a substantial increase both in the per capita consumption of alcohol, and in the share of alcohol purchases in total private consumption expenditure (Table 5 and Chart 2). The growth in the consumption of alcohol started to accelerate in the mid 1960s, and it remained strong even after 1969. The share of alcohol expenditure in total private consumption expenditure also started to grow in the mid 1960s, increasing especially rapidly during 1969—1971 (by 2.3 percentage points in three years). During the 1970s it has maintained a fairly steady level of about 7.5 per cent.

CHART 2. PER CAPITA CONSUMPTION OF ALCOHOL BEVERAGES (A), IN LITRES OF ABSOLUTE ALCOHOL, AND SHARE OF EXPENDITURE ON ALCOHOL IN TOTAL PRIVATE CONSUMPTION EXPENDITURE (B), IN 1951—1975

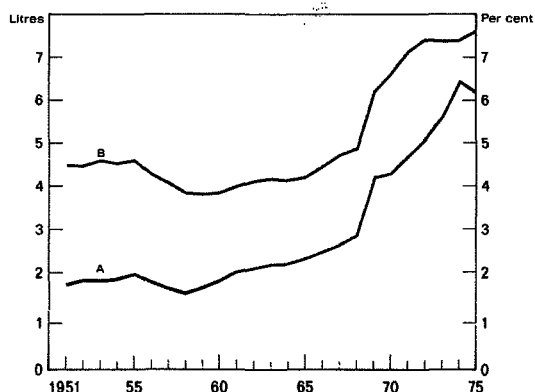


TABLE 5. THE PER CAPITA CONSUMPTION OF ALCOHOLIC BEVERAGES IN 1951—1975, IN LITRES OF ABSOLUTE ALCOHOL, BY CATEGORY OF BEVERAGE AND BY MODE OF DISTRIBUTION

Year	Strong alcoholic beverages	Wines	Beer	Alcoholic beverages, total	Retail	Catering
1951	1.36	0.10	0.32	1.79	1.33	0.46
1957	1.15	0.24	0.33	1.72	1.29	0.43
1962	1.42	0.26	0.43	2.11	1.63	0.48
1968	1.43	0.51	0.94	2.88	2.19	0.69
1969	1.58	0.52	2.11	4.21	3.09	1.12
1972	2.19	0.63	2.28	5.10	3.69	1.41
1975	2.81	0.97	2.41	6.19	4.73	1.46

GROWTH OF THE CONSUMPTION OF ALCOHOLIC BEVERAGES

So far we have approached the subject of alcohol consumption mainly from the points of view of alcohol policy and of the consumer. It is clear, however, that developments in alcohol consumption do not depend solely on changes in alcohol policy restrictions. Major changes have taken place elsewhere, in the general development of Finnish society. In fact, the changes which have taken place in the domain of alcohol policy also reflect these general changes in Finnish society.

In 1951 about 67 per cent of Finns lived in the countryside, while the corresponding share in 1962 was about 60 per cent and in 1973 about 43 per cent. Migration has thus been very heavy. Moreover, there has been a rapid movement in the countryside from remote villages to population centres, and in the cities from the centre to the suburbs. Migration has been connected with changes in the vocational structure of population, illustrated in Table 6. In recent decades, the majority of Finns have had to adjust themselves to new surroundings, both in their working life and in their leisure. In most cases, a change of occupation and place of residence involves the breaking-off of social and cultural ties, leading to feelings

TABLE 6. DISTRIBUTION OF THE ECONOMICALLY ACTIVE POPULATION BY INDUSTRIAL CATEGORY IN 1950, 1960 AND 1970, IN PER CENT

	1950	1960	1970
Agriculture and forestry	46	36	20
Industry and construction	27	30	34
Commerce, transport and services	27	34	46

of insecurity and loneliness and increased use of alcohol for the alleviation of these feelings. Furthermore, such changes involve the creation of new personal contacts, which can be facilitated by the use of alcohol.

Of course, these changes in the occupational and demographic structure of the country have been a virtual precondition for the rise in the material standard of living that has taken place in Finland during the last decades. Private consumption expenditure per capita increased by about 44 per cent in 1951—1962 in real terms, and by about 52 per cent in 1962—1973. Furthermore, people's leisure time has increased and their social security has improved. It should be particularly stressed that the Finns' disposable incomes increased exceptionally rapidly at the turn of the 1960s and 1970s, when the five-day working week also became more general. In conclusion, it can be claimed that the heavy growth of alcohol consumption in the late 1960s and the first half of the 1970s was the combined result of several simultaneous factors: a substantial and sudden moderation of alcohol policy restrictions; an exceptionally rapid growth of disposable income; an increase in leisure; and a break in the general moral atmosphere of the society.

OUTLINES OF ALCOHOL POLICY

It is hardly an exaggeration to claim that the Finnish alcohol policy restrictions of the 1950s would not have been viable in the 1970s. Alcohol policy simply cannot be pursued separately from the rest of social policy and social developments. It is quite natural that, in a changing society, the alcohol policy pursued by that society must change; as social conditions improve and alcohol consumption grows, the problems of alcohol policy alter: the social problems caused by the consumption of alcohol take new forms and become differently regarded by society.

A Finnish alcohol policy with definite objectives was first formulated in late 1940s. In short, its motto was »Wine rather than spirits». In the

beginning, wine and beer were not equally treated in Alko's policy, and the line favouring light beverages in the 1950s mainly implied the promotion of wines at the cost of strong beverages, particularly spirits. Later on, the policy line for light beverages was expanded to include all light alcoholic beverages, and the availability of beer improved, particularly in the 1960s. The liberation of medium beer in 1969 was a consistent part of Alko's line for light beverages and — it seems at present — marked the culmination of this line.

To be able to understand Alko's line for light beverages, one must compare alcohol conditions in Finland with those in other countries. Before World War II and during the two decades immediately following it, the level of alcohol consumption in Finland was very low as compared with countries in Central and Southern Europe. Nevertheless, at that time in Finland — as in some other countries where alcohol was consumed mainly in the form of distilled spirits — there were a large number of arrests for drunkenness and violent offences, far more than in Central and South European countries where alcohol was taken mostly in the form of beers or wines.

During the years immediately after World War II, problems related to drunkenness and the maintenance of law and order — appearing drunk in public, brawling, violent offences done under the influence of alcohol, and accidents occurring to drunks — were regarded in Finland as the major social problems caused by the consumption of alcohol. According to Finnish national tradition, the reaching of a state of drunkenness was the most important motive for consuming alcoholic beverages and Finns acquired this state mainly by drinking distilled spirits. Furthermore, the results obtained from several studies indicated that a state of drunkenness produced by beer led to less severe balance disturbances and to less aggressiveness than one produced by spirits; from the point of view of two major risk factors related to a person's behaviour in a drunken state, beer was thus considered to be less dangerous than spirits.

Based on these premises, Alko's promotion of light beverages can be regarded as an attempt to solve the Finnish alcohol problem by weaning the Finns from the use of spirits (and from the related desire for a state of drunkenness) by offering them light beverages instead. It was hoped that, by increasing the consumption of light beverages, Finnish consumers would acquire the moderate and innate drinking habits of Central and Southern Europeans, — habits which seemed quite harmless from a Finnish perspective.

It is difficult to assess the success of the policy line favouring light beverages, since it is almost impossible to separate the impact of consistent policy measures from that of other factors affecting the development of alcohol conditions. As an example of these others, one could mention the much-debated advertising of alcohol: most of the advertising of alcoholic beverages in Finland has centred on a light beverage, beer, which is brewed in private plants. In any case, the share of light beverages in total consumption of alcoholic beverages increased from 24 per cent to 62 per cent between 1951 and 1969. However, these figures indicating a growth in the relative share of light beverages are not based on a decline in the consumption of strong alcoholic beverages, but on an increase in the total consumption of alcoholic beverages (Table 5). In fact, the Finns responded by increasing their consumption of light beverages without any simultaneous reduction in their consumption of strong alcoholic beverages.

The policy line favouring light beverages has also been upset in that the assumption of a close correlation between different alcoholic beverages and different drinking habits did not prove to hold true. In fact, Finns started to use wines, both light and strong, which had become relatively cheap, instead of distilled alcoholic beverages — but aiming for drunkenness rather than drinking in a moderate and refined way. In other words, drinking habits remained unchanged, and distilled beverages were replaced by cheaper wines, so

that they too became a source of drunkenness and disturbances.

The growth of the consumption of alcoholic beverages started to accelerate in the latter half of the 1960s, being particularly heavy after the introduction of the new Alcohol Act. Finland, which for a long time had ranked fourth of the Nordic countries in alcohol consumption, passed Norway in 1969 and Sweden in 1973. Nevertheless, the level of alcohol consumption in Finland is still considerably below that of Southern Europe, and is only now approaching the level of the Central European countries.

In recent years, however, the growth of alcohol consumption in Finland has been so rapid that the alcohol policy atmosphere has become tense. The new alcohol legislation and particularly the Medium Beer Act have been strongly criticized, and some stricter alcohol policy measures have been implemented. Although the growth of alcohol consumption in the 1970s was mainly due to an increase in the consumption of strong alcoholic beverages, medium beer has been widely regarded as the root of all evil; in fact, its consumption increased enormously in 1969 but has, since then, remained almost unchanged (Table 5). The tighter alcohol policy measures have been primarily designed to curb the consumption of medium beer.

The problems related to the use of alcohol were long considered to be the poor alcohol tolerance of Finns, their desire for a state of drunkenness, and the results of their behaviour when in that state. Problems linked with an acute state of drunkenness and with occasional misuse of alcohol have remained to the fore because they are so noticeable. However, the heavy growth of alcohol consumption in the 1970s has also drawn attention to the health damage, susceptibility to illness and death, caused mainly by prolonged heavy use of alcohol. In the 1970s the consumption of alcoholic beverages has thus begun to be regarded in Finland, to an ever-increasing extent, as a serious public health problem.

ITEMS

New credit facility agreement. On July 1, 1976, an agreement was signed between the Bank of Finland and a consortium of 14 major U.S. and Canadian banks providing for a credit facility of up to US \$ 300 million for seven years. The full amount will be available for the first three years, after which the facility will be reduced by equal amounts every half-year. The commitment fee is to be either $1/2$ % p.a. or $5/8$ % p.a., according to the amount of the credit actually drawn at the time.

This agreement replaces the US \$ 100 million facility negotiated in 1973 with the Bank of America National Trust & Savings Association and the Morgan Guaranty Trust Company of New York (see Bulletin 9/1973). The total of such credit available to the Bank of Finland for the support of its foreign exchange reserves has therefore increased by \$ 200 million to \$ 690 million, which is about 2 700 million marks.

The Bank Supervisors delegated by Parliament have authorized the Bank of Finland Board of Management to arrange this type of credit facility in order to safeguard the nation's external liquidity and international credit-worthiness. The increase in credit available was considered necessary in view of the expanding scale of Finland's foreign transactions.

Finland's long-term foreign debt in January—March 1976. Although long-term foreign capital was available on relatively favourable terms and the domestic capital market remained tight, the increase in Finland's long-term foreign debt during the first quarter of the current year was, at 1 070 million marks, 10 per cent smaller than that in the previous quarter.

Up to the end of March, drawings of new loans amounted to 1 445 million marks and redemp-

tions of old loans to 375 million marks — an increase in both items of 15 per cent over the corresponding period of 1975. Debt service costs (redemptions and interest expenses) totalled 672 million marks, which was 9 per cent more than in the corresponding period last year. Total debt service costs were slightly more than 10 per cent of total current account earnings.

Financial loans, 844 million marks, and import credits, 555 million marks, accounted respectively for 58 and 38 per cent of total drawings of long-term loans. Drawings of financial loans had decreased by 30 per cent from the previous quarter, while import credits had increased by 70 per cent. Drawings of individual financial loans had decreased the most. Of import credits, those for ships and airplanes accounted for the largest growth.

Two Finnish bond issues, together totalling 194 million marks, were floated abroad during the first quarter of this year. Of these bond issues, one was denominated in U.S. dollars (Finnish Export Credit Ltd: \$ 20 million) and the other in EUAs (Enso-Gutzeit Oy: 25 million EUA). In the corresponding period in 1975, three bond issues, together totalling 264 million marks, were floated. Drawings of other financial loans amounted to 650 million marks in January—March, while they had totalled 399 million marks in the corresponding period last year.

Direct investments caused an increase of 40 million marks in Finland's long-term foreign debt during January—March; these include both investments in equities and loans granted by foreign parent companies to Finnish subsidiaries. A new item, leasing credits, has been included in the long-term foreign debt: in the first quarter of the current year, these increased the debt by 2 million marks.

FINLAND'S LONG-TERM FOREIGN DEBT IN JANUARY—MARCH 1976, MILL. MK

	Debt ¹ Dec. 31, 1975	Draw- ings ²	Redemp- tions ²	Net change	Impact of exchange rates ³	Debt ¹ March 31, 1976	Inter- est ex- penses ⁴
Financial loans	14 295	844	255	+ 589	+31	14 915	223
Individual financial loans	7 823	468	164	+ 304	+10	8 137	126
Bonds and debentures	6 472	376	91	+ 285	+21	6 778	97
Bond issues	3 704	194	21	+ 173	+25	3 902	33
Private placement loans	2 314	182	46	+ 136	+ 3	2 453	55
Loans from the World Bank	454	—	24	— 24	— 7	423	9
Import credits	3 373	555	116	+ 439	—26	3 786	47
Leasing credits	67	5	3	+ 2	—	69	1
Direct investments ⁵	1 125	41	1	+ 40	—	1 165	26
Total	18 860	1 445	375	+1 070	+ 5	19 935	297

¹ The mark value of debt outstanding has been calculated by using the selling rates of the same date, excluding the debt in the form of direct investments which has been obtained by adding the net change to the debt outstanding at the end of 1975.

² Drawings and redemptions have been calculated by using the average monthly selling rates; however, daily rates have been used for direct investments.

³ The impact of Exchange Rates figure shows the effect of exchange rate fluctuations during the first quarter of 1976 on the value of the debt outstanding.

⁴ Interest expenses and other costs related to borrowing.

⁵ Figures include both investments in equities and loans granted to subsidiaries.

Finland's long-term foreign debt totalled 19 935 million marks at the end of March. Capital import deposits and other similar deposits held at the Bank of Finland totalled 1 089 million marks at the end of March; this was 56 million marks more than at the end of last year.

Consumer price indices by region and by population group.

In the 1975—1979 Development Programme for Finnish Statistics, the Central Statistical Office has been charged with the duty of calculating and publishing, in addition to a general consumer price index measuring the price developments of private consumption as a whole, sub-indices for different regions and population groups.

At the initial stage of the project, the Central Statistical Office asked the major groups using the consumer price index, such as labour market organizations, various planning and research institutes, and the Social Insurance Institution, to suggest what kind of a breakdown by region and population group should be used in calculating the indices. In the proposals, attention had to be paid to the limitations which were considered appropriate concerning, for instance, the number of indices

and other related matters. On the basis of this survey and of estimates made of the reliability of price data, it was decided to produce four regional indices and six population group indices. The implementation of the project was closely connected with the setting-up of an interviewer organization by the Central Statistical Office in January this year, since the increases in the amount of price information and in the number of collection places required a more centralized data-collection organization than had previously been the case. This reform was designed to help satisfy society's growing demand for more detailed information on human living conditions.

The population has been classified according to the socioeconomic position of the heads of families, since this is considered to serve practical purposes better than a classification based solely on income brackets. The weight structure of the indices, as well as that of the previously published general price index (1972 = 100), was based mainly on the results obtained from the 1971 household survey. The classification is into the following groups: 1. Farmers; 2. All wage and salary earners, with sub-indices for a) Managers and salaried employees of higher ranking, b) Other salaried employees, and c) Wage earners; and 3. Pen-

sioners. The weight structure of the pensioners' index was calculated on the basis of the distribution of consumption expenditure in families living mainly on national pensions or other supports. Although there are slight differences in the consumption and purchasing habits of different population groups, detailed information was not available on the selection of commodities purchased by them. For this reason, the commodities included in the population group indices are the same as those included in the general index based on the average consumption expenditure of all households.

The regional breakdown was determined according to the classification used in the household survey. Helsinki, as the country's capital, forms its own regional unit, and the rest of the country is divided into three large regions: South Finland; Central Finland; and

North Finland. Each region has its own weight structure, which is calculated as the average of total consumption expenditure of all households in that region. Price data collected from each region are used for calculating the regional indices, which therefore show the price changes in different parts of the country. Since 1972 price developments have been slower in Helsinki than in other parts of the country, although Helsinki proved to be one of the most expensive places in Finland, according to a cost-of-living survey completed in 1974.

At this stage it is too early to predict the purposes for which the new indices will be used and for which they will be suitable. In any case, they will provide social planners with important information about the differences in consumer price developments between the various regions and population groups.

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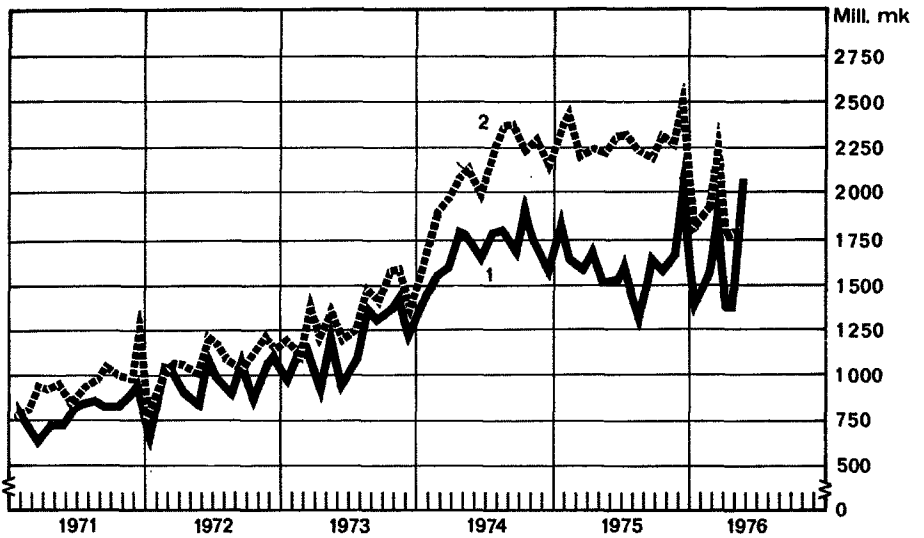
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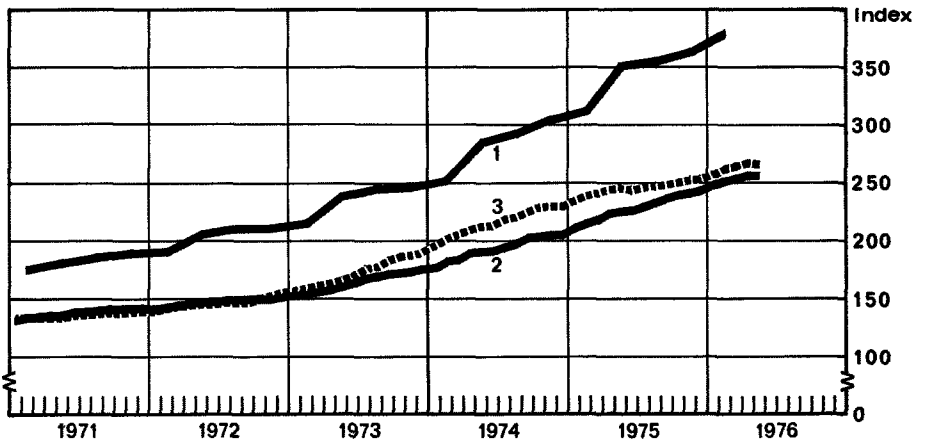
FOREIGN TRADE, 1971-1976

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

