



# BANK OF FINLAND

*Monthly Bulletin*

**The budget proposal for 1976**

**Developments in the structure of  
Finnish agriculture in 1960—1975**

**Change of Government**

**Trade agreement between Finland and  
the U.S.S.R.**

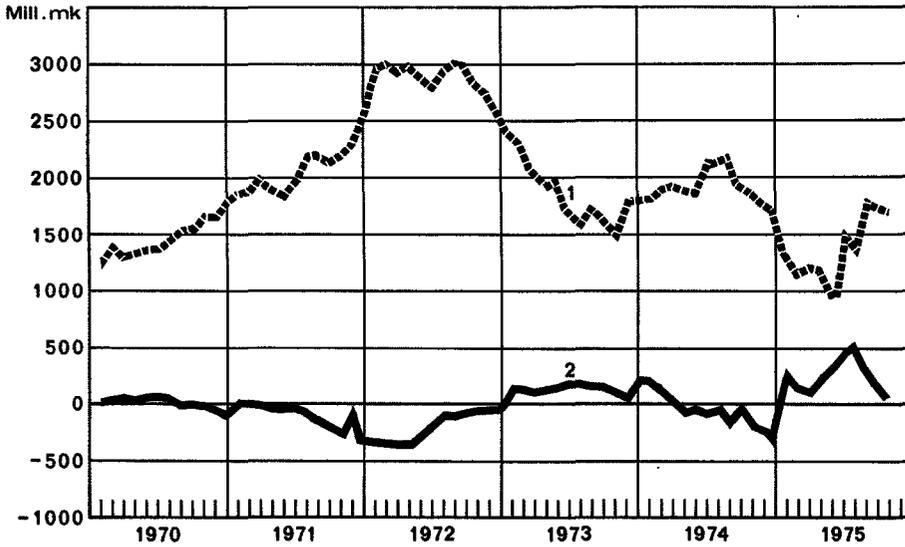
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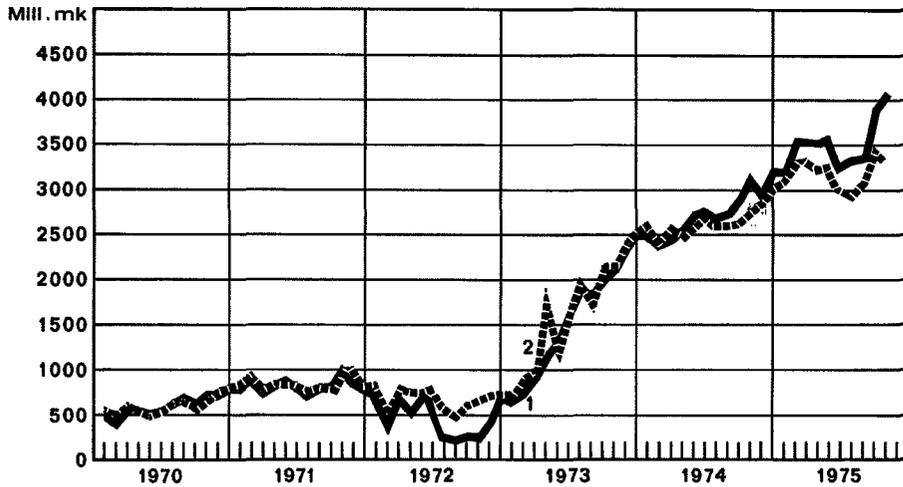
**Vol. 49 No. 12**

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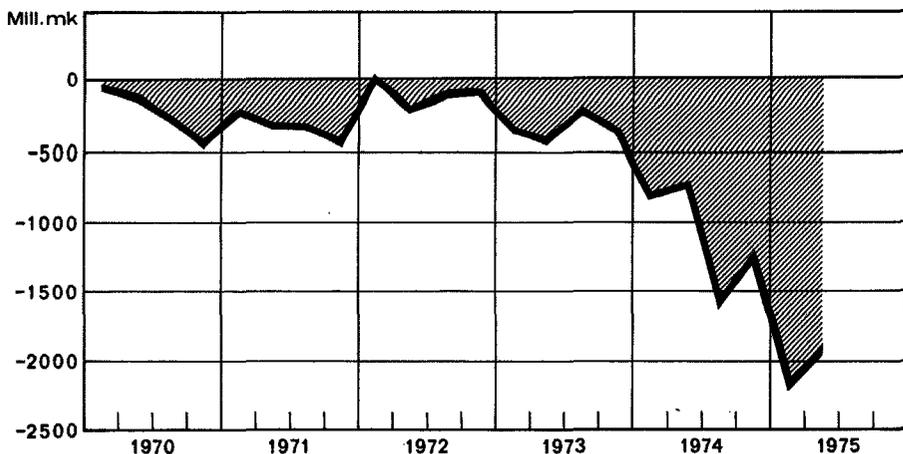
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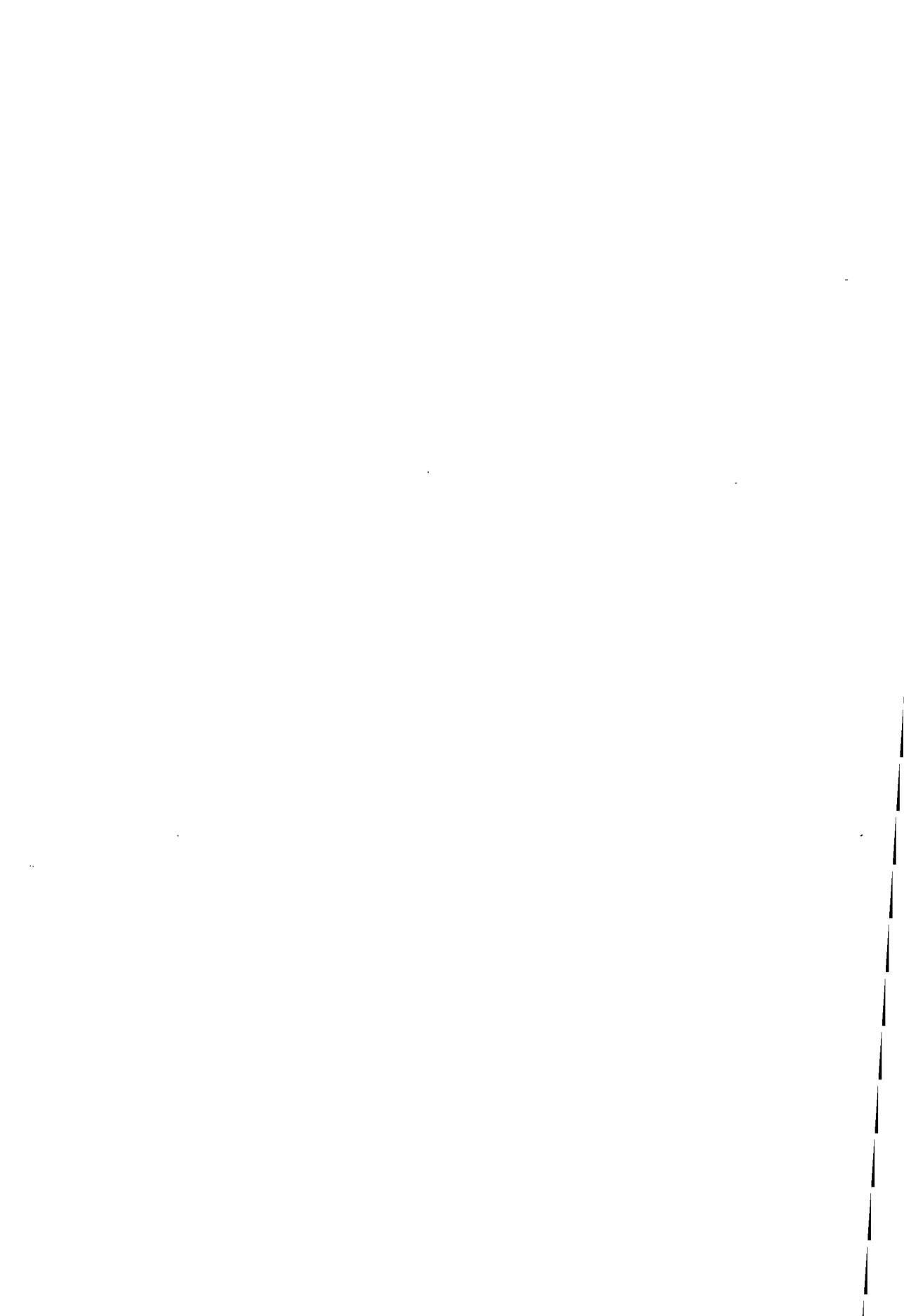
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## THE BUDGET PROPOSAL FOR 1976

When the Budget proposal for 1976 was under preparation, the economic outlook was darkened by the widespread international recession. In Finland total production stopped growing during the first part of 1975, and the trade account deficit increased sharply throughout the year. Prices continued to rise rapidly, and unemployment began to increase as well.

The broad strategy of the Budget proposal is designed to reduce the severe imbalances in the Finnish economy. It is thus linked with the economic policy programme confirmed by the Government in March, a programme which was aimed primarily at restoring a current account balance (see front article in Bulletin 5/1975). It included, among other things, general guide-lines on foreign trade, public finance, and on investment and energy policies.

In public finance, the implementation of this programme means that the growth in public consumption expenditure and investment must be held back significantly. For this reason the Budget proposal does not include the implementation of any new reforms which would call for public funds. Moreover, it is suggested that some revisions be made in the existing development plans for different sectors. Hence the Budget proposal also follows the principles confirmed in the agreement between the Council of State and the Local Authorities' central organizations. On the basis of this agreement, Local Authorities will also have to refrain from increasing their expenditure in the coming years.

Fiscal policy has also been supported by monetary policy, which is undertaken by the Bank of Finland. In order to curb domestic demand and to reduce the current account deficit, it is necessary to pursue tight monetary policies. For this reason, the Bank of Finland has restricted access to central bank credit during this autumn, taking, at the same time,

a more reserved attitude towards the inflow of foreign capital.

It is forecast that the year 1976 will still be characterized by slow economic growth. In the Budget proposal, it is estimated that the volume of Finland's total production will grow by 1.5 per cent. The current account deficit is likely to decline slightly, although it will still remain substantial. The prospects for restraining inflation seem somewhat better than those of the current year. On the other hand, in spite of attempts to prevent it, unemployment will probably increase.

The sum involved in the Budget proposal amounts to slightly more than 29 000 million marks, which is about a third more than the ordinary Budget proposal for 1975. This large growth is partly the result of increases in wages and prices in 1975, which were larger than had been forecast. During the current year, the Government has already presented two supplementary budgets, totalling 4 000 million marks. The estimated state expenditure for 1976 is thus only eight per cent higher than the total estimate for 1975.

Substantial attempts have been made to contain the growth in state consumption expenditure. However, next year this category will be increased by a sizeable growth in expenditure upon pensions, and by an expansion in vocational training. With the employment situation expected to become more severe next year, it is hoped that the number of persons trained through vocational courses will be increased to 24 000. In 1975 the number of persons trained was about 18 000. The growth in current expenditure caused by an increase in the number of civil servants will be fairly small.

About half of budgeted expenditure consists of various transfer items. State subsidies to industries will increase by more than 50 per cent, as compared with the ordinary Budget

**STATE BUDGETARY EXPENDITURE BY FUNCTIONAL CATEGORIES, 1974—1976**

	Finance accounts 1974 mill. mk	Budget 1975	Budget proposal 1976	Change Mill. mk	on 1975 Per cent
General administration	1 080	1 234	1 471	+ 237	+19
Courts, police etc	753	849	1 135	+ 286	+34
National defence	1 140	1 398	1 552	+ 154	+11
Education and culture	3 625	3 854	5 133	+1 279	+33
Social security	2 118	2 458	3 436	+ 978	+40
Public health	1 799	2 225	2 551	+ 326	+15
Housing and community development	1 229	1 645	2 108	+ 463	+28
Transport and communications	2 596	3 038	3 865	+ 827	+27
Agriculture and forestry	3 047	2 188	3 190	+1 002	+46
Other economic activities	1 955	1 037	1 975	+ 938	+90
Other expenditures	1 967	1 904	2 592	+ 690	+36
<b>Total</b>	<b>21 307</b>	<b>21 828</b>	<b>29 009</b>	<b>+7 181</b>	<b>+33</b>

for 1975. Large increases in appropriations are proposed for promoting agriculture, forestry, industry, industrial research and exports. It is suggested that 610 million marks be transferred to the Export Guarantee Fund for covering the guarantee payments incurred by the heavy metal industry due to cost guarantee commitments.

According to the Budget proposal, state subsidies to Local Authorities will increase by one third. In order to check the growth in public expenditure, it is proposed that the shift to the comprehensive school system be postponed by one year, and that revisions designed to reduce expenditure be made in the public health and medical care programmes as well. State subsidies to the household sector will also increase by one third. It is intended that child allowances be raised by 10 per cent as from the beginning of July 1976, which means that total expenditure on these allowances will amount to 845 million marks in 1976. The Housing Subsidy Act, which came into force in 1975, will increase substantially the number of families entitled to this subsidy. An appropriation of 270 million marks is proposed for covering housing subsidies. Large increases are also suggested in war invalid payments and in study subsidies.

It is proposed that investment expenditure be increased by more than a quarter, while real investment will increase by 13 per cent.

According to the proposal, administrative investment will grow by only seven per cent, implying a decline in its volume. On the other hand, appropriations for investment by state-owned companies will increase by more than 20 per cent. It is suggested that about 2 650 million marks, over 40 per cent more than in the Budget for 1975, should be used for loans and other financial investment. It is proposed that 1 800 million marks be used for housing loans; the financing of about 33 000 dwellings in 1976 is set as a goal. A total of about 530 million marks is intended to be used for financing investment by state-owned companies.

In promoting employment, it is intended, as far as possible, to pay the greatest attention to measures which will encourage both the balancing of the current account and the raising of the efficacy of investment. A total of 3 160 million marks, some 16 per cent more than in the Budget for 1975, is proposed for use as ordinary employment appropriations. More than 2 500 million marks are intended to be used for state subsidies and loans granted for employment-promoting investment; this is an increase of 22 per cent on the Budget for 1975. In particular employment in the Development Regions will be greatly encouraged by the new regional policy subsidy system and by the Regional Development

(continued on page 27)

	1973	1974	1975				
	Dec. 31	Dec. 31	Nov. 7	Nov. 14	Nov. 21	Nov. 28	
<b>Assets</b>							
Gold and foreign exchange receivables	2 210	1 791	1 964	1 956	1 880	1 861	
Gold	121	121	121	121	121	121	
Special drawing rights	285	286	284	284	284	284	
IMF gold tranche	268	268	—	—	—	—	
Convertible currencies	1 228	1 109	1 313	1 331	1 253	1 206	
Tied currencies	308	7	246	220	222	250	
Other foreign receivables	952	1 123	1 321	1 325	1 317	1 311	
Foreign bills	103	252	328	330	322	313	
Foreign bonds	319	341	195	197	197	200	
Currency subscription to Finland's quota in the IMF	530	530	798	798	798	798	
Receivables from financial institutions	2 745	3 414	4 675	4 562	4 536	4 313	
Cheque accounts of the commercial banks	19	114	178	157	165	172	
Discounted bills	2 556	3 034	3 562	3 582	3 572	3 519	
Bonds	121	220	348	349	355	361	
Other financial institution receivables	49	46	587	474	444	261	
Receivables from the public sector	268	301	328	330	330	333	
Bonds	53	71	71	72	72	72	
Total coinage	200	224	253	253	253	254	
Other public sector receivables	15	6	4	5	5	7	
Receivables from corporations	613	631	878	883	883	888	
New export bills	47	90	135	134	133	132	
Financing of suppliers' credits	271	276	372	372	371	374	
Bonds	255	231	230	230	230	230	
Other corporate receivables	40	34	141	147	149	152	
Other assets	34	37	37	36	36	37	
	Total	6 822	7 297	9 203	9 092	8 982	8 743
<b>Liabilities</b>							
Foreign exchange liabilities	147	457	193	191	176	206	
Convertible accounts	73	62	49	48	48	79	
Tied accounts	74	395	144	143	128	127	
Other foreign liabilities	788	788	1 385	1 385	1 385	1 385	
IMF mark accounts	530	530	1 127	1 127	1 127	1 127	
Allocations of special drawing rights	258	258	258	258	258	258	
Notes and coins in circulation	2 082	2 461	2 572	2 566	2 602	2 678	
Notes	1 907	2 259	2 345	2 339	2 375	2 450	
Coins	175	202	227	227	227	228	
Deposit certificates in circulation	1 450	1 040	1 040	950	790	400	
Claims of financial institutions	13	9	198	90	60	5	
Cheque account of Postipankki	2	4	3	1	1	1	
Cheque accounts of the commercial banks	7	4	1	2	1	2	
Other financial institution claims	4	1	194	87	58	2	
Claims of the public sector	535	560	1 281	1 274	1 336	1 383	
Cheque accounts	2	7	6	6	1	3	
Counter-cyclical reserves	509	543	149	149	149	149	
Import deposits	—	—	1 125	1 118	1 185	1 222	
Other public sector claims	24	10	1	1	1	9	
Claims of corporations	239	195	468	550	521	530	
Investment deposits	5	34	69	69	69	69	
Counter-cyclical withholdings	—	49	—	—	—	—	
Capital import deposits	214	98	360	443	417	448	
Import levy deposits	6	6	4	5	6	6	
Other corporate claims	14	8	35	33	29	7	
Other liabilities	16	17	13	13	12	13	
Equalization accounts	740	858	1 082	1 094	1 113	1 147	
Capital accounts	812	912	971	979	987	996	
Primary capital	600	600	600	600	600	600	
Reserve fund	114	163	237	237	237	237	
Undisposed profits	—	—	—	—	—	—	
Net earnings	98	149	134	142	150	159	
	Total	6 822	7 297	9 203	9 092	8 982	8 743

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
1968	1 309	6	1 303	— 12	125	34	1 382	105	364	259	—
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1974											
Oct.	1 947	70	1 877	—235	922	788	1 776	220	521	301	1 510
Nov.	1 862	64	1 798	—280	936	788	1 666	222	520	298	1 400
Dec.	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975											
Jan.	1 388	56	1 332	306	1 105	788	1 955	302	555	253	990
Feb.	1 249	53	1 196	161	1 106	788	1 675	307	551	244	1 050
March	1 300	66	1 234	132	1 089	788	1 667	307	553	246	1 080
April	1 284	66	1 218	255	999	788	1 684	310	550	240	1 170
May	1 065	67	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

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

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1974			Net holdings, Sept. 30, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.-Sept.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	284	—	284	—	— 2
IMF gold tranche	268	—	268	—	—	—	—	—268
Convertible currencies	1 047	—564	483	1 352	—1 270	82	—234	—401
Total	1 722	—564	1 158	1 757	—1 270	487	—234	—671
Non-convertible currencies	—388	— 5	—393	186	— 23	163	—138	+556

End of year and month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables <sup>2</sup>	Other receiv-ables	Cheque account liabilities to the commer-cial banks <sup>3</sup>	Cheque account liabilities to Posti-pankki <sup>3</sup>	Other liabil-ities	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1968	618	107	—	163	16	—	546	381	43	338	1 246
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1974											
Oct.	2 985	142	—	—	2	—	3 125	425	219	206	2 206
Nov.	3 108	167	—	—	1	—	3 274	422	224	198	2 360
Dec.	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975											
Jan.	2 572	112	269	2	2	23	2 926	631	231	400	2 274
Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
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

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

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

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

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

Nov. 21, 1975

New York <sup>1</sup>	1 \$	3.876	Frankfurt o. M.	100 DM	149.55	Vienna	100 S	21.13 <sup>2</sup>
Montreal	1 \$	3.830	Amsterdam	100 Fl	145.85	Lisbon	100 Esc	14.53
London	1 £	7.930	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	6.57 <sup>2</sup>
Stockholm	100 Kr	88.30	Zurich	100 Fr	146.25	Tokyo	100 Y	1.282
Oslo	100 Kr	70.25	Paris	100 FF	87.95	Reykjavik	100 Kr	2.32
Copenhagen	100 Kr	64.20	Rome	100 Lit	0.5720	Moscow <sup>3</sup>	1 Rbl	5.134

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

<sup>2</sup> 9.930 commercial rate; 9.650 financial rate.

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

# DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

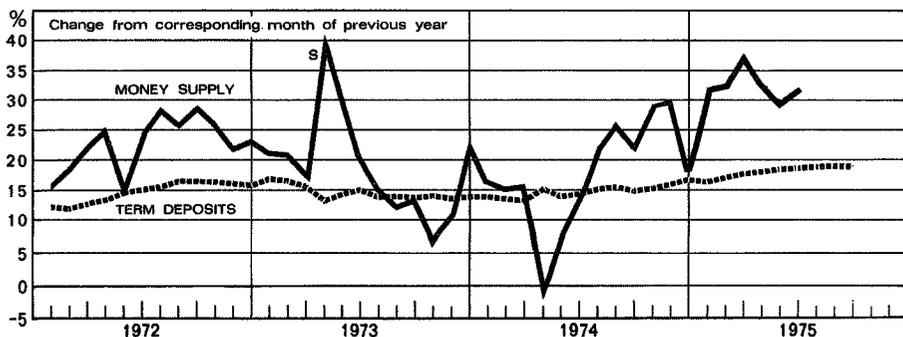
## 1974<sup>1</sup>

July	2 155	2 818	1 267	9 244	7 566	5 726	2 366	854	25 756	29 841
Aug.	2 158	2 855	1 201	9 366	7 705	5 839	2 396	860	26 165	30 221
Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

## 1975\*

Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
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

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



# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7		
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

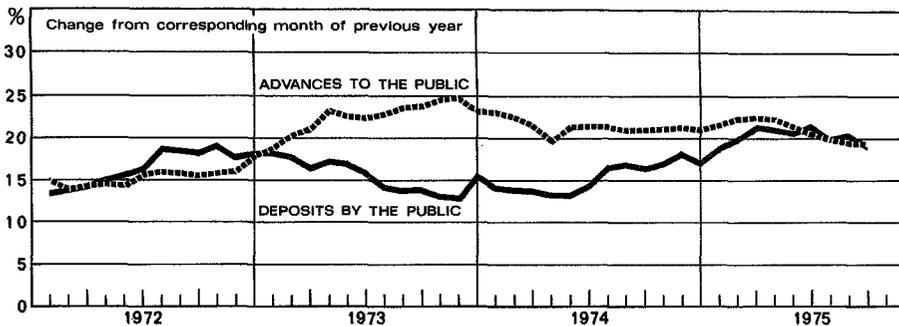
## 1974<sup>1</sup>

July	14 349	7 092	5 840	4 334	3 021	33 534	1 102	34 636	5 967
Aug.	14 500	7 191	5 953	4 359	3 039	33 963	1 079	35 042	6 039
Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	6 145
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	6 089
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	6 378
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

## 1975

Jan.	16 010	7 892	6 554	4 768	3 350	37 430	1 144	38 574	7 123
Feb.	16 398	7 990	6 668	4 818	3 381	38 016	1 239	39 255	7 274
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	..
Aug.	17 307	8 582	7 249	5 063	3 776	..	1 303	41 977	..
Sept.	17 734	8 749	7 450	5 104	3 815	..	1 396	42 852	..

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



## STATE FINANCES

Mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1974	1975		1974	1975
Income and property tax (net)	5 805	7 013	Wages, salaries, pensions etc.	2 455	3 207
Gross receipts	(11 380)	(14 559)	Repair and maintenance	390	481
Refunds & local authorities	(—5 575)	(—7 546)	Other consumption expenditure	1 070	1 403
Other taxes on income and property	111	133	<b>Total consumption expenditure</b>	<b>3 915</b>	<b>5 091</b>
Employers' child allowance payments	476	607	State aid to local authorities	2 420	3 553
Sales tax	3 831	4 290	State aid to industries	1 963	3 235
Revenue from Alcohol Monopoly	843	1 030	of which: agric. price subsidies	(1 343)	(1 563)
Customs duties & import charge	367	441	Child allowances	358	509
Counter-cyclical tax	—	—	Share in national pensions and health insurance	171	167
Excise duty on tobacco	435	434	Other transfer expenditure	1 668	1 976
»  »  on liquid fuel	631	866	<b>Total transfer expenditure</b>	<b>6 580</b>	<b>9 440</b>
Other excise duties	332	455	Machinery and equipment	519	697
Tax on autom. and motor cycles	327	563	House construction	285	403
Stamp duties	305	362	Land and waterway construction	812	1 027
Special diesel etc. vehicles tax	50	50	<b>Total real investment</b>	<b>1 616</b>	<b>2 127</b>
Other taxes and similar revenue <sup>1</sup>	304	400	Interest on State debt	165	152
<b>Total taxes</b>	<b>13 817</b>	<b>16 644</b>	Index compensations	31	37
Miscellaneous revenue	748	1 825	Net deficit of State enterprises	109	346
Interest, dividends etc.	318	397	Other expenditure	17	28
Sales and depreciation of property	4	9	<b>Total other expenditure</b>	<b>322</b>	<b>563</b>
Redemptions of loans granted	181	189	Increase in inventories	30	203
<b>Total revenue</b>	<b>15 068</b>	<b>19 064</b>	Lending	1 060	1 778
Foreign borrowing	8	143	Other financial investment	402	489
Domestic borrowing	196	370	<b>Total expenditure</b>	<b>13 925</b>	<b>19 691</b>
<b>Total borrowing</b>	<b>204</b>	<b>513</b>	Redemption of foreign loans	154	100
<b>Deficit (+) or surplus (—)</b>	<b>(—831)</b>	<b>(+509)</b>	Redemption of domestic loans	362	295
			<b>Total redemptions</b>	<b>516</b>	<b>395</b>
			<b>Total</b>	<b>14 441</b>	<b>20 086</b>

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

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.
<b>Foreign debt</b>	<b>1 517</b>	<b>1 395</b>	<b>1 152</b>	<b>1 249</b>	<b>1 256</b>	<b>1 225</b>
Loans	2 268	1 758	1 528	1 543	1 597	1 613
Compensatory obligations	2	1	1	1	1	1
Short-term credit	56	39	37	76	65	..
Cash debt (net)	—488	—468	—571	—491	—470	..
<b>Domestic debt</b>	<b>1 838</b>	<b>1 330</b>	<b>995</b>	<b>1 129</b>	<b>1 193</b>	<b>..</b>
<b>Total State debt</b>	<b>3 355</b>	<b>2 725</b>	<b>2 147</b>	<b>2 378</b>	<b>2 449</b>	<b>..</b>
<b>Total debt, mill \$</b>	<b>804</b>	<b>710</b>	<b>590</b>	<b>627</b>	<b>632</b>	<b>..</b>

# FOREIGN TRADE

Mill. mk

Value mill. mk

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

1974*			
Sept.	1 780	2 425	- 645
Oct.	2 239	2 399	- 160
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*			
Jan.	2 014	2 751	- 737
Feb.	1 549	2 537	- 988
March	1 576	2 096	- 520
April	1 739	2 299	- 560
May	1 594	2 356	- 762
June	1 380	2 048	- 668
July	1 651	2 271	- 620
Aug.	1 135	2 163	-1 028
Sept.	1 711	2 235	- 524

Jan.-Sept.			
1974 *	14 921	18 770	-3 849
1975 *	14 349	20 756	-6 407

Indices of exports and  
imports 1969 = 100

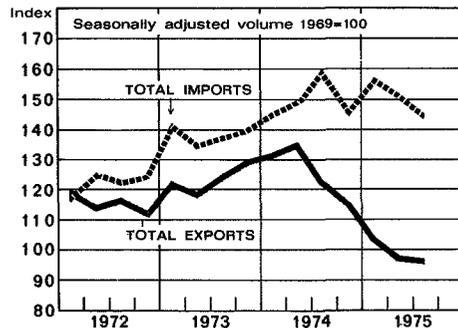
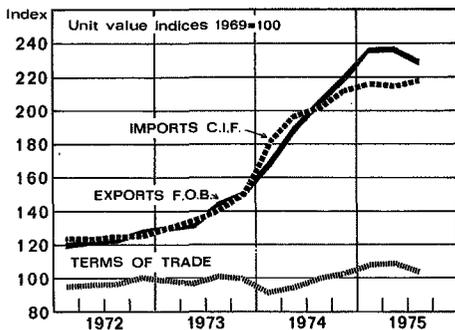
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1970	107	121	108	
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98

1972					
July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

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

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	104

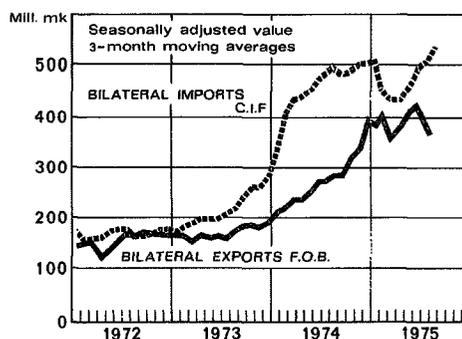
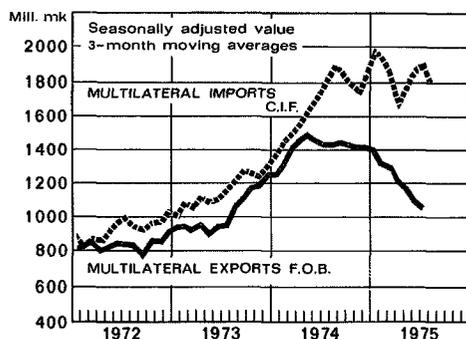
1975*					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	219	105



## 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
1974*										
Sept.	32	248	756	275	469	1 516	186	388	335	0
Oct.	27	251	852	618	491	1 550	190	339	319	1
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1
1975*										
Jan.	71	229	780	480	454	1 682	146	542	380	1
Feb.	13	145	617	389	385	1 573	134	464	365	1
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 387	111	430	370	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 301	148	329	265	5
July	28	194	534	560	335	1 388	126	421	310	26
Aug.	18	139	451	226	301	1 275	170	433	276	9
Sept.	44	202	585	442	438	1 383	137	363	344	8
Jan.-Sept.										
1974*	358	2 483	5 566	2 956	3 558	12 138	1 448	2 773	2 390	21
1975*	325	1 531	5 417	3 564	3 512	12 623	1 207	3 819	3 052	55



## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—September				January—September			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	70.7	10 556	63.5	9 106	64.8	12 172	66.4	13 784
Austria	0.9	138	0.8	111	1.4	260	1.3	275
Belgium-Luxembourg	2.2	324	1.4	208	2.0	366	1.8	378
Denmark	3.8	573	3.5	497	3.4	629	3.3	690
France	4.5	678	3.5	495	3.2	591	3.6	757
Federal Republic of Germany	8.6	1 292	8.9	1 278	15.2	2 860	16.3	3 385
Italy	1.8	274	1.2	175	1.5	289	2.1	426
Netherlands	3.7	546	2.7	381	3.7	699	2.9	609
Norway	2.8	414	4.7	677	2.9	547	2.7	568
Portugal	0.4	57	0.3	39	0.7	138	0.5	101
Spain	1.4	202	1.2	175	0.4	83	1.0	203
Sweden	16.5	2 463	17.1	2 457	17.8	3 343	18.3	3 794
Switzerland	1.8	265	1.5	217	3.1	588	3.2	654
United Kingdom	20.3	3 035	15.2	2 175	9.3	1 742	9.2	1 906
Other	2.0	295	1.5	221	0.2	37	0.2	38
<b>OECD countries outside Europe</b>	6.6	980	4.7	677	8.5	1 592	9.3	1 929
Canada	0.7	105	0.5	75	0.4	65	0.4	79
Japan	1.0	143	0.5	76	1.4	267	1.8	363
United States	3.9	584	3.1	445	6.7	1 254	7.1	1 479
Other	1.0	148	0.6	81	0.0	6	0.0	8
<b>CMEA countries</b>	14.4	2 150	23.6	3 381	22.7	4 254	20.9	4 329
Czechoslovakia	0.4	58	0.5	76	0.4	67	0.4	83
Democratic Republic of Germany	0.5	78	0.7	103	0.5	99	0.8	159
Poland	0.8	120	1.2	171	2.1	387	2.3	477
Soviet Union	12.1	1 800	20.4	2 918	18.3	3 438	16.5	3 418
Other	0.6	94	0.8	113	1.4	263	0.9	192
<b>Latin America</b>	2.3	336	2.3	325	1.7	318	1.2	243
Argentina	0.6	82	0.9	123	0.0	11	0.1	12
Brazil	0.9	136	0.6	88	0.4	73	0.2	47
Colombia	0.1	20	0.1	8	0.5	91	0.4	85
Other	0.7	98	0.7	106	0.8	143	0.5	99
<b>Other</b>	6.0	899	5.9	860	2.3	434	2.2	471
<b>GRAND TOTAL</b>	100.0	14 921	100.0	14 349	100.0	18 770	100.0	20 756
of which								
<b>EFTA countries</b>	22.6	3 374	24.6	3 526	26.1	4 891	26.0	5 406
<b>EEC countries</b>	46.0	6 862	37.0	5 303	38.3	7 185	39.3	8 164
<b>OECD countries</b>	77.3	11 536	68.2	9 783	73.3	13 764	75.7	15 713

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1972	12 012	13 087	-1 075	+ 731	+336	+ 72	+ 64	- 586	+42	- 480
1973 <sup>r</sup>	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974*	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562

## Jan.-March

1972	2 870	2 956	- 86	+ 207	+ 3	+ 1	+ 125	- 142	-22	- 39
1973 <sup>r</sup>	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974*	4 589	5 663	-1 074	+ 281	+ 10	+ 28	- 755	- 233	-25	-1 013
1975*	5 127	7 356	-2 229	+ 261	- 43	- 34	-2 045	- 316	-51	-2 412

## Apr.-June

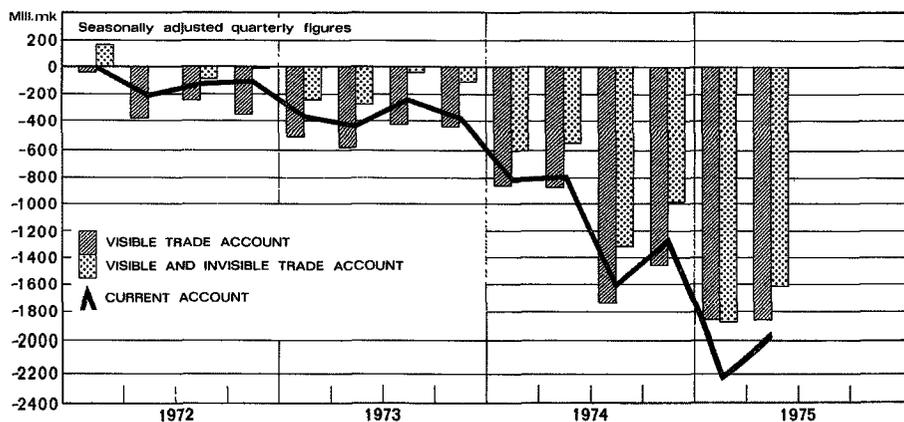
1972	2 855	3 296	- 441	+ 170	+ 56	+ 47	- 168	- 156	- 8	- 332
1973 <sup>r</sup>	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974*	5 160	6 224	-1 064	+ 199	+ 74	+ 72	- 719	- 239	-12	- 970
1975*	4 696	6 683	-1 987	+ 243	+ 13	+ 7	-1 724	- 383	-15	-2 122

## July-Sept.

1972	2 979	3 198	- 219	+ 179	+192	+ 18	+ 170	- 139	+20	+ 51
1973 <sup>r</sup>	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974*	5 103	6 809	-1 706	+ 356	+243	- 44	-1 151	- 244	- 8	-1 403

## Oct.-Dec.

1972	3 308	3 637	- 329	+ 175	+ 85	+ 6	- 63	- 149	+52	- 160
1973 <sup>r</sup>	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974*	5 753	6 902	-1 149	+ 239	- 1	+ 49	- 862	- 290	-24	-1 176

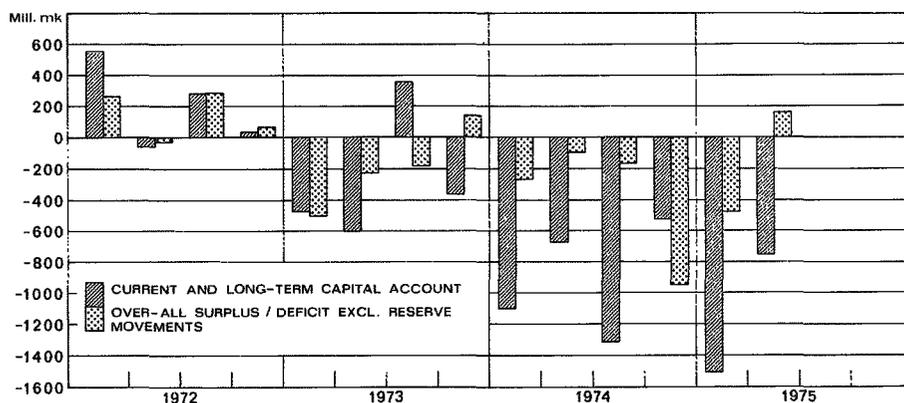


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 <sup>2</sup>	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 <sup>2</sup>	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+ 124	+440	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+ 102	+621	- 477	- 32	+509
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+ 191	+ 91	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 58	+151	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+ 787	+268	+ 157	-668	+511
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+ 252	+420	- 163	+202	- 39
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+ 221	+220	+ 136	-229	+ 93
+ 948	- 280	- 25	+ 10	+ 653	- 523	-189	- 97	-138	- 947	+498	+449

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

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

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



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975												
Jan.	537	546	502	565	589	487	616	518	502	247	243	237
Feb.	546	556	509	571	596	501	620	529	513	246	243	239
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246
May	561	574	512	575	630	525	630	537	535	260	269	246
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

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
1973	284	223	111	112	107	111	116	110	109	109	105	111
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975												
Jan.	364	285	141	139	124	141	155	179	140	136	135	141
Feb.	369	290	143	143	125	142	155	180	145	137	137	146
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150
May	387	304	150	155	129	146	161	183	150	144	141	151
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

# 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
1973										
Apr.-June	331	261	249	221	215	218	249	214	260	240
July-Sept.	314	268	270	224	220	221	259	218	271	248
Oct.-Dec.	340	275	286	226	221	223	261	219	274	250
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	355	362	278	277	275	330	269	351	315
Apr.-June	507	391	402	313	311	308	369	303	390	352
July-Sept.	514	398	410	316	318	309	375	306	397	357

# PRODUCTION

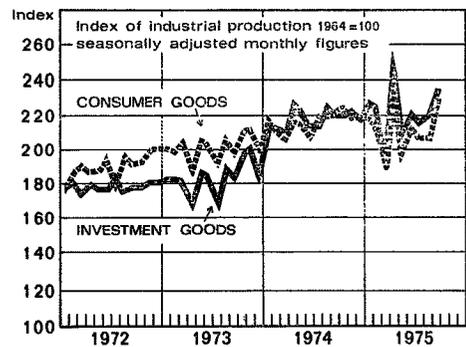
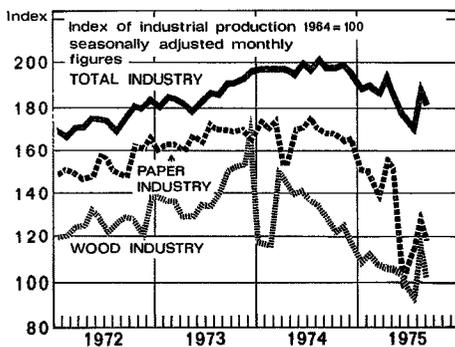
Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1972	145	177	94	95	149	103	143	155	142	143	148
1973*	154	187	90	96	162	105	155	171	150	151	157
1974*	160	200	89	97	168	103	162	178	158	159	162
1974*											
Jan.-March	159	211	59	125	136	102	156	169	156	157	161
Apr.-June	158	199	70	113	162	107	163	172	157	158	162
July-Sept.	159	177	164	62	176	101	163	176	157	159	161
Oct.-Dec.	165	212	60	87	199	101	165	194	162	161	164
1975*											
Jan.-March	160	205	50	121	159	105	156	176	164	162	164
Apr.-June	157	197	63	107	160	108	160	177	164	162	166

# PRODUCTION

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1972	114	116	114	111	111	109	112	142	115	118	113
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
1974*											
April	129	152	126	128	116	140	97	162	155	156	128
May	139	157	138	135	123	150	126	158	154	162	127
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	144	115	113	106	181	143	172	127
May	126	151	123	128	112	107	104	162	133	152	121
June	109	142	103	117	109	91	64	134	126	139	116
July	77	66	79	75	114	48	79	97	75	68	112
Aug.	119	138	115	125	113	85	97	141	133	139	124
Sept.	123	156	115	133	118	95	88	147	131	155	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 1968 = 100	Whole- salers' volume index 1968 = 100
1972	3 409	2 173	2 118	55	2.5	34 954	128	151
1973	3 442	2 215	2 164	51	2.3	35 123	138	167
1974*	3 483	2 269	2 229	40	1.8	34 457	143	168
1974*								
July	3 485	2 447	2 409	38	1.6	1 305	146	155
Aug.	3 487	2 355	2 318	37	1.6	1 545	148	185
Sept.	3 489	2 262	2 230	32	1.4	2 021	140	178
Oct.	3 491	2 249	2 219	30	1.3	2 476	151	196
Nov.	3 439	2 239	2 207	32	1.4	2 773	149	186
Dec.	3 495	2 234	2 195	39	1.7	3 079	190	193
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	128	158
Feb.	3 505	2 194	2 146	48	2.2	3 899	126	157
March	3 507	2 191	2 144	47	2.1	4 535	..	..
April	3 509	2 199	2 151	48	2.2	3 799	..	..
May	3 511	2 238	2 199	40	1.8	2 646	..	..
June	3 513	2 445	2 400	45	1.8	2 381	..	..
July	3 514	2 448	2 400	48	2.0	934	..	..
Aug.	3 516	2 326	2 278	48	2.1	1 026	..	..

## 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											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1974*											
Apr.-June	16.64	7.96	1.62	5.34	0.69	10.34	5.21	0.38	3.83	0.50	54.56
July-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87
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

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

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

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

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

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

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

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

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

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

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

## DEPOSITS BY THE PUBLIC —

### ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

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 3.6 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 m<sup>3</sup> (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 606 million m<sup>3</sup> was up to the standard required for logs, 59 % of these being pine. The annual growth was 56.9 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 52.9 million m<sup>3</sup>.

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, 1975): Length 5 908 km.

MERCHANT FLEET (Sept. 30, 1975): Steamers 23 (13 100 gross reg. tons), motor vessels 358 (831 700 gross reg. tons) tankers 62 (1 139 100 gross reg. tons). Total 443 (1 983 900 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 (June 1, 1975): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 9 Super Caravelles, 8 DC-9s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

## FINANCE AND BANKING

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

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

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

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

# DEVELOPMENTS IN THE STRUCTURE OF FINNISH AGRICULTURE IN 1960—1975

by Samuli Suomela

Director-General of the National Board of Agriculture

Finland is one of the northernmost countries in the world. From north to south, the country stretches about 1 200 kilometres, one third of this north of the Arctic Circle. Nevertheless, agriculture plays an important role in the Finnish economy; the country's total arable area covers about 2 600 000 hectares, and about 16 per cent of the economically active population earns its main living from agriculture and forestry. Climatic conditions favour the growing of fodder and the raising of livestock, which in northern Finland are virtually the only lines of production. In southern and central Finland, grain growing is of great importance as well. In addition, sugar-beet, rape and other root crops are grown in southern Finland. The country is self-sufficient in major agricultural products, and the production of grain, milk, pork, beef, and eggs exceeds the country's domestic needs by about 15—20 per cent on average. Since the early 1960s, the problems of surplus production in agriculture have been continually significant.

In general, small farms predominate in Finnish agriculture. In 1960, the number of farms with an arable area of more than two hectares was 285 000, and their average arable area was 8.9 hectares. 71 per cent of farms have less than 10 hectares of field, and only 0.6 per cent of them have more than 50. However, it should be noted that a typical Finnish farm includes forests as well. The average forest area per farm is about 35 hectares. In this respect, there is substantial regional variation, with field area decreasing, and forest area increasing, as one moves from south to north. 99 per cent of the farms are owned by the individual farmers, and the labour force consists mainly of the farmers' families. Only about five per cent of farm work is done by hired hands. The share of rented fields in total farming is quite

insignificant, and only in recent years has the renting of fields become slightly more general.

Until 1960 the structural policy measures concerning agriculture centred on the formation of new farms and a widespread clearing of land. This was necessary because the farmers from the regions ceded in the war needed new farms. However, these activities were extended to involve, to a great degree, other people as well. In all, more than 40 000 farms and more than 100 000 small-holdings and other land-settlements were established by the Central Government after 1945. About 380 000 hectares of new land were cleared.

Table 1 shows developments between 1959 and 1973 in the number and arable area of farms with more than two hectares of field. The number and the arable area of farms increased until the middle of the 1960s, when the trend was reversed. The number of farms shows an increase of 0.6 per cent during 1959—1964, whereas a decline of 2 per cent can be seen during 1964—1969. The number

**TABLE 1. DEVELOPMENTS BETWEEN 1959 AND 1973 IN THE NUMBER, THE TOTAL AND THE AVERAGE ARABLE AREA OF FARMS WITH MORE THAN TWO HECTARES OF FIELD**

	1959	1964	1969	1973
Total arable area, hectares	2 538 000	2 731 000	2 621 000	2 500 100
Number of farms	285 000	293 000	264 000	240 000
Average arable area, hectares	8.9	9.3	9.9	10.4

**TABLE 2. NUMBER AND SIZE DISTRIBUTION OF FARMS BY CATEGORY OF ARABLE AREA,  
1959—1973**

Arable area, hectares	1959	Per cent	1964	Per cent	1969	Per cent	1973	Per cent
2—5	101 173	35.5	98 244	33.6	75 223	28.5	43 852	19.9
5—10	101 848	35.8	107 155	36.6	97 935	37.2	89 316	40.6
10—15	44 702	15.7	47 861	16.3	47 299	18.0	43 207	19.7
15—20	17 522	6.1	19 391	6.6	20 690	7.8	20 029	9.1
20—30	12 631	4.4	13 121	4.5	14 556	5.5	14 815	6.7
30—50	5 330	1.9	5 366	1.8	6 069	2.3	6 460	3.0
50—	1 572	0.6	1 606	0.6	1 912	0.7	2 155	1.0
Total	284 778	100.0	292 744	100.0	263 684	100.0	219 834	100.0

of persons engaged in agriculture fell from 604 000 to 308 000, by some 50 per cent, during 1960—1975. These figures indicate that the structure of agriculture is nowadays changing in Finland at about the same rate as in other industrialized countries. However, this development started later in Finland than in other countries. This was due particularly to *Central Government measures, which until the mid-1960s centred, even if to an ever decreasing extent, on establishing new farms and promoting the clearing of new land.* Since then, following the international pattern central government action has been focussed on increasing the size of farms. New farms are no longer being established, and attempts have been made to prevent the splitting-up of farms, for instance by providing that owners of farms, which have been harmfully split up, are not eligible for low-interest state loans.

As is natural, the number of small farms has declined the most (Table 2). Numbers have declined for all sizes of farm below 15 hectares of field, although the percentage share of the total has only declined for those with less than five hectares. The number, and percentage share of farms greater than 15 hectares of field has increased. However, the average size of a Finnish farm has not become significantly larger since the decline in numbers has been concentrated on the very smallest farms which carry little weight when calculating the mean. During 1959—1973, the average arable area of farms has increased from 8.9 hectares to

10.4 hectares — by 1.5 hectares, about 17 per cent. This means that the average size of farms has not grown more than 0.11 hectares annually.

The fundamental reasons for changes in the structure of agriculture are international. The development of technology has made it possible for farming families to cultivate, by themselves, substantially larger field areas than in the past. Developments in other industries have absorbed labour from agriculture. The average age of persons engaged in agriculture is higher than that in other occupations, and when the farm passes from one generation to the next, the heir often does not wish to continue in farming. This process of change is, in many respects, very painful for the slowly-developing agricultural sector and this has made it necessary for the Central Governments of most countries to implement various measures designed to promote this development and, at the same time, to reduce the difficulties thereby brought about. This has also happened in Finland.

The measures that the central government has taken in Finland for developing the structure of agriculture are based on legislation concerning land utilization. On the basis of a Land Utilization Act, the central government buys farms which are for sale, and it distributes these to neighbouring farmers on highly favourable terms. In 1959—1971 the central government acquired for these purposes a

total 820 000 hectares of land, of which about 32 000 hectares was agricultural land. About 5 000 new farms and lots were formed from this land in the early 1960s, and, at the same time, more than 12 600 additional lots were distributed to existing farms. Furthermore, the central government has granted credits which are also based on the Land Utilization Act. Credits totalling more than 325 million marks were granted in 1959—1971 for financing the purchases of additional lots, arranged privately between farmers; almost half of these concerned purchases of additional land and the other half payments for shares of estates. This means that, in connection with the generation shift, low-interest credit is granted to an inheritor who is willing to buy out the estate from his co-inheritors. This measure is designed to prevent the splitting-up of farms. The terms of these loans are very favourable, the loan period varying between 10 and 31 years and the rate of interest between 1 and 3 per cent, being, however, 5 per cent in certain cases, depending on the size of the farm. These loans can be considered favourable indeed, because the current rate of interest in Finland varied at the same time between 7 and 12 per cent. Structural development has been further supported by the granting of substantial loans for construction, because increases in farm size often require extensions to outbuildings as well.

Surplus production and difficulties in marketing have been the specific problems of Finnish agricultural policy throughout the period 1960—1975. This has involved a substantial drain on state finances, and the central government has been forced to take agricultural policy measures which have been partly in contradiction with an efficacious development of the structure of agriculture. One of these measures was the regulation of the area under cultivation, which was implemented in Finland in 1969—1974. This system was set up because it had become almost impossible to overcome the difficulties in marketing. As butter and grain mountains, and also, to some extent, stocks of other agricultural products, kept on accumulating, it was necessary to take special

measures to hold back the growth of production. An Act was passed which entitled any farmer to make an agreement with the central government promising to leave his fields untilled for a fixed period (not less than three years and not more than nine years), and not to use his buildings for agricultural production. In return for this, he would be paid compensation — at present 300 marks per hectare per year — for as long as the agreement was in force. The farm would, for the entire period, remain in the possession of the person entitled to the compensation. Under this arrangement, about 36 000 farms totalling 240 000 hectares, or about nine per cent the country's total arable land, were taken out of cultivation. As the rate of compensation was equal for the whole country, it was natural that most of the agreements were made in eastern and northern Finland, where climatic conditions are the poorest for farming. That is why, in many regions, more than 20 per cent of the field area was left untilled. At the same time, this hampered the structural development of agriculture, because any farmer who sold his farm would lose his compensation. As from the beginning of 1975, the making of these agreements has been discontinued. Since farmers are not entitled, according to the Act, to extend their agreements for more than nine years, even the last agreements will lapse at the beginning of the 1980s.

The structural development of agriculture has also been harmfully affected, at least to a certain degree, by the arrangement of paying special subsidies, for social reasons and to reduce income differences, to small farmers and to farmers in remote areas. The central government has been forced to increase these subsidies particularly in the 1970s, and this has no doubt implied that non-viable farms have not been offered up for redistribution to the same extent as they would have been, if subsidies had not been paid. However, the payment of these subsidies has been deemed necessary, because large parts of the country are already too sparsely populated and threaten to become deserted, unless special measures are taken.

In addition to legislation on land utilization, other laws have been passed in order to promote efficacious structural development of agriculture. A Retirement Compensation Act and a Retirement Pension Act came into force in 1974. The Retirement Compensation Act was designed to boost the sales of those farms for which it would not be possible to obtain a fair price. Compensation is paid for fields if the farm, because of its remote location, is not suitable for use by other farms and for buildings, if, when the farm is amalgamated with another the buyer cannot fully utilize the extra buildings obtained, and is thus not willing to pay the full price for them. However, in practice this Act has played a very insignificant role.

The Retirement Pension Act was designed purely to promote the structural development of agriculture. A pension is paid to an aged farmer who retires from farming and ceases to cultivate his land. A pension can be obtained on the condition that the farm, or at least its fields, are sold either to the central government or to neighbouring farmers. The receipt of this pension thus requires that the farm in question is dissolved, and that it is either amalgamated with another farm, or that its fields are afforested. At the same time, the purpose of this Act is to bring into final use those fields subject to non-cultivation agreements. The farmers are guaranteed a set pension, and their fields either become afforested or are sold to other farmers, either directly or through the Central Government.

The third Act, the Generation Shift Pension Act, provides that any farmer, who is 60 years of age or more, can obtain a pension when ceding his farm totally to one of his heirs. It is presupposed that he will, at the same time, retire from all farming, and that the size and other qualities of the farm are such that it can be regarded as viable. This system does not directly imply a change in the structure of

agriculture, but, in accelerating the shifting of farms from fathers to sons, it might help.

The Land Utilization Act, which formed the basis for credit granting and the acquisition of additional land areas, can be regarded as outdated in the present conditions. The weakness of this Act lies, above all, in the fact that, under its provisions, low-interest credit and additional land areas can, in general, only be granted to farms, with a field area of not more than 20 to 30 hectares, even after the addition of the extra land. It is intended that in 1976 this Act will be replaced by a new one, which would extend the scope of such measures, to any farms which can be normally operated by farmer families on their own. This means that the maximum size of farms subject to these provisions will grow substantially. It is estimated that the decline in the number of farms and the growth in farm size caused thereby will accelerate so much that after ten years, in the middle of the 1980s, the number of farms will have fallen from the present 240 000 to 160 000, or to even less. It is forecast that, at the same time, the number of persons engaged in agriculture will have dropped to about one half of the 308 000 economically active people who were engaged in agriculture in 1975.

In conclusion it can be claimed that the structural development of Finnish agriculture is proceeding at a rapid rate. This is, of course, necessary, in order to secure a sufficient level of income for the rural population. However, in this respect, the size of the farm and increases therein are not the only important factors. The development of other industries also provides the rural population with greater scope for obtaining additional earnings outside their own farms. These possibilities are further increased by the development of farming techniques, due to which farming requires a steadily decreasing amount of labour. Thus the importance of part-time farming is continually increasing.

## ITEMS

**Change of Government.** The term of office of the Caretaker Cabinet, which has lasted about five and a half months, ended on November 30, when the President of the Republic appointed a majority government in which the Social Democrats hold five seats, the People's Democrats four, the Centre Party four, the Swedish Party two and the Liberal Party one seat. In addition there are two ministers in the new cabinet who have no party commitments. The Prime Minister is Mr. Martti Miettunen (Centre Party), and the Deputy Prime Minister and Minister for Foreign Affairs is Mr. Kalevi Sorsa (Soc. Dem.). The Minister for Foreign Trade is Mr. Sakari T. Lehto (no party commitment) and the Minister of Finance is Mr. Paul Paavela (Soc. Dem.).

### **Trade agreement between Finland and the U.S.S.R.**

On November 20, 1975 an agreement was signed in Moscow between Finland and the U.S.S.R. governing the exchange of goods for the year 1976. This is the first agreement within the framework of the five-year pact, signed in September 1974, to cover the period 1976—1980. It is estimated that the total value of goods exchanged in 1976 will be about 9 000 million marks (ca. 1 800 million roubles), an increase of some 10 per cent over the current year.

The value of the Finnish exports of machinery and equipment will increase from 1 500 million marks to 2 500 million. Finland will deliver machinery for the mining and metallurgy industries incl. lines operating on the flash-smelting method; machinery and equipment for chipboard factories; various timber handling machines; equipment for the forest, mechanical woodworking, cellulose and paper industries; lifting and transport equipment; instruments and equipment for electrotechnical industry and various types of machinery for other industries. The export list includes 22 ships: four icebreakers, two passenger/car ferries, five Polar tankers, three ro-ro type

carriers, three scientific research vessels, one oceanographic vessel and four house boats. The list further includes various conductors and cables; cold-rolled thin plates and hot-rolled structural quality steel (both as new items); rayon wool; cellulose; various types of paper and cardboard and similar products; and plywood as a new item. The quota of cardboard has been increased from 65 000 tons to 118 000 tons. Exports of consumer goods will increase by ten per cent. In this category exports of leather footwear will increase by 30 per cent, to over 100 million marks. Milk powder, eggs, butter, cheese and meat and meat products are also included in the export list.

Solid fuels, crude oil and oil products, natural gas and electrical energy will account for three-quarters of Finnish imports from the U.S.S.R. in 1976. The quota for crude oil is 6 500 000 tons, for diesel oil 1 000 000—2 000 000 tons; for mazout it is 1 500 000 tons and for lubricating oils 15 000—20 000 tons; for coal and anthracite it is 500 000—600 000 tons and for coke 650 000—1 000 000 tons. The import quota for natural gas is 900 million cu.m. and for electricity 620 million kWh. Imports of machinery and equipment will increase by ten per cent. The import list includes passenger cars; machines, equipment and fuel for nuclear power stations; rolling and metallurgical machines and equipment; ships and machines and equipment for them, incl. main engines; and rolling stock and other railway equipment. The import quota of pulpwood has been increased from one million cu.m. to two million cu.m. Other notable import commodities are chemical products, fertilizers and cotton.

### **Direct investment in January—June 1975.**

In January—June of the current year, the net inflow of foreign investment capital in the form of own capital and loans tripled, as compared with the corresponding period of

1974. On the other hand, investment by Finnish enterprises in foreign countries remained at the same level as in the previous year. Thus the net inflow, 128.9 million marks, was more than double the net outflow, 60.0 million marks. On the other hand, the balance of interest payments and dividends showed a substantial deficit, 64.8 million marks, for the first half of the year.

The inflow of investment capital in the form of own capital amounted to 78.6 million marks and the repatriation of capital to 7.7 million marks. Drawings of loans by foreign subsidiaries in Finland totalled 64.2 million marks and amortizations 6.2 million marks. Thus the net inflow of investment capital amounted to 128.9 million marks during the period under review. In the corresponding period of 1974, the net inflow of investment capital was 40.4 million marks.

Of total foreign investment and lending, the major part, 84.4 million marks, was invested in sales and marketing enterprises, 32.4 million marks in industrial enterprises and 12.1 million marks in other enterprises. Of the net inflow of investment capital, 80.1 million marks came from the EFTA group, 17.6 million marks from the EEC countries, 19.4 million marks from North America and 11.8 million marks from other countries.

Foreign-owned enterprises in Finland transferred 63.1 million marks in the form of dividends to their parent companies and paid 7.2 million marks in interest on loans granted by their parent companies. In January—June 1974, the corresponding amounts were 29.5 million marks and 3.8 million marks.

In all, 44 permits were granted in January—June to foreign firms for new investment in Finland, whereas 11 enterprises, which had been partly or totally foreign-owned, ceased their activities or were sold to Finnish nationals.

Finnish direct investment in foreign countries in the form of own capital amounted to 63.0 million marks during the first half of the current

year. At the same time, the repatriation of capital totalled 3.3 million marks. Drawings of loans amounted to only 1.0 million marks and amortizations to 0.7 million marks. The net outflow of investment capital thus totalled 60.0 million marks. In the corresponding period of 1974, it amounted to 55.0 million marks.

Of the net outflow of Finnish investment capital, 46.6 million marks was invested in production, 5.5 million marks in trade and 7.9 million marks in other activities. The outflow of investment capital to the EFTA group amounted to 5.3 million marks and that to the EEC countries to 46.9 million marks; the outflow to North America came to 3.0 million marks and that to other countries to 4.8 million marks.

According to data obtained by the Bank of Finland, Finnish subsidiaries abroad transferred to Finland 4.5 million marks in the form of dividends and 1.0 million marks in the form of interest payments. In the corresponding period of 1974, transfers of dividends totalled 1.8 million marks, and payments of interest on loans granted by Finnish parent companies were less than 50 000 marks.

Finnish firms were granted 48 permits for new investment abroad. On the other hand, eight enterprises, which had been totally or partly Finnish-owned, ceased their activities or were sold to foreign nationals.

If we take into account all capital flows related to direct investment — investment in own capital and loans, repatriation of investment capital, amortization of loans, and the payment of interest and dividends — the total balance shows a surplus of 4.2 million marks for the first half of the year. In the corresponding period of 1974, the total balance showed a deficit of 46.1 million marks.

**National income.** The Central Statistical Office has recently published the provisional figures for national income in 1974. The following tables indicate the developments of certain items of national income in the period 1971—1974.

**TABLE 1. DISTRIBUTION OF THE NATIONAL INCOME, MILL. MK**

	1971	1972	1973	1974*
Compensation of employees	24 722.5	28 846.5	34 868.6	43 334.8
Income from unincorporated enterprises	5 339.4	5 765.7	6 733.9	8 534.1
Household income from property	4 185.0	4 732.5	5 495.0	6 830.2
General government income from property and entrepreneurial activities	1 341.4	1 522.2	1 655.4	2 161.7
Corporate saving	1 488.7	1 937.4	3 047.8	4 348.4
Direct taxes on corporations	725.8	862.5	1 063.3	1 435.7
Less interest on the public debt	438.6	469.6	487.0	513.8
Less interest on consumers' debt	164.3	176.0	234.5	305.5
National income	37 199.9	43 021.2	52 142.5	65 825.6
Net factor income from abroad	451.5	567.5	704.1	925.3
Net domestic product at factor cost	37 651.4	43 588.7	52 846.6	66 750.9

**TABLE 2. DISPOSABLE INCOME, CONSUMPTION AND SAVING, MILL. MK**

	1971	1972	1973	1974*
Households:				
Disposable income	29 120.9	33 228.0	38 643.9	48 088.3
Consumption	24 941.1	28 986.7	34 025.2	40 718.1
Saving	4 179.8	4 241.3	4 618.7	7 370.2
Corporations:				
Disposable income (= saving)	1 488.7	1 937.4	3 047.8	4 348.4
General government:				
Disposable income	12 029.3	14 016.6	17 981.7	21 112.5
Consumption	7 936.7	9 294.7	11 162.3	14 173.1
Saving	4 092.6	4 721.9	6 819.4	6 939.4
Total:				
Disposable income	42 638.9	49 182.0	59 673.4	73 549.2
Consumption	32 877.8	38 281.4	45 187.5	54 891.2
Saving	9 761.1	10 900.6	14 485.9	18 658.0

**TABLE 3. EXPENDITURE ON GROSS NATIONAL PRODUCT, MILL. MK**

	1971	1972	1973	1974*
Private consumption expenditure	24 941.1	28 986.7	34 025.2	40 718.1
General government consumption expenditure	7 936.7	9 294.7	11 162.3	14 173.1
Gross private capital formation	10 837.4	12 352.5	15 484.4	20 454.9
Gross general government capital formation	2 139.7	2 748.4	3 038.6	3 592.2
Increase in stocks and statistical error	2 749.6	1 481.2	3 754.4	7 449.0
Exports of goods and services	12 454.9	15 135.6	18 245.2	24 923.6
Less imports of goods and services	13 398.6	15 090.4	18 964.1	28 491.9
Expenditure on gross domestic product	47 660.8	54 908.7	66 746.0	82 819.0
Net factor income abroad	-451.5	-567.5	-704.1	-925.3
Expenditure on gross national product	47 209.3	54 341.2	66 041.9	81 893.7

**TABLE 4. ANNUAL CHANGES IN THE VOLUME OF FIXED CAPITAL FORMATION, PER CENT**

	1971	1972	1973	1974*
Construction of buildings	-1	+10	+10	+4
Dwellings	+2	+15	+ 5	+6
Other	-5	+ 2	+16	+1
Road and waterway construction	+7	+ 2	+ 3	-3
Machinery and equipment	+8	+ 5	+ 2	+8
Volume of fixed capital formation	+4	+ 6	+ 5	+4

(continued from page 2)

Fund Ltd; about 70 million marks are to be earmarked for each of these. It is estimated that a sum of 400 million marks will be made available next year by the State Investment Fund. This will have a substantial effect on employment. In order to promote employment during the coming winter, it has also been decided that, as from the beginning of next year, the corporate sector will be permitted to use a total of 150 million marks of its investment deposits.

A number of changes in the revenue base are suggested in the Budget proposal. From the beginning of 1976, the principle of separate taxation will be applied in personal income taxation, and the overall level of income taxation will be reduced at the same time (see item in Bulletin 9/1975). It has been estimated that, as a result of these changes, total personal income taxes will be 1 800 million marks lower in 1976 than they would be if the current schedules were applied. On the other hand, the rise in the average earnings, combined with progressive tax scales, will mean that the yield of the income and wealth tax will be higher than in 1975. On the other hand, it is proposed that purchase tax rate be

increased by one percentage point, which will involve an addition to state revenue of about 600 million marks in a full year. However in 1976, as in 1975, purchase taxes will not be collected on certain basic foodstuffs. It is also proposed that the insurance premium tax be increased by one percentage point, the excise duty on petrol by 10 pennies per litre and that on diesel oil by 5 pennies per litre. It is suggested that no excise duty be collected on heavy fuel before the end of next year. It is proposed that a wealth tax of 1.5 per cent be collected from certain organizations. Employers' contributions for child allowances will be raised by 0.25 of a percentage point from the beginning of 1976. Railway charges for both passengers and freight will be increased by an average of 24 per cent and postal charges, including newspaper delivery rates, will also go up at the start of the new year. Together with other minor changes in the revenue base, these will cause a net increase of 1 500 million marks in state revenue in a full year.

To cover the difference between estimated state revenue and planned expenditure, the Budget proposal involves state borrowing of 1 000 million marks.

November 21, 1975

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor*

A. Simonen

*Deputy Governor*

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

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## Directors

Jouko J. Voutilainen

Jorma Aranko

Markku Puntila

Seppo Lindblom

K. Ignatius

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## Senior officials

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*Director, ADP-planning*

Pauli Kanerva

Eino Helenius

*Administration*

Pentti Koivikko

*Personnel*

Reino Airikkala

*Monetary Policy*

Antti Lehtinen

*Domestic Financial  
Operations*

Kalle Koski

*Capital Transfers*

Kari Pekonen

*Foreign Exchange Policy*

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*Foreign Exchange*

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*Eastern Trade*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Stig G Björklund

*Banking Services*

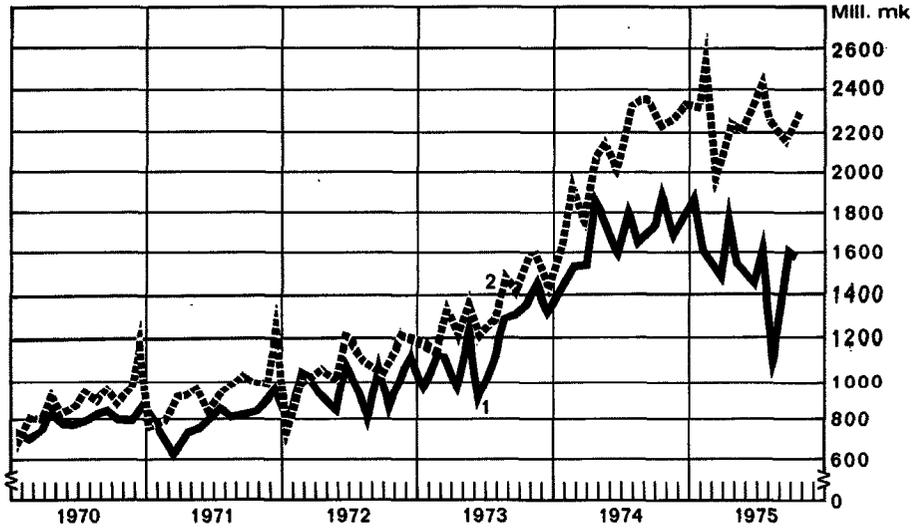
Eino Suomela

*Internal Audit*

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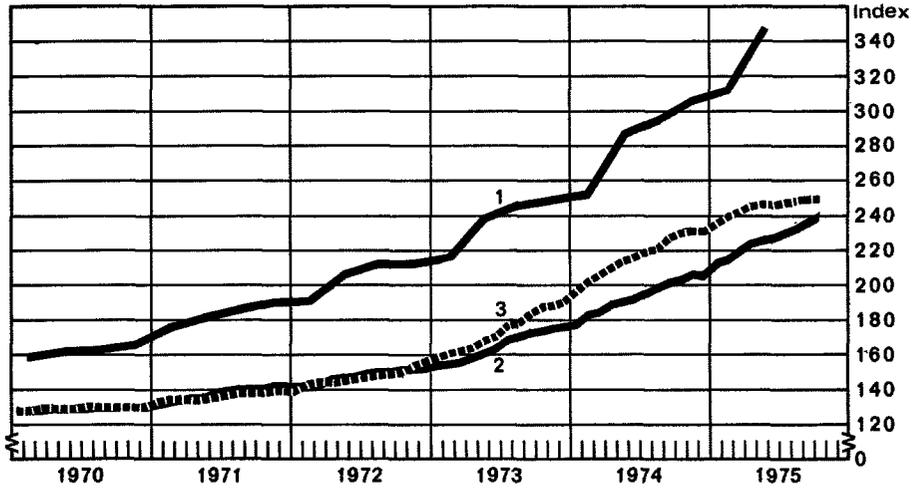
FOREIGN TRADE, 1970-1975

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



PRICES AND WAGES, 1970-1975

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



PRODUCTION, 1970-1975

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

