



BANK OF FINLAND

Monthly Bulletin

Monetary developments

Finland's balance of payments
in 1969

Dr. Rossi's resignation

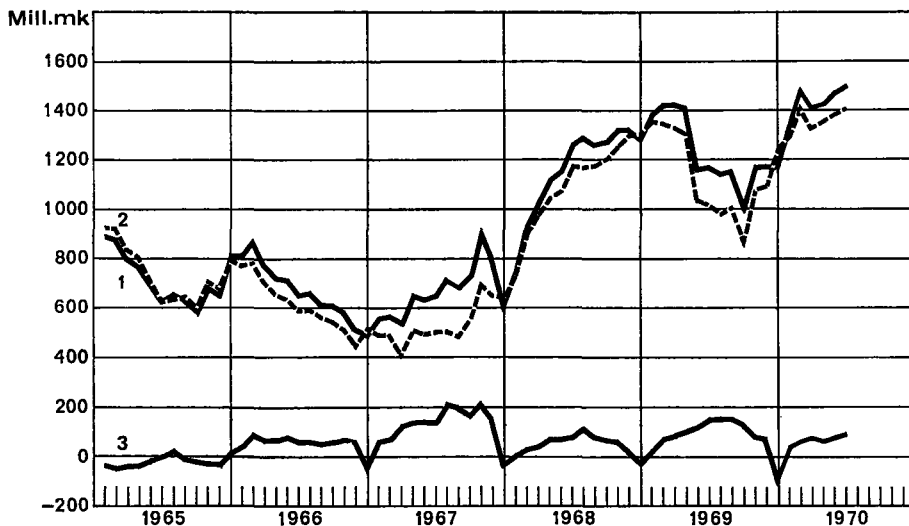
Finland's balance of payments in
January-March 1970

Supplementary budgets

Trade agreement

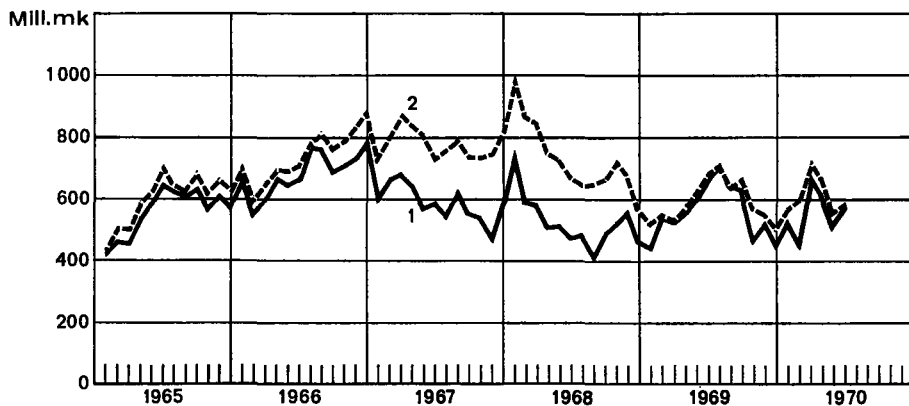
JULY 1970
Vol. 44 No. 7

Bank of Finland foreign exchange reserve, 1965-1970



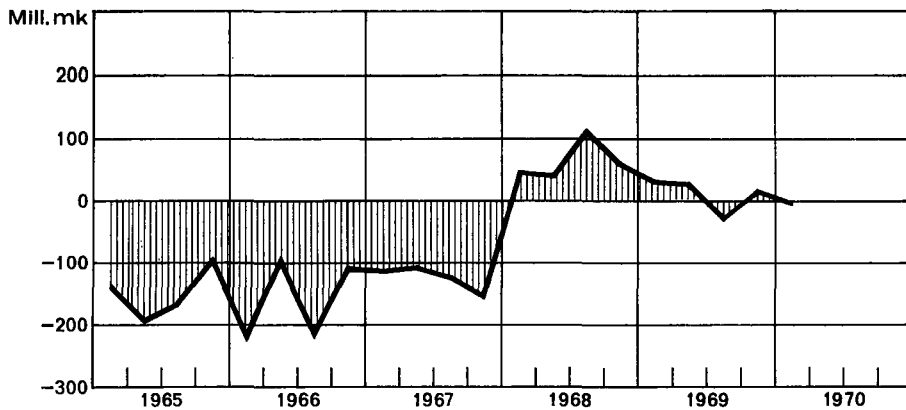
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1965-1970



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

Balance of payments current account surplus/deficit, 1965-1970



Seasonally adjusted quarterly figures

LAST FIFTEEN YEARS IN THE FINNISH ECONOMY AND THE FUTURE OUTLOOK

The last fifteen years have been difficult years of apprenticeship for the Finnish economy. During this period it has been necessary to devalue the Finnmark twice — in 1957 and in 1967. In spite of continuous structural change in the economy the share of population in agriculture has stayed exceptionally high in comparison with other West-European countries. Great cyclical fluctuations have hampered the pursuance of a consistent growth policy. However, developments as a whole can be regarded as rather satisfactory; the average increase in domestic product has been at the same rate as in other industrialized countries.

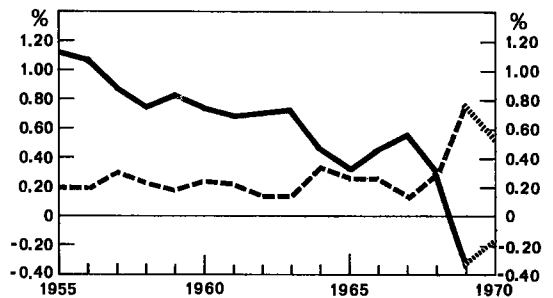
The major part of the characteristic features in the Finnish economy has been shared by other European countries. This is partly ascribable to things such as the liberalization of foreign trade in Finland, and her joining EFTA in 1961 and the OECD in 1969. This has necessitated some uniformity in the economic policies pursued in the various countries. There have also been many common problems. Inflation and the excess production in agriculture were given special emphasis in discussions on economic policy in the 1960's. Unemployment has perhaps been a more severe problem in Finland than elsewhere.

The growth of the Finnish population was rather brisk in the 1950's and continued so in the early part of the 1960's. Therefore the increase in the supply of labour has been higher than in other European countries. However, the situation began to change towards the end of the 1960's. The birth rate has declined. Emigration has risen, especially to the neighbouring country Sweden. This is due to unemployment, the general increase in mobility and the shortage of labour in Sweden, the latter probably being the most important reason. In the recent past the Finnish population has decreased. If

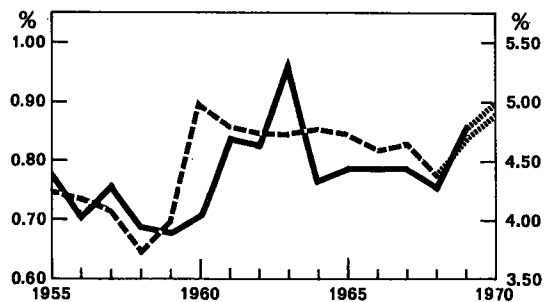
this trend continues, completely new problems will arise for economic policy.

The mobility of population and of labour has increased noticeably in Finland during the last fifteen years. The movement has quite clearly followed the changes in economic growth and residential building. Housing has been supported through loans from public funds, especially in population centres, and mobility by offering vocational courses for the unemployed. Whether the Finnish economy will be able to make use of the increased mobility of its population will depend on the economic development in both Finland and Sweden in the next few years.

INCREASE OF POPULATION — AND EMIGRATION - - - PERCENTAGE OF MEAN POPULATION



NEW DWELLINGS — (LEFT SCALE) AND INTERCOMMUNAL MIGRATION - - - (RIGHT SCALE) PERCENTAGE OF MEAN POPULATION



**LONG-TERM GROWTH HISTORY AND
PERSPECTIVES**

**AVERAGE ANNUAL VOLUME GROWTH,
PER CENT**

	1955 —60	1960 —65	1965 —70	1970 —75	1975 —80
Gross domestic product	4	5	4.5	4.5	4.5
Imports	7.5	8	8	7.5	6.5
Exports	7.5	5.5	11	7.5	6.5
Public consumption	4.5	6	5	5	5
Private consumption	3	6	4	4.5	4.5
Capital formation	7	4.5	3.5	4.5	4

In the Finnish economy there are features, perhaps due to strong cyclical variations, disturbances in foreign trade and occasionally high unemployment rates, which tend to increase the rigidity of economic structure. Stabilization measures have been effected at times. During some periods prices have been frozen and in other circumstances prices and wages have been linked to each other by various index linkage systems. The opening of the 1970's saw a fairly extensive regulation of prices. Index linkages have been abolished but in connection with the implementation of stabilization

measures certain restrictions concerning general economic policy were established. At the same time as the decision was made to set limits for wage increases it was stated among other things that the state revenue rates will not be changed. This meant restrictions also on the possibilities of regulating demand. As the scope of economic policy and the future supply of labour are both uncertain factors no reliable major forecasts can be made for the future.

The preconditions for the growth of production are regarded as very favourable in view of previous developments, the possibilities open for structural change and increasing foreign demand. Productivity has risen annually by 4 per cent on average over the last one and a half decades. If accelerating technical progress can be utilized through sufficient investment activity and mobility of labour is adequate productivity can be expected to increase by as much as 5 per cent. High economic activity in the countries with which Finland exchanges goods is naturally the most important external prerequisite for this.

July 31, 1970

	1969		1970			
	July 31	Dec. 31	July 8	July 15	July 23	July 31
Assets						
Gold and other foreign assets	1 359.4	1 433.1	1 745.8	1 800.6	1 790.6	1 762.2
Gold	189.2	189.4	189.4	189.4	189.4	189.4
Special drawing rights	—	—	92.9	92.9	92.9	92.9
IMF gold tranche	173.3	173.3	173.3	173.3	173.3	194.3
Foreign exchange	852.9	905.0	1 156.7	1 213.0	1 216.2	1 165.4
Foreign bills	89.6	106.3	98.7	97.2	90.3	85.4
Foreign bonds	54.4	59.1	34.8	34.8	28.5	34.8
Claims on domestic banks	834.3	637.1	660.9	553.9	737.1	704.2
Discounted bills	—	—	617.0	521.0	709.2	683.2
Rediscounted bills	714.1	550.3	9.5	6.3	9.6	3.7
Cheque accounts	120.2	86.8	34.4	26.6	18.3	17.3
Other lending	284.4	317.6	270.9	272.2	278.3	278.5
Inland bills discounted						
In foreign currency	18.3	7.3	—	—	—	—
In Finnish marks	169.7	191.6	153.8	155.8	162.1	163.3
Loans	96.4	118.7	117.1	116.4	116.2	115.2
Other assets	131.4	627.0	856.9	808.6	779.2	767.9
Finnish bonds	44.3	126.5	444.7	398.9	363.1	372.7
Finnish coin	13.5	5.5	10.2	10.5	10.5	10.7
Currency subscription to Finland's quota in the IMF	—	351.7	351.7	351.7	351.7	330.7
Other claims	73.6	143.3	50.3	47.5	53.9	53.8
Total	2 609.5	3 014.8	3 534.5	3 435.3	3 585.2	3 512.8
Liabilities						
Notes in circulation	1 119.8	1 298.4	1 240.6	1 231.5	1 218.8	1 226.1
Liabilities payable on demand	125.7	123.5	99.5	98.4	143.5	104.3
Foreign exchange accounts	52.0	81.0	69.8	71.0	71.0	72.2
Mark accounts of holders abroad	22.6	12.2	11.6	11.3	10.7	11.1
Cheque accounts						
Treasury	18.8	3.7	1.4	1.5	42.4	1.6
Post Office Bank	20.3	3.6	3.4	2.0	0.5	1.6
Private banks	0.0	10.1	—	—	6.5	5.6
Other	1.0	1.0	1.8	1.5	1.6	1.4
Other sight liabilities	11.0	11.9	11.5	11.1	10.8	10.8
Term liabilities	450.0	307.6	775.9	684.9	765.0	772.0
Foreign	14.6	7.7	—	—	—	—
Domestic	435.4	299.9	775.9	684.9	765.0	772.0
IMF mark accounts	—	351.7	351.7	351.7	351.7	330.7
Allocations of special drawing rights	—	—	88.2	88.2	88.2	88.2
Equalization accounts	414.5	405.6	449.3	450.0	486.2	458.5
Bank's own funds	499.5	528.0	529.3	530.6	531.8	533.0
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	172.7	172.7	200.3	200.3	200.3	200.3
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	26.8	55.3	29.0	30.3	31.5	32.7
Total	2 609.5	3 014.8	3 534.5	3 435.3	3 585.2	3 512.8

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7-8)
	1	2	3	4	5	6	7	8	9
1963	752.2	18.2	734.0	65.6	100.5	699.1	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	— 1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	10.4	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	— 6.5	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	—354.3	3.0	—357.3
1969	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1969									
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	—347.6	0.5	—348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	—281.5	5.3	—286.8
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	—281.2	18.8	—300.0
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	—278.0	6.8	—284.8
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	—263.0	1.1	—264.1
Oct.	1 246.7	75.9	1 170.8	154.3	18.1	1 307.0	—238.4	2.9	—241.3
Nov.	1 257.3	83.6	1 173.7	159.4	18.1	1 315.0	—224.7	2.8	—227.5
Dec.	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1970									
Jan.	1 393.7	56.6	1 337.1	514.8	359.4	1 492.5	—187.2	1.1	—188.3
Feb.	1 541.8	54.0	1 487.8	515.7	359.4	1 644.1	—184.5	18.2	—202.7
March	1 468.8	53.7	1 415.1	524.1	359.4	1 579.8	—175.2	12.1	—187.3
April	1 484.5	57.4	1 427.1	545.6	356.4	1 616.3	—169.6	6.8	—176.4
May	1 536.6	59.5	1 477.1	538.7	356.4	1 659.4	—166.5	1.2	—167.7
June	1 586.0	85.2	1 500.8	515.2	351.7	1 664.3	—163.2	0.6	—163.8
July	1 642.0	83.3	1 558.7	450.9	330.7	1 678.9	—159.5	1.6	—161.1

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, June 30, 1970			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.-June
	Gold	189	—	189	189	—	189	—
Special drawing rights	—	—	—	93	—	93	—	+93
IMF gold tranche	173	—	173	173	—	173	—	—
Convertible currencies	893	—98	795	950	—327	623	+41	—172
Other currencies	—80	5	—75	96	4	100	+11	+175
Total	1 175	—93	1 082	1 501	—323	1 178	+52	+ 96

End of year and month	Domestic banks						Other				Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	
				Private banks ²	Post Office Bank ²						
1	2	3	4	5	6	7	8	9	10	11	
1963	—	325.3	—	1.3	3.0	321.0	57.4	94.2	2.9	148.7	943.7
1964	—	448.4	—	16.4	49.6	382.4	78.5	91.6	2.2	167.9	1 002.7
1965	—	640.6	—	11.9	8.3	620.4	76.2	71.7	31.8	116.1	1 028.5
1966	—	915.2	—	13.8	17.3	884.1	180.3	84.8	71.9	193.2	1 106.2
1967	—	867.5	—	154.7	34.5	678.3	197.3	382.5	56.0	523.8	1 052.1
1968	—	617.7	107.4	163.3	16.3	545.5	186.3	195.3	43.4	338.2	1 159.6
1969	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1969											
May	—	609.7	152.8	124.1	13.7	624.7	155.6	186.5	29.0	313.1	1 150.0
June	—	699.6	147.3	124.1	37.6	685.2	159.9	187.1	29.1	317.9	1 177.6
July	—	714.1	120.2	124.1	33.2	677.0	169.7	185.8	26.7	328.8	1 119.8
Aug.	—	601.3	115.2	83.3	11.3	621.9	174.9	185.8	25.7	335.0	1 166.6
Sept.	—	684.6	112.2	82.7	9.7	704.4	180.9	187.9	30.8	338.0	1 143.3
Oct.	—	597.2	102.1	121.3	11.7	566.3	184.2	200.3	26.4	358.1	1 144.0
Nov.	—	601.0	96.7	82.7	14.0	601.0	181.4	197.3	25.9	352.8	1 191.4
Dec.	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1970											
Jan.	462.4	36.1	74.6	82.7	12.8	477.6	183.3	189.2	157.4	215.1	1 177.5
Feb.	467.9	8.7	62.7	63.6	82.6	393.1	178.9	196.6	165.0	210.5	1 208.9
March	584.8	4.2	98.1	41.4	50.2	595.5	167.4	191.6	449.6	— 90.6	1 189.6
April	552.8	7.3	58.3	41.4	15.2	561.8	157.2	178.8	437.1	—101.1	1 205.1
May	531.4	8.3	43.8	41.4	7.8	534.3	151.3	176.0	466.5	—139.2	1 258.3
June	589.7	6.5	40.4	41.4	5.2	590.0	150.7	167.6	549.0	—230.7	1 264.8
July	683.2	3.7	17.3	47.0	5.9	651.3	163.3	169.0	579.0	—246.7	1 226.1

¹ Including special index accounts.

² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

July 28, 1970

New York	1 \$	4.176	Frankfurt o. M.	100 DM	115.02	Vienna	100 S	16.18
Montreal	1 \$	4.050	Amsterdam	100 Fl	115.93	Lisbon	100 Esc	14.65
London	1 £	9.980	Brussels	100 Fr	8.415	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.50	Zurich	100 Fr	97.10	Madrid	100 Pta	6.03
Oslo	100 Kr	58.46	Paris	100 FF	75.70	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.70	Rome	100 Lit	0.6641	Clearing dollars ²	1 CI \$	4.212

¹ Clearing account; also Bucharest.

² Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

Mill. mk

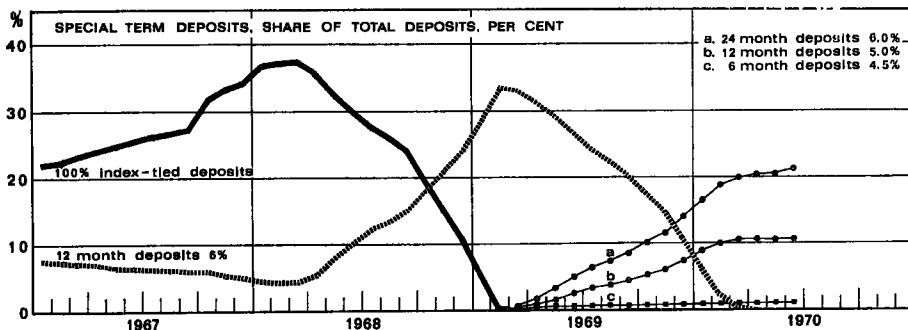
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer-cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer-cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1961	577.9	720.8	143.8	2 117.7	2 079.6	1 229.6	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 281.2	2 210.8	1 314.7	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	832.7	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969*	1 042.8	1 374.6	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 132.0

1969*

June	919.6	1 172.9	466.6	4 782.4	4 084.9	2 797.3	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 802.3	4 087.1	2 815.4	1 052.4	474.8	13 232.2	14 796.2
Aug.	873.5	1 127.0	440.8	4 836.5	4 117.0	2 846.2	1 057.0	477.1	13 334.1	14 901.9
Sept.	941.7	1 213.4	463.2	4 869.2	4 149.2	2 881.6	1 062.7	490.8	13 453.8	15 130.4
Oct.	971.0	1 238.5	425.6	4 922.5	4 184.0	2 906.1	1 073.2	497.8	13 583.9	15 248.0
Nov.	923.7	1 190.5	445.8	4 954.8	4 218.9	2 946.0	1 080.5	507.0	13 707.4	15 343.7
Dec.	1 042.8	1 374.6	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 132.0

1970

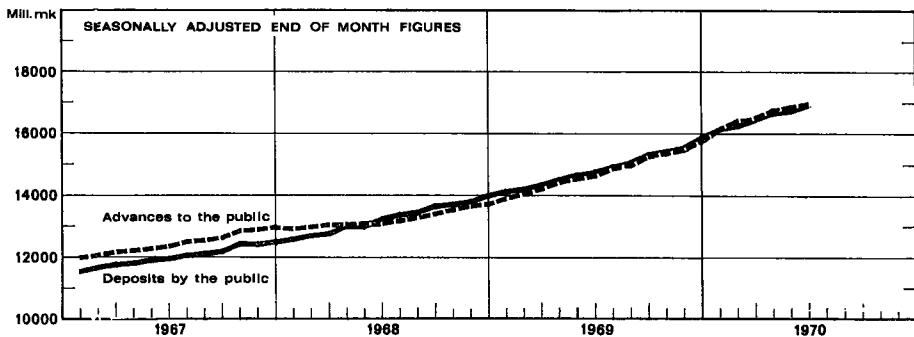
Jan.	1 060.3	1 324.0	568.1	5 299.1	4 389.7	3 068.9	1 139.0	528.6	14 425.3	16 317.4
Feb.	1 060.9	1 315.7	575.2	5 381.2	4 450.4	3 131.5	1 164.4	535.9	14 663.4	16 554.3
March	1 098.3	1 371.4	542.4	5 416.5	4 475.8	3 159.0	1 172.9	541.6	14 765.8	16 679.6
April	1 133.1	1 390.8	572.7	5 489.3	4 502.0	3 193.2	1 188.0	544.0	14 916.5	16 880.0
May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5



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	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1961	3 192.0	1 817.6	436.8	1 318.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 425.7	2 018.5	508.7	1 474.8	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969*	6 892.2	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
1969*									
June	6 300.1	3 561.1	978.9	2 713.9	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 343.5	3 595.4	988.4	2 743.4	1 191.8	14 278.9	583.6	14 862.5	2 634.6
Aug.	6 364.7	3 633.8	1 010.5	2 772.6	1 196.2	14 406.2	571.6	14 977.8	2 675.1
Sept.	6 551.2	3 688.9	1 027.5	2 819.4	1 201.4	14 678.8	609.6	15 288.4	2 737.3
Oct.	6 640.0	3 746.8	1 037.3	2 870.5	1 228.3	14 911.9	611.0	15 522.9	2 760.7
Nov	6 739.5	3 794.8	1 044.8	2 911.3	1 243.9	15 093.5	640.8	15 734.3	2 792.0
Dec.	6 892.2	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
1970									
Jan.	6 944.4	3 834.9	1 070.5	2 948.1	1 317.7	15 516.9	598.7	16 115.6	3 164.2
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.4
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.6
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.2
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.4
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5



STATE FINANCES

Mill. mk

Revenue	Jan.—May		Expenditure	Jan.—May	
	1969	1970		1969	1970
Income and property tax (net)	1 110	1 287	Wages, salaries, pensions etc.	676	737
Gross receipts	(2 498)	(2 940)	Repair and maintenance	81	87
Refunds & local authorities	(—1 388)	(—1 653)	Other consumption expenditure	263	304
Other taxes on income and property	28	29	Total consumption expenditure	1 020	1 128
Employers' child allowance payments	231	255	State aid to local authorities	584	638
Sales tax	893	1 035	State aid to industries	389	578
Revenue from Alcohol Monopoly	185	237	of which: agric. price subsidies	(312)	(452)
Customs duties & import charges	148	181	Child allowances	130	121
Export levy	115	—	Share in national pensions and health insurance	169	171
Excise duty on tobacco	165	154	Other transfer expenditure	445	483
» » on liquid fuel	209	234	Total transfer expenditure	1 717	1 991
Other excise duties	78	98	Machinery and equipment	102	137
Tax on autom. and motor cycles	126	143	House construction	134	114
Stamp duties	80	90	Land and waterway construction	303	264
Special diesel etc. vehicles tax	13	16	Total real investment	539	515
Other taxes and similar revenue	21	47	Interest on State debt	111	114
Total taxes	3 402	3 806	Index compensations	23	14
Miscellaneous revenue	178	192	Net deficit of State enterprises	68	32
Interest, dividends etc.	47	54	Other expenditure	3	4
Sales and depreciation of property	29	33	Total other expenditure	205	164
Redemptions of loans granted	62	50	Increase in inventories	—2	—5
Total revenue	3 718	4 135	Lending	201	241
Foreign borrowing	122	1	Other financial investment	58	85
Domestic borrowing	411	297	Total expenditure	3 738	4 119
Total borrowing	533	298	Redemption of foreign loans	46	49
Deficit (+) or surplus (—)	—78	+ 2	Redemption of domestic loans	389	267
			Total redemptions	435	316
Total	4 173	4 435	Total	4 173	4 435

State debt	1967	1968	1969	1970			
	Dec.	Dec.	Dec.	March	April	May	June
Foreign debt	1 844	2 074	1 656	1 570	1 564	1 556	1 544
Loans	2 013	2 160	2 316	2 339	2 344	2 338	2 236
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	82	52	43	42
Cash debt (net)	— 12	— 256	— 217	— 180	— 143	— 88	..
Domestic debt	2 173	2 229	2 261	2 244	2 256	2 296	..
Total State debt	4 017	4 303	3 917	3 814	3 820	3 852	..
Total debt, mill. \$	955	1 028	933	912	915	922	..

FOREIGN TRADE

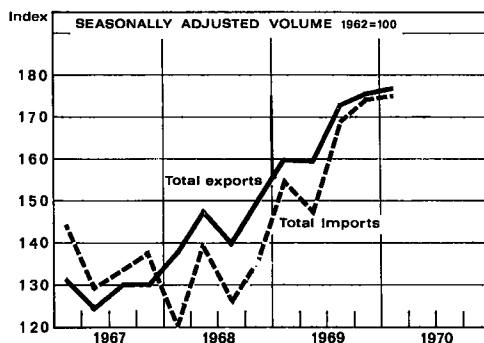
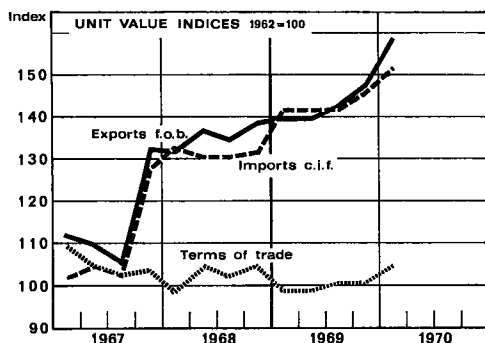
Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1965	4 566.0	5 265.1	-699.1
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969*	8 344.8	8 495.0	-150.2
1969*			
April	555.8	615.7	- 59.9
May	753.7	740.5	+ 13.2
June	704.4	645.8	+ 58.6
July	742.3	648.5	+ 93.8
Aug.	703.7	588.8	+114.9
Sept.	733.0	782.1	- 49.1
Oct.	884.9	865.0	+ 19.9
Nov.	714.4	747.3	- 32.9
Dec.	845.9	922.4	- 76.5
1970*			
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	793.2	- 62.0
April	813.7	982.5	-168.8
May	825.2	908.6	- 83.4
Jan.-May			
1969*	3 016.2	3 295.2	-279.0
1970*	3 725.2	4 194.2	-469.0

Indices of exports and
imports 1962 = 100

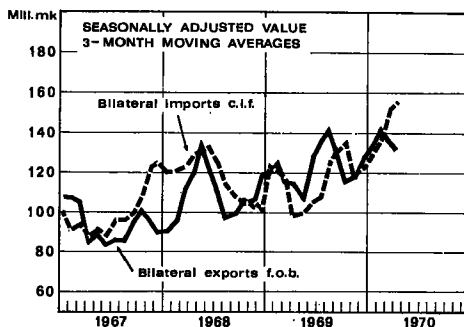
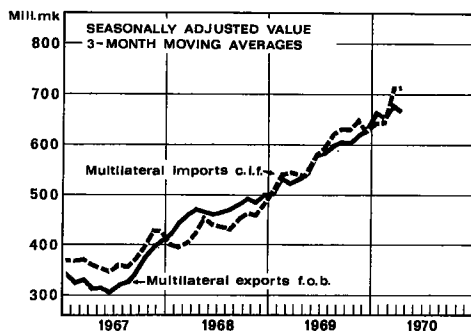
Period	Indices of exports and imports 1962 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969*	164	153	144	141	102
1967					
July-Sept.	134	124	106	103	103
Oct.-Dec.	139	144	133	128	104
1968					
Jan.-Mar.	120	116	132	133	99
Apr.-June	150	141	137	131	105
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105
1969*					
Jan.-Mar.	138	139	140	142	99
Apr.-June	162	143	140	142	99
July-Sept.	172	145	143	142	101
Oct.-Dec.	187	177	148	146	101
1970*					
Jan.-Mar.	148	154	159	152	105



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.6	3 683.4	948.3	2 229.4	1 633.9
1969*										
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	208.0	87.3	321.4	63.8	217.2	138.1
June	27.3	5.5	133.3	260.5	183.1	94.7	290.2	53.3	191.4	110.9
July	17.6	10.3	155.3	268.9	216.3	73.9	302.7	65.3	160.9	119.6
Aug.	21.9	9.3	153.0	289.5	129.8	100.2	285.2	55.0	139.4	109.2
Sept.	24.7	9.8	150.4	287.0	147.1	114.0	344.6	119.3	173.4	144.8
Oct.	24.9	7.9	158.6	337.2	235.1	121.2	366.9	96.9	243.8	157.4
Nov.	26.2	8.5	130.6	291.7	144.2	113.2	337.1	99.4	146.0	164.8
Dec.	58.8	5.3	121.4	301.8	256.8	101.8	434.0	71.9	234.9	181.6
1970*										
Jan.	53.4	1.4	112.0	295.4	199.4	96.4	330.8	133.5	166.2	137.6
Feb.	26.5	1.7	64.3	253.2	147.0	104.4	314.5	69.9	203.0	154.4
March	47.0	0.7	62.7	308.3	191.0	121.5	333.1	54.8	245.5	159.8
April	29.0	3.1	94.9	333.4	219.6	133.7	443.7	73.4	250.8	214.6
May	40.3	9.4	131.4	325.7	212.2	106.2	409.3	110.0	222.8	166.5
Jan.-May										
1969*	158.9	15.3	397.8	1 337.4	699.3	407.5	1 322.8	387.3	939.4	645.7
1970*	196.2	16.3	465.3	1 516.0	969.2	562.2	1 831.4	441.6	1 088.3	832.9



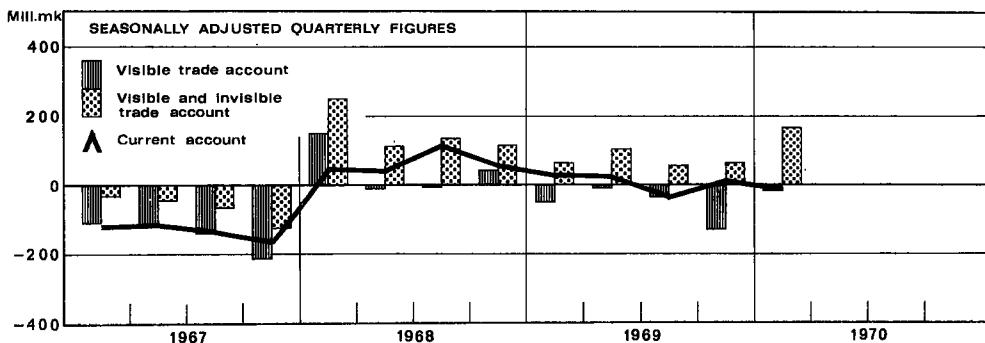
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—May				January—May			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	66.2	1 996.1	70.4	2 621.7	71.9	2 368.3	73.9	3 098.3
Austria	0.6	19.3	1.0	35.8	1.1	37.0	1.3	56.6
Belgium-Luxembourg	2.1	63.3	1.8	68.7	1.7	56.1	2.1	88.3
Denmark	4.2	124.9	4.0	149.5	3.3	107.8	3.4	140.4
France	4.3	129.1	4.0	147.9	3.4	110.9	3.7	155.2
Federal Republic of Germany	10.1	304.7	10.8	401.3	15.3	505.2	17.2	720.7
Italy	2.7	82.0	2.5	93.7	2.5	81.4	2.1	88.6
Netherlands	3.9	119.1	4.0	150.9	3.6	118.8	3.4	143.8
Norway	2.1	62.6	3.1	116.4	2.6	87.3	2.3	95.8
Portugal	0.3	9.3	0.4	14.0	0.6	19.9	0.9	36.5
Spain	0.9	25.8	1.0	37.8	0.4	11.7	0.3	13.0
Sweden	13.0	391.4	17.1	635.9	16.2	532.1	18.2	761.4
Switzerland	1.9	56.5	1.7	64.2	3.2	106.1	3.3	137.6
United Kingdom	18.3	552.6	17.4	646.4	17.7	584.7	15.4	647.0
Other	1.8	55.5	1.6	59.2	0.3	9.3	0.3	13.4
OECD countries outside Europe	7.8	236.7	6.1	227.7	7.2	236.2	5.4	227.9
Canada	0.4	13.5	1.1	39.4	0.2	6.7	0.3	13.7
Japan	0.3	8.1	0.3	10.7	1.7	55.4	2.0	86.1
United States	7.1	215.1	4.7	177.6	5.3	174.1	3.1	128.1
Eastern Bloc	17.6	530.6	15.8	588.0	15.9	524.4	16.7	699.5
Czechoslovakia	0.5	16.0	0.5	19.7	0.6	19.2	0.5	19.6
Democratic Republic of Germany	0.5	15.6	0.6	21.8	0.6	20.8	0.5	21.9
People's Republic of China	0.2	5.1	0.7	24.8	0.3	9.8	0.1	5.6
Poland	1.8	54.2	1.2	45.9	0.9	28.9	0.9	39.5
Soviet Union	13.8	414.9	11.9	441.6	13.0	428.6	13.9	580.8
Other	0.8	24.8	0.9	34.2	0.5	17.1	0.8	32.1
Latin America	4.0	119.6	2.7	100.7	2.3	77.1	2.1	88.1
Argentina	0.7	20.6	0.8	28.8	0.3	9.1	0.2	7.6
Brazil	0.5	14.2	0.5	18.3	0.8	26.3	0.5	21.9
Colombia	0.2	7.0	0.2	8.4	0.6	20.4	0.7	29.7
Other	2.6	77.8	1.2	45.2	0.6	21.3	0.7	28.9
Other	4.4	133.2	5.0	187.1	2.7	89.2	1.9	80.4
GRAND TOTAL	100.0	3 016.2	100.0	3 725.2	100.0	3 295.2	100.0	4 194.2
of which								
EFTA countries	40.3	1 216.7	44.7	1 665.0	44.8	1 474.8	44.8	1 877.8
EEC countries	23.2	698.3	23.2	862.6	26.5	872.4	28.5	1 196.6
OECD countries	74.0	2 232.8	76.5	2 849.4	79.0	2 604.5	79.3	3 326.2

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
1966	4 784	5 542	-758	+356	- 96	+25	-473	-150	-10	-633
1967	5 194	5 816	-622	+416	- 88	+17	-277	-209	- 3	-489
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
Jan.-Mar										
1966	879	1 247	-368	+ 72	- 23	+11	-308	- 38	- 1	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 073	2 309	-236	+168	- 9	- 3	- 80	- 86	-11	-177
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 6	- 74	- 36	- 4	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 4	- 24	- 40	- 1	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+16	- 67	- 36	- 4	-107
1967	1 623	1 815	-192	+107	- 12	+16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12

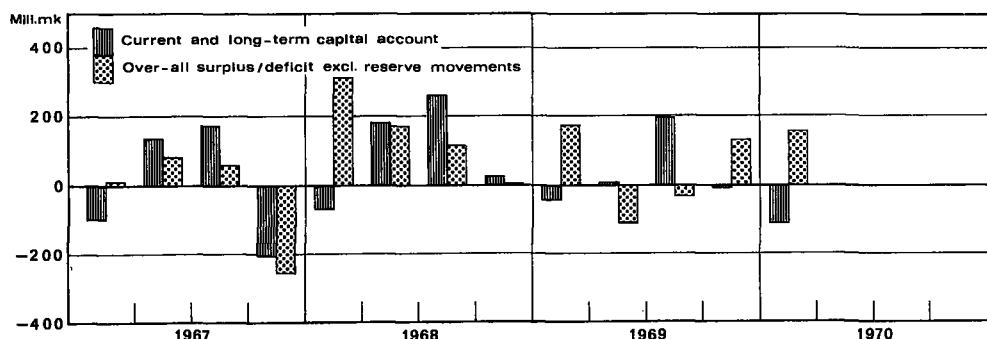


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+ 518	-271	- 61	-32	+154	-479	+ 53	-114	+185	-355	+321	+ 34
+ 910	-406	- 33	+13	+484	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+ 89	- 60	+ 2	-15	+ 16	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
+ 192	- 66	+ 12	+ 5	+143	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 18	+225	+ 57 ²	+157	-240	+ 83
+ 116	- 52	- 36	+ 3	+ 31	- 83	+ 19	-114	+ 64	-114	+121	- 7
+ 315	- 62	+ 2	+ 4	+259	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 111	- 67	- 9	+20	+ 55	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
+ 251	- 92	- 13	+ 4	+150	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 202	- 92	- 18	-40	+ 52	- 55	- 6	-122	+ 66	-117	+117	± 0
+ 152	-186	- 34	+ 0	- 68	-205	- 13	-159	+122	-255	+316	- 61
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21

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

¹ Including Direct investment net.

² Including Allocations of special drawing rights 88 million.



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1967	248	254	225	246	241	253	276	236	240	114	121	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1969												
Sept.	287	290	275	287	294	285	314	282	274	132	139	122
Oct.	289	291	280	289	301	285	316	283	276	133	139	122
Nov.	290	293	281	291	301	286	319	285	276	133	139	123
Dec.	291	293	282	293	301	285	319	287	277	134	139	122
1970												
Jan.	294	297	284	297	307	288	323	290	280	137	146	123
Feb.	295	298	285	297	308	289	327	289	280	138	146	126
March	296	299	285	297	308	291	329	290	280	138	146	126
April	297	300	286	300	310	291	330	293	281	138	146	126
May	297	299	287	299	313	289	326	293	281	138	146	126
June	296	298	286	297	313	289	324	291	281	138	146	127

Period	Consumer prices 1987 = 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
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969	217	170	112	115	111	108	111	109	110	110	110	112
1969												
Sept.	218	171	112	116	111	109	112	108	110	109	111	112
Oct.	218	171	112	115	111	109	113	109	111	110	111	112
Nov.	218	171	112	115	111	109	113	111	111	111	111	112
Dec.	218	171	112	115	111	109	113	112	111	111	111	112
1970												
Jan.	220	173	113	115	116	109	115	115	111	111	112	114
Feb.	221	173	114	115	116	109	115	116	112	112	112	114
March	221	174	114	115	116	109	115	118	113	112	113	114
April	222	174	114	116	114	109	116	119	113	112	113	114
May	222	174	114	116	114	109	116	118	113	113	113	114
June	222	174	114	116	114	109	116	119	113	113	113	115

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	Manufacturing	Construction							
1967	139	128	125	131	126	134	126	127	127	127
1968	151	142	136	146	141	149	139	141	140	141
1969*	171	154	151	156	150	160	149	150	154	152
1968										
July-Sept.	153	144	138	149	144	152	143	144	144	144
Oct.-Dec.	157	145	141	149	144	152	142	144	144	144
1969*										
Jan.-Mar.	167	151	145	155	150	159	147	149	149	149
Apr.-June	169	154	150	156	150	160	149	150	155	153
July-Sept.	169	155	155	156	150	160	150	150	157	154
Oct.-Dec.	181	155	156	156	150	160	150	150	155	153
1970*										
Jan.-Mar.	194	164	165	162	158	167	155	157	163	161

PRODUCTION

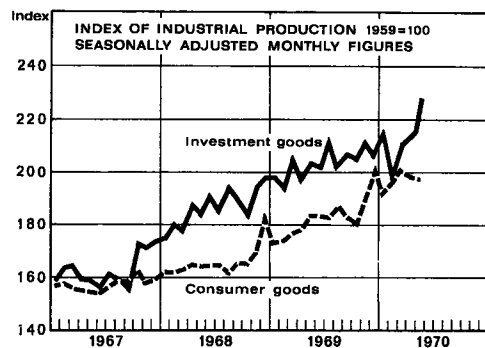
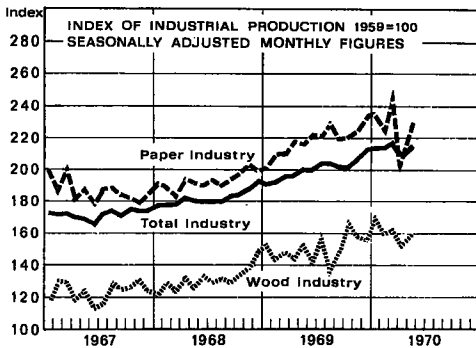
Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	By industries							Public admin. and defence	Services
			Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings		
1966	107	112	96	87	113	106	109	110	109	110	109
1967	110	115	96	89	117	106	109	113	114	114	114
1968	113	122	98	92	109	107	113	111	118	120	119
1969	121	134	97	101	122	104	123	122	123	123	127
1968											
Oct.-Dec.	115	129	66	96	113	138	117	123	120	122	120
1969											
Jan.-Mar.	118	135	63	146	85	106	115	112	122	121	126
Apr.-June	119	131	85	113	105	105	121	121	123	122	127
July-Sept.	123	124	171	46	157	105	127	122	124	123	126
Oct.-Dec.	125	144	67	100	140	98	129	133	125	125	128
1970*											
Jan.-Mar.	125	147	63	153	96	99	125	119	127	126	132

PRODUCTION

Index of industrial production 1959 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1966	167	160	175	151	153	121	191	214	219	163	166
1967	172	163	180	158	160	125	187	233	224	168	172
1968*	182	190	189	166	164	132	194	247	219	189	183
1969*	200	205	208	183	174	152	220	254	248	205	201
1968*											
Dec.	181	190	189	159	139	130	180	252	216	191	194
1969*											
Jan.	201	218	209	179	152	159	205	269	229	215	192
Feb.	191	206	200	169	142	150	207	248	207	206	193
March	212	239	220	187	157	169	231	266	244	230	196
April	197	202	203	184	165	165	210	253	236	203	196
May	205	207	209	193	179	174	210	255	261	211	201
June	185	192	186	181	175	131	191	219	245	193	200
July	152	110	166	133	184	138	217	209	232	110	205
Aug.	198	182	204	190	182	122	235	240	255	187	205
Sept.	211	223	217	194	181	147	232	258	266	221	203
Oct.	227	236	235	207	211	170	241	263	276	235	203
Nov.	216	226	226	191	204	150	232	278	257	224	207
Dec.	209	216	219	186	161	149	213	289	265	221	213
1970*											
Jan.	222	228	234	194	163	170	239	300	244	228	215
Feb.	213	213	224	190	155	168	223	307	244	217	215
March	218	222	226	197	161	168	234	278	259	225	219
April	234	248	236	223	195	195	235	298	280	248	210
May	215	219	222	198	178	170	222	280	268	223	216



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Labour input 1 000 man-years/months	Unemployment, % of total labour force	Commerca timber fellings 1 000 piled cu. m	Retailers' sales volume index 1968 = 100	Whole-salers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	1 904	1.6	46 507	..	..	103
1967	2 209	2 146	1 845	2.9	44 963	..	..	103
1968	2 188	2 100	1 754	4.0	47 733	100	100	109
1969	2 189	2 127	1 752	2.8	52 725	107	118	..
1969								
May	2 160	2 097	1 821	2.9	11 075	113	119	111
June	2 296	2 243	1 763	2.3	1 937	110	113	117
July	2 327	2 277	1 579	2.2	1 007	106	109	119
Aug.	2 286	2 239	1 691	2.1	1 886	103	119	121
Sept.	2 186	2 147	1 767	1.8	2 778	108	132	124
Oct.	2 171	2 131	1 805	1.8	3 906	117	134	130
Nov.	2 164	2 120	1 773	2.0	4 171	108	121	117
Dec.	2 164	2 113	1 771	2.4	5 724	149	138	119
1970								
Jan.	2 133	2 074	1 730	2.8	5 012	93	..	115
Feb.	2 130	2 073	1 689	2.7	6 210	93	..	..
March	2 129	2 075	1 713	2.5	5 531	100	..	..
April	2 130	2 078	1 760	2.4	4 718	112	..	..
May	2 173	2 137	1 840	1.7	11 972	..	..	..

HOUSE CONSTRUCTION

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1966	36.70	15.98	3.65	11.56	3.29	26.91	11.35	2.84	8.39	3.01	36.19
1967	28.82	11.51	3.08	8.90	3.02	31.34	12.42	2.93	10.83	3.49	31.40
1968*	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969*	38.95	15.38	3.88	15.29	2.12	31.46	12.62	3.05	12.67	1.41	36.49
1968*											
Oct.-Dec.	8.97	4.17	0.43	2.67	1.30	7.78	3.82	0.94	2.20	0.40	34.09
1969*											
Jan.-Mar.	5.43	2.12	0.59	2.10	0.32	4.85	1.97	0.28	1.92	0.50	32.29
Apr.-June	11.98	4.95	1.88	4.13	0.25	5.56	2.42	0.38	1.64	0.82	37.45
July-Sept.	11.78	4.94	0.86	4.62	0.75	8.52	3.31	0.83	2.56	1.20	38.85
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	10.66	4.25	1.36	4.27	0.32	36.49

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *Claims on Treasury* = Treasury bills covering certain IMF and IBRD accounts + Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand-by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative banks, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

BALANCE OF PAYMENTS

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

PRICE INDICES

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

WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office. Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: food industry ISIC no. 20, weight 11.2, wood industry no. 25, weight 6.6, paper industry no. 27, weight 13.1, chemical industry no. 31, weight 5.2, non-metallic mineral industry no. 33, weight 3.6 and metal industry nos. 34—38, weight 23.5

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — HOUSE CONSTRUCTION

Page 17. *Labour* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin). *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *House construction* figures calculated by the Central Statistical Office.

SYMBOLS USED

• Preliminary 0 Less than half the final digit shown . Logically impossible .. Not available — Nil

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden and was raised in 1556 to the dignity of a Grand Duchy. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1970 were as follows: Social Democrats 52, Conservatives 37, Centre Party 36, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 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%. On an average 15.8% of the land in the South of Finland is cultivated (1960), 2.3% in the North and 9.2% of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3%, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9%, State 31.8%, joint stock companies etc. 5.6%, municipalities and parishes 1.7%.

POPULATION

NUMBER OF INHABITANTS (1968): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.9 and Norway 3.8 million.

DENSITY OF POPULATION (1968): In South Finland 26.2, in North Finland 4.3 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1968): 51% of the population inhabit the rural areas, 49% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 532 300 inhabitants, Tampere (Tammerfors) 152 500, Turku (Åbo) 152 000.

EMPLOYMENT (1968): Agriculture and forestry 25%, industry and construction 34%, commerce 15%, transport and communications 7%, services 19%.

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

EDUCATION (1968): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1968): births 16.0‰, deaths 9.6‰, increase 4.4‰, net emigration 1.6‰. Deaths in France 11.0‰ and Great Britain 11.8‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1968, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 635 (9%), forestry and fishing 1 947 (7%), manufacturing 8 941 (30%), construction 2 748 (9%), transport and communication 2 225 (7%), commerce, banking and insurance 3 724 (12%), public administration 1 418 (5%), other services 6 211 (21%), total 29 849. Index of real domestic product 113 (1964 = 100).

FOREST RESOURCES (1960—1968): The growing stock comprised 1 448 million of solid cu. m incl. bark (51 139 million cu. ft), of which pine 43% and spruce 38%, the rest 19% being broad-leaf-trees, chiefly birch. Of the growing stock 16 364 million cu. ft, 47% of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft). The total removal in 1968 calculated according to the use of wood was 48 million cu. m excl. bark (1 655 million cu. ft).

AGRICULTURE (1960): Cultivated land 2.6 million hectares. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81% in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 800 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1970): Length 5 801 km.

MERCHANT FLEET (June 30, 1970): Steamers 55 (66 812 gross reg. tons), motor vessels 334 (589 990 gross reg. tons), tankers 53 (678 938 gross reg. tons) general cargos 10 (1 379 gross reg. tons). Total 452 (1 337 119 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1969): Passenger cars 643 100, lorries and vans 96 900, buses 7 900, others 4 700. Total 752 600.

FINNISH AIRCRAFT (April, 1970): Finnish airlines. Finnair and Kar-Air have in use 2 DC-8-62s, 3 DC-6s, 8 Super Caravelles and 9 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 23 airports and to 16 domestic airports.

FINANCE AND BANKING

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

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, 1969). There are two big and four small commercial banks with in all 824 offices, 330 savings banks, 464 co-operative banks and their central bank, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixty-two private insurance companies also grant credits.

RATES OF INTEREST (Jan 1, 1970). Bank of Finland discount rates 6—9%, the rate for discounts or rediscounts for banks 7%. Other credit institutions: term deposits 4%, 6 month deposits 4 1/2%, 12 month deposits 5%, 24 month deposits 6%; highest lending rate 10%.

PUBLIC FINANCE IN 1969

by Heikki U. Elonen, Mag. Pol.,

Fellow of the Bank of Finland Institute for Economic Research

THE 1969 BUDGET

As the Government's budget proposal for 1969 was submitted to Parliament at the beginning of October 1968 the repercussions of the devaluation of the Finnmark one year earlier and of the subsequent stabilization measures taken could already be felt in the Finnish economy. At first the revival manifested itself in a strong acceleration of export demand, which was also greatly facilitated by international cyclical developments. On the other hand there was no significant increase in the volume of other demand factors in 1968 — with the exception of a 5 per cent trend increase in public consumption; private investment in fact showed a decline of 5 per cent. The employment situation, which still continued to be rather difficult in the beginning of 1969, was expected to show signs of some improvement towards the end of the year. The volume of gross domestic product grew by 2.5 per cent in 1968; in connection with the budget proposal the Government had forecast a 6 per cent increase in the GDP in 1969.

As the employment situation was expected to improve gradually during 1969 a considerable part of employment appropriations for this year were concentrated on the opening months of the year. The planned public works programme, however, had to be changed later during the year, and additional programmes had to be introduced. The labour force employed through these programmes was 48 600 men on average in 1969, which was approximately 8 per cent less than in the previous year. These developments were reflected in a 3 per cent decline in the volume of all public investment (incl. local government investment) over the year under review. In addition, the number of those receiving unemployment benefits decreased by about one third in 1969 and averaged 5 200.

For supporting the upswing and especially for reviving investment activity the Government had access to export levy funds, the major part of which was collected in 1968. The remainder of unused export levies was earmarked in the 1969 budget i.a. for the expansion of steel and power production of state-owned companies. Further, increases of the share capital of certain state-owned companies were proposed for the purpose of inaugurating a petrochemical industry and the production of passenger cars in Finland. To stimulate residential building it was suggested that grants for housing loans be increased by 40 per cent.

The overproduction problems in agriculture became more pressing in 1968 as, in addition to dairy products, corn stocks started to mount. The situation deteriorated further during 1969. The possibility of exporting butter and its domestic consumption have declined in the last few years and corn crops have been plentiful. The measures proposed in the ordinary budget for 1969 were aimed at channelling more activity in agriculture into meat production. Moreover, it was suggested that corn be sold also as fodder and compensation be paid to those farmers who leave their fields fallow in certain years or reforest them, and that export subsidies be paid for corn. The latter proposition was, however, not passed by Parliament until in the first supplementary budget in March. The second supplementary budget passed in April contained a provision that funds earmarked for promoting of marketing of agricultural products could be also used for compensation payments to farmers for slaughtered cows. In the third supplementary budget passed in June appropriations were made for the financing of the sale of butter at reduced prices. A grant to compensate the farmers for the

reduced price of butter was given in the fifth supplementary budget in December. Funds for this purpose were collected, however, from the milk producers themselves. The appropriations of the ordinary budget for price subsidies and the payment for overproduction were not sufficient and they were increased in various supplementary budgets by 237 million marks or by almost 40 per cent.

A promise was given in connection with the so-called »stabilization agreement» to stop the growth of total State expenditure. The prevailing upswing was favourable to such efforts, especially for the part of the State's direct demand. Apart from employment appropriations, the major part of which consists of allowances for real public investment, the increase in other consumption expenditure, excluding wage and salary expenditure, was curbed. Consequently the rate of growth of consumption expenditure for the whole public sector (incl. local government) slackened slightly, i.e. from 5 per cent in 1968 to 4.5 per cent.

The budget-total was also reduced as a result of decreased state lending and the expansion of the so-called interest subsidy system, by which the State pays subsidies to the banking institutions to keep the interest rate of loans granted by them for certain purposes lower than the prevailing rate. Since the Post Office Bank has been granting loans for similar, and even the same purposes as the State, it was decided that certain types of loans be granted exclusively from the funds of the Post Office Bank from 1969 onwards. These included e.g. loans for the building of some municipal and private schools and of some industrial plants. At the same time it was agreed that the Post Office Bank would subscribe to the loans issued by banking institutions on a lesser scale than before.

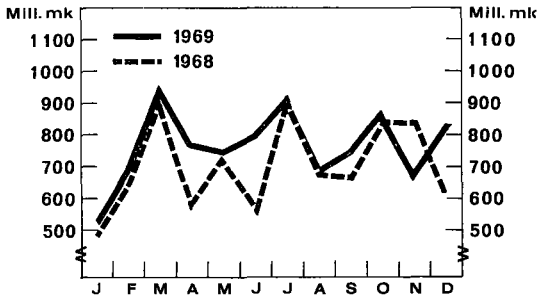
Civil service salaries were adjusted for 1969, in accordance with the stabilization agreement, so that the increase effected was equal to a 16 penny hourly increase. Thus the salaries were raised at the beginning of the year by

approximately 5 per cent in the lowest salary brackets and by about 0.5 per cent in the highest ones. Apart from this, civil servants were given a special increase of 1.7 per cent on the basis of an earlier agreement. The average increase in civil service salaries at the beginning of 1969 was 4 per cent. The Government proposed that the development of universities and other institutions for higher education be continued on the basis of a law passed in 1966; this created numerous employment vacancies, as has happened in some previous years. Some new civil service positions had also to be established because of the shortening of the working week, the full effect of which was felt in 1969.

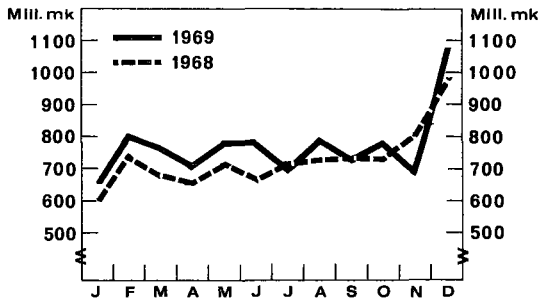
In connection with the enforcement of the Economic Special Powers Act the Government had promised to refrain from measures that would increase the tax burden, which necessitated very tight limits on the budget. In addition, the total of long-term loans entered in the budget was no more than 554 million marks or about 400 million marks less than what was calculated to be needed for the amortization and interest payments on the state debt. An effort was made to ease the financial market in a similar way in 1968 but as can be seen from Table 1 it could not succeed in either year because of expanding expenditure. On the other hand, income from taxation could be expected to increase automatically in 1969 in step with brisk economic growth. A technical revision in the tax system was effected at the beginning of 1969 as the income and property taxation of the State Alcohol Monopoly was changed to a special excise duty on alcoholic beverages. Simultaneously a new law concerning the excise duty on beer was enforced. This tax is now directly collected from the breweries. As the sale of beer with a lower alcohol content was liberated at the beginning of 1969 from the monopoly held by the State, the Government was in fact able to enter a new revenue source in the budget. At the same time a new law on the taxation of business and professional income was enforced and a new system was introduced for the income taxation of farming households. These revisions have

MONTHLY STATE CASH REVENUE AND EXPENDITURE AND THEIR CUMULATIVE DIFFERENCE IN 1968 AND 1969

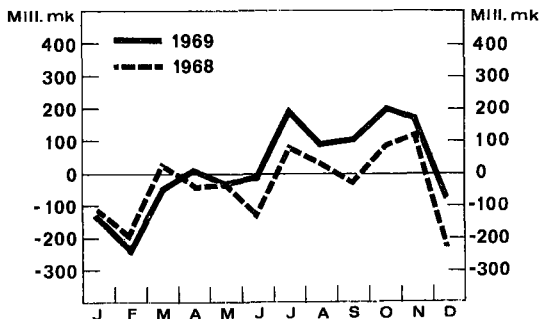
Revenue (excluding borrowing)



Expenditure (excluding redemption)



Cumulative Difference (revenue minus expenditure)



been reported in previous issues (See Bulletin Nos. 3 and 8, 1968).

The total of the ordinary budget proposal was 9199 million marks, which is 77 million marks less than the total of the 1968 budget passed by Parliament. (It should be noted that the major part of export levies was entered in the budget in 1968 although its use was distributed over several years.) After some minor changes the 1969 budget, totalling 9221 million marks, was passed by Parliament.

During the year it was necessary to resort to supplementary budgets, as in previous years, and altogether five of these were passed in 1969, three in the first part and two in the latter part of the year. Besides the management of the overproduction problems in agriculture, the supplementary budgets provided funds for education and the maintenance of employment. Loans on the revenue side had to be increased by 300 million marks, although it was possible to increase the estimated revenue from taxation from that entered in the ordinary budget because the upswing turned out to be somewhat stronger than expected — the volume of gross domestic product (at factor cost) increased by 7.5 per cent in real terms. The Finnish quota in the International Monetary Fund was in its entirety entered in the Bank of Finland's accounts in December, which explains why the government notes given by the State to this organization were annulled. This involved an increase of 388 million marks in the book value of expenditure and of 394 million marks in the book value of the revenue side. The measure reduced correspondingly the total of foreign State debt outstanding. There was no effect from it on the cash transactions of the State. Budgeted expenditure totalled 10 351 million marks or 5 per cent more than in 1968 (9 882 million marks).

FINANCE ACCOUNTS

The enclosed chart shows that the State's cash situation was slightly less favourable at the end of the first quarter of 1969 than one year earlier. Expenditure had increased by 10 per cent on the corresponding quarter of the

previous year while revenue grew by no more than 6 per cent; the increase in the yield from excise duties was rather insignificant. Comparisons between the figures for the first half of both 1968 and 1969 reveal an increase of 14 per cent in revenue and 11 per cent in expenditure. For instance, in April and June the accruals from income and property taxation as well as from the sales tax considerably exceeded the amounts collected in the corresponding months one year earlier. The increase in revenue in January—September was 10 per cent and that in expenditure 8 per cent on the first three quarters of 1968.

Table 1 shows the break-down of cash revenue and expenditure into major categories (for a more detailed distribution see Bulletin No. 4, 1970, page 8). The greatest increase on the revenue side was one of 20 per cent in excise duties. These included the excise duty on beer, the proceeds from which totalled 148 million marks or 60 per cent more than estimated in the budget. The new excise duty on alcoholic beverages is included, as is other revenue from the State Alcohol Monopoly, in »Other taxes and similar revenue«. The substantial increase of 19 per cent in this item, however, was due to the doubling of the yield from the tax on passenger cars and motorcycles in comparison with 1968, which reflected the 70 per cent increase in imports of passenger cars in 1969. The proceeds from the sales tax grew by 14 per cent and that from the income property tax by 9 per cent. Revenue from customs duties and import charges showed an increase for the first time since 1965, in spite of the impact of e.g. the tariff reductions effected on the basis of the Kennedy Round, for imports grew in volume by slightly more than 20 per cent in 1969.

On the expenditure side transfer expenditure grew by 10 per cent in comparison with 1968. In this group a marked increase took place i.a. in the support granted to municipalities for vocational training and health care and in agricultural subsidies. Transfer expenditure also includes the refunds (in 1968: 96 million marks and in 1969: 101 million marks) of the ad-

TABLE 1.
STATE CASH REVENUE AND EXPENDITURE

Revenue	1968	1969
	Million marks	
Total taxes on income and property	2 081	2 272
Sales income	2 107	2 410
Customs duties and import charges	392	415
Export levy	523	128
Excise duties	1 061	1 272
Other taxes and similar revenue	1 519	1 802
Other revenue	708	767
Redemptions of loans granted	177	203
	<hr/>	<hr/>
Total revenue	8 568	9 269
Borrowing	904	933
	<hr/>	<hr/>
Total	9 472	10 202
Expenditure		
Consumption expenditure	2 455	2 604
Transfer expenditure	3 829	4 221
Real investment	1 376	1 308
Interest on State debt and index compensations	261	294
Other expenditure	114	68
Lending	578	686
Other financial investment	187	163
	<hr/>	<hr/>
Total expenditure	8 800	9 344
Redemptions	632	735
Surplus	40	123
	<hr/>	<hr/>
Total	9 472	10 202

ditional taxes paid for incomes and property in 1964. Consumption expenditure increased by 6 per cent; wage and salary expenditure and pensions expenditure increased by 10 per cent whereas other consumption expenditure decreased slightly. Real investment by the State declined by 5 per cent, mainly as a result of the improved employment situation.

As revenue (excl. borrowing) grew by 8 per cent and expenditure (excl. redemption) by 6 per cent the excess expenditure was cut from 232 million marks in 1968 to 75 million marks in 1969. This is also shown in the lowest chart by the end points of the cumulative difference curves for December.

EXPORT LEVY FUNDS

The export levy funds collected after the devaluation in October 1967 totalled 665 million marks (14 million in 1967, 523 million in 1968 and 128 million in 1969) at the end of April 1969 when their collection was discontinued. In the ordinary budgets for 1968 and 1969 and the third and fifth supplementary budgets for 1969 this amount has been earmarked for use as follows:

	Million marks
1. For increasing the share capital of State-owned companies other than those engaged mainly in power production and for investment in the State Railways and the Postal and Telegraph Services	216.6
2. For increasing the share capital of State-owned companies engaged mainly in power production and for the construction of storage facilities for stand-by stocks of liquid fuel	216.6
3. For increasing the lending opportunities for certain special credit institutions, for granting loans to small-scale industry and for carrying out an intensified forest improvement programme	216.6
4. For promotion of exports	8.0
5. For supporting industrial research	2.2
6. For the payment of export levy refunds	5.0
Total	665.0

469.1 million marks of this total had been used as follows by the end of 1969:

	1968	1969	Remainder
	Million marks		
Purpose 1	106.3	86.0	24.3
Purpose 2	24.2	42.1	150.3
Purpose 3	46.3	163.2	7.1
Purpose 4	—	1.0	7.0
Purpose 5	—	—	2.2
Purpose 6	—	—	5.0
Total	176.8	292.3	195.9

The distribution of the used export levy funds into the categories of Table 1 was the following:

	1968	1969
	Million marks	
Transfer expenditure	4.3	16.7
Real investment	49.3	35.3
Lending	42.0	147.5
Other financial investment		
(Increase in share capitals)	81.2	92.8
Total	176.8	292.3

STATE BORROWING

The government bonds issued in 1968 are tax-free for both persons and the undistributed estates of deceased persons in the taxation years 1968—1978. Non-government bonds issued in 1968 are exempt for up to one half of their value for the same groups in the taxation of the above mentioned period. This tax treatment favouring government bonds to some extent was altered at the beginning of 1969 so that all bonds issued in 1969 were made tax-exempt for persons and undistributed estates of deceased persons over the years 1969—1979. This law was, however, cancelled in the middle of the year and a new system was introduced in the tax treatment of bonds. The Cabinet now has the right to decide on tax exemptions for publicly issued domestic bonds launched before the end of 1971 separately in each case irrespective of the nature of the issuer. The tax exemption, which also at present concerns only persons and undistributed estates of deceased persons can be granted in the case of government bonds without conditions but to municipal bonds and bonds of industry and commerce as well as credit institutions only with certain preconditions; each loan can be exempted for a maximum period of 11 years.

The total of bonds for public subscription sold in 1969 was 530 million marks. The most important loans were a four-year, 200 million mark loan with an interest rate of 8 per cent, which was launched at the beginning of the year, a four-year, 137 million mark loan with a 7 ½ per cent interest rate issued in May, and a three-year, 120 million mark loan with an interest rate also of 7 ½ per cent issued in November. Long-term loans sold to the banking institutions amounted to 85 million marks. Of

these, the Post Office Bank subscribed at the end of the year two loans totalling 65 million marks. Loans sold to insurance companies and labour pensions funds also totalled 85 million marks and other long-term loans 21 million marks. The sales of loans issued in Finland thus amounted to 721 million marks. As long-term foreign loans totalled 212 million marks the total of 933 million shown in Table 1 is arrived at. Including domestic redemptions, 579 million marks, and foreign redemptions, 156 million marks, net long-term borrowing of the State was 198 million marks, which is 74 million marks less than in 1968. The general interest rate on deposits was cut by one half of a percentage unit at the beginning of March (See Item in Bulletin No. 3, 1969) and as a result, the interest rates on publicly issued government bonds issued after that date were $\frac{1}{4}$ — $\frac{1}{2}$ percentage units lower than those on the loans issued at the beginning of the year.

The composition of the surpluses of 1968 and 1969 are explained in Table 2.

TABLE 2. SHORT-TERM FINANCING

	1968	1969
	Million marks	
Net change in prepayments received and made etc. (decr. —)	— 23	— 12
Private funds (incr. +)	+ 1	+ 3
Short-term credit (decr. —)	+225	—153
Current account debt to the Post Office Bank (decr. —)	+ 73	— 46
Export levy account at the Bank of Finland (decr. +)	—346	+164
Cash, postal giro and cheque accounts (incr. —)	+ 30	— 79
Surplus (—)	— 40	—123

Of the 225 million mark increase in short-term credit in 1968 50 million was drawn from abroad; in 1969 foreign short-term credit increased by 1 million marks, though the domestic short-term credit decreased by 154 million marks.

ITEMS

Change of Government. On July 15, 1970 Mr Ahti Karjalainen (Centre Party), Member of the Board of Management of the Bank of Finland, formed a new majority Government in which Social Democrats hold five seats, Centre Party four, People's Democrats three, Swedish Party two and Liberal Party one. This succeeds Mr. Teuvo Aura's caretaker Cabinet composed of politicians and senior public officials, which had been in office two months.

The Deputy Prime Minister and Minister of Labour is Mr Veikko Helle (Soc. dem.). The Minister for Foreign Affairs is Mr Väinö Leskinen (Soc. dem.). The Ministers of Finance are Mr C. O. Tallgren (Swedish Party) and Mr Valto Käkälä (Soc. dem.), and the Ministers for Trade and Industry Mr Arne Berner (Lib.) and Mr Kalervo Haapasalo (Soc. dem.).

Additional Protocol on the Treaty of Friendship, Co-operation and Mutual Assistance between Finland and the U.S.S.R. Sincerely desiring further to develop and strengthen the relations based on friendship, good neighbourliness and mutual confidence between the two countries the Ministers for Foreign Affairs of Finland and the Soviet Union signed on July 20, 1970 in Moscow an additional protocol on the Treaty of Friendship, Co-operation and Mutual Assistance for 20 years. The original treaty was signed on April 6, 1948.

The protocol shall be ratified and comes into force upon the exchange of the instruments of ratification, which will take place in Helsinki.

Board of Management of the Bank of Finland. On July 7, 1970 at the meeting of the Cabinet the President of the Republic ap-

pointed Mr Jaakko Lassila, D. Sc. (Econ.), member of the Board of Management of the Bank of Finland as from August 16, 1970.

Hire-purchase terms. During the last few months there has been a vigorous expansion in private consumption demand, which has been mainly concentrated on consumer durables. The purchase of these articles has been largely financed through hire-purchase credit. Because total domestic demand is, notwithstanding the counter-cyclical measures taken, still increasing faster than domestic production would allow, hire purchase is considered to be expanding at a rate which is excessive in view of the country's foreign liquidity position.

Consequently, the Bank of Finland considered in June tightening the hire-purchase terms on cars and on some other consumer durables. The Bank suggested, that the Government exercise its legal right to regulate the hire-purchase terms.

After negotiations as provided in the relevant act with representatives of the importers and distributors concerned, the Government fixed the new hire-purchase terms, which came into force on July 6. Accordingly the minimum down-payment on passenger cars is now 40 or 60 per cent (previously 30 or 50 per cent) and the maximum repayment period 18 or 9 months (20 or 12 months), depending on the terms previously applied to similar contracts. On lorries, vans, tractors, television sets, refrigerators, deepfreezers, washing machines and dishwashers the minimum down-payment is 30 per cent, but the maximum repayment period is 18 months for vans, 24 months for lorries, 30 months for tractors and heavy lorries and 12 months for television sets, refrigerators, deepfreezers, washing machines and dishwashers.

113 vessels from Finnish docks to 10 different countries. At the end of the first half of 1970 12 Finnish docks had orders for 113 ships. Of these, cargo ships totalled

470 053 dwt and containers and roll on-roll off ships 255 577 gross reg. tons. The orders also included icebreakers, tugs, offshore patrol boats and ferries.

Distribution of orders by country

	Number of vessels	Dwt	Gross reg. tons	Other vessels
Soviet Union	46	138 028	41 950	3 Polar icebreakers 36 000 hp each
Norway	6	—	117 000	—
Finland	31	107 000	19 800	1 icebreaker 12 000 hp, 3 tugs, 1 offshore patrol boat, 2 ferries
Hongkong	6	86 725	—	—
USA	6	82 800	—	—
Peru	2	27 400	—	—
Sweden	11	18 900	65 570	—
Denmark	2	9 200	—	—
England	2	—	9 200	—
Federal Republic of Germany	1	—	2 057	—
Total	113	470 053	255 577	

The biggest purchaser is the Soviet Union. As the table shows slightly less than one third of the total dwt and more than 16 per cent of the total gross tonnage ordered are built for the Soviet Union. In addition, she has ordered three 36 000 hp diesel driven Polar icebreakers which

are the largest of their kind in the world. Norway has ordered slightly less than one half of the total gross tonnage. Her orders include 6 large cruisers to be built by the Wärtsilä dock in Helsinki. Domestic orders comprise over one quarter of the total gross tonnage ordered.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

Esko K. Leinonen

A. Simonen

Ahti Karjalainen

Heikki Valvanne

Absent as Prime Minister

Jaakko Lassila

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Senior officials

Pertti Tammivuori

Administration

P.-E. Österlund

*Invisible transactions and
capital transfers*

A. Kajantie

Internal Audit

Helge Lindström

Credits

A. Nenonen

Foreign correspondence

K. Eirola

Automatic Data Processing

K. Ignatius

Personnel

Eino Suomela

Office

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

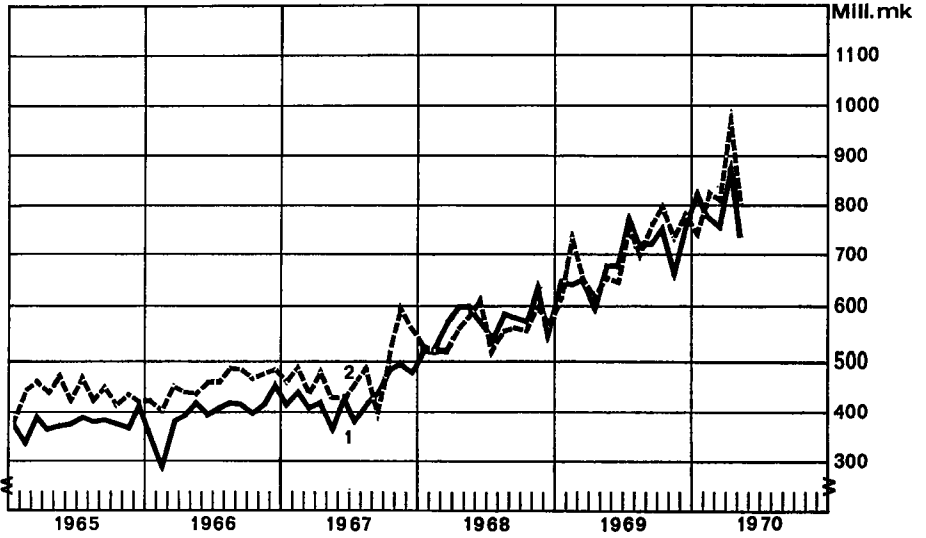
Director

Markku Puntila

Head of department

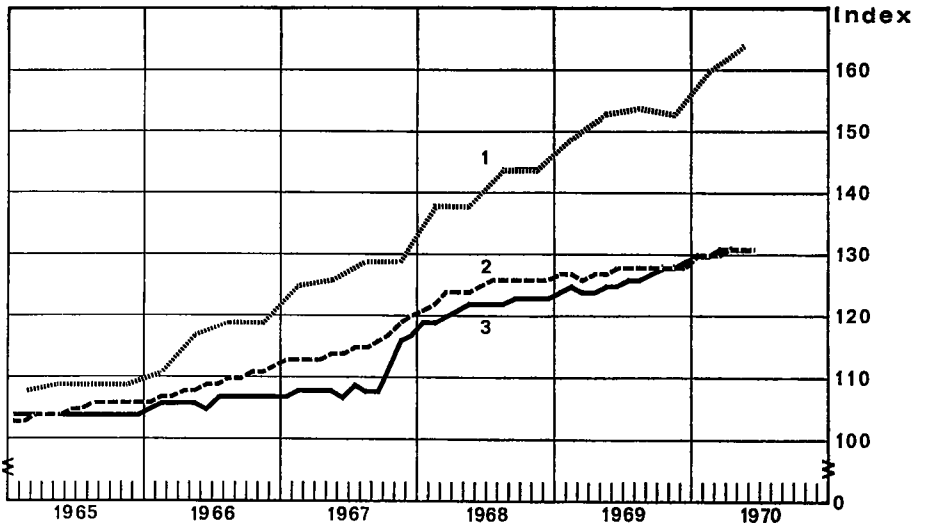
Foreign trade, 1965-1970

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



Prices and wages, 1965-1970

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, 1965-1970

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

