



# BANK OF FINLAND

*Monthly Bulletin*

Finland's foreign trade in 1970

The Finnish co-operative banks

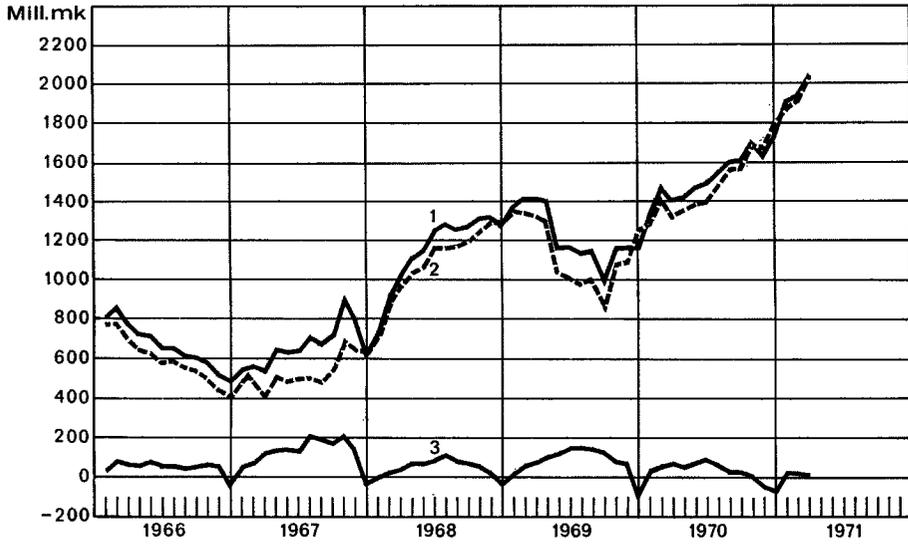
The Bank's new director

Imatran Voima Osakeyhtiö

Domestic bond issues

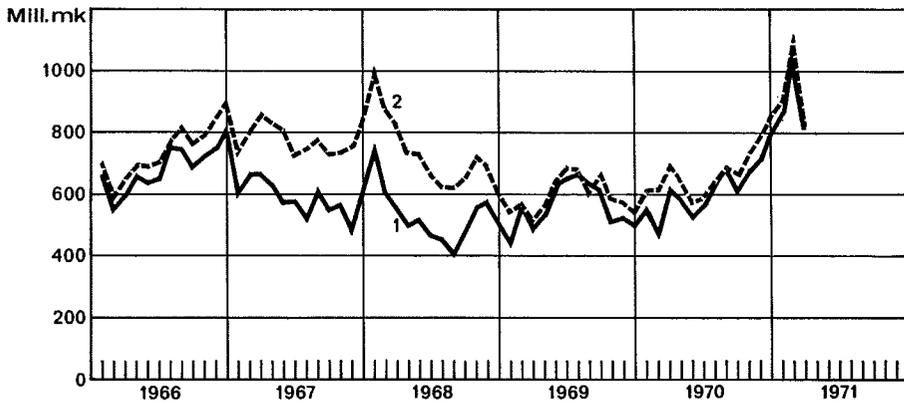
MAY 1971  
Vol. 45 No. 5

Bank of Finland foreign exchange reserve, 1966-1971



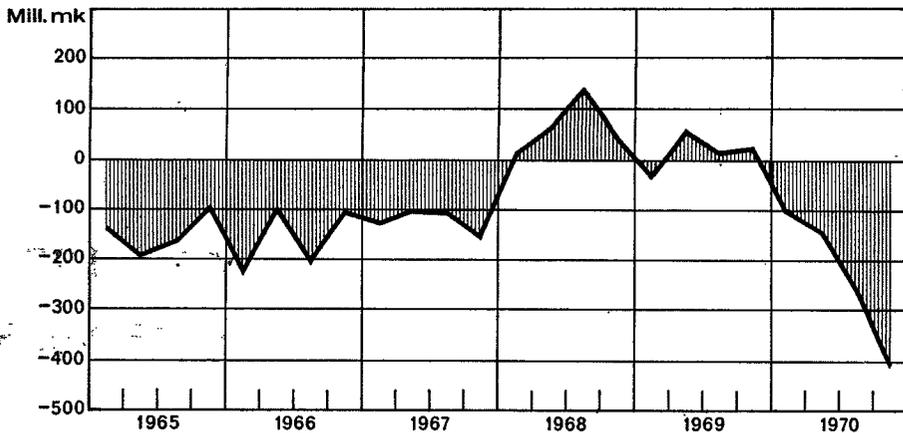
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1966-1971



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

# FINLAND'S FOREIGN TRADE IN 1970

## BACKGROUND

In spite of the economic recession in the United States and the slackening of the growth rate in Western industrialized countries the value of world trade still continued to expand strongly in 1970. The growth figure, however, was affected by accelerated inflation. The rate of growth, which had been 14 per cent in 1969, was, according to preliminary calculations, slightly more than 13 per cent in 1970. The international economic upswing, which began to show some indications of weakening in 1969, developed into a clear down-swing in 1970. The volume of industrial output in the OECD countries weighted by the share of Finnish exports to them grew by only slightly over 3 per cent in 1970 as against 10 per cent in the previous year. There were no serious disturbances in the international foreign exchange and capital markets in 1970. However, some friction was caused by inflation which prevailed in most of the industrialized countries in the West. The fall in short-term interest rates which had begun on the Euromarket towards the end of 1969 continued in 1970.

## EXPORTS

As a result of the deterioration in the international cyclical situation and the shortage of capacity in the Finnish export industries the growth rate of the value of commodity exports slowed down to 16 per cent in 1970 from 21 per cent in the preceding year. Inflation in the countries to which Finland exports was reflected in export prices. According to preliminary calculations the rise in prices was 11 per cent, which means that the volume of exports grew by no more than approximately 5 per cent. The export prices of metal industry products especially increased very rapidly. In line with

past experience, the products of the metal and engineering industries and other industrial products (primarily the products of the clothing, footwear, furniture and chemical industries) formed the most expansive components of exports. The increase in the value of metal and engineering industry exports was 21 per cent and that of other industrial products 24 per cent. As the increase in value in the exports of forestry, wood industry and paper industry products was only 12 per cent, the share of products based on wood in total exports declined by slightly more than 2 percentage units to approximately 56 per cent.

The regional structure of Finnish exports developed in 1970 along the same lines as in the preceding years. The share of the EFTA countries in Finnish exports increased whereas that of the EEC countries remained roughly unchanged. On the other hand, the relative share of the Eastern Bloc countries in Finland's exports declined, primarily because of the slow growth of exports to the Soviet Union. This is not unusual, as growth of trade tends to be slow during the last year of each five-year agreement period and 1970 was such a year. The most important export countries in order of importance were England, Sweden, the Soviet Union and West-Germany.

## IMPORTS

The value of commodity imports grew by almost twice as much as that of commodity exports in 1970, i.e. by slightly more than 30 per cent. This was attributable to the economic upswing in Finland that had already lasted for about two years. However, this began to level off towards the end of 1970. In addition, the

value of imports was increased because of record increases in import prices and weaknesses in the structure of domestic production. The preliminary figures suggest a 19 per cent volume increase and a price increase of as much as 11 per cent in imports.

The limited possibilities for domestic production to meet the vigorously expanding demand that together with the accumulation of stocks accounted for more than a 30 per cent increase in the value of the imports of raw materials and producer goods. The rise in the import prices of these products was 11 per cent. As a result of strong investment activity the volume of investment goods imports also grew more rapidly than the volume of total commodity imports. Considerable price increases partly accounted for the rise in the value of the imports of fuels and lubricants. The importation of the so-called non-productive commodities, i.e. consumer goods and passenger cars, expanded somewhat more slowly than productive imports as measures were taken to check the former. The break-down of commodity imports by com-

modity groups did not deviate considerably from the corresponding breakdown in the 1960's.

The trend that had begun in the middle of the 1960's as regards the regional distribution of commodity imports, continued in 1970: the share of the EFTA countries increased slightly whereas that of the EEC countries and the Eastern Bloc declined. Finland's most significant import countries in 1970 were West-Germany, Sweden, England and the Soviet Union.

#### TRADE BALANCE

Commodity imports in 1970 totalled 11 077 million marks and commodity exports 9 687 million marks. Thus there was a deficit of 1 390 million marks in the balance of trade. As there was only a small deficit of 160 million marks in the balance of trade a year earlier the development in 1970 signified a worsening in the external position of Finland.

April 28, 1971

## BANK OF FINLAND

Mill. mk

	1970		1971			
	April 30	Dec. 31	Apr. 8	Apr. 15	Apr. 23	Apr. 30
<b>Assets</b>						
Gold and other foreign assets	1 678	1 965	2 252	2 262	2 162	2 131
Gold	190	121	121	121	121	121
Special drawing rights	92	98	183	183	183	192
IMF gold tranche	173	281	280	280	280	272
Foreign exchange	1 029	1 344	1 545	1 552	1 455	1 425
Foreign bills	133	85	86	89	86	85
Foreign bonds	61	36	37	37	37	36
Claims on domestic banks	618	839	839	821	876	864
Discounted bills	553	827	831	807	870	856
Rediscounted bills	7	9	2	2	3	1
Cheque accounts	58	3	6	12	3	7
Other lending	281	283	232	233	234	228
Inland bills discounted						
In foreign currency	5	—	—	—	—	—
In Finnish marks	157	137	98	100	100	93
Loans	119	146	134	133	134	135
Other assets	743	689	638	631	619	703
Finnish bonds	325	64	38	43	67	144
Finnish coin	11	8	13	12	13	13
Currency subscription to Finland's quota in the IMF	352	518	518	518	518	526
Other claims	55	99	69	67	21	20
Total	3 320	3 776	3 961	3 947	3 891	3 926
<b>Liabilities</b>						
Notes in circulation	1 205	1 344	1 237	1 217	1 233	1 259
Liabilities payable on demand	87	126	114	118	108	102
Foreign exchange accounts	46	94	75	77	76	76
Mark accounts of holders abroad	11	12	10	10	10	11
Cheque accounts						
Treasury	7	2	9	7	4	2
Post Office Bank	11	4	5	7	2	0
Private banks	—	1	—	—	—	—
Other	2	3	4	5	4	2
Other sight liabilities	10	10	11	12	12	11
Term liabilities	645	633	834	834	764	764
Foreign	5	—	—	—	—	—
Domestic	640	633	834	834	764	764
IMF mark accounts	352	518	518	518	518	526
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	397	404	405	406	413	418
Bank's own funds	546	663	680	681	682	684
Capital	300	600	600	600	600	600
Reserve fund	200	0	32	32	32	32
Profits undisposed	28	—	32	32	32	32
Earnings less expenses (Dec. 31, Net profit)	18	63	16	17	18	20
Total	3 320	3 776	3 961	3 947	3 891	3 926

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
1964	974	85	889	76	83	882	9	5	4
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
<b>1970</b>									
March	1 469	54	1 415	524	359	1 580	—175	12	—187
April	1 485	58	1 427	546	356	1 617	—170	7	—177
May	1 537	50	1 477	539	356	1 660	—167	1	—168
June	1 586	85	1 501	515	352	1 664	—163	1	—164
July	1 642	83	1 559	451	331	1 679	—160	2	—162
Aug.	1 685	78	1 607	440	331	1 716	—149	1	—150
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
<b>1971</b>									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, March 31, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	March	Jan.—Mar.
	Gold	121	—	121	121	—	121	—
Special drawing rights	98	—	98	183	—	183	—	+ 85
IMF gold tranche	280	—	280	280	—	280	—	—
Convertible currencies	1 302	—103	1 199	1 449	—79	1 370	+25	+171
Other currencies	—63	—8	—71	19	— 4	15	—14	+ 86
<b>Total</b>	<b>1 738</b>	<b>—111</b>	<b>1 627</b>	<b>2 052</b>	<b>83</b>	<b>1 969</b>	<b>+11</b>	<b>+342</b>

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts <sup>1</sup>	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 <sup>2</sup>	Post Office Bank <sup>2</sup>						
	1	2	3	4	5	6	7	8	9	10	11
1964	—	448	—	16	50	382	78	92	2	168	1 003
1965	—	641	—	12	8	621	76	72	32	116	1 029
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	-145	1 344
1970											
March	585	4	98	41	50	596	167	192	450	-91	1 190
April	553	7	58	41	15	562	157	179	437	-101	1 205
May	531	8	44	41	8	534	151	176	466	-139	1 258
June	590	7	40	42	5	590	151	168	549	-230	1 265
July	683	4	17	47	6	651	163	169	579	-247	1 226
Aug.	664	12	28	—	1	703	162	161	553	-230	1 238
Sept.	687	8	23	—	3	715	147	162	551	-242	1 226
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344
1971											
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280
March	785	1	6	—	18	774	95	203	732	-434	1 204
April	856	1	7	—	0	864	93	155	662	-414	1 259

<sup>1</sup> Including special index accounts.<sup>2</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

April. 30, 1971

New York	1 \$	4.182	Frankfurt o. M.	100 DM	115.15	Vienna	100 S	16.20
Montreal	1 \$	4.142	Amsterdam	100 Fl	116.25	Lisbon	100 Esc	14.68
London	1 £	10.115	Brussels	100 Fr	8.425	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	81.00	Zurich	100 Fr	97.32	Madrid	100 Pta	6.03
Oslo	100 Kr	58.63	Paris	100 FF	75.85	Moscow <sup>1</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	55.78	Rome	100 Lit	0.6720	Clearing dollars <sup>2</sup>	1 Cl \$	4.212

<sup>1</sup> Clearing account; also Bucharest.<sup>2</sup> Berlin, Budapest, Sofia.

# DEPOSITS BY THE PUBLIC

Mill. mk

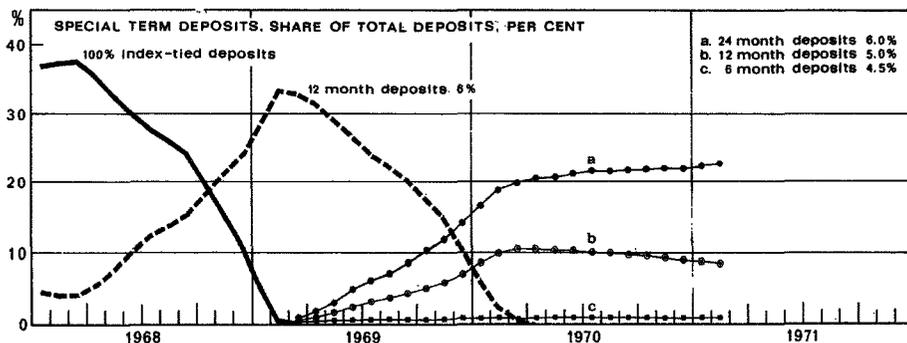
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	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	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970*	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

## 1970\*

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
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5
Dec.	1 142.7	1 505.8	603.3	6 098.7	4 851.6	3 458.6	1 287.6	574.2	16 270.7	18 379.8

## 1971\*

Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7



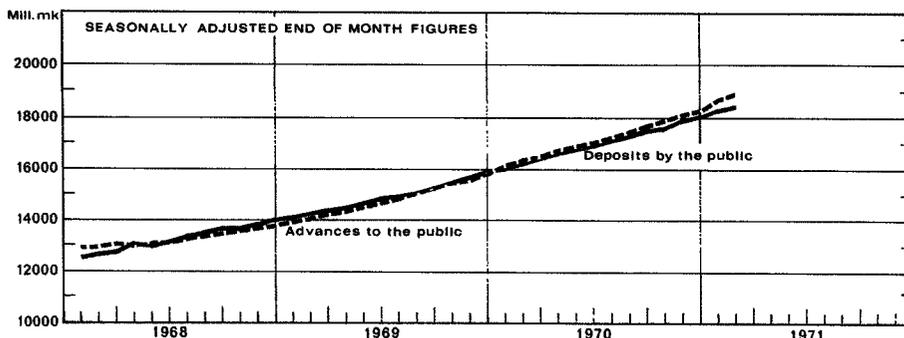
# ADVANCES TO THE PUBLIC—MONEY SUPPLY

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
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	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970*	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3

1970*									
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.7
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.3
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5
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
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec	7 963.5	4 342.7	1 244.9	3 405.7	1 454.0	17 752.5	658.3	18 410.8	3 959.3

1971*									
Jan.	8 084.6	4 379.9	1 276.7	3 438.5	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	1 288.6	3 472.1	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	1 301.1	3 506.6	1 530.0	18 309.0	721.2	19 030.2	3 935.9



# STATE FINANCES

Mill. mk

Revenue	Jan.—Feb.		Expenditure	Jan.—Feb.	
	1970	1971		1970	1971
Income and property tax (net)	348	407	Wages, salaries, pensions etc.	290	317
Gross receipts	(1 038)	(1 186)	Repair and maintenance	28	30
Refunds & local authorities	(— 690)	(— 779)	Other consumption expenditure	123	138
Other taxes on income and property	10	14	Total consumption expenditure	441	485
Employers' child allowance payments	99	61	State aid to local authorities	306	308
Sales tax	420	499	State aid to industries	253	285
Revenue from Alcohol Monopoly	83	95	of which: agric. price subsidies	(203)	(233)
Customs duties & import charges	62	56	Child allowances	45	36
Export levy	—	—	Share in national pensions and health insurance	66	50
Excise duty on tobacco	65	59	Other transfer expenditure	187	193
»  »  on liquid fuel	94	102	Total transfer expenditure	857	872
Other excise duties	33	40	Machinery and equipment	46	52
Tax on autom. and motor cycles	39	40	House construction	38	32
Stamp duties	35	36	Land and waterway construction	91	80
Special diesel etc. vehicles tax	5	7	Total real investment	175	164
Other taxes and similar revenue	16	15	Interest on State debt	64	61
<b>Total taxes</b>	<b>1 309</b>	<b>1 431</b>	Index compensations	10	9
Miscellaneous revenue	79	107	Net deficit of State enterprises	24	32
Interest, dividends etc.	16	21	Other expenditure	1	0
Sales and depreciation of property	13	14	Total other expenditure	99	102
Redemptions of loans granted	21	27	Increase in inventories	— 3	+16
<b>Total revenue</b>	<b>1 438</b>	<b>1 600</b>	Lending	67	89
Foreign borrowing	0	0	Other financial investment	11	17
Domestic borrowing	145	154	<b>Total expenditure</b>	<b>1 647</b>	<b>1 745</b>
<b>Total borrowing</b>	<b>145</b>	<b>154</b>	Redemption of foreign loans	14	16
<b>Deficit (+) or surplus (—)</b>	<b>218</b>	<b>144</b>	Redemption of domestic loans	140	137
			<b>Total redemptions</b>	<b>154</b>	<b>153</b>
<b>Total</b>	<b>1 801</b>	<b>1 898</b>	<b>Total</b>	<b>1 801</b>	<b>1 898</b>

State debt	1967	1968	1969	1970	1971		
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	March
<b>Foreign debt</b>	1 844	2 074	1 656	1 557	1 551	1 543	1 526
Loans	2 013	2 160	2 316	2 437	2 439	2 445	2 446
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	46	46	46	46
Cash debt (net)	— 12	— 256	— 217	— 284	— 428	— 388	..
<b>Domestic debt</b>	2 173	2 229	2 261	2 202	2 060	2 106	..
<b>Total State debt</b>	4 017	4 303	3 917	3 759	3 611	3 649	..
Total debt, mill. \$	955	1 028	933	900	865	874	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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	8 344.7	8 504.8	-160.1
1970*	9 686.7	11 076.9	-1 390.2

1970\*

April	813.7	982.5	-168.8
May	822.0	908.7	- 86.7
June	805.8	825.3	- 19.5
July	782.3	866.1	- 83.8
Aug.	824.5	798.1	+ 26.4
Sept.	876.0	1 019.6	-143.6
Oct.	912.0	964.7	- 52.7
Nov.	849.7	991.3	-141.6
Dec.	914.4	1 417.8	-503.4

1971\*

Jan.	867.9	878.3	- 10.4
Feb.	656.1	736.1	- 80.0

Jan.-Feb.

1970*	1 355.2	1 509.8	-154.6
1971*	1 524.0	1 614.4	- 90.4

Indices of exports and  
imports 1962 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1966	122	135	112	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970 <sup>1</sup>	175	192	156	147	106

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

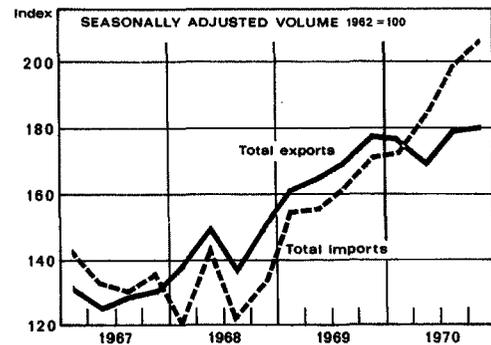
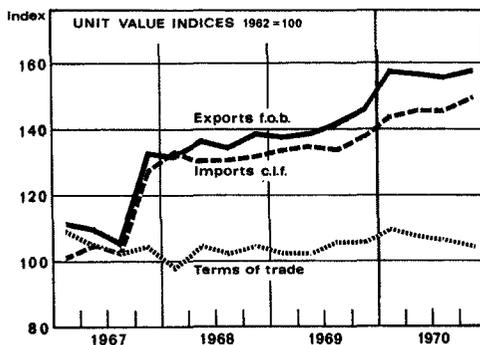
1969

Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106

1970<sup>1</sup>

Jan.-Mar.	150	163	158	144	110
Apr.-June	176	190	157	146	108
July-Sept.	180	187	156	146	107
Oct.-Dec.	191	229	158	150	105

<sup>1</sup> The 1970 figures have been calculated by converting the final 1969 Fisher index with the percentage change in the 1970-1969 Laspeyres index.



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural 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
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	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970*	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.1	1 249.3	2 905.5	2 004.0

## 1970\*

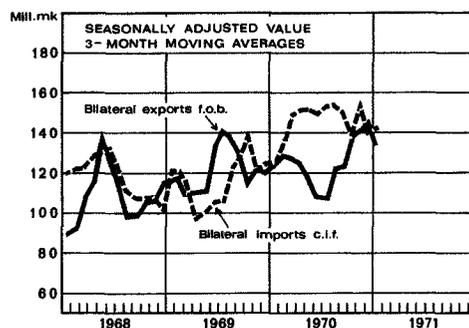
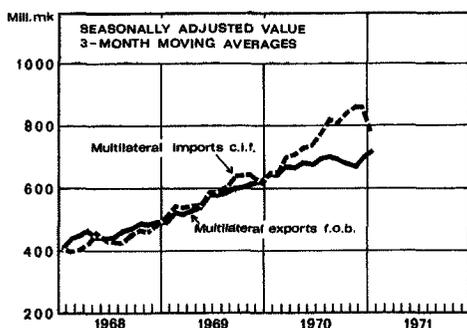
April	29.0	3.1	94.9	333.4	219.6	133.7	443.7	73.4	250.8	214.6
May	37.3	9.4	131.4	325.6	212.0	106.3	409.4	110.0	222.8	166.5
June	27.1	10.7	150.6	316.7	192.6	108.1	395.9	89.9	200.1	139.4
July	25.1	10.9	163.1	311.6	182.1	89.5	416.8	72.4	221.9	155.0
Aug.	30.8	12.4	154.2	343.2	163.3	120.6	336.1	142.4	181.7	137.9
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.8	109.1	243.7	187.0
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.3	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.3	265.6	170.0
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.6	142.4	458.6	199.2

## 1971\*

Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.5	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	126.3	113.1	289.2	79.7	221.8	145.4

## Jan.-Feb.

1970	79.9	3.2	176.3	548.6	346.4	200.8	645.2	203.4	369.2	292.0
1971	86.9	5.5	198.0	608.8	403.2	221.6	657.7	176.2	480.5	300.0



## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—February				January—February			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	72.5	983.0	71.7	1 092.8	72.8	1 099.5	76.4	1 234.5
Austria	1.0	13.1	0.9	13.0	1.2	17.8	1.8	29.7
Belgium-Luxembourg	2.0	26.9	1.7	26.8	2.0	30.3	1.9	30.7
Denmark	3.9	53.0	3.4	52.1	3.2	48.4	3.3	54.0
France	4.4	59.3	3.5	53.5	3.7	56.4	3.6	58.1
Federal Republic of Germany	11.0	148.9	10.0	151.8	14.9	225.1	16.7	269.8
Italy	2.6	35.7	2.5	37.6	1.9	28.5	1.9	30.7
Netherlands	4.1	56.1	4.8	73.7	3.4	50.5	3.6	57.5
Norway	3.8	51.9	4.5	69.3	2.2	33.4	2.7	43.5
Portugal	0.4	6.2	0.3	4.0	0.8	12.3	0.7	10.6
Spain	1.3	17.3	0.9	13.9	0.4	6.1	0.8	13.2
Sweden	16.4	221.6	16.3	247.9	19.7	298.0	19.7	318.8
Switzerland	2.0	27.1	2.2	33.0	3.2	48.3	3.8	61.4
United Kingdom	18.0	243.9	19.0	289.1	15.7	236.8	15.6	252.3
Other	1.6	22.0	1.7	27.1	0.5	7.6	0.3	4.2
<b>OECD countries outside Europe</b>	6.4	86.9	6.1	98.1	5.0	75.5	7.1	114.9
Canada	1.4	19.4	1.1	16.3	0.5	7.8	0.2	3.9
Japan	0.5	6.4	0.2	2.2	1.7	25.2	2.2	35.2
United States	4.5	61.1	4.8	73.6	2.8	42.5	4.7	75.8
<b>Eastern Bloc</b>	14.3	193.9	12.3	187.9	18.2	275.2	14.8	238.7
Czechoslovakia	0.4	5.0	0.5	7.2	0.3	4.8	0.5	7.5
Democratic Republic of Germany	0.6	7.9	0.7	10.5	0.5	7.4	0.5	8.1
People's Republic of China	1.0	14.1	0.2	3.1	0.1	1.4	0.5	7.4
Poland	1.1	15.4	1.3	19.6	0.9	13.9	1.5	24.3
Soviet Union	10.2	138.1	8.9	135.7	15.5	234.4	11.2	181.4
Other	1.0	13.4	0.7	11.8	0.9	13.3	0.6	10.0
<b>Latin America</b>	2.5	33.3	3.0	45.7	2.2	33.2	0.3	4.1
Argentina	0.9	11.3	1.3	19.4	0.0	0.6	0.1	0.9
Brazil	0.6	8.3	0.6	9.6	0.7	9.8	0.0	0.1
Colombia	0.3	3.8	0.2	3.7	0.7	10.8	0.0	0.1
Other	0.7	9.9	0.9	13.0	0.8	12.0	0.2	3.0
<b>Other</b>	4.3	58.1	6.9	105.5	1.8	26.4	1.4	22.2
<b>GRAND TOTAL</b>	100.0	1 355.2	100.0	1 524.0	100.0	1 509.8	100.0	1 614.4
of which								
<b>EFTA countries</b>	45.5	616.8	46.6	710.3	46.0	695.0	47.8	772.2
<b>EEC countries</b>	24.1	326.9	25.5	343.4	25.9	390.9	27.7	446.8
<b>OECD countries</b>	78.9	1 069.9	77.8	1 184.9	77.8	1 175.0	83.5	1 349.4

# 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
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
1970	9 635	11 100	-1 465	+782	+142	+ 2	-539	-391	-18	-948

## Jan.-Mar

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	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177

## Apr.-June

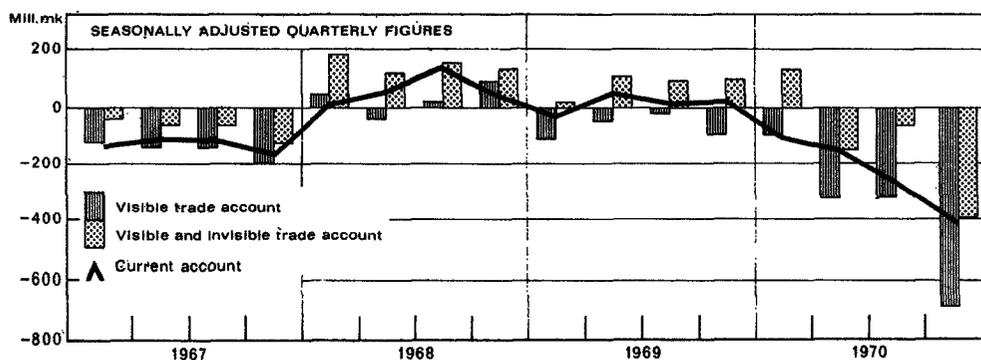
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237

## July-Sept.

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
1970	2 471	2 690	-219	+196	+109	- 4	+ 82	-110	- 1	- 29

## Oct.-Dec.

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
1970	2 661	3 380	-719	+279	+ 32	+ 9	-399	- 99	- 7	-505

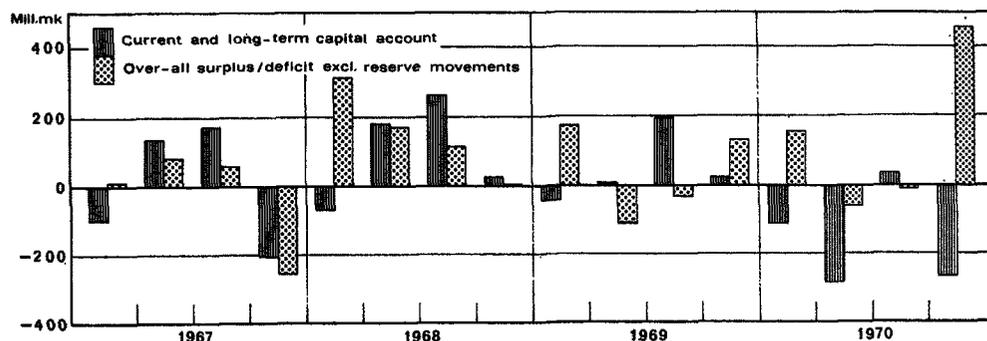


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+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
+1 479	-694	-253	-202	+330	-618	+756	+217	+190 <sup>2</sup>	+545	-563	+ 18
+ 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	- 9	+225	+ 48 <sup>2</sup>	+157	-240	+ 83
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-267	+535	- 58	+247	+457	-121	-336

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

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

<sup>2</sup> 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			
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
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
June	296	298	286	297	313	289	324	291	281	138	146	127
July	298	301	285	300	313	292	333	290	282	138	146	127
Aug.	298	302	285	300	314	292	332	291	283	138	146	127
Sept.	298	302	285	300	316	292	332	289	284	138	146	127
Oct.	299	301	290	300	331	289	331	287	287	138	146	127
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128
1971												
Jan.	305	307	297	305	345	295	341	290	294	141	148	130
Feb.	308	310	298	306	347	301	344	291	297	142	148	130
March	308	312	297	306	348	302	345	292	297	143	148	133

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 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
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
1970	223	175	115	116	115	109	115	121	115	113	113	115
1970												
June	222	174	114	116	114	109	116	119	113	113	113	115
July	223	175	115	117	114	109	116	118	113	113	113	115
Aug.	223	175	115	118	114	109	116	118	114	113	113	116
Sept.	224	176	115	118	114	110	115	121	114	112	113	116
Oct.	224	176	115	117	114	110	115	125	114	113	114	116
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118
1971												
Jan.	228	179	117	117	117	111	116	137	115	117	115	122
Feb.	229	180	118	118	117	111	117	138	116	119	115	123
March	231	181	119	119	117	111	118	140	116	120	115	123

# 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							
1968	151	142	136	147	141	149	139	142	140	141
1969*	164	154	143	156	151	158	150	150	150	150
1970*	186	169	170	162	159	165	163	155	169	163
1969*										
Jan.-Mar.	163	151	141	155	149	158	147	150	148	149
Apr.-June	160	153	144	156	151	158	151	150	150	150
July-Sept.	167	154	144	156	152	158	152	151	151	151
Oct.-Dec.	167	157	144	156	152	158	152	151	151	151
1970*										
Jan.-Mar.	178	166	167	162	159	165	160	155	165	160
Apr.-June	187	169	169	162	159	165	163	155	171	164
July-Sept.	187	171	171	162	159	165	164	155	171	164
Oct.-Dec.	193	171	172	162	159	165	164	155	170	163

# PRODUCTION

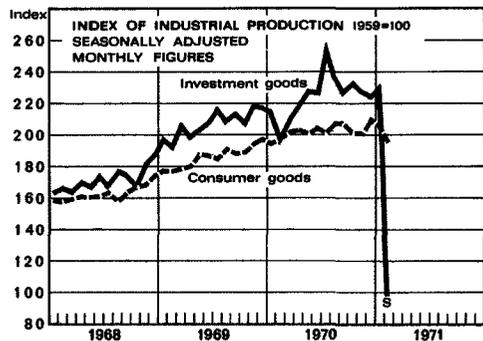
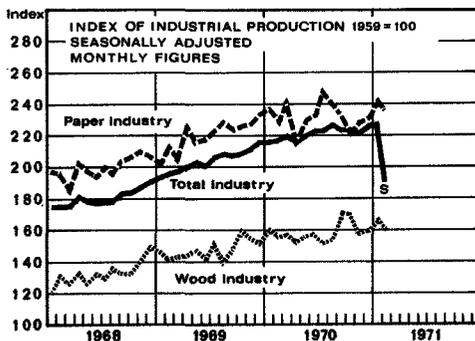
## Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1967	110	115	95	89	117	106	109	113	114	114	114
1968	113	121	97	93	109	108	114	111	118	119	119
1969	122	137	96	102	125	104	123	123	123	123	127
1970*	131	150	94	111	141	98	131	132	129	128	133
1970*											
Jan.-Mar.	126	149	63	155	93	99	120	121	127	127	132
Apr.-June	130	151	75	127	126	99	132	133	127	127	133
July-Sept.	132	139	170	56	176	99	138	132	129	128	133
Oct.-Dec.	135	160	66	107	172	94	135	145	132	130	136
1971*											
Jan.-Mar.	127	142	62	162	99	96	126	128	133	131	138

# 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	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	205	210	212	187	175	148	222	278	274	199	205
1970*	223	228	231	204	186	159	234	320	295	217	223
<b>1969</b>											
Nov.	220	232	230	194	203	146	235	304	284	218	212
Dec.	214	222	293	190	162	145	216	317	291	215	217
<b>1970*</b>											
Jan.	227	234	239	197	163	166	242	328	270	221	217
Feb.	217	219	227	194	155	159	226	336	269	212	218
March	222	228	230	201	162	164	238	305	287	219	220
April	239	256	240	231	195	191	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	217	220
June	215	224	216	211	195	147	209	308	306	213	224
July	174	133	192	147	189	133	247	270	288	127	224
Aug.	221	212	226	210	189	128	248	300	309	200	228
Sept.	233	245	238	217	184	162	243	309	318	232	225
Oct.	241	261	249	217	217	168	239	349	325	245	226
Nov.	237	254	247	209	208	156	239	342	305	238	223
Dec.	235	248	242	213	193	163	215	365	289	234	228
<b>1971*</b>											
Jan.	233	241	247	200	159	166	247	357	292	229	228
Feb.	191	105	203	189	158	164	232	320	284	105	191



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1967	2 205	2 142	63	2.9	30 240	..	..	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	117
1970*	2 195	2 154	41	1.9	39 267	114	130	..
1970*								
Jan.	2 133	2 074	59	2.8	3 873	94	103	116
Feb.	2 130	2 073	57	2.7	4 945	93	113	111
March	2 129	2 075	54	2.5	4 952	100	122	118
April	2 130	2 078	52	2.4	4 593	111	134	129
May	2 175	2 137	38	1.7	3 382	117	130	127
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	124	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	115	146	131
Oct.	2 171	2 142	29	1.3	2 659	121	142	135
Nov.	2 161	2 131	30	1.4	3 308	116	137	120
Dec.	2 156	2 118	38	1.8	4 719	157	156	..
1971*								
Jan.	2 111	2 061	50	2.4	4 212	..	..	..
Feb.	2 115	2 057	58	2.7	4 932	..	..	..

## 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											
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	32.03	12.85	3.15	10.95	3.32	36.40
1970*	41.42	17.96	3.72	15.56	23.6	37.99	16.12	4.22	12.47	3.31	35.98
1969											
July-Sept.	11.78	4.94	0.86	4.62	0.75	9.69	3.67	0.96	3.04	1.31	38.14
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	11.23	4.48	1.46	4.15	0.63	36.40
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.06	5.50	1.72	5.12	1.19	35.98

# 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 Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *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   S affected by strike

# 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 (1860): 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 (1969): 4.7 million. Sweden 8.0 million, Switzerland 6.2, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1969): In South Finland 26.3, in North Finland 4.2 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1969): 50 % of the population inhabit the rural areas, 50 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 534 000 inhabitants, Tampere (Tammerfors) 155 500, Turku (Åbo) 154 700.

EMPLOYMENT (1969): Agriculture and forestry 24 %, industry and construction 34 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1969): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1969): births 14.5 ‰, deaths 9.8 ‰, increase 1.8 ‰, net emigration 3.0 ‰. Deaths in France 11.7 ‰ and Great Britain 11.9 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7 %), forestry and fishing 2 683 (7 %), manufacturing 11 643 (30 %), construction 3 667 (10 %), transport and communication 3 719 (10 %), commerce, banking and insurance 4 733 (12 %), public administration 2 228 (6 %), ownership of dwellings 1 694 (4 %), services 5 328 (14 %), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1960—1969): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu.ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % 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 1970 calculated according to the use of wood was 51 million cu. m excl. bark (1 758 million cu. ft).

AGRICULTURE (1970): Cultivated land 2.7 million hectares. Number of holdings 297 300, of which 188 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 123 % in the crop year 1969/70.

INDUSTRY (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 223 for 1970 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 5 874 km.

MERCHANT FLEET (Apr. 30, 1971): Steamers 47 (49 777 gross reg. tons), motor vessels 380 (562 849 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 492 (1 319 031 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1970): Passenger cars 712 000, lorries and vans 102 900, buses 8 100 others 5 000. Total 828 000.

FINNISH AIRCRAFT (March 1971): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 3 DC-6s, 8 Super Caravelles, 3 DC-9s and 9 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 24 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, 1970). There are two big and five small commercial banks with in all 825 offices, 327 savings banks, 445 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtyone 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 ½ %, 12 month deposits 5 %, 24 month deposits 6 %; highest lending rate 10 %.

# THE FINNISH CO-OPERATIVE BANKS

by Matti Paavonsalo, Lic. Pol. Sc.

Central Union of the Co-operative Banks of Finland

and Lauri Jalli, M. Sc. (Econ.)

Central Bank of the Co-operative Banks of Finland Ltd.

## HISTORICAL BACKGROUND AND MAIN FEATURES

There were several social factors that assisted the establishment of the co-operative banking organization in Finland. The political confusion at the end of the 19th century and the beginning of the 20th had encouraged ideas of political independence from Russian rule in more enlightened circles. However, it is not likely that this dream of independence would ever have become reality had it not been possible to raise the standard of living of the poorest members of the community. Around the same time, Finland had changed over from a natural to a monetary economy. Small landowners in rural areas had little chance of getting loans. It was hoped that the co-operative credit societies — as the co-operative banks were known right up to 1970 — would be of special help in raising economic well-being. On the basis of German experience, Professor Hannes Gebhard started to implement a co-operative banking system in Finland. He had earlier studied the principles of Friedrich Wilhelm Raiffeisen, founder of the co-operative credit society movement among Germany's farmers.

First the Central Bank of the Co-operative Banks of Finland Ltd. (OKO) was founded in 1902, and then individual co-operative banks. In Finland events occurred in the opposite order to most other countries with similar co-operative banking systems. The first co-operative bank also opened for business in 1902. To begin with, lack of capital meant that operations were on quite a modest scale. Soon after Finland became independent in 1917 there were some changes in the operations of co-operative banks. In 1920 co-operative banking expanded sub-

stantially, as the co-operative banks were then authorized to accept deposits from people other than their own members. A large number of small individual co-operative banks were set up in the first few decades. In recent decades the aim has been to concentrate operations by amalgamating co-operative banks and setting up branches in business centres.

The co-operative banks are banking co-operatives. Their activities are regulated by both the Co-operative Society Act and a special Co-operative Bank Act. In structure, they are thus financial institutions owned by their members. The highest decision-making body is the Co-operative Society Meeting, at which the members take decisions on co-operative bank affairs, including the granting of freedom of responsibility for the accounts, etc. In some co-operative banks with a wide sphere of operations, the members' power of decision is wielded by a Board of Representatives elected by and from the members. The Co-operative Society Meeting or Board of Representatives elects the Board of Administration of the co-operative bank. The Board of Administration is a body supervising the administration to which certain decision-making powers laid down in greater detail in the bank's Regulations are also entrusted. The co-operative bank is represented and its operations directed by a Board of Directors elected by the Board of Administration, comprising 4—8 members and a Managing Director. This Board of Directors, which acts as the bank's management, is its executive body, and alone has the authority to represent the co-operative bank outside. The Board of Directors can delegate its power of decision to the staff of a branch office in matters concerning the internal operations of that branch, e.g. the granting of loans.

## THE STRUCTURE OF THE CO-OPERATIVE BANK ORGANIZATION

As well as OKO, which acts as the central financial institution of the co-operative banks, there were 548 independent co-operative banks in operation at the end of 1959. By 1969 their number had fallen to 464. On the other hand the number of branches had risen in the same period from 1 092 to 1 223. The fall in the number of independent co-operative banks is the result of amalgamations between banks. On the other hand, the number of operating centres rose by 131. The co-operative bank network covers the whole country.

The co-operative banks employed 4 811 people at the end of 1969 and of these 3 560 were women. In addition, 448 people were employed by the central organizations of the co-operative banks. Thus the total of people employed by the co-operative banks in Finland was 5 259 at that date.

## THE NATURE AND EXTENT OF CO-OPERATIVE BANKING

The co-operative banks provide a full banking service to meet the banking needs of their members and other customers. The main emphasis in co-operative banking has been on agriculture and related industries. Substantial funds have also been devoted to financing trade and other service and manufacturing industries and to meeting these groups' needs for banking services. Private individuals feature conspicuously in the co-operative banks' credit-granting.

The Finnish financial institutions acquire the bulk of their funds in the form of deposits by the public. In 1959 deposits by the public in the co-operative banks and their central bank, OKO, accounted for 17.1 per cent of the total. In 1969 the corresponding figure was 19.8 per cent. Measured as deposits, therefore, the

co-operative banking organization accounts for about a fifth of all banking activities in Finland.

## SOURCES OF FUNDS

Table 1 shows the development of liabilities of the co-operative banks in the 1960's.

**TABLE 1. BREAK-DOWN OF THE CO-OPERATIVE BANKS' TOTAL LIABILITIES**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Deposits made by the public	899.2	80.5	3 166.4	80.3
Liabilities to the Bank of Finland	—	—	—	—
Liabilities to other domestic banks (liabilities to OKO and loans from others)	189.9	17.0	646.4	16.4
Foreign liabilities	—	—	—	—
Domestic liabilities in foreign currency	—	—	—	—
Own funds (co-operative capital, reserve and other funds and profits)	22.5	2.0	48.0	1.2
Other liabilities (transferred items and other liabilities)	5.9	0.5	82.2	2.1
<b>Total</b>	<b>1 117.5</b>	<b>100.0</b>	<b>3 943.0</b>	<b>100.0</b>

The co-operative banks' balance sheets do not show liabilities to the Bank of Finland, as the Central Bank is the only one to have a debit-credit relationship with the Bank of Finland. The Central Bank of the Co-operative Banks of Finland Ltd. acts as the balancing factor in the co-operative banks' liquidity requirements and if necessary applies to the Bank of Finland. The »liabilities to other domestic banks» in Table 1 comprises almost entirely the co-operative banks' debt to OKO. A large proportion of this debt comprises State loans made through the co-operative banks. As all operations connected

with foreign business pass through OKO, the co-operative banks do not show any foreign liability or asset items.

**TABLE 2. DEPOSITS MADE BY THE PUBLIC, ACCORDING TO TYPE OF DEPOSIT**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Demand deposits				
(chèque accounts)	38.7	4.3	144.8	4.6
Term deposits				
(6 month deposits)	739.7	82.3	2 055.9	64.9
Fixed period deposits	120.8	13.4	965.7	30.5
Total	899.2	100.0	3 166.4	100.0

The proportion of fixed period deposits has risen in the co-operative banks during the period examined. At the moment most of these fixed period deposits are 12 and 24 month deposits. There is no precise information available on the distribution of depositors among the various population groups, however.

#### ALLOCATION OF FUNDS

In the ten year period under examination, the balance sheet total of the co-operative banks rose roughly 3.5 fold. It must be noted, when studying the allocation of funds, that the Central Bank plays an important role in fund investment by the co-operative banks. Reference can be made here to the debit-credit relationship between the co-operative banks and OKO and the handling of foreign business through OKO mentioned in the account of the co-operative banks' sources of funds.

Loans to the public account for the bulk of co-operative bank fund allocation. In 1959 such loans accounted for 80.6 per cent, this figure including loans granted from State funds.

Shares and bonds accounted for the same proportion of the co-operative banks' balance sheet total in 1969 as a decade before. These forms of investment play only a minor role in Finnish banking because of the undeveloped character of the money market here.

**TABLE 3. BREAK-DOWN OF THE CO-OPERATIVE BANKS' TOTAL ASSETS**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Loans to the public	900.0	80.6	2 922.1	74.1
Shares and bonds	65.1	5.8	232.1	5.9
Cash	18.3	1.6	50.4	1.3
Foreign assets	—	—	—	—
Domestic assets in foreign currency	—	—	—	—
Investments in OKO and deposits with other banks	82.5	7.4	475.5	12.1
Claims on the State	—	—	—	—
Real estate	39.2	3.5	199.3	5.0
Transferred items, movable assets, other funds, losses	12.4	1.1	63.6	1.6
Total	1 117.5	100.0	3 943.0	100.0

When the new legislation on co-operative banks came into force at the beginning of 1970, it laid down that the co-operative banks were to maintain a cash reserve of 20 per cent of sight liabilities and 10 per cent of the bank's other liabilities to ensure liquidity. Deposits in OKO have come to be the main way of investing these funds. Deposits by the co-operative banks in their Central Bank have risen relatively during the period under examination. On the other hand, the cash figure has continued to be rather low.

#### DISTRIBUTION OF CREDIT BY INDUSTRY

Quite a considerable proportion of the co-operative banks' credit-granting in both 1959 and 1969 has gone to finance agriculture, forestry, and fishing. The character of co-operative bank credit-granting has also changed with the changing industry structure. The proportion of the industries mentioned has thus fallen somewhat. As a considerable proportion of personal and miscellaneous loans are loans for real estate and housing shares, the amount of credit granted for housing has meanwhile risen appreciably. The third main group receiving credit from the co-operative banks comprises the service industries, which have accounted for about a fifth of all credit granted.

**TABLE 4. CREDITS GRANTED TO THE PUBLIC,  
BY INDUSTRY**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Agriculture, forestry and fishing	394.1	43.8	1 198.1	41.0
Manufacturing, mining and quarrying	100.2	11.2	191.1	6.5
Power and electricity	7.2	0.8	17.8	0.6
Construction and real estate	61.3	6.8	247.1	8.5
Trade, communications and other service industries	134.7	15.0	397.3	13.6
Municipalities and parishes	49.7	5.5	129.1	4.4
Personal and mis- cellaneous credits	152.1	16.9	741.9	25.4
<b>Total</b>	<b>899.3</b>	<b>100.0</b>	<b>2 922.4</b>	<b>100.0</b>

When examining the distribution of credit-granting it should be noted that the above table also includes credits granted from State funds. As the bulk of these credits go to agriculture, the inclusion of such loans means that credits granted to agriculture, forestry and fishing account for a larger share of total credit-granting than would be the case without them.

#### DISTRIBUTION OF CREDIT BY TYPE

The distribution of credit by type changed somewhat in this ten year period.

**TABLE 5. CREDITS GRANTED TO THE PUBLIC  
BY TYPE OF CREDIT**

	Dec. 31, 1959		Dec. 31, 1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Bills of exchange	43.4	4.8	321.8	11.0
Loans (granted against promissory notes)	826.9	91.9	2 539.2	86.9
Overdrafts (cheque accounts)	29.7	3.3	61.2	2.1
<b>Total</b>	<b>900.0</b>	<b>100.0</b>	<b>2922.2</b>	<b>100.0</b>

Table 5 shows that the percentage of bills of exchange more than doubled at the expense of loans. These figures can be misleading, however, as formally short-term loans are often quite long-term, as such loans are frequently renewed. As the table shows, co-operative bank credit-granting predominantly is relatively long-term.

#### REVENUE AND EXPENDITURE STRUCTURE

**TABLE 6. DISTRIBUTION OF THE  
CO-OPERATIVE BANKS' REVENUE AND  
EXPENDITURE**

	1959		1969	
	Mill. mk	Per cent	Mill. mk	Per cent
<b>Revenue</b>				
Interest income and commission on lending	57.3	85.9	201.7	75.7
Interest income and commission on other investment	7.2	10.8	34.7	13.0
Profit on foreign ex- change	—	—	0.4	0.1
Other revenue	2.2	3.3	29.8	11.2
<b>Total</b>	<b>66.7</b>	<b>100.0</b>	<b>266.6</b>	<b>100.0</b>
<b>Expenditure</b>				
Interest expenses	42.9	64.3	151.4	56.8
Salaries	9.8	14.7	54.7	20.5
Taxes	0.9	1.4	2.9	1.1
Depreciation	1.8	2.7	13.8	5.2
Other expenditure	9.1	13.6	41.7	15.6
Profit for the year	2.2	3.3	2.1	0.8
<b>Total</b>	<b>66.7</b>	<b>100.0</b>	<b>266.6</b>	<b>100.0</b>

The bulk of revenue consists of interest and commission. However, the proportion of interest revenue fell quite a lot during the period under examination, while other revenue rose. »Other revenue« consists mainly of charges made for various services. In spite of the rise in service revenue, interest revenue from credit-granting is still by far the most important source

of co-operative bank income. On the expenditure side, interest expenses and salaries are the biggest items. This is, of course, natural enough considering that the main emphasis in co-operative bank operations is on the acquisition of capital through deposits and the investment of these funds. The number of other functions has grown, it is true, as the change in the distribution of revenue partly shows.

Table 7 shows the changes in interest rates over the last decade.

**TABLE 7. AVERAGE LENDING AND DEPOSIT RATES OF INTEREST AND THE DIFFERENCE BETWEEN THEM**

	Dec. 31, 1959	Dec. 31, 1969
	Per cent	
Average lending rate of interest	7.05	8.19
Average interest rate on deposits	4.31	4.31
Interest margin	2.74	3.88

The average lending rate of interest has been calculated from promissory note loans, bills of exchange and utilized overdrafts. The average interest rate on deposits is the weighted average interest paid on deposits by the public. Both interest rates have been calculated using the end of the year figures.

## CO-OPERATION BETWEEN FINNISH CO-OPERATIVE BANKS

OKO is a commercial bank as mentioned in the Co-operative Bank Act, operating as the central bank of the co-operative banks. In consequence of its status as a central bank, certain relationships between the co-operative banks and OKO have been given a special legal status. For instance, the liabilities of the co-operative banks to OKO are not taken into account when calculating the co-operative banks' cash reserve requirement and the countersecurities given by

the co-operative banks to OKO are not included when defining the upper limit of the co-operative banks' right to give guarantees.

OKO has the following duties:

It acts as an accumulator and investor of co-operative bank reserve fund, and thus ensures the liquidity of the whole system. OKO also handles financial relations with the Bank of Finland.

It controls the organization's internal payments clearing system and represents the organization in clearing between the various banking groups.

It acts as agent for the organization's foreign financing and payment transactions.

OKO also has several other functions aimed at developing the organization, increasing revenues, minimizing costs and spreading costs equally within the organization. These functions include handling the organization's purchasing of materials, supplying ADP services, providing legal and other advice, and participating in the costs of OKL (Central Union of the Co-operative Banks of Finland).

OKL is the ideological central organization of the co-operative banks, the purpose of which is to promote co-operative banking. All Finnish co-operative banks and OKO are members of OKL. OKL's duties include the inspection of co-operative banks, arranging for research connected with their operational planning, consultation, training and generally promoting the banks interests. OKL also carries out investigations of customers' credit-rating and supplies credit information to the co-operative banks. Further, its duties include joint advertising, co-operative bank publications and compilation of statistics. OKL also supervises and directs the activities of the provincial co-operative banks leagues.

## CO-OPERATIVE BANK INSPECTION

There are stipulations about co-operative bank inspection in the Co-operative Bank Act that came into force on January 1, 1970 and in the statute of July 15, 1970 on co-operative bank inspection.

Under the present regulations, the central organization of the co-operative banks, i.e. the Central Union of the Co-operative Banks, is responsible for arranging proper inspection of the co-operative banks' activities. The work of this inspection body is directed and supervised by the Bank Inspectorate.

**The Bank's new director.** The Bank Supervisors of the Diet decided on April 20, 1971 to create a fourth permanent post of Director at the Bank of Finland as from May 1, 1971. Simultaneously they appointed Mr. Pertti Tammivuori, LL. M. to this post from the same date. Mr. Tammivuori has served as administrative secretary of the Bank since 1948, secretary to the Bank Supervisors since 1956 and several times as ad int. member of the Board of Management of the Bank, lately from November 17, 1970 to March 31, 1971 in this case by decision of the Bank Supervisors.

**Imatran Voima Osakeyhtiö** (generation, transmission and distribution of electric energy) has been granted a DM 60 million loan by a banking consortium headed by Westdeutsche Landesbank Girozentrale. The loan period is 15 years starting April 1, 1971 and the rate of interest 8 per cent. The price of issue is 97 ½ per cent. The bonds are quoted on the Stock Exchange of Düsseldorf.

The proceeds of the loan will be used for financing the construction of power plants, transmission lines and transformer stations.

**Domestic bond issues.** The Government has announced the following two bond issues for public subscription.

The 1971 II issue of 8 per cent bonds of 20 million marks. The bonds are dated May 3 and will run for a period of ten years. These bonds are tax-exempt for persons and the undistributed estates of deceased persons over the years 1971—1981.

The 1971 II issue of 7 ½ per cent bonds amounting to 80 million marks. The currency period is four years starting from May 3. These bonds are also tax-free over the years 1971—1975.

Both loans are issued at par.

Rauma-Repola Oy (wood manufacturing industry, engineering works, shipyards) has been authorized to make an issue of 10 million marks. The bonds will mature in 10 ½ years and the rate of interest is 8 ¼ per cent. The loan is priced at par.



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# BANK OF FINLAND

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## Board of management

Mauno Koivisto

*Governor*

A. Simonen

Ahti Karjalainen

*Absent as Prime Minister*

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

*ad int.*

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## Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

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## Senior officials

P.-E. Österlund

*Invisible transactions and  
capital transfers*

A. Kajantie

*Organization*

Helge Lindström

*Credits*

A. Nenonen

*Foreign correspondence*

K. Eirola

*Automatic Data Processing*

K. Ignatius

*Personnel*

Eino Suomela

*Internal Audit*

Stig Törnroth

*Cash*

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## Institute for economic research

Pertti Kukkonen

*Director*

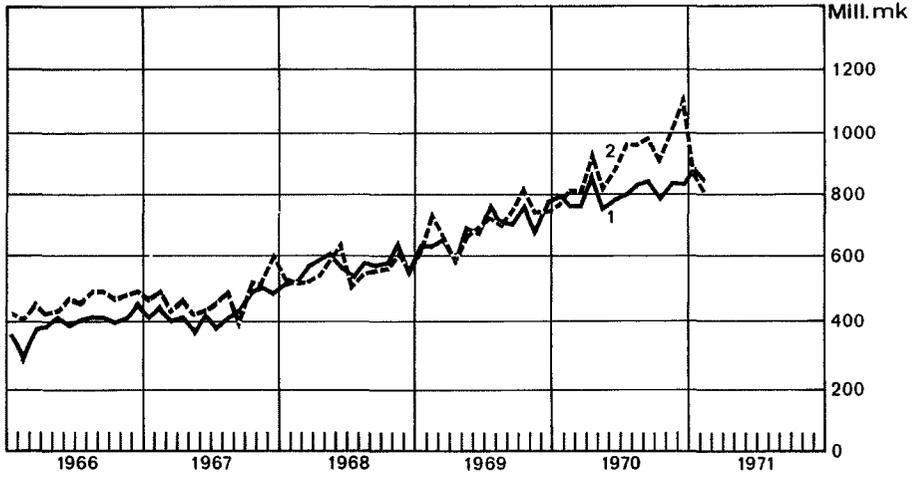
Markku Puntila

*Head of department*

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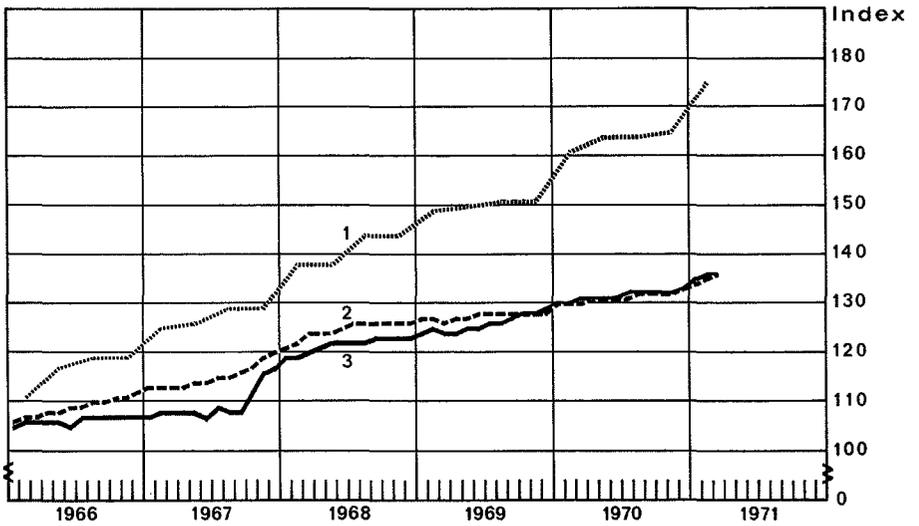
Foreign trade, 1966 - 1971

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



Prices and wages, 1966 - 1971

- 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, 1966 - 1971

- 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

