



# BANK OF FINLAND

*Monthly Bulletin*

**Employment situation**

**The Finnish economy in 1970**

Reconstructed Cabinet

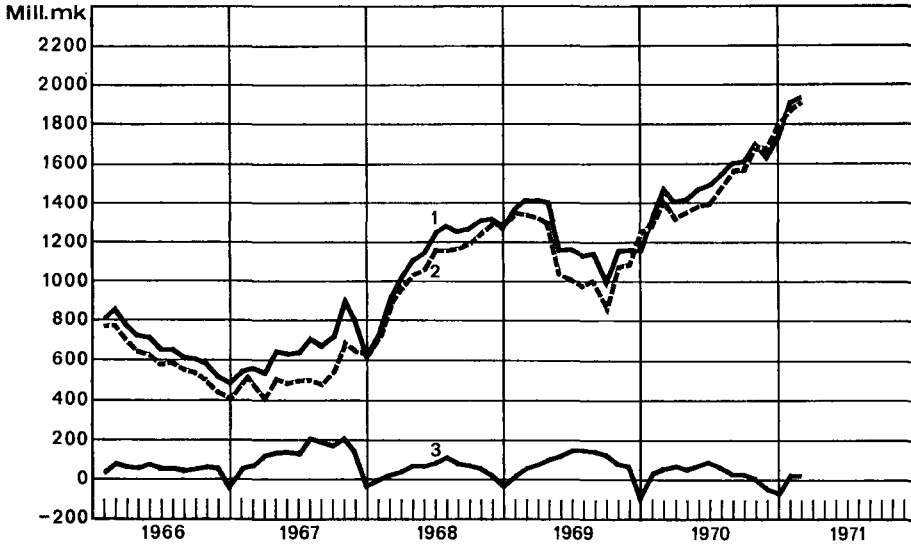
Supplementary budget

Domestic bond issues

**APRIL 1971**

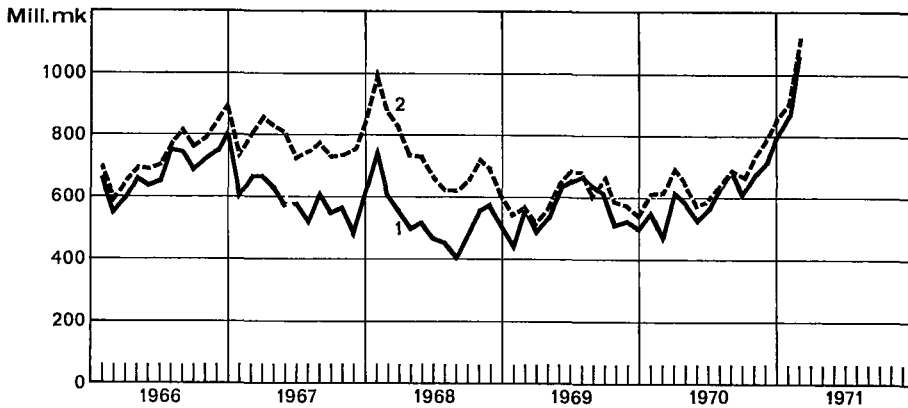
**Vol. 45 No. 4**

Bank of Finland foreign exchange reserve, 1966-1971



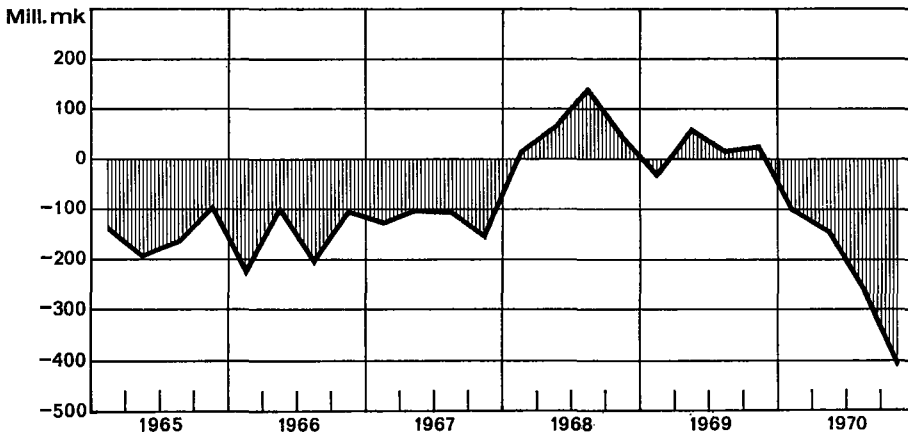
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

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

# EMPLOYMENT SITUATION

The acceleration of the rate of structural change in the Finnish economy in the 1960's has aggravated problems in the labour market. Agricultural output has been slightly reduced by attempts to reduce excess production in the last few years. Due to this and to the rapid increase in productivity the labour engaged in agriculture has been declining fast. Forestry has been rationalized and this has curtailed the demand for temporary labour in winter. The annual decrease in the labour employed in primary production has been 3—4 per cent. There is increasing demand for skilled labour in industry and the services sector and this is concentrated in population centres in the southern part of Finland. The workers released from agriculture and forestry in the North and East are usually unskilled and they have been facing increasing difficulties in finding new jobs.

Up to the end of the 1960's the manpower policy concentrated on the regulation of demand for labour; public works were increased in unemployment areas particularly in the winter months. Temporary public work schemes that last only until each investment project is completed, however, do not provide permanent jobs and might even hamper the development of the industrial and employment structure of these regions.

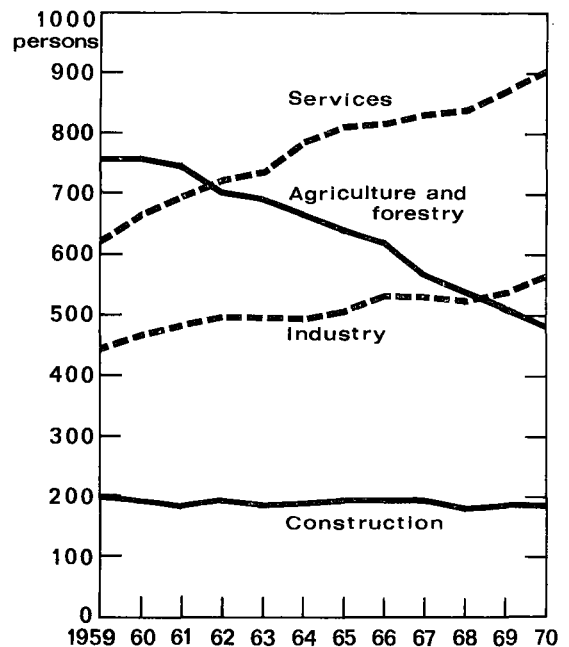
The structural problems of the labour market in the 1960's necessitated a re-assessment of the objectives of the manpower policy. During this decade some changes in the administration of the manpower policy were made. In 1970 the Ministry of Labour was established (See Bulletin 4/1970). A report on the general ends and means of the manpower policy prepared by the Economic Council was published at the beginning of 1971.

It is the aim of the manpower policy of the 1970's to help the supply of labour adjust to

the prevailing employment situation instead of manipulating mainly the demand for labour. This is especially necessary as the labour surplus of the 1960's is expected to become a shortage in the 1970's, primarily because of the decline in both the rate of population growth and in the share of the working population in total population. At the same time the regional and other structural problems of the labour market are expected to become more severe.

The supply of skilled labour may be influenced by increasing the number of those undergoing vocational training and retraining. The structure of the supply can be changed by increasing the mobility of labour. In addition, regional mobility can be promoted by migration subsidies and housing policy measures, e.g. by arranging temporary accommodation for newcomers and by increasing the construction of houses to rent.

EMPLOYMENT FROM 1959 TO 1970



A successful adjustment of the supply of labour to demand conditions and the curtailment of structural problems in the labour market in the 1970's require far-reaching co-ordination of manpower, economic, education, housing and regional policies.

The demand for labour may continually be influenced by the timing of public works and their regional distribution. These measures can be intensified by special employment programmes, which the relevant government bodies should prepare in addition to normal employment programmes. These schemes would be implemented if the unemployment rate temporarily exceeds the tolerable limit.

In practice this manpower policy is only in its first stage now. A short term goal is to offer vocational training courses to 22 000 persons annually or 1 per cent of the total labour force. Last year 11 000 persons were trained and this year the corresponding figure is expected to be 16 000. The co-ordination of the labour and housing policies which was begun to promote residential building, also provides an impetus to the mobility of labour.

The economic boom of 1969—1970 exposed the structural deficiencies of the labour market and showed the need for an active manpower policy. Economic activity was still very low in 1968 and the average unemployment rate was as high as 4 per cent. The growth of production accelerated in 1969 and the unemployment rate dropped to 2.8 per cent. The same trend continued in 1970; the seasonally adjusted unemployment rate of the fourth quarter of that year, 1.6 per cent, will remain the lowest of recent years.

The rate at which the structure of the demand for labour changed accelerated during the last upswing. Since the end of 1969 excess demand for labour began to appear in southern parts of the country, especially in the metal, textile and clothing industries and construction. At the same time high unemployment prevailed in the

northern and eastern parts of the country. In spite of record-level emigration to Sweden the unemployment figures of these parts of the country display a great degree of structural unemployment.

In the early part of 1970 the shortage of labour, which had been felt in some sectors and districts, still increased. This was particularly the case with regard to skilled labour. The following table shows the changes in unemployment over the period 1963—1970.

#### UNEMPLOYMENT RATE IN FINLAND 1963—1970<sup>1</sup>

Region	1963	1964	1965	1966	1967	1968	1969	1970
Southern								
Finland <sup>2</sup>	1.1	1.1	1.1	1.2	2.1	2.9	1.9	1.3
Western								
Finland <sup>3</sup>	1.6	1.6	1.5	1.5	2.8	3.9	2.7	1.6
Eastern								
Finland <sup>4</sup>	1.5	1.7	1.5	1.9	3.6	5.3	3.8	3.0
Northern								
Finland <sup>5</sup>	2.3	2.5	2.3	2.7	5.2	7.5	5.6	3.9
The whole of the country	1.5	1.5	1.4	1.6	2.9	4.0	2.8	1.9

<sup>1</sup> According to the labour force sample survey, per cent of total force. <sup>2-5</sup> Respectively the employment districts of Helsinki, Turku and Kouvola; Tampere, Vaasa and Jyväskylä; Kuopio and Joensuu; Kajaani, Oulu and Rovaniemi.

Since the beginning of 1971 the excess demand for labour has been disappearing and unemployment has been increasing. The main causes are a decline in the growth rate of production and a sharp reduction in emigration. The employment situation in Sweden has been deteriorating since mid-1970 and therefore net emigration from Finland is expected to decline to 15 000 persons from 40 000 in 1970. In the last quarter of 1971 the seasonally adjusted unemployment rate is estimated to exceed 2.5 per cent.

March 30, 1971.

## BANK OF FINLAND

Mill. mk

	1970		1971			
	March 31	Dec. 31	March 8	March 15	March 23	March 31
<b>Assets</b>						
Gold and other foreign assets	1 641	1 965	2 186	2 187	2 267	2 261
Gold	190	121	121	121	121	121
Special drawing rights	93	98	183	183	183	183
IMF gold tranche	173	281	280	280	280	280
Foreign exchange	1 013	1 344	1 483	1 483	1 562	1 553
Foreign bills	111	85	82	83	84	87
Foreign bonds	61	36	37	37	37	37
Claims on domestic banks	687	839	789	788	864	792
Discounted bills	585	827	770	778	859	785
Rediscounted bills	4	9	5	1	2	1
Cheque accounts	98	3	14	9	3	6
Other lending	298	283	231	231	233	229
Inland bills discounted						
In foreign currency	7	—	—	—	—	—
In Finnish marks	168	137	100	96	98	95
Loans	123	146	131	135	135	134
Other assets	724	689	682	679	654	656
Finnish bonds	301	64	56	78	52	54
Finnish coin	10	8	15	15	15	15
Currency subscription to Finland's quota in the IMF	352	518	518	518	518	518
Other claims	61	99	93	68	69	69
<b>Total</b>	<b>3 350</b>	<b>3 776</b>	<b>3 888</b>	<b>3 885</b>	<b>4 018</b>	<b>3 938</b>
<b>Liabilities</b>						
Notes in circulation	1 189	1 344	1 210	1 206	1 192	1 204
Liabilities payable on demand	124	126	100	99	239	133
Foreign exchange accounts	39	94	70	70	77	76
Mark accounts of holders abroad	15	12	10	11	10	10
Cheque accounts						
Treasury	12	2	4	3	91	14
Post Office Bank	46	4	1	1	47	18
Private banks	—	1	—	—	—	—
Other	1	3	3	1	3	4
Other sight liabilities	11	10	12	13	11	11
Term liabilities	666	633	820	821	826	832
Foreign	8	—	—	—	—	—
Domestic	658	633	820	821	826	832
IMF mark accounts	352	518	518	518	518	518
Allocations of special drawing rights	88	88	173	173	173	173
Equalization accounts	389	404	392	391	392	399
Bank's own funds	542	663	675	677	678	679
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)	14	63	11	13	14	15
<b>Total</b>	<b>3 350</b>	<b>3 776</b>	<b>3 888</b>	<b>3 885</b>	<b>4 018</b>	<b>3 938</b>

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
1970									
Feb.	1 542	54	1 488	516	360	1 644	—185	18	—203
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
1971									
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

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Feb. 28, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Feb.	Jan.—Feb.
	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	1 333	12	1 345	+93	+146
Other currencies	—63	—8	—71	31	—2	29	+ 1	+100
Total	1 738	—111	1 627	1 948	10	1 958	+94	+331

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											
Feb.	468	9	63	64	83	393	179	197	165	211	1 209
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

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

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

March 31, 1971

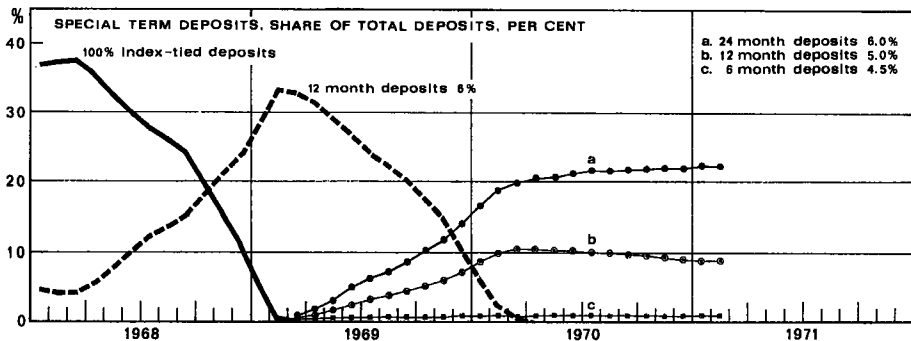
New York	1 \$	4.176	Frankfurt o. M.	100 DM	115.04	Vienna	100 S	16.17
Montreal	1 \$	4.148	Amsterdam	100 Fl	116.17	Lisbon	100 Esc	14.69
London	1 £	10.100	Brussels	100 Fr	8.410	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.90	Zurich	100 Fr	97.24	Madrid	100 Pta	6.03
Oslo	100 Kr	58.55	Paris	100 FF	75.70	Moscow <sup>1</sup>	1 Rbl	4.6799
Copenhagen	100 Kr	55.82	Rome	100 Lit	0.6715	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	3 968.4	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*										
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
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

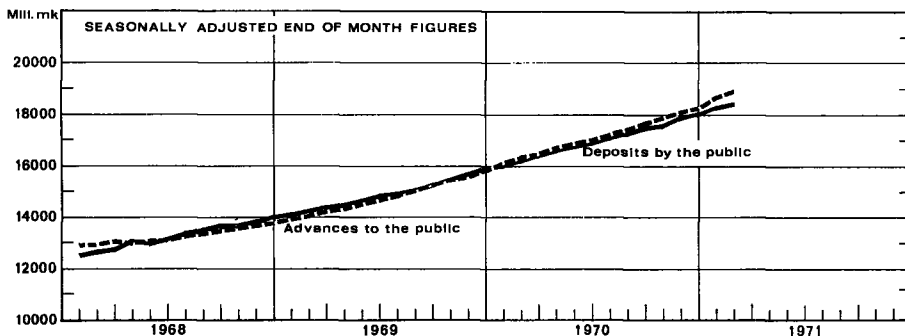




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

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*									
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.5
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



## STATE FINANCES

Mill. mk

Revenue	Jan.—Dec.	
	1969	1970
Income and property tax (net)	2 213	2 587
Gross receipts	(6 251)	(7 356)
Refunds & local authorities	(—4 038)	(—4 769)
Other taxes on income and property	59	65
Employers' child allowance payments	607	666
Sales tax	2 410	2 821
Revenue from Alcohol Monopoly	544	681
Customs duties & import charges	415	459
Export levy	128	—
Excise duty on tobacco	457	457
»  »  on liquid fuel	562	621
Other excise duties	253	290
Tax on autom. and motor cycles	295	321
Stamp duties	200	229
Special diesel etc. vehicles tax	62	65
Other taxes and similar revenue	94	148
<b>Total taxes</b>	<b>8 299</b>	<b>9 410</b>
Miscellaneous revenue	509	539
Interest, dividends etc.	177	197
Sales and depreciation of property	81	85
Redemptions of loans granted	203	206
<b>Total revenue</b>	<b>9 269</b>	<b>10 437</b>
Foreign borrowing	212	86
Domestic borrowing	721	661
<b>Total borrowing</b>	<b>933</b>	<b>747</b>
<b>Deficit (+) or surplus (—)</b>	<b>—123</b>	<b>—485</b>
<b>Total</b>	<b>10 079</b>	<b>10 699</b>

Expenditure	Jan.—Dec.	
	1969	1970
Wages, salaries, pensions etc.	1 650	1 808
Repair and maintenance	263	285
Other consumption expenditure	691	794
<b>Total consumption expenditure</b>	<b>2 604</b>	<b>2 887</b>
State aid to local authorities	1 337	1 503
State aid to industries	1 102	1 350
of which: agric. price subsidies	(807)	(965)
Child allowances	314	314
Share in national pensions and health insurance	411	417
Other transfer expenditure	1 057	1 052
<b>Total transfer expenditure</b>	<b>4 221</b>	<b>4 636</b>
Machinery and equipment	273	324
House construction	283	275
Land and waterway construction	752	659
<b>Total real investment</b>	<b>1 308</b>	<b>1 258</b>
Interest on State debt	258	259
Index compensations	36	28
Net deficit of State enterprises	72	14
Other expenditure	5	8
<b>Total other expenditure</b>	<b>371</b>	<b>309</b>
Increase in inventories	— 9	+24
Lending	686	668
Other financial investment	163	238
<b>Total expenditure</b>	<b>9 344</b>	<b>10 020</b>
Redemption of foreign loans	156	138
Redemption of domestic loans	579	541
<b>Total redemptions</b>	<b>735</b>	<b>679</b>
<b>Total</b>	<b>10 079</b>	<b>10 699</b>

State debt	1967	1968	1969	1970		1971	
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.
<b>Foreign debt</b>	1 844	2 074	1 656	1 490	1 557	1 551	1 543
Loans	2 013	2 160	2 316	2 314	2 437	2 439	2 445
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	—568	—284	..	..
<b>Domestic debt</b>	<b>2 173</b>	<b>2 229</b>	<b>2 261</b>	<b>1 795</b>	<b>2 202</b>	<b>..</b>	<b>..</b>
<b>Total State debt</b>	<b>4 017</b>	<b>4 303</b>	<b>3 917</b>	<b>3 285</b>	<b>3 759</b>	<b>..</b>	<b>..</b>
Total debt, mill. \$	955	1 028	933	786	900	..	..

# FOREIGN TRADE

Mill. mk

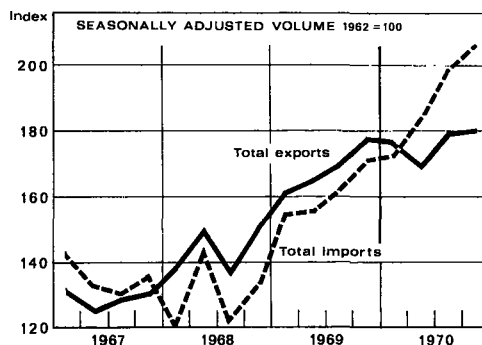
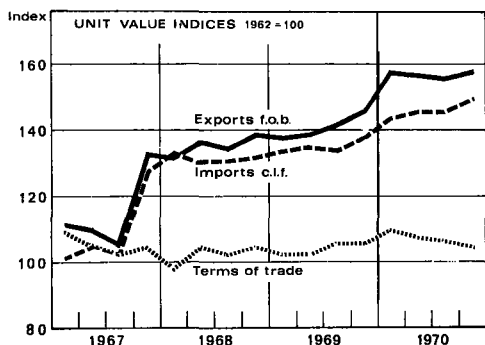
## Value mill. mk

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
<b>1969</b>			
Nov.	714.4	747.3	- 32.9
Dec.	845.9	922.4	- 76.5
<b>1970*</b>			
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	792.9	- 61.7
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
<b>1971*</b>			
Jan.	867.9	869.4	- 1.5

## 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
<b>1968</b>					
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
<b>1969</b>					
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
<b>1970<sup>1</sup></b>					
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.			
	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
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

## 1969

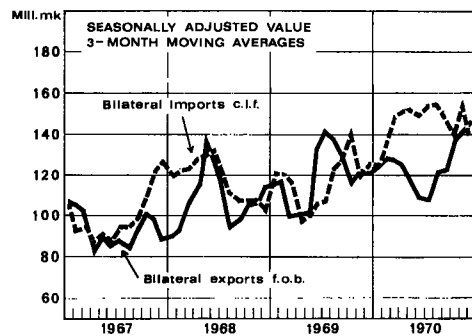
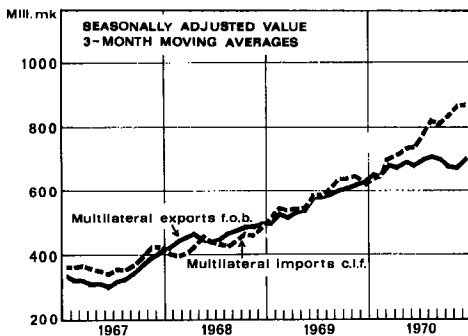
Nov.	26.2	8.5	130.6	291.7	144.2	113.2	337.1	99.4	146.0	164.8
Dec.	58.8	5.3	121.4	301.8	256.8	101.8	434.0	71.9	234.9	181.6

## 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	332.8	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	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	359.6	96.5	258.7	154.6
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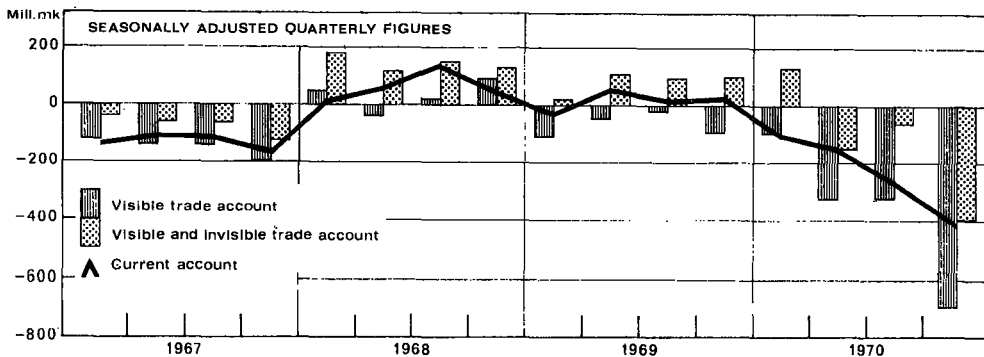
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January				January			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	74.6	566.0	72.5	629.2	69.6	534.5	77.2	671.2
Austria	0.8	6.0	0.9	7.4	1.0	8.0	2.1	17.9
Belgium-Luxembourg	2.3	17.3	1.8	15.7	2.1	15.9	2.1	18.1
Denmark	3.9	29.9	3.4	29.8	3.3	25.6	3.3	28.3
France	5.0	37.8	3.9	33.7	3.8	29.5	3.8	33.1
Federal Republic of Germany	12.0	91.0	10.4	90.2	13.3	102.0	16.4	142.8
Italy	2.9	22.3	3.0	26.2	1.4	11.2	1.7	15.0
Netherlands	4.4	33.2	4.8	41.9	3.5	26.7	3.5	30.2
Norway	5.1	38.6	5.7	49.7	2.3	17.5	2.9	25.5
Portugal	0.3	2.4	0.3	2.2	0.6	4.4	0.8	6.7
Spain	1.4	10.5	0.8	6.7	0.4	3.0	0.8	6.7
Sweden	14.7	111.4	16.1	140.1	16.8	128.8	19.5	169.8
Switzerland	2.3	17.2	2.5	22.0	2.9	22.5	3.9	34.3
United Kingdom	17.7	134.7	17.0	147.4	17.6	134.9	16.2	141.3
Other	1.8	13.7	1.9	16.2	0.6	4.5	0.2	1.5
<b>OECD countries outside Europe</b>	5.8	43.7	6.8	58.8	5.2	39.9	7.2	62.2
Canada	0.8	6.0	1.2	10.6	0.8	6.4	0.3	2.5
Japan	0.2	1.5	0.1	0.7	1.6	12.0	1.7	14.6
United States	4.8	36.2	5.5	47.5	2.8	21.5	5.2	45.1
<b>Eastern Bloc</b>	13.1	99.7	10.7	92.9	20.7	158.8	14.2	123.6
Czechoslovakia	0.4	2.8	0.4	3.2	0.3	2.0	0.4	3.1
Democratic Republic of Germany	0.5	3.7	0.8	6.9	0.5	4.0	0.6	5.2
People's Republic of China	1.8	13.9	0.2	2.2	0.1	1.1	0.7	5.9
Poland	1.3	9.7	1.4	12.4	1.1	8.3	1.4	12.1
Soviet Union	8.3	63.4	7.1	61.4	17.8	136.8	10.8	93.6
Other	0.8	6.2	0.8	6.8	0.9	6.6	0.3	3.7
<b>Latin America</b>	2.5	18.7	3.3	28.3	2.5	19.6	0.2	1.4
Argentina	0.8	6.0	1.5	13.0	0.1	0.5	0.1	0.5
Brazil	0.7	5.3	0.4	3.3	0.8	6.2	0.0	0.1
Colombia	0.3	1.9	0.3	2.6	0.8	6.4	0.0	0.0
Other	0.7	5.5	1.1	9.4	0.8	6.5	0.1	0.8
<b>Other</b>	4.0	30.1	6.7	58.7	2.0	15.3	1.2	11.0
<b>GRAND TOTAL</b>	100.0	758.2	100.0	867.9	100.0	768.1	100.0	869.4
of which								
<b>EFTA countries</b>	44.9	340.2	46.0	399.5	44.5	341.8	48.9	424.8
<b>EEC countries</b>	26.6	201.5	23.9	207.7	24.1	185.3	27.5	239.2
<b>OECD countries</b>	80.4	609.7	79.3	688.0	74.8	574.4	84.4	733.4

# 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

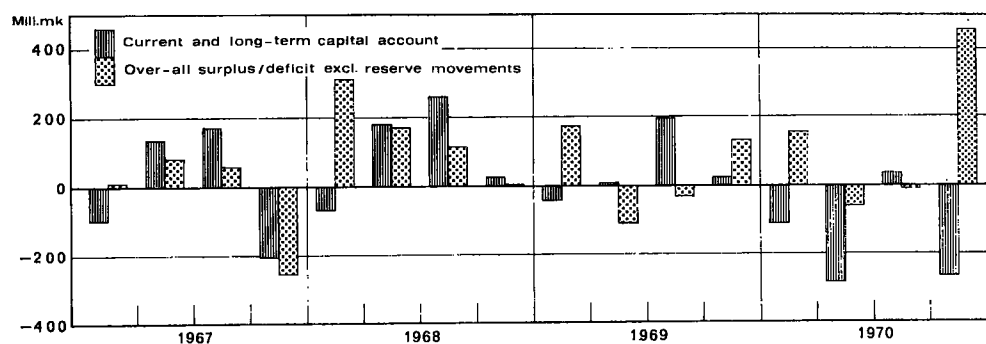


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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												
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
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

Period	Consumer prices 1967 = 100											
	Cost of living Oct. 1961 = 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
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	113	113	113	115
1970												
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
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



## 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

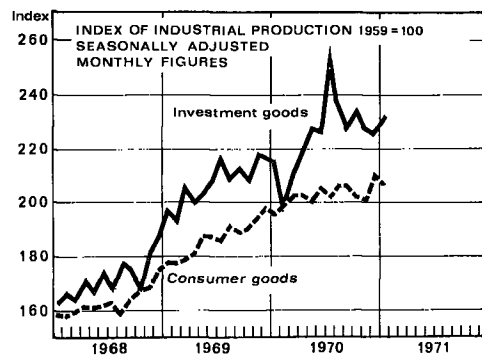
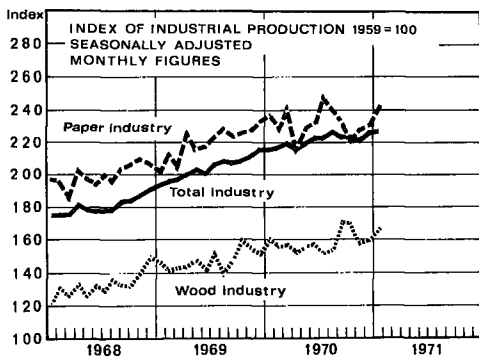
Volume indices of production 1964=100

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	136	98	102	124	104	124	123	123	123	126
1970	130	150	95	111	134	97	132	133	129	128	132
1969											
July-Sept.	124	127	173	46	157	103	129	121	124	123	126
Oct.-Dec.	126	147	67	101	150	98	129	134	125	125	128
1970*											
Jan.-Mar.	126	149	65	155	93	99	121	121	127	127	131
Apr.-June	130	151	76	127	125	99	133	132	127	127	132
July-Sept.	132	139	169	56	164	98	136	132	129	128	132
Oct.-Dec.	134	160	69	105	155	94	136	145	132	130	135

# 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>											
Oct.	232	242	239	211	211	165	245	288	305	229	201
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



## 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	..
1969								
Nov.	2 164	2 120	44	2.0	2 970	108	121	117
Dec.	2 164	2 113	51	2.4	4 332	149	138	121
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	..

## 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

# 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 (1969): 4.7 million. Sweden 8.0, 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 (1969, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 773 (8 %), forestry and fishing 2 255 (7 %), manufacturing 11 026 (32 %), construction 3 147 (9 %), transport and communication 2 471 (7 %), commerce, banking and insurance 4 228 (12 %), public administration 1 550 (5 %), ownership of dwellings 2 081 (6 %), services 4 781 (14 %), total 34 312. Index of real domestic product 129 (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 (1969): Cultivated land 2.6 million hectares. Number of holdings 297 000, of which 188 000 are of more than 5 ha. Index of agricultural production 100 for 1969 (1964 = 100). Measure of self-sufficiency in bread cereals 100 % in the crop year 1968/69.

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 205 for 1969 (1959 = 100).

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

MERCHANT FLEET (Feb. 28, 1971): Steamers 50 (56 415 gross reg. tons), motor vessels 383 (564 581 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 498 (1 327 401 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1969): Passenger cars 643 100, lorries and vans 96 900, buses 7 900, others 4 700. Total 762 600.

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 Metropolitan. 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 ECONOMY IN 1970

by Jouko Varjonen, M. Pol. Sc.

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Rapid economic growth started in Finland in mid-1968 after a three-year period characterized by a low growth rate. This was a result of an acceleration in the demand for Finnish export products, the 1967 devaluation and the stabilization policy pursued since April 1968. The full utilization of productive capacity was reached in the latter half of 1969. Throughout 1970 the productive capacity of the economy can be regarded as having been fully employed. The growth rate of real GDP was approximately 8.5 per cent in 1969 and approximately 7 per cent in 1970. The unemployment rate was reduced from 4 per cent in 1968 to 2.8 per cent in 1969 and 1.9 per cent in 1970.

One of the targets of the economic policy in 1968 was to stimulate investment demand. As a result of the brisk growth of both private consumption and investment it became necessary to start curbing the expansion of domestic demand as early as 1969. Scope for private investment was provided by reducing public investment. However, the incomes policy agreements in force limited the area of manoeuvre available for fiscal policy and thus the growth of total demand had to be checked primarily by monetary policy measures.

From the beginning of September 1969 the Bank of Finland made efforts to limit the increase in bank lending by reducing the total of bank advances, by changing the instructions regarding the conditions on which loans were granted and by regulating the amount of central bank credit available to the banks. A special policy arrangement for the accumulation of counter-cyclical and investment deposits introduced towards the end of 1969 formed an important part of the Government's counter-cyclical policy. Within the framework of this agreement about 300 million marks was collected as counter-cyclical and investment de-

posits at the Bank of Finland by the end of 1970. However, as domestic demand continued to grow vigorously and was increasingly directed towards imports, efforts were made towards the end of 1970 to slow down the growth of imports by tightening hire purchase terms for certain consumer goods and by restricting the opportunities to finance imports by foreign credit.

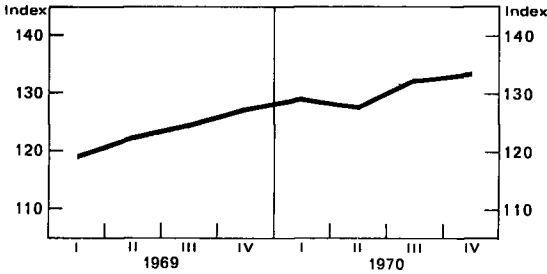
## DOMESTIC DEMAND

Private investment increased by 16 per cent in 1969 and 17 per cent in 1970 and was thus the fastest growing component of domestic demand in both years. This growth was due to the rapid increase of export income in 1968 and 1969, the economic policy measures aimed at facilitating investment taken in 1968 and the rise in private consumption since the end of 1968. Growth was especially strong in investment in industrial building, machinery and equipment. In 1969 industrial building investment increased by approximately 40 per cent but slowed down to some 25 per cent in 1970. Investment in industrial machinery and equipment was still accelerating in 1970. The sharpest increase in investment in the two-year period occurred in the wood-processing industry, where the trend had been downward over the period 1962—1967.

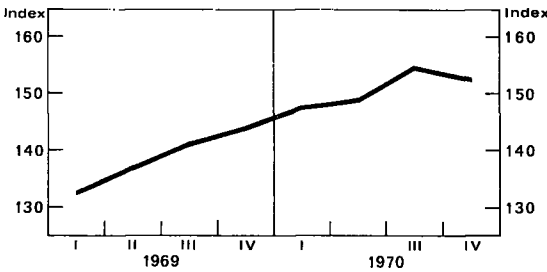
Investment in housing also grew at an increasing rate in 1969 and 1970. In 1969 the growth was mainly due to the state-subsidized loans for housing which have been increased since 1967. In 1970 there was, however, an especially strong growth in residential building other than that subsidized by the State, after a retardation in 1967—1968 and a slight recovery in 1969. The total number of dwellings completed in 1970 was approximately 49 000 as against 40 500 in 1969.

**SELECTED ECONOMIC INDICATORS**  
**SEASONALLY ADJUSTED QUARTERLY VOLUME**  
**INDICES**  
**1964 = 100**

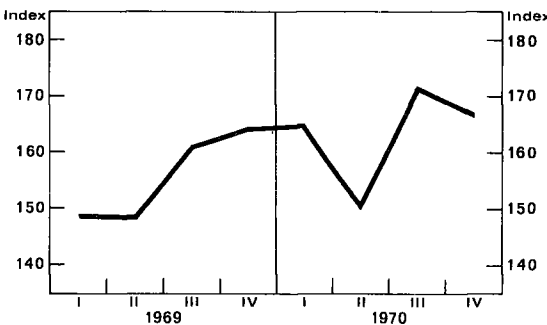
**Gross domestic product**



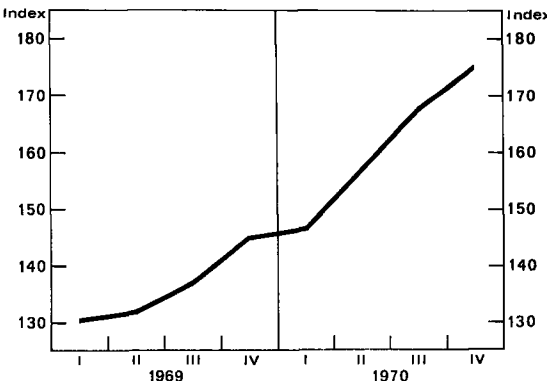
**Industrial production**



**Exports**



**Imports**



Investment by the public sector was cut markedly in 1969 and 1970 as private investment activity was brisk and the employment situation had improved. The reduction was especially strong in road and waterway construction but the volume of house building also declined considerably, particularly during 1970.

Private consumption grew in 1969 by slightly less than the disposable income of households. The increase in volume was more than 9 per cent on the previous year. In 1970 the propensity to consume was still decreasing. According to the preliminary figures the volume of private consumption increased by slightly more than 6 per cent. As in 1969, growth was strongest in the demand for major consumer durables. In contrast to the previous year there was only a slight increase in purchases of passenger cars, the volume of which had grown by 70 per cent in 1969.

Because of the expansion of the activities of central and local government public consumption grew at roughly the same rate as private consumption in 1970. Thus public sector demand did not act to restrain the growth of total demand to the same extent as in 1969. Transfer expenditure by the public sector grew substantially, mainly because of the costs incurred in exporting agricultural excess production. However, even in 1970 the total effect of the public sector was restrictive.

**FOREIGN DEMAND**

The vigorous economic upswing in the OECD countries, which had started in 1968, clearly slowed down in 1970. This deceleration did not, however, affect the demand for Finland's exports until the latter part of 1970. A steady rise in export prices continued, especially in the first part of the year and the price level of the previous year was exceeded, according to preliminary figures, by about 10 per cent. Despite the buoyant demand conditions in the international markets, especially in early 1970, the volume of Finnish commodity exports did not increase very much from the level reached

**TABLE 1. PRIVATE INVESTMENT**

	Volume change on the previous year, per cent	
	1969	1970
Housing	14	19
Investment in productive house building	28	22
Road and waterway construction	— 6	—10
Investment in machinery and equipment	21	19
<b>Total</b>	16	17

**TABLE 2. TOTAL DEMAND AND SUPPLY**

	Volume change on the previous year, per cent	
	1969	1970
Private consumption	9	6
Private fixed investment)	16	17
Public consumption	5	6
Public investment	— 5	— 9
<b>Total domestic demand</b> (excl. investment in inventories)	9	8
Exports of goods and services	17	8
<b>Total supply</b>		
GDP at market prices	10	7
Imports of goods and services	23	18

**TABLE 3. VOLUME OF PRODUCTION BY  
SECTORS OF THE ECONOMY**

	Volume change on the previous year, per cent	
	1969	1970
Agriculture	— 1	— 3
Forestry	10	9
Manufacturing	12	9
House building	14	13
Road and waterway construction	— 3	— 6
Communications	8	7
Commerce, banking and insurance	10	8
Other services	5	4
<b>Total</b>	8	7

by the end of 1969. The reason for this was that in the most important export industries full capacity had been reached in 1969 and in 1970 new capacity became available only on a limited scale.

Exports of metal industry products to the market economy countries still grew considerably in 1970. However, as there was a simultaneous decrease in metal industry exports to the Eastern Bloc countries, the total growth in these exports slowed down. Because of shortage of productive capacity and a decline in the demand for some paper and wood industry products towards the end of 1970 the volume of exports of the wood and paper industry did not increase in 1970 from the level attained at the end of 1969. In spite of some retardation the exports of other products in this category expanded considerably more than the exports of metal and wood-processing products. The volume of these exports increased by approximately 25 per cent; the increase in metal industry exports was some 4 per cent and in the wood-processing industry some 3 per cent. The total expansion of community exports was approximately 5 per cent. Developments in tourism and transportation services continued to be favourable.

## PRODUCTION AND EMPLOYMENT

In 1969 the growth of production was concentrated on the export industries and the industries producing raw materials, requisites and investment goods for the exporting sectors. In 1970 the growth rate remained high mainly in industrial branches which were undergoing structural change or experiencing technical progress, as e.g. the electro-technical and chemical industries. Even in construction the growth rate accelerated in 1970 because of increased housing investment.

An especially clear decline took place in the growth of production of the paper and pulp industry, which is the most important export sector of the Finnish economy. In the textile and clothing industries there was a decline in the growth rate from 21 per cent in 1969 to 7.5 per cent in 1970. The output of the wood industry has also been increasing relatively slowly in 1970 with the exception of chip board production. The fastest growing branches of the metal industry were the electro-technical industry and



the production of machinery. The lack of capacity checked the growth of production especially in the wood and paper, and metal industries.

In 1970 the differences in the growth rate of the consumer goods industry, the investment product industry and the production of raw materials were small in contrast to 1969, when growth was especially concentrated in investment goods production. The increase in manufacturing output was 9 per cent. The growth rate of industrial production in 1970 was, however, considerably lower than that of domestic demand for industrial products. This was reflected in the continuation of the rapid expansion of imports.

As for the other sectors of the economy, the volume of road and waterway construction and agriculture declined, as in the previous year. The output of forestry grew at the same rate as in 1969 until the last quarter when there was some indication of a change in its development. A slight deceleration was also recorded in the expansion of communications and the service industries.

The shortage of labour which had already been felt in some sectors and in certain regions towards the end of 1969 increased in 1970. Particularly in house building and the metal industry the shortage of skilled labour was the major factor restraining production. Notwithstanding the shortage of labour in southern Finland and large-scale emigration to Sweden high unemployment continued in the northern parts of the country. Owing to the emigration, defects in vocational training and retraining and to factors hampering the regional mobility of labour the employed labour force increased only slowly in 1970.

## IMPORTS

The growth of imports accelerated in late 1968 and in 1969. Domestic demand increased strongly in 1970 and, as a result, the growth rate of imports continued unchanged although domestic production had begun to slacken.

The growth of imports was high not only because of brisk investment and consumption demand but also because of the tendency to accumulate stocks for reasons relating to taxation procedure.

If comparisons are made between the growth rates of various commodity groups it can be seen that the volume of imports of investment goods increased fastest, i.e. by almost one fourth. In spite of the measures taken to curb the increase especially in imports of consumer goods the growth was nearly as high in all other categories. The total volume growth of commodity imports is estimated to have been approximately 20 per cent in 1970, which is almost as high as in 1969. Since import prices, in addition, rose rapidly because of international inflation and the rise in fuel and raw material prices the value of commodity imports grew by approximately 30 per cent.

## PRICES AND WAGES

An incomes policy agreement for 1970 in line with the previous years' agreements was concluded between the labour market organisations, some other interested parties and the Government. In accordance with this agreement negotiated wage increases were effected on a uniform basis and increases in real earnings were safeguarded by controls on the prices of consumer goods and on certain service charges.

On the basis of this agreement negotiated wages were raised by 18 pennies per hour or a minimum of 1 per cent from the beginning of 1970. Apart from that, there was an additional increase in each sector, which was to total 1 per cent of the total wages of the sector. Social security provisions for the labour force were also improved. This involved an average increase of 5 per cent in negotiated wages and a 6 per cent growth in total wage expenditure which was estimated to roughly equal the average rise in productivity.

Wage drift which had accelerated in 1969 intensified especially in those sectors suffering

from labour shortages. The average rise in the level of earnings was slightly more than 8 per cent but, because of wage drift, in some sectors it was as high as 10—15 per cent.

In 1970 the rise in consumer goods prices continued to be slow as in the previous year. However, the rate of increase accelerated somewhat towards the end of the year, mainly due to the rise in import prices. The average consumer prices in 1970 were 2.7 per cent higher than in 1969. From the beginning to the end of 1970 the consumer prices rose by 3.1 per cent.

#### CURRENT ACCOUNT AND FOREIGN EXCHANGE RESERVES

Although the terms of trade continued to improve slightly the trade account, which had still been almost in equilibrium in 1969, showed a clear deficit at the end of 1970. The value of commodity exports rose by approximately 16 per cent to 9 635 million marks in 1970. As the value of commodity imports grew by 30 per cent to 11 100 million marks, the trade deficit, including the foreign trade adjustment items, totalled 1 465 million marks. In the previous year the corresponding deficit had been 232 million marks. As the receipts from transportation, travel and other services again increased by more than the corresponding expenditure the deficit in the visible and invisible trade account totalled 539 million marks as against a surplus of 338 million one year earlier. The net effect of income from investment and of income transfers increased the deficit by another 409 million and thus the total current account deficit amounted to 948 million marks.

In spite of the substantial current account deficit the foreign exchange reserves of the Bank of Finland grew by 563 million marks to 1 738 million in 1970. The country's total foreign exchange reserves were increased by 545 million marks. The increase in the inflow of foreign capital was mainly in the form of short-term trade credit but long-term capital

imports also grew after international interest rates had fallen from the peak level that prevailed in the latter half of 1969. The net inflow of short-term foreign capital was 1 075 million whereas in 1969 there had been a 33 million mark net outflow of short-term capital. The net inflow of long-term capital was 330 million marks as against 101 million in 1969.

#### THE MONEY MARKET AND MONETARY POLICY

The marked inflow of foreign capital in 1970 eased conditions in the Finnish money market and facilitated the financing of investment which had been strongly increasing. The acceleration in the growth rate of bank deposits to 14 per cent from 13 per cent in the previous year also contributed to the banks' ability to grant credit.

The demand for credit was so heavy in 1970 that the banks' position vis-à-vis the Bank of Finland tightened, in spite of the considerable inflow of capital and the large increase in deposits. The liability of the banking institutions to the central bank grew by 302 million marks. Bank lending increased by 15 per cent. If domestic credits in foreign currency are included growth was almost 17 per cent.

The economic policy, which was intended to prevent overheating in the economy and an excessive growth of demand, had to be largely concentrated on monetary policy measures in 1969 and 1970 as the scope for fiscal policy was very limited because of the incomes policy agreements in force. As early as April 1969 the Bank of Finland announced that the banks' liabilities to the central bank should not exceed their credit quotas. At the same time the penalties imposed on the banks exceeding the credit quotas were abolished as unnecessary. However, it soon became obvious that a more efficient restriction of lending was necessary in order to curb the expansion of total demand. Consequently, in September 1969 an agreement was concluded between the Bank of Finland and the banking institu-

tions on the principles to be followed when granting credit in 1969—1970. According to this agreement, the growth in lending could not exceed 90 per cent of the growth in deposits over the preceding 12 month period. In addition, the rediscounting quotas of the banks were reduced.

At the end of 1969 the Government and the central organizations representing commerce and industry made an agreement on the accumulation of counter-cyclical and investment deposits at the Bank of Finland in 1970. The aim was to defer investment projects until the boom had passed. The collection of these deposits, which totalled 299 million marks at the end of 1970, caused a substantial tightening in the money market in 1970. After the Government had made a 100 million mark counter-cyclical deposit at the Bank of Finland, the total of these deposits reached approximately 400 million marks. The supply of central bank money was further limited as the Treasury re-paid the remainder, i.e. 100 million marks, of the loan granted to it by the Bank in 1966. The Bank's lending to private customers, in addition, declined by 44 million over the previous year.

As the accumulation of investment and counter-cyclical deposits led to tighter conditions on the money market than had been called for in the September 1969 agreement, the regulations governing total bank lending were abolished in March 1970. At the same time the credit quotas of the commercial banks were cut to 75 per cent of the September 1969 level. Further, the banks were advised to concentrate on the financing of those investment projects which were already underhand and to avoid granting credit for the financing of consumer good imports. Because of the large number of investment projects already underway, and partly because of seasonal developments, the demand for loans from the banks increased in the latter half of

1970 so that their credit quotas had to be increased to 85 per cent of the September 1969 level for October and November 1970 and to 110 per cent for December 1970. However, the limitations on bank lending were further tightened at the same time.

Notwithstanding the tight monetary policy the growth in domestic demand and commodity imports did not decelerate sufficiently in 1970. This was partly ascribable to the substantial inflow of foreign capital. To check the imports of consumer goods the Bank of Finland discontinued in November 1970 the use of commodity credit, granted for 6 months or less, for a group of commodities mainly consisting of consumer goods. Payment for these goods had to be made to authorized banks or the Bank of Finland before clearance at the customs or acceptance in a Finnish free warehouse or free port.

The availability of foreign credit to the banks had been previously limited by the Bank of Finland and in October 1970 it was announced that the authorized banks would be allowed to draw credit from abroad only in special cases. A further measure taken to curb the growth of commodity imports was the tightening of hire purchase terms for certain consumer durables in November 1970.

Towards the end of the year the more obvious indications of a slackening in the growth of the Finnish economy were apparent, partly as a result of the slow-down in the international economic upswing and the pursuance of a restrictive economic policy. Import demand in particular is now expected to decline as the measures taken to reduce the inflow of foreign capital are felt and excess domestic demand, and especially inventory investment, will grow more slowly. A relatively restrictive monetary policy, however, has to be continued as the growth of exports is also expected to decelerate and no substantial improvement in the balance of payments can be expected in 1971.

# ITEMS

**Reconstructed Cabinet.** Mr Karjalainen's Cabinet, formed on June 15, 1970 was reconstructed on March 26, 1971 after three of the ministers belonging to the People's Democrats had disagreed with the incomes policy solution proposed by the President of the Republic on December 4, 1970 and especially opposed the prices policy. The three ministers were released from their posts and three new ministers, all Social Democrats, were appointed. They are Mr Mikko Laaksonen, Minister of Justice, Mr Olavi Salonen, Minister for Trade and Industry and Mr Pekka Kuusi, Minister for Social Affairs.

The reconstructed Cabinet is based on Social Democrats, the Centre, Swedish and Liberal Parties and is backed by 108 of the 200 members of Parliament.

**Supplementary budget.** The first supplementary budget for 1971 was approved by Parliament in April. It budgeted for 125 million marks on the revenue side, which was the estimated yield of the counter-cyclical tax. This tax on the wood-processing industry was a part of the comprehensive incomes policy solution proposed by the President of the Republic (see the article: Incomes Policy in Finland for January 1, 1971—March 31, 1972, in Bulletin No. 2, 1971). Of this sum 75 million marks will be

allocated for the construction of houses to rent, 25 million for vocational schooling and 25 million for an intensified forest improvement programme. Further 150 million marks was appropriated for the government counter-cyclical fund, which totals after this transfer 250 million marks. A sum of 15.5 million marks was granted to the Finnish Broadcasting Corporation, which has been in financial difficulties, in order to raise its share capital. Thus the expenditure side totalled 290.5 million marks.

**Domestic bond issues.** The Government has authorized the following private bond issues.

The Industrial Mortgage Bank of Finland Ltd makes an issue of 100 million marks. The bonds are dated February 15, 1971 and will run for a period of 10 years. The rate of interest is 8 ¼ per cent and the price of issue 100 per cent.

The Land and Industry Real Estate Bank Ltd makes two issues of 7.5 and 5 million respectively. The loan period of the 7.5 million issue is 22 years starting March 31, 1971 and the rate of interest is 7 ½ per cent. The bonds of the 5 million issue are dated April 1, 1971 and will run for a period of 5 years at a rate of 7 ½ per cent. The loans are issued 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

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## Senior officials

Pertti Tammivuori

*Administration*

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

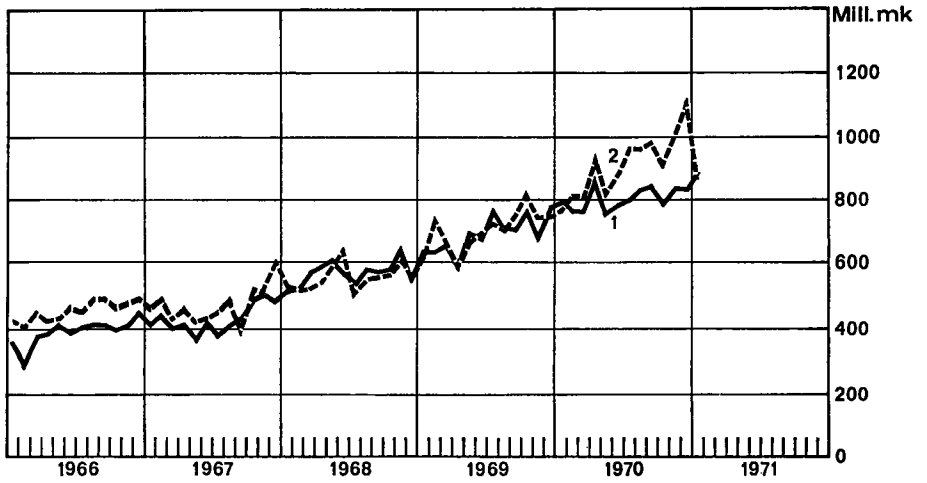
*Head of department*

### Foreign trade, 1966-1971

1. Exports f.o.b.

2. Imports c.i.f.

Seasonally adjusted monthly figures

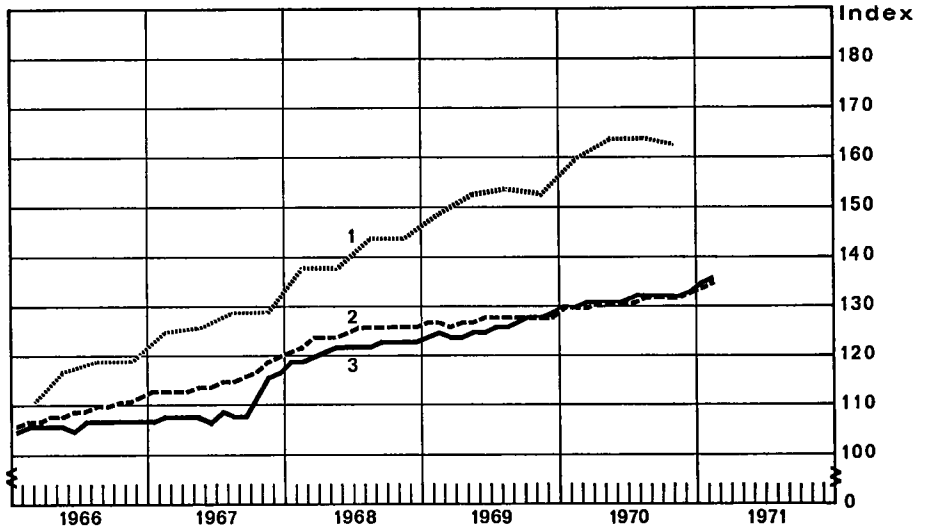


### Prices and wages, 1966-1971

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

