



BANK OF FINLAND

MONTHLY BULLETIN

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DECEMBER

1969

INCOMES POLICY DECISIONS FOR 1970

An agreement on labour market policy measures for 1970 was signed by twelve labour market central organizations on September 11, 1969. At the same time, thirteen central organizations of commerce and industry signed, in association with the stabilization procedure, their own agreement. The Agricultural Price Act passed in June 1969 (see Bulletin No. 8, 1969) stipulates that agricultural prices rise in line with, on the one hand, productivity and costs in agriculture and, on the other, on general wage developments. In addition the representatives of the wood-processing industries and forest owners have agreed on stumpage prices of pulpwood for the cutting season 1969—1970.

Favourable economic developments following the first agreement on prices and incomes made in March 1968 facilitated later stabilization negotiations. Economic growth accelerated towards the end of 1968 and has become more pronounced during 1969. The employment situation has improved since the last quarter of 1968. The agreement was also followed by a substantial reduction in the rate of inflation. The rise in the cost of living index was only 1.7 per cent from June 1968 to June 1969 whereas the corresponding figure had been 5 per cent on average in 1960—67.

The calculations made indicate that in spite of the relatively tight regulation of prices there will be little upward pressure on prices by the end of 1969. Consequently it was reasonable to assume in the negotiations that if wage increases are in line with increases in productivity, the price level will continue relatively stable during 1970. Apart from the problem of the size of general wage increase that would be possible without creating inflationary pressure, the negotiations also had to determine the extent to which the income differentials between the various income groups should be levelled off.

According to the recent agreement the wages and salaries of all employees should be raised by 18 pennies per hour from the beginning of 1970, or by 1 per cent at the minimum. The aim of implementing the increase in terms of pennies was to decrease income differentials. Apart from this, the wages of other factors increasing labour costs will be raised in each sector by an amount equalling one per cent of the total wages of the sector. The method of implementing this increase will be agreed in negotiations between the labour market organizations of the sector. Moreover,

On page 18, Household Saving

the agreement included stipulations on certain social arrangements the most important of them being the adoption of the quit payment system from the beginning of 1970.

Negotiated wages have been estimated to rise by 5.0 per cent on average from the beginning of 1970. Taking into account the improvement in social welfare to be implemented in connection with the stabilization procedure and the special increase in civil service salaries, apart from the general increase, which is meant to compensate for previously neglected civil service salary increases, the average increase in labour costs will be 6 per cent. Although the increase in wage costs will thus exceed that of the previous year, costs pressures are anticipated to remain relatively insignificant because of the prevailing upswing and the increase in productivity.

The organizations representing commerce have for their part been obliged to pursue a restrained pricing policy and have accepted price control in so far as the situation warrants it. The incomes policy agreements were made on the assumption that the revenue rates with respect to taxes and other charges will remain unchanged, with some exceptions to be agreed separately.

The Cabinet decided to acquire special powers from Parliament for continuing price control, to improve the protection of leaseholders in case of notice from the lessor and to order the preparation of reports concerning stabilization policy and the negotiating procedure in incomes policy.

The law investing the Government with necessary powers for safeguarding the development of the economy in 1970 was passed by Parliament on November 21. The law is, with minor amendments, a direct continuation to the Economic Special Powers Act presently in force (see Bulletin No. 5, 1968). After passing the law it was possible to enter into the final negotiations between different labour market organizations concerning the details of the wage agreements. On November 26 one of the most important agreements, i.e. that for the paper industry, was signed.

The new agreement on prices and incomes and measures connected with it (on the intensification of counter-cyclical policy, see item on page 21) provide the preconditions for a reasonably stable price level and the maintenance of Finland's competitive ability in the international market in 1970.

November 26, 1969

BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	Oct. 31	Oct. 31	Nov. 7	Nov. 14	Nov. 21
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	1 477.4	1 507.0	1 401.0	1 413.3	1 424.4	1 409.0
Gold	189.5	190.1	189.3	189.3	189.3	189.3
IMF gold tranche	—	—	173.3	173.3	173.3	173.3
Foreign exchange	1 163.0	1 193.0	884.1	895.1	904.1	888.7
Foreign bills	76.1	77.6	94.1	95.7	97.8	97.8
Foreign bonds	48.8	46.3	60.2	59.9	59.9	59.9
<i>Supplementary note cover</i>	790.3	895.5	777.0	663.5	614.6	747.7
Inland bills discounted						
In foreign currency	25.1	29.4	15.9	15.9	15.9	15.9
In Finnish currency	147.5	131.4	163.9	165.3	159.6	161.5
Rediscounted bills	617.7	734.7	597.2	482.3	439.1	570.3
<i>Other assets</i>	470.5	320.9	404.8	464.0	493.5	406.4
Finnish bonds	135.7	38.0	85.5	146.4	176.4	92.8
Cheque accounts	1.9	1.5	13.0	13.1	16.8	6.1
Finnish coin	11.7	17.5	12.5	12.1	12.0	11.4
Other claims	321.2	263.9	293.8	292.4	288.3	296.1
Total	2 738.2	2 723.4	2 582.8	2 540.8	2 532.5	2 563.1
Liabilities						
<i>Notes in circulation</i>	1 159.6	1 035.0	1 144.0	1 142.2	1 148.8	1 158.4
<i>Liabilities payable on demand</i>	136.5	111.2	138.8	104.9	96.9	117.7
Foreign exchange accounts	62.1	59.8	75.9	77.7	78.0	79.3
Mark accounts of holders abroad	12.4	12.9	5.9	5.8	5.7	6.0
Cheque accounts						
Treasury	3.0	11.1	2.9	0.5	0.8	9.6
Post Office Savings Bank	3.4	10.6	3.1	2.4	1.2	10.8
Private banks	39.2	4.0	38.6	6.7	—	—
Other	2.2	1.9	1.8	0.9	0.7	0.9
Other sight liabilities	14.2	10.9	10.6	10.9	10.5	11.1
<i>Term liabilities</i>	546.4	696.8	355.9	354.2	347.3	341.9
Foreign	21.4	157.0	12.2	12.2	12.2	12.2
Finnish	525.0	539.8	343.7	342.0	335.1	329.7
<i>Equalization accounts</i>	400.3	393.2	433.1	427.1	424.8	427.4
<i>Bank's own funds</i>	495.4	487.2	511.0	512.4	514.7	517.7
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	150.0	150.0	172.7	172.7	172.7	172.7
Profits undisposed	—	—	—	—	—	—
Net profit	45.4	—	—	—	—	—
Earnings less expenses	—	37.2	38.3	39.7	42.0	45.0
Total	2 738.2	2 723.4	2 582.8	2 540.8	2 532.5	2 563.1
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	1 477.4	1 507.0	1 401.0	1 413.3	1 424.4	1 409.0
<i>Supplementary cover</i> (Upper limit 500 mill. mk; from Nov. 30, 1966 to Dec. 31, 1968, 700 mill. mk)	700.0	700.0	500.0	500.0	500.0	500.0
Total	2 177.4	2 207.0	1 901.0	1 913.3	1 924.4	1 909.0
Note issue						
Notes in circulation	1 159.6	1 035.0	1 144.0	1 142.2	1 148.8	1 158.4
Liabilities payable on demand	136.5	111.2	138.8	104.9	96.9	117.7
Undrawn on cheque credits	5.6	6.0	4.5	4.4	4.1	3.8
Unused right of note issue	875.7	1 054.8	613.7	661.8	674.6	629.1
Total	2 177.4	2 207.0	1 901.0	1 913.3	1 924.4	1 909.0

Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

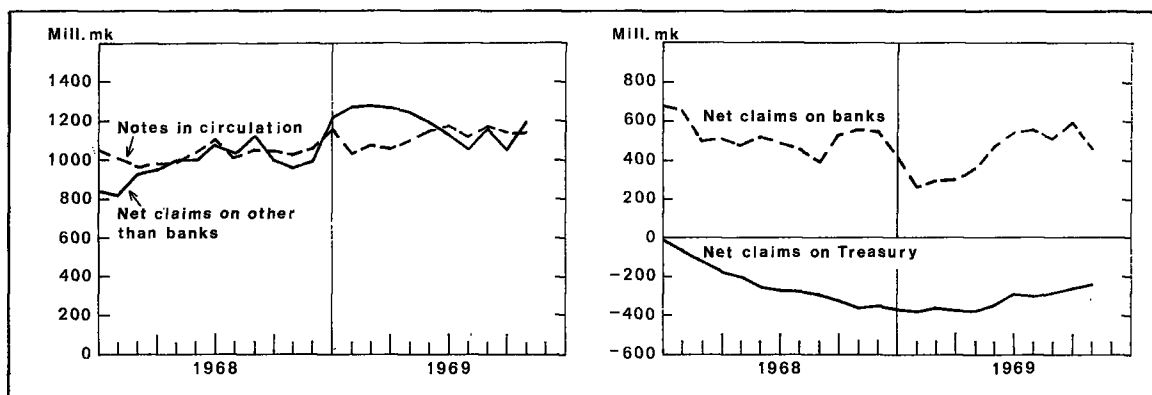
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	— 14.8	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	— 361.0	3.0	— 357.3
1968										
Sept.	1 340.0	62.0	1 278.0	119.5	172.6	1 224.9	6.7	— 329.1	1.0	— 323.4
Oct.	1 383.1	59.8	1 323.3	123.9	169.9	1 277.3	6.7	— 350.8	11.1	— 355.2
Nov.	1 386.1	57.5	1 328.6	122.7	169.6	1 281.7	6.7	— 358.5	2.4	— 354.2
Dec.	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	— 361.0	3.0	— 357.3
1969										
Jan.	1 448.8	62.7	1 386.1	122.9	30.4	1 478.6	4.2	— 378.7	0.7	— 375.2
Feb.	1 468.9	45.4	1 423.5	116.6	30.1	1 510.0	2.5	— 365.1	2.7	— 365.3
March	1 466.6	41.3	1 425.3	130.4	30.6	1 525.1	2.5	— 367.1	1.9	— 366.5
April	1 454.5	42.9	1 411.6	145.2	27.7	1 529.1	2.5	— 369.9	9.7	— 377.1
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	2.5	— 350.1	0.5	— 348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	2.5	— 284.0	5.3	— 286.8
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	2.5	— 283.7	18.8	— 300.0
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	2.5	— 280.5	6.8	— 284.8
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	2.1	— 265.1	1.1	— 264.1
Oct.	1 246.7	75.9	1 170.8	154.3	18.1	1 307.0	—	— 238.4	2.9	— 241.3

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1968			Net holdings Oct. 31, 1969			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
Gold	190	—	190	189	—	189	—	— 1
IMF gold tranche	—	—	—	173	—	173	—	+ 173
Convertible currencies	1 113	— 368	745	721	— 120	601	+ 148	— 144
Other currencies	— 13	5	— 8	88	—	88	— 47	+ 96
Total	1 290	— 363	927	1 171	— 120	1 051	+ 101	+ 124

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1968										
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4
Oct.	734.7	148.7	25.7	— 0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	0.0	264.4	129.4	352.7	37.3	444.8	1 039.3
Feb.	438.1	123.5	14.3	0.0	300.3	134.0	379.3	32.8	480.5	1 080.3
March	439.8	120.5	15.2	1.5	302.6	129.2	374.6	30.6	473.2	1 064.0
April	491.0	109.1	20.1	0.0	361.8	94.4	367.5	29.0	432.9	1 099.4
May	609.7	119.4	13.7	0.1	476.5	122.8	367.4	28.9	461.3	1 150.0
June	699.6	117.0	37.6	0.4	544.6	137.3	349.9	28.7	458.5	1 177.6
July	714.1	124.1	33.2	0.0	556.8	148.0	327.7	26.7	449.0	1 119.8
Aug.	601.3	83.3	11.3	— 1.1	507.8	153.4	322.5	26.8	449.1	1 166.6
Sept.	684.6	80.5	9.7	— 0.2	594.6	159.5	319.3	31.0	447.8	1 143.3
Oct.	597.2	121.3	11.7	0.0	464.2	163.9	322.7	26.4	460.2	1 144.0

¹⁾ Including cash reserve accounts.

DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

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. credit societies & their central bank	Post Office Savings Bank	Consumer co-op. societies	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1968										
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 598.5	4 031.8	2 775.1	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 636.9	4 045.0	2 798.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 690.5	4 071.2	2 825.8	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 756.1	4 115.1	2 851.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 762.9	4 084.9	2 816.8	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 783.5	4 087.1	2 834.2	1 052.4	474.8	13 232.2	14 796.2
Aug.	873.5	1 127.0	440.8	4 817.3	4 117.0	2 865.4	1 057.0	477.1	13 334.1	14 901.9
Sept.	941.7	1 213.4	463.2	4 849.7	4 149.2	2 901.1	1 062.7	490.8	13 453.8	15 130.4
Oct.	971.0	1 238.5	425.6	4 903.6	4 184.0	2 925.0	1 073.2	497.8	13 583.9	15 248.0

End of month	100 % Index-tied deposits	Long-term deposits 6, 12 and 24 months
1968		
Dec.	1 412.7	3 083.7
1969*		
Jan.	723.3	3 699.1
Feb.	92.8	4 359.4
March	13.9	4 558.4
April	0.3	4 609.9
May	—	4 644.4
June	—	4 636.5
July	—	4 614.9
Aug.	—	4 614.4
Sept.	—	4 614.7
Oct.	—	4 628.5

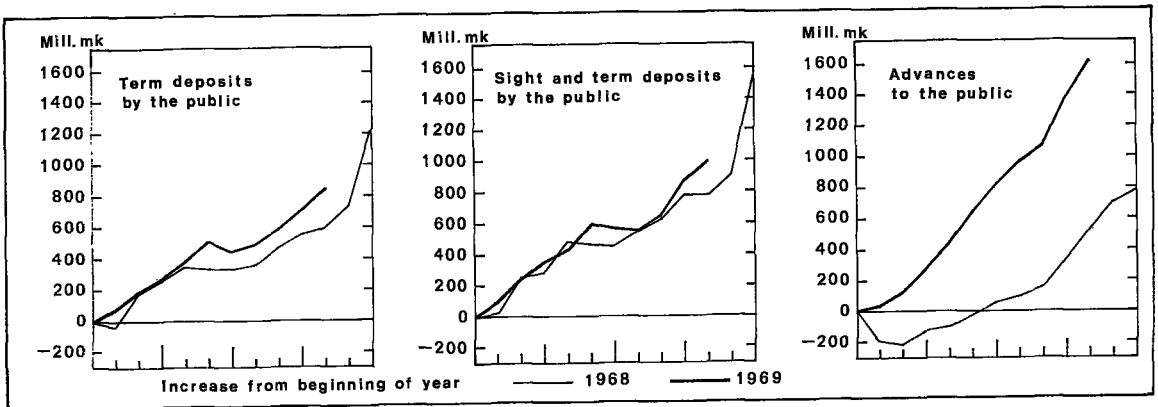
Selling rates for foreign exchange					
Nov. 26, 1969					
		mk	mk		
New York	1 \$	4.2090	Zurich 100 Fr	97.65	
Montreal	1 \$	3.9130	Paris 100 FF	75.50	
London	1 £	10.0850	Rome 100 Lit	0.6720	
Stockholm ..	100 Kr	81.40	Vienna 100 S	16.25	
Oslo	100 Kr	58.90	Lisbon 100 Esc	14.83	
Copenhagen ..	100 Kr	56.15	Reykjavik 100 Kr	4.80	
Frankfurt o. M.	100 DM	114.08	Madrid 100 Pta	6.05	
Amsterdam ..	100 Fl	116.83	Moscow, clear. ¹⁾	1 Rbl	4.6799
Brussels	100 Fr	8.4700	Clearing dollars ²⁾	1 Cl \$	4.212

¹⁾ Also Bucharest.²⁾ Berlin, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1968									
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969*									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	2 495.5
Feb.	5 645.7	3 474.7	951.5	2 907.1	1 045.5	13 479.2	545.3	14 024.5	2 602.3
March	5 704.5	3 491.0	958.5	2 920.4	1 106.1	13 638.4	542.1	14 180.5	2 552.9
April	5 802.0	3 515.4	960.5	2 949.7	1 112.9	13 767.8	572.7	14 340.5	2 612.2
May	5 901.6	3 550.1	969.9	2 984.5	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 006.8	3 561.1	978.9	3 007.2	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 039.2	3 595.4	988.4	3 047.7	1 191.8	14 278.9	583.6	14 862.5	2 634.6
Aug.	6 061.0	3 633.8	1 010.5	3 076.3	1 196.2	14 406.2	571.6	14 977.8	2 675.1
Sept.	6 234.6	3 688.9	1 027.5	3 136.0	1 201.4	14 678.8	609.6	15 288.4	2 737.3
Oct.	6 325.2	3 746.8	1 037.3	3 185.3	1 228.3	14 911.9	611.0	15 522.9	2 760.7



STATE FINANCES

Mill. mk

Revenue	Jan. — Sept.		Expenditure	Jan. — Sept.	
	1968	1969		1968	1969
Income and property tax (net)	1 692	1 885	Wages, salaries, pensions etc.	1 057	1 223
Gross receipts	(3 858)	(4 412)	Repair and maintenance	189	185
Refunds & local authorities	(-2 166)	(-2 527)	Other consumption expenditure ..	470	466
Other taxes on income and property	29	41	<i>Total consumption expenditure</i>	1 716	1 874
Employers' child allowance payments	392	440	State aid to local authorities	930	1 032
Sales tax	1 491	1 694	State aid to industries	673	767
Revenue from Alcohol Monopoly ..	372	376	of which: agric. price subsidies	(517)	(583)
Customs duties & import charges	285	287	Child allowances	242	237
Export levy	408	129	Share in nat. pensions & health		
Excise duty on tobacco	298	326	insurance	303	306
» » on liquid fuel	343	417	Other transfer expenditure	606	706
Other excise duties	82	174	<i>Total transfer expenditure</i>	2 754	3 048
Tax on autom. and motor cycles	103	226	Machinery & equipment	200	191
Stamp duties	134	147	House construction	198	211
Special diesel etc. vehicles tax	33	33	Land and waterway construction	611	550
Other taxes and similar revenue	37	43	<i>Total real investments</i>	1 009	952
Total taxes	5 699	6 218	Interest on State debt	173	185
Miscellaneous revenue	313	361	Index compensations	26	33
Interest, dividends etc.	90	123	Net deficit of State enterprises ..	59	86
Sales and depreciation of property ..	49	53	Other expenditure	1	4
Redemptions of loans granted	110	126	<i>Total other expenditure</i>	259	308
Total revenue	6 261	6 881	<i>Increase in inventories</i>	— 18	— 11
Foreign borrowing	151	126	<i>Lending</i>	403	483
Domestic borrowing	356	505	<i>Other financial investments</i>	155	112
Total borrowing	507	631	Total expenditure	6 278	6 766
Deficit (+) or surplus (—)	+ 61	— 110	Redemption of foreign loans	83	103
Total	6 829	7 402	Redemption of domestic loans ..	468	533
			Total redemptions	551	636
			Total	6 829	7 402

Debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.
Foreign debt	1 340	1 844	2 074	1 995	1 988	1 982	1 982	1 963
Loans	2 075	2 013	2 160	2 184	2 179	2 183	2 133	2 134
Compulsory stock etc.	96	5	5	4	4	4	4	4
Short-term credit	101	167	320	166	150	133	150	109
Cash debt (net)	—85	—12	—256	—125	—250	—397	—234	—203
Domestic debt	2 187	2 173	2 229	2 229	2 083	1 923	2 053	2 044
Total debt	3 527	4 017	4 303	4 224	4 071	3 905	4 035	4 007
Total debt, mill. \$	1 094	955	1 028	1 005	967	927	958	951

BALANCE OF PAYMENTS

Mill. mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	-96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	-88	+ 17	-277	-209	+ 3	-489
1968	6 832	6 730	+102	+481	- 8	- 25	+550	-276	- 5	+269
Jan.-Mar.										
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	- 11	-151	- 57	+ 80	-128
Apr.-June										
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
July-Sept.										
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	- 14	+286	- 80	+ 1	+207
Oct.-Dec.										
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	- 34	+125	- 84	- 4	+ 37

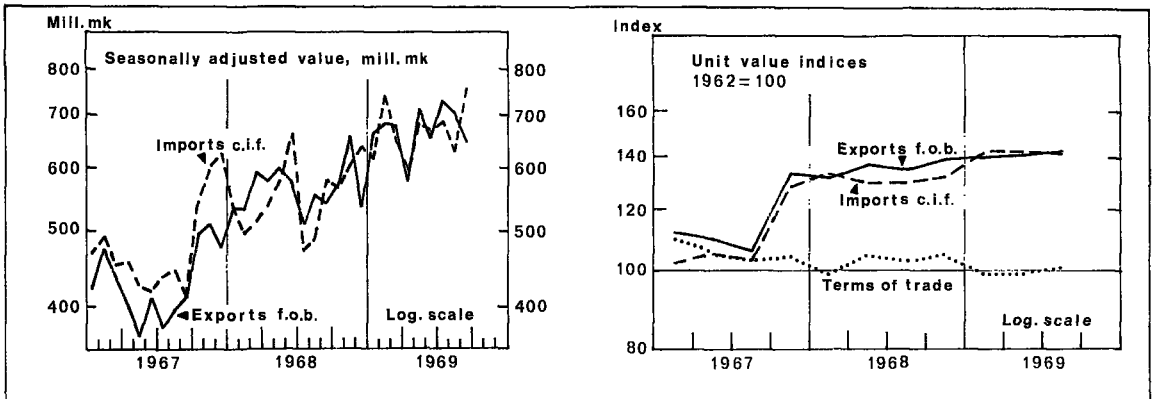
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1965	+ 434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+ 518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+ 910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
1968	+1 245	-868	-167	- 81	+398	+235	- 64	+ 28	+597	-664	+ 67
Jan.-Mar.											
1967	+ 192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+ 214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
1969	+ 311	-201	- 8	- 15	- 41	+112	+147	- 46	+172	-135	- 37
Apr.-June											
1967	+ 315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+ 396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
1969	+ 279	-155	- 98	- 39	+ 7	- 23	- 92	- 6	-114	+252	-138
July-Sept.											
1967	+ 251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
1968	+ 226	-212	- 14	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
1969	+ 146	-146	- 17	+ 6	+196	+ 34	-284	+ 19	- 35	+151	-116
Oct.-Dec.											
1967	+ 152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61
1968	+ 409	-302	- 81	- 38	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11

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

¹⁾ Including Direct investment net.

FOREIGN TRADE

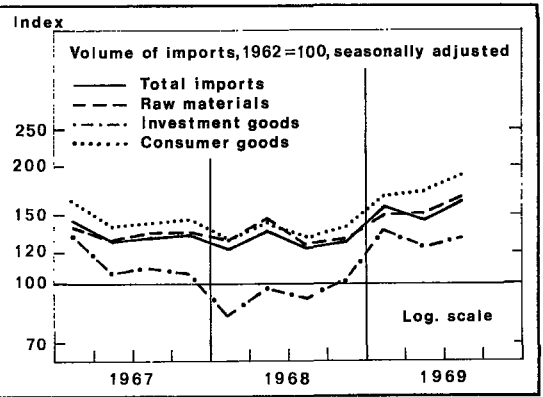
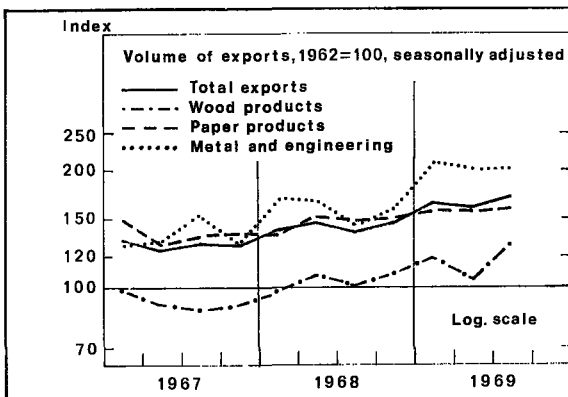
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967	5 231.2	5 794.4	-563.2	115	114	124	111	117	110	105
1968*	6 874.2	6 710.9	+163.3	136	127	144	130	140	132	103
Jan.-Sept.										
1967	3 596.4	3 987.8	-391.4							
1968*	4 906.2	4 824.0	+ 82.2							
1969*	5 900.2	5 961.4	- 61.2							
1968*										
Oct.	668.2	590.0	+ 78.2	139	120	148	131	151	132	105
Nov.	682.4	609.4	+ 73.0							
Dec.	617.3	687.4	- 70.1							
1969*										
Jan.	591.4	632.0	- 40.6	140	118	151	132	144	142	99
Feb.	491.5	667.6	-176.1							
March	623.8	640.1	- 16.3							
April	555.8	615.7	- 59.9	140	129	152	133	147	142	99
May	753.7	740.6	+ 13.1							
June	704.4	645.8	+ 58.6							
July	742.3	648.6	+ 93.7	143	128	155	136	157	142	101
Aug.	704.3	588.8	+115.5							
Sept.	733.0	782.2	- 49.2							



FOREIGN TRADE BY MAIN GROUPS

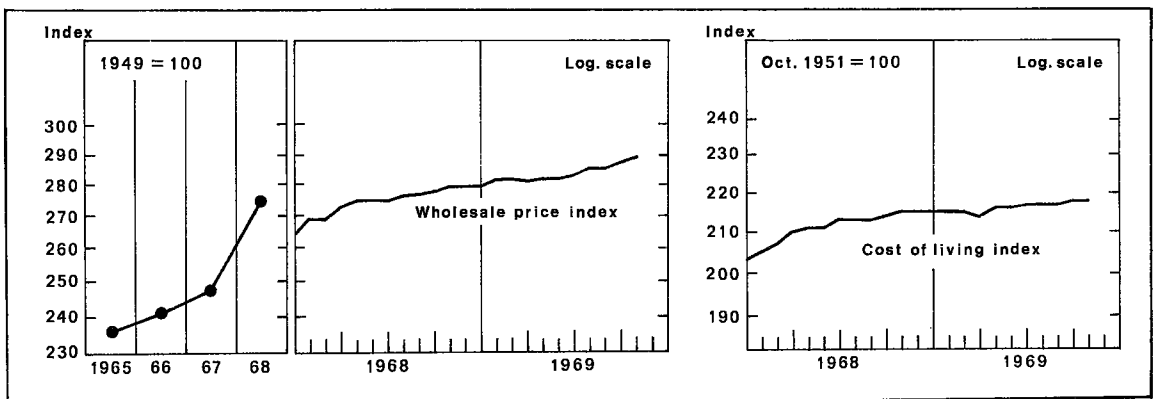
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968*	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
Jan.-Sept.										
1967	174.3	41.6	598.9	1 682.4	713.0	386.2	1 735.9	444.9	1 037.7	769.3
1968*	237.5	41.4	813.1	2 190.0	1 085.2	539.0	2 167.9	655.6	1 072.0	928.5
1969*	250.3	50.8	989.8	2 443.2	1 375.7	790.4	2 546.5	680.1	1 604.7	1 130.1
1968*										
Oct.	24.1	6.4	119.5	283.8	150.8	83.6	270.9	61.3	137.9	119.9
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.3	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.7	108.9
March	56.3	1.0	68.3	286.2	116.7	95.3	247.8	51.9	201.0	139.4
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	208.0	87.3	321.5	63.8	217.2	138.1
June	27.3	5.5	133.3	260.5	183.1	94.7	290.2	53.3	191.4	110.9
July	17.6	10.3	155.3	268.9	216.3	73.9	302.8	65.3	160.9	119.6
Aug.	21.9	9.9	153.0	289.5	129.8	100.2	285.2	55.0	139.4	109.2
Sept.	24.7	9.8	150.4	287.0	147.1	114.0	344.7	119.3	173.4	144.8



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year		Jan. — Sept.			Whole year		Jan. — Sept.		
	1967	1968*	1968*	1969*		1967	1968*	1968*	1969*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.8	22.7	23.3	20.7	1 221.7	15.8	15.8	16.1	17.6	1 050.8
United Kingdom	20.9	20.6	21.1	18.7	1 103.1	15.2	15.3	15.5	16.9	1 008.7
Other OECD countries										
in Europe	44.1	46.8	45.5	49.1	2 895.2	53.9	54.5	53.3	55.1	3 287.6
Austria	0.5	0.5	0.5	0.6	34.1	0.9	1.0	1.0	1.1	66.8
Belgium-Luxembourg	2.5	2.4	2.4	2.5	146.7	2.0	2.1	2.1	1.9	114.1
Denmark	3.8	3.7	3.6	4.0	236.3	3.3	3.6	3.5	3.5	205.3
France	4.2	4.0	3.9	4.2	250.8	3.7	3.6	3.2	3.7	221.1
Western Germany	8.6	10.5	9.8	10.0	590.7	16.2	15.5	15.7	15.7	938.3
Italy	3.1	3.0	2.9	2.8	162.8	2.0	2.2	2.2	2.2	133.0
Netherlands	5.1	4.6	4.7	4.5	264.8	3.8	3.6	3.5	3.7	220.4
Norway	2.4	2.6	2.8	2.2	128.6	2.3	2.4	2.3	2.7	161.3
Portugal	0.2	0.2	0.2	0.3	15.9	0.4	0.5	0.5	0.6	36.2
Spain	1.0	0.9	0.9	1.0	56.1	0.5	0.4	0.4	0.3	16.7
Sweden	9.7	10.9	10.3	12.9	765.1	15.4	15.9	15.3	16.2	965.0
Switzerland	1.0	1.5	1.4	2.0	116.6	3.0	3.3	3.3	3.3	196.2
Eastern Bloc	21.2	19.2	19.4	17.8	1 051.6	20.4	20.9	21.5	16.6	989.7
China	0.8	0.7	0.7	0.2	9.4	0.5	0.4	0.5	0.3	20.3
Czechoslovakia	0.4	0.5	0.4	0.4	27.2	0.6	0.7	0.7	0.6	36.1
Eastern Germany	0.7	0.6	0.6	0.5	33.3	0.9	0.9	0.9	0.7	40.3
Poland	1.4	1.2	0.9	1.7	98.3	1.6	1.6	1.6	1.3	75.7
Soviet Union	17.1	15.5	16.2	14.3	841.8	16.1	16.7	17.3	13.1	783.2
U.S. and Canada	6.0	6.1	6.4	6.8	399.6	4.1	3.7	3.7	4.7	278.1
United States	5.8	5.8	6.2	6.3	372.0	3.9	3.5	3.5	4.4	264.2
Latin America	2.9	2.9	3.1	3.2	186.9	2.7	2.6	2.8	2.6	154.7
Argentina	1.0	0.9	1.0	0.7	42.4	0.2	0.2	0.2	0.2	13.8
Brazil	0.8	0.7	0.7	0.4	25.5	1.2	1.0	1.0	0.9	50.7
Colombia	0.3	0.3	0.3	0.3	15.6	0.8	0.8	0.9	0.7	44.3
Other	3.0	2.3	2.3	2.4	145.2	3.1	2.5	2.6	3.4	200.5
Grand total	100.0	100.0	100.0	100.0	5 900.2	100.0	100.0	100.0	100.0	5 961.4
of which										
EFTA countries	38.5	40.1	39.9	40.7	2 399.7	40.6	42.0	41.4	44.3	2 639.6
EEC countries	23.5	24.5	23.8	24.0	1 415.7	27.7	27.0	26.6	27.3	1 626.9



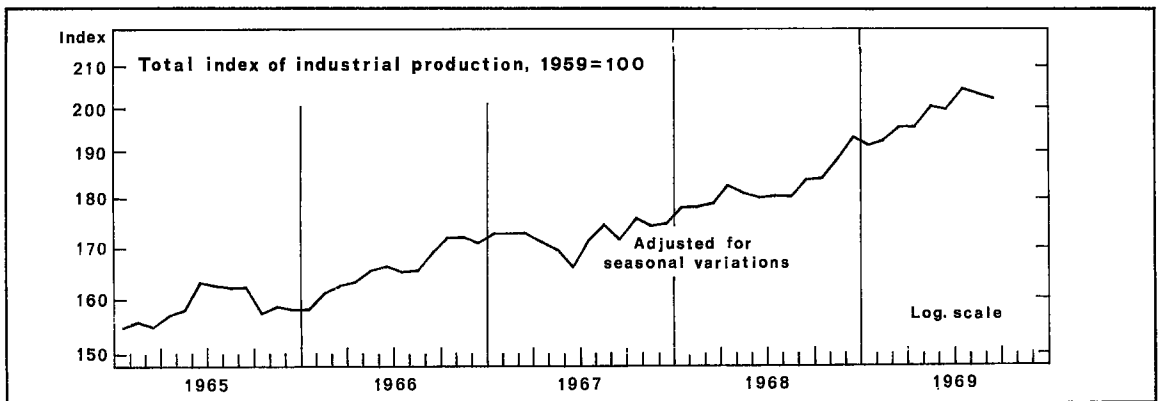
PRICE INDICES

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 processed goods	More elab- orately processed goods			
1966	241	247	216	245	228	238	271	233	228	108	106	104
1967	248	254	225	246	241	253	276	236	240	114	112	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1968												
Oct.	279	284	260	275	277	284	309	266	270	127	135	115
Nov.	279	285	260	277	277	284	310	267	270	127	135	116
Dec.	279	284	260	277	277	283	309	267	269	127	135	116
1969												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116
Feb.	282	287	264	278	285	287	315	268	271	129	139	116
March	281	285	264	278	285	283	313	265	271	129	139	117
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117
June	283	286	270	280	290	284	308	274	273	130	139	117
July	285	288	271	283	291	285	311	277	273	130	139	118
Aug.	285	288	273	283	292	286	312	278	273	131	139	119
Sept.	287	290	275	287	294	285	314	282	274	132	139	122
Oct.	289	291	280	289	301	285	316	283	276	133	139	122

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
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1968												
Oct.	215	168	111	114	110	108	109	109	110	109	108	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111
March	214	168	110	112	111	108	110	110	110	109	110	111
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111
June	217	170	112	115	111	108	111	108	110	110	110	112
July	217	170	112	115	111	109	111	107	110	110	112	112
Aug.	217	170	112	116	111	108	112	107	110	110	110	112
Sept.	218	171	112	116	111	109	112	108	110	109	111	112
Oct.	218	171	112	115	111	109	113	109	111	110	111	112

PRODUCTION—INTERNAL TRADE

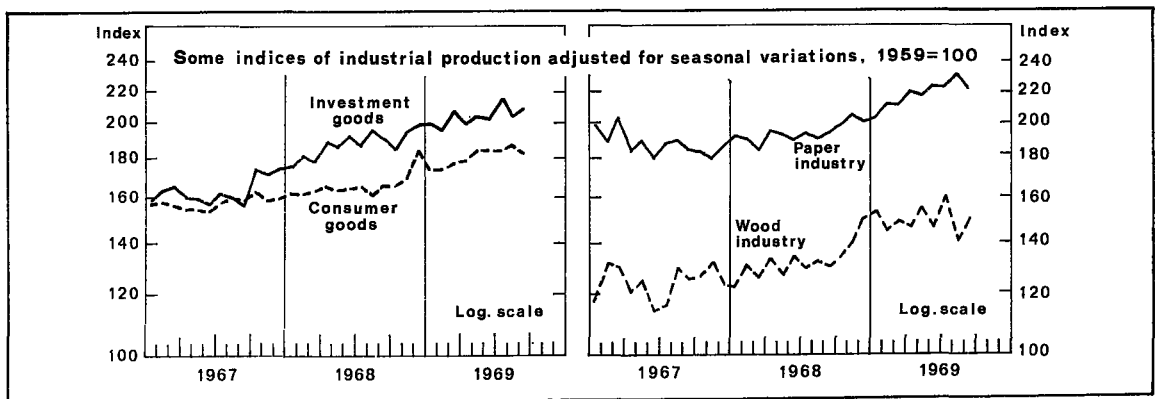
Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967	172	163	180	158	125	187	168	174	172	44 963	181
1968*	182	190	189	166	132	194	189	181	183	47 733	176
1968*											
Jan.	186	205	193	167	127	194	203	178	178	3 509	137
Feb.	185	210	191	165	142	193	207	178	178	4 977	158
March	194	214	200	173	144	204	210	188	179	4 898	164
April	184	195	188	170	150	185	194	184	183	4 384	174
May	192	201	197	180	152	200	200	195	181	10 331	188
June	159	171	160	154	114	152	166	166	180	1 875	157
July	134	94	147	120	112	189	96	134	181	955	169
Aug.	180	179	183	171	119	195	178	184	181	1 751	190
Sept.	187	195	194	170	123	204	195	185	184	2 279	193
Oct.	206	213	212	190	138	217	215	208	184	3 353	204
Nov.	199	212	208	176	134	210	212	197	188	3 880	184
Dec.	181	190	189	159	130	180	191	178	194	5 541	192
1969*											
Jan.	201	218	209	179	159	205	215	193	192	5 151	159
Feb.	191	206	200	169	150	207	206	181	193	5 405	168
March	212	239	220	187	169	231	230	201	196	5 349	192
April	197	202	203	183	165	210	203	195	196	4 336	195
May	204	207	209	193	174	210	211	206	200	11 075	203
June	185	192	186	181	131	191	193	191	200	1 937	186
July	152	110	166	133	138	217	110	149	204	1 007	188
Aug.	198	182	204	189	122	235	187	200	204	1 886	205
Sept.	210	223	217	193	147	232	221	206	202	2 778	215



BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	31.34	12.42	2.93	10.83	3.49	31.40	207	216	217	207
1968*	26.44	11.72	2.58	7.64	2.86	34.09	229	233	245	230
1968*										
Apr.-June	6.16	2.54	0.51	1.88	0.82	33.70	228	231	257	226
July-Sept.	7.65	3.17	0.89	1.88	1.07	34.29	235	235	277	234
Oct.-Dec.	7.78	3.82	0.94	2.04	0.56	34.09	234	242	250	235
1969*										
Jan.-Mar.	4.85	1.97	0.28	1.92	0.50	32.29	242	250	248	245
Apr.-June	5.56	2.42	0.38	1.64	0.82	37.45	247	247	317	248
July-Sept.	..	..	..	..	..	..	248	255	320	249

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1968	1969*	1968*	1969*	1968*	1969*	1968*	1969*	1968*	1969*
Jan.	114	115	885	893	772	797	1 787	1 782	5.8	4.6
Feb.	115	113	723	695	603	607	1 767	1 757	5.2	4.4
March	129	131	777	766	687	695	1 761	1 751	5.0	4.1
April	128	121	995	910	767	792	1 757	1 781	4.7	3.8
May	125	123	1 233	1 381	1 109	1 121	1 807	1 831	3.5	2.9
June	103	117	1 466	1 759	1 263	1 373	1 768	1 772	3.6	2.3
July	123	127	1 703	1 731	1 540	1 632	1 547	1 588	3.6	2.2
Aug.	124	126	1 608	1 902	1 495	1 630	1 676	1 704	3.2	2.0
Sept.	120	137	1 345	1 592	1 106	1 206	1 765	1 783	3.2	1.8
Oct.	133	144	1 359		1 005		1 795		3.2	
Nov.	125		1 372		968		1 814		3.6	
Dec.	104		1 197		864		1 812		4.0	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = 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 in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONY 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 credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits and long-term deposits* are included in term deposits.

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 Savings Bank less cash holdings (net) of State departments and funds.

BALANCE OF PAYMENTS

Page 9. 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.

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indices* (p. 10): 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. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDICES

Page 13. All indices calculated by the Central Statistical Office.

PRODUCTION — INTERNAL TRADE

Page 14. *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: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

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

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia 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 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

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

POPULATION

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

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

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

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

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

EDUCATION (1968): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

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

TRADE AND TRANSPORT

NATIONAL INCOME (1968, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 635 (9 %), forestry and fishing 1 947 (7 %), manufacturing 8 941 (30 %), construction 2 748 (9 %), transport and communication 2 225 (7 %), commerce, banking and insurance 3 725 (12 %), public administration 1 418 (5 %), other services 6 212 (21 %), total 29 849. Index of real domestic product 113 (1964 = 100).

FOREST RESOURCES (1960—1968): The growing stock comprised 1 448 million of solid cu. m incl. bark (51 139 million

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

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81 % in the crop year 1967/68.

INDUSTRY (1967): Gross value of industrial production 22 190 mill. marks, number of workers 355 167, salaried employees 86 737, motive power (1966) 4.5 mill. kW. Index of industrial production 172 for 1967 (1959 = 100).

RAILWAYS (Jan. 1, 1969): Length 5 709 km, of which 5 680 km are State and 29 km private railways.

MERCHANT FLEET (Oct. 31, 1969): Steamers 61 (74 564 gross reg. tons), motor vessels 436 (1 168 580 gross reg. tons), sailing vessels with auxiliary engines 13 (1 608 gross reg. tons). Total 510 (1 244 752 gross reg. tons)

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1968): Kilometres flown 14.7 million, passengers carried 895 700, passenger kilometres 439.0 million, and ton kilometres of freight and mail 7.6 million.

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). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1967 expenditure amounted to 4 526 mill. marks. Total revenue was 4 481 million, of which income from taxation 2 357 million. The municipal income tax (non-progressive) averaged 13.07 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland 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, 1968) There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 cooperative credit societies and their central bank, six mortgage societies, and POSB. The consumer cooperative societies accept deposits from their members. The National Pension Institute and sixtytwo private insurance companies also grant credits.

RATES OF INTEREST (March 1, 1969). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 %, 6 months' deposits 4 ½ %, 12 months' deposits 5 %, 24 months' deposits 6 %; highest lending rate 10 %.

HOUSEHOLD SAVING

BY

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FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

The vigorous growth of total production in the post-war period in Finland has been based on intensive investment activity, the precondition for which has been considerable saving in all sectors. The proportion of households in financing investment was, just after the war, slight, but it has continuously shown an upward trend during the past two decades. The proportion of households and non-profitmaking private institutions in the net saving of the whole economy has been 44 per cent on average in 1960—1968, while it was only 25 per cent during the 1950's.

The bulk of household savings is used for direct investment activity in its own sector, i.e. for housing and summer cottages (villas).¹ Direct investment also includes entrepreneurs' investment in their own enterprises. The available data of households' financing surplus, i.e. net lending to other sectors for the 1960's show that households have in that period financed on average 19 per cent of gross capital formation of corporations — both private and public — and this proportion of financing has continuously shown an upward trend for the whole of the 1960's.

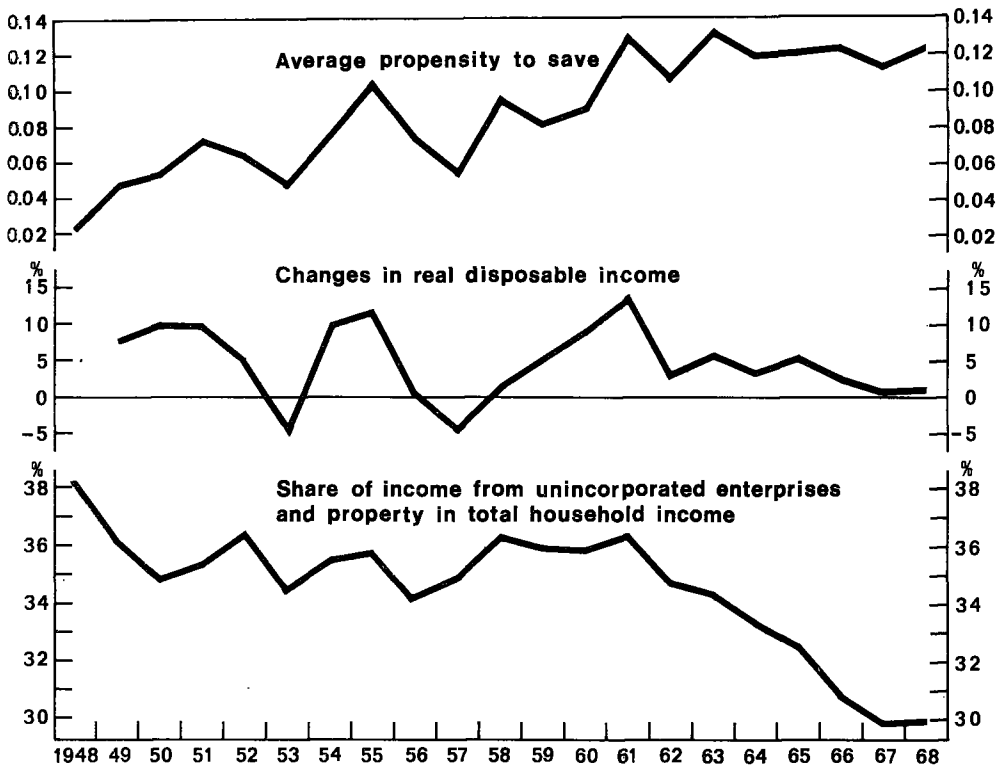
The increase in the proportion of saving by the households during the post-war period has been the result of an increase in the propensity to save. The fact is that

the proportion of households in the disposable income of the whole economy has, since the year 1948, remained on about the same level, more than 70 per cent. The propensity to save showing a clear upward trend until the early 1960's, displayed in the accompanying chart, is apparently in the first place a result of the increasing opportunities and desire to save which accompany a rise in the level of earnings and in the standard of living. When the level of earnings has increased a greater part of income has been used for the acquisition of fixed assets producing consumer services and for reserves kept to meet the needs of caution and security.

In addition to the increase in the income level the growth in the propensity to save has been affected by various measures taken to encourage saving in the 1950's. Such measures included the launching of index-tied bonds, the introduction of index-linked deposit accounts, high-interest deposit accounts and tax relief deposit accounts and various regulations on the exemption of bonds and deposits from taxes. However, it is obvious that the main result of these measures has been to channel the assets saved by the households, in spite of the increase in the price level, to the money market instead of to direct investment.

The development of the trend in the households' propensity to save seems to have changed in the early years of the

¹ The saving figures given do not include the additions to the stock of consumer durables.



1960's (see chart); the upward trend appears to have been broken. This may have been partly due to reduced fluctuations in the growth rate of households' real disposable income and a lower growth rate than previously. Beside the slow-down in the growth rate of income the changes in the structure of the households' income may have exerted some downward pressure on the propensity to save in the years 1962—1968. The proportion of private entrepreneurs' incomes and income from property in the households total income has clearly been decreasing since 1962, as appears from the chart. In particular the growth rate of private entrepreneurs' income has been lower than the average increase in incomes; private forest-owners' incomes have even contracted in the years 1966—1967. As the average propensity to save of private entrepreneurs and property owners is presumably above the propensity

to save of wage earner households the average propensity to save of the whole household sector has contracted as a result of this structural change.

The fact that the propensity to save has, however, remained on a high level in the 1960's may be explained on the one hand by considerably increased non-discretionary saving for the accumulation of the pension insurance funds and on the other hand by the impact of the various measures designed to restrain consumption. In 1961—1964 the growth of saving for the accumulation of pension funds accelerated, but thereafter the share of this kind of saving in households' disposable income has slightly contracted. The most important measures taken to restrain consumption in the years 1964 and 1965 involved the tightening of the hire purchase terms.

The short-term fluctuations in the propensity to save have roughly followed

the short-term variations in real disposable income, which is mainly a consequence of an effort to maintain a steady growth in consumption. When income rises above the trend level consumption is not increased proportionately and, correspondingly, when income falls below the trend level consumption is not retarded proportionately. Changes in nominal income seem to have an effect on variations in the propensity to save when the increase in nominal income is considerably higher than the increase in real income. For instance in 1958, following the 1957 devaluation, nominal income grew considerably more than real income, but because of the vigorous rise in prices efforts were made to restrain consumption so that the propensity to save increased more than the development of real income would have provided for.

Beside changes in the income of the household sector cyclical fluctuations in the structure of this income also effect short-term fluctuations in the propensity to save. The increase in income during a boom is generally associated with a rise in the proportion of entrepreneurs' and property income, which is illustrated in the chart. Thus with a rise in income the higher than average propensity to save of these income recipients raises the propensity to save of the whole household sector and correspondingly, during a recession a contraction in the proportion of the income of these income recipients has a lowering effect on the average propensity to save. After the 1957 devaluation entrepreneurial income and income from property grew considerably more than on average and this is, in part, an explanation for the rise in the propensity to save in 1958. No change of the same proportions in the income structure occurred after the 1967 devaluation.

No data have been available on differ-

ences in savings between various groups of income recipients until the household enquiry by the Central Office of Statistics was made in 1966, covering almost 4 500 households. This enquiry was made in the first place to obtain data on consumption expenditure but in connection with it an effort was also made to estimate household income and, to some extent, household saving. When the main purpose was to investigate consumption the savings data received are inaccurate and biased downwards; the average propensity to save of the households, according to the enquiry, was 0.056 in 1966 while according to national income statistics it was 0.124.

In spite of apparent inaccuracies it can be stated on the ground of the data from the household enquiry that there really exist differences of the kind mentioned above in the propensities to save between various income groups. According to the enquiry the propensity to save of farmers was 0.075, i.e. considerably higher than the average of 0.056 although the average disposable income of farmers per head was lower than that of any other income group. On the other hand the distribution of income within the group of farmers seems to be somewhat more unequal than the distribution of wage and salary earnings. One fifth of the highest income earners among farmers receives almost 40 per cent of total farming income compared with a figure of 36 per cent for the wage and salary earners' group.

According to the enquiry the propensity to save of entrepreneurs other than farmers was surprisingly low, 0.029, in spite of the fact that the income of this group was considerably higher than the average income, and in addition the inequality in the distribution of income could be expected to have a raising effect on the propensity to save; the highest fifth in this

group received 48 per cent of its total income. Beside the small number of these entrepreneurs other than farmers in the sample, the difficulty in identifying entrepreneurial profits and personal saving out of these profits is perhaps the reason for this apparently erroneous result.

The average propensity to save of wage and salary earner households was, according to the enquiry, 0.057, i.e. almost the same as the average.¹ However, marked differences are noticeable in savings within this group which may be largely connected with differences in the income level. According to the enquiry

¹ If account is taken of the fact that the average has been affected i.a. by the obvious errors in connection with entrepreneurs other than farmers the propensity to save of wage and salary earner households is presumably lower than the average propensity to save.

the propensity to save of managers, and administrative and clerical employees was as much as 0.080, but the income of this group exceeded by almost one half the average household income. The average propensity to save of workers was as low as 0.041, which is mainly due to a lower than average income level. The propensity to save of those economically inactive with small income (i.a. students and retired persons), was only 0.013.

On the evidence from the enquiry farmers, managers, and administrative and clerical employees can be considered the most important group as regards household saving. In the case of farmers their particular savings needs and habits cause the propensity to save to be high in spite of their lower income level.

ITEMS

Proposals on the intensification of counter-cyclical policy. Four Government proposals were submitted to Parliament in November; these are in part aiming at acquiring counter-cyclical funds during the present upswing and concurrently also at the permanent completion and intensification of available counter-cyclical policy instruments. The proposals deal with the establishment of a governmental counter-cyclical fund, taxation of counter-cyclical deposits, investment fund law reform, and the reform of the law on the taxation of business and professional income.

In the first mentioned proposal the establishment of a governmental counter-cyclical fund is proposed. During an expansion and boom period funds can be transferred through the State Budget into a blocked account with the Bank of Finland. To counteract a recession assets would be transferred back into the Treasury's funds for the purposes declared in the State Budget.

The proposal on the taxation of counter-cyclical deposits is connected with an agreement which the Government has made with the Central Association of Finnish Woodworking Industries and the Feder-

ation of Finnist Industries in order to accomplish a counter-cyclical policy arrangement on a voluntary basis. According to the agreement the member companies of the mentioned associations will transfer by the end of April 1971 into their investment funds and deposit as counter-cyclical deposits at the Bank of Finland a combined total of at least 300 million marks. At least one half of this must consist of counter-cyclical deposits. An effort will be made to extend the corresponding arrangement to other enterprises so that the total amount of investment fund transfers and counter-cyclical deposits would rise to 400 million marks. Counter-cyclical deposits would be, according to the proposal, deductible in taxation, and the tax would not be paid until they are drawn, which would take place in the period designated by the Government during the next recession, but in any case at the latest in three stages at the end of the years 1972, 1973 and 1974.

To counteract cyclical trends the Government has also decided to permit transfers into enterprises' investment funds for the year 1969 by means of the investment fund arrangement provided by the present law. According to the investment fund law reform it would be possible in future to transfer every year into investment funds 30 per cent of the profit for a year whereas hitherto it has been possible for the Cabinet to forbid all transfers into such funds. The Cabinet would retain the right to further permit, according to the economic situation, transfers up to 80 per cent.

It is proposed to change the law on the taxation of business and professional income so that investment to be financed taxfree with business development funds could be made as late as 1975. According to the present law investment of this kind

had to be made during the year 1973 at the latest which in part accounts for the mounting investment in the present up-swing period.

*

Trade agreements. Finland has recently concluded trade agreements with the following countries.

On November 26, a trade agreement for 1970 was signed in Moscow between Finland and *the USSR*. This is the fifth agreement within the framework of the fourth five-year pact covering period 1966—1970 and signed in August 1964. The mark level of the pact suggested has already been reached in four years so that there will be a 20 per cent excess in the value of trade at the end of the pact. The total exchange of goods in 1970 is estimated to be worth ca. 500 million roubles (2.350 million marks).

Finland's export list includes the group "machinery and equipment" which includes the rest of delivery of machinery for five woodworking mills, other machinery for the same line, equipment for chemical industry, transportation equipment, pumps, armatures and electrical machinery. Transport equipment, agricultural machinery, refrigerating machinery and household machinery are new items in the above mentioned group. "Ships and shipbuilding equipment" consists of two new items; wine carriers and sea exploration vessels with cable vessels, motor cargo vessels, timber transport vessels and house boats. In the list there are "raw materials and accessories" including products of chemical industry and special construction materials as a new item; further cellulose, various papers and cardboards, kraft paper bags, various textiles and other goods.

Among Finnish imports from the USSR there are in the groups "machines and

equipment" power station, machines and equipment for mining, for chemical industry, for metal working, printing and measuring, passenger cars, lorries, aeroplanes and helicopters for civil aviation and as a new item licences for technological processes and equipment. The imports further include solid fuels, crude oil and oil products, manganese ore, iron and steel, coloured metals, chemical products, fertilizers, timber and foodstuffs.

Frontier trade between the two countries will be agreed separately.

A five-year (1970—1974) agreement concerning the exchange of goods between Finland and *Czechoslovakia* was signed in Helsinki on November 13. On the same date an agreement was signed regulating the exchange of goods for the year 1970. The Finnish export list includes cellulose, various paper and cardboard products, machinery and appliances, minerals, chemical industry products, special steel and textiles. The import list comprises rolled products, coke, various machines and appliances and textiles. — In 1970 pay-

ments will be made in convertible currencies.

On October 29, an agreement was signed in Warsaw between Finland and *Poland* for 1970. Finland's export list includes paper, cardboard and products therefrom, cellulose, machinery and appliances, special steel, iron ore, zinc concentrates, chemical products and textiles. Her import list includes coal and coke, rolled products, chemical products, machinery and appliances, agricultural products and textiles. — In 1970 payments will be made in convertible currencies.

On October 9, an agreement was signed in Helsinki between Finland and *North-Korea* regulating the exchange of goods for the year 1970. Finland will export paper, cardboard and products therefrom, plywood, various machines and equipment, special steel, chemicals and plastics. She will import machine tools, various machines, non-precious metals, steel products, minerals, chemicals, various textiles and foodstuffs. — Payments will be made in convertible currencies.

BANK OF FINLAND

BOARD OF MANAGEMENT

MAUNO KOIVISTO,
Governor (Absent as Prime Minister)

REINO ROSSI, <i>Deputy Governor, present Acting Governor</i>	ESKO K. LEINONEN
A. SIMONEN <i>(Absent as a member of Government)</i>	AHTI KARJALAINEN <i>(Absent as a member of Government)</i>
HEIKKI VALVANNE	JOUKO J. VOUTILAINEN <i>ad int.</i>

DIRECTORS

JOUKO J. VOUTILAINEN	TIMO HELELÄ
JORMA ARANKO	

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A. KAJANTIE, <i>Internal Audit</i>	HELGE LINDSTRÖM, <i>Credits</i>
A. NENONEN, <i>Foreign correspondence</i>	K. EIROLA, <i>Automatic Data Processing</i>
K. IGNATIUS, <i>Personnel</i>	EINO SUOMELA, <i>Office</i>
STIG TÖRNROTH, <i>Cash</i>	

INSTITUTE FOR ECONOMIC RESEARCH

LAURI KORPELAINEN,
Director

PERTTI KUKKONEN, <i>Head of department</i>	MARKKU PUNTILA, <i>Head of department ad int.</i>
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